

# **APPALACHIAN REGIONAL COMMISSION**

**WASHINGTON, DC**

## **REPORT ON APPLYING AGREED-UPON PROCEDURES TO ARC'S FINANCIAL MANAGEMENT SYSTEM**

OIG Report No. 98-3 (H)  
October 21, 1997

**Caution:** Certain information contained herein is subject to disclosure restrictions under the Freedom of Information Act, 5 U.S.C. 522 9(b)(4). Distribution of this report should be limited to the Appalachian Regional Commission and other pertinent parties.

## Index

Independent Accountant's Report on Applying Agreed-Upon Procedures	1
Background	2
Purpose	4
Scope	5
Observations & Recommendations	
■ System Functionality	6
■ Basic Agency Information	10
■ Federal Financial Compliance	12
■ Computer Systems Controls	14
Conclusion	17
Appendix A - Summary of Functional Requirements Analysis	18

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Appalachian Regional Commission

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures described in the **SCOPE** section of this report, which were agreed-to by the Appalachian Regional Commission's Office of Inspector General, solely to assist you in evaluating ARC's Financial Management System and its related accounting and systems controls as of October 21, 1997. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Appalachian Regional Commission's Office of Inspector General. Consequently, we make no representations regarding the sufficiency of the procedures described in the **SCOPE** section of this report, either for the purpose for which this report has been requested or for any other purpose.

The results of these procedures are discussed in the **OBSERVATIONS AND RECOMMENDATIONS** section of this report.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the financial statements of the Appalachian Regional Commission. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Appalachian Regional Commission and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Upon acceptance, however, this report is a matter of public record.

*M.D. Oppenheim & Company, P.C.*

Fairfax, Virginia  
October 21, 1997

## **BACKGROUND**

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In 1994, we were engaged by the Office of Inspector General to review ARC's internal control procedures relating to grants, accounts payable, payroll, budget oversight, and Federal regulatory reporting. At that time, ARC used the Department of Commerce (DOC) as a service bureau to perform accounting functions. As a result of our review, we recommended that ARC staff should obtain an improved understanding of DOC's service bureau procedures and their impact on ARC's accounting functions. We also recommended that this understanding include an evaluation of the cost effectiveness, as well as the efficiency, of the services being provided to ARC.

ARC's Office of Finance and Administration undertook an evaluation of DOC's accounting services, as well as the availability of other service bureaus and the feasibility of ARC performing its own accounting functions. As a result of this evaluation, in July 1995, ARC decided to bring its accounting functions in-house and entered into an interagency agreement with the Department of Treasury's Financial Management Service (FMS), Center for Applied Financial Management, to assist ARC in implementing and converting to an in-house, network-based accounting system. This new core financial system was a DOS-based, off-the-shelf accounting package. At the time it was selected by ARC, this system was the only personal computer-based financial management software available on the Federal government's GSA Schedule.

Initially, FMS performed a *Functional Requirements Analysis* in order to document ARC's requirements, in support of implementation of the new system. [The results of this analysis are included in **APPENDIX A** in chart form.] FMS then assisted ARC in implementing the new system, converting ARC's accounting data, and providing training for ARC's staff. In April 1996, ARC began processing transactions through this new financial system.

In February 1997, ARC upgraded the accounting software to the Windows version of the system. The Appalachian Regional Commission was and still is, as of the date of our evaluation, the only Federal agency yet to utilize this new product. This has meant that ARC has worked closely with the system vendor to identify and resolve weaknesses in the software. As of the date of our on-site evaluation in mid-1997, 23 "fixes" had been uploaded to correct or improve

the functionality of this software product. As of the date the draft report was issued, approximately 30 fixes had been made.

ARC's decision to bring its accounting functions in-house has provided the Commission with greater fiscal control than was achieved previously through the DOC service bureau. The annual fees paid to DOC were \$148,000 to \$160,000. The total costs of the new accounting system, including fees paid to FMS, was \$393,223. This means that the new financial management system will pay for itself in two and a half years, from the date it was implemented in April 1996.

## **PURPOSE**

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M.D. Oppenheim & Company was engaged to evaluate ARC's new financial management system and its related accounting and systems controls. The purpose of applying agreed-upon procedures was to determine if the new system 1) satisfactorily meets the financial management needs of the Commission, 2) has the functionality that was expected, 3) has adequate controls, and 4) is efficient and effective.

## SCOPE

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The scope of our procedures involved evaluating the new financial accounting system and the systems environment in which it operates. We performed the following procedures and control tests:

1. Reviewed the *Interagency Agreement* between the Appalachian Regional Commission and the Department of Treasury's FMS, Center for Applied Financial Management and the total cost of those services to ARC.
2. Performed a detailed review of the *Functional Requirements Analysis* prepared by the Department of Treasury's Financial Management Service.
3. Reviewed the system's *Core Financial System Users' Manual* and *Manager's Manual*.
4. Reviewed: 1) correspondence between ARC and the vendor; 2) the "fixes" required to the system; 3) the costs incurred by ARC for the core system, and 4) the additional technical assistance needed from the vendor.
5. Reviewed ARC's *Financial Management Guidelines*, issued September 1997.
6. Interviewed the Director of ARC's Office of Finance and Administration and its Financial Manager.
7. Observed a walk-through of the system's general ledger and accounts payable functions and the related software controls.
8. Interviewed ARC's Network Administrator and observed a demonstration of the general and application controls over the computer systems environment within ARC.
9. Inspected the reporting functionality of the software by obtaining and reviewing copies of system-generated reports.

## **OBSERVATIONS AND RECOMMENDATIONS**

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### **Observation 1 - System Functionality**

The Director of Finance and Administration and the Financial Manager have stated that the vendor has been responsive to their requests throughout the accounting software conversion process and that the system has the functionality to handle ARC's accounting needs. However, processing problems and reporting capabilities of the new system have proven to be major weaknesses. As of the date of our report, the Commission still cannot generate needed reports from the new system, is double-entering some grants financial data into two systems, and has to produce Federal regulatory reports manually.

The Windows version of the system is designed to meet JFMIP's *Core Financial System Requirements* through the use of generalized report writer software that can be selected by the user and interfaced to the system. There are no built-in standard reports that can be used, for Federal regulatory purposes. Reports produced from the system contain mostly transaction-level information, totaled by object class, and do not provide detail data in date order. Without a report writer, the only date sensitive information generated by the system is the Budget Detail Report. As of the end of our fieldwork, to produce a useful report ARC had to extract data from the system, import it into another software package, and sort the information. ARC would have to incur additional cost for the vendor to design useful reports.

As a result of the lack of a built-in, date-sensitive report capability in the system, ARC made the decision to utilize Rbase software to produce the needed reports. Six months after installation of the new system, the vendor provided the Commission with the data dictionary, which forms the basis for report development. This financial system is built from numerous tables, some using common data fields that are defined by different variables. The Director of Finance and Administration indicated that, while ARC is capable of developing the needed reports, the table structure used in the software is so complex that he believes the vendor's assistance may still be needed to produce the reports. This assistance from the vendor would be at additional cost to ARC.

This complex table structure has also been the source of processing problems.



The trial balance and the general ledger are generated from different tables. No edit checks exist to ensure that a transaction, posted to the general ledger, is also reflected in the trial balance and other reports. Identifying internal posting errors is time-consuming for both ARC and the vendor, and corrections sometimes require additional programming by the vendor. Also, the system currently does not permit changes to be made to vendor file and grant file information. The vendor acknowledges these software problems, and is still investigating the causes and solutions.

JFMIP's *Core Financial System Requirements* state:

*The core financial system must be able to provide financial information in a timely and useful fashion to (1) support management's fiduciary role; (2) support budget formulation and execution functions; (3) support fiscal management of program delivery and program decision making; (4) support internal and external reporting requirements, including, as necessary, the requirements for financial statements prepared in accordance with the form and content prescribed by OMB, reporting requirements prescribed by Treasury, and legal, regulatory and other special management requirements of the agency; and (5) monitor the financial management system.*

Although the new accounting system supports the five required functions and ARC believes information is available to meet administrative, budget and reporting requirements, we believe that, as of the date of our evaluation, ARC's new accounting system needed improvements to better meet this reporting objective. In addition, fundamental processing problems continue to hamper management's ability to provide accurate accounting information.

**Recommendation:**

We recommend that the design and development of useful, accurate reports from the new financial system be made a top priority of the Office of Finance and Administration. This should include determining which reports are needed, streamlining functions to eliminate any double entry of grants information, and obtaining the expertise required to complete this project.

We also recommend that the Office of Finance and Administration continue to

work with the vendor, to the extent practical, to resolve outstanding processing problems and to resolve billing issues arising out of the definition of technical support versus correction of functional system errors.

***Management's Response:***

*It is true that built-in reporting capabilities are a major weakness, so we would agree with the overall recommendation.*

*[Concerning the double entry of data] we do not double enter any data into financial systems. The contract payments database accessed by the staff on the network is not a financial system, but an informational database that has a great deal of other program information as well. All the data there will soon be accessible to our state and LDD customers on the Internet. At the time [the financial system] was originally installed, Treasury stressed that the system should be physically and logically isolated on the network for security reasons. We determined that the ability to maintain publicly accessible payment data was worth the marginal cost of double-entering some payment data. It continues to be so, especially since the integrity of the program information database requires all 33 years of ARC data. [The system] . . . cannot contain any payment history at all before 1995. We will continue, however, to pursue ways to better integrate the data in the future in such a way that the accounting system is never exposed to the Internet.*

*It is not true that data must be extracted from [the system] and imported into another program to produce reports. In our discussions with the auditors, we clarified that the Financial Manager did use that method, but we also had begun to access the database directly through ODBC links even at the time of the first draft.*

*[The vendor] has assisted us to identify data elements in the system dictionary for the purpose of report design, and we have in fact designed some reports with Rbase as a front-end. The complexity of the data dictionary is still a hurdle. The vendor has also incorporated a budget detail report in date order, and an undelivered order report meeting our specifications. [The Financial Manager] now routinely examines the database directly with Excel and ODBC without any longer exporting data. [The Financial Manager] is preparing a precise list of standard reports and their desired frequencies which we will design toward. We should be able to design most of the needed reports, but*

*are discussing the desirability of having [the vendor] build some into [the system] menus as well.*

*Despite the problems of [the system], our [financial system] does indeed **support** the five [JFMIP] required functions, and the information has been and is available in a sufficiently timely fashion to have met all our administrative, budget, and reporting requirements. However, [the system] obviously does not by itself **perform** all those functions. This is an important distinction, because I have not been able to identify any PC-based GSA accounting system that meets the requirement as the auditors interpret it.*

***Accountant's Conclusion:***

*We encourage management to continue pursuing ways to better integrate data between systems and to continue working with the vendor to resolve outstanding processing problems. We do question whether this system fully supports the financial reporting process except in a limited sense. It masks the true costs to be incurred by the agency in order to meet its internal and external reporting requirements. We acknowledge the efforts management indicates it is making to address this reporting problem.*

## **Observation 2 - Basic Agency Information**

ARC has agreements with other Federal agencies to assist in carrying out its programs. These agreements involve nonexpenditure transfers of funds to these "basic agencies" along with the delegation of obligational authority. ARC is required to submit a consolidated SF-133 *Report on Budget Execution* and a consolidated annual SF-2108 *Year-end Closing Statement* to Treasury for ARC's obligated funds. This is accomplished by manually consolidating information from the quarterly SF-133s and the annual SF-2108, filed by each of the basic agencies.

Funds administered by these basic agencies in FY1997 comprised 80% of ARC's total budget. However, the new financial system does not currently account for these funds, other than by an adjustment to the general ledger for the cash transfers. We believe ARC's accounting system should provide the capability to account for the entire agency appropriation, rather than just a portion of it, especially when the basic agency agreements represent the majority of the funding provided to ARC. Based on our observations, it appears the system has the functionality to include these transactions.

Although ARC currently maintains information about basic agency obligations based on reports from the basic agencies, management did not believe the information should be part of the automated financial system, because ARC has no control over the basic agencies. This lack of control over the basic agencies included a lack of monitoring or verification of transactions. We recognize this constraint. However, based on ARC's responsibility for reporting to Treasury with respect to all ARC funds, the benefits of immediate access to automated data, and the ability of the system to include these transactions, we believe basic agency transfers and related transactions could be recorded in the new accounting system.

### **Recommendation:**

We recommend that ARC consider recording the obligations, outlays, and accounts payable associated with its nonexpenditure funds transfers in the new system. This data should, at a minimum, be recorded at the basic agency level.

***Management's Response:***

*We have raised with our Federal budget officer the need to clarify this with OMB and Treasury. It is clear that the financial system should contain transfer transactions. However, the nature of 1151 transactions is to delegate obligational authority to the receiving agency. Because of this, it is questionable whether ARC's historical procedures of tabulating other agency obligations on our SF-133 is correct, since they might best be reported on the receiving agency's submissions instead. We prefer to get written guidance on this, since fully complying in the manner suggested by the auditors is burdensome, would amount to using notational data in our accounting system, and would not achieve any important new functionality beyond our current method of procedure.*

***Accountant's Conclusion:***

*We concur that the agency should obtain clarification from OMB and Treasury concerning ARC reporting responsibility for these non-expenditure funds transfers. If OMB and Treasury indicate that ARC is to continue to report on the transactions of the basic agencies, ARC should consider recording this activity in its new financial management system.*

### **Observation 3 - Federal Financial Compliance**

Although ARC is not identified as a Federal executive branch agency and therefore, Federal legislation and regulations do not always apply to the Commission, ARC has chosen to follow GAO, OMB, and FASAB standards. ARC states in its *Financial Management Guidelines*:

*ARC generally follows the principles and standards published by the General Accounting Office, related guidance of the Office of Management and Budget, the Treasury Financial Manual, and the standards promulgated by the Federal Accounting Standards Advisory Board (FASAB).*

Federal financial management is experiencing dramatic changes as the Chief Financial Officers Act (CFO), Government Performance and Reform Act (GPRA), the Government Management and Reform Act (GMRA), and the Federal Financial Management Improvement Act (FFMIA) become effective. For example, as of FY 1998, all accounting standards issued by the Federal Accounting Standards Advisory Board will be effective. Statement of Federal Financial Accounting Standard (SFFAS) No. 8, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* requires the use of new Federal financial statement formats. SFFAS No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*, requires that entities accumulate the costs of providing specific programs. Additionally, GPRA requires agencies to establish performance measures, which include developing and reporting cost information.

Although ARC is not identified as subject to the CFO Act, which requires annual agency financial statements, its position that it generally follows Federal financial management principles and standards reflects the potential that ARC may choose to produce financial statements. Also, ARC has produced a strategic plan in line with GPRA and is developing performance measures. Therefore, the development and reporting of cost information, relative to program results, appears to be a consistent follow-on activity for ARC.

With respect to the implementation of Federal financial management standards, we observed, during a walk-through of system processing, that the system control ensuring compliance with the Prompt Payment Act was not turned on.

Further inquiry indicated that this decision was made because the Commission is not required to comply with the Prompt Payment Act. While there was no evidence that there was a high risk of noncompliance in ARC's payment procedures, we found no specific guidance concerning which Federal principles and standards ARC has determined to "generally follow."

**Recommendation:**

In view of ARC's recent action to establish an independent accounting function, we recommend that ARC evaluate the potential impact of these new Federal financial regulations and standards on ARC's financial management system and, as deemed appropriate, design procedures to ensure the standards are met.

***Management's Response:***

*We are aware of the drastic changes occurring in Federal systems and of our need to review them on a continuing basis. Therefore, we have no particular comments about the recommendation.*

***Accountant's Conclusion:***

*No additional comment.*

#### **Observation 4 - Computer Systems Controls**

In order to meet growing workloads with finite resources, including responsibility for its own accounting functions, ARC must increasingly use technology to effectively and efficiently administer its programs. The Commission has purchased "state-of-the-art" computer equipment and has obtained outside expertise in developing the Commission's local area network (LAN) and an intranet system, among the thirteen Appalachian state offices and ARC. In FY1997, ARC also hired a Network Administrator to manage the LAN and to assume responsibility for maintaining the computer systems environment. In light of the active development occurring in ARC's computer installation and programs, and in recognition of the constraints imposed by ARC's building facility, we believe the following general and application controls needed to be addressed based on observations at the time of our review:

- Computers, including the financial system server, were maintained in one computer room, secured by a keyed lock. When the door was unlocked, anyone was free to enter the room and access the computers. No room access log was maintained. We recognize that while ARC's LAN and the financial system were password protected, security also includes prevention of theft or vandalism. We believed that the controls related to computer room access should be, to the extent practical, reviewed and strengthened.
- During our review, no sprinkler/fire protection was clearly evident in the computer room (e.g., fire extinguishers), leaving the entire system vulnerable to loss by fire. We recognize that the building does not have a sprinkler system but a fire extinguisher was not clearly evident nor its location known to key staff.
- ARC did not have secure, fireproof, off-site data storage. Back-ups were taken home by the Network Administrator.
- ARC had not yet developed a centralized software library, nor had a detailed report of software license information yet been assembled.
- Even though ARC purchased the new system software, the Commission had not received a licensed copy of the software (after full installation of



the system was completed). In the event of a disaster, ARC could not recover the financial system server without additional assistance from the vendor.

- Written procedures for LAN maintenance and operation and for system backup and recovery had not yet been developed.
- A disaster recovery or continuity plan, that would ensure continued data processing support in the event of a shutdown or interruption in operations, had not been developed.

In ARC's *Financial Management Guidelines*, it states:

*Information produced and stored on the ARC local area network represents a substantial and mission-critical asset that must be safeguarded against loss, unauthorized access, and virus damage.*

Because the Commission does have an important asset represented by its computer operations, it is important that general and application controls be reviewed and updated continuously.

**ARC's Preliminary Comments:**

ARC officials believed that overall computer controls were adequate and identified some of the ongoing or planned actions with respect to our observations. Actions include replacing equipment and realigning storage areas in order to provide a centralized storage library that will provide a real time inventory of software in use. In addition to password protection, access to the realigned computer room will be restricted to three key individuals. A fire extinguisher has been made visibly available in the computer room and action has been initiated to obtain a fireproof safe for storage of data. ARC staff is also pursuing obtaining a detailed report of software license information. With respect to a licensed copy of the software, management indicated that although a licensed copy should be obtained, the entire server is backed up daily, and a licensed software copy would be more useful after completion of necessary fixes. Procedures dealing with LAN maintenance and operations, as well as system backup, disaster recovery, and continuity, will be developed in line with the installation of upgraded equipment.

**Recommendation:**

We believe the actions initiated and planned will improve general and application controls. We recommend periodic reevaluations be made of systems controls, whenever a significant change in operations occurs (e.g., the addition of intranet access).

***Management's Additional Response:***

*As an update, the Network Administrator has relocated the computer work room and software stocks to the room that previously held the VAX system. There is no longer direct access to the LAN equipment from the hallway. We continue to work on other aspects of the recommendation.*

***Accountant's Conclusion:***

*We acknowledge ARC's continued efforts to improve general and application controls.*

## CONCLUSION

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While we found certain issues that should be addressed, as discussed in Observations 1-4, ARC's decision to bring their accounting functions in-house has provided the Commission with more efficient and effective fiscal control than was achieved through a service bureau. DOC's processing costs ranged from \$148,000 to \$160,000 annually. As of the date of our evaluation, total costs paid by ARC for the new financial system were \$393,223. The system will pay for itself in approximately two and a half years, from the date it was implemented in April 1996.

### ***Management's Response:***

*We concur that ARC's move to its own accounting system has been economical and effective, and has significantly enhanced financial management. The ponderousness and high cost of Federally-certified systems does raise the question whether the agency should seek OMB and Treasury approval to pursue a different, better scaled, and even more cost-effective solution when this software product reaches the end of its life cycle.*

## **APPENDIX A**

### **Summary of Functional Requirements Analysis**

# Appalachian Regional Commission Summary of Functional Requirements Analysis

## ARC's Requirements:

	System Functions	Comments
<b>I. Budget Execution and Funds Control</b>		
Funds control to monitor spending	✓	
Compatibility with ARC's grants database systems	✓	Interfaces not yet developed.
<b>A. Appropriations and Funds</b>		
Ability to account for multiple and different funding entities	✓	
Ability to transfer funds between funding entities	✓	
Ability to divide the funding into different subgroups and sub-sub-groups	✓	
Ability to transfer funds from prior fiscal year into the current fiscal year	✓	
<b>B. Apportionment</b>		
Ability to apportion the appropriation 46X0200 amount	✓	
Capability to obtain funding information by basic agency	✓	See Observation 2.
Ability to code basic agencies as vendors with a separate vendor type	✓	See Observation 2.

## Appalachian Regional Commission Summary of Functional Requirements Analysis

### ARC's Requirements:

<b>C.</b>	<b>SF-1151 Nonexpenditure Transfer of Funds</b>		
	Ability to transfer <i>out</i> allotted amounts to basic agencies	✓	See Observation 2.
	Ability to transfer funds to other Federal agencies	✓	
	Ability to transfer <i>in</i> funds from other agencies	✓	
<b>D.</b>	<b>SF-132 Apportionment / Reapportionment Schedule</b>		
	Ability to process each line item of the SF-132	✓	
	Ability for the system to account for all other line items for possible future utilization	✓	
	Ability to reapportion funding whenever necessary	✓	
<b>E.</b>	<b>Allocation of Funds to Divisions</b>		
	Ability to allocate the appropriation	✓	
	Ability to transfer funds from Highway to Non-Highway or vice versa	✓	Requires manual entry.
<b>F.</b>	<b>Further Division of Funds</b>		
	Ability to divide funding into programs	✓	
	Ability to transfer within one fund from one program/project to another	✓	

## Appalachian Regional Commission Summary of Functional Requirements Analysis

### ARC's Requirements:

Ability to process recurring Allotment Advices on a monthly and/or quarterly basis	✓	
Ability to breakdown funding to the entity level	✓	
Ability to transfer funds from one entity to another as well as to a higher level	✓	
Ability to divide program amounts to the next level and from one entity to another	✓	
Budget object classification must conform with OMB standards	✓	
Budget object class structure must subdivide to the sub-object level	✓	
<b>II. Accounts Payable</b>		
<b>A. Commitments</b>		
ARC does not utilize commitments at the time.		
<b>B. Obligations</b>		
Ability to classify obligations into unique numbering schemes to prevent duplication	✓	
Ability to classify obligations separately from each other	✓	
Ability to modify and/or cancel obligations	✓	

## Appalachian Regional Commission Summary of Functional Requirements Analysis

### ARC's Requirements:

Ability to restrict spending against portions of the contract amount	No	There is no restriction control.
<b>C. Deobligations</b>		
Ability to deobligate ARC grant/project funds	✓	
Ability to deobligate using a purchase order or memo source	✓	
<b>D. Receivers</b> ARC does not require the use of receivers.		
<b>E. Payables</b>		
Ability to reference payables with corresponding obligation	✓	
Ability to distinguish between different types of payments	✓	
Ability to identify each payable in order to prevent duplication	✓	
Ability to provide for partial payment(s) and final payment for an obligation	✓	
Ability to automatically deobligate excess funds on final payment	✓	
Ability to set tolerances to pay items which are over obligation amounts	✓	



## Appalachian Regional Commission Summary of Functional Requirements Analysis

### ARC's Requirements:

Ability to distinguish between the 3 types of progress payment/advances which the grant incurs	No	The system does not record grant payments as advances.
Ability to process recurring payments for contract or other standard payments	✓	Function not currently used.
Ability to modify or cancel accounts payable before payment is sent	✓	
Ability to obligate and pay certain transactions	✓	
<b>F. Imprest Fund</b>		
Ability to replenish the petty cash on a monthly basis	✓	
Ability to keep the Imprest Fund transactions separate from other transactions	✓	The Imprest Fund is set up as a vendor.
<b>E. Payment Disbursements</b>		
Ability for payments to be accomplished through varied means (e.g., checks, ACH, and OPAC)	✓	
Ability to identify vendor as a check or ACH payment type	✓	
Ability to issue SF-1166 Payment Vouchers or ACH payments using the Electronic Certification System (ECS) transmission package	✓	

## Appalachian Regional Commission Summary of Functional Requirements Analysis

### ARC's Requirements:

	Ability to delineate and distinguish different payment media	✓	
	Ability to produce payment media from a user specified schedule of warehoused vouchers	✓	
	Ability to process payment lag days which allows for Treasury processing of the payment in calculation of payment due date	✓	Prompt Payment function is not currently used.
	Ability to cancel an item off the schedule before the schedule is transmitted to Treasury	✓	
<b>H.</b>	<b>OPAC</b>		
	Ability to account for the transfer of funds from and to agencies using OPAC	✓	
<b>I.</b>	<b>Checks Cancellations</b>		
	Ability to cancel checks for different scenarios	✓	
<b>J.</b>	<b>Confirmation</b>		
	Ability to enter data from GOALS for confirmation or cancellation of payments	✓	
<b>K.</b>	<b>Check Deposits</b>		

## Appalachian Regional Commission Summary of Functional Requirements Analysis

### ARC's Requirements:

Ability to process check deposits received from different sources and purposes	✓	
Ability to make adjustments to check deposits	✓	
Ability to hold deposit/debit voucher in transit until notification of confirmation is obtained through GOALS and then processed	✓	Function not currently used.
Ability to process recurring check deposits for processing of standard check deposits	No	Requires a journal entry.
Ability to cancel or modify the deposit SF-215 / SF-5515 in the current accounting period	✓	
<b>III. Accounts Receivable</b>		
Ability to collect interest and penalties on delinquent accounts	No	Interest is recorded to Treasury ALC by journal entry.
Ability to transfer outstanding advances to accounts receivable	✓	ARC does not record grant advances to receivables.
Ability to bill entities for outstanding amounts on an ARC-specified basis	✓	

## Appalachian Regional Commission Summary of Functional Requirements Analysis

### ARC's Requirements:

Ability to post simultaneously to the General Ledger with input of the source document transaction	✓	
<b>VI. Miscellaneous</b>		
<b>A. Miscellaneous Receipts</b>		
Ability to deposit monies into the Treasury Miscellaneous Receipts account and to utilize other suspense and deposit accounts, as necessary.	✓	
<b>B. Audit Trail</b>		
All transaction coding must include transaction code (to include document type), transaction date, fiscal year, cost center, budget object class, program number, project number and General Ledger account	✓	
<b>C. Number Schemes</b>		
Ability to provide uniqueness in numbering schemes to enable identification and retrieval of information	✓	
<b>VII. Interfaces</b>		
Ability to interface with internal systems:		
Grants Rbase System	✓	Interface not developed.

## Appalachian Regional Commission Summary of Functional Requirements Analysis

### ARC's Requirements:

Grants Historical Database	✓	Interface not developed.
Contracts Database	✓	Interface not developed.
Grants Closeout Database	✓	Interface not developed.
Ability to interface with external systems:		
IMPAC Rocky Mountain Credit Card	✓	Interface not developed.
NFC Payroll Interface	✓	Interface not developed.
Treasury GOALS	✓	Interface not required.
OMB MAX Interface	✓	Interface not developed.

**Key:**

- ✓ The system has the function stated.
- No The system does not have the function stated.