

SFA Modernization Partner
United States Department of Education
Student Financial Assistance



Electronic Audited Financial Statements & Compliance Reports

Requirements Definition Document
Functional Requirements Appendix

Task Order # 13
Deliverable #13.6.3

January 12, 2001

APPENDIX

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1 School Submission Functional Requirements

- i. The system should provide schools with the ability to use a single sign-on to access EFS panels through the schools portal. User ID and PIN will be consistent with modernization target architecture.
- ii. The system should provide schools with the ability to enter its demographic data (name, address, OPEID numbers, OPE locator codes and other related identifiers). To accommodate parent/child relationships, multi-location institutions and third-party servicers should have the ability to enter up to 999 OPEID numbers. Entry will result in real-time validation.
- iii. The system should provide schools with the ability to indicate the type of institution: public and non-profit subject to OMB Circular A-133 or proprietary. Standardized input forms will be based on this response as well as other required fields.
- iv. The system should provide schools with the ability to indicate the type of submission (compliance report, financial statement, closeout audit, resubmission, etc.), reporting period, auditor, waivers issued, etc.
- v. The system should provide schools with the options to: save data entered without submitting, delete, or save and submit.
- vi. The system should provide schools with the ability to view online processed data for the current year's submission (either saved or submitted) and two prior years' submissions. Older data will be archived.
- vii. The system should provide schools with the automatic population of previously saved demographic profile data (i.e. related OPEID numbers, etc.) when a new submission is created.
- viii. The system should provide schools with the ability to resubmit previously accepted audits and reports with real-time validation of the reporting period previously submitted. These updates, deletions, and additions shall result in real-time updates to the database.
- ix. The system should provide on-line help instructions and definitions for any data field.
- x. The system should provide validation as data is entered. System should display reasons for errors but allow entry of other fields to continue. Error log will be maintained until all issues are resolved. System should have the ability to print the error log.
- xi. The system should provide schools with the ability to attach the compliance audit and financial statement files in an approved and acceptable format. This should include the ability to identify the type and format of documentation.
- xii. The system should provide schools with the ability to copy and paste text from electronic documents into required fields.
- xiii. The system should provide a final validation of data upon submission and display accepted and rejected transactions and the reason for the rejections.

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- xiv. The system should provide schools with the ability to use digital signatures in accordance with adopted E-SIGN standards. This would include the ability to provide for auditor certification.
 - xv. The system should provide schools with an accession number for tracking purposes once a submission is accepted. Schools will be able to enter this number to determine the status of the submission.
 - xvi. The system should provide schools with the ability to indicate whether notification/correspondence from SFA should be sent via e-mail or regular mail.
 - xvii. The system should provide schools with the ability to print the submission form or save as a file.
 - xviii. The system should provide schools with the ability to copy and paste up to 999 SFA compliance audit findings from the electronic document.
 - xix. The system should provide schools with the ability to enter audit report data to indicate at a minimum the following:
 - Type of audit opinion (Unqualified, Qualified, Going Concern, Adverse, or Disclaimer) for financials, compliance, and internal controls with the ability to copy exceptions text from electronic document.
 - Change in Auditor
 - Balance Sheet/Financial Position
 - Income Statement
 - Cash flows
 - Consolidated Statements
 - Notes
 - 90/10 Revenue Attestation
 - Economic Entity
 - Type of Disclosure Notes: Going Concern, Contingent Liabilities, Debt Agreement Violation, or ED Compliance Issues
 - Selected footnote text
 - xx. The system should provide schools with the ability to enter financial statement data. Minimum required financial statement data entry fields are below, although the system should allow for the future migration to a standard set of balance sheet elements.
 - Total Assets
 - Total Liabilities
 - Intangible Assets
 - Unsecured Related Party Receivables
 - Property Plant & Equipment (net)
 - Annuity and Life Income Funds, and Term Endowments
 - Permanent Restrict Net Assets
 - HEA Funds Disclosed
 - Debt
 - Post-employment & Retirement Liabilities
 - Total Expenses
 - Total Revenues

2 SFA Receipt, Acceptance, and Review Functional Requirements

- i. The system should provide Department of Education staff with online viewing of all submissions and submission acknowledgments.
- ii. The system should provide an interface with PEPS (or any future primary repository for school information).
- iii. The system should provide Department of Education with the ability to view submission attachments (remain onscreen) while entering review analysis data.
- iv. The system should provide the ability to obtain or create an Audit Control Number.
- v. The system should provide Department of Education with the ability to view the audit log of the database. Updates, deletions, and additions to data shall be viewed.
- vi. The system should provide Department of Education with read-only access to attached audit report files and the ability to copy text to required fields.
- vii. The system should provide an interface to upload Federal Audit Clearinghouse data transmitted for A-133 audits. This includes but is not limited to file information currently transmitted and any data collection form attachments.
- viii. The system should provide the Department of Education staff with the ability to locally print files.
- ix. The system should provide Department of Education with workflow capability. This includes the ability to manually and automatically route and/or e-mail submission/notifications for review and approval.
- x. The system should provide the Department of Education staff with the ability to generate edit reports and other quality control reports used to find possibly incorrect data submitted by schools each year. The reports shall also be accessible on-line as well as downloadable files.
- xi. The system should provide a database that interfaces with (or is a part of) a system that provides the same functionality as the current Lotus Notes system. Minimum functional requirements would be the:
 - a. Ability to log correspondence associated with a compliance audit and/or financial statement, which includes telephone calls, e-mails, letters, contacted person, DoEd staff person, date, reason.
 - b. Ability to generate as a batch various standard correspondence letters based on established criteria within review processes. Letters should automatically populate fields in the correspondence log.
 - c. Ability to send correspondence to third party servicers as well as schools.
 - d. Option to send correspondence only to primary OPEID number for schools with multiple locations.

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- e. Ability to date and user ID stamp additions, changes, and deletions with proper level of security.
 - f. Ability to perform a compliance audit acceptability review of submitted data with the ability to confirm/change pre-populated fields and enter additional data in the following fields:
 - SFA programs audited
 - Periods audited
 - Audit properly signed
 - Complete auditor information sheet
 - Management assertions on compliance
 - Servicer information sheet
 - Schedule of findings and questioned costs
 - Prior audit findings
 - Corrective action plan
 - Evaluation- whether additional information is needed.
 - g. Ability to review and code findings based on dropdown list of established General Deficiency Codes.
 - h. Ability to calculate the outcome based on acceptability review responses. Outcome options are: accept, reject, reject with deficiencies, or on hold.
 - i. Ability to verify that the clearinghouse received an A-133 submission.
 - j. Ability to identify and handle misdirected audits (those not received by clearinghouse).
 - k. Ability to calculate deficiency indicator and flag audits for resolution.
 - l. Ability to perform a quality review.
 - m. Ability to generate reports on complete, incomplete, flagged, and rejected audits.
 - n. Ability to perform a financial statement primary review of submitted data with the ability to confirm/change pre-populated fields and enter additional data in the following fields:
 - Compliance with GAAS, GAAP or GAGAS
 - Type of audit opinion: Unqualified, Qualified, Going Concern, Adverse, or Disclaimer
 - Change in Auditor
 - Balance Sheet/Financial Position
 - Income Statement
 - Cash flows
 - Consolidated Statements
 - Notes
 - 90/10 Revenue Attestation

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- 90/10 Report Reasons Not Accepted: Not Present, Not Positive Assurance, Not Presented for Each OPE ID, Not in Audited Notes, or Calculation or Percentage Not Shown
 - Economic Entity
 - Type of Disclosure Notes: Going Concern, Contingent Liabilities, Debt Agreement Violation, or ED Compliance Issues
 - Reviewer Comments
 - Outcome: Complete or Incomplete
- o. Ability to perform ratio analysis based on predefined calculation criteria. This currently consists of calculating:
- Primary Reserve Ratio
 - Equity ratio
 - Net Income Ratio
 - Composite score
 - Flag status based on composite score or audit opinion or type of disclosure
- p. Ability to route flagged financial statements and compliance audits to Case Management teams for resolution based on case team assignments.
- xii. The system should provide the Department of Education the ability to process foreign schools, third party servicer, and SFA Partner audits.
- xiii. The system should export data to all appropriate systems (e.g. CMS, if applicable; Risk).

3 Reporting Requirements

Reporting component should allow for both viewing standard reports along with the ability to develop ad-hoc reports, and the option to create as a spreadsheet file. At a minimum the system should have the ability to view, create and print, individually or in batch, the following:

- i. Confirmed Submissions Report
- ii. Rejected Submissions Report
- iii. School Demographic Profile Info- standard and adhoc
- iv. Financial Statement Report- summary and detailed
- v. Ratio Analysis Report
- vi. Complete and Flagged Financial Statement Report
- vii. Incomplete Financial Statement Report
- viii. Delinquent Financial Statement and Audit Report
- ix. Financial Statement and Audit Report Reminder
- x. Missing Financial Statement and Audit Report
- xi. Correspondence Letters
- xii. Misdirected A-133 Audits Report
- xiii. Compliance Audits On Hold Report
- xiv. Rejected Compliance Audits Report (both SFA and A-133)
- xv. Rejected Compliance Audit Letter
- xvi. Confirmation of Receipt Letter
- xvii. Schedule of Findings Report
- xviii. Reminder Letters
- xix. Submission Forms and Attachment Files
- xx. Multi-year comparisons by institution type
- xxi. Historical View by Year for the Institution.
- xxii. Trend Analysis Reports

4 General Systems Requirements

- i. The system should provide an architecture that adheres to the Department of Education's standard architecture for web development.
- ii. The system should provide an architecture that supports the access of up to 6000 concurrent users during peak periods.
- iii. The system should provide security with the Department of Education's modernization target architecture. That is, "Authentication" (User ID/Password validation) and "Authorization" (individual and group level privileges) using a common encryption algorithm on volatile database information is part of the integrated solution.
- iv. The system should provide for the archiving of data after 3 years. Three years of information should be available online (current plus 2 prior).
- v. The system should be developed using Best Practices in Usability to ensure that the pages and processes are intuitive, creating a good user experience.
- vi. Data redundancy should be minimized whenever possible.
- vii. The system should support an integrated workflow process.
- viii. The system should support concurrent multiple user access for a single institution.
- ix. The system should provide a user interface compatibility with web client software versions in common use at the time of development (e.g., Netscape Navigator 4.x, Microsoft Internet Explorer 4.01+, AOL 4+).
- x. If required, the system shall provide secure client access using SSL 2.0.
- xi. The system should maximize server side processing to reduce the complexity and size of the site's pages, thus maximizing performance.
- xii. The system's core application should be written in a language that allows threading.
- xiii. The system's relational database shall be used to store partial data entered by a user to reduce the amount of data being held and also allows for improved disaster recovery.
- xiv. Ample time should be allocated for load testing to optimize performance and scalability.
- xv. The system should have a database architecture that allows application level access with the proper privileges.

5 Applicable Standards and Resources

5.1 Security

- The Computer Security Act of 1987
- The Privacy Act of 1974, (5 U.S.C. 522a, as amended)
- The Information Technology Management Reform Act of 1996 (40 U.S.C. Chapter 25) Executive Order 13011
- OMB Circular A-130, Appendix III
- OMB Memorandum M-00-07 (Incorporating and Funding Security in Information Systems Investments) [February 28, 2000]
- Federal CIO Council Information Security Maturity Framework v2 (draft) [December 8, 1999]
- NIST Security Planning Guide 800-18 - Guide for Developing Security Plans for Information Technology Systems [December 1998]
- Information Technology Security Policy of the U.S. Department of Education [1999]
- U.S. Department of Education Certification & Accreditation Plan [September 30, 1999]
- U.S. Department of Education Information Technology Continuity of Operations Planning (COOP) Program Guidance [November 5, 1999]
- U.S. Department of Education Risk Management Program Guide (DRAFT) [August 27, 1999]
- U. S. Department of Education Incident Handling Program Guide [February 2000]
- U. S. Department of Education Information Technology (IT) Security Awareness and Training Program [October 1999]
- Office of Student Financial Assistance Guide to Information Security and Privacy (DRAFT)[September 2000]

5.2 Accessibility

- Workforce Investment Act of 1998 Section 508, Electronic and Information Technology
- Web Content Accessibility Guidelines 1.0 (W3C Recommendation 5-May-1999)
- Requirements for Accessible Software Design Version 1.2 (Office of the Chief Information Officer, US Department of education)
- Proposed Electronic and Information Technology Accessibility Standards (36 CFR Part 1194)
- Accessible Web Design Guidelines (Microsoft, <http://www.microsoft.com/enable/dev/web/>)
- Making Your Web Site Accessible to the Blind (Curtis Chong, Director of Technology, National Federation of the Blind)