

# PFM Exchange



## Special points of interest:

- DOI's 16th Consecutive Unqualified Opinion
- BPC FBMS Module
- Internal Controls and Fraud Prevention
- GTAS Update
- Policy Updates
- Peer-to-Peer Quarterly Award Recipients
- President Obama's Pick for Interior Secretary

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Volume II, Issue I

January/February/March 2013

## A Word from the Director

A Federal Times article is posted on my door regarding sequestration and how it has resulted from a failure of senior political leadership. I'll refrain from commenting on the political leadership aspect of sequestration but I would like to take a moment to address sequestration itself. Clearly, it will have a direct impact on all of us. In many cases, that impact may be significant. I want to assure you that I and senior management are highly committed to implementing sequestration in a manner that has the least impact to you organizationally as well as personally.

For the organizational impacts, yes, there will be less travel, less contracting, and less training but I still see us being able to compile financial statements, conduct risk assessments, close audit recommendations, produce policy, as well as finding better ways of squeezing information out of FBMS. This will take a fair amount of innovation, teamwork, collaboration, and thinking outside the box. Fortunately, these are traits that I have seen in PFM. As a result, whatever sequestration challenges are ahead for us, I am confident we can meet them.



National Park Service plans for sequestration cuts [Mar. 12, 2013—Chuck Raasch](#)



National park supervisors are preparing to open roads later, close visitor centers, furlough park police and hire fewer seasonal workers to meet the 5 percent sequestration budget cuts under mandated by Congress and President Obama.

National Park Service Director Jonathan Jarvis issued a memo Friday stating that about 1,000 fewer seasonal workers will be hired this year, down from 10,000 last year. In a memo to Park Service employees, he said furloughs should be expected among park police, and that a \$12 billion backlog in park maintenance will worsen.

## Washington area dodges winter storms but not the political ones

According to Punxsutawney Phil whom did not see his shadow, spring will come early. Tell that to the Midwest and Northeast quadrants of the country. During this winter, the nation's midsection has endured two major snowstorms within a week of each other dropping up to a foot or more of heavy, wet snow that cut electricity to more than 100,000 Midwesterners. New England and New York were hit by a blizzard named "Nemo" that dumped over 2 ft of snow in the area and had 600,000 homes and businesses without electrical power. However, there was a "storm" brewing in the Washington, DC area that had nothing to do with the weather. Interior Secretary Salazar had been updating Interior employees on preparations for a potential sequestration. The sequester is an across-the-board reduction that slashes activities without discretion and will, according to Secretary Salazar, reduce the level of direct services Interior provides to the American public across the country. President Obama has stated that the sequester is bad policy and Secretary Salazar agrees.



*All of us who are concerned for peace and triumph of reason and justice must be keenly aware how small an influence reason and honest good will exert upon events in the political field. ~Albert Einstein*





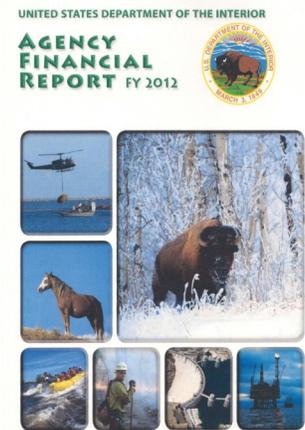
*High achievement always takes place in the framework of high expectation.—*

*Charles Kettering*

## 2012 AFR is Interior's 16th Consecutive Unqualified Opinion

PFM held its FY 2012 Agency Financial Report (AFR) Celebration on Tuesday, January 29, 2013, in the Rachel Carson Room at the Main Interior Building. The AFR is the Department's principal publication and report to Congress and the American people on the leadership, stewardship, and management of the public funds entrusted to Interior.

This is the 16th consecutive year that the Department has received an unqualified audit opinion on its Financial Statements. Douglas A. Glenn, Deputy Chief Financial Officer (DCFO) and Director of PFM, was the Master of Ceremonies. Several speakers included: David Hayes, Interior Deputy Secretary; Norman Dong, Deputy Controller Office of Management and Budget; Elizabeth Hacquard, KPMG; Grayford Payne, CFO Bureau of Reclamation; and Thomas Thompson, Assistant Secretary Indian Affairs. After the ceremony, refreshments were served as bureaus congratulated one another on 16 outstanding years in a row.



## FRD Embarks on the new Business Process Consolidation (BPC) Module in FBMS

The Financial Reporting Division (FRD) started the first quarter of fiscal year (FY) 2013 with the successful completion and submission of the 2012 AFR and closing package. With the annual reporting behind us, FRD is progressing on several major initiatives that will occupy resources for the remainder of the FY. FRD staff is busy reviewing the business process design and report specification documents for the new BPC module in the Financial and Business Management System (FBMS). BPC will replace Hyperion for FY 2014 elimination and financial reporting. As the FRD review is completed, the FBMS Project Management Office (PMO) is scheduling collaboration meetings with the bureaus to finalize the documentation.

During the recent face to face Financial Statement Guidance Team (FSGT) meeting, FRD was able to complete the collaboration process for the principle AFR financial statements. FRD staff worked with the Office of Environmental Policy and Compliance (OEPC) to validate the FBMS asbestos liability report created by the PMO. The FRD is also working with the Office of Acquisition and Property Management (PAM) to overcome the property data issues identified with the first quarter report on the estimated asbestos clean-up liability. FRD has been working with Treasury, the bureaus and the PMO to get ready to test the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS). Currently, planned testing windows are in March for Quarter 1 (Q1) 2013 data based upon Deployment 7 (D7) configuration; and in June for Q2 2013 data based upon D8 configuration. These dates support our commitment to the Office of Management and Budget (OMB) to complete testing by June 30<sup>th</sup>. FRD has been working with Treasury on several reporting issues and attended Treasury hosted Government-wide meetings to discuss the impact of Treasury's updated guidance for Capital Transfers to the General Fund. This is a highly visible project due to materiality of the unmatched balances in the Financial Report of the U.S. Government.



*In order to carry a positive action we must develop here a positive vision.—*

*Dalai Lama*

## The Latest in Internal Control and Audit Follow-up (ICAF) Division

ICAF is planning the Department's targeted internal control reviews regarding the newly-required estimate of asbestos-related cleanup costs, which is material in amount. Staff are developing supplemental guidance for this mandatory targeted area. Internal control reviewers will test a sample of property records and check support for data fields that are critical to how the estimate is generated. The reviewers will also test design and operation of key controls and identify control gaps.



## ICAF (continued)

ICAF staff member Alex Lampros will be working temporarily for Custodial Reporting Division's Kelly West for several months on a project relating to SFFAS 38: "Accounting for Federal Oil and Gas Resources." Alex will return to her role in ICAF by mid-August.

The Internal Control Workgroup met on February 7, 2013, and the primary topic of discussion was recognition and measurement of asbestos-related cleanup costs and the targeted reviews planned for March. The Audit Liaison Officers met on February 6, 2013, and discussed timeliness of responses to draft and final audit reports, audit follow-up performance, the Single Audit Act process within the Division, and other audit follow-up matters.

A meeting of the Conference-Related Activities and Spending Points-of-Contact was held on February 20, 2013. Participants discussed the latest relevant guidance--FMM 2013-013, dated January 15, 2013, the review and approval process for proposed conference packages, annual conference plans, and best practices, including targeted internal control reviews.

### Internal Controls and Fraud Prevention Continued (see 2012 Vol. I, Issue III, page 6)

The fact that fraud could occur at any time is fundamental to fraud prevention or mitigation. It is important to understand how and why fraud does occur. For fraud to occur, there must be opportunity, pressure (i.e., incentive or motivation), and rationalization (i.e., justification). Although one segment of the population will never commit fraud and another segment to the contrary actively seek out opportunities to commit fraud, the largest segment of the population *might* do so if given the right combination of opportunity, pressure, and rationalization.

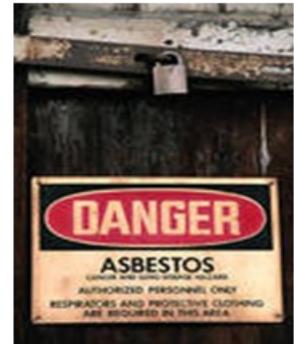
The many types of fraud fit into three general categories: corruption, asset misappropriation, and fraudulent financial statements. Asset misappropriation is the most common type of fraud, and there are a great variety of schemes. Paying non-existent vendors is an example of this type of theft. Among the types of fraud are billing schemes, cash larceny, corruption/bid rigging/kickbacks, embezzlement, payroll schemes, and product substitution/contract violations.

The National Park Service (NPS) recently experienced an example of embezzlement.. A NPS employee who was employed at Great Sand Dunes National Park and Preserve, was responsible for paying park vendors. The employee accessed and signed NPS third-party drafts (checks). But in addition to paying legitimate vendors, the employee fraudulently issued to a spouse more than 870 checks totaling over \$730,000 over a four-year period ending in January 2011. A budget technician working at the park noticed that two checks had not been entered in the vendor log; they were traced to the employee's spouse, and an investigation ensued. The employee also had made unauthorized, personal charges on their government charge card. The employee pleaded guilty in May and was sentenced weeks ago--on September 21-- to 33 months in prison. The employee will also be required to repay the embezzled funds. The duration and magnitude of this scheme were significant; however, to its credit, NPS detected the fraud.

The *AGA Fraud Prevention Toolkit* identifies numerous fraud risks, red flags, and tools or best practices that address many types of fraud. For embezzlement, red flags include submitting fraudulent expense reports for reimbursement and fraudulent invoices from phony or legitimate vendors, abusing charge cards for personal use, and pilfering equipment. Some applicable best practices are segregation of duties, rotating responsibilities, requiring dual signatures or approvals on checks over a specified amount, and examining cancelled checks regularly.

With corruption, bid rigging, and kickbacks, a significant red flag is apparent connection between bidders (e.g., common addresses, phone numbers, or personnel). So is receiving identical errors on bids from different contractors.

Data mining is a powerful tool to help fight fraud. Based on advances in information technology, it is the process of identifying patterns in large sets of data. Entire data sets, not just samples, are quickly and thoroughly evaluated to identify red flags. Data mining can help find split transactions (bypassing authorization limits), duplicate transactions, and other improper payments.



*Fraud and falsehood only dread examination. Truth invites it.—*

*Samuel Johnson*



*At a time when we're having to take such difficult decisions about how to cut back without damaging the things that matter the most, we should strain every sinew to cut error, waste and fraud.—*

*David Cameron*





*We're entering a new world in which data may be more important than software.—*

*Tim O'Reilly*



*There are risks and costs to a program of action. But they are far less than the long range risks and costs of comfortable inaction.—*

*John F. Kennedy -  
35th U.S. President*



## Financial Systems Division (FSD) Updates

FSD is in the process of developing PFM's existing financial scorecard reports using the new reporting tool Business Objects (BOBJ) Web Intelligence (WEBI). To further that effort, FSD has established a productive collaborative process with Stan Curtis and the EMIS group. The new WEBI reports greatly increase efficiency in the report generation process and will also improve internal controls over the report by essentially removing manual intervention from the scorecard creation process. FSD is excited about the enhanced capability of the new tool and look forward to expanding the scorecard and performance reporting.

FSD is working with DOD and DOI bureaus to resolve \$1.5 million in outstanding debt owed to DOD. Leveraging and expanding the processes developed working similar GPO issues; FSD has now resolved approximately \$1.1 million of the original DOD balance.

FSD is performing the first annual update of the Financial Management (FM) Segment Roadmap. The FM Roadmap development process has been recognized as the segment roadmap "Best Practice". A FY 2013 FM draft for Segment Advisor review was slated for early March.

FSD hosted the first On-Line Analysis Processor (OLAP) training session for POB on Wednesday, February 13<sup>th</sup>. The long range plan is to provide training to all PFM divisions, beginning with FRD the week of February 25<sup>th</sup>.

## GTAS.....What's New!

With the regard to the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS), Treasury is over a third of the way through the agency testing period of October 2012 – June 2013, and over 300 Treasury Account Symbols (TAS)s have passed validations and fatal edits. As Treasury quickly approaches the third test window, the following tidbits may prove to be beneficial:

- 1) All TASs (expenditure, deposit, clearing and receipt accounts) are required to submit bulk files to GTAS.
- 2) Agencies should review their Super Master Account File (SMAF), Apportionment Category B and Program Reporting Category codes in GTAS. Agencies are responsible for adding any missing codes.
- 3) Valid Trading Partner (TP) Agency Identifier (AID) is required where applicable.
- 4) TP Main Account is not required until FY2014, and
- 5) If you are missing TASs from your view in GTAS, contact the Treasury Support Center at 1-877-440-9476, or email your User ID and missing TASs to [GTAS@stls.frb.org](mailto:GTAS@stls.frb.org).

### Treasury Financial Manual (TFM) Update

United States Standard General Ledger (USSGL) TFM Part 3 – Fiscal 2014 GTAS Implementation Testing contains the latest GTAS requirements. Section IV: Account Attributes for USSGL Proprietary Account and Budgetary Account Reporting, and Section VII: GTAS Edits and Validations being used during test period 2. There have been recent updates to Section VII, such as Validation 29. This guidance is instrumental for ensuring bulk file submissions make it to a Pending Certification status. The TFM can be accessed using the following link: [http://www.fms.treas.gov/ussgl/tfm\\_releases/12-03/2014/part3\\_current.html](http://www.fms.treas.gov/ussgl/tfm_releases/12-03/2014/part3_current.html)

**Check out the latest PFM news, guidance, policies, etc., at the SharePoint website:**

<https://portal.doi.net/OS/PMB/PFM/default.aspx>

**Any comments, questions, and/or suggestions for the PFM Newsletter? Please submit to email address: [PFM\\_Newsletter@ios.doi.gov](mailto:PFM_Newsletter@ios.doi.gov)**

## GTAS and Its Effect on Intragovernmental Reporting

It has been well publicized that GTAS will replace the Intragovernmental Fiduciary Confirmation System (IFCS) and the Intragovernmental Reporting and Analysis System (IRAS) reporting requirements. So how will future reporting work? Below is some insight to satisfy your curiosity:

- 1) GTAS has an Intragovernmental Module where agencies can view their transactions and differences with other Federal entities.
- 2) Each transaction within the module will be grouped by Trading Partner and Reciprocal Category and will show the balances that each agency reported/recorded.
- 3) Differences between Federal Program Agencies will be shown within the module.
- 4) Agency preparers will have the functionality to provide an explanation for each difference that the agency certifier must approve at the end of each quarter.
- 5) Certified explanations will be used for analysis, metrics and scorecards.
- 6) Agencies will have access to authoritative source data for Investments and Borrowings currently housed in IFCS.
- 7) Intragovernmental reporting will be immediately available upon certification of the ATB data, so it is imperative that all intragovernmental data submitted is accurate by the close of each reporting window, and
- 8) Stay tuned for the future FY 2014 GTAS reporting window which will include information on the quarterly certification periods.

Efficiencies gained through change can be a positive experience. During test window two, many agencies experienced the value that GTAS offers. Positive agency feedback were received on the ease of navigation and useful tools made available within this one application. Like the Wal-Mart of systems, GTAS provides a 'one-stop-shop' for Government-wide reporting and reconciliation.



*Individual commitment to a group effort -- that is what makes a team work, a company work, a society work, a civilization work. — Vincent Lombardi*

## Policy Collaboration and Operations (PCO) Division Updates

On March 15, 2013, PFM submitted the Department's response to an inquiry received from the U.S. Senate Committee on Homeland Security and Governmental Affairs. The inquiry concerned the Office of Inspector General (OIG) report that Interior did not comply with the Improper Payment Elimination and Recovery Act (IPERA) of 2010. The response described Interior's historical low risk with improper payments, the steps that were taken in 2011 to comply with IPERA, and the results of the 2012 risk assessments that sustained the Department's low risk. The highlight of the response, however, informed the Committee that the OIG recently issued a subsequent report that indicated Interior corrected its deficiency. A copy of the OIG was enclosed in the correspondence as a reference.

PCO drafted a memorandum for the Bureau CFOs to notify the bureaus of the improper payment reporting requirements issued by OMB in M-13-07, *Accountability for Funds Provided by the Disaster Relief Appropriation Act (Disaster Relief Act)*, which pertains to the oversight of funds granted to Federal agencies that assist in the Hurricane Sandy (Sandy) relief efforts. PFM emphasized that M-13-07 instructs agencies to manage the relief funds in the same manner as programs that are designated high-risk for improper payments regardless of any prior favorable risk assessments results. In FY 2014, PFM will require bureaus that received Sandy relief funds to complete risk assessments on the FY 2013 high-risk programs and activities using the risk assessment tool that was last administered in FY 2012. For the other bureaus and programs and activities that are not considered high-risk, the next risk assessments will not be required until FY 2015.

Based on confirmation that PFM received from the Interior Business Center Contracting Officer, PRGX (the recovery auditors) will be travelling to Denver the week of March 18 to conduct on-site Discovery meetings with the Departmental Offices, Bureau of Land Management, and Bureau of Reclamation. PRGX also arranged a meet and greet session with the on-site staff from the U.S. Geological Survey (USGS). PRGX plans to conduct Discovery meetings with the Bureau of Indian Affairs and USGS staff located in the Washington, DC area either the last week of March or first week in April.

Financial Performance Metrics – on March 12, 2013, PFM issued FMM 2013-015, *Revised Guidance on Financial Performance Metrics*. PCO drafted the memorandum that reduced bureau reporting requirements on several financial measures and cancelled FMM 2009-002, Performance Metrics.

Future Minimum Lease Payments – based on updates provided by the Finance Officers Partnership, PCO revised the policy and incorporated comments received from the PAM Office. The document is currently in the sunaming process.



**Senator Tom Carper, Chairman**

*The Committee on Homeland Security and Governmental Affairs is the chief oversight committee of the United States Senate.*

*While elements of the Committee can be traced back to the 19th century, its modern origins began with the creation of the Committee on Expenditures in the Executive Departments on April 18, 1921. The Committee on Expenditures in the Executive Department was renamed the Committee on Government Operations in 1952, which was reorganized as the Committee on Governmental Affairs in 1978. After passage of the Intelligence Reform and Terrorist Prevention Act of 2004, it became the Committee on Homeland Security and Governmental Affairs, adding homeland security to its jurisdiction.*

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Live as if you were to die tomorrow. Learn as if you were to live forever.—  
M.K. Gandhi

**Deadline for  
submissions for  
the next PFM  
Exchange issue is  
June 7, 2013**



## PFM Peer-to-Peer Quarterly Award Recipients



6th Recipient—Kevin Goins. Kevin joined PFM in mid 2012 and has hit the ground running. Kevin has dived into charge card activity with Charles Washington's help and has already uncovered two cases of inappropriate activity. Well done Kevin and congratulations!



7th Recipient—Diane Washington. Diane continually goes above and beyond her usual job requirements to ensure that our financial statements are accurate, our AFR is complete, and our Treasury requirements are met in a timely manner. Diane was the acting Division Chief for FRD for an extended time during a period of change in PFM and performed the job superbly.



## Obama Picks REI Executive for Interior Post

President Obama's pick of [Sally Jewell](#) as his new interior secretary immediately drew praise from the environmental community and even some in the oil and gas sector.

But the CEO of outdoor merchandise giant REI Inc. already has spent years trying to shape federal policy through the court system, having been a part of numerous lawsuits ranging from attempts to keep concealed guns out of national parks to legal action against coal-fired power plants.

Some Republicans also claim that Ms. Jewell, a former banking executive who took REI from financial losses to record revenues, is too closely associated with environmental causes — such as Earth Justice and the Conservation Alliance — that are hostile to fossil fuels.

If confirmed as interior secre-

tary, Ms. Jewell not only would be responsible for the nation's national parks, but also would oversee the vast fossil fuel deposits on and beneath those lands.

While Ms. Jewell's history may be a concern for some Republicans in Congress, she has received near universal acclaim from environmental groups and Democrats.

"Sally Jewell has combined her business acumen with her love of the outdoors to become one of America's top CEOs. She is proof positive that common sense, balanced conservation of our open spaces and natural resources can enrich communities, improve quality of life and create jobs," said [Rep. Edward J. Markey](#), Massachusetts Democrat and his party's ranking member on the House Natural Resources Committee.

For Mr. Obama, the choice makes political sense. He recently has expressed strong support for domestic oil and natural gas drilling and has promoted what he calls an "all of the above" energy strategy.—  
[Ben Wolfgang](#) and [Susan Crabtree](#)  
— *The Washington Times*



**President Barack Obama and  
REI, Inc. CEO Sally Jewell**