



Audit Report



OIG-26-006

FINANCIAL MANAGEMENT

Report on the Bureau of the Fiscal Service's Funds Management Branch's Description of its Trust Funds Management Services and the Suitability of the Design and Operating Effectiveness of its Controls for the Period August 1, 2024 to July 31, 2025

December 19, 2025

**Office of Inspector General
Department of the Treasury**

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, DC. 20220

December 19, 2025

**MEMORANDUM FOR JOSEPH GIOELI, ACTING DEPUTY COMMISSIONER,
FINANCING AND OPERATIONS
BUREAU OF THE FISCAL SERVICE**

FROM: Shelia S. Michel /s/
Acting Director, Financial Statement Audits

SUBJECT: Report on the Bureau of the Fiscal Service's Funds
Management Branch's Description of its Trust Funds
Management Services and the Suitability of the Design and
Operating Effectiveness of its Controls for the Period
August 1, 2024 to July 31, 2025

We hereby transmit the attached subject report. Under a contract monitored by our office, KPMG LLP (KPMG), a certified independent public accounting firm, examined management of the Bureau of the Fiscal Service's (Fiscal Service) description of its service system for processing program entities' trust funds transactions (the system) titled "Management of the Bureau of the Fiscal Service's Description of its Trust Funds Management Services" (the Description) throughout the period August 1, 2024 to July 31, 2025, and the suitability of the design and operating effectiveness of the controls included in the Description. This report includes the Description, management's written assertion, and KPMG's independent service auditors' report. The contract required that the examination be performed in accordance with U.S. generally accepted government auditing standards and the attestation standards established by the American Institute of Certified Public Accountants.

In its examination, KPMG found in all material respects:

- the Description fairly presents the system that was designed and implemented throughout the period August 1, 2024 to July 31, 2025;
- the controls related to the control objectives stated in the Description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period August 1, 2024 to July 31, 2025, and subservice organizations and program agencies applied the complementary controls assumed in the design of Fiscal Service's controls throughout the period August 1, 2024 to July 31, 2025; and

- the controls operated effectively to provide reasonable assurance that the control objectives stated in the Description were achieved throughout the period August 1, 2024 to July 31, 2025, if complementary subservice organization controls and complementary program agency controls, assumed in the design of Fiscal Service's controls, operated effectively throughout the period August 1, 2024 to July 31, 2025.

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an examination in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on Fiscal Service's description of controls, the suitability of the design of these controls and the operating effectiveness of controls tested. KPMG is responsible for the attached independent service auditors' report dated December 19, 2025, and the conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with generally accepted government auditing standards.

If you wish to discuss this report, please contact me at (202) 927-5407.

Attachment

cc: Timothy E. Gribben, Commissioner

**Department of the Treasury
Bureau of the Fiscal Service**

**Funds Management Branch Trust Funds Management Services
General Computer,
Trust Funds Management Processing, and Monitoring Controls**

**Report on Bureau of the Fiscal Service's Funds Management Branch's
Description of Its Trust Funds Management Services and the Suitability
of the Design and Operating Effectiveness of Its Controls
(SOC 1® - Type 2 Report)
For the Period August 1, 2024 to July 31, 2025**

**DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE
FUNDS MANAGEMENT BRANCH**

**REPORT ON BUREAU OF THE FISCAL SERVICE'S FUNDS MANAGEMENT
BRANCH'S DESCRIPTION OF ITS TRUST FUNDS MANAGEMENT SERVICES AND
THE SUITABILITY OF THE DESIGN AND OPERATING EFFECTIVENESS OF ITS
CONTROLS**

For the Period August 1, 2024 to July 31, 2025

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**I. INDEPENDENT SERVICE AUDITORS' REPORT PROVIDED BY
KPMG LLP**



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Service Auditors' Report

Deputy Inspector General
Department of the Treasury

Acting Deputy Commissioner, Financing and Operations
Bureau of the Fiscal Service

Scope

We have examined management of the Bureau of the Fiscal Service's (Fiscal Service) accompanying description of its Trust Funds Management services (the System) for processing program entities' transactions throughout the period August 1, 2024 to July 31, 2025 titled "Management of the Bureau of the Fiscal Service's Description of its Trust Fund Management Services" (the Description) and the suitability of the design and operating effectiveness of the controls included in the Description to achieve the related control objectives stated in the Description, based on the criteria identified in "Management of the Bureau of the Fiscal Service's Assertion" (the Assertion). The controls and control objectives included in the Description are those that management of Fiscal Service believes are likely to be relevant to program entities' internal control over financial reporting, and the Description does not include those aspects of the System that are not likely to be relevant to program entities' internal control over financial reporting.

Fiscal Service uses the subservice organizations identified in Section III to perform some of the services provided to program entities that are likely to be relevant to those program entities' internal control over financial reporting. The Description includes only the control objectives and related controls of Fiscal Services and excludes the control objectives and related controls of the subservice organizations. The Description also indicates that certain control objectives specified by Fiscal Service can be achieved only if complementary subservice organization controls assumed in the design of Fiscal Service's controls are suitably designed and operating effectively, along with the related controls at Fiscal Service. Our examination did not extend to controls of the subservice organizations, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

The Description indicates that certain control objectives specified in the Description can be achieved only if complementary program entity controls assumed in the design of Fiscal Service's controls are suitably designed and operating effectively, along with related controls at Fiscal Service. Our examination did not extend to such complementary program entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary program entity controls.

Service Organization's Responsibilities

In Section II, management of Fiscal Service has provided the Assertion about the fairness of the presentation of the Description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description. Fiscal Service is responsible for preparing the Description and Assertion, including the completeness, accuracy, and method of presentation of the Description and Assertion, providing the services covered by the Description, specifying the control objectives and stating them in the Description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the Assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the Description.



Service Auditors' Responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the Description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the Description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in the Assertion, the Description is fairly presented and the controls were suitably designed and operated effectively to achieve the related control objectives stated in the Description throughout the period August 1, 2024 to July 31, 2025. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of controls involves:

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on the criteria in management's assertion;
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description;
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved; and
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Inherent Limitations

The Description is prepared to meet the common needs of a broad range of program entities and their auditors who audit and report on program entities' financial statements and may not, therefore, include every aspect of the System that each individual program entity may consider important in its own particular environment. Because of their nature, controls at a service organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the Description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives stated in the Description, is subject to the risk that controls at a service organization may become ineffective.

Description of Tests of Controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section IV.



Opinion

In our opinion, in all material respects, based on the criteria described in the Assertion:

- the Description fairly presents the System that was designed and implemented throughout the period August 1, 2024 to July 31, 2025;
- the controls related to the control objectives stated in the Description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period August 1, 2024 to July 31, 2025, and subservice organization(s) and program entities applied the complementary controls assumed in the design of Fiscal Service's controls throughout the period August 1, 2024 to July 31, 2025; and
- the controls operated effectively to provide reasonable assurance that the control objectives stated in the Description were achieved throughout the period August 1, 2024 to July 31, 2025 if complementary subservice organization controls and complementary program entity controls, assumed in the design of Fiscal Service's controls, operated effectively throughout the period August 1, 2024 to July 31, 2025.

Restricted Use

The purpose of this report, including the description of tests of controls and results thereof in the description of tests of controls, is solely to provide information for management of the Fiscal Service, program agencies of Fiscal Service's System during some or all of the period August 1, 2024 to July 31, 2025, and their auditors who audit and report on such program agencies' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by program agencies themselves, when assessing the risks of material misstatement of program agencies' financial statements, to support evaluations of the effect of Fiscal Service's controls on program agencies' financial statements. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

Washington DC
December 19, 2025

**II. MANAGEMENT OF THE BUREAU OF THE FISCAL SERVICE'S
ASSERTION**



DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE
WASHINGTON, DC 20227

Management of the Bureau of the Fiscal Service's Assertion

We have prepared the accompanying description of the Bureau of the Fiscal Service's (Fiscal Service) Trust Funds Management services titled "Management of the Bureau of the Fiscal Service's Description of Its Trust Funds Management Services" (the Description) for processing program entities' transactions throughout the period August 1, 2024 to July 31, 2025 for program entities of the Trust Funds Management service system (the System) during some or all of the period August 1, 2024 to July 31, 2025, and their auditors who audit and report on such program entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by subservice organizations and program entities of the System themselves, when assessing the risks of material misstatement of program entities' financial statements. (the System)

Fiscal Service uses the subservice organizations identified in Section III to perform some of the services provided to program entities that are likely to be relevant to those program entities' internal control over financial reporting. The Description includes only the control objectives and related controls of Fiscal Service and excludes the control objectives and related controls of the subservice organizations. The Description also indicates that certain control objectives specified in the Description can be achieved only if complementary subservice organization controls assumed in the design of our controls are suitably designed and operating effectively along with the related controls at Fiscal Service. The Description does not extend to controls of the subservice organizations.

The Description indicates that certain control objectives specified in the Description can be achieved only if complementary program entity controls assumed in the design of Fiscal Service's controls are suitably designed and operating effectively, along with related controls at Fiscal Service. The Description does not extend to controls of the program entities.

We confirm, to the best of our knowledge and belief, that:

- a) The Description fairly presents the System made available to program entities of the System during some or all of the period August 1, 2024 to July 31, 2025 for processing their transactions as it relates to controls that are likely to be relevant to program entities' internal control over financial reporting. The criteria we used in making this assertion were that the Description
 - i. presents how the System made available to program entities of the System was designed and implemented to process relevant program entity transactions, including, if applicable,
 - (1) the types of services provided, including, as appropriate, the classes of transactions processed;
 - (2) the procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for program entities of the System;
 - (3) the information used in the performance of the procedures, including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions;

this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for program entities;

- (4) how the System captures and addresses significant events and conditions other than transactions;
- (5) the process used to prepare reports and other information for program entities;
- (6) services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them;
- (7) the specified control objectives and controls designed to achieve those objectives, including, as applicable, complementary program entity controls and complementary subservice organization controls assumed in the design of the service organization's controls; and
- (8) other aspects of our control environment, risk assessment process, information and communication (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.

- ii. includes relevant details of changes to Fiscal Service's System during the period covered by the Description.
- iii. does not omit or distort information relevant to Fiscal Service's System, while acknowledging that the Description is prepared to meet the common needs of a broad range of program entities of the System and their auditors, and may not, therefore, include every aspect of the System that each individual program entity of the System and its auditor may consider important in its own particular environment.

b) The controls related to the control objectives stated in the Description were suitably designed and operated effectively throughout the period August 1, 2024 to July 31, 2025 to achieve those control objectives if subservice organizations and program entities applied the complementary controls assumed in the design of Fiscal Service's controls throughout the period August 1, 2024 to July 31, 2025. The criteria we used in making this assertion were that:

- i. the risks that threaten the achievement of the control objectives stated in the Description have been identified by management of Fiscal Service;
- ii. the controls identified in the Description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the Description from being achieved; and
- iii. the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Erica D. Gaddy
Assistant Commissioner, Fiscal Accounting
December 19, 2025



**III. MANAGEMENT OF THE BUREAU OF THE FISCAL SERVICE'S
DESCRIPTION OF ITS TRUST FUNDS MANAGEMENT SERVICES**

OVERVIEW OF OPERATIONS

The Funds Management Branch (FMB) is a component of the Bureau of the Fiscal Service (Fiscal Service). Fiscal Service Delegation 10-5, *Organizational Structure for the Bureau of the Fiscal Service and Delegations of Authority*, dated October 9, 2022, and Fiscal Service Delegation 30-1, *Subject: Organizational Structure for the Office of Fiscal Accounting Operations and Delegation of Authority*, dated October 9, 2022, established the Office of Fiscal Accounting's (FA) responsibility to administer Trust Funds management services, which includes providing management and accounting services for select Government Trust Funds, Treasury Managed Accounts, and accounts of Treasury's Office of the Assistant Secretary for International Affairs.

The purpose of each Trust Fund is to account for assets for specific programs directed by the program entities pursuant to specific enabling legislation that created and continues to authorize the operation of each specific Trust Fund. The Secretary of the Treasury, through the Fiscal Assistant Secretary, is responsible for processing certain Trust Fund activity and reporting this activity. The federal agencies that have programmatic responsibility for the select Government Trust Funds that are covered in this report are referred to as "program entities." State unemployment agencies also have programmatic responsibilities for their associated accounts that, along with federal agency accounts, are part of the Unemployment Trust Fund. The term "program entities" also encompasses these state unemployment agencies.

FMB services the Trust Funds in accordance with established laws and fiscal and other Department of the Treasury (Treasury) policies that govern the Trust Funds. FMB's responsibilities include establishing accounting records, processing transactions, determining the timing and condition of transactions, maintaining reference files, and recording adjustments. FMB records transactions based on information provided by Fiscal Service, program entities, and other organizations.

These responsibilities are handled by the FMB with the exception of interest certification, which is handled by the Federal Investments and Borrowings Branch (FIBB). FMB is the service organization responsible for processing certain receipt, investment, investment servicing, disbursement, and redemption transactions for 21 Trust Funds. In addition, FMB reports the results of the transactions processed to the Fiscal Service and the program entities whose programs are funded by the Trust Funds. FMB employs 20 personnel that are responsible for the management of and reporting for these Trust Funds. FMB reports on nearly \$3.4 trillion of Trust Fund assets. FMB more specifically:

- Analyzes provisions and limitations of public laws relating to authorized Trust Fund transactions.
- Processes receipt, investment, investment income, and disbursement activity.
- Establishes and controls the record keeping of the Trust Fund activity processed by FMB.
- Provides monthly reports to program entities reflecting Trust Fund activities and balances.

Supporting documentation is maintained in work folders in electronic format which are readily available upon request. Key documents include the following:

- Transaction supporting documentation:
 - Receipt notification documents, such as Office of Tax Analysis (OTA) tax estimate/adjustment letters, Internal Revenue Service (IRS) tax refund/credit letters, program entity receipt letters/reports, Deposit Summary Form (SF- 215), and Collections Information Repository (CIR) reports;
 - Intragovernmental Payment and Collection (IPAC) transaction reports;
 - Classification Transactions and Accountability (CTA) worksheets generated from Oracle Federal Financials (Oracle) which is described on Page 16 of this report;
 - FA issued warrant journal voucher (SF-1017);
 - Fund Checklist/Investment and Redemption Requests;
 - Investment and Redemption Confirmations;
 - Disbursement request letters from program entities;
 - Non-Expenditure Transfer Authorization (NET);
 - Automated Standard Application for Payments (ASAP) System Transaction by Account ID reports, disbursement and transfer request files and reports (See Subservice Organizations section for description of ASAP);
 - InvestOne accounting system pending transactions report (Unemployment Trust Fund [UTF] Only); and
 - Salesforce notice of awards and generated emails.
- Cash Forecasting Report (InvestOne and Oracle)
- Daily Transaction Support Package (DTSP)
- Monthly financial review checklist
- CTA/Central Accounting Reporting System (CARS) Account Statement (See Subservice Organizations section for description of CARS)
- FIBB generated Monthly Statement of Account
- Monthly Financial Reconciliation
 - InvestOne to Oracle Trial Balance report reconciliation;
 - Fund Balance with Treasury reconciliation;
 - Oracle to FIBB investment activity reconciliation; and
 - Budgetary to Proprietary account reconciliations.
- Financial Statement Package:
 - Trial Balance reports;
 - Balance Sheet(s); and
 - Income Statements.
- Federal Unemployment Account (FUA) Pending Report (UTF only)
- ASAP transaction report (Gulf Coast Restoration Trust Fund [GCRTF] and UTF only)
- UTF InvestOne Borrowing Reports (UTF only)

FMB processes receipt transactions based on warrants provided by other Fiscal Service organizations or amounts received from program entities and other organizations using the IPAC or CIR systems. The OTA and IRS are responsible for determining the amount of tax receipts. The program entities and other organizations are responsible for determining the amount of the non-tax receipts.

FMB invests the receipts in Treasury securities. FMB summarizes the daily receipts, prepares the Fund Checklist/Investment/Redemption Requests (IRR), and enters the request into FedInvest, which purchases the requested security and posts an Investment Confirmation in the FedInvest system. FMB primarily purchases non-marketable Treasury securities that are held in the name of the Secretary of the Treasury for the Trust Funds, such as:

Non-marketable, market-based securities

- Bills
- Bonds
- Notes
- One-day securities

Non-marketable, par value securities

- Special issue bonds
- Certificates of indebtedness

The interest on securities held for the Trust Funds is credited to the Trust Funds in accordance with legislation. FIBB assigns interest rates for the securities issued to the Trust Funds. The interest rate for a non-marketable par value security is based on specific legislation or the average monthly rate of all outstanding Treasury debt instruments. The interest rate for a non-marketable market-based security is based on the daily rate established by the Office of Debt Management within the Treasury for an equivalent marketable security.

FIBB issues non-marketable market-based bills, bonds, and notes at a discount or premium. FMB amortizes the discounts for bills (i.e., short-term securities) using the straight-line method and the discounts and premiums for bonds and notes (i.e., long-term securities) using the level yield method, which approximates the effective interest method.

Interest income is a receipt to the Trust Fund and is either used to meet program entity disbursement requests or is reinvested according to the Trust Funds' investment policy. The accountant records interest income as either received or accrued each month. If a gain or loss is sustained when a security is redeemed prior to maturity to meet the cash needs of a program entity, then a gain or loss is also recorded.

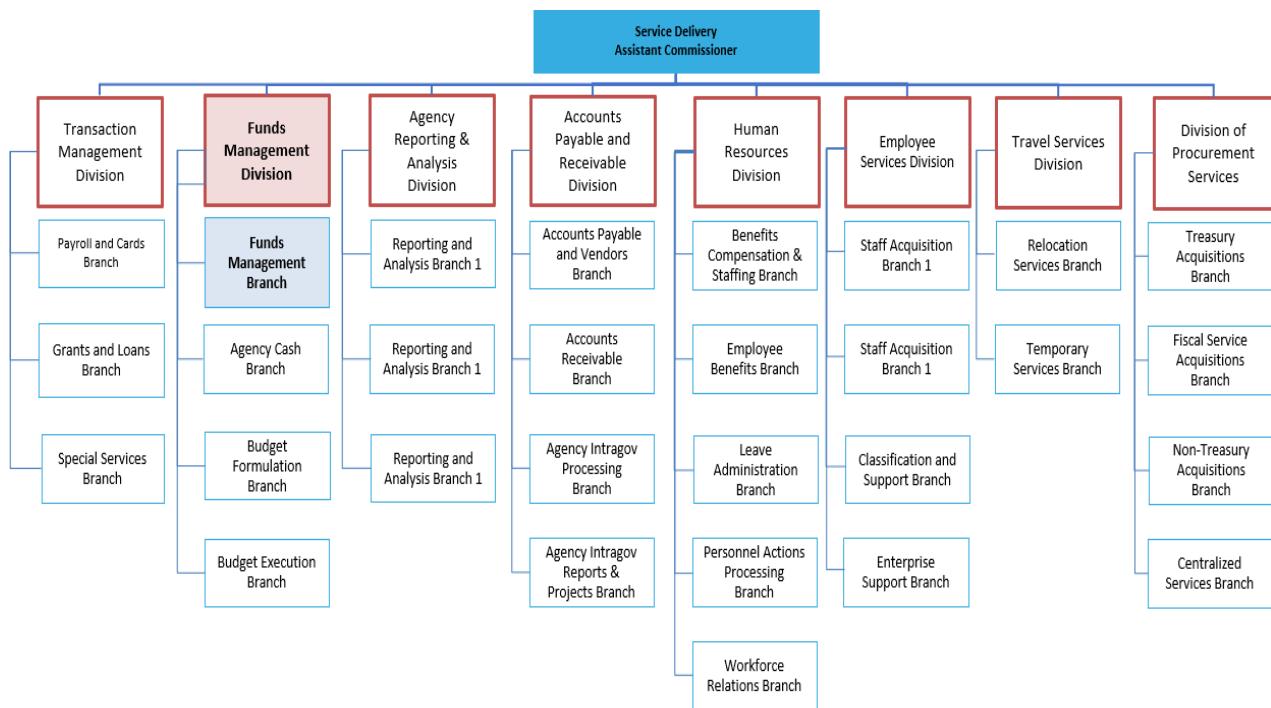
The program entities that are authorized to use Trust Fund assets as program resources request disbursements from FMB. FMB prepares a Fund Checklist and Investment/Redemption Requests and enters the request into FedInvest, which redeems the requested amount of securities and posts a Redemption Confirmation in the FedInvest system. FMB enters a non-expenditure transfer authorization into Fiscal Service's CTA/CARS System to transfer the requested funds to the program entities. The program entities have responsibility for the ultimate disposition of the Trust Fund assets.

The receipt, investment, investment income, and disbursement activity provide the basis for reporting financial information to the program entities that use the Trust Fund resources, as well as other interested parties such as the Office of Management and Budget (OMB) and Treasury offices. FMB provides monthly financial reports including the activity and balances to the program entities.

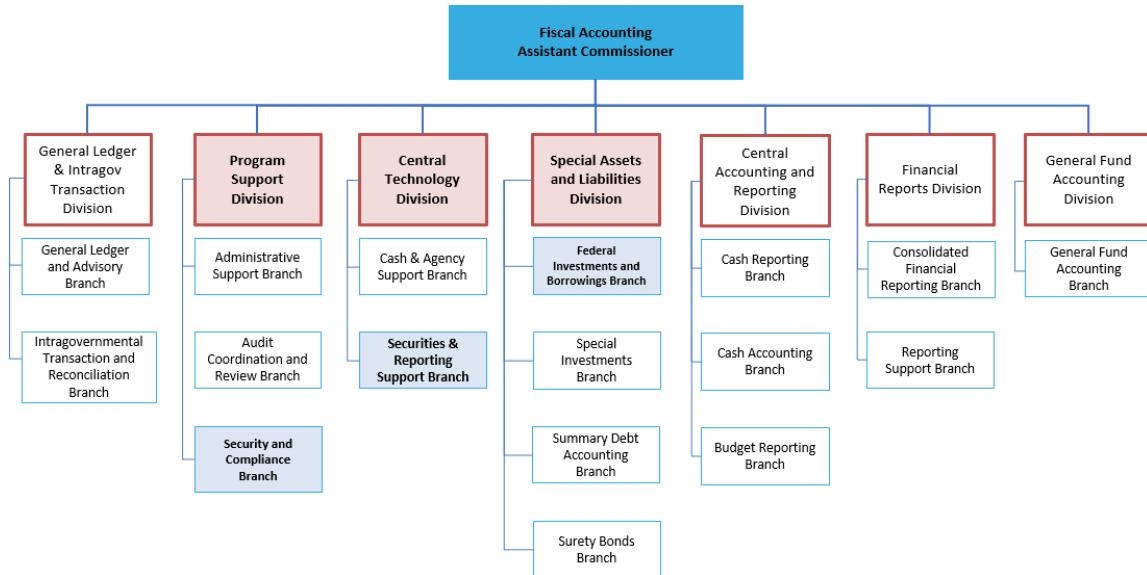
The in-scope Fiscal Service functions are the Funds Management Branch, Central Technology Division (CTD), and the Program Support Division (PSD). The ARC Service Delivery and Fiscal Accounting Charts below illustrates the relationships and chains of command for the aforementioned:

ORGANIZATIONAL CHART

ARC Service Delivery



Fiscal Accounting



RELEVANT ASPECTS OF THE CONTROL ENVIRONMENT, RISK ASSESSMENT, AND MONITORING

Control Environment

Operations are primarily under the direction of the Funds Management Division (FMD) Director, PSD, and CTD, which represent the functional areas listed below:

- *Administrative development.* Coordinates various aspects of the operations. Identifies areas requiring internal controls and implements those controls. Performs systems planning, development, and implementation. Reviews network operations and telecommunications and performs disaster-recovery planning and database administration.
- *Program support.* Supports program entities in all aspects of their use of the application system including research and resolution of identified problems.
- *Operations.* Manages daily computer operations, production processing, report production and distribution, and system utilization and capacity.

FMD, PSD, and CTD hold bi-weekly management meetings to discuss special processing requests, operational performance, and the development and maintenance of projects in process. Written position descriptions for employees are maintained. The descriptions are inspected annually and revised as necessary.

References are sought and background, credit, and security checks are conducted for all Fiscal Service personnel when they are hired. Additional background, credit, and security checks are performed every three to five years. The confidentiality of program entity information is stressed during the new employee orientation program and is emphasized in the personnel manual issued to each employee. Fiscal Service provides a mandatory orientation program to all full-time employees and encourages employees to attend other formal outside training.

All Fiscal Service employees receive an annual written performance evaluation and salary review. These reviews are based on goals and objectives that are established and reviewed during meetings between the employee and the employee's supervisor. Completed appraisals are reviewed by senior management and become a permanent part of the employee's personnel file.

Risk Assessment

Fiscal Service has placed into operation a risk assessment process to identify and manage risks that could affect FMB's ability to provide reliable transaction processing for program entities. This process requires management to identify significant risks in their areas of responsibility and to implement appropriate measures and controls to manage these risks.

Additionally, all mission-critical systems and general support systems are subject to an internal risk-based review every year. This review identifies assets and possible threats to these assets, provides a measure of vulnerability of the system to these threats, and confirms control or protective measures are in place.

Monitoring

Fiscal Service management and supervisory personnel monitor the quality of internal control performance as a normal part of their activities. Management and supervisory personnel reviews help to ensure the accountants process transactions and perform internal controls. In addition,

management reviews financial reports that summarize the Trust Fund transaction processing. One key control is that each month the accountants reconcile the trial balance reports from Oracle to the CARS Account Statement.

Fiscal Service also uses the results of the annual System and Organization Controls (SOC) 1 Report relevant to program entities' internal control over financial reporting as a tool for identifying opportunities to strengthen controls.

Fiscal Service management also obtains and reviews relevant subservice organization SOC 1 reports on an annual basis as they become available. For Fiscal Service systems that do not receive a SOC 1 report, system verification letters are prepared to document the information security controls that are implemented. The system verification letters are also obtained and reviewed by management.

INFORMATION AND COMMUNICATION

Information Systems

InvestOne Accounting System Description

The InvestOne accounting system is a vendor-supplied subsystem of the Debt Information Management System (DIMS). InvestOne is used to record and report UTF activity and balances reported by FMB. The InvestOne accounting system is licensed by Fidelity National Information Services (FIS).

The InvestOne accounting system resides on a distributed client-server environment with a Linux operating system. The InvestOne database files utilize Exadata and reside on Oracle databases. The InvestOne operating environment utilizes workload/scheduling software.

The ISS provides the primary support for maintaining the InvestOne accounting system. This includes the distributed client-server operations (batch processing and reporting), custom report writing, application change management, data management, backup and recovery, user access security, remote access, and continuity management. InvestOne is comprised of two different components. InvestOne Java Engine Tier (JET) and InvestOne Enterprise. InvestOne Enterprise gives access to the JET data via screens and reports and is only accessible to internal users. JET data is accessed and updated via Transmission Control Protocol (TCP)/Internet Protocol (IP) and Application Programming Interface (API) provided by the vendor.

The accountants receive supporting documentation daily for recording Trust Fund activity. The accountants record the activity in Oracle Federal Financials (see description below) as the supporting documentation is received for all funds except for UTF. This process provides the accountants with information on daily cash balances that helps them to verify that the activity was processed and invested correctly. The Oracle system provides monthly trial balance reports and financial reports.

FedInvest Description

FedInvest operated within a client-server Windows environment, also a subsystem of DIMS, is a vendor-developed and ISS maintained, web-based extension to the InvestOne accounting system that provides access to the federal investments information through the internet. FedInvest allows federal investment fund managers to assume direct responsibility for managing their respective accounts. Using FedInvest, program entities can input investment and redemption transactions into InvestOne accounting system, as well as view account statements and transaction information over the internet. Additionally, FedInvest provides an interface to the InvestOne accounting system for internal fund managers in Fiscal Service's Funds Management Division. FedInvest includes edit checks that serve to enforce federal investment program policies resulting in improved data quality in the InvestOne accounting system. These edit checks include, but are not limited to, preventing invalid account numbers, preventing back dated trades, and ensuring the correct transaction code is used.

FedInvest also includes two extensions that are available only to Fiscal Service internal users. The Customer Role Management (CRM) module is used by the Information System Security Representatives (ISSRs) to manage FedInvest users and their access to associated investment account information. CRM is used by FIBB accountants to manage security type and account information. CRM is also used to create and post broadcast messages (announcements) that are seen by users signed onto the system and establish email communication to all system users and

their agency Chief Financial Officers. The Rate Price Administration (RPA) module is used by FIBB accountants to load rates/prices, publish rates/prices on the TreasuryDirect website, apply prices to pending market-based transactions, post pending special issue par value redemption transactions, and update FedInvest with the Consumer Price Index (CPI) for processing Treasury Inflation-Protected Security (TIPS) transactions.

Oracle Federal Financials (Oracle) Description

The Administrative Resource Center (ARC) has outsourced the hosting of Oracle Federal Financials to Oracle Managed Cloud Services. As the hosting company for ARC, Oracle on Demand staff serve as the database and system administrator and provides backup and recovery services (see Subservice Organization section for description of ARC). Oracle physically resides in a caged federal environment within Oracle Managed Cloud Services' Austin Data Center and is only accessible via a Virtual Private Network (VPN) between Fiscal Service and Oracle Managed Cloud Services.

Oracle Managed Cloud Services operates Oracle Federal Financials and Oracle database in a Linux operating system environment. Oracle uses a two-tier web-based infrastructure with a front-end internet user interface and a database residing on the secure network. The application accesses the database IP address on a specified port that is defined in the Access Control List. Only select IP addresses that are defined in the Access Control List are permitted to connect to the database IP. Internet access is via a 128-bit or higher Transport Layer Security (TLS) encrypted connection. The application is compliant with Section 508 of the Rehabilitation Act Amendment for 1998 for Americans with Disabilities (ADA).

FMB also uses Oracle Business Intelligence (OBI) report writer packages that provide users with the ability to create their own ad hoc reports for query purposes.

Communication

Fiscal Service has implemented various methods of communication to employees to convey their individual roles and responsibilities over transaction processing and controls. These methods include orientation and training programs for newly hired employees and the use of electronic mail messages to communicate time sensitive messages and information. Managers also hold periodic staff meetings as appropriate. Every employee has a written position description that includes the responsibility to communicate significant issues and exceptions to an appropriate higher level within the organization in a timely manner.

CONTINGENCY PLANNING

System Back Up

The InvestOne accounting system is included in the DIMS information system contingency plan (ISCP) managed by the FA, PSD, Security and Compliance Branch (SCB). This plan is part of the DIMS System Security Plan (SSP), which is managed by the DIMS Information System Security Officer (ISSO) in PSD/SCB. There is a formal Special Assets and Liabilities Division (SALD), Business Continuity Plan (BCP), which is part of a larger BCP for FA and the Fiscal Service Continuity of Operations Plan (COOP). Throughout the year, FMB performs contingency tests on all Mission Essential Functions requiring the InvestOne accounting system.

ISS performs backups of the InvestOne accounting system on a regular schedule. ISS retains the backups according to a pre-set schedule. ISS stores one backup copy in the production data center

facility, and the backup is also replicated to the disaster recovery site. If a backup needs to be restored, the request will be made from CTD or PSD. ISS will then restore the backup.

Continuity of Operations

A fire alarm and sprinkler system that is managed, maintained, and tested by the building management protects the data center. Sprinkler heads are located in the ceiling of each room of the buildings. This is a pre-action dry pipe system, charged with nitrogen, with individual heads that discharge water.

The FA BCP calls for resumption of operations and critical applications of essential functions within a pre-set four-hour time frame. The InvestOne accounting system has been classified as a critical application.

As part of the FA BCP, should the facility supporting InvestOne accounting system and FedInvest become unavailable, designated FMB personnel will relocate to reestablish their daily operations. When applicable, Fiscal Service will revert to manual procedures until the InvestOne accounting system and FedInvest are fully recovered.

CONTROL OBJECTIVES AND RELATED CONTROLS

The Fiscal Service control objectives and related controls are included in Section IV of this report, “Management of the Bureau of the Fiscal Service’s Control Objectives and Related Controls, and KPMG, LLP’s Tests of Operating Effectiveness and Results of Testing.” Although the control objectives and related controls are included in Section IV, they are, nevertheless, an integral part of Fiscal Service’s description of controls.

COMPLEMENTARY PROGRAM ENTITY CONTROLS

FMB's controls related to its system supporting the delivery of Trust Fund management processing services cover only a portion of overall internal control for each program entity of FMB. It is not feasible for the control objectives related to FMB's services to be achieved solely by FMB. Therefore, each program entity's internal control over financial reporting should be evaluated in conjunction with FMB's controls, related tests, and results described in Section IV of this report, taking into account the related complementary program entity controls as described below, where applicable. In order for program entities to rely on the controls reported herein, each program entity must evaluate its own internal control to determine whether the identified complementary program entity controls have been implemented and are operating effectively.

Program entities should have established controls to provide reasonable assurance to:

	Complimentary Program Entity Control	Related Control Objective
1	FedInvest access is restricted to properly authorized individuals.	5
2	Only authorized receipts are deposited into the Trust Funds.	7
3	Receipt amounts are reviewed and approved.	7
4	Receipt information is provided to FMB within the required time frames.	7
5	The fund balance with Treasury is reconciled with corresponding Fiscal Service records to ensure that program entities receive complete and accurate Trust Fund receipts and disbursements, and any noted discrepancies are resolved in a complete, accurate, and timely manner.	7, 11
6	The monthly Trust Fund financial reports are reviewed to ensure that receipt and disbursement transactions are accurately recorded, and any noted discrepancies are resolved in a complete, accurate, and timely manner.	7, 11, 12
7	The oversight of the investments purchased, and related investment income, is appropriate to ensure the policies and cash flow needs of the program entity are being met.	8, 9
8	Disbursement requests are reviewed and approved to authorize withdrawals from the Trust Funds.	11
9	Disbursement requests are provided to FMB within the required time frame.	11
10	ASAP access is restricted to authorized individuals. (UTF and GCRTF only)	11, 13
11	Disbursement requests are accurately transmitted to FMB.	11
12	Disbursements are reconciled to bank records to verify transactions are complete, accurate, and recorded in the correct period. (UTF only)	11
13	UTF account statements, transaction statements, and Federal activity reports are reviewed to ensure that transactions are accurately recorded, and any noted discrepancies are resolved in a complete, accurate, and timely manner.	12
14	Borrowing requests are authorized, and accurately and completely entered into ASAP.	13
15	Borrowing amounts do not exceed amounts approved by the DOL.	13
16	The borrowing reports provided by FMB are reviewed to ensure that borrowing, interest, and repayment transactions are accurately recorded. Any noted discrepancies are resolved in a complete, accurate, and timely manner. (Applicable to Black Lung (BL), Centers for Medicare & Medicaid Services (CMS), and UTF.)	13

SUBSERVICE ORGANIZATIONS

In order to provide Trust Fund management processing services, FMB relies on systems and services provided by other organizations external to FMB (subservice organizations). The achievement of control objectives depends on whether controls at the subservice organizations anticipated in the design of FMB's controls were implemented and operating effectively. These subservice organizations were not subject to examination by KPMG LLP.

Fiscal Service

Fiscal Service – Information and Security Services (ISS) provides application hosting and management services, and the Fiscal Service FIBB provides accounting services described as follows for the following applications and IT environments:

Common Approach to Identity Assurance (CAIA) – Provides authentication and identification services to some Fiscal Service applications.

CARS – FMB uses the automated CARS to process NETs based on requests from program entities. FMB also submits receipt and expenditure reporting activity to and from the Trust Funds via the CARS CTA module monthly. In addition, FMB uses CARS to reconcile the cash balances for the Trust Funds.

IPAC System – FMB initiates expenditure transaction activity and receives expenditure transaction activity from program entities via the IPAC system.

CIR – The Federal Reserve Bank of Cleveland maintains CIR and uploads the state deposit information into the UTF agency location code (ALC). CIR transmits a file to InvestOne each day that contains all the state deposits from the prior business day.

ASAP System – FMB uses the ASAP system to make funds available to a group of recipient entities that can draw funds from the Unemployment and Gulf Coast Restoration Trust Funds.

Secured Payment System (SPS) – SPS cross certifies ASAP increases for UTF and the GCRTF. FMB sends payment requests to the Agency Cash Branch in Fiscal Service who then issues payments from SPS for the Patient-Centered Outcomes Research Trust Fund and Tribal Trust Funds.

FIBB – FIBB processes and confirms investment and redemption transactions and balances in the FedInvest system for Trust Funds managed by FMB.

Fiscal Service ARC

Oracle – ARC provides management of Oracle Federal Financials. FMB contracts with ARC for the use of Oracle Federal Financials and OBI. Receipt and disbursement transactions are processed in Oracle for all Trust Funds except for the UTF, which is maintained in InvestOne.

MONITORING OF SUBSERVICE ORGANIZATIONS

Fiscal Service personnel monitor the services performed by its subservice organizations through monitoring of daily operational activities to ensure that operations and controls expected to be implemented at the subservice organization are functioning effectively. Fiscal Service also obtains relevant SOC 1 reports from subservice organizations. If a SOC 1 report is not available, Fiscal Service requests alternative documentation, including system verification letters that outline or

analyze current controls. These documents are reviewed to determine if any control exceptions impact FMB's control environment. FMB will assess existing complementary controls and determine if additional control changes are needed.

COMPLEMENTARY SUBSERVICE ORGANIZATION CONTROLS

FMB controls related to its system supporting its delivery of Trust Funds management processing services cover only a portion of overall internal control for each program entity of FMB. It is not feasible for the control objectives related to services provided by FMB to be achieved solely by FMB. Therefore, each program entity's internal control over financial reporting must be evaluated in conjunction with FMB's controls and the related tests and results described in Section IV of this report, taking into account the related complementary subservice organization controls expected to be implemented at subservice organizations. Complementary subservice organization controls and FMB's control objectives that depend upon them are described for each of FMB's subservice organizations below.

Fiscal Service

Control Objective 5 – Logical Access, Control Objective 7 – Receipts Processing, Control Objective 8 – Investment Requests, Control Objective 9 – Investment Income, Control Objective 10 – Redemption Requests, Control Objective 11 – Disbursement Processing, Control Objective 12 – Reporting, and Control Objective 13 – Unemployment Trust Funds Title XII of the Social Security Act Advances Program:

- Responsible for having controls that reports and statements necessary to process receipts, investment requests, investment income, redemption requests, disbursement requests and Title XII advances are complete, accurate, and made available to FMB in a timely manner for CARS, IPAC, CIR, GTAS.
- Responsible for having controls that transactions are processed complete, accurate, and timely for ASAP and SPS.
- Responsible for performing patching and application changes for CARS, IPAC, CIR, GTAS, ASAP, SPS, CAIA, and distributed environment.
- Responsible for maintaining physical access and environment controls for CARS, IPAC, CIR, GTAS, ASAP, SPS, and distributed environment.
- Responsible for maintaining privileged user access and logical security over the servers, hardware devices, and related to CARS, IPAC, CIR, GTAS, ASAP, SPS, CAIA, and distributed environment.
- Responsible for granting, reviewing, and removing user access to CARS, IPAC, CIR, GTAS, ASAP, SPS, CAIA, and distributed environment.
- Responsible for performing data back-ups for CARS, IPAC, CIR, GTAS, ASAP, SPS, and distributed environment.
- Responsible for maintaining InvestOne configurations and verifying automated interest calculations are accurate.

ARC

Control Objective 7 – Receipts Processing, Control Objective 8 – Investment Requests, Control Objective 11 – Disbursement Processing, Control Objective 12 – Reporting, and Control Objective 13 – Unemployment Trust Funds Title XII of the Social Security Act Advances Program:

- Responsible for performing patching and application changes for Oracle.
- Responsible for maintaining privileged user access and logical security over the servers, hardware devices, and related to Oracle.
- Responsible for granting, reviewing, and removing user access to Oracle.
- Responsible for performing data back-ups for Oracle.

**IV. MANAGEMENT OF THE BUREAU OF THE FISCAL SERVICE'S
CONTROL OBJECTIVES AND RELATED CONTROLS, AND KPMG,
LLP'S TESTS OF OPERATING EFFECTIVENESS AND RESULTS OF
TESTING**

Information Provided by KPMG LLP

This report, when combined with an understanding of the controls at program entities, is intended to assist auditors in planning the audit of program entities' financial statements or program entities' internal control over financial reporting and in assessing control risk for assertions in program entities' financial statements that may be affected by controls at FMB.

Our examination was limited to the control objectives and related controls specified by FMB in Section IV of the report and did not extend to controls in effect at program entities. It is the responsibility of each program entity and its independent auditor to evaluate this information in conjunction with the evaluation of internal control over financial reporting at the program entity in order to assess total internal control. If internal control is not effective at program entities, FMB's controls may not compensate for such weaknesses.

FMB's internal control represents the collective effect of various factors on establishing or enhancing the effectiveness of the controls specified by FMB. In planning the nature, timing, and extent of our testing of the controls to achieve the control objectives specified by FMB, we considered aspects of FMB's control environment, risk assessment process, monitoring activities, and information and communications.

The following clarifies certain terms used in this section to describe the nature of the tests performed:

- Inquiry – Inquiring of management and others within the service organization who, in the service auditor's judgment, may have relevant information.
- Observation – Observing operations and inspecting documents, reports, and printed and electronic records of transaction processing.
- Inspection – Examining records or documents, whether in paper form or electronic form.
- Reperformance – Independently executing procedures or controls that were originally performed as part of the service organization's internal control.

In addition, as required by paragraph .36 of Attestation Standards - Clarification and Recodification (AT-C) section 205, *Assertion Based Examination Engagements* (American Institute of Certified Public Accountants, Professional Standards), and paragraph .30 of AT-C section 320, when using information produced (or provided) by the service organization, we evaluated whether the information was sufficiently reliable for our purposes by obtaining evidence about the accuracy and completeness of such information and evaluating whether the information was sufficiently precise and detailed for our purposes. Procedures used included:

- Inspecting the source of the information;
- Inspecting the query, script, parameters used to generate the information;
- Observing the generation of information; and
- Inspecting management's reconciliation of reports.

GENERAL COMPUTER CONTROLS

Control Objective 1 – System Software Changes

Controls provide reasonable assurance that changes to system software are tested, authorized, implemented using utilities and tools, and documented.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
1.01	All system software changes (i.e., new product installations, maintenance upgrades, etc.) require a change record to be opened in the change management software. Change records should include a description of the change, target implementation date of the change, a justification, and a back-up/back-out plan. All change records require management approval prior to work being started for the requested change.	For a selection of system software change records, inspected the corresponding ESM ServiceNow tickets to determine if the tickets included a description of the change, target implementation date of the change, a justification, and back-up/back-out plan and that management approval was granted prior to work being started.	No exceptions noted.
1.02	All system changes are reviewed and coordinated through a structured change control process. Proposed changes are initially discussed during weekly change control meetings attended by relevant ISS representatives. High-risk changes are required to be reviewed and approved in these meetings.	For a selection of days, inspected the corresponding Forward Schedule of Changes (FSOC) report emails to determine if changes were provided for discussion during the weekly change control meetings, and if high risk changes were identified, authorizations were documented.	No exceptions noted.
1.03	Before system software changes can be moved to Production, they are tested in accordance with the Fiscal Service's system software change control procedures. These procedures document the authorization, testing, implementation, and documentation requirements for system software	For a selection of system software changes, including distributed software changes, inspected the corresponding change records to determine if the changes were tested prior to implementation.	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	changes. Changes progress through various environments, which differ according to the type of system infrastructure. Changes to distributed software are evaluated through Integration, Acceptance, and Production regions within similar controls described above.		
1.04	All changes are reviewed and coordinated at the weekly change control meeting and authorized by the change control coordinator prior to being moved into the Production environment.	For a selection of system software changes, inspected the corresponding change records to determine if the change was authorized by the change control coordinator prior to implementation.	No exceptions noted.
1.05	All emergency changes follow the same process as indicated above, with the exception that changes move through the environments at an accelerated rate. Testing and authorization of these changes are documented in the change management software.	Inspected the listing of changes to determine if emergency changes were implemented into production.	No emergency changes were deployed during the reporting period. As a result, we are unable to conclude on the operating effectiveness of this control.
1.06	ISS reviews the use of sensitive system utilities included in the protected programs group on a weekly basis and limits access to these programs based on job responsibility. Access deemed to be inappropriate is removed.	For a selection of weeks, inspected the corresponding ISS reviews of the use for sensitive system utilities included in the protected programs group to determine if the reports were reviewed and any inappropriate access was identified was removed.	No exceptions noted.

Control Objective 2 – Vendor Software Changes

Controls provide reasonable assurance that implemented changes of InvestOne are tested, authorized, implemented using utilities and tools, and documented.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
2.01	Each new release is tested in multiple phases including technical and end user testing. After successful testing and with management approval, ISS installs the new release in the production environment.	For a selection of InvestOne releases, inspected the corresponding change records to determine if the changes were tested and approved prior to implementation.	No exceptions noted.
2.02	For non-critical maintenance releases, Fiscal Service management will decide whether or not to implement the maintenance release. If management decides to implement the maintenance release, it goes through the same testing process as major releases, after which management must approve the release for production prior to being implemented in the production environment.	For a selection of InvestOne releases, inspected the corresponding change records to determine if the changes were tested and approved prior to implementation.	No exceptions noted.
2.03	Fiscal Service management approves all system report changes developed by ISS after User Acceptance testing is completed and before the updated reports are implemented in the production environment.	For a selection of InvestOne releases, inclusive of system report changes, inspected the corresponding change records to determine if the changes were tested and approved prior to implementation.	No exceptions noted.
2.04	Access to migrate changes via the change management software is limited to Fiscal Service release managers based on job responsibility.	Inspected version control software access permissions and list of ISS employees to determine if access to migrate changes to the InvestOne production environment was restricted and commensurate with job responsibilities.	No exceptions noted.

Control Objective 3 – Program Change Control

Controls provide reasonable assurance that implemented changes to FedInvest are tested, authorized, implemented using version control software, and documented.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
3.01	ISS Developers must check the system source code in and out using version control software.	Inspected version control software access permissions and ISS employee listing to determine if access to the version control software was restricted and confirmed that access is commensurate with job responsibilities and the ability to check out source code was restricted to ISS developers.	No exceptions noted.
3.02	Access to the version control software, and the ability to check out source code, is only granted based on job responsibility.	Inspected version control software access permissions and ISS employee listing to determine if access to the version control software was restricted and confirmed that access is commensurate with job responsibilities and the ability to check out source code was restricted to ISS developers.	No exceptions noted.
3.03	ISS develops updates based on the requirements provided by CTD. These updates are tested by CTD before they authorize ISS to move changes to the production environment.	For a selection of changes made to FedInvest, inspected the corresponding change records to determine if changes were tested and approved prior to implementation.	No exceptions noted.

Control Objective 4 – Physical Access

Controls provide reasonable assurance that physical access to computer equipment and storage media is restricted to authorized individuals.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
4.01	All persons entering a Fiscal Service location must swipe their employee badge or be logged as a visitor and accompanied by an employee.	For a selection of days, inspected the corresponding visitor logs to determine if Fiscal Service locations required visitors to sign in prior to being issued a visitor badge, and sign out at the completion of their data center visit. Observed an entrant swipe their badge into the access control system to note if the access controls system granted access to authorized personnel.	No exceptions noted.
4.02	Physical Security Branch issues employee badges after performing security background checks and fingerprinting.	For a selection of new identification badges issued to employees, inspected the corresponding investigation summaries to determine if a background check was completed for the individual and the individual had their fingerprints on file.	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
4.03	Terminated employees are required to surrender identification badges and are removed from the database security system immediately.	Inquired of management to determine if PACS retains the date of removal to identify when users' physical access privileges were removed from the system.	<p>The following exception was noted:</p> <p>The PACS access report only included individuals with current access and excluded disablement data for disabled/removed users. As a result, we were unable to conclude on the operating effectiveness of this control.</p>
<u>Management's Response</u>			
Management concurs with the exception and will initiate appropriate corrective actions.			
4.04	For Fiscal Service users, physical access to the ISS data center is restricted to authorized users only.	<p>Observed an entrant swipe their badge into the access control system to note if the access controls system granted access to authorized personnel.</p> <p>Inspected the ISS data center access listing, Fiscal Service employee listing, and an entrants corresponding access level to determine if access was restricted to authorized users.</p>	No exceptions noted.
4.05	An employee requiring access to the data center on an ad hoc basis must submit a request via Service Now – ESM (“Data Center Physical Access”). This request requires the employee’s manager’s approval, then the request is reviewed by the ISS Data Center Manager for final approval. With final	<p>For a selection of employees who were granted a one-day badge to the ISS data center, inspected the corresponding access request to determine if the requests were tracked in ESM/ServiceNow and approved by the employee’s manager and an ISS Data Center Manager.</p>	<p>As it relates to the first procedure, no exceptions were noted.</p> <p>As it relates to the second procedure, the following exception was noted:</p>

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	approval, the employee will have authorization to access the data center with a one-day (Temp) badge.	Inquired of management to determine if PACS retains the date and level of provisioning to identify when users' physical access privileges were added to the system.	The PACS access report only included individuals with current access and excluded disablement data for disabled/removed users. As a result, we were unable to conclude on the operating effectiveness of this aspect of the control.

Management's Response

Management concurs with the exception and will initiate appropriate corrective actions.

4.06	The use of a badge provides an audit trail that is reviewed by ISS management monthly for potential access violations. Any unauthorized access attempts are followed up on by contacting the individual's supervisor.	For a selection of months, inspected the corresponding monthly reviews to determine if reviews to identify unauthorized access attempts were performed and violations were followed-up on.	The following exception was noted: Management did not complete the October review of access violation logs until December 5, 2024, exceeding the one month review window required by policy.
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Management's Response

Management concurs with the exception and will initiate appropriate corrective actions.

4.07	The data center requires an employee badge with appropriate authorization or a one-day (Temp) badge to enter.	Observed an entrant swipe their badge into the access control system to note if the access controls system grants access to authorized personnel.	As it relates to the first and second procedures, no exceptions were noted. As it relates to the third
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Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
		<p>For a selection of employees who were granted a one-day badge to the ISS data center, inspected the corresponding access request to determine if the requests were tracked in ESM/ServiceNow and approved by the employee's manager and a ISS data center manager.</p> <p>Inquired of management to determine if PACS retains the date of removal to identify when users' physical access privileges were removed from the system.</p>	<p>procedure, the following exception was noted:</p> <p>The PACS access report only included individuals with current access and excluded disablement data for disabled/removed users. As a result, we were unable to conclude on the operating effectiveness of this aspect of the control.</p>
<u>Management's Response</u>			
Management concurs with the exception and will initiate appropriate corrective actions.			
4.08	Only designated APD specialists have access to the Physical Access Control System (PACS).	Inspected users with access to PACS and the Fiscal Service employee listing to determine if access permissions to PACS was restricted to APD Specialists.	No exceptions noted.
4.09	Vendors and employees that are authorized to have a badge are issued a one-day (Temp) badge in the command center and must leave their access badge onsite following completion of work in the data center. A log of one-day (Temp) badges is maintained and reviewed daily.	For a selection of days, inspected the corresponding logs of issued one-day badges to determine if one-day badges were issued and returned following the completion of the work, and the logs annotating the badges were maintained and reviewed upon check out and check in.	No exceptions noted.
4.10	ISS performs a yearly review of individuals data center access permissions. During this yearly review, each supervisor of an employee with data	Inspected the most recently completed annual review and recertification of individuals with access to the data center and access requests from ISS to	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	center access is required to certify that access is appropriate.	<p>determine if the review/recertification was performed.</p> <p>Inspected the listing of users with access to the data center to determine if the identified users with unauthorized access identified during the review described in the test above were removed or authorization was granted.</p>	

Control Objective 5 – Logical Access

Controls provide reasonable assurance that logical access to system and application software is restricted to authorized individuals.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
5.01	The InvestOne accounting system security restricts access to accounts within the system based on user banks. InvestOne accounting system access is restricted to authorized personnel consisting of internal Fiscal Service users only.	Observed a user log into the InvestOne accounting system to note if their access was restricted in accordance with the system configuration. Inspected a list of users with access to InvestOne and the Fiscal Service employee listing to determine if access was restricted to internal Fiscal Service users.	No exceptions noted.
5.02	File directories are used to restrict ISS personnel's access to system software, data files, and program libraries.	Inspected a list of users with access to file directories and the ISS employee listing and their corresponding job titles to determine if access was restricted to appropriate ISS personnel commensurate with job responsibilities.	No exceptions noted.
5.03	Administrator access permissions are allocated in the FedInvest and the InvestOne accounting system to users commensurate with their job responsibilities.	Inspected the DIMS SSP and a list of users with administrator access privileges to InvestOne and FedInvest to determine if appropriate users were granted privileged access.	No administrator access permissions were assigned to users during the reporting period. As a result, we are unable to conclude on the operating effectiveness of this control.
5.04	Access to InvestOne Enterprise and FedInvest is restricted to authorized users via CAIA.	Inspected CAIA system configurations and observed a user access InvestOne and FedInvest to determine if access to InvestOne Enterprise and	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
		<p>FedInvest were restricted to authorized users via CAIA.</p> <p>Inspected a list of users with access to InvestOne, and the Fiscal Service employee listing to determine if access was restricted to internal Fiscal Service users.</p> <p>Inspected the SailPoint Login configuration page to determine if the system is configured to utilize CAIA to authenticate.</p>	
5.05	<p>For Fiscal Service users to gain access to InvestOne, an access request form with the requested User Bank and Access Level that is approved by the user's supervisor is submitted to the FA ISSR. The FA ISSRs set up the account and grant access to InvestOne. Once completed, the user access form is signed by the FA ISSR. If conflicts are identified for the requested role, the request is halted until the conflicting role is removed.</p>	<p>For a selection of new InvestOne users, inspected corresponding documented user access request forms to determine if access was authorized by the users' supervisors and FA ISSR and access granted agreed to what was requested.</p>	No exceptions noted.
5.06	<p>To establish access to FedInvest, the applicant representing the program entity must complete the Bureau of the Fiscal Service FedInvest Access Request Form. Once completed, the form is reviewed and signed by the applicant's supervisor and submitted to FIBB for processing. Upon receipt, FIBB verifies that the information is complete and enters the user's role request within SailPoint. The FA ISSRs receive the role request within SailPoint, approve the SailPoint role and uses the information provided on the access request</p>	<p>For a selection of new FedInvest users, inspected corresponding documented user access request forms to determine if access was authorized by the users' supervisors and FA ISSR and access granted agreed to what was requested.</p>	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	form (sent to FA ISSR from FIBB) to assign the correct access (view/update) and GAS accounts or Courts to the user's profile. Once completed, FIBB is notified, and they notify the new user.		
5.07	<p>FA ISSRs disable FedInvest and InvestOne accounting system access from users at the request of their managers/supervisors or FIBB personnel. Each access removal request is documented via an email. Disabling a FedInvest user starts with FedInvestor or the FA ISSR submitting a role removal request in SailPoint. Once SailPoint processes the request to remove the user's FedInvest role, the FA ISSR disables the user's account within FedInvest. Then the FA ISSR disables the InvestOne user's access within InvestOne.</p> <p>FA ISSRs remove or modify any user access privileges identified for deletion or changes by the user's manager/supervisor or FIBB personnel when accompanied by an email and the appropriate form.</p>	For a selection of access removals for InvestOne and FedInvest inspected the corresponding forms/tickets and user access list to determine if removals were requested by supervisors and submitted to the ISSR, and access was removed.	No exceptions noted.
5.08	High risk users, such as involuntary terminations, are required to have their system access removed within 24 hours of notification.	Inspected the InvestOne user listing, FedInvest user listing, and the HR terminations listing to determine if high risk users were removed during the reporting period.	No high risk users were terminated during the reporting period. As a result, we are unable to conclude on the operating effectiveness of this control.
5.09	FA ISSRs receive a weekly InvestOne Enterprise Production Last Login Report that is manually	For a selection of reviews, inspected the corresponding reviews of the InvestOne Enterprise	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	reviewed to determine if any InvestOne users have not accessed InvestOne in 120+ days. The FA ISSR follows up with any affected users by email or by phone. The FA ISSR will manually remove the InvestOne users access, if needed, following the normal InvestOne access removal procedure.	Production Last Login Report to determine if the reviews were performed and that users who had not accessed InvestOne in 120 days were contacted and removed, if necessary.	
5.10	Access for FedInvest users who have been inactive for 120 days have their access removed by SailPoint automatically.	Inspected the system configuration to determine if SailPoint was configured to automatically remove FedInvest access after 120 days of inactivity.	No exceptions noted.
5.11	The FA ISSRs recertify access to mission critical systems by verifying access privileges for all InvestOne accounting system and FedInvest users on an annual basis. If access is determined to not be required, the access removal process is initiated.	Inspected the InvestOne user account recertification to determine if the review was completed, and all requested access changes were completed. Inspected the FedInvest user account recertification to determine if the review was completed, and all requested access changes were completed.	No exceptions noted.

Control Objective 6 – Computer Operations

Controls provide reasonable assurance that computer processes are scheduled, and that deviations are identified and resolved.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
6.01	End-of-day processes monitor the maintenance of data files and data backups. ISS support personnel complete the Production Control Daily Checklist to verify the successful completion of end-of-day processes.	For a selection of days, inspected the corresponding Production Control Daily Checklists to determine if the checklists were completed by ISS support personnel to verify the successful completion of end-of-day processes, including data files and data backups.	No exceptions noted.
6.02	The error checks include verification of entered data based on predetermined values and ranges. Errors detected by the system are rejected immediately and must be corrected before the transaction is permitted to update the master data tables.	Observed the entry of transactions into InvestOne to determine if errors (i.e., data that did not conform with predetermined values and ranges) were rejected immediately and required correction before the transaction was permitted to update the master data tables.	No exceptions noted.
6.03	The job scheduler allows all programs for batch processing, printing, and data backup to be scheduled and performed automatically.	Inspected the InvestOne accounting system job schedule to determine if a job production schedule for Invest One was configured in the system.	No exceptions noted.
6.04	Access to the job schedules is limited to Fiscal Service personnel and privileges are commensurate with job responsibilities.	Inspected the user listing for the job scheduler and the Fiscal Service employee list to determine if access was restricted to Fiscal Service employees and commensurate with job responsibilities.	No exceptions noted.
6.05	The job scheduler sends messages confirming successful completion of each day's scheduled jobs to ISS and CTD. Any abends are also communicated to the appropriate ISS and CTD	Inspected the system configurations to determine if messages were automatically configured to send an alert upon any abends or upon job completion.	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	personnel as they happen through automated messages. Abends are monitored for resolution via end-of-day processes and the completion of the Daily Checklist.	For a selection of days, inspected the corresponding Production Control Daily Checklists to determine if the checklists were completed by ISS support personnel to verify the successful completion of end-of-day processes, including data files, data backups and the resolution of abends.	

TRUST FUNDS MANAGEMENT PROCESSING CONTROLS

Control Objective 7 – Receipts Processing

Controls provide reasonable assurance that receipt transactions are processed completely and accurately recorded in the proper accounting period.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
7.01	An FMB Accountant enters receipt transactions into the Fund Checklist and then enters the receipt into Oracle. The Fund Checklist, Oracle entry, and documentation from the source of the receipt are saved in the DTSP. The accountants review all documents in the DTSP to assess whether receipts are for the appropriate fund and are properly recorded and included in the correct accounting period in Oracle.	For a selection of receipt transactions from Oracle, inspected the corresponding DTSP to determine if two independent accountants reviewed the Fund Checklist, Oracle entry, and source documentation for accuracy and signed the DTSP.	No exceptions noted.
7.02	For UTF only: An FMB accountant enters the receipt into the Fund Checklist and into InvestOne. The Fund Checklist and documentation from the source of the receipt are saved in the DTSP. The accountants review all documents in the DTSP to assess whether receipts are for the appropriate fund and are properly recorded and included in the correct accounting period in Oracle.	For a selection of days, inspected the corresponding DTSP to determine if two independent accountants reviewed the Fund Checklist and source documentation for accuracy and signed the DTSP.	No exceptions noted.

Control Objective 8 – Investment Requests

Controls provide reasonable assurance that investment requests are authorized, processed, and are completely and accurately recorded in the proper accounting period in FedInvest.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
8.01	<p>For funds set up by FIBB to automatically re-invest the overnight maturities, an FMB accountant populates a spreadsheet with Oracle and CUI (InvestOne) activity to verify the automatic investments were made. Upon reconciliation, the accountant creates and signs a Rollover package for that day. For non-automated investments, after all receipts and disbursements have been processed in Oracle (or InvestOne for UTF), the preparer uses the Cash Forecasting to determine what to process in FedInvest. The Cash Forecasting report shows all cash activity and ending cash balance that is available for investment. Once transactions are processed in FedInvest, a DTSP is compiled and signed off on by the preparer. Two independent accountant reviews are performed on the DTSP package to verify that the investment activity in FedInvest was processed for the correct dates, security, amount, and fund. If discrepancies are detected, the preparer is notified, the corrections are made in FedInvest and the new package is routed again for two reviews.</p>	<p>For a selection of reinvestments, inspected the corresponding DTSP to determine if two independent accountants reviewed the investment activities in FedInvest and related Rollover Packages or Cash Forecasting Reports for accuracy, where any identified discrepancies were corrected, and signed the DTSP.</p>	No exceptions noted.
8.02	<p>If FIBB processes the investment request in FedInvest, the FMB accountant will go through the same process as described above of compiling a</p>	<p>For a selection of investment requests, inspected the corresponding DTSP to determine if two independent accountants reviewed the investment</p>	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	<p>DTSP for dual review. The only difference is the FMB accountant completes a Request for Investment/Redemption form if the request takes place on a non-business day, which outlines the steps that need taken in InvestOne to process the investment. Once the request has been completed and signed, it is reviewed by another accountant to ensure the request reflects the correct dates, security, amount and fund. After the request has been signed by the Preparer and Reviewer, it is sent to FIBB to process in InvestOne. Once FIBB sends notice the request has been processed, the preparer will pull the necessary FedInvest Confirmations to put in the DTSP package. When the DTSP package includes the request to FIBB and the confirmations from FedInvest, it undergoes a dual review by two independent accountants.. If any errors are detected in the review process, the preparer makes all necessary corrections and sends notice to have the corrected DTSP go through the dual review again.</p>	<p>activities in FedInvest and related Rollover Packages, or Cash Forecasting Reports, and Request for Investment/Redemption form for accuracy, identified discrepancies were corrected, and signed the DTSP.</p>	

Control Objective 9 – Investment Income

Controls provide reasonable assurance that investment income, amortization, and gains or losses are completely and accurately recorded in the proper accounting period in Oracle Federal Financials.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
9.01	InvestOne is configured to automatically calculate and record interest accruals based on the corresponding investment terms. Two accountants review the interest balances on the monthly trial balance reports to assess whether the interest balances are accurately recorded in Oracle Federal Financials in the proper period and document their approval on the monthly financial review checklist. Any discrepancies are researched and resolved.	<p>For a selected investment accrual, reperformed the InvestOne calculation of interest accrual based on investments terms in the system to determine if InvestOne accurately calculated the interest accrual.</p> <p>For a selection of months, inspected the corresponding monthly financial review checklists to determine if two accountants reviewed the monthly trial balance reports and determined that interest balances were accurately recorded and classified, where any discrepancies identified were corrected, and signed the monthly financial review checklists.</p>	No exceptions noted.
9.02	On a monthly basis, two accountants review the amortization of discounts and premiums reported by InvestOne and compare it to the Oracle trial balance report to determine whether amortizations are accurately recorded in Oracle in the proper period, and document approval on the monthly financial review checklist. Any discrepancies are researched and resolved.	<p>For a selection of months, inspected the corresponding monthly financial review checklists to determine if two accountants reviewed the amortization of discounts and premiums reported by InvestOne and compared it to the Oracle trial balance report and determined that the amortization of discounts and premiums were accurately recorded, where any discrepancies identified were corrected, and signed the monthly financial review checklists.</p>	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
9.03	Two accountants review the gains/losses on the monthly trial balance reports to assess whether the gains/losses are accurately recorded and classified in Oracle in the proper period. The accountants documents approval on the monthly financial review checklist. Any discrepancies are researched and resolved.	For a selection of months, inspected the corresponding monthly financial review checklists to determine if two accountants reviewed the monthly trial balance reports and determined that gains/losses were accurately recorded and classified, where any discrepancies identified were corrected, and signed the monthly financial review checklists.	No exceptions noted.

Control Objective 10 – Redemption Requests

Controls provide reasonable assurance that redemption requests are authorized, processed, and completely and accurately recorded in the proper accounting period in FedInvest.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
10.01	<p>After all receipts and disbursements have been processed in Oracle (or InvestOne for UTF), an FMB accountant uses the Cash Forecasting report to determine what to process in FedInvest. The Cash Forecasting report shows all cash activity and ending cash balance and the dollar amount of redemptions necessary for the day's cash activity. The FMB accountant enters the redemption request into FedInvest which provides an on-line Redemption Confirmation. The DTSP is compiled and signed off on by the preparer. Two independent accountant reviews are performed on the DTSP package to verify that the redemption activity in FedInvest was processed for the correct dates, security, amount, and fund. If discrepancies are detected, the preparer is notified, the corrections are made in FedInvest and the new package is routed again for two reviews.</p>	<p>For a selection of redemption requests, inspected the corresponding DTSP to determine if two independent accountants reviewed the redemption activity in FedInvest and related Redemption Confirmations, and/or Cash Forecasting Reports for accuracy, where any identified discrepancies were corrected, and signed the DTSP.</p>	No exceptions noted.
10.02	<p>If FIBB processes the redemption request in FedInvest, the FMB accountant will go through the same process as described above of compiling a DTSP for dual review. The only difference is the FMB accountant completes a Request for Investment/Redemption form, if the request takes place on a non-business day, which outlines the</p>	<p>For a selection of redemption requests, inspected the corresponding DTSP to determine if the Request for Investment/Redemption form was completed and signed and two independent accountants reviewed the redemption activity in FedInvest and related Redemption Confirmations, and/or Cash Forecasting Reports for accuracy, where any</p>	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	<p>steps that needs taken in InvestOne to process the redemption. Once the request has been completed and signed, it is reviewed by another accountant to ensure the request reflects the correct dates, security, amount and fund. After the request has been signed by the Preparer and Reviewer, it is sent to FIBB to process in InvestOne. Once FIBB sends notice the request has been processed, the preparer will pull the necessary FedInvest Confirmations to put in the DTSP package. When the DTSP package includes the request to FIBB and the confirmations from FedInvest, it receives a dual review. If any errors are detected in the review process, the preparer makes all necessary corrections and sends notice to have the corrected DTSP go through the dual review again.</p>	<p>identified discrepancies were corrected, and signed the DTSP.</p>	

Control Objective 11 – Disbursement Processing

Controls provide reasonable assurance that disbursement transactions are authorized, processed, and are completely and accurately recorded in the proper accounting period in Oracle Federal Financials.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
11.01	When disbursement requests are received, an FMB accountant reviews the request to verify it was received from an appropriate contact for the affected Fund and enters the disbursement into Oracle for the requested amount (not applicable to UTF).	For a selection of disbursement transactions, inspected the corresponding disbursement records to determine if the request was received from an appropriate contact and a FMB accountant entered the disbursement into Oracle for the correct amount.	No exceptions noted.
11.02	Disbursement requests received via ASAP are automatically transferred to the accounting system (Oracle or InvestOne) as pending disbursements. An FMB accountant reviews the pending disbursements and transfer requests in the accounting system to verify it matches the ASAP transaction report. After reconciling and addressing any differences between the systems, the accountant posts the transactions.	For a selection of days, inspected the corresponding ASAP transaction reports and pending disbursements and transfer requests in the accounting system to determine if a FMB accountant performed the reconciliation prior to posting, and any differences noted were investigated and resolved.	No exceptions noted.
11.03	The Fund Checklist, Oracle entry, and documentation from the source of the disbursement are saved in the DTSP. The accountants review all documents in the DTSP to assess whether disbursements are for the appropriate fund and are properly recorded and included in the correct accounting period in Oracle.	For a selection of days, inspected the corresponding DTSP to determine if two independent accountants reviewed the Fund Checklists, Oracle entries, and documentation from the source of the disbursement requests for accuracy and timeliness, any differences were resolved, and signed the DTSP.	No exceptions noted.

Control Objective 12 – Reporting

Controls provide reasonable assurance that financial statements provided to the program entities are complete and accurate.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
12.01	<p>An FMB accountant completes the financial reconciliation package, documents completion of the monthly financial review checklist, digitally signs the package and submits the package to the reviewing accountant for review and approval. The reviewing accountant reviews the package and documents approval via digital signature on the financial review checklist. Any discrepancies are researched, and corrections are made to the reports or entries.</p>	<p>For a selection of months, inspected the corresponding financial reconciliation packages and monthly financial review checklists to determine if a FMB accountant prepared and signed the financial reconciliation package, a reviewing accountant reviewed and approved the package, and any discrepancies identified were corrected.</p>	<p>No exceptions noted.</p>

Control Objective 13 – Unemployment Trust Fund Title XII of the Social Security Act Advances Program

Controls provide reasonable assurance that State borrowing transactions are authorized, processed, and recorded accurately and completely in the proper period in InvestOne.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
13.01	After the accountant verifies that the requested borrowing is within the authority established by the DOL and reconciles InvestOne and ASAP summary reports, the accountant posts the transactions to the States' accounts within InvestOne and provides the reports to the reviewing accountant. The reviewing accountant reviews the reports for accuracy, verifies transactions have posted to the proper accounting period, and approves the posted transactions if no differences are noted. Any differences are investigated and resolved.	For a selection of days, inspected the corresponding InvestOne and ASAP summary reports in the DTSP to determine if requests were within the authority, a reviewing accountant approved the transactions, and any differences noted were investigated and resolved.	No exceptions noted.
13.02	FMB processes repayments from program entities' accounts to the FUA as directed by the borrowing program entities and the DOL. These repayment entries are reviewed by FMB accountants as part of the daily review of the Unemployment Trust Fund DTSP. If a discrepancy is detected, there is communication between FS and DOL to determine the best course of action. FS and DOL stay in contact until the issue has been resolved.	For a selection of days, inspected the corresponding Unemployment Trust Fund DTSP to determine if repayment entries were reviewed by FMB accountants any differences noted were investigated and resolved.	No exceptions noted.
13.03	If a program entity has an outstanding loan balance at the end of the fiscal year, the program entity is liable for payment of interest on the funds it borrowed during the fiscal year. Interest owed by	Inspected the review of the borrowing Program Entity account balances at year-end to determine if the account balances were reviewed by a FMB accountant at year-end for appropriateness.	The following exception was noted: Management did not complete the review for the

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	borrowing States is calculated in a spreadsheet that is populated from InvestOne borrowing and repayment balances. The accountant reviews the borrowing program entity account balances at year-end to assess whether interest is appropriately calculated for any State still in borrowing status.		interest owed by borrowing states as of September 30, 2024 until July 29, 2025, 10 months after the period end.
<u>Management's Response</u>		Management concurs with the exception and will initiate appropriate corrective actions.	

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