

**Internal Control Assessment
Reconciling FSA's Statement of Differences, SF 6652 with Treasury**

Purpose

To ensure that proper internal controls exist regarding FSA's disbursement and collection of funds, including the reporting of its Fund Balance with Treasury (FBWT) and its adherence to policy, procedures, regulations and laws.

Background

In accordance with Public Law 31 the United States Treasury is responsible for preparing reports on the financial operations of the Federal government. As a result, Treasury requires all Federal agencies to furnish financial information to meet its congressionally mandated central accounting and reporting responsibilities. One of the key monthly reports that Treasury receives from FSA is the Statement of Transactions (SF 224) from each of its Agency Location Code, hereafter referred to as an accounting station. Each SF 224 prepared by FSA, reports monthly disbursement and receipt amounts by appropriation.

Each month, Treasury compares disbursement and receipt amounts reported by FSA on its monthly SF 224 to amounts reported by Treasury Regional Financial Centers, Federal Reserve Banks and other Treasury designated depositories. If a difference exists, Treasury issues to FSA a Statement of Difference Report, SF 6652. The SF 6652 separately identifies differences for disbursements and deposits for each FSA accounting station. Differences identified in this report must be reconciled on a monthly basis by FSA and cleared on future SF 224 report submissions (ideally the following month). This process validates monthly disbursement and receipt data and determines the accuracy of Treasury's operating cash. Unresolved differences potentially compromise Treasury's reliability of its disbursement and receipt data that it reports monthly to Congress and the General Public.

Internal Control Standard

FSA must monthly reconcile all disbursement and deposit amounts reported by each of its X accounting stations to Treasury totals and clear any disbursement and deposit differences reported by Treasury on FMS 6652s in a timely manner (preferably by the next month's SF 224 submission).

Assessment of FSA's Compliance *

FSA currently has X number of accounting stations that prepare monthly SF 224s. These accounting stations report monthly disbursements ranging from \$xx million to \$x billion and receipts ranging from \$xx million to \$xxx million. Each month FSA submits a SF224 report to Treasury for each accounting station that provides totals on disbursements, deposits and net disbursements by appropriation. In order to assess the level of FSA compliance, we reviewed SF 6652s (Disbursements and Deposits) for each FSA accounting station for the past X months.

Upon review of FMS 6652s (Disbursing & Deposit Transactions) for each of FSA's accounting stations during FY 2001 we report the following:

FMS 6652s				
Accounting Stations	Differences			
	Disbursements		Deposits	
	Avg \$Amt per Mth (in thousands)	Avg # Mths to Clear	Avg \$Amt per Mth (in thousands)	Avg # Mths to Clear
XXXXXXXXXX	XX,XXX	X	X,XXX	X
XXXXXXXXXX	XX,XXX	X	X,XXX	X
XXXXXXXXXX	XX,XXX	X	X,XXX	X
XXXXXXXXXX	XX,XXX	X	X,XXX	X

The above accounting stations vary in their level of resolving their disbursement differences with Treasury.

* The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.