



U.S. Department of Housing and Urban Development  
**Office of Inspector General**  
451 7<sup>th</sup> St., S.W  
Washington, D.C. 20410

**MEMORANDUM NO.:**  
**2004-DP-0801**

August 25, 2004

**MEMORANDUM FOR:** Carin M. Barth, Chief Financial Officer, F

*Curtis Hagan*

**FROM:** Curtis W. Hagan, Director, Information Systems Audit Division, GAA

**SUBJECT:** Funds Management Function Compliance with Joint Financial Management Improvement Program, "Core Financial System Requirements" (JFMIP-SR-02-01, November 2001)

### **INTRODUCTION**

We have completed an audit of the Department of Housing and Urban Development (HUD) and Federal Housing Administration core financial systems to determine whether they are capable of performing the mandatory Funds Management Function requirements provided in Joint Financial Management Improvement Program (JFMIP) Publication SR-02001, "Core Financial System Requirements," dated November 2001.

### **METHODOLOGY AND SCOPE**

The scope of our review was limited to determining whether HUD and Federal Housing Administration core financial systems were capable of performing the mandatory functions for Funds Management provided in Joint Financial Management Improvement Program (JFMIP) Publication SR-02001, "Core Financial System Requirements." We did not make an assessment of the implementation of these functionalities. We also did not determine whether the optional, "value-added" requirements were met.

We performed our audit at the HUD Headquarters in Washington, DC. We conducted interviews, reviewed documentation, and observed system functionality. The audit covered the period February 2004 through July 2004.

## **BACKGROUND**

The Joint Financial Management Improvement Program is a joint undertaking of the U.S. Department of the Treasury, the General Accountability Office, the Office of Management and Budget, and the Office of Personnel Management, working in cooperation with each other to improve financial management practices in the Federal Government. Since 1998, the Program has published over fifteen system requirement documents. The documents segregate functional requirements into two categories – mandatory and value-added. The mandatory requirements describe what the system must do. The value-added requirements describe optional features and characteristics. This review focused on the mandatory Funds Management Function requirements specified in the Joint Financial Management Improvement Program (JFMIP) Publication SR-02001, “Core Financial System Requirements,” dated November 2001.

Joint Financial Management Improvement Program (JFMIP) Publication SR-02001 defines the Funds Management Function as processes for budget preparation, budget formulation, funds allocation, budget execution, and funds control. These processes are a means of assuring that an agency does not obligate or disburse funds in excess of amounts appropriated or authorized.

HUD and the Federal Housing Administration each have core financial systems with Funds Management capability. The Funds Management Function in HUD’s core financial system is located in the HUD Central Accounting and Program System (HUDCAPS) and the Program Accounting System (PAS). The Federal Housing Administration’s Funds Management Function is contained in the Administration’s Subsidiary Ledger.

## **RESULTS OF REVIEW**

Our audit disclosed no instances in which the core financial systems used by HUD and the Federal Housing Administration were incapable of performing the mandatory Funds Management Function requirements provided in Joint Financial Management Improvement Program (JFMIP) Publication SR-02001, “Core Financial System Requirements,” dated November 2001.

**Concurrence:**

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| <b>H. Do</b> | <b>C. Hagan</b> |  |  |