

July 2004

# CORE FINANCIAL SYSTEM REQUIREMENTS

## Checklist for Reviewing Systems under the Federal Financial Management Improvement Act



G A O

Accountability \* Integrity \* Reliability

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## PREFACE

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July 2004

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires, among other things, that agencies implement and maintain financial management systems that substantially comply with federal financial management system requirements. These requirements are detailed in the Federal Financial Management System Requirements series issued by the Joint Financial Management Improvement Program (JFMIP) and in the guidance issued by the Office of Management and Budget (OMB): Circular A-127, *Financial Management Systems*, and the January 4, 2001, *Revised Implementation Guidance for the Federal Financial Management Improvement Act (FFMIA) of 1996*. JFMIP intends for the requirements to promote understanding of key financial management systems concepts and requirements, to provide a framework for establishing integrated financial management systems to support program and financial managers, and to describe specific requirements of financial management systems.

We are issuing this checklist, which reflects JFMIP's revised *Core Financial System Requirements* (JFMIP-SR-02-01, November 2001), to assist (1) financial systems analysts, systems accountants, systems developers, program managers, and others who design, develop, implement, operate, or maintain financial management systems and (2) management and auditors in reviewing agency core systems to determine if the systems substantially comply with FFMIA.

There is no requirement that this checklist be used in assessing core financial systems. Rather, it is provided as a tool for use by experienced staff and is one in a series of documents we have issued to assist agencies in improving or maintaining effective operations. (See the last page of this document for a list of related products.) This checklist, the JFMIP source document, and the two previously mentioned OMB documents should be used concurrently. Those using this tool must apply experienced judgment in its interpretation and application. They must consider the impact of the completed checklist on an entire core system and whether the system, as a whole, substantially complies with requirements.

This checklist exposure draft is available on the GAO Web site (<http://www.gao.gov>) under "Reports and Testimony," browsing by the topic "Financial Management." JFMIP's source document can be downloaded from the JFMIP Web site (<http://www.jfmip.gov>) under "JFMIP Documents" and the subheading "System Requirements."

Please send comments on this exposure draft by August 31, 2004, to McCoy Williams, Director, Financial Management and Assurance, U.S. Government Accountability Office, 441 G Street, N.W., Room 5089, Washington, D.C. 20548.



Jeffrey C. Steinhoff  
Managing Director  
Financial Management and Assurance

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## CONTENTS

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	<u>Page</u>
Preface.....	1
Overview .....	6
Authoritative Guidance.....	7
How to Use This Checklist .....	8
Core Financial System Requirements .....	10
Functional Requirements .....	13
Core Financial System Management Function.....	13
Accounting Classification Management Process .....	13
Transaction Control Process .....	19
General Ledger Management Function .....	28
General Ledger Account Definition Process .....	28
Accruals, Closing, and Consolidation Process.....	30
General Ledger Analysis and Reconciliation Process .....	32
Funds Management Function .....	33
Budget Preparation Process .....	33
Budget Formulation Process .....	35
Funds Allocation Process.....	37
Budget Execution Process.....	40
Funds Control Process .....	42
Payment Management Function.....	55
Payee Information Maintenance Process.....	55
Payment Warehousing Process .....	59
Payment Execution Process.....	66
Payment Confirmation and Follow-up Process.....	76
Receivable Management Function .....	80
Customer Information Maintenance Process.....	80
Receivable Establishment Process .....	82
Debt Management Process.....	85
Collection Process .....	91
Cost Management Function .....	94
Cost Setup and Accumulation Process.....	94
Cost Recognition Process .....	96
Cost Distribution Process .....	98
Working Capital and Revolving Fund Process .....	99

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## CONTENTS

---

	<u>Page</u>
Reporting Function .....	101
General Reporting Process .....	101
External Reporting.....	102
Internal Reporting.....	104
Ad Hoc Query.....	110
Technical Requirements.....	112
General Design/Architecture.....	112
Infrastructure .....	116
User Interfaces.....	118
Interoperability .....	121
Workflow/Messaging.....	124
Document Management.....	126
Internet Access .....	127
Security .....	128
Operations and Computing Performance.....	130
Related GAO Products .....	134
Figure 1: Agency Systems Architecture .....	6

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## ABBREVIATIONS

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ACH	Automated Clearing House
ALC	agency location code
API	application program interface
CCD	Cash Concentration or Disbursement
CCD+	Cash Concentration or Disbursement Plus Addendum
CCR	Central Contractor Registration
C.F.R.	<i>Code of Federal Regulations</i>
COTR	Contract Officer's Technical Representative
COTS	commercial-off-the-shelf
CTX	Corporate Trade Exchange
DUNS	Data Universal Numbering System
ECS	Electronic Certification System
EFT	Electronic Funds Transfer
FACTS	Federal Agencies Centralized Trial Balance System
FASAB	Federal Accounting Standards Advisory Board
FFMLA	Federal Financial Management Improvement Act of 1996
FMS	Financial Management Service
IPAC	Intra-governmental Payment and Collection System
IRS	Internal Revenue Service
IT	information technology
JFMIP	Joint Financial Management Improvement Program
NIST	National Institute of Standards and Technology
OMB	Office of Management and Budget
PPD	Prearranged Payment and Deposit
PPD+	Prearranged Payment and Deposit Plus Addendum
RTN	routing transit number
SGL	<i>U.S. Government Standard General Ledger</i>
SFFAS	Statements of Federal Financial Accounting Standards
TAS	treasury account symbol
TAFS	treasury account fund symbol
TFM	<i>Treasury Financial Manual</i>
TIN	taxpayer identification number
U.S.C.	United States Code
XML	Extensible Markup Language

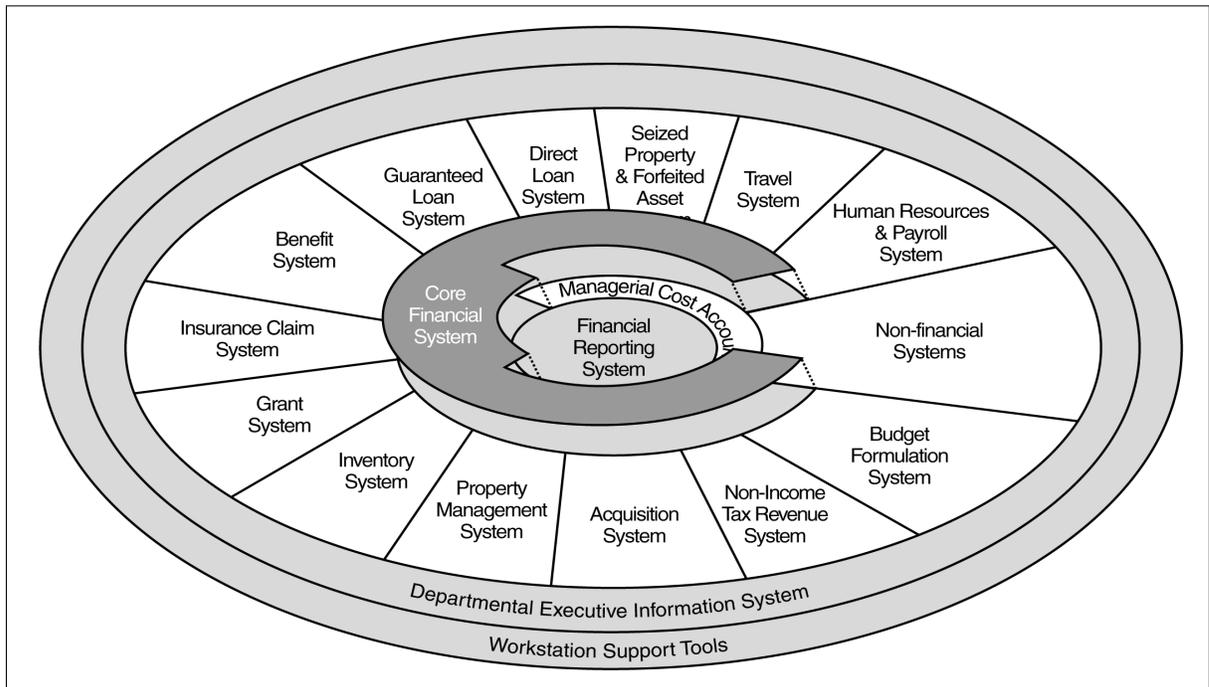
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## OVERVIEW

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The Federal Financial Management Improvement Act of 1996 (FFMIA) requires, among other things, that agencies implement and maintain financial management systems that substantially comply with federal financial management system requirements. These requirements are detailed in the Federal Financial Management System Requirements series issued by the Joint Financial Management Improvement Program (JFMIP)<sup>1</sup> and in Circular A-127, *Financial Management Systems*, issued by the Office of Management and Budget (OMB). The JFMIP requirements document describes the federal financial system architecture as consisting of (1) core financial systems; (2) other financial and mixed systems, not all of which are applicable to all agencies; (3) shared systems; and (4) departmental executive information systems (systems to provide management information to all levels of management).<sup>2</sup> Figure 1 is the JFMIP model that illustrates how these systems interrelate in an agency's overall systems architecture.

Figure 1: Agency Systems Architecture



Source: JFMIP.

<sup>1</sup>JFMIP is a joint undertaking of the Office of Management and Budget (OMB), GAO, the Department of the Treasury, and the Office of Personnel Management (OPM), working in cooperation with each other and with operating agencies to improve financial management practices throughout the government. The program was initiated in 1948 by the Secretary of the Treasury, the Director of the Bureau of the Budget (now OMB), and the Comptroller General. JFMIP was authorized by the Budget and Accounting Procedures Act of 1950 (subsequently codified at 31 U.S.C. § 3511 (d)). The Civil Service Commission, now OPM, joined JFMIP in 1966.

<sup>2</sup>JFMIP has also issued the *Framework for Federal Financial Management Systems* (JFMIP-SR-01-04, April 2004), which is the foundation document for the JFMIP Financial Management System Requirements that sets forth the vision, desired capabilities, performance outcomes, environment, and other attributes that all federal financial management systems must be designed to support.

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## OVERVIEW

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To date, JFMIP has issued 13 of the 15 functional requirements shown in figure 1.<sup>3</sup> We are issuing this checklist, which reflects JFMIP's revised *Core Financial System Requirements* (JFMIP-SR-02-01, November 2001) and the *Addendum to Core Financial System Requirements* (March 2004), to assist (1) financial systems analysts, systems accountants, systems developers, program managers, and others who design, develop, implement, operate, or maintain financial management systems and (2) management and auditors in reviewing agency core systems to determine if the systems substantially comply with FFMA.

This checklist is not a requirement. It is provided as a tool for use by experienced staff. This checklist; the JFMIP source document, *Core Financial System Requirements* (JFMIP-SR-02-01, November 2001); OMB Circular A-127, *Financial Management Systems*; and OMB's *Revised Implementation Guidance for the Federal Financial Management Improvement Act (FFMIA)*, issued January 4, 2001, should be used concurrently. Staff members who use this tool must apply experienced judgment in its interpretation and application. They must consider the impact of the completed checklist on the entire core financial system and whether the system, as a whole, substantially complies with requirements.

### Authoritative Guidance

OMB Circular A-127, *Financial Management Systems*, and OMB's January 4, 2001, *Revised Implementation Guidance for the Federal Financial Management Improvement Act* provide the guidance for assessing compliance with FFMA requirements. The OMB guidance identifies various criteria that agency systems must meet to substantially comply with these requirements. One set of criteria listed in the OMB guidance is the JFMIP system requirements series.

The source of all the questions in this checklist is the JFMIP *Core Financial System Requirements* (JFMIP-SR-02-01, November 2001) and the *Addendum to Core Financial System Requirements* (March 2004). The JFMIP document and the addendum represent the latest update to the core document first issued in January 1988. These updates reflect recent changes in laws and regulations and in governmentwide reporting systems, such as the Department of the Treasury's Federal Agencies Centralized Trial Balance System (FACTS) II, and the OMB policy requiring agencies to use the Intragovernmental Transaction Exchange

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<sup>3</sup>Thus far, the series includes the (1) *System Requirements for Managerial Cost Accounting* (February 1998); (2) *Human Resources and Payroll System Requirements* (April 1999); (3) *Direct Loan System Requirements* (June 1999); (4) *Travel System Requirements* (July 1999); (5) *Seized Property and Forfeited Assets System Requirements* (December 1999); (6) *Guaranteed Loan System Requirements* (March 2000); (7) *Grant Financial System Requirements* (June 2000); (8) *Property Management System Requirements* (October 2000); (9) *Benefit System Requirements* (September 2001); (10) *Core Financial System Requirements* (November 2001), which supercedes the 1999 *Core Financial System Requirements* (February 1999); (11) *Acquisitions Financial System Requirements* (June 2002); (12) *Revenue System Requirements* (January 2003); and (13) *Inventory, Supplies, and Materials System Requirements* (August 2003), which supercedes the 1995 *Inventory System Requirements* (June 1995). Functional requirements for budget formulation and insurance claims systems have not yet been issued.

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## OVERVIEW

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Portal for executing certain types of financial transactions. The updates also clarify some existing requirements, delete redundant or outdated requirements, incorporate value-added requirements, change the priority (i.e., mandatory or value added) of certain requirements, and add new requirements to reflect the current needs of federal agencies.

The JFMIP *Core Financial Systems Requirements* document is the basis for evaluating core financial system software for compliance with JFMIP requirements. It is done through a testing process that links test scenarios to the JFMIP requirements. JFMIP tests commercial software functionality against these requirements and qualifies the software as meeting mandatory requirements. JFMIP also uses this process to test government agency software compliance for those agencies that provide accounting systems to other government agencies on a cross-service agreement.

The JFMIP document segregates functional requirements into two general categories—mandatory and value-added. The mandatory requirements describe what the system must do. They consist of the minimum acceptable functionality necessary to establish a system and are based on federal laws, regulations, directives, or judicial decisions. Mandatory requirements are those against which agency heads are to evaluate their systems to determine the systems' substantial compliance with FFMLA. These requirements apply to existing systems in operation and new systems planned or under development. The checklist uses “**M**” immediately following the question to indicate a mandatory system requirement.

The value-added requirements describe optional features or characteristics and may consist of any combination of the following: (1) using state-of-the-art technology, (2) employing the preferred or best business practices, or (3) meeting the special management needs of an individual agency. Agencies should consider value-added features when judging systems options. The need for these value-added features in agency systems is left to the discretion of each agency head. The checklist uses “**V**” immediately following the question to indicate that the item is value-added and not mandatory.

### **How to Use This Checklist**

OMB's 2001 implementation guidance provides the agency heads and inspectors general with a means for determining whether their agencies' financial management systems substantially comply with federal financial management system requirements. Agencies can use this checklist as a tool to help determine compliance with federal financial management system requirements as well as to assist in their annual reporting on such compliance as required by 31 U.S.C. § 3512(d).

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## OVERVIEW

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Completing this checklist will allow agencies to systematically determine whether specific systems requirements are being met. In determining compliance with FFMA requirements, agencies should assess the results of the completed checklist based on the core financial system requirements taken as a whole.

The checklist contains three columns with the first citing the question. Use the second column to answer each question “Yes,” “No,” or “N/A.” Use the third column to explain your answer. A “Yes” answer should indicate that the agency’s core financial system provides for the capability described in the question. For each “Yes” answer, the third column should contain a brief description of how the core financial system satisfies that capability and should also refer to a source that explains or shows the capability.

A “No” answer indicates that the capability does not exist. For a “No” answer, the third column should provide an explanation<sup>4</sup> and, where applicable, a reference to any related supporting documentation. Cost-benefit studies or support for a “No” answer should be identified in the explanation column. If there are no cost-benefit studies or other support, a full explanation should be provided.

“No” answers should not be viewed individually or taken out of context. Rather, “No” answers should be assessed as to their impact on the overall core financial system and the extent to which the “No” answers inhibit the entire core financial system from achieving compliance. Certain questions within the checklist may not be applicable to the agency. Answer these question(s) with “N/A” and provide an appropriate explanation in the third column.

This checklist is designed to capture the JFMIP requirements in a format that can be used to easily determine the JFMIP requirements that are applicable to federal financial management systems. The JFMIP requirements form the foundation for a system evaluation effort, and agencies must determine and document the agency-specific requirements that must be developed to best meet their needs while ensuring that the JFMIP requirements are fulfilled. This is consistent with how the JFMIP requirements should be used in an agency’s effort to develop or implement a financial management system.

Moreover, systems requirements continually evolve as new laws and regulations are promulgated. Because there may be a time lag between the issuance of new laws and regulations and when the JFMIP systems requirements documents are updated, this checklist may also not include all relevant laws and regulations that should be considered when evaluating a system. Therefore, consideration must be given to identifying any changes in laws and regulations that could impact the requirements included in this checklist.

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<sup>4</sup>For example, the agency is working on modifying or implementing its core financial system to have the capability available in subsequent years; management believes the capability is not cost-effective and will not enhance the core financial system’s ability to manage operations.

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## CORE FINANCIAL SYSTEM REQUIREMENTS

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Government core financial systems, as an integral component of the federal agency systems architecture (see fig. 1), are relied on to control and support the key financial management functions of an agency. The core financial system receives data from other financial and mixed systems and from direct user input, and provides data and supports processing for other systems. JFMIP's *Core Financial System Requirements* document provides functional requirements for financial managers, program managers, and others to control and account for federal programs as defined in governmentwide statutes, regulations, and guidelines. It is divided into two major sections, "functional requirements" and "technical requirements," which are described below.

- **Functional requirements** have been established to provide the basic information and control needed to carry out financial management functions; manage the financial operations of an agency; and report on the agency's financial status to central agencies, Congress, and the public. This includes data needed to prepare the principal financial statements for federal agencies in accordance with OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. The major functions supported by a core financial system are discussed below:
  1. **Core financial system management** consists of the processes necessary to maintain the financial system in a manner that is consistent with established financial management laws, regulations, and policy. This function sets the framework for all other core financial system functions.
  2. **General ledger management** is the central function of the core financial system. The general ledger is the highest level of summarization and must maintain account balances by the accounting classification elements established in the core financial system management function.
  3. **Funds management** is the function that ensures that the agency does not obligate or disburse funds in excess of those appropriated or authorized.
  4. **Payment management** is the function that provides appropriate control over all payments made by or on behalf of the agency.
  5. **Receivable management** is the function that supports activities associated with recognizing and recording debts due to the government, performing follow-up actions to collect on these debts, and recording agency cash receipts.
  6. **Cost management** is the function that attempts to measure the total cost and revenue of federal programs and their various elements, activities, and outputs.
  7. **Reporting** is the function that provides timely and useful financial information to support management's fiduciary role, budget formulation and execution functions, fiscal management of program delivery and program decision making, and internal and external reporting requirements.

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## CORE FINANCIAL SYSTEM REQUIREMENTS

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- **Technical requirements** have been established to help ensure that a core financial system is capable of meeting a wide variety of workload processing demands; provide transaction processing integrity and general operating reliability; incorporate standard installation, configuration, and operating procedures; and do not conflict with other administrative/program systems or other agency-established information technology (IT) standards. The JFMIP source document categorizes the technical requirements as (1) general design/architecture, (2) infrastructure, (3) user interfaces, (4) interoperability, (5) workflow/messaging, (6) document management, (7) Internet access, (8) security, and (9) operations and computing performance.

All of the checklist questions come from the JFMIP source document, JFMIP-SR-02-02, November 2001, and the March 2004 Addendum. Page number references follow each of the questions. It should be noted that not all questions will apply in all situations, and as with the use of any checklist, professional judgment should be exercised. Using the JFMIP source document and its “Appendix B: Glossary,” which defines terms used, along with OMB Circular A-127, *Financial Management Systems*, and OMB’s *Revised Implementation Guidance for the Federal Financial Management Improvement Act (FFMIA)*, issued January 4, 2001, will help ensure that the user is aware of the background information necessary to fully understand the questions.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Core Financial System Management Function</i><sup>5</sup></p> <p align="center"><b>Accounting classification<sup>6</sup> management process</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>1. To support the accounting classification management process, does the core financial system provide the capability to classify accounting transactions by the following:</p> <ul style="list-style-type: none"> <li>a. treasury account symbol/treasury account fund symbol (TAS/TAFS),</li> <li>b. internal fund code,</li> <li>c. budget fiscal year,</li> <li>d. accounting quarter and month,</li> <li>e. program,</li> <li>f. organization,</li> <li>g. project,</li> <li>h. activity,</li> <li>i. cost center,</li> <li>j. object class,</li> <li>k. budget function (and subfunction code), and</li> <li>l. remaining <i>U. S. Government Standard General Ledger</i> (SGL) attributes not specified above? <b>M</b> (p. 18)<sup>7</sup></li> </ul>		

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<sup>5</sup>The core financial system management function ensures that the capability exists for capturing, classifying, processing, storing, and retrieving the financial data federal agencies use in their daily operations. It establishes the reporting entity and framework for ensuring that data are shared among components of an agency's single integrated financial management system. This function also ensures that transactions are processed in a uniform and consistent manner.

<sup>6</sup>The accounting classification is a subset of the agency financial information classification structure, which also includes financially related personnel information, performance measurement information, and other financial information needed by the agency. It provides the means for categorizing financial information along several dimensions as needed to support financial management and reporting functions. The data elements a particular agency includes in its accounting classification will depend on data aggregation requirements for preparation of financial statements under the Chief Financial Officers Act, the appropriation structure, and other reporting and management needs of the agency.

<sup>7</sup>Unless otherwise indicated, page number references in the checklist are to JFMIP-SR-02-01.

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i><sup>5</sup></p> <p style="text-align: center;"><b>Accounting classification<sup>6</sup> management process</b></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>2. Does the core financial system provide the capability to define additional accounting classification elements and classify and report accounting transactions by each type of element? <b>M</b> (p. 18)</p>		
<p>3. Does the core financial system provide the capability to achieve consistency in budget and accounting classifications and synchronization between those classifications and the organizational structure, including the maintenance of data relationships between the following:</p> <ul style="list-style-type: none"> <li>a. budget formulation classifications (budget function and subfunction classification codes, per OMB Circular No. A-11, <i>Preparation, Submission and Execution of the Budget</i>),</li> <li>b. budget execution and accounting classifications (e.g., TAS/TAFS, internal fund, program, project, and activity), and</li> <li>c. the agency's organizational structure? <b>M</b> (p. 18)</li> </ul>		
<p>4. Does the core financial system have the capability to provide a fund structure that identifies a TAS/TAFS established by OMB and Treasury? <b>M</b> (p. 18)</p>		
<p>5. Does the core financial system provide the capability to accommodate additional detail below the TAS level, such as an internal fund code to support fiscal year accounting and appropriation subaccounts used for reporting to Treasury? <b>M</b> (p. 18)</p>		

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i><sup>5</sup></p> <p style="text-align: center;"><b>Accounting classification<sup>6</sup> management process</b></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>6. Does the core financial system provide the capability to differentiate among the type of budgeting, accounting, and reporting treatments to be used based on various TAS/TAFS characteristics? <b>M</b> (p. 18)</p>		
<p>7. At a minimum, does the core financial system provide the capability to support the following fund characteristics in accordance with Treasury and OMB reporting and budget execution requirements:</p> <ul style="list-style-type: none"> <li>a. fund type, such as general fund, deposit fund, trust fund, special fund, revolving fund, or receipt account;</li> <li>b. funding source, such as borrowing authority, contract authority, direct appropriation, or spending authority from offsetting collections;</li> <li>c. budget status, such as on budget, off budget, or financing account; and</li> <li>d. TAS/TAFS status, such as annual, multiyear, and no year? <b>M</b> (p. 18)</li> </ul>		
<p>8. Does the core financial system have the capability to provide a program structure with sufficient levels of detail to allow reporting for all categories on which budgetary decisions are made, whether legally binding, as in appropriation limitations, or in the nature of policy guidance, as in presidential pass backs and congressional markup tables? <b>M</b> (pp. 18 &amp; 19)</p>		
<p>9. Does the core financial system provide the capability to establish an organizational structure based on responsibility segments, such as bureaus, divisions, and branches? <b>M</b> (p. 19)</p>		

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i><sup>5</sup></p> <p style="text-align: center;"><b>Accounting classification<sup>6</sup> management process</b></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>10. Does the core financial system provide the capability to tie responsible organizational units to programs, projects, and activities? <b>M</b> (p. 19)</p>		
<p>11. Does the core financial system provide the capability to support the management of multiple agency location codes (ALC) and associate the appropriate ALC with each transaction involving fund balance with Treasury to facilitate external reporting<sup>8</sup> and reconciliation with Treasury? <b>M</b> (p. 19)</p>		
<p>12. Does the core financial system have the capability to provide a project structure that is independent of the other accounting classification elements to allow multiple organizations, programs, and funding sources to be associated with a project? <b>M</b> (p. 19)</p>		
<p>13. Does the core financial system have the capability to provide an object class structure consistent with the standard object class codes contained in OMB Circular No. A-11? <b>M</b> (p. 19)</p>		
<p>14. Does the core financial system have the capability to provide flexibility to accommodate additional levels (lower) in the object class structure? <b>M</b> (p. 19)</p>		
<p>15. Does the core financial system provide the capability to process additions, changes, and deletions to elements of the accounting classification design, and related valid domain values within accounting classifications, without extensive program or system changes (e.g., through online table updates)? <b>M</b> (p. 19)</p>		

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<sup>8</sup>For example, Financial Management Service (FMS) 224, Statement of Transactions.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Core Financial System Management Function</i> <sup>5</sup> <b>Accounting classification<sup>6</sup> management process</b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
16. Does the core financial system provide the capability to allow the user to enter, edit, and store accounting classification table changes so that the changes automatically become effective at any future date determined by the user? <b>M</b> (p. 19)		
17. Does the core financial system have the capability to reject or suspend interfaced transactions that contain accounting classification elements or domain values that have been deactivated or discontinued? <b>M</b> (p. 19)		
18. Does the core financial system have the capability to provide a revenue source code structure to identify and classify types of revenue and receipts as defined <sup>9</sup> by the user? <b>V</b> (p. 19)		
19. Does the core financial system provide the capability to validate all transactions involving Treasury and other disbursing centers for valid combinations of ALC and TAS/TAFS, as defined by the user? <b>V</b> (p. 19)		
20. Does the core financial system provide the capability to derive the full accounting classifications from abbreviated user input <sup>10</sup> so that user input is minimized, data entry is made easier, and errors are controlled and reduced? <b>V</b> (p. 19)		

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<sup>9</sup>For example, categories could be rental income, sales by product type, and income by type of service performed.

<sup>10</sup>Examples of methods include entering "shorthand codes," using a keyboard function to look up additional elements, "clicking" on a "pop-up menu," and scanning a bar code.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Core Financial System Management Function</i><sup>5</sup></p> <p align="center"><b>Accounting classification<sup>6</sup> management process</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>21. Does the core financial system have the capability to provide for an automated method to reclassify accounting data at the document level when a restructuring of the existing values pertaining to the mandatory accounting classification elements is needed? V (p. 19)</p>		
<p>22. Does the core financial system provide the capability to maintain an audit trail from the original postings to the final posting? V (p. 19)</p>		

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**Core Financial System Requirements**

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i></p> <p style="text-align: center;"><b>Transaction control process<sup>11</sup></b></p> <p style="text-align: center;"><i>Transaction definition and processing<sup>12</sup></i></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>23. To support the transaction definition and processing activity, does the core financial system provide the capability to use standard transactions when recording accounting events? <b>M</b> (p. 20)</p>		
<p>24. Do the standard transactions specify the postings to the general ledger accounts, and update document balances and any related tables, such as available funding? <b>M</b> (p. 20)</p>		
<p>25. Does the core financial system provide the capability to allow the user to include proprietary, budgetary, and memorandum accounts in the definition of a standard transaction? <b>M</b> (p. 20)</p>		
<p>26. Does the core financial system provide the capability to record transactions consistent with SGL posting rules? <b>M</b> (p. 20)</p>		
<p>27. Does the core financial system provide the capability to reject a transaction or provide a warning message when attempting to post a transaction that would cause general ledger debits and credits to be out of balance at a level below the TAS/TAFS, such as internal fund or organization level? <b>M</b> (p. 20)</p>		

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<sup>11</sup>The transaction control process defines, maintains, and executes the posting and editing rules for transactions that are processed in the core financial system. The core financial system must be able to process and record transactions originally entered into it as well as transactions originating in other systems. In order to provide the basis for central financial control, the core system must track such transactions and related information. The transaction control process is further categorized as transaction definition and processing activities and audit trail activities.

<sup>12</sup>SGL accounting transactions typically update multiple budgetary and proprietary accounts based on a single accounting event. The core financial system must ensure that transactions are controlled properly to provide reasonable assurance that the recording, processing, and reporting of financial data are properly performed and that the completeness and accuracy of authorized transactions are ensured.

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i></p> <p style="text-align: center;"><b>Transaction control process<sup>11</sup></b></p> <p style="text-align: center;"><i>Transaction definition and processing<sup>12</sup></i></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>28. Does the core financial system provide the capability to allow users to define and maintain standard rules that control general ledger account postings<sup>13</sup> for all accounting events? <b>M</b> (p. 20)</p>		
<p>29. Does the core financial system provide the capability to enable users to selectively require, omit, or set a default value for individual accounting classification<sup>14</sup> elements? <b>M</b> (p. 20)</p>		
<p>30. Does the core financial system provide the capability to update all applicable general ledger account balances (i.e., budgetary, proprietary and memorandum accounts) based on a single input transaction? <b>M</b> (p. 21)</p>		
<p>31. Does the core financial system have the capability to define, generate, and post compound general ledger debit and credit entries for a single transaction? <b>M</b> (p. 21)</p>		
<p>32. Does the core financial system provide the capability to accommodate at least 10 debit and credit pairs or 20 accounts when defining and processing a single transaction? <b>M</b> (p. 21)</p>		

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<sup>13</sup>The process of defining posting rules can be accomplished in a variety of ways, including, but not limited to, using transaction codes, screen “templates,” and derivation rules.

<sup>14</sup>For example, a budget object class code value is not necessarily needed when recording depreciation expense.

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i></p> <p style="text-align: center;"><b>Transaction control process<sup>11</sup></b></p> <p style="text-align: center;"><i>Transaction definition and processing<sup>12</sup></i></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>33. Does the core financial system provide the capability to allow users to define and process system-generated transactions, such as automated accruals (e.g., payroll accrual entries), preclosing and closing entries, cost assignment transactions, recurring payments, and transactions that generate other transactions when a single transaction is not sufficient? <b>M</b> (p. 21)</p>		
<p>34. Does the core financial system provide the capability to automatically liquidate, partially or in full, the balance of open documents by line item?<sup>15</sup> <b>M</b> (p. 21)</p>		
<p>35. Does the core financial system provide the capability to automatically determine and record the amount of upward or downward adjustments to existing obligations<sup>16</sup> upon liquidation, cancellation, or other adjustment? <b>M</b> (p. 21)</p>		
<p>36. When adjustments are made to existing obligations or previously recorded expenditures, does the core financial system automatically distinguish between upward and downward adjustments to unexpired and expired budget authority, and generate the appropriate general ledger postings, without user intervention? <b>M</b> (p. 21)</p>		

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<sup>15</sup>This capability will be used in the liquidation of various documents, such as commitments, obligations, undelivered orders, payables, receivables, and advances, upon the processing of subsequent related transactions (e.g., liquidate an obligation upon entry of the related receiving report).

<sup>16</sup>This is to include transactions entered directly to the core system and those received from interfaced modules or systems.

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i></p> <p style="text-align: center;"><b>Transaction control process<sup>11</sup></b></p> <p style="text-align: center;"><i>Transaction definition and processing<sup>12</sup></i></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>37. Relative to expired funds, does the core financial system have the capability to provide an overrideable error message when attempting to post (previously unrecorded) obligations to current year general ledger obligation accounts (such as SGL accounts 4801 or 4802)? <b>M</b> (p. 21)</p>		
<p>38. When recording adjustments to prior year obligations (including previously expended authority), does the core financial system provide the capability to automatically classify upward and downward adjustments<sup>17</sup> as paid and or unpaid according to the status of the related obligation or expenditure? <b>M</b> (p. 21)</p>		
<p>39. Does the core financial system provide the capability to control the correction and reprocessing of all erroneous transactions through the use of error/suspense files? <b>M</b> (p. 21)</p>		
<p>40. Does the core financial system provide the capability to maintain erroneous transactions until either corrected and posted or deleted at the specific request of a user? <b>M</b> (p. 21)</p>		
<p>41. Does the core financial system have the capability to provide immediate, online notification to the user of erroneous transactions, the reason for the errors, and the ability to enter corrections online? <b>M</b> (p. 21)</p>		

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<sup>17</sup>This is to include transactions entered directly to the core system and those received from interfaced modules or systems.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Core Financial System Management Function</i> <b>Transaction control process<sup>11</sup></b> <i>Transaction definition and processing<sup>12</sup></i>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
42. Does the core financial system have the capability to provide controls to prevent the creation of duplicate transactions? <sup>18</sup> <b>M</b> (p. 21)		
43. Does the core financial system have the capability to provide a warning message when the user attempts to input an external vendor invoice number that has already been recorded for the related vendor? <b>M</b> (p. 21)		
44. Does the core financial system provide the capability to validate the fields <sup>19</sup> for all accounting classification elements required to process the transaction prior to posting? <b>M</b> (p. 22)		
45. Does the core financial system provide the capability to enter, edit, and store transactions in the current accounting period for automatic processing in a future accounting period? <b>M</b> (p. 22)		
46. Does the core financial system provide the capability to put transactions in a hold status (saved, but not processed or posted) within the core system (i.e., importing transactions from a spreadsheet or database application is not acceptable)? <b>M</b> (p. 22)		
47. Does the core financial system provide the capability to allow users to select held transactions and continue processing at a later date? <b>M</b> (p. 22)		

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<sup>18</sup>For example, prevent the use of the same unique transaction identification number (e.g., document number).

<sup>19</sup>For example, fields pertaining to TAS/TAFS, object class, vendor code, and organization.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Core Financial System Management Function</i> <b>Transaction control process<sup>11</sup></b> <i>Transaction definition and processing<sup>12</sup></i>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
48. Does the core financial system provide the capability to capture the six-digit trading partner code (as specified by Treasury) when processing all transactions that directly involve another federal entity (i.e., both parties to a transaction are federal entities)? <b>M</b> (p. 22)		
49. For all transactions, does the core financial system provide the capability to capture transaction dates (effective date of the transaction) and posting dates (date transaction posted to general ledger)? <b>M</b> (p. 22)		
50. Does the core financial system provide the capability to automatically determine the posting date from the system date for all transactions? <b>M</b> (p. 22)		
51. Does the core financial system provide the capability to automatically associate a default accounting period for each transaction, while allowing for user override? <b>M</b> (p. 22)		
52. Does the core financial system provide the capability to automatically reverse entries by the following parameters: <ul style="list-style-type: none"> <li>a. transaction or document type,</li> <li>b. date range,</li> <li>c. schedule numbers,</li> <li>d. transaction identification number (i.e., document number) range, and</li> <li>e. trading partner? <b>M</b> (p. 22)</li> </ul>		

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i></p> <p style="text-align: center;"><b>Transaction control process<sup>11</sup></b></p> <p style="text-align: center;"><i>Transaction definition and processing<sup>12</sup></i></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>53. Does the core financial system provide the capability to post to the current and prior months concurrently until the prior month closing is complete? <b>M</b> (p. 22)</p>		
<p>54. Does the core financial system have the capability to provide and maintain online queries and reports on balances separately for the current and prior months? <b>M</b> (p. 22)</p>		
<p>55. At a minimum, does the core financial system provide the capability to maintain balances online for both the current and prior months until the prior month closing is complete? <b>M</b> (p. 22)</p>		
<p>56. Does the core financial system provide the capability to post to the current fiscal year and prior fiscal year concurrently until prior year-end closing is complete? <b>M</b> (p. 22)</p>		
<p>57. Does the core financial system have the capability to provide and maintain online queries and reports on balances separately for the current and prior fiscal years? <b>M</b> (p. 22)</p>		
<p>58. At a minimum, does the core financial system have the capability to provide and maintain online balances for both the current and prior fiscal years until the prior fiscal year closing is complete? <b>M</b> (p. 22)</p>		
<p>59. Does the core financial system provide the capability to perform validation checks for use of certain general ledger accounts associated with specific Record Type 7 authority, such as imprest fund or borrowing authority, prior to posting a transaction? <b>V</b> (p. 22)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Core Financial System Management Function</i></p> <p align="center"><b>Transaction control process<sup>11</sup></b></p> <p align="center"><i>Transaction definition and processing<sup>12</sup></i></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>60. Does the core financial system provide the capability to have all functions of the system, including budgeting, spending, accounts payable, and accounts receivable, process and track transactions in both foreign currency and U.S. dollars? V (p. 23)</p>		
<p>61. Does the core financial system provide the capability to calculate progress payments to foreign vendors based on current exchange rates? V (p. 23)</p>		

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**Core Financial System Requirements**

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Core Financial System Management Function</i></p> <p style="text-align: center;"><b>Transaction control process</b></p> <p style="text-align: center;"><i>Audit trails</i><sup>20</sup></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>62. To support the audit trail activity, does the core financial system have the capability to provide audit trails to trace transactions from their initial source<sup>21</sup> through all stages of related system processing? <b>M</b> (p. 23)</p>		
<p>63. Does the core financial system provide the capability to select items for review based on user-defined criteria by type of transaction (e.g., by obligation transactions, vendor, or date range)?<sup>22</sup> <b>M</b> (p. 23)</p>		
<p>64. Does the core financial system have the capability to provide audit trails that identify document input, change, approval, and deletions by user? <b>M</b> (p. 23)</p>		

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<sup>20</sup>Adequate audit trails are critical to providing support for transactions and balances maintained by the core financial system. While audit trails are essential to auditors and system evaluators, they are also necessary for day-to-day operation of the system. For example, they allow for the detection and systematic correction of errors.

<sup>21</sup>The initial source may be source documents, transactions originating from other systems (e.g., feeder systems), or internal system generated transactions.

<sup>22</sup>Examples of reasons to select items are payment certification and financial statement audits.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p><i>General Ledger Management Function</i></p> <p><b>General ledger account definition process<sup>23</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>65. To support the general ledger account definition process, does the core financial system provide the capability to allow users to define and maintain a chart of accounts consistent with the SGL, including account titles and the basic numbering structure? <b>M</b> (p. 25)</p>		
<p>66. Does the core financial system provide the capability to incorporate proprietary, budgetary, and memorandum (credit reform) accounts in the system, and maintain the relationships between SGL accounts as described in the current <i>Treasury Financial Manual (TFM) Supplement</i>? <b>M</b> (p. 25)</p>		
<p>67. Does the core financial system have the capability to provide SGL control accounts for detailed subsidiary accounts in the core or external systems? <b>M</b> (p. 25)</p>		
<p>68. Does the core financial system provide the capability to create additional subaccounts to the SGL for agency-specific tracking and control that will summarize to the appropriate SGL accounts? <b>M</b> (p. 25)</p>		
<p>69. Does the core financial system provide the capability to capture SGL attribute information required for both FACTS I and FACTS II reporting as specified by the current supplement(s) to the TFM? <b>M</b> (p. 25)</p>		

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<sup>23</sup>The general ledger account definition process establishes the general ledger account structure for the agency consistent with the SGL and establishes the transaction edit and posting rules to record financial events.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p><i>General Ledger Management Function</i></p> <p><b>General ledger account definition process<sup>23</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>70. Does the core financial system have the capability to provide flexibility so that the system can adapt to changes in reporting requirements of FACTS I and FACTS II?<sup>24</sup> <b>M</b> (p. 25)</p>		
<p>71. Does the core financial system provide the capability to process additions, deletions, and changes to the chart of accounts without extensive program or system changes, (e.g., through online table updates)? <b>M</b> (p. 25)</p>		
<p>72. Does the core financial system provide the capability to prohibit new transactions from posting to general ledger accounts that have been deactivated? <b>M</b> (p. 25)</p>		

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<sup>24</sup>For example, is the user able to add or modify valid values within an existing attribute domain?

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>General Ledger Management Function</i></p> <p align="center"><b>Accruals, closing, and consolidation process<sup>25</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>73. To support the accruals, closing, and consolidation process, does the core financial system provide the capability to allow for accruals relating to contracts or other items that cross fiscal years? <b>M</b> (p. 25)</p>		
<p>74. Does the core financial system provide the capability to automatically generate selected recurring accrual entries and reversals in subsequent accounting periods (e.g., payroll accrual)? <b>M</b> (p. 26)</p>		
<p>75. Does the core financial system provide the capability to close an accounting period and prohibit subsequent postings to the closed period? <b>M</b> (p. 26)</p>		
<p>76. Does the core financial system provide the capability to automatically determine an accounting period's opening balances based on the prior accounting period's closing balances, without user intervention or adjustment? <b>M</b> (p. 26)</p>		
<p>77. Does the core financial system provide the capability to accomplish the rollover of general ledger balances in a detailed manner that maintains the SGL attribute information required to satisfy FACTS I and FACTS II reporting requirements? <b>M</b> (p. 26)</p>		
<p>78. Does the core financial system provide the capability to perform multiple preliminary year-end closings, while maintaining the capability to post current and prior period data? <b>M</b> (p. 26)</p>		

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<sup>25</sup>This process creates accrual transactions (adjusting) and closing entries needed at the end of a period (month or year) for reporting purposes. It also controls and executes period-end system processes needed by the system to open a new reporting period, such as rolling forward account balances or reversing certain year-end entries. This process supports the preparation of consolidated financial statements by identifying information needed in that process.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>General Ledger Management Function</i></p> <p><b>Accruals, closing, and consolidation process<sup>25</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>79. Does the core financial system provide the capability to automatically generate fiscal year-end preclosing and closing entries as they relate to fund types? <b>M</b> (p. 26)</p>		
<p>80. Does the core financial system have the capability to provide for an automated year-end rollover of appropriate system tables into the new fiscal year? <b>M</b> (p. 26)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p><i>General Ledger Management Function</i></p> <p><b>General ledger analysis and reconciliation process<sup>26</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>81. To support the general ledger analysis and reconciliation process, does the core financial system provide the capability to compare amounts in the general ledger accounts with the amounts in the related subsidiary records and create reports for those accounts that are out of balance? <b>M</b> (p. 26)</p>		
<p>82. Is the capability described in the previous question available for all open accounting period balances and at frequencies defined by the user, such as daily, weekly, and monthly? <b>M</b> (p. 26)</p>		
<p>83. Does the core financial system provide the capability to perform online "drill downs" from general ledger summary balances to detail transactions and referenced documents (e.g., purchase orders and receiving reports)? <b>M</b> (p. 26)</p>		
<p>84. Does the core financial system provide the capability to record subsequent activity related to a closed document under a unique document ID and provide an audit trail that associates the new activity with the transaction history of the original document? <b>M</b> (p. 26)</p>		

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<sup>26</sup>This process supports the control functions of the SGL. The core financial system must provide information to use in determining that balances in the general ledger control accounts agree with more detailed subsidiary accounts and for reconciling system balances with financial information contained in reports from Treasury and other agencies.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i><sup>27</sup></p> <p><b>Budget preparation process</b><sup>28</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>85. To support the budget preparation process, does the core financial system provide the capability to establish and maintain operating/financial plans at or below the level of funds control? <b>M</b> (p. 28)</p>		
<p>86. Does the core financial system provide the capability to establish operating/financial plans by month and quarter at any level of the organizational structure specified by the user? <b>M</b> (p. 28)</p>		
<p>87. Does the core financial system provide the capability to track and report on the use of funds against operating/financial plans? <b>M</b> (p. 28)</p>		
<p>88. Does the core financial system provide the capability to prepare operating/financial plans based on multiple measures, including obligations, costs, labor hours, and full-time equivalents? <b>V</b> (p. 29)</p>		
<p>89. Does the core financial system provide the capability to modify/revise an existing operating/financial plan by line item? <b>V</b> (p. 29)</p>		
<p>90. Does the core financial system provide the capability to maintain original and modified operating/financial plans? <b>V</b> (p. 29)</p>		

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<sup>27</sup>The funds management function must support agency policies on internal funds allocation methods and controls. An agency will likely have many other systems in addition to the core financial system that affect funds management. For example, procurement and travel systems generate documents that commit and obligate funds. These systems typically access the funds availability editing activity before allowing an obligation to be incurred, such as when entering into a contract. However, in some cases, such as payroll, this may not be practical.

<sup>28</sup>Budget preparation is the process of establishing initial agency operating/financial plans and updating them as necessary throughout the fiscal year. An operating/financial plan is a blueprint for using financial resources during any given fiscal period or series of periods. The function includes reporting on the use of resources against these plans throughout the year.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b>  <i>Funds Management Function</i><sup>27</sup>  <b>Budget preparation process</b><sup>28</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>91. Does the core financial system provide the capability to identify legal and administrative limitations on funds in operating/financial plans? V (p. 29)</p>		
<p>92. Does the core financial system provide the capability to generate allotments and suballotments (including limitations based on approved changes to operating/financial plans)? V (p. 29)</p>		
<p>93. Does the core financial system provide the capability to enter operating/financial plans for future operating periods? V (p. 29)</p>		
<p>94. Does the core financial system provide the capability to roll future plans into active budget plans based on future date or retrieval function? V (p. 29)</p>		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Budget formulation process<sup>29</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>95. To support the budget formulation process, does the core financial system provide the capability to report information for all categories on which budgetary decisions are made, whether legally binding (e.g., appropriation limitations) or in the nature of policy guidance and decision making (e.g., Presidential/OMB pass backs, congressional markup documents, or internal agency decisions)? V (p. 29)</p>		
<p>96. Does the core financial system have the capability to populate the budget formulation system with prior-year budgeted and actual amounts? V (p. 29)</p>		
<p>97. Does the core financial system provide the capability to perform projections of obligations, income, and expenditures at any level of the organizational structure (e.g., projecting obligations based on prior periods and applying these to a future period)? V (p. 29)</p>		
<p>98. Does the core financial system provide the capability to adjust projection rates (e.g., 90 percent, 100 percent, and 110 percent) and exclude specified obligations from projection? V (p. 30)</p>		
<p>99. Does the core financial system provide the capability to create, store, and modify payroll forecasts, including anticipated monthly compensation and benefits, at the individual employee level? V (p. 30)</p>		

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<sup>29</sup>Budget formulation is the process of assembling estimates for the upcoming fiscal year for transmittal to OMB and the congressional appropriations committees, preparing justification materials to support those estimates, and defending those estimates formally (at OMB and congressional hearings) and informally (through staff contacts with these entities).

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b>  <i>Funds Management Function</i>  <b>Budget formulation process<sup>29</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>100. Does the core financial system provide the capability to incorporate overhead distribution as part of budget formulation? <b>V</b> (p. 30)</p>		
<p>101. Does the core financial system provide the capability to develop budgets online and via upload from spreadsheets? <b>V</b> (p. 30)</p>		
<p>102. Does the core financial system provide the capability to prepare budget submission guidance, budget narratives, and budget briefing packages online and via upload from desktop software applications? <b>V</b> (p. 30)</p>		
<p>103. Does the core financial system provide the capability to distribute budget submission guidance to subordinate organizations electronically? <b>V</b> (p. 30)</p>		
<p>104. Does the core financial system provide the capability to establish and maintain multiple budget cycles? <b>V</b> (p. 30)</p>		
<p>105. Does the core financial system provide the capability to tie budget formulation to the agency's stated goals and objectives required by the Government Performance and Results Act of 1993? <b>V</b> (p. 30)</p>		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds allocation process<sup>30</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>106. To support the funds allocation process, does the core financial system provide the capability to record funding and related budget execution documents (e.g., warrants, apportionments, and allotments) and limitations? <b>M</b> (p. 30)</p>		
<p>107. Does the core financial system provide the capability to control the use of funds against limitations consistent with appropriation and authorization language and administrative limitations established by agency management? <b>M</b> (p. 30)</p>		
<p>108. Does the core financial system provide the capability to distribute, track, and control funds at various levels, based on the elements of the accounting classification and project structure? <b>M</b> (p. 30)</p>		
<p>109. Does the core financial system provide the capability to verify that funds distributed do not exceed the amount of funds available for allotment or suballotment at each distribution level? <b>M</b> (p. 30)</p>		
<p>110. Does the core financial system provide the capability to support subchapter IV of chapter 15 of title 31,<sup>31</sup> United States Code (closing accounts), by assuring that amounts paid out of current year funds to cover obligations made against a closed account do not exceed 1 percent of the current year appropriation? <b>M</b> (p. 30)</p>		

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<sup>30</sup>The funds allocation process records an agency's budgetary resources and supports the establishment of budgetary limitations at each of the levels required within the agency (e.g., apportionments and allocations). The higher levels, such as appropriation, apportionment, and allotment, have the weight of legal authority behind the limitations. Lower levels of control are generally used for internal management purposes.

<sup>31</sup>Pub. L. No. 101-510.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Funds Management Function</i> <b>Funds allocation process<sup>30</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
111. Does the core financial system provide the capability to record and control all types of budgetary authority, including appropriations, spending authority from offsetting collections, borrowing authority, and contract authority? <b>M</b> (p. 31)		
112. Does the core financial system provide the capability to identify the type of authority and track obligations by funding source? <b>M</b> (p. 31)		
113. Does the core financial system provide the capability to record the expiration and cancellation of appropriation authority in accordance with OMB Circular A-11, <i>Preparation, Submission, and Execution of the Budget, Part 4</i> <sup>32</sup> and the SGL? <b>M</b> (p. 31)		
114. Does the core financial system provide the capability to account for spending transactions at a lower level in the accounting classification than they are budgeted? <b>M</b> (p. 31)		
115. Does the core financial system provide the capability to account for budgetary resources at a lower level in the accounting classification than they are budgeted and controlled? <b>M</b> (p. 31)		
116. Does the core financial system provide the capability to prepare and electronically transmit SF-132s (Apportionment and Reapportionment Schedules and associated financial information) to OMB? <b>M</b> (p. 31)		

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<sup>32</sup>OMB Circular A-11, Part 4, issued in June 2002 and revised in May and July of 2003, rescinded OMB Circular A-34, *Instructions in Budget Execution*.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b>  <i>Funds Management Function</i>  <b>Funds allocation process<sup>30</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>117. Does the core financial system provide the capability to store prepared requests as submitted for future use? <b>M</b> (p. 31)</p>		
<p>118. Does the core financial system provide the capability to generate budgetary data in the format required by OMB's MAX<sup>33</sup> system? <b>V</b> (p. 31)</p>		
<p>119. Does the core financial system provide the capability to automatically prepare the formal allotment and suballotment documents and electronically distribute them to subordinate organizations? <b>V</b> (p. 31)</p>		
<p>120. Does the core financial system provide the capability to create continuing resolution funding levels based on a percentage of prior-year funding? <b>V</b> (p. 31)</p>		

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<sup>33</sup>Used to support the federal budget process, the OMB MAX Budget Information System is used to collect, validate, analyze, model, and publish information. Perhaps the most visible end product of the MAX system is the *Budget of the United States Government*, also known as the President's budget.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Budget execution process<sup>34</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>121. To support the budget execution process, does the core financial system provide the capability to record budget authority at multiple<sup>35</sup> levels of distribution? <b>M</b> (p. 31)</p>		
<p>122. Does the core financial system provide the capability to track and record all changes to budget authority at multiple levels of distribution, including rescissions, supplementals, transfers between TAS/TAFS, reprogramming, limitations, and changes to continuing resolutions prior to appropriation enactment? <b>M</b> (p. 31)</p>		
<p>123. Does the core financial system provide the capability to track actual amounts and verify commitments and obligations against the budget as revised, consistent with each budget distribution level? <b>M</b> (p. 32)</p>		
<p>124. Does the core financial system provide the capability to modify funding distribution (including apportionments and allotments) at multiple organizational levels? <b>M</b> (p. 32)</p>		
<p>125. Does the core financial system provide the capability to manage and control prior-year funds in the current year? <b>M</b> (p. 32)</p>		
<p>126. Does the core financial system provide the capability to establish and maintain user-defined variance tolerances by document type, percentage, and a “not-to-exceed” dollar threshold? <b>M</b> (p. 32)</p>		

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<sup>34</sup>The budget execution process is the most detailed level of an agency’s funds control and consists of processes needed to ensure that the agency’s funds control systems are fully supported by its accounting systems. It also consists of processes needed to track an agency’s budget authority and manage prior-year funds in the current year. Allotment systems should be designed so that responsibility for budget control is placed at the highest practical organizational level consistent with effective and efficient management and control.

<sup>35</sup>There must be at least five organizational levels.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Funds Management Function</i> <b>Budget execution process<sup>34</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
127. Does the core financial system provide the capability to automatically withdraw (or cancel) uncommitted and unobligated allotments and suballotments for all or selected TAS/TAFS at the end of a specific fiscal period? <b>M</b> (p. 32)		
128. Does the core financial system provide the capability to automatically withdraw (or cancel) uncommitted and unobligated allotments and suballotments for selected organizations at the end of a specific fiscal period? <b>M</b> (p. 32)		
129. Does the core financial system provide the capability to distribute the annual budget in accordance with the latest SF-132, <i>Apportionment and Reapportionment Schedule</i> , approved by OMB? <b>M</b> (p. 32)		
130. Does the core financial system provide the capability to request approval for reprogramming as well as to request additional funds outside the periodic budget review process? <b>V</b> (p. 32)		
131. Does the core financial system provide the capability to allow requests identified in the previous question to be submitted, reviewed, revised, and approved, with approval updating current operating budgets? <b>V</b> (p. 32)		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process<sup>36</sup></b></p> <p><i>Funds availability editing<sup>37</sup></i></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>132. To support the funds availability editing activity, does the core financial system provide the capability to establish and modify multiple levels of funds control using elements of defined accounting classifications, including object class, program, organization, project, and fund? <b>M</b> (p. 33)</p>		
<p>133. Does the core financial system provide the capability to establish and modify the system’s response (either reject a transaction or provide a warning) to the failure of funds availability edits for each transaction type? <b>M</b> (p. 33)</p>		
<p>134. Does the core financial system provide the capability to perform online inquiry of funds availability prior to the processing of spending transactions (commitments, obligations, and expenditures)? <b>M</b> (p. 33)</p>		
<p>135. Does the core financial system provide the capability to determine funds availability based on whether funds cited are current, expired, or canceled and record appropriate accounting entries when deobligation of expired funding occurs? <b>M</b> (p. 33)</p>		
<p>136. Does the core financial system provide the capability to disallow the use of deobligated prior-year funds for current year expenditures? <b>M</b> (p. 33)</p>		

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<sup>36</sup>This process records transactions affecting the resources and status accounts in the budgetary section of the SGL. It also provides appropriate warnings and controls to ensure that budgetary limitations are not exceeded. The funds control process consists of (1) funds availability editing, (2) commitments, (3) obligations, and (4) analysis.

<sup>37</sup>This activity verifies that sufficient funds are available at the various control levels specified in the funds allocation process for each processed transaction that may affect available fund balances. If sufficient funds are not available, notification is provided so that appropriate action may be taken.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Funds Management Function</i> <b>Funds control process<sup>36</sup></b> <i>Funds availability editing<sup>37</sup></i>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
137. Does the core financial system provide the capability to record transactions that affect the availability of funds, including commitments, obligations, and expenditures? <b>M</b> (p. 33)		
138. Does the core financial system have the capability to provide for modification to spending documents (commitments, obligations and expenditures), including ones that change the dollar amount or the accounting classification cited? <b>M</b> (p. 33)		
139. Does the core financial system provide the capability to check for funds availability when changes are made? <b>M</b> (p. 33)		
140. Does the core financial system have the capability to notify users online when transactions fail funds availability edits and make the rejected transactions <sup>38</sup> available for corrective action? <b>M</b> (p. 33)		
141. Does the core financial system provide the capability to override funds availability edits, including automatically releasing and processing transactions previously rejected for exceeding user-defined tolerances? <b>M</b> (p. 33)		
142. Does the core financial system provide the capability to produce a report or otherwise notify management of the overobligation of funds? <b>M</b> (p. 33)		

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<sup>38</sup>This is to include transactions entered directly to the core system and those received from interfaced modules or systems.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Funds Management Function</i> <b>Funds control process<sup>36</sup></b> <i>Funds availability editing<sup>37</sup></i>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
143. Does the core financial system provide the capability to automatically update all appropriate budgetary accounts, tables, or both to ensure that the system always maintains and reports the current status of funds? <b>M</b> (p. 33)		
144. Does the core financial system provide the capability to check for funds availability when the obligation exceeds the commitment or when the expenditure (upon receipt or disbursement) exceeds the obligation due to quantity or price variances, additional shipping charges, etc., within tolerances? <b>M</b> (p. 33)		
145. Does the core financial system have the capability to provide online notification when tolerances are exceeded? <b>M</b> (p. 33)		
146. When variances are within tolerances, does the core financial system provide the capability to process and adjust the obligation accordingly? <b>M</b> (p. 33)		
147. Does the core financial system provide the capability to allow for available fund balances to be based on reimbursable customer orders accepted? <b>M</b> (p. 33)		
148. In the case of reimbursable orders from the public, does the core financial system provide the capability to ensure that an advance also be received before additional funding authority is recorded? <b>M</b> (p. 33)		
149. Does the core financial system provide the capability to track all activity related to an individual reimbursable agreement? <b>M</b> (p. 33)		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process<sup>36</sup></b></p> <p><i>Funds availability editing<sup>37</sup></i></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>150. When recording commitments, obligations, and expenditures incurred in support of reimbursable agreements, does the core financial system provide the capability to check for funds availability against the amount authorized by the agreement and the corresponding start and end dates? <b>M</b> (pp. 33 &amp; 34)</p>		
<p>151. Does the core financial system provide the capability to record and maintain reimbursable agreements (e.g., interagency agreements) so that monthly, quarterly, and fiscal-year-to-date as well as inception-to-date information can be presented? <b>M</b> (p. 34)</p>		
<p>152. Does the core financial system provide the capability to automatically notify users when funds availability is reduced by transactions from external systems (e.g., credit card payments and payroll)? <b>V</b> (p. 34)</p>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Funds Management Function</i> <b>Funds control process</b> <i>Commitments</i> <sup>39</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
153. To support the commitment activity, does the core financial system provide the capability to capture and maintain the following information related to each commitment document, including amendments: <ul style="list-style-type: none"> <li>a. requisition number,</li> <li>b. appropriate accounting classification values, and</li> <li>c. estimated amounts? <b>M</b> (p. 34)</li> </ul>		
154. Does the core financial system provide the capability to input line item detail for commitment documents, including item description, unit price, quantity of goods and services, accounting information, and amounts? <b>M</b> (p. 34)		
155. Does the core financial system provide the capability to future-date, store, and automatically post commitment documents at the appropriate date? <b>M</b> (p. 34)		
156. Does the core financial system provide the capability to subject commitment documents to edit and validation procedures prior to posting? <b>M</b> (p. 34)		
157. Does the core financial system have the capability to provide notification when commitment transactions are posted? <b>M</b> (p. 34)		

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<sup>39</sup>Commitments are an optional stage of fund reservations prior to the establishment of an obligation. This activity records commitment documents, such as requisitions. Commitments can be a useful tool in funds management by helping users to anticipate future procurements. They should be used when helpful to an agency's management process, but are not necessary, or even appropriate, for all situations. However, the core financial management system must provide the capability to use this stage of funds control.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process</b></p> <p><i>Commitments</i><sup>39</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>158. Does the core financial system provide the capability to close commitments by document and line item under the following circumstances:</p> <ul style="list-style-type: none"> <li>a. automatically by the system upon issuance of an obligating document,</li> <li>b. by an authorized user, and</li> <li>c. automatically as part of the year-end preclosing process? <b>M</b> (p. 34)</li> </ul>		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process</b></p> <p><i>Obligations<sup>40</sup></i></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>159. To support the obligation activity, does the core financial system provide the capability to record obligations for which there is no related commitment? <b>M</b> (p. 35)</p>		
<p>160. Does the core financial system provide the capability to maintain information related to obligation documents and related amendments, including obligating document number and type, vendor information, accounting classification elements, referenced commitment (if applicable), and dollar amounts? <b>M</b> (p. 35)</p>		
<p>161. Does the core financial system provide the capability to future-date, store, and automatically post obligation documents at the appropriate date? <b>M</b> (p. 35)</p>		
<p>162. Does the core financial system provide the capability to subject obligation documents to edit and validation procedures prior to posting? <b>M</b> (p. 35)</p>		
<p>163. Does the core financial system have the capability to provide notification when obligation transactions are posted? <b>M</b> (p. 35)</p>		
<p>164. Does the core financial system provide the capability to enter recurring obligation transactions that will be automatically posted at various, intervals, such as monthly, quarterly, or a specific number of days determined by the user? <b>M</b> (p. 35)</p>		

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<sup>40</sup>OMB Circular A-11 defines an obligation as a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally. Examples are amounts of orders placed, contracts awarded, services received, and similar transactions that will require payments during the same or a future period. Such amounts include outlays for which obligations had not been previously recorded and reflect adjustments for differences between obligations previously recorded and actual outlays to liquidate those obligations.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process</b></p> <p><i>Obligations</i><sup>40</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>165. Does the core financial system provide the capability to allow multiple commitments to be combined into one obligating document? <b>M</b> (p. 35)</p>		
<p>166. Does the core financial system provide the capability to allow one commitment document to be split between multiple obligating documents? <b>M</b> (p. 35)</p>		
<p>167. Does the core financial system provide the capability to reference multiple funding sources on a single commitment or obligation? <b>M</b> (p. 35)</p>		
<p>168. Does the core financial system provide the capability to allow authorized modifications and cancellations of posted obligating documents? <b>M</b> (p. 35)</p>		
<p>169. Does the core financial system provide online access to all obligations by selection criteria (e.g., document number, vendor number, and accounting classification elements)? <b>M</b> (p. 35)</p>		
<p>170. Does the core financial system have the capability to provide the capability to maintain an online history file of closed-out documents for a user-defined period? <b>M</b> (p. 35)</p>		
<p>171. Does the core financial system provide the capability to allow the vendor used on an obligation to be different from suggested vendor recorded on the related commitment document? <b>M</b> (p. 35)</p>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Funds Management Function</i> <b>Funds control process</b> <i>Obligations</i> <sup>40</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
172. Does the core financial system provide the capability to close obligation documents under the following circumstances:  a. automatically, by the system upon final payment for goods or services, or  b. by an authorized user? <b>M</b> (p. 35)		
173. Upon the closing of an obligation, does the core financial system provide the capability to automatically classify any deobligation of excess funds to the appropriate budgetary status (i.e., expired, unexpired, available for obligation, or unavailable)? <b>M</b> (p. 35)		
174. Does the core financial system provide the capability to record and maintain contracts and grants and related financial activity so that fiscal year-to-date and inception-to-date information can be presented? <b>M</b> (p. 36)		
175. Does the core financial system provide the capability to record blanket purchase agreements and record, control, and track records of call? <b>M</b> (p. 36)		
176. Does the core financial system provide the capability to record, control, and track delivery orders against a contract limitation? <b>M</b> (p. 36)		
177. Does the core financial system provide the capability to record advance payments made, such as travel advances, contract advances, and grants? <b>M</b> (p. 36)		
178. Does the core financial system provide the capability to ensure that an obligation exists prior to recording an advance? <b>M</b> (p. 36)		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process</b></p> <p><i>Obligations<sup>40</sup></i></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>179. Does the core financial system provide the capability to record expenditures claimed against advance payments made, and automatically liquidate the advance either partially or fully, as appropriate? <b>M</b> (p. 36)</p>		
<p>180. Does the core financial system provide the capability to allow the recording of advance refunds? <b>M</b> (p. 36)</p>		
<p>181. Does the core financial system provide the capability to automatically link transactions in the spending chain, and bring forward accounting and nonfinancial information from one document to another, when the previously accepted document is referenced (e.g., commitment to obligation or obligation to receiving report)? <b>M</b> (p. 36)</p>		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process</b></p> <p><i>Obligations</i><sup>40</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>182. Does the core financial system provide the capability to maintain the following additional data fields for each obligating document:</p> <ul style="list-style-type: none"> <li>a. requester’s name,</li> <li>b. telephone number of requester,</li> <li>c. contract number/General Services Administration schedule number,</li> <li>d. deliver to location (e.g., room number or division),</li> <li>e. comment field,</li> <li>f. contact name,</li> <li>g. name of contract officer’s technical representative (COTR),</li> <li>h. COTR telephone number,</li> <li>i. prompt pay indicator,</li> <li>j. approval date, and</li> <li>k. discount payment terms? V (p. 36)</li> </ul>		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process</b></p> <p><i>Analysis</i><sup>41</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>183. To support the analysis activity, does the core financial system provide the capability to maintain current information on commitments and obligations according to the required accounting classification elements?<sup>42</sup> <b>M</b> (p. 36)</p>		
<p>184. Does the core financial system provide the capability to produce detailed listings and summary reports of commitments, obligations, and expenditures by the elements of the defined accounting classifications? <b>M</b> (p. 36)</p>		
<p>185. Does the core financial system have the capability to provide control features that ensure that the amounts reflected in the fund control structure agree with the related general ledger account balances at the end of each update cycle? <b>M</b> (p. 37)</p>		
<p>186. Does the core financial system provide the capability to maintain historical data on all commitment, obligation, payment, and collection transactions? <b>M</b> (p. 37)</p>		
<p>187. Does the core financial system provide the capability to maintain open documents to show the status of commitments, obligations, accruals, and disbursements by document line item? <b>M</b> (p. 37)</p>		

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<sup>41</sup>The analysis activity provides information necessary to support analysis of the funds management function. It provides information on funds availability at the levels defined and compares data in the funds management function to data in other functions to ensure consistency.

<sup>42</sup>The required accounting classification elements are listed in question one under the accounting classification management process within the core financial management system function.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Funds Management Function</i></p> <p><b>Funds control process</b></p> <p><i>Analysis</i><sup>41</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>188. Does the core financial system provide the ability to perform document cross-referencing in which a user can query on any document and identify the document numbers of associated transactions in the processing "chain"?<sup>43</sup> <b>M</b> (p. 37)</p>		

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<sup>43</sup>For example, querying on a purchase order would provide any amendments to purchase orders, receiving reports, requisitions, and invoices; querying on a receivable would provide any associated cash receipts.

**Core Financial System Requirements**

<p><b>Functional Requirements</b>  <i>Payment Management Function</i><sup>44</sup>  <b>Payee information maintenance process</b><sup>45</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>189. To support the payee information maintenance process, does the core financial system provide the capability to maintain payee (vendor) information to support obligation, accounts payable, and disbursement processes, including the following:</p> <ul style="list-style-type: none"> <li>a. vendor name (legal name and “doing business as” (DBA), as appropriate);</li> <li>b. tax identification number (TIN);</li> <li>c. vendor ID number (agency assigned);</li> <li>d. data universal numbering system (DUNS) number, including the maintenance of the ability to associate multiple DUNS numbers to a TIN;</li> <li>e. organization type that can accommodate Central Contractor Registration (CCR) published business rules for organization types, such as sole proprietorship/individual, partnership, or employee;</li> <li>f. business type that can accommodate CCR published business rules for business type, such as federal agency or local government;</li> </ul> <p>(continued)</p>		

<sup>44</sup>These requirements apply to all payments processed through the core system. Depending on an agency’s system architecture, specific activities performed relating to payments may be supported by other systems that provide transaction data to the core financial system for control and management purposes. For example, payroll systems usually trigger the actual disbursement process to pay employees through direct deposit or by check, and send only the expense and disbursement information to the core financial system for recording by the general ledger, funds control, and cost management processes. Likewise, large loan and grant programs might be supported by systems that maintain their own detailed information on payees and payments and send transaction data to the core financial system.

<sup>45</sup>The term “payee” is used here to include any entity to which disbursement may be made, for example, individuals and organizations providing goods and services, employees, grant recipients, loan recipients, and other government agencies. In an integrated system, payee information needed to make payments should be coordinated with information needed for other purposes and in other systems.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <sup>44</sup> <b>Payee information maintenance process</b> <sup>45</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
<ul style="list-style-type: none"> <li>g. federal versus nonfederal indicator for FACTS reporting;</li> <li>h. ALC number (for federal vendors);</li> <li>i. six-digit trading partner code (for federal vendors);</li> <li>j. multiple payment methods, such as electronic funds transfer (EFT) or check;</li> <li>k. three or more “remit to” addresses (to facilitate payments to vendors not required to register in CCR);</li> <li>l. three or more separate instances of banking information required to execute an EFT transaction, such as account and routing transit numbers;</li> <li>m. for CCR vendors (i.e., organizations that are required to register in the CCR), DUNS + Four for each instance of banking information;</li> <li>n. bank account type (checking or savings);</li> <li>o. three or more contact names and telephone numbers (i.e., accommodate contact types defined as “mandatory” in CCR business rules);</li> <li>p. third-party information, such as payee TIN for notice of assignment, as appropriate;</li> <li>q. subject to prompt pay indicator;</li> <li>r. Internal Revenue Service (IRS) Form 1099 indicator;</li> </ul> <p>(continued)</p>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <sup>44</sup> Payee information maintenance process <sup>45</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
<ul style="list-style-type: none"> <li>s. W-2 indicator;</li> <li>t. CCR indicator (required or exempt);</li> <li>u. CCR status (i.e., active, inactive, or unregistered);</li> <li>v. comment field;</li> <li>w. date of last update; and</li> <li>x. User ID of last update? <b>M</b> (<i>Addendum to Core Financial Management System</i>, March 31, 2004, p. 2 of 3)</li> </ul>		
190. Does the core financial system provide the capability to support payments made to third parties (payees) that act as agents for the payee (vendor)? <b>M</b> (p. 39)		
191. Does the core financial system provide the capability to maintain information needed to produce IRS Forms 1099 for the principal party rather than the agent? <b>M</b> (p. 39)		
192. Does the core financial system provide the capability to prevent the duplicate entry of vendor records (e.g., by editing vendor ID numbers or vendor names.)? <b>M</b> (p. 39)		
193. Does the core financial system have the capability to provide an online warning message to the user when duplication is identified? <b>M</b> (p. 39)		
194. Does the core financial system provide the capability to track and maintain a history of changes to the vendor file, including vendor additions and purges, and changes to vendor-specific information, such as payment address, bank account and routing information, and payment type? <b>M</b> (p. 39)		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <sup>44</sup> <b>Payee information maintenance process</b> <sup>45</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
195. Does the core financial system provide the capability to maintain an audit trail of payments made to historical vendor information? <b>M</b> (p. 39)		
196. Does the core financial system provide the capability to query and report on payee information by user-defined criteria, such as payee name, payee number, and IRS Form 1099 reporting status? <b>M</b> (p. 40)		
197. Does the core financial system provide the capability to activate and deactivate vendors that meet user-selected criteria (e.g., length of time with no activity)? <b>M</b> (p. 40)		
198. To support an agency's use of CCR by providing the ability to import and automatically process data that are pertinent to the core financial system, does the system provide the capability to <ul style="list-style-type: none"> <li>a. automatically update the mandatory payee information<sup>46</sup> in existing vendor records to reflect the relevant changes contained in the daily updates provided by the CCR via extract files;</li> <li>b. accommodate the data definitions (e.g., data types, field names, and field lengths) used in CCR for all fields that are common in both the CCR and the core vendor file;</li> <li>c. prevent users' from manually updating the data fields<sup>47</sup> that relate to vendors that are required to register in the CCR?</li> </ul> <b>M</b> ( <i>Addendum to Core Financial Management System</i> , March 31, 2004, p. 3 of 3)		

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<sup>46</sup>The mandatory payee information is detailed in question 189.

<sup>47</sup>The mandatory data fields are detailed in question 189.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Payment Management Function</i></p> <p align="center"><b>Payment warehousing process<sup>48</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>199. To support the payment warehousing process, does the core financial system provide the capability to record an accrued liability upon receipt and acceptance of goods and services and properly identify the item as a capital asset, expense, prepaid expense, or construction in progress? <b>M</b> (p. 40)</p>		
<p>200. Does the core financial system provide the capability to record "full" or "partial" receipt and acceptance of goods and services by line item? <b>M</b> (p. 40)</p>		
<p>201. Does the core financial system provide the capability to automatically update the funds control and budget execution balances to reflect changes in the status of obligations and expended appropriations, as well as changes in amounts? <b>M</b> (p. 40)</p>		
<p>202. Does the core financial system provide the capability to warehouse payment vouchers for future scheduling? <b>M</b> (p. 40)</p>		
<p>203. Does the core financial system provide the capability to allow a warehoused payment to be modified, canceled, and put on hold? <b>M</b> (p. 40)</p>		
<p>204. Does the core financial system provide the capability to automatically match invoices to obligations and receiving reports by document and line item? <b>M</b> (p. 41)</p>		

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<sup>48</sup>The payment warehousing process recognizes and records payments due to another entity in the near term. These payments may be due for any of several reasons, for example, as a result of receiving goods and services in accordance with contract terms, under a loan or grant agreement, as an advance payment for goods or services to be provided in the future, or as a progress payment under a construction contract.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment warehousing process<sup>48</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
205. Does the core financial system have the capability to provide for two-way matching (obligation and invoice) and three-way matching (obligation, receiving report, and receipt of invoice)? <b>M</b> (p. 41)		
206. Does the core financial system provide the capability to process "obligate and pay" transactions where payment scheduling and obligation occur simultaneously? <b>M</b> (p. 41)		
207. Does the core financial system provide the capability to reference multiple obligations on a single invoice document? <b>M</b> (p. 41)		
208. Does the core financial system provide the capability to set up recurring payments in the system and automatically schedule items (e.g., contracts or leases) for payment on an interval determined by the user (i.e., weekly, biweekly, monthly, quarterly, or a specified number of days)? <b>M</b> (p. 41)		
209. Does the core financial system provide the capability to modify recurring payment information for changes in agreement terms, amounts, frequency, and so forth? <b>M</b> (p. 41)		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment warehousing process<sup>48</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
210. Does the core financial system provide the capability to capture, store, and process the following information for each vendor invoice, for audit trail, research, and query purposes: <ul style="list-style-type: none"> <li>a. invoice number;</li> <li>b. invoice date;</li> <li>c. invoice receipt date;</li> <li>d. invoice due date;</li> <li>e. invoice amount;</li> <li>f. unit price and quantity;</li> <li>g. description;</li> <li>h. discount terms, as applicable;</li> <li>i. obligating document reference(s); and</li> <li>j. vendor identification number and address code? <b>M</b> (p. 41)</li> </ul>		
211. Does the core financial system provide the capability to edit the TIN field to ensure that it is a nine-digit numeric field, does not include dashes, and is not all zeroes? <b>M</b> (p. 41)		
212. Does the core financial system provide the capability to allow for overriding for agency-specific requirements for the TIN field? <b>M</b> (p. 41)		
213. Does the core financial system provide the capability to accommodate an invoice number field of up to 30 characters or the current requirement of I TFM-6-5000, <i>Administrative Accounting System Requirements</i> ? <b>M</b> (p. 41)		

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Payment Management Function</i></p> <p style="text-align: center;"><b>Payment warehousing process<sup>48</sup></b></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>214. Does the core financial system provide the capability to determine the due date and amount of vendor payments in accordance with Title 5, Part 1315 of the C.F.R., which states, in part, that for agencies subject to prompt payment requirements, payment is due on one of the following dates:</p> <ul style="list-style-type: none"> <li>a. 30 days after the receipt of a proper invoice for services and nondairy products,</li> <li>b. 10 days after the receipt of a proper invoice for dairy products,</li> <li>c. the date specified in the contract,</li> <li>d. in accordance with discount terms when discounts are offered and taken, or</li> <li>e. in accordance with accelerated payments methods? <b>M</b> (p. 41)</li> </ul>		
<p>215. Does the core financial system provide the capability to manually override a system-calculated payment due date? <b>M</b> (p. 41)</p>		
<p>216. Does the core financial system provide the capability to split an invoice into multiple payments on the appropriate due dates when items on the invoice have different due dates or discount terms? <b>M</b> (p. 41)</p>		
<p>217. Does the core financial system provide the capability to record discount terms and automatically determine whether taking the discount is economically justified as defined in I TFM-6-8040, <i>Disbursements</i>? <b>M</b> (p. 41)</p>		

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Payment Management Function</i></p> <p style="text-align: center;"><b>Payment warehousing process<sup>48</sup></b></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>218. Does the core financial system provide the capability to record additional shipping and other charges to adjust the payment amount, if they are authorized and within variance tolerances? <b>M</b> (p. 42)</p>		
<p>219. Does the core financial system provide the capability to record obligations, expenses, assets, and so forth associated with payments made through use of imprest funds, third-party drafts, and government credit cards? <b>M</b> (p. 42)</p>		
<p>220. Does the core financial system provide the capability to establish payables to replenish the imprest fund? <b>M</b> (p. 42)</p>		
<p>221. Does the core financial system provide the capability to record detailed transactions associated with credit card purchases? <b>M</b> (p. 42)</p>		
<p>222. Does the core financial system provide the capability to allow users to change accounting classification information by line item for specific transactions involving credit card purchases? <b>M</b> (p. 42)</p>		
<p>223. Does the core financial system provide the capability to schedule payments of advances, prepaid expenses, loans, and grants, with the appropriate accounting entries for each? <b>M</b> (p. 42)</p>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment warehousing process<sup>48</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
224. Does the core financial system provide the capability to establish payables and make payments on behalf of another agency, citing the other agency’s funding information? <b>M</b> (p. 42)		
225. For each disbursement made on behalf of another agency, does the core financial system have the capability to provide the information required <sup>49</sup> by central agency systems <sup>50</sup> to the appropriate central agency system? <b>M</b> (p. 42)		
226. Does the core financial system provide the capability to record expense or assets when goods have been received, or services have been performed, for items that were funded by advances, prepaid expenses, and grants as well as make the appropriate liquidations? <b>M</b> (p. 42)		
227. Does the core financial system provide the capability to verify funds availability and to automatically update funds control account balances, table balances, or both to reflect obligation changes? <b>M</b> (p. 42)		
228. Does the core financial system provide the capability to indicate if a payment is “partial” or “final”? <b>M</b> (p. 42)		
229. If payment is final, does the core financial system provide the capability to automatically deobligate any unliquidated balances? <b>M</b> (p. 42)		

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<sup>48</sup>For example, purchase order number or reimbursable agreement number and the ALC.

<sup>50</sup>For example, Online Payment and Collection System or Intra-governmental Payment and Collection System.

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## Core Financial System Requirements

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<p style="text-align: center;"><b>Functional Requirements</b></p> <p style="text-align: center;"><i>Payment Management Function</i></p> <p style="text-align: center;"><b>Payment warehousing process<sup>48</sup></b></p>	<p style="text-align: center;"><b>Yes, No, or N/A</b></p>	<p style="text-align: center;"><b>Explanation</b></p>
<p>230. Does the core financial system provide the capability to automatically generate a payment voucher if the purchase order matches the receiver information, and provide this option as a function of the matching process? <b>V</b> (p. 42)</p>		
<p>231. Does the core financial system provide the capability to use the fast payment clause indicator on the obligating document to determine whether an accelerated payment is to be made? <b>V</b> (p. 42)</p>		
<p>232. Does the core financial system provide the capability to compare discount terms on the invoice with discount terms on the related obligating document? <b>V</b> (p. 42)</p>		
<p>233. In comparing discount terms on the invoice with discount terms on the related obligating document, does the core financial system provide the capability to notify the user when differences are identified? <b>V</b> (p. 42)</p>		
<p>234. Does the core financial system have the capability to provide a system-generated letter or e-mail to the vendor stating the reason for rejection or "notice of intent to disallow" an invoice within 7 days of receipt of invoice? <b>V</b> (p. 42)</p>		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Payment Management Function</i></p> <p><b>Payment execution process<sup>51</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>235. To support the payment execution process, does the core financial system provide the capability to automatically identify and select payments to be disbursed in a particular payment cycle based on their due dates? <b>M</b> (p. 43)</p>		
<p>236. Does the core financial system have the capability to provide for online review and certification by an authorized certifying officer? <b>M</b> (p. 43)</p>		
<p>237. Does the core financial system provide the capability to automatically compute amounts to be disbursed, including discounts, interest, and penalties, in accordance with Title 5, Part 1315, of the C.F.R.? <b>M</b> (p. 43)</p>		
<p>238. Does the core financial system provide the capability to generate the appropriate transactions to reflect the payment deductions and additions? <b>M</b> (p. 43)</p>		
<p>239. Does the core financial system provide the capability to automatically apply interest and discounts across multiple accounting lines on an invoice in the same rule used to apply the original payment? <b>M</b> (p. 43)</p>		
<p>240. Does the core financial system provide the capability to apply the appropriate Treasury interest rate tables (e.g., prompt pay rate and current value of funds rate)? <b>M</b> (p. 43)</p>		
<p>241. Does the core financial system provide the capability to capture prompt payment information required by Title 5, Part 1315, of the C.F.R., including discounts taken, discounts lost, and interest paid? <b>M</b> (p. 43)</p>		

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<sup>51</sup>The payment execution process supports activities required to make a payment that was warehoused or to record a payment made by another system.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment execution process<sup>51</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
242. Does the core financial system provide the capability to automatically include relevant identification information on each remittance, including  <ul style="list-style-type: none"> <li>a. vendor invoice number(s);</li> <li>b. obligating document number or other reference number; and</li> <li>c. discount, interest, and offset amounts, as applicable? <b>M</b> (p. 43)</li> </ul>		
243. Does the core financial system provide the capability to record user comments for each voucher/invoice? <b>M</b> (p. 43)		
244. Does the core financial system have the capability to provide for up to 9,999 line items per invoice? <b>M</b> (p. 43)		
245. Does the core financial system provide the capability to record reason codes for returned and adjusted invoices, lost discounts, and late payments? <b>M</b> (p. 43)		
246. Does the core financial system provide the capability to track the status of invoices in the payment process, including those that were not accepted and returned to the vendor and those that are awaiting administrative approval? <b>M</b> (p. 43)		
247. Does the core financial system provide the capability to maintain the time and aging of approvals in relation to payments? <b>M</b> (p. 43)		
248. Does the core financial system have the capability to provide for various forms of payment to be used (i.e., check or EFT)? <sup>52</sup> <b>M</b> (p. 43)		

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<sup>52</sup>An EFT could occur via Automated Clearing House or wire, for example.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment execution process<sup>51</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
<p>249. Does the core financial system provide the capability to capture, store, and process information needed to create EFT payments in accordance with Treasury standards, including the following:</p> <ul style="list-style-type: none"> <li>a. American Bankers Association Routing Transit Number (RTN),</li> <li>b. recipient bank account number, and</li> <li>c. bank account type (checking or savings)? <b>M</b> (p. 43)</li> </ul>		
<p>250. In processing information needed to create EFT payments in accordance with Treasury standards, does the core financial system also provide the capability to identify employees versus companies to ensure use of correct Automated Clearing House (ACH) formats? <b>M</b> (p. 43)</p>		
<p>251. Does the core financial system provide the capability to generate ACH payments in the following formats:</p> <ul style="list-style-type: none"> <li>a. corporate trade exchange (CTX) (820 or Flat File),</li> <li>b. cash concentration or disbursement (CCD),</li> <li>c. cash concentration or disbursement plus addendum (CCD+),</li> <li>d. prearranged payment and deposit (PPD), and</li> <li>e. prearranged payment and deposit plus addendum (PPD+)? <b>M</b> (p. 43)</li> </ul>		
<p>252. Does the core financial system provide the capability to ensure that employee ACH payments are generated only as PPD or PPD+ payments? <b>M</b> (p. 44)</p>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment execution process<sup>51</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
253. Does the core financial system provide the capability to ensure that vendor ACH payments are generated only as CCD, CCD+, or CTX formats? <b>M</b> (p. 44)		
254. Does the core financial system provide the capability to prohibit the creation of an ACH payment in any format (PPD, PPD+, CCD+, or CTX) that does not contain a RTN and an account number? <b>M</b> (p. 44)		
255. Does the core financial system provide the capability to consolidate multiple payments to a single payee in accordance with TFM prescribed limitations? <sup>53</sup> <b>M</b> (p. 44)		
256. Does the core financial system provide the capability to itemize all payments covered by the one check or EFT (CTX only), while allowing for separate checks to a payee? <b>M</b> (p. 44)		
257. Does the core financial system provide the capability to create check files and EFT payment files in all formats <sup>54</sup> using different media? <sup>55</sup> <b>M</b> (p. 44)		
258. Does the core financial system provide the following edits on the RTN field: <ul style="list-style-type: none"> <li>a. prohibition of fewer or more than nine characters,</li> <li>b. allowance for only numeric characters, and</li> <li>c. prohibition of the entry of all zeroes in this field? <b>M</b> (p. 44)</li> </ul>		

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<sup>53</sup>Currently, TFM prescribed limitations are up to 14 lines of 55 characters each for check payment and up to 9,999 lines of 80 characters each for CTX payment.

<sup>54</sup>CTX (820 or Flat File), CCD, CCD+, PPD, and PPD+.

<sup>55</sup>The various media include telecommunications, tape, direct entry to Electronic Certification System (ECS), and third-party upload through ECS.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment execution process<sup>51</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
259. Does the core financial system provide the capability to edit RTNs against the data supplied in the financial organization master file (or other verified update file) to ensure the validity of the check digit (Modulus 10 check)? <b>M</b> (p. 44)		
260. Does the core financial system provide the capability to edit the invoice number field to ensure it is populated? <b>M</b> (p. 44)		
261. Does the core financial system provide the capability to prohibit the generation of a (vendor) payment that does not contain properly structured remittance information on the addendum? <b>M</b> (p. 44)		
262. Does the core financial system provide the capability to generate multiple payments using the same invoice number to accommodate utility and telecommunication companies' use of an account number as a recurring invoice number? <b>M</b> (p. 44)		
263. Does the core financial system provide the capability to edit the ALC field to ensure it is an eight-digit numeric field, and does it allow for override? <sup>56</sup> <b>M</b> (p. 44)		
264. Does the core financial system provide the capability to create one check file regardless of payee type, be it employee or vendor? <b>M</b> (p. 44)		
265. Does the core financial system provide the capability to combine payment files from multiple ALCs into a single file for transmission to Treasury? <b>M</b> (p. 44)		

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<sup>56</sup>For example, by agencies that have their own disbursing authority.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment execution process<sup>51</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
266. Does the core financial system provide the capability to provide summary totals (i.e., items and dollars) by ALC and for the entire file for certification purposes? <b>M</b> (p. 44)		
267. Does the core financial system provide the capability to make CTX payments using a separate file? <b>M</b> (p. 44)		
268. Does the core financial system provide the capability to balance CTX payment transactions (i.e., the sum of all the remittance records must equal the transaction total)? <b>M</b> (p. 44)		
269. For CTX payment transactions, does the core financial system provide the capability for the file to include a valid settlement date (i.e., next business day or later)? <b>M</b> (p. 44)		
270. For CTX payment transactions, does the core financial system provide the capability for the file to accommodate the inclusion of credit memorandums? <b>M</b> (p. 44)		
271. Does the core financial system provide the capability to schedule and disburse U.S. dollar payments (SF 1166) through Treasury's Electronic Certification System (ECS)? <b>M</b> (p. 44)		
272. For U.S. dollar payments through the Treasury's ECS, does the core financial system provide the capability to limit each schedule to 60 payments and each ECS terminal to 100 schedules per day? <b>M</b> (p. 44)		
273. Does the core financial system provide the capability to process payment transactions from other systems, such as payroll and travel? <b>M</b> (p. 45)		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment execution process<sup>51</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
274. Does the core financial system provide the capability to identify whether a disbursement has already been made and record the appropriate accounting entries? <b>M</b> (p. 45)		
275. Does the core financial system provide the capability to schedule those disbursements not already made for payment through the core financial system? <b>M</b> (p. 45)		
276. Does the core financial system provide the capability to automatically generate transactions to reflect disbursement activity initiated by other agencies and recorded in central agency electronic systems (such as the On-line Payment and Collection System and the Intra-governmental Payment and Collection System (IPAC)? <b>M</b> (p. 45)		
277. Does the core financial system provide the capability to capture related information <sup>57</sup> required by the central agency system for each transaction? <b>M</b> (p. 45)		
278. Does the core financial system provide the capability to flag vouchers selected for payment that will disburse a fund into a negative cash position? <sup>58</sup> <b>M</b> (p. 45)		
279. Does the core financial system provide the capability to process credit memorandums for returned goods or other adjustments? <b>M</b> (p. 45)		
280. Does the core financial system provide the capability to apply the credit to the specific obligation that resulted in the credit, reducing the expenditure attributed to that obligation? <b>M</b> (p. 45)		

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<sup>57</sup>For example, purchase order number, reimbursable agreement number, and ALC.

<sup>58</sup>Reimbursable work can result in this type of transaction with appropriate authority.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment execution process<sup>51</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
281. If a credit is not fully liquidated by one payment, does the core financial system provide the capability to maintain the balance of the credit (e.g., as an account receivable) for application against a future payment? <b>M</b> (p. 45)		
282. Does the core financial system provide the capability to create the appropriate notice to the vendor that a credit has been applied to the affected payment? <b>M</b> (p. 45)		
283. Does the core financial system provide the capability to apply credits against subsequent disbursements to the same vendor regardless of the funding source? <b>M</b> (p. 45)		
284. Does the core financial system provide the capability to allow for the exclusion of payments from agency offset based on user-defined criteria, including funding source, object class, vendor type, and vendor number? <b>M</b> (p. 45)		
285. Does the core financial system provide the capability to provide, generate, and maintain a sequential numbering system for scheduling payments to the disbursing office? <b>M</b> (p. 45)		
286. Does the core financial system provide the capability to assign different schedule number ranges for different payment types, such as travel schedules, transportation schedules, payroll schedules, and vendor schedules? <b>M</b> (p. 45)		
287. Does the core financial system provide the capability to require each payment schedule number to be unique? <b>M</b> (p. 45)		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Payment Management Function</i></p> <p><b>Payment execution process<sup>51</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>288. Does the core financial system provide the capability to report totals by TAS/TAFS on each payment schedule/file? <b>M</b> (p. 45)</p>		
<p>289. Does the core financial system provide the capability to cancel an entire payment schedule, or a single payment within a payment schedule, prior to transmission to Treasury; allow for reversal of an entire schedule in a single, interactive action; and perform the appropriate accounting reversals? <b>M</b> (p. 45)</p>		
<p>290. Does the core financial system provide the capability to cancel an entire payment schedule prior to actual disbursement by or upon rejection by Treasury; allow for reversal of an entire schedule in a single, interactive action; and perform the appropriate accounting reversals? <b>M</b> (p. 45)</p>		
<p>291. When consolidating multiple payments to a single payee, does the core financial system provide the capability to include the TAS/TAFS associated with each payment in the payment file? <b>V</b> (p. 45)</p>		
<p>292. When combining payment files for multiple ALCs into a single file for transmission to Treasury, does the core financial system provide the capability to provide summary totals by TAS/TAFS? <b>V</b> (p. 45)</p>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment execution process<sup>51</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
293. Does the core financial system provide the capability to provide National Automated Clearing House Association payment formats for non-Treasury disbursing offices? <b>V</b> (p. 46)		
294. Does the core financial system provide the capability to split a single payment into separate bank accounts? <sup>50</sup> <b>V</b> (p. 46)		
295. Does the core financial system have the capability to provide statistical sampling capabilities to support agency payment certification? <b>V</b> (p. 46)		
296. Does the core financial system provide the capability to identify and report payment and deposit amounts at a level of detail suitable for reporting large-dollar notifications, as described in I TFM-6-8500, <i>Cash Forecasting Requirements</i> ? <b>V</b> (p. 46)		

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<sup>50</sup>For example, when making benefit payments to recipients.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Payment Management Function</i></p> <p align="center"><b>Payment confirmation and follow-up process<sup>60</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>297. To support the payment confirmation and follow-up process, does the core financial system have the capability to provide information about each payment to reflect the stage of the scheduling process that the payment has reached and the date each step was reached for the following processing steps:</p> <ul style="list-style-type: none"> <li>a. payment scheduled,</li> <li>b. schedule sent to appropriate disbursing office, and</li> <li>c. payment issued by appropriate disbursing office? <b>M</b> (p. 46)</li> </ul>		

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<sup>60</sup>The payment confirmation and follow-up process confirms that disbursements were made as anticipated and supports inquiries from vendors regarding payments and reporting requirements relating to the payment management function.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Payment Management Function</i></p> <p><b>Payment confirmation and follow-up process<sup>60</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>298. For each payment made, does the core financial system provide the capability to maintain a history of the following information:</p> <ul style="list-style-type: none"> <li>a. vendor invoice number;</li> <li>b. invoice amount;</li> <li>c. vendor identification number;</li> <li>d. vendor name;</li> <li>e. payment address or banking information;</li> <li>f. payment amount;</li> <li>g. interest paid, when applicable;</li> <li>h. discount taken, when applicable;</li> <li>i. offset made, when applicable;</li> <li>j. payment method, such as check or EFT;</li> <li>k. referenced obligation number; and</li> <li>l. appropriation charged? <b>M</b> (p. 46)</li> </ul>		
<p>299. Does the core financial system provide the capability to automatically update the payment information when confirmation is received from the disbursing office, including the paid schedule number, payment date, and check number or trace number? <b>M</b> (p. 46)</p>		
<p>300. Does the core financial system provide the capability to automatically liquidate the in-transit amount and reclassify budgetary accounts from unpaid to paid when the payment confirmation updates the system? <b>M</b> (p. 47)</p>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment confirmation and follow-up process<sup>60</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
301. Does the core financial system provide the capability to record more than one check range for a payment schedule, along with a break in check numbers? <b>M</b> (p. 47)		
302. Does the core financial system have the capability to provide online access to vendor and payment information? <b>M</b> (p. 47)		
303. Does the core financial system have the capability to provide online access to open documents based on agency selection criteria, including the accounting classification elements, document number, and vendor number? <b>M</b> (p. 47)		
304. Does the core financial system provide the capability to reverse disbursement transactions for voided checks or for other payments that have not been negotiated? <b>M</b> (p. 47)		
305. Does the core financial system provide the capability to produce IRS Forms 1099 <sup>61</sup> in accordance with IRS regulations <sup>62</sup> and current IRS acceptable format, including hard copy and electronic form? <b>M</b> (p. 47)		
306. Does the core financial system provide the capability to electronically download monthly “Fund Balance with Treasury” and activity recorded by Treasury (and related warrant information) for comparison to cash activity in the agency’s general ledger, and can the system produce a report of differences? <b>M</b> (p. 47)		

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<sup>61</sup>Such as IRS Form 1099-INT, Form 1099-MISC, Form 1099-C, and Form 1099-G.

<sup>62</sup>For example, when payment to a sole proprietor for services performed (not including cost of merchandise) exceeds a specified dollar amount (e.g., \$600), the system would produce a Form 1099-MISC.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Payment Management Function</i> <b>Payment confirmation and follow-up process<sup>60</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
307. Does the core financial system provide the capability to include the TAS/TAFS charged and the associated amount(s) in the history of each payment made by the core financial system? <b>V</b> (p. 47)		
308. Does the core financial system have the capability to provide an automated interface to the Department of the Treasury system containing paid schedule data? <sup>63</sup> <b>V</b> (p. 47)		
309. Does the core financial system have the capability to provide written notification to payees (e.g., vendors and travelers) of payments made by disbursing offices? <b>V</b> (p. 47)		
310. Does the core financial system provide the capability to allow for agency flexibility in defining the contents of the notifications? <b>V</b> (p. 47)		
311. Does the core financial system have the capability to provide e-mail notification to employees of travel payments made by disbursing office? <b>V</b> (p. 47)		
312. Does the core financial system provide the capability to track and report on aged, unmatched vendor invoices? <b>V</b> (p. 47)		
313. Does the core financial system provide the capability to track and report on spending agencywide by state and congressional district? <b>V</b> (p. 47)		

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<sup>63</sup>That is, the Government On-line Accounting Link System Regional Finance Center Agency Link or its successor.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Receivable Management Function</i><sup>64</sup></p> <p align="center"><b>Customer information maintenance process</b><sup>65</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>314. To support the customer information maintenance process, does the core financial system provide the capability to maintain customer information to support receivable management processes, including, at a minimum the following:</p> <ul style="list-style-type: none"> <li>a. customer name,</li> <li>b. customer ID number,</li> <li>c. customer type (federal agency, state/local government, commercial entity, individual, or employee),</li> <li>d. TIN,</li> <li>e. customer address,</li> <li>f. contact names,</li> <li>g. contact telephone number,</li> <li>h. federal versus nonfederal indicator,</li> </ul> <p>(continued)</p>		

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<sup>64</sup>Receivables are established to account for amounts due from others as the result of performance of services by the agency, delivery of goods sold, the passage of time (e.g., interest earned); loans made to others that must be repaid; or other actions. Receivables are accounted for as assets until funds are collected or are determined to be uncollectible in whole or in part. Additionally, some receipts may be collected without the prior establishment of a receivable, as in the case of goods sold for cash. Depending on an agency's system architecture, servicing and collection activities for some receivables may be supported by other systems that provide data to the core financial system. This would be particularly appropriate for receivables resulting from large programs with complex supporting data requirements, such as loan programs, grant programs, or fee-for-service programs. Servicing and collection for receivables with simpler requirements for supporting data, such as those resulting from erroneous payments, may be supported directly by the core financial system with no support by other systems.

<sup>65</sup>The word "customer" is used here to include any entity that owes a debt to the agency, including contractors, employees, grantees, loan recipients, and other government agencies. Agency payees, or vendors, as defined in the payment management function section, may become customers of the agency, in the event that duplicate or overpayments occur. The customer information maintenance process involves the maintenance of customer information (name, address, etc.), identification of the type of customer from which collection is due, and the recording of trading partner codes used in the elimination of intragovernmental activity from financial statements. The process ensures that customer TINs are captured in order to report overdue receivables for potential offset and to provide for IRS Form 1099 reporting of debts written off.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Receivable Management Function</i><sup>64</sup></p> <p align="center"><b>Customer information maintenance process</b><sup>65</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<ul style="list-style-type: none"> <li>i. six-digit trading partner codes,</li> <li>j. ALC number (for federal customers),</li> <li>k. IRS Form 1099 indicator,</li> <li>l. comment field,</li> <li>m. date of last update,</li> <li>n. user ID of last update, and</li> <li>o. DUNS number? <b>M</b> (p. 49)</li> </ul>		
<p>315. Does the core financial system provide the capability to maintain customer account information for audit trail purposes and to support billing, reporting, and research activities, including the following:</p> <ul style="list-style-type: none"> <li>a. account number;</li> <li>b. account balance;</li> <li>c. associated customer ID number;</li> <li>d. date due and age of accounts receivable; and</li> <li>e. reimbursable order number, travel order number, and so forth, where applicable? <b>M</b> (p. 49)</li> </ul>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Receivable Management Function</i></p> <p align="center"><b>Receivable establishment process<sup>66</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>316. To support the receivable establishment process, does the core financial system provide the capability to record the establishment of receivables along with the corresponding revenues, expense reductions, or other offsets? <b>M</b> (p. 50)</p>		
<p>317. Does the core financial system provide the capability to accept transactions that generate receivables from other systems in a standard format for entry into the core financial system? <b>M</b> (p. 50)</p>		
<p>318. Does the core financial system provide the capability to support the calculation and establishment of accounts receivable based upon billing source, event and time period, and type of claim? <b>M</b> (p. 50)</p>		
<p>319. Does the core financial system provide the capability to automatically generate related bills<sup>67</sup> to customers? <b>M</b> (p. 50)</p>		
<p>320. Does the core financial system provide the capability to establish receivables and credit memorandums from vendors to which the agency has made duplicate or erroneous payments? <b>M</b> (p. 50)</p>		
<p>321. Does the core financial system provide the capability to uniquely identify multiple types of bills (e.g., overpayment and user-fee-based) and the supporting data used to verify the specific charges? <b>M</b> (p. 50)</p>		

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<sup>66</sup>The receivable establishment process supports activities to record receivables in the system as they are recognized and to produce bills for amounts due to the agency.

<sup>67</sup>Bases used for billing may include (1) percentage of reimbursable obligations, accrued expenditures, or costs, using data recorded by the cost accumulation function; (2) fee schedules for goods or services provided; and (3) payment schedules or other agreements with other entities.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Receivable Management Function</i> <b>Receivable establishment process<sup>66</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
322. Does the core financial system provide the capability to automatically establish receivables to be paid under installment plans, including plans for which payments have been rescheduled? <b>M</b> (p. 50)		
323. Does the core financial system provide the capability to generate flexible repayment schedules for delinquent indebtedness? <b>M</b> (p. 50)		
324. Does the core financial system provide the capability to record billings and collections by line item in order to identify unique accounting classification codes? <b>M</b> (p. 50)		
325. Does the core financial system provide the capability to support bills and collections between federal agencies through the use of electronic systems, such as IPAC? <b>M</b> (p. 50)		
326. Does the core financial system have the capability to provide supporting data to agencies billed that can be used to verify the charges? <b>M</b> (p. 50)		
327. Does the core financial system provide the capability to print bills, accommodating the generation of standard forms, such as SF-1080s or SF-1081s, and turnaround documents to be used as remittance advice? <b>M</b> (p. 50)		
328. Does the core financial system provide the capability to allow for customized text in generated billing documents? <b>M</b> (p. 50)		
329. Does the core financial system provide the capability to date the bills with the system-generated date or with the date supplied by the user? <b>M</b> (p. 50)		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b>  <i>Receivable Management Function</i>  <b>Receivable establishment process<sup>66</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>330. Does the core financial system provide the capability to consolidate multiple accounts receivable for a customer onto one bill? <b>M</b> (p. 50)</p>		
<p>331. Does the core financial system provide the capability to allow transactions related to manually prepared bills to be entered by authorized personnel? <b>M</b> (p. 51)</p>		
<p>332. Does the core financial system provide the capability to record adjustments to bills and post to customer accounts? <b>M</b> (p. 51)</p>		
<p>333. Does the core financial system provide the capability to generate monthly statements to customers showing account activity? <b>M</b> (p. 51)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Receivable Management Function</i></p> <p align="center"><b>Debt management process<sup>68</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>334. To support the debt management process, does the core financial system provide the capability to maintain data on individual receivables and referenced transactions supporting the receivable? <b>M</b> (p. 51)</p>		
<p>335. Does the core financial system provide the capability to maintain accounts for reimbursable orders and identify government and nongovernment accounts that are designated as advance funding? <b>M</b> (p. 51)</p>		
<p>336. Does the core financial system provide the capability to update each customer account when</p> <ul style="list-style-type: none"> <li>a. billing documents are generated;</li> <li>b. collections are received;</li> <li>c. interest, penalty, or administrative fees are applied; and</li> <li>d. amounts are written off or offset? <b>M</b> (p. 51)</li> </ul>		
<p>337. Does the core financial system provide the capability to automatically calculate interest charges using the appropriate Treasury late payment charge rate and user-defined criteria, such as customer and customer type? <b>M</b> (p. 51)</p>		
<p>338. Does the core financial system provide the capability to automatically generate a separate line item for interest charges on the customer bill? <b>M</b> (p. 51)</p>		

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<sup>68</sup>The debt management process involves the maintenance of account information on individual accounts receivable. The process supports activities to age receivables, calculate interest and record penalties and administrative charges on overdue debt, pursue collection of amounts due, liquidate receivables, record adjustments to receivables, maintain a proper allowance for uncollectible amounts, and record write-offs.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Receivable Management Function</i> <b>Debt management process<sup>68</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
339. Does the core financial system provide the capability to allow the user to specify administrative and penalty amounts and record these amounts to different accounting classification elements, for which the principle amount is recorded? <b>M</b> (p. 51)		
340. Does the core financial system provide the capability to automatically apply these charges to customer accounts and generate separate line items for the charges on the customer bills? <b>M</b> (p. 51)		
341. Does the core financial system provide the capability to automatically generate dunning (collection) letters for overdue receivables when accounts become delinquent, and incorporate, as appropriate, due process notices for referring delinquent accounts? <b>M</b> (p. 51)		
342. Does the core financial system provide the capability to customize the dunning process parameters and dunning letter text? <b>M</b> (p. 51)		
343. Does the core financial system provide the capability to provide information on the age of receivables to allow for management and prioritization of collection activities? <b>M</b> (p. 51)		
344. For receivables aging, does the core financial system provide the capability to include aging information on individual receivables and on a summary basis, such as by customer, type of customer, fund, and general ledger account? <b>M</b> (pp. 51 & 52)		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Receivable Management Function</i> <b>Debt management process<sup>68</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
345. Does the core financial system provide the capability to identify and report receivables that meet predetermined criteria for write-off or referral and generate the appropriate entries? <b>M</b> (p. 52)		
346. Does the core financial system provide the capability to automatically calculate (as a percentage of gross receivables or related revenues) and record the allowance for loss on accounts receivable? <b>M</b> (p. 52)		
347. Does the core financial system have the capability to provide information to allow for the automated reporting of delinquent accounts to commercial credit bureaus? <b>M</b> (p. 52)		
348. Does the core financial system provide the capability to automatically create files of delinquent accounts for electronic submission to collection agencies and appropriate governmental organizations? <b>M</b> (p. 52)		
349. Does the core financial system provide the capability to maintain data for receivables referred to other federal agencies and outside organizations for collection? <b>M</b> (p. 52)		
350. Does the core financial system provide the capability to record the waiver and write-off of receivables, including interest, penalties, and administrative charges? <b>M</b> (p. 52)		
351. Does the core financial system provide the capability to maintain data to monitor closed accounts? <b>M</b> (p. 52)		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b>  <i>Receivable Management Function</i>  <b>Debt management process<sup>68</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>352. Does the core financial system provide the capability to track and report on the date and nature of a change in the status of an account receivable, including the following:</p> <ul style="list-style-type: none"> <li>a. in forbearance or in formal appeals process,</li> <li>b. in foreclosure,</li> <li>c. in wage garnishment,</li> <li>d. rescheduled,</li> <li>e. waived/unwaived,</li> <li>f. eligible for referral to Treasury for offset,</li> <li>g. referred to Treasury for offset,</li> <li>h. eligible for internal offset,</li> <li>i. eligible for referral to Treasury or a designated debt collection enter for cross-servicing,</li> <li>j. referred to Treasury for cross-servicing,</li> <li>k. referred to a private collection agency,</li> <li>l. referred to the Department of Justice,</li> <li>m. offset,</li> <li>n. suspended,</li> <li>o. compromised,</li> <li>p. written-off, and</li> <li>q. closed out? <b>M</b> (p. 52)</li> </ul>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Receivable Management Function</i> <b>Debt management process<sup>68</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
353. Does the core financial system provide the capability to perform online queries of account activity (billing, collection, and adjustment) by customer and receivable? <b>M</b> (p. 52)		
354. Does the core financial system provide the capability to perform online queries of miscellaneous cash receipts (applied to any Treasury fund symbol) by customer, when identified, and by accounting period? <b>M</b> (p. 52)		
355. Does the core financial system provide the capability to uniquely record, classify, and report on reimbursable funds, based on customer and customer agreement number, including <ul style="list-style-type: none"> <li>a. billing limit,</li> <li>b. amount obligated,</li> <li>c. amount expended,</li> <li>d. amount billed,</li> <li>e. advanced amount (unearned revenue), and</li> <li>f. earnings and collections received? <b>M</b> (pp. 52 &amp; 53)</li> </ul>		
356. Does the core financial system provide the capability to support the ability to query and report on the items referred to in the previous question by any of the accounting classification elements, such as fund or object class? <b>M</b> (p. 53)		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Receivable Management Function</i></p> <p align="center"><b>Debt management process<sup>68</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>357. Does the core financial system provide the capability to automatically produce IRS Form 1099-Cs in the amounts of debts forgiven that meet or exceed a user-defined dollar threshold?<sup>69</sup> <b>M</b> (p. 53)</p>		

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<sup>69</sup>For example, \$600 or more.

**Core Financial System Requirements**

<p><b>Functional Requirements</b>  <i>Receivable Management Function</i>  <b>Collection process<sup>70</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>358. To support the collections process, does the core financial system provide the capability to automatically record the application of complete and partial payments made by the debtor on a delinquent debt to administrative fees, penalties, interest, and then to principal, unless otherwise stated in program statute? <b>M</b> (p. 53)</p>		
<p>359. Does the core financial system provide the capability to record revenues, expenditure reductions, or other appropriate offsets associated with collections for which no receivable was previously established? <b>M</b> (p. 53)</p>		
<p>360. Does the core financial system provide the capability to apply collections<sup>71</sup> back to the specific contract or purchase order award to reduce cumulative payments and expenditures? <b>M</b> (p. 53)</p>		
<p>361. Does the core financial system provide the capability to record the receipt of an advance repayment and an advance from others with a reference to the related reimbursable agreement obligation, regardless of whether an account receivable was previously established? <b>M</b> (p. 53)</p>		
<p>362. Does the core financial system provide the capability to process cash or credit card collections? <b>M</b> (p. 53)</p>		
<p>363. Does the core financial system provide the capability to match collections to the appropriate receivables and update related bills and customer accounts? <b>M</b> (p. 53)</p>		

<sup>70</sup>The collections process supports activities to record the receipt of funds either by currency (e.g., cash or EFT) or check and the deposit of such funds in accordance with Treasury and agency regulations. The process also provides for the receipt of payment offset information from Treasury and its application to the appropriate accounts receivable.

<sup>71</sup>For example, upon the refund of erroneous payments.

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Receivable Management Function</i> Collection process <sup>70</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
364. Does the core financial system provide the capability to record information associated with a collection at the time funds are applied to an open receivable document, including the deposit ticket number and date and ALC? <b>M</b> (p. 53)		
365. Does the core financial system provide the capability to support the receipt of collection files from banks for application to open receivables? <b>M</b> (p. 53)		
366. Does the core financial system provide the capability to record collections received against advance payments made? <b>M</b> (p. 53)		
367. Does the core financial system provide the capability to apply collections to more than one receivable? <b>M</b> (p. 53)		
368. Does the core financial system provide the capability to reopen closed accounts to record collections after a waiver or write-off of a receivable has been recorded? <b>M</b> (p. 53)		
369. Does the core financial system provide the capability to electronically download monthly deposit and debit voucher confirmation information from Treasury and the banking system for comparison to activity in the agency's general ledger, and produce a report of differences? <b>M</b> (p. 54)		
370. Does the core financial system provide the capability to support the receipt of payment offset information from Treasury? <b>M</b> (p. 54)		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Receivable Management Function</i> <b>Collection process<sup>70</sup></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
371. Does the core financial system provide the capability to apply offset collections to open receivables and generate the appropriate accounting entries to record the collection? <b>M</b> (p. 54)		
372. Does the core financial system have the capability to automatically offset payments to vendors for amounts due to the agency? <sup>72</sup> <b>M</b> (p. 54)		
373. When an entire payment is offset, does the core financial system provide the capability to create the appropriate notice to the vendor that the offset has been made? <b>M</b> (p. 54)		
374. Does the core financial system provide the capability to record TAS/TAFS(s) associated with collections received on deposit tickets and debit vouchers? <b>V</b> (p. 54)		
375. When downloading monthly deposit and debit voucher confirmation information from Treasury and the banking system for comparison to the agency general ledger, does the core financial system provide the capability to include both the TAS/TAFS(s) and the associated amount(s)? <b>V</b> (p. 54)		
376. Does the core financial system provide the capability to interface with CA\$HLINK, <sup>73</sup> in order to reconcile Treasury recorded collections to the collections recorded in the core financial system and generate exception reports? <b>V</b> (p. 54)		

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<sup>72</sup>For example, outstanding accounts receivable, credit memorandum, and open advances.

<sup>73</sup>A Treasury system used to manage and monitor the collection of government revenues and report the balances to federal agencies.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Cost Management Function</i><sup>74</sup></p> <p><b>Cost setup and accumulation process</b><sup>75</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>377. To support the cost setup and accumulation process, does the core financial system provide the capability to use the agency's accounting classification elements to identify and establish unique cost objects for the purpose of cost and revenue capture, accumulation, and reporting? <b>M</b> (p. 56)</p>		
<p>378. Does the core financial system provide the capability to allocate and distribute the full cost<sup>76</sup> and revenue of cost objects as defined in Statement of Federal Financial Accounting Standard (SFFAS) No. 4? <b>M</b> (p. 56)</p>		
<p>379. Does the core financial system provide the capability to allocate and distribute the full cost of goods and services provided by one federal entity to another? <b>M</b> (p. 56)</p>		
<p>380. Does the core financial system provide the capability to track current cost information against prior month and prior year-to-date cost data for selected cost objects as well as to track progress against predetermined plans? <b>M</b> (p. 56)</p>		

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<sup>74</sup>The level of sophistication of the cost management function needed by an agency depends on the requirements of the agency and the operational nature of the programs involved. For example, if an agency's primary mission is to produce a product or service for sale, the costing function typically will be accomplished in the managerial cost accounting system that is integrated with the core financial system. Programs with less crucial cost information needs might perform cost management functions by analytical or sampling methods. However, in any core system, certain basic functions must be present. The cost management function consists of (1) cost setup and accumulation, (2) cost recognition, (3) cost distribution, and (4) working capital and revolving fund.

<sup>75</sup>The cost setup and accumulation process identifies and tracks cost data associated with the specific cost objects required by management. This process provides for the establishment of identifiers for the desired cost objects in the processes, systems, and applications that make up the accounting system, and for the subsequent collection of cost data. A cost object is any activity, output, outcome, or item whose cost and revenue are to be measured, such as organizational units, programs, projects, activities, targeted outputs, specific contracts, specific customers, and work orders.

<sup>76</sup>Full cost includes support costs provided by other responsibility segments, both internal and external; identifiable support costs provided by other government agencies, such as pension and other retirement benefits; unfunded costs, such as accrued annual leave, that accrue in the current reporting period; depreciation expense; and amortization costs.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><b><i>Cost Management Function</i></b><sup>74</sup></p> <p><b>Cost setup and accumulation process</b><sup>75</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>381. Does the core financial system provide the capability to identify all costs incurred by the agency in support of activities of revolving funds, trust funds, or commercial functions, including the applicable portions of any related salaries and expense accounts identified with those activities? <b>M</b> (p. 56)</p>		
<p>382. Does the core financial system provide the capability to accumulate nonfinancial data relating to cost objects, such as output units, to allow the calculation of both total and unit costs? <b>M</b> (p. 56)</p>		
<p>383. Does the core financial system provide the capability to transfer and trace cost data directly to and from other cost systems/applications that produce or allocate cost information? <b>M</b> (p. 56)</p>		
<p>384. Does the core financial system provide the capability to calculate prices, fees, and user charges for reimbursable agreements and other purposes using full cost, consistent with the guidance of OMB Circular No. A-25, <i>User Charges</i>? <b>M</b> (p. 56)</p>		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Cost Management Function</i></p> <p><b>Cost recognition process<sup>77</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>385. To support the cost recognition process, does the core financial system provide the capability to use the accrual basis of accounting when recognizing costs and revenue? <b>M</b> (p. 57)</p>		
<p>386. Does the core financial system provide the capability to recognize costs in the period when the events occurred regardless of when ordered, received, or paid for? <b>M</b> (p. 57)</p>		
<p>387. Does the core financial system provide the capability to recognize revenue when earned? <b>M</b> (p. 57)</p>		
<p>388. Does the core financial system provide the capability to associate with the appropriate cost objects the reductions of balances, such as inventories, prepaid expenses, and advance payments, as the balances are used or liquidated? <b>M</b> (p. 57)</p>		
<p>389. Does the core financial system provide the capability to identify and record costs incurred by each cost object, including input of costs from feeder systems, such as inventory, travel, property management (depreciation), or payroll? <b>M</b> (p. 57)</p>		
<p>390. Does the core financial system provide the capability to assign indirect costs on a cause-and-effect basis or allocate costs through any reasonable and consistent basis, such as a percentage of total cost incurred, direct labor hours used, square footage, or metered usage? <b>M</b> (p. 57)</p>		

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<sup>77</sup>Recognition of the effects of transactions in financial systems is fundamental to the accounting process. The recognition process determines when the results of an event are to be included in financial statements and ensures that the effects of similar events and transactions are accounted for consistently within the federal government.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Cost Management Function</i></p> <p><b>Cost recognition process<sup>77</sup></b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>391. Does the core financial system provide the capability to perform multilayer overhead distributions that are user defined (at least three levels of distribution), using multiple rates, fixed amount, and other appropriate allocation methods? <b>M</b> (p. 57)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Cost Management Function</i></p> <p align="center"><b>Cost distribution process<sup>78</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>392. To support the cost distribution process, does the core financial system provide the capability to distribute information<sup>79</sup> on costs and revenue associated with cost objects? <b>M</b> (p. 58)</p>		
<p>393. Does the core financial system have the capability to provide consistent information<sup>80</sup> on financial, budget, and program matters in different reports? <b>M</b> (p. 58)</p>		
<p>394. Does the core financial system provide the capability to use historical information to conduct variance and time-series analyses and to demonstrate the fairness and appropriateness of rates and charges that are based on actual historical costs? <b>M</b> (p. 58)</p>		
<p>395. Does the core financial system provide the capability to distribute costs to other cost objects regardless of how they were originally assigned? <b>M</b> (p. 58)</p>		
<p>396. Does the core financial system have the capability to provide an audit trail that traces a transaction from its origin to the final cost object(s)? <b>M</b> (p. 58)</p>		

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<sup>78</sup>The managerial cost accounting concepts and standards contained in SFFAS No. 4 are aimed at providing reliable and timely information on the full cost of programs, their activities, and outputs. The information is to be used by stakeholders, executives, and managers in making decisions about allocating resources, authorizing and modifying programs, and evaluating program performance. Program managers can also use the cost information for making managerial decisions to improve operating efficiency. Ultimately, the effectiveness of a cost management program lies in the way managers use the cost information asked for and reported to them.

<sup>79</sup>Such as income statements and status of funds reports.

<sup>80</sup>For example, bills generated for customers in the receivables system should match customer status reports generated by the cost management system for the same periods.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Cost Management Function</i></p> <p><b>Working capital and revolving fund process<sup>81</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>397. To support the revolving fund function, does the core financial system provide the capability to use cost management in revolving funds, including working capital programs? <b>M</b> (p. 58)</p>		
<p>398. Does the core financial system provide the capability to allocate working capital and revolving fund costs across organization and program lines and generate appropriate journal entries? <b>M</b> (p. 58)</p>		
<p>399. Does the core financial system provide the capability to create and track the funding associated with cost objects<sup>82</sup> and provide funding status on fiscal-year-to-date and project-inception-to-date bases? <b>M</b> (p. 58)</p>		
<p>400. Does the core financial system provide the capability to support the aggregation of project cost and funding information to a higher level?<sup>83</sup> <b>M</b> (p. 58)</p>		
<p>401. Does the core financial system provide the capability to verify funds availability for orders placed against a specific contract, work order, or agreement for a particular customer of the revolving fund operation? <b>M</b> (p. 59)</p>		

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<sup>81</sup> Agencies may elect to use revolving funds, which include working capital funds and franchise funds, for their organizations. These funds require separate legislation and have charters that focus on specific purposes. Such charters have the potential to make program management much more flexible by lifting apportionment controls while adding operational safeguards. If an agency uses a revolving fund, the core financial system must be able to track service-level agreements, verify funds availability, bill customers, and measure costs.

<sup>82</sup> For example, contracts, work orders, projects, or reimbursable agreements.

<sup>83</sup> For example, the ability to link the costs of a set of related projects for a particular customer on one report.

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Cost Management Function</i></p> <p><b>Working capital and revolving fund process</b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>402. Does the core financial system provide the capability to support funding of revolving fund contracts, work orders, and projects through the use of advances, prepayments, or reimbursements? <b>M</b> (p. 59)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i><sup>84</sup></p> <p align="center">General reporting process<sup>85</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>403. To support the financial reporting process, does the core financial system provide the capability to produce reports and transmittable files using data maintained by the core financial management system? <b>M</b> (p. 60)</p>		
<p>404. Does the core financial system provide the capability to report on financial activity by any element of accounting classification?<sup>86</sup> <b>M</b> (p. 60)</p>		
<p>405. Does the core financial system provide the capability to report the financial information required for program management performance reporting? <b>V</b> (p. 61)</p>		

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<sup>84</sup>Information maintained by the core financial system must be provided in a variety of formats to users according to their needs. Methods of providing information include online inquiries, extractable data files, and hard copy reports. These requirements could be satisfied by either application software that is part of the core financial system, generalized reporting/inquiry software that works with a variety of applications, or a combination of both. The reporting function consists of (1) general reporting process, (2) external reporting process, (3) internal reporting process, and (4) ad hoc query process.

<sup>85</sup>Complete, reliable, consistent, timely, and useful financial management information on operations enables central management agencies, individual operating agencies, divisions, bureaus, and other subunits to (1) carry out their fiduciary responsibilities; (2) deter fraud, waste, and abuse of resources; and (3) facilitate efficient and effective delivery of programs by relating financial consequences to program performance.

<sup>86</sup>For example, individual or hierarchical organization code, or project code.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i></p> <p align="center"><b>External reporting</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>406. To support the external reporting process, does the core financial system have the capability to provide data in hard copy and the electronic formats required by the Department of the Treasury for the following reports:</p> <ul style="list-style-type: none"> <li>a. Financial Management Service (FMS) Form 224, <i>Statement of Cash Transactions</i>;</li> <li>b. FMS Form 1219, <i>Statement of Accountability</i>; and</li> <li>c. FMS Form 1220, <i>Statement of Transactions According to Appropriations, Funds, and Receipt Accounts?</i> <b>M</b> (p. 61)</li> </ul>		
<p>407. Does the core financial system provide the capability to provide data in the electronic formats required by the Department of the Treasury for FACTS I and FACTS II reporting? <b>M</b> (p. 61)</p>		
<p>408. Does the core financial system provide the capability to produce a monthly SF-133, <i>Report on Budget Execution and Budgetary Resources</i>, in the hard copy and electronic formats required by OMB? <b>M</b> (p. 61)</p>		
<p>409. Does the core financial system provide the capability to perform the validation edits specified by Treasury to ensure the accuracy of data transmitted for FACTS I and FACTS II reporting on a monthly basis, at a minimum?<sup>87</sup> <b>M</b> (p. 61)</p>		

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<sup>87</sup>See the *FACTS II Client Bulk Users Guide* for examples.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i></p> <p align="center"><b>External reporting</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>410. Does the core financial system provide the capability to automate the preparation of consolidated financial statements as required by OMB Bulletin 01-09, <i>Form and Content of Agency Financial Statements?</i> <b>M</b> (p. 61)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i></p> <p align="center"><b>Internal reporting</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>411. To support the internal reporting process, does the core financial system provide the capability to produce a report of transaction-level details for the TAS/TAFS totals reported on FMS Form 224, <i>Statement of Cash Transactions</i>? <b>M</b> (p. 62)</p>		
<p>412. For each TAS/TAFS that is subject to FACTS II reporting requirements, does the core financial system provide the capability to produce a daily online available funds report(s)? <b>M</b> (p. 62)</p>		
<p>413. For the available funds reporting, does the core financial system provide the capability for reporting within the following parameters:</p> <ul style="list-style-type: none"> <li>a. "internal fund,"</li> <li>b. budget object class,</li> <li>c. organization,</li> <li>d. program,</li> <li>e. project, and</li> <li>f. activity? <b>M</b> (p. 62)</li> </ul>		
<p>414. When reporting on funds availability at the internal fund level, does the core financial system provide the capability to report data on budget execution as follows, including a summary at the TAS/TAFS level with total amounts for each data element listed below:</p> <ul style="list-style-type: none"> <li>a. total resources (by budget fiscal year and by authority type, including warrant information) as follows: <ul style="list-style-type: none"> <li>i. total authority brought forward,</li> </ul> </li> </ul> <p>(continued)</p>		

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**Core Financial System Requirements**

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<p><b>Functional Requirements</b></p> <p><i>Reporting Function</i></p> <p><b>Internal reporting</b></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<ul style="list-style-type: none"> <li>ii. total appropriated for the budget fiscal year,</li> <li>iii. total contract authority,</li> <li>iv. total borrowing authority (realized and unrealized), and</li> <li>v. total estimated and total actual spending authority from offsetting collections;</li> <li>b. funding distribution, including               <ul style="list-style-type: none"> <li>i. total not yet apportioned,</li> <li>ii. total apportioned,</li> <li>iii. total allotted, and</li> <li>iv. total allowances;</li> </ul> </li> <li>c. spending activity, including               <ul style="list-style-type: none"> <li>i. total amount of commitments,</li> <li>ii. total obligations (including paid and unpaid), and</li> <li>iii. total expenditures (including paid and unpaid); and</li> </ul> </li> <li>d. balances available, such as               <ul style="list-style-type: none"> <li>i. balance of apportionments available for allotment,</li> <li>ii. balance of allowance available for commitment (uncommitted), and</li> <li>iii. balance of allowances available for obligation (unobligated)? <b>M</b> (p. 62)</li> </ul> </li> </ul>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i></p> <p align="center"><b>Internal reporting</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>415. When reporting on funds availability by organization, budget object class, program, project and activity level, does the core financial system provide the capability to report on budget execution as follows, including a summary at the TAS/TAFS level with total amounts for each data element listed below:</p> <ul style="list-style-type: none"> <li>a. funding distribution, including               <ul style="list-style-type: none"> <li>i. total not yet apportioned,</li> <li>ii. total apportioned,</li> <li>iii. total allotted, and</li> <li>iv. total allowances;</li> </ul> </li> <li>b. spending activity, including               <ul style="list-style-type: none"> <li>i. total amount of commitments,</li> <li>ii. total obligations (including paid and unpaid), and</li> <li>iii. total expenditures (including paid and unpaid);</li> </ul> </li> <li>c. balances available, such as               <ul style="list-style-type: none"> <li>i. balance of apportionments available for allotment,</li> <li>ii. balance of allowance available for commitment (uncommitted), and</li> <li>iii. balance of allowances available for obligation (unobligated)? <b>M</b> (p. 62)</li> </ul> </li> </ul>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i></p> <p align="center"><b>Internal reporting</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>416. Does the core financial system have the capability to provide online summary trial balances at the internal fund, organization, and TAS/TAFS levels? <b>M</b> (p. 63)</p>		
<p>417. Do the online summary trial balances provide the following minimum data elements for each general ledger account:</p> <ul style="list-style-type: none"> <li>a. the balance at the beginning of the accounting period,</li> <li>b. the total amount of debits for the accounting period,</li> <li>c. the total amount of credits for the accounting period, and</li> <li>d. the cumulative ending balance for the accounting period? <b>M</b> (p. 63)</li> </ul>		
<p>418. Does the core financial system have the capability to provide grand totals for TAS/TAFS for beginning balance, current period activity, and ending balance columns? <b>M</b> (p. 63)</p>		
<p>419. Does the core financial system provide the capability to produce both preclosing and postclosing trial balances at year-end? <b>M</b> (p. 63)</p>		
<p>420. Does the core financial system provide the capability to support FACTS I and FACTS II reporting and analysis by producing online trial balances at the internal fund, organization, and TAS/TAFS levels? <b>M</b> (p. 63)</p>		

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## Core Financial System Requirements

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<b>Functional Requirements</b> <i>Reporting Function</i> <b>Internal reporting</b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
421. Does the core financial system have the capability to produce trial balances that provide the related official SGL account number for each general ledger account? <b>M</b> (p. 63)		
422. Does the core financial system have the capability to produce trial balances that provide the following items at the SGL-attribute level <sup>88</sup> for each general ledger account:  a. the balance at the beginning of the accounting period, b. the total amount of debits for the current accounting period, c. the total amount of credits for the accounting period, and d. the cumulative ending balance for the accounting period? <b>M</b> (p. 63)		
423. Does the core financial system have the capability to provide grand totals for each TAS/TAFS for beginning balance, current period activity, and ending balance columns? <b>M</b> (p. 63)		
424. Does the core financial system provide the capability to produce both preclosing and postclosing trial balances at year-end? <b>M</b> (p. 63)		

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<sup>88</sup>That is, separate amounts whenever there is more than one attribute domain value within an SGL account.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i></p> <p align="center"><b>Internal reporting</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>425. Does the core financial system have the capability to provide an online transaction register at the internal fund, organization, and TAS/TAFS level for each accounting period that provides the following data elements:</p> <ul style="list-style-type: none"> <li>a. fiscal year,</li> <li>b. TAS/TAFS,</li> <li>c. internal fund,</li> <li>d. document number,</li> <li>e. document entry date,</li> <li>f. document entry time,</li> <li>g. document entry user ID,</li> <li>h. document transaction date,</li> <li>i. debit account number,</li> <li>j. debit account object class,</li> <li>k. debit amount,</li> <li>l. credit account number,</li> <li>m. credit account,</li> <li>n. object class,</li> <li>o. SGL attribute domain headings, and</li> <li>p. SGL attribute values associated with the transaction? <b>M</b> (p. 63)</li> </ul>		
<p>426. Does the core financial system provide the capability for the online transaction register report, referred to in the previous question, to include all transactions occurring within the accounting period specified? <b>M</b> (p. 63)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i></p> <p align="center"><b>Ad hoc query<sup>89</sup></b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>427. To effectively support ad hoc data access, does the core financial system provide an integrated data query facility that supports ad hoc query access to agency financial data sources? <b>M</b> (p. 64)</p>		
<p>428. Does the core financial system provide data analysis reporting tools? <b>M</b> (p. 64)</p>		
<p>429. Does the core financial system allow users to create and submit parameter-based query scripts or to store them in a common library for future use? <b>M</b> (p. 64)</p>		
<p>430. Does the core financial system allow users to run queries online or in batch mode and to stage output for later access by authorized users? <b>M</b> (p. 64)</p>		
<p>431. Does the core financial system allow users to automatically distribute copies of report/query results via e-mail to multiple pre-identified individuals or groups? <b>M</b> (p. 64)</p>		
<p>432. Does the core financial system provide run-time controls to limit "runaway" queries and large data download requests? <b>M</b> (p. 64)</p>		
<p>433. Does the core financial system support graphical output display on the desktop? <b>M</b> (p. 64)</p>		
<p>434. Does the core financial system's output display also support dynamic report reformatting, regrouping, and drill-down to detail records from summary report lines? <b>M</b> (p. 64)</p>		

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<sup>89</sup>While requirements associated with standard internal and external reporting are based on clearly defined financial management information needs, ad hoc query requirements are general in nature. The ability of an FMS package to provide for flexible data access is critical to enabling effective agency, program, and financial management in the face of change.

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**Core Financial System Requirements**

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<p align="center"><b>Functional Requirements</b></p> <p align="center"><i>Reporting Function</i></p> <p align="center">Ad hoc query<sup>89</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>435. Does the core financial system allow authorized users to download selected financial data? <b>M</b> (p. 64)</p>		
<p>436. Is the core financial system’s download capability able to automatically reformat downloaded information for direct access by common desktop applications (e.g., ASCII formatted)? <b>M</b> (p. 64)</p>		
<p>437. Does the core financial system provide the ability to preview a report, form, or other query result before printing? <b>M</b> (p. 65)</p>		
<p>438. Does the core financial system support access to current year and historical financial data? <b>M</b> (p. 65)</p>		
<p>439. To provide additional ad hoc data access functionality, does the core financial system have the following ad hoc query interface features:</p> <ul style="list-style-type: none"> <li>a. graphical display of data sources;</li> <li>b. the ability to “point and click” on selectable table, data, and link objects for inclusion in a custom query;</li> <li>c. an active data dictionary to provide users with object definitions;</li> <li>d. the ability to share user-developed query scripts with other authorized agency users;</li> <li>e. query optimization; and</li> <li>f. online help? <b>V</b> (p. 65)</li> </ul>		

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**Core Financial System Requirements**

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<b>Technical Requirements<sup>90</sup></b> <b><i>General Design/Architecture</i></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
440. Is the core financial system modular in design? <b>M</b> (p. 66)		
441. Does the core financial system utilize open-systems architecture? <b>M</b> (p. 66)		
442. Is the core financial system upgradeable by core system module to accommodate changes in laws, regulations, best practices, and new technology? <b>M</b> (p. 66)		
443. Is the core financial system a commercially available product, subject to regular maintenance based on vendor-developed and scheduled software releases? <b>M</b> (p. 66)		
444. Does the core financial system include internal transaction processing controls, including the capability in the event of a system failure to automatically <ul style="list-style-type: none"> <li>a. back out of incompletely processed transactions,</li> <li>b. restore the system to its last consistent state before the failure occurred, and</li> <li>c. reapply all incomplete transactions previously submitted by the user? <b>M</b> (p. 67)</li> </ul>		
445. Does the core financial system enforce internal database consistency during all online and batch update operations, including distributed databases, if applicable? <b>M</b> (p. 67)		

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<sup>90</sup>Technical requirements help ensure that a core financial system (1) is capable of meeting a wide variety of workload processing demands; (2) provides transaction processing integrity and general operating reliability; (3) uses standard procedures for installation, configuration, and operations; and (4) does not conflict with other administrative or program systems or other agency established IT standards.

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**Core Financial System Requirements**

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<p><b>Technical Requirements<sup>90</sup></b> <i>General Design/Architecture</i></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>446. Does the core financial system have fully documented restart capabilities for the application's online and batch processing components? <b>M</b> (p. 67)</p>		
<p>447. Does the core financial system segment batch jobs to facilitate their recovery in the event of a system failure? <b>M</b> (p. 67)</p>		
<p>448. Does the core financial system include complete installation, operating, and system maintenance documentation covering the following:</p> <ul style="list-style-type: none"> <li>a. product installation and configuration steps;</li> <li>b. application access procedures;</li> <li>c. user screen layout and content;</li> <li>d. transaction entry procedures;</li> <li>e. batch job setup, processing, and recovery/restart procedures;</li> <li>f. error codes with full descriptions and recovery steps;</li> <li>g. standard report layout and content,</li> <li>h. internal processing controls;</li> <li>i. application security;</li> <li>j. operating specifications and system flowcharts;</li> <li>k. database entity relationships, table formats, and data element descriptions; and</li> <li>l. program module descriptions? <b>M</b> (p. 67)</li> </ul>		

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## Core Financial System Requirements

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<b>Technical Requirements<sup>90</sup></b> <b><i>General Design/Architecture</i></b>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
449. Does the core financial system include revised documentation concurrent with the distribution of new software releases? <b>M</b> (p. 67)		
450. Does the core financial system employ common error handling routines across functional modules and present error messages that allow the user or system operator to respond to reported problems? <b>M</b> (p. 67)		
451. Is the agency able to customize the common error message text? <b>M</b> (p. 67)		
452. Does the core financial system generate output information to formats specified by functional requirements? <b>M</b> (p. 67)		
453. In cases where a functional requirement does not specify an output format, is the required information viewable using the application's online user interface by default? <b>M</b> (p. 67)		
454. Can the agency customize the core financial system to meet its specific business/accounting needs using agency-supplied application configuration and operating parameters? <b>M</b> (p. 67)		
455. Does the core financial system provide fault-free performance in the processing of date and date-related data (including calculating, comparing, and sequencing) by all hardware and software products included as part of the application, both individually and in combination (i.e., year 2000 compliance)? <b>M</b> (p. 67)		
456. Does the core financial system include an integrated relational, structured query-language-compliant database? <b>V</b> (p. 68)		

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**Core Financial System Requirements**

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<b>Technical Requirements<sup>90</sup></b> <i>General Design/Architecture</i>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
457. Does the core financial system simultaneously process online transactions and transactions submitted via system interface? V (p. 68)		

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**Core Financial System Requirements**

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<p align="center"><b>Technical Requirements</b></p> <p align="center"><i>Infrastructure</i></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>458. Does the core financial system identify all software and hardware products needed by an agency to install, operate, access, and maintain the application, including the identification of distinct products that are intended to be purchased or licensed as part of the product licensing agreement?<sup>91</sup> <b>M</b> (p. 68)</p>		
<p>459. Does the core financial system utilize transaction control/Internet communications protocol for application, database, and workstation connectivity? <b>M</b> (p. 68)</p>		
<p>460. At a minimum, does the core financial system support application client operation on a 32-bit, Microsoft Windows-compatible operating system? <b>M</b> (p. 68)</p>		
<p>461. Does the core financial system operate in a mainframe environment (e.g., Multiple Virtual System, Operating System 390)? <b>V</b> (p. 68)</p>		
<p>462. Does the core financial system operate in a server-computing environment running under UNIX or NT (e.g., Windows Server 2000)? <b>V</b> (p. 68)</p>		
<p>463. Does the core financial system support application client operation on an Apple Macintosh Windows-compatible operating system? <b>V</b> (p. 68)</p>		
<p>464. Does the core financial system support application client operation on a UNIX operating system? <b>V</b> (p. 68)</p>		

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<sup>91</sup>The vendor is also required to identify products needed to meet any technical and functional requirement that must be acquired separately by the agency.

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**Core Financial System Requirements**

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<p align="center"><b>Technical Requirements</b></p> <p align="center"><i>Infrastructure</i></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>465. Does the core financial system support automated touch-tone telephone access for standardized, commonly requested inquiries (such as payment status)? <b>V</b> (p. 68)</p>		
<p>466. Does the core financial system support automated fax-back access for standardized, commonly requested documents (such as account statements)? <b>V</b> (p. 69)</p>		
<p>467. Does the core financial system provide the capability to accept barcoded documents? <b>V</b> (p. 69)</p>		
<p>468. Does the core financial system include a report spooling capability to enable online viewing, reprinting, and permanent archiving of requested reports? <b>V</b> (p. 69)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Technical Requirements</b></p> <p align="center"><i>User Interfaces</i><sup>92</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>469. Does the core financial system provide a consistent, Windows-compatible, online user interface to all modules and integrated subsystems? <b>V</b> (p. 69)</p>		
<p>470. Does interface consistency include the use of common command entry syntax, dialog window styles, data entry structures, and information presentation? <b>V</b> (p. 69)</p>		
<p>471. Does the core financial system incorporate common graphical user interface characteristics such as the following:</p> <ul style="list-style-type: none"> <li>a. mouse activated icons;</li> <li>b. buttons;</li> <li>c. scroll bars;</li> <li>d. drop-down lists;</li> <li>e. check boxes;</li> <li>f. menu bars;</li> <li>g. text boxes;</li> <li>h. tool tips;</li> <li>i. resizable windows; and</li> <li>j. cut, copy, and paste functions? <b>V</b> (p. 69)</li> </ul>		

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<sup>92</sup>Technical user interface requirements specify how agency users and operators interact with the core financial system.

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**Core Financial System Requirements**

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<p><b>Technical Requirements</b></p> <p><i>User Interfaces</i><sup>92</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>472. Does the core financial system incorporate data entry features designed to reduce the amount of direct keying required to initiate transaction processing, such as the following:</p> <ul style="list-style-type: none"> <li>a. the use of default values;</li> <li>b. look-up tables;</li> <li>c. automatic data recall;</li> <li>d. single-function windows (e.g., one input screen per transaction);</li> <li>e. the ability to pass common data from screen to screen;</li> <li>f. highlighting of required fields;</li> <li>g. auto tabs;</li> <li>h. function keys (e.g., to retrieve previous data, invoke help facility, suspend transaction, or clear screen);</li> <li>i. disabling of nonsupported function keys;</li> <li>j. menu mode and an expert mode of screen navigation;</li> <li>k. the ability to retrieve suspended transactions by user, document, vendor, and so forth;</li> <li>l. transaction entry undo/redo;</li> <li>m. context-sensitive online help; and</li> <li>n. the ability to select records from a list by scrolling or by typing in only part of an entry? V (p. 69 &amp; 70)</li> </ul>		

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**Core Financial System Requirements**

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<p align="center"><b>Technical Requirements</b></p> <p align="center"><i>User Interfaces</i><sup>92</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>473. Does the core financial system support desktop integration with other common workstation applications used for word processing, spreadsheets, data management, and graphics? <b>V</b> (p. 70)</p>		
<p>474. Is the application help facility customizable by the agency? <b>V</b> (p. 70)</p>		
<p>475. Does the core financial system provide an application user interface that complies with the software application standards required by 29 U.S.C. § 794d,<sup>93</sup> as detailed in 36 C.F.R. 1194, Subpart B? <b>V</b> (p. 70)</p>		

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<sup>93</sup> Referred to as section 508 of the Rehabilitation Act in JFMIP document.

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**Core Financial System Requirements**

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<p align="center"><b>Technical Requirements</b></p> <p align="center"><i>Interoperability</i><sup>94</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>476. To ensure that data can move effectively between the core financial system and other financial applications operated by the agency, does the core system include</p> <ul style="list-style-type: none"> <li>a. an application program interface (API) to accept and process financial data generated by external<sup>95</sup> and other internal<sup>96</sup> applications and</li> <li>b. the ability to export data required by governmentwide systems? <b>M</b> (<i>Addendum to Core Financial Management System</i>, March 31, 2004, p. 3 of 3)</li> </ul>		
<p>477. Does the API support the receipt and continued processing of transactions for all core accounting components as well as vendor information updates? <b>M</b> (<i>Addendum to Core Financial Management System</i>, March 31, 2004, p. 3 of 3)</p>		
<p>478. Does the core financial system process API-submitted transactions using the same business rules, program logic, and edit table entries that are used by the application in editing transactions submitted online (e.g., via user interface)? <b>M</b> (p. 70)</p>		
<p>479. Does the core financial system hold API-submitted transactions that do not pass required edits in suspense pending appropriate corrective action by the user? <b>M</b> (p. 70)</p>		

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<sup>94</sup>Financial transactions can be originated using external, feeder applications. Typically, these feeders are considered legacy systems and are based on older computing technologies.

<sup>95</sup>For example, Intragovernmental Transaction Exchange and IPAC systems.

<sup>96</sup>For example, the financial portion of mixed program systems, electronic data interchange translators, and modules such as travel or payroll.

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## Core Financial System Requirements

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<b>Technical Requirements</b> <i>Interoperability</i> <sup>94</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
480. Does the API suspense process include the ability to <ul style="list-style-type: none"> <li>a. view, update, or delete suspended transactions and</li> <li>b. automatically reprocess suspended transactions? <b>M</b> (p. 70)</li> </ul>		
481. Does the core financial system provide internal controls with the API (e.g., control totals and record counts) to ensure the integrity of received and processed transactions? <b>M</b> (p. 70)		
482. For the API, does the core financial system generate transaction editing error records in a standard format defined by the vendor for return to the originating feeder application? <sup>97</sup> <b>M</b> (p. 70)		
483. Does the core financial system support direct electric data interchange translation compliant with American National Standards Institute X-12 standards to enable electronic data exchanges with designated trading partners, such as a bank credit card service provider, major supplier, or customer? <b>V</b> (p. 71)		
484. Does the core financial system interface with the agency electronic communications system to distribute application-generated documents and messages electronically to either intranet or Internet users? <b>V</b> (p. 71)		
485. Does the core financial system accept vendor invoices and other external originated transactions over the Internet (e.g., Extensible Markup Language (XML))? <b>V</b> (p. 71)		

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<sup>97</sup>That is, provide two-way interface support.

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**Core Financial System Requirements**

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<p><b>Technical Requirements</b></p> <p><i>Interoperability</i><sup>94</sup></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>486. Does the core financial system support emerging XML-based specifications for the exchange of financial data, such as Extensible Business Reporting Language? V (p. 71)</p>		

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**Core Financial System Requirements**

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<p align="center"><b>Technical Requirements</b></p> <p align="center"><i>Workflow/Messaging</i><sup>98</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>487. Does the core financial system provide an integrated workflow management capability, including generation and routing of internal forms, reports, and other financial documents, for online approval or subsequent processing? <b>M</b> (p. 71)</p>		
<p>488. Does the core financial system enable authorized users to define workflow processes and business rules, including approval levels, and to modify workflow (e.g., assigning a proxy approving authority)? <b>V</b> (p. 71)</p>		
<p>489. Does the core financial system provide the capability to establish multiple levels of document approvals based on user-defined criteria including dollar amounts, types of items purchased, and document types? <b>V</b> (p. 71)</p>		
<p>490. Does the core financial system provide an internal calendar or user-defined routing tables to generate rule-based or exception reports to support the generation of workflow messages?<sup>99</sup> <b>V</b> (p. 71)</p>		
<p>491. Does the core financial system provide the ability to track approvals online by transaction, including the time, date, and approving party? <b>V</b> (p. 71)</p>		
<p>492. Does the core financial system provide the capability to automatically generate electronic routing and status messages to individuals or groups? <b>V</b> (p. 72)</p>		

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<sup>98</sup>Workflow/messaging includes technical requirements that collectively define how a core financial system automatically manages document processing and notifies agency staff of pending work (e.g., review/approval of pending accounting documents).

<sup>99</sup>That is, notification of accounts payable office for invoices warehoused over 30 days with no matching receiving report.

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**Core Financial System Requirements**

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<b>Technical Requirements</b> <i>Workflow/Messaging</i> <sup>98</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
493. Does the core financial system support Workflow Management Coalition standards? V (p. 72)		
494. Does the core financial system support Messaging API-Workflow standards? V (p. 72)		
495. Does the core financial system support Vendor Independent Messaging standards? V (p. 72)		

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**Core Financial System Requirements**

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<b>Technical Requirements</b> <i>Document Management</i> <sup>100</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
496. Does the core financial system support Document Management Alliance standards? V (p. 72)		
497. Does the core financial system support Open Document Management Architecture standards? V (p. 72)		
498. Does the core financial system support Open Document Architecture/Open Document Interface Format standards? V (p. 72)		
499. Does the core financial system support Portable Document Format standards? V (p. 72)		
500. Does the core financial system support Standard Generalized Markup Language standards? V (p. 72)		
501. Does the core financial system provide the capability to electronically image, index, store, and retrieve document reference material? <sup>101</sup> V (p. 72)		
502. Does the core financial system notify the user of the presence of associated document images and allow an on-screen display of this material? V (p. 72)		

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<sup>100</sup> Document management includes technical requirements that define how the core financial system is to store and retrieve electronically formatted documents.

<sup>101</sup> For example, signed contracts, purchase orders, and vendor invoices.

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**Core Financial System Requirements**

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<p align="center"><b>Technical Requirements</b></p> <p align="center"><i>Internet Access</i><sup>102</sup></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation</b></p>
<p>503. Does the core financial system support secure Web browser access to all financial management system modules, including workflow-related features, for the purpose of entering new financial documents/transactions and for reviewing/approving their processing? <b>V</b> (p. 73)</p>		
<p>504. Does the core financial system support secure Internet access to the integrated ad hoc data query facility? <b>V</b> (p. 73)</p>		
<p>505. Does the core financial system provide the capability to receive public payment collections via the Internet?<sup>103</sup> <b>V</b> (p. 73)</p>		
<p>506. Does the core financial system support the use of standard public key infrastructure technology to control access to sensitive data over the Internet? <b>V</b> (p. 73)</p>		

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<sup>102</sup>Technical requirements relating to Internet access represent a specialized infrastructure subset. These requirements generally define user connectivity options.

<sup>103</sup>For example, Web-based collections via credit card.

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## Core Financial System Requirements

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<b>Technical Requirements</b> <i>Security</i> <sup>104</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
507. Does the core financial system have integrated security features that are configurable by the system administrator to control access to the application, functional modules, transactions, and data? <b>M</b> (p. 73)		
508. Are the core financial system application's integrated security features compliant with the National Institute of Standards and Technology (NIST) security standards? <b>M</b> (p. 73)		
509. Does the core financial system ensure that the agency's access policies are consistently enforced against all attempts made by users or other integrated system resources, including software used to submit ad hoc data query requests or to generate standard reports? <b>M</b> (p. 73)		
510. Does the core financial system require the use of unique user IDs and passwords for authentication purposes? <b>M</b> (p. 73)		
511. Are the core financial system passwords nonprinting and nondisplaying? <b>M</b> (p. 73)		
512. Does the core financial system application allow for the following: <ul style="list-style-type: none"> <li>a. the enforcement of password standards,<sup>105</sup></li> <li>b. the establishment of a specified period for password expiration, and</li> <li>c. the prohibition of recent password reuse? <b>M</b> (p. 73)</li> </ul>		

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<sup>104</sup>This technical category defines internal and external access controls.

<sup>105</sup>For example, minimum length and use of alpha, numeric, and special characters.

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## Core Financial System Requirements

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<b>Technical Requirements</b> <i>Security</i> <sup>104</sup>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
513. Does the core financial system enable the system administrator to define functional access rights <sup>106</sup> and data access rights <sup>107</sup> by assigned user ID, functional role, <sup>108</sup> and owner organization? <b>M</b> (p. 73)		
514. Does the core financial system permit the system administrator to assign multiple levels of approval to a single user, while preventing that user from applying more than one level of approval to a given document? <b>M</b> (p. 73)		
515. Does the core financial system allow the system administrator to restrict access to sensitive data elements, such as social security numbers and banking information, by named user, groups of users, or functional role? <b>M</b> (p. 74)		
516. Does the core financial system maintain an audit logging capability to record access activity, including the following: <ul style="list-style-type: none"> <li>a. all log-in/log-out attempts by user and workstation;</li> <li>b. user-submitted transactions;</li> <li>c. initiated processes;</li> <li>d. system override events; and</li> <li>e. direct additions, changes, or deletions to application-maintained data? <b>M</b> (p. 74)</li> </ul>		
517. Does the core financial system provide the ability to query the audit log by type of access, date and time stamp range, user ID, or terminal ID? <b>M</b> (p. 74)		

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<sup>106</sup>For example, to modules, transactions, and approval authorities.

<sup>107</sup>For example, record, create, read, update, and delete.

<sup>108</sup>For example, payable technician.

**Core Financial System Requirements**

<p><b>Technical Requirements</b> <i>Operations and Computing Performance</i></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>518. Does the core financial system include a process scheduling capability that enables the operator to initiate, monitor, and stop scheduled processes, such as online availability, batch jobs, and system maintenance? <b>M</b> (p. 74)</p>		
<p>519. Does the core financial system provide online status messages indicating job or transaction type and name, when requested processing starts and completes, and system errors? <b>M</b> (p. 74)</p>		
<p>520. Does the core financial system allow reports to be produced in the background while other system processing takes place? <b>M</b> (p. 74)</p>		
<p>521. Does the core financial system provide the system administrator the ability to control the archiving process? <b>M</b> (p. 74)</p>		
<p>522. Does the core financial system include the capability to establish and maintain user-defined archival criteria, such as date, accounting period, closed items, and vendors inactive for a specific time period? <b>M</b> (p. 74)</p>		
<p>523. Does the core financial system allow selective action on those documents that meet the user-defined archival criteria? <b>M</b> (p. 74)</p>		
<p>524. Does the core financial system retain archived data and system records in accordance with federal regulations established by the National Archives and Records Administration, GAO, and NIST? <b>M</b> (p. 75)</p>		

**Core Financial System Requirements**

<p><b>Technical Requirements</b> <i>Operations and Computing Performance</i></p>	<p><b>Yes, No, or N/A</b></p>	<p><b>Explanation</b></p>
<p>525. Does the core financial system provide the ability to selectively retrieve archived data based on user-defined criteria such as date, accounting period, or vendor? <b>M</b> (p. 75)</p>		
<p>526. Does the core financial system maintain and report on productivity statistics about application usage? <b>M</b> (p. 75)</p>		
<p>527. Does the core financial system provide audit trails to identify changes made to system parameters and tables that would affect the processing or reprocessing of any financial transactions? <b>M</b> (p. 75)</p>		
<p>528. Does the core financial system provide computing performance metrics, for platforms and systems environments on which the application is certified to run? <b>V</b> (p. 75)</p>		
<p>529. Do the core financial system’s vendor-provided performance metrics describe the following:</p> <ul style="list-style-type: none"> <li>a. transaction processing throughput capacity,</li> <li>b. expected workstation client response time by transaction type,</li> <li>c. data storage capacity, and</li> <li>d. limitations on concurrent user connectivity? <b>V</b> (p. 75)</li> </ul>		

## Core Financial System Requirements

<b>Technical Requirements</b> <i>Operations and Computing Performance</i>	<b>Yes, No, or N/A</b>	<b>Explanation</b>
530. Does the core financial system process an agency's projected accounting activity without affecting projected online response time? <b>V</b> (p. 75)		
531. Does the core financial system complete routine batch processing <sup>109</sup> within an agency-defined batch processing window? <b>V</b> (p. 75)		
532. Does the core financial system maintain the agency's current and historical financial data <sup>110</sup> with no degradation to online or batch processing performance? <b>V</b> (p. 75)		
533. Does the core financial system support concurrent access to functional modules by the agency's defined user community? <b>V</b> (p. 75)		
534. Does the core financial system disclose processing jobs, steps, and dependencies that are required to operate the system on a daily, weekly, monthly, quarterly, and annual basis? <b>V</b> (p. 75)		
535. Does the core financial system provide the capability to process batched transactions during online hours and accept online transactions from interfacing systems with no online performance degradation? <b>V</b> (p. 75)		

<sup>109</sup>For example, backups, nightly interface processing, core general ledger posting, table updates, standard reporting, and systems assurance.

<sup>110</sup>For example, general ledger records, documents, transactions, lines, and vendor records.

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## Core Financial System Requirements

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## Core Financial System Requirements

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### Related GAO Products

These related products address two main categories: internal control and financial management systems. We have developed these guidelines and tools to assist agencies in improving or maintaining effective operations and financial management.

### Internal Control

*Maintaining Effective Control Over Employee Time and Attendance Reporting.* GAO-03-352G. Washington, D.C.: January 2003.

*Streamlining the Payment Process While Maintaining Effective Internal Control.* GAO/AIMD-00-21.3.2. Washington, D.C.: May 2000.

*Internal Control Management and Evaluation Tool.* GAO-01-1008G. Washington, D.C.: August 2001.

*Standards for Internal Control in the Federal Government.* GAO/AIMD-00-21.3.1. Washington, D.C.: November 1999.

*Determining Performance and Accountability Challenges and High Risks.* GAO-01-159SP. Washington, D.C.: November 2000.

### Financial Management Systems Checklists

*Acquisition/Financial Systems Interface Requirements.* GAO-04-650G. Washington, D.C.: June 2004.

*Seized Property and Forfeited Assets Requirements.* GAO-01-99G. Washington, D.C.: October 2000.

*Benefit System Requirements.* GAO-04-22G. Washington, D.C.: October 2003.

*Inventory System.* GAO/AIMD-98-21.2.4. Washington, D.C.: May 1998.

*Property Management Systems Requirements.* GAO-02-171G. Washington, D.C.: December 2001.

*Human Resources and Payroll Systems Requirements.* GAO/AIMD-00-21.2.3. Washington, D.C.: March 2000.

*Grant Financial System Requirements.* GAO-01-911G. Washington, D.C.: September 2001.

*System Requirements for Managerial Cost Accounting.* GAO/AIMD-99-21.2.9. Washington, D.C.: January 1999.

*Guaranteed Loan System Requirements.* GAO-01-371G. Washington, D.C.: March 2001.

*Travel System Requirements.* GAO/AIMD-00-21.2.8. Washington, D.C.: May 2000.

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