



Audit Report



OIG-26-005

FINANCIAL MANAGEMENT

**Report on the Bureau of the Fiscal Service's
Federal Investments and Borrowings Branch's
Description of its Investment and Redemption
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, D.C. 20220

December 19, 2025

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

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

SUBJECT: Report on the Bureau of the Fiscal Service's Federal Investments and Borrowings Branch's Description of its Investment and Redemption 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 agencies' Investment and Redemption Services (the system) titled "Management of the Bureau of the Fiscal Service's Description of its Investment and Redemption 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

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- 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 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**

**Federal Investments and Borrowings Branch
Investment and Redemption Services
General Computer,
Investment and Redemption Processing, and Monitoring Controls**

**Report on Bureau of the Fiscal Service's Federal Investments and
Borrowings Branch's Description of Its Investment and Redemption
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
FEDERAL INVESTMENTS AND BORROWINGS BRANCH**

**REPORT ON BUREAU OF THE FISCAL SERVICE’S FEDERAL INVESTMENTS AND
BORROWINGS BRANCH’S DESCRIPTION OF ITS INVESTMENT AND REDEMPTION
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 Bureau of the Fiscal Service's (Fiscal Service) accompanying description of its Investment and Redemption services (the System) for processing program agencies' transactions throughout the period August 1, 2024 to July 31, 2025 titled "Management of the Bureau of the Fiscal Service's Description of its Investment and Redemption 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 agencies' 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 agencies' internal control over financial reporting.

Fiscal Service uses the subservice organizations identified in Section III to perform some of the services provided to program agencies that are likely to be relevant to those program agencies' 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 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 agency 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 agency controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary program agency 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 agencies and their auditors who audit and report on program agencies' financial statements and may not, therefore, include every aspect of the System that each individual program agency 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.

Emphasis of Matter

In Section III, Fiscal Service states that no new investment accounts were created during the period August 1, 2024 to July 31, 2025. Therefore, we did not perform any tests of the suitability of design and operating effectiveness of controls related to the control objective "Controls provide reasonable assurance that an authorized investment authority is established prior to processing investment requests," and accordingly, we do not express an opinion on the suitability of design and operating effectiveness of controls to achieve this control objective during the period. Our opinion is not modified with respect to this matter.



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 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.

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) Investment and Redemption services titled "Management of the Bureau of the Fiscal Service's Description of Its Investment and Redemption Services" (the Description) for processing program agencies' transactions throughout the period August 1, 2024 to July 31, 2025 for program agencies of the Investment and Redemption 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 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 subservice organizations and program agencies of the System themselves, when assessing the risks of material misstatement of program agencies' financial statements.

Fiscal Service uses the subservice organizations identified in Section III to perform some of the services provided to program agencies that are likely to be relevant to those program agencies' 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 agency 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 agencies.

We state in our Description that no new investment accounts were created during the period August 1, 2024 to July 31, 2025. As a result, the controls related to control objective "Controls provide reasonable assurance that an authorized investment authority is established prior to processing investment requests" did not operate, because the circumstances that warrant the operation of those controls did not occur during the period.

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

- a) The Description fairly presents the System made available to program agencies 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 agencies' 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 agencies of the System was designed and implemented to process relevant program agency 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 agencies 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 agencies;
 - (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 agencies;
 - (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 agency 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 agencies of the System and their auditors, and may not, therefore, include every aspect of the System that each individual program agency 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 agencies 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 INVESTMENT AND REDEMPTION
SERVICES**

OVERVIEW OF OPERATIONS

The Federal Investments and Borrowings Branch (FIBB) is a component of the Bureau of the Fiscal Service (Fiscal Service). Fiscal Service Delegation of Authority-COM-1: *Organizational Structure for the Bureau of the Fiscal Service and Delegation of Authority*, dated October 9, 2022, and Fiscal Service Delegation of Authority-FA-1: *Organizational Structure for the Office of Fiscal Accounting and Delegation of Authority*, dated October 9, 2022, established the Office of Fiscal Accounting's (FA) responsibility to administer the federal investments program, which includes issuing, servicing, and redeeming Government Account Series (GAS) securities.

FA has further assigned these responsibilities to FIBB. As of July 31, 2024, FIBB is responsible for processing investment transactions for 156 government investment accounts with balances exceeding \$1 million that are authorized by law to invest in GAS securities. The investment transactions processed by FIBB are based on the direction provided by the Federal Agencies (program agencies) that have programmatic responsibility for the use of the fund balances. FIBB processes an average of approximately 1,500 transactions daily. FIBB also performs the following operational duties:

- Analyzes provisions and limitations of public laws relating to investments for each account.
- Establishes and controls the record keeping of program agencies' accounts by receiving and issuing investment documents such as the Request for Investment and Redemption of Securities, Warrant Journal Vouchers (WJVs) documenting the availability of certain taxes for investment or need for redemption, and Investment Confirmations and Monthly Statement of Accounts (a cash basis statement that reflects the Agency's investment reporting and shows interest income paid on each security).
- Provides daily and monthly reports to program agencies reflecting account activities and balances.

Investment and redemption transaction records are maintained in electronic form. Confirmations and Monthly Statements of Account are available in FedInvest, and the Summary Level Statement of Accounts is also published on the TreasuryDirect and FiscalData websites for retrieval and review by program agencies and the general public. FIBB utilizes the InvestOne accounting system, maintained and operated by Fiscal Service, to perform the operational duties stated above. The InvestOne accounting system is a transaction-based accounting system for recording and processing investment security transactions for each of the accounts and provides information to the Summary Debt Accounting System (SDAS), and the Central Accounting Reporting System (CARS) (SDAS and CARS are not in scope for this report). The InvestOne accounting system computes daily, monthly, quarterly, semiannual, and annual interest income for each account for each security held. It also calculates amortization, investment discount and premium for investment and redemption transactions, Inflation Compensation Earned on the Treasury Inflation Protected Securities (TIPS) and maintains summary account balances for each account as well as balances by type of security. Program agencies use FedInvest, a web-based extension of InvestOne, to enter investment and redemption requests, view transaction information, and obtain confirmations and reports. Internal Fund managers use FedInvest and two additional extensions, Customer Role Management (CRM) and Rate Price Administration (RPA), to process transactions, manage users and accounts, and manage the application of pricing, rates, and pending transactions.

FIBB processes investment transactions based on requests from program agencies regarding security type, maturity, and amount. Program agencies submit investment/redemption requests via the internet using FedInvest. If program agencies are unable to access FedInvest to submit requests, they can submit investment/redemption requests via email to FIBB for manual entry. The investment and redemption request processing for program agencies is summarized as follows.

The Central Technology Division (CTD) and the Program Support Division (PSD), divisions within FA are responsible for the sustainment and support of FedInvest and InvestOne.

Establishing FedInvest Access

To establish access to FedInvest, the applicant representing the program agency must complete the Bureau of the Fiscal Service FedInvest Access Request or FedInvest Access Request - Case Management System (CMS) Request. 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 then provides a copy of the form to the FA Information System Security Representatives (ISSRs) for user set-up in Contact Management and FedInvest. After this is completed, Information and Security Services (ISS) provides the new user with their Common Approach to Identity Assurance (CAIA) logon. The user is then instructed to login to FedInvest with their CAIA logon. When access to FedInvest is no longer required by the user, the applicable program agency will email FIBB at FedInvestor@fiscal.treasury.gov and request that the user's access be revoked. FIBB will then forward the request to the ISSRs, who will process the revocation.

Investment Request Processing

Program agency users access FedInvest using their CAIA logon. The program agency user selects the Account Fund Symbol (AFS), date, security type, and investment amount in FedInvest.

Before prices are loaded, the FedInvest user may enter investment requests before prices are loaded in the system for up to 10 business days in the future except for Zero-Coupon Bonds and Special Issue Certificates of Indebtedness. Upon submission of the request, the user receives a confirmation number which is proof to the program agency that their request was accepted. When prices are loaded by the FIBB accountant into the InvestOne accounting system, the FIBB accountant uses the FedInvest RPA module to load the prices into FedInvest, published in FedInvest, and apply the prices to the pending investment transactions. Once the price has been applied to the transaction, it is automatically posted to the InvestOne accounting system as evidenced by the replacement of the confirmation number with a memo number on the confirmation available to the user in FedInvest.

After prices are loaded, the FedInvest user may enter investment requests after prices are loaded except for Zero-Coupon Bonds. Since FedInvest interfaces with the InvestOne accounting system, the InvestOne accounting system automatically assigns a memo number and applies the price/rate. A confirmation of results is available in FedInvest.

For zero-coupon bond securities, the FedInvest user must enter investment requests by 11:00 am Eastern Time (ET). FedInvest sends the request by email to the FIBB accountants who forward the request to the Treasury's Office of Debt Management (ODM) for pricing. ODM prices the purchase of the Zero-Coupon Bond at approximately 12:00 pm ET and forwards the results to FIBB by email. The FIBB accountant enters the pricing results into the InvestOne accounting system, posts the

transaction, and forwards the memo number to the FedInvest user. A confirmation of results is available in FedInvest.

Program agencies submit investment/redemption requests via the internet using FedInvest. If program agencies are unable to access FedInvest to submit requests, they can submit investment/redemption requests via email to FIBB for manual entry. FIBB also processes investment transactions for certain program agencies when documentation provided by FA, Central Accounting and Reporting Division (CARD) indicates that there are additional amounts available for investment. A FIBB accountant enters the request into FedInvest or the InvestOne accounting system on behalf of the Program Agency. Then two FIBB accountants compare the transaction confirmation to the investment request to assess whether the investment request is recorded accurately and posted to the correct day, and then digitally stamp the investment request to document their review. A confirmation of results is available in FedInvest the same day. On the following business day, a FIBB accountant compares the InvestOne report (Prior Day Review) to the investment requests submitted by the program agency to ensure transactions were properly entered into the InvestOne accounting system and places a digital stamp on the investment request.

FIBB creates new investment accounts in the InvestOne accounting system that will be available in FedInvest after FIBB receives confirmation via completed investment authority from Fiscal Service and Treasury legal offices that a Fund has active authority to invest in GAS Securities, however, no new investment accounts were added from August 1, 2024 to July 31, 2025.

Redemption Request Processing

Program agency users access FedInvest using CAIA. The program agency user selects the AFS, date, inventory method (First-In First-Out (FIFO) or Specific ID), security type, and redemption amount in FedInvest.

Before prices are loaded, the FedInvest user may enter market-based bill, note (fixed and floating rate), bond, and TIPS redemption requests using the FIFO inventory method before prices are loaded in the system for up to 10 business days in the future. Upon submission of the request, the user receives a confirmation number which is proof to the program agency that their request was accepted. When prices are loaded by the FIBB accountant into the InvestOne accounting system, the FIBB accountant uses the FedInvest RPA module to load the prices into FedInvest, published in FedInvest, and apply the prices to the pending redemption transactions. Once the price has been applied to the transaction, it is automatically posted to the InvestOne accounting system as evidenced by the replacement of the confirmation number with a memo number that is also on the confirmation available to the user in FedInvest.

After prices are loaded, the FedInvest user may enter market-based bill, note (fixed and floating rate), bond and TIPS redemption requests using the FIFO or Specific ID inventory methods after prices are loaded in the InvestOne accounting system and FedInvest. If program agencies have tax lots (a group of the same securities purchased on different dates) and decide to apply the specific identification method rather than the FIFO method to redeem from specific tax lots, program agencies need to select "Specific ID" inventory method to override the InvestOne accounting system default setting of the FIFO method and enter the principal amount to redeem for each tax lot. Since FedInvest interfaces with the InvestOne accounting system, the InvestOne accounting system automatically assigns a memo number and applies the price/rate. A confirmation of results is available on FedInvest.

Special Issue par-value securities have unique redemption rules that require the InvestOne accounting system to redeem them based on the order of earliest maturity date, lowest prevailing interest rate, and FIFO. The FedInvest user receives a confirmation number and a message that the redemption rules will be applied in accordance with Treasury Fiscal Policy.

The transaction will be pending until after the close of business on the effective date. At close of business (after 3:00 pm ET) on the effective date of the redemption, the FIBB accountant uses the FedInvest RPA module to run the Post Par Value Sell Transactions that will process, post, and assign memo numbers to the pending redemption requests in the InvestOne accounting system using the unique redemption rules. A confirmation of results is available in FedInvest.

For zero-coupon bond securities, the FedInvest user must enter redemption requests into FedInvest (by 11:00 am ET) and FedInvest sends an email to the FIBB accountants who forward the request to ODM for pricing. ODM prices the redemption of the Zero-Coupon Bond at approximately 12:00 pm ET and forwards the results to FIBB via email. The FIBB accountant enters the pricing results into the InvestOne accounting system, posts the transaction, and forwards the memo number to the FedInvest user. A confirmation of results is available in FedInvest.

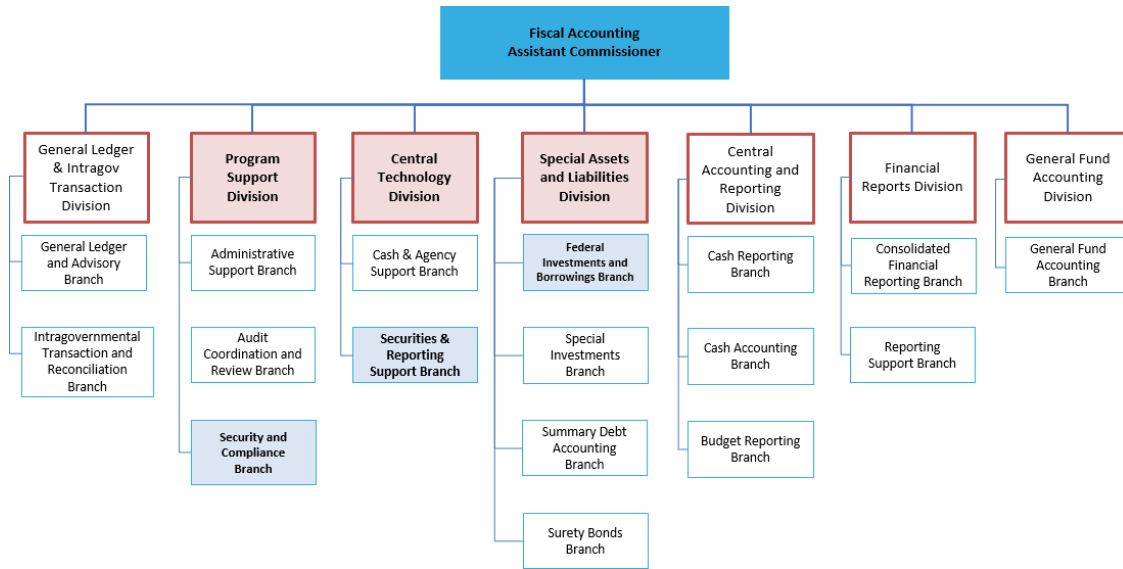
Program agencies submit investment/redemption requests via the internet using FedInvest. If program agencies are unable to access FedInvest to submit requests, they can submit investment/redemption requests via email to FIBB for manual entry. FIBB also processes redemption transactions for certain program agencies when documentation provided by CARD reflects that there is a need to redeem previously invested funds. A FIBB accountant enters the request into FedInvest or InvestOne accounting system on behalf of the program agency. Then two FIBB accountants review and digitally stamp the redemption request. A confirmation of results is available in FedInvest the same day. On the following business day, a FIBB accountant compares the InvestOne report (Prior Day Review) to the redemption requests submitted by the program agency to ensure the transactions were properly entered into the InvestOne accounting system and places a digital stamp on the redemption request.

FIBB obtains and applies open market prices for securities negotiated by brokers and dealers of government securities from the Department of the Treasury's ODM and the Federal Reserve Bank (FRB) of New York. FIBB functions do not encompass monitoring or determining rates, types, and maturities of government marketable securities.

ISS provides application security CAIA logon support for Fiscal Service's distributed client-server environment that supports processing and reporting operations to FIBB, including regular maintenance programming and user-requested program enhancements.

The in-scope Fiscal Service functions are FIBB, CTD, and PSD. The Fiscal Service Organizational Chart below illustrates the relationships and chains of command for the aforementioned:

ORGANIZATIONAL CHART



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

Control Environment

Operations are primarily under the direction of the following divisions: Special Assets and Liabilities Division (SALD) and the CTD which represent the functional areas listed below:

Administrative development: Coordinates various aspects of FIBB 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.

Fund support: Supports end users (program agencies) 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.

SALD, 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 agency 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. 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 FIBB's ability to provide reliable transaction processing for users. This process requires management to identify significant risks in their areas of responsibility and to implement appropriate measures 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 Control (SOC) 1 Report relevant to Program agencies' Internal Control over Financial Reporting (SOC 1) 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. For Fiscal Service systems that do not receive a SOC 1 report, system verification letters are prepared by the subservice system owner to document the information security controls that are implemented and operating effectively. 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). The InvestOne accounting system is used to record and report investment fund activity processed by FIBB. 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/Internet Protocol (TCP/IP) and Application Programming Interface (API) provided by the vendor.

FIBB also receives supporting documentation/reports on a daily basis from internally developed programs created by programmers. These programs read the data from the InvestOne accounting system and create various reports to assist in FIBB's daily processing. Specifically, data is downloaded from the InvestOne accounting system to a data file located on the servers where the programs execute. Data is not sent from these programs to the InvestOne accounting system.

FedInvest Description

FedInvest, 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 agencies are able to input transactions into the 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 Funds Management Division (FMD). 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 CRM module is used by the FA 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 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 TIPS transactions.

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 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, the Funds Management Branch (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

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 Tests.” Although the control objectives and related controls are included in Section IV, they are, nevertheless, an integral part of the Fiscal Service’s description of controls. As it relates to Control Objective 7, no new investment accounts were added from August 1, 2024 to July 31, 2025.

COMPLEMENTARY PROGRAM AGENCY CONTROLS

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

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

	Complimentary Program Agency Control	Related Control Objective
1	Prevent unauthorized individuals from gaining access to FedInvest.	5
2	Maintain compliance with legislation granting their authority to invest in GAS securities.	7
3	Monitor WJVs and verify the investment/redemption transactions processed by FIBB align with their expectations and agreement.	7
4	Prevent unauthorized personnel from signing investment/redemption requests or entering transactions in FedInvest.	7
5	Submit accurate investment/redemption requests to FIBB prior to 3:00 p.m. ET (11:00 a.m. ET for Zero-Coupon Bonds) on the intended transaction date.	8
6	Verify the accuracy of program agency requested fee amounts entered by both FIBB and program agency accountants into CMS.	8
7	Track investment/redemption confirmations to verify that the program agency request was accurately processed by FIBB.	9
8	Review corrections and make prompt and accurate journal entries to the accounting records, to adjust the investment account balances and related interest.	10
9	Verify that users request access to FedInvest that is appropriate for their role and access to incompatible access privileges defined by the program agency are appropriately segregated and/or the actions of such users are monitored.	12
10	Verify all Access Request/Revoke change requests are reviewed and approved by a supervisor before submitting the request to Fiscal Service.	12
11	Reconcile interest payments and allocations received as presented in the confirmations and Monthly Statements of Account and recalculate interest for accuracy.	11, 12

	Complimentary Program Agency Control	Related Control Objective
12	Reconcile investment activity from CARS Account Statements to the FIBB provided Monthly Statements of Account to verify that investment activity is being properly reported by FIBB on the program agencies' behalf.	12

SUBSERVICE ORGANIZATIONS

In order to provide investment/redemption processing services, FIBB relies on various systems and services provided by other external organizations (subservice organizations). These subservice organizations are not subject to examination by KPMG LLP. The following describes the types of the subservice organizations used by FIBB.

FRB of New York

FRB New York provides hosting and management of the information systems used to manage and make available Treasury Price Quotes used for FIBB pricing activities. environment. On a daily basis, FIBB obtains Treasury Price Quote files via digital certificate from a secure FRB website. These files are necessary for FIBB to load noon prices to FedInvest. FIBB uses these price quote files to calculate the market-based security prices that can be loaded into the InvestOne accounting system and compared to the price files provided by ODM.

Department of the Treasury – ODM

The Department of Treasury provides hosting and management of the information systems used to manage and make available ODM security price files used for FIBB pricing activities. On a daily basis, the ODM provides FIBB the daily security price files for market-based transactions. The security price files are necessary for FIBB to load noon prices in FedInvest. Additionally, as needed, ODM provides FIBB with the Zero-Coupon Bond pricing. ODM provides FIBB the Daily Market Quotations on Most Recently Auctioned Treasury Bills used for the rate for the one-day certificates.

Bureau of the Fiscal Service (Fiscal Service)

Bureau of the Fiscal Service – ISS provides hosting and management of the distributed environments for InvestOne, FedInvest, CARS, and other Treasury systems. CARD provides daily and monthly reports to FIBB, including Intra-Governmental Payment and Collection (IPAC) reports, and CARS account statements. FIBB uses these reports to verify the accurate posting of transactions and data. CARD also sends FIBB daily tax deposit estimates that are applicable to certain funds. FIBB allocates the estimated deposits to the appropriate trust funds based on monthly Office of Tax Analysis (OTA) estimates and provides the investment amounts to CARD. CARD confirms the amounts, notifies FIBB that they agree with the amounts, and prepares the warrant. FIBB then invests the amounts in the appropriate accounts. CARD also provides the actual tax deposit figures each month when available and FIBB invests / redeems based on the actual tax information provided by CARD.

CAIA – Provides authentication and identification services to some Fiscal Service applications.

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 FIBB's control environment. FIBB will assess existing complementary controls and determine if additional control changes are needed.

COMPLEMENTARY SUBSERVICE ORGANIZATION CONTROLS

FIBB controls related to the systems supporting its delivery of investment/redemption processing services cover only a portion of overall internal control for each program agency of FIBB. It is not feasible for the control objectives related to services provided by FIBB to be achieved solely by FIBB. Therefore, each program agency's internal control over financial reporting must be evaluated in conjunction with FIBB'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 FIBB's control objectives that depend upon them are described for each of FIBB's subservice organizations below.

FRB of New York

- Control Objective 8 – Item Capture; & Control Objective 11 – Interest Calculation and Payments
- Responsible for having controls that ensure that the price quote files are complete, accurate, and made available to FIBB in a timely manner.
 - Responsible for maintaining privileged user access and logical security over the servers, hardware devices, and related to the systems used.
 - Responsible for granting, reviewing, and removing user access to the systems used.
 - Responsible for performing patching operating system and database and application changes to the systems used.
 - Responsible for performing data back-ups for the systems used.

Department of the Treasury – ODM

- Control Objective 8 – Item Capture; & Control Objective 11 – Interest Calculation and Payments
- Responsible for having controls that ensure that the pricing files are complete, accurate, and made available to FIBB in a timely manner.
 - Responsible for maintaining privileged user access and logical security over the servers, hardware devices, and related to the systems used.
 - Responsible for granting, reviewing, and removing user access to the systems used.
 - Responsible for performing patching operating system and database and application changes to the systems used.
 - Responsible for performing data back-ups for the systems used.

Fiscal Service

- Control Objective 8 – Item Capture; & Control Objective 11 – Interest Calculation and Payments
- Responsible for having controls that ensure that the IPAC and CARS account statements are complete, accurate, and made available to FIBB in a timely manner.
 - Responsible for maintaining privileged user access and logical security over the servers and hardware devices for IPAC, CARS, CAIA, and distributed environments.
 - Responsible for granting, reviewing, and removing user access for IPAC, CARS, and distributed environments.
 - Responsible for performing patching operating system, database, and application changes for IPAC, CARS, CAIA, and distributed environments.
 - Responsible for performing data back-ups for IPAC, CARS, and distributed environments

**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 agencies, is intended to assist auditors in planning the audit of program agencies' financial statements or program agencies' internal control over financial reporting and in assessing control risk for assertions in program agencies' financial statements that may be affected by controls at FIBB.

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

FIBB's internal control represents the collective effect of various factors on establishing or enhancing the effectiveness of the controls specified by FIBB. In planning the nature, timing, and extent of our testing of the controls to achieve the control objectives specified by FIBB, we considered aspects of FIBB'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 auditors' 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 of procedures or controls that were originally performed as part of the entity'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 changes. Changes progress through various	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
	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.	The following exception was noted: 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></p> <p>Management concurs with the exception and will initiate appropriate corrective actions.</p>			
4.04	For Fiscal Service users, physical access to the ISS data center is restricted to authorized users only.	Observed an entrant swipe their badge into the access control system to note if the access controls system granted access to authorized personnel. 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.	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	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.	As it relates to the first procedure, no exceptions were noted. As it relates to the second procedure, the following exception was noted:

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.
<p><u>Management's Response</u> Management concurs with the exception and will initiate appropriate corrective actions.</p>			
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.
<p><u>Management's Response</u> Management concurs with the exception and will initiate appropriate corrective actions.</p>			
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

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>
<p><u>Management's Response</u></p> <p>Management concurs with the exception and will initiate appropriate corrective actions.</p>			
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
	<p>personnel as they happen through automated messages. Abends are monitored for resolution via end-of-day processes and the completion of the Daily Checklist.</p>	<p>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.</p>	

INVESTMENT AND REDEMPTION PROCESSING CONTROLS

Control Objective 7 – Item Processing Security

Controls provide reasonable assurance that an authorized investment authority is established prior to processing investment requests.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
7.01	FIBB creates new investment accounts in the InvestOne accounting system that will be available in FedInvest after FIBB receives confirmation via completed investment authority from Fiscal Service and Treasury legal offices that a Fund has active authority to invest in GAS Securities.	<p>Inquired of FIBB management regarding the creation of new investment accounts to note if any new investments were created during the examination period.</p> <p>Inspected the InvestOne account listing to determine if any new investment accounts were created during the examination period.</p>	There were no new investment accounts created during the examination period. As such, KPMG was unable to test the design and operating effectiveness of this control because the circumstances that warrant the operation of the control did not occur during the examination period.

Control Objective 8 – Item Capture

Controls provide reasonable assurance that investment and redemption requests are processed and recorded in a complete, accurate, and timely manner.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
8.01	A FIBB accountant runs a desktop COBOL program that uses the FRB of New York prices to calculate and prepare market-based price files that can be loaded into the InvestOne accounting system. The desktop COBOL program also compares the calculated prices to the prices contained in the ODM files producing an exception report of any differences. The daily procedures checklist and digitally signed off on by the FIBB accountant to evidence the reconciliation, including the resolution of differences.	For a selection of days, inspected the corresponding daily procedures checklists to determine if FIBB-calculated prices for market-based prices were compared to prices pulled from ODM price files to identify differences, any differences were resolved, and FIBB accountants digitally signed off on the daily procedures checklists.	No exceptions noted.
8.02	A FIBB accountant performs a yield curve comparison to check for significant variances from the composite Bloomberg generic pricing source obtained from the Bloomberg terminal and the ODM File. The FIBB accountant notifies ODM of any price differences on the exception report and unusual variances identified from the yield curve comparison, if any, and ODM provides FIBB with certification of any necessary price corrections via email.	For a selection of days, inspected the corresponding daily procedures checklists to determine if yield curve comparisons were performed to identify significant variances between ODM price files and composite Bloomberg generic pricing sources, any significant differences were resolved, and FIBB accountants digitally signed off on the daily procedures checklists.	No exceptions noted.
8.03	A FIBB accountant enters investment/redemption requests received from program agencies into InvestOne and FedInvest. These transactions are	For a selection of investments/redemptions requests entered into FedInvest or InvestOne by FIBB accountants on behalf of program agencies,	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	reviewed by a second FIBB accountant to verify the name of fund, account symbol, date of request, amount, and type of security to invest/redeem match between the program agency's request and the recorded transaction. Both FIBB accountants also verify the request was signed by an authorized official for the program agency. Each accountant digitally stamps the request to document their review.	inspected the corresponding request from the program agency and FedInvest/InvestOne transaction records to determine if the request came from an authorized official, an independent accountant reviewed each transaction for accuracy, and both accountants digitally stamped the requests documenting their reviews.	
8.04	For certain program agencies, FIBB accountants enter investment/redemption transactions based on the availability of funds identified in documentation received from CARD. These investment/redemption transactions are reviewed by a second accountant who verifies the invested/redeemed amount matches the available funds. Both accountants digitally stamp the investment confirmation and funding documents.	For a selection of investments/redemptions requests entered into FedInvest or InvestOne by FIBB accountants on behalf of certain program agencies, inspected the corresponding request from the program agency, availability of funds from CARD, and FedInvest/InvestOne transaction records to determine if an independent accountant reviewed each request for alignment with the available funds, and both accountants digitally stamped the confirmations documenting their reviews.	No exceptions noted.
8.05	Each business day, a FIBB accountant runs a report for all one-day investments from the previous business day and the current day's maturities, reviews the report to assess whether all one-day investments matured and paid interest, and documents approval by digitally marking the daily checklist. If a discrepancy is noted during the review process, the supervisor is notified, the	For a selection of days, inspected the corresponding daily procedures checklist performed by a FIBB accountant to determine if all one-day investments for the previous business day and the current day's maturities were reviewed for accuracy, FIBB accountants digitally signed off on the daily procedures checklists, and any discrepancies identified were corrected.	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	discrepancy is researched, and any issues are resolved.		

Control Objective 9 – Confirmations

Controls provide reasonable assurance that confirmations are processed in a timely and accurate manner.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
9.01	The InvestOne Accounting system is configured to automatically generate and post an on-line confirmation of the transaction available in FedInvest for Program Reconciliation.	Observed an investment request in InvestOne to determine if a memo number was automatically assigned and an on-line confirmation was generated to indicate that the transaction was available in FedInvest.	No exceptions noted.
9.02	A FIBB accountant reviews the confirmation reports showing the posted transactions to assess whether all pending transactions are included and that they posted accurately. The accountant saves these reports as part of the daily workpapers. If a discrepancy is identified, the Debt Management Information Support team is notified for resolution.	For a selection of days, inspected the corresponding daily confirmation reports to determine if they were reviewed for accuracy and retained as part of the daily workpapers, and that any discrepancies identified were followed up on.	No exceptions noted.
9.03	A FIBB accountant performs a Prior Day review which includes a secondary review to assess whether reports documenting the transactions have processed accurately, and follow up on any identified discrepancies.	For a selection of days, inspected the corresponding Prior Day Review Checklists to determine if the prior day's transactions were reviewed for accuracy and any discrepancies were followed up on.	No exceptions noted.

Control Objective 10 – Program Balance Corrections

Controls provide reasonable assurance that program agency account balance corrections applied to correct errors in processing or program agency errors are processed accurately.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
10.01	When necessary, a FIBB accountant prepares a correction package and completes the Correction/Adjustment Checklist. Two other FIBB accountants (supervisor and a reviewing FIBB accountant) review and approve the correction package and any transactions posted to the InvestOne accounting system SDAS, and or IPAC by digitally stamping the correction package to verify the correction/adjustment was entered appropriately to address the issue (investment or redemption, date of transaction, transaction amount).	For a selection of account balance corrections, inspected the corresponding correction package and Correction/Adjustment Checklists to determine if two independent FIBB accountants, including a supervisor, reviewed and approved the package by stamping the package and that requests were processed accurately.	No exceptions noted.

Control Objective 11 – Interest Calculation and Payments

Controls provide reasonable assurance that interest is calculated accurately, and interest reinvestments are completed accurately.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
11.01	As part of user acceptance testing for major system upgrades, FIBB accountants verify the accuracy of the InvestOne accounting system interest calculations by manually recalculating interest for redemptions maturities and semi-annual payment dates. Correcting entries are made for any discrepancies identified.	For a selection of major system upgrades, inspected the corresponding recalculation performed by the FIBB accountant in user acceptance testing to determine if InvestOne accurately calculated the interest and that if discrepancies were identified, correcting entries were made.	No exceptions noted.
11.02	The FIBB Menu accrual report program reports the results of interest accruals in the monthly Accrual Confirmation and Accrual Activity Report and publishes the report in FedInvest. Each report is assigned to an accountant to prepare and reviewed by a second accountant who verifies it is complete and accurate. The digital sign off on the reports by the FIBB accountants evidences their preparation and review, including the resolution of differences.	For a selection of months, inspected the corresponding Accrual Confirmation Reports and Accrual Activity Reports to determine if reports were prepared by an FIBB accountant, reviewed by a second accountant for completeness and accuracy, and that any discrepancies identified were followed up on.	No exceptions noted.
11.03	Case and investment balances are reconciled for pooled investment funds both prior to and after the allocation of interest. The reconciliation process prior to allocation of interest includes a review by two FIBB accountants who digitally stamp the requests as proof of review. If discrepancies are identified as a result of the reconciliation, the FIBB	For a selection of days, inspected the corresponding fund interest earnings and withholding fee allocations for pooled investments and processing checklists to determine if FIBB accountants reconciled case and investment balances both before and after the allocations, fee amounts were accurately input into InvestOne, that two FIBB accountants reviewed and digitally stamped the	No exceptions noted.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
	accountant opens a ticket with IT support to resolve a system issue.	requests, and if discrepancies were noted, tickets were opened to resolve them.	

Control Objective 12 – Statement Rendering

Controls provide reasonable assurance that daily activity and monthly reports are processed in a timely and accurate manner.

Control #	Description of Controls	Testing Performed by KPMG LLP	Results of Tests
12.01	FIBB accountants complete and forward Monthly Statements of Accounts at the tax lot and summary level to the Fiscal Service Internet for publishing in FedInvest. Each report is prepared by a FIBB accountant and reviewed by a second FIBB account before the end of first business day of the subsequent month who verifies the statements are complete and accurate.	For a selection of months, inspected the corresponding Monthly Statements of Accounts to determine if the reports were timely prepared by an FIBB accountant and reviewed by a independent accountant for completeness and accuracy.	No exceptions noted.
12.02	FIBB accountants use Desktop COBOL programs to create IPAC and Classification Transaction and Accountability (CTA) files each day to report all investment activity in CARS. Each file is reconciled as part of the daily procedures. The daily procedures checklist and digitally signed off on by the FIBB accountant to evidence the reconciliation, including the resolution of differences.	For a selection of days, inspected the corresponding daily procedures checklists to determine if FIBB accountants created and reconciled the IPAC and CTA files, that any discrepancies identified were followed up on, and digitally signed off on the daily procedures checklists to evidence completion.	No exceptions noted.

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RESPONSE TO REPORT OIG-26-005 PURSUANT TO THE JAMES M. INHOFE
NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2023,
PUBLIC LAW NO. 117-263, SECTION 5274

The Treasury Office of Inspector General attaches the following summary of response received from specifically identified non-governmental organizations or business entities as required by the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Public Law No. 117-263, § 5274.

The Treasury Office of Inspector General offers no comment and makes no representations, express or implied, of any nature with respect to the matters stated in the attached summary of response.



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D. C. 20220

March 24, 2026

Summary of Bloomberg's Response to Report Number OIG-26-005 Pursuant to the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Public Law 117-263, § 5274

Public Law 117-263, § 5274, James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, which amends the Inspector General Act of 1978, requires the Office of Inspector General (OIG) to notify non-government organizations (NGOs) and business entities (BEs) of the publication of a report, which specifically identifies them in the content of the report. The law also requires the OIG to provide NGOs and BEs 30 days from the date of the notice to review the final report and submit a written response to the OIG that clarifies or provides additional context for each instance within the report in which they are specifically identified.

On January 21, 2026, we notified Bloomberg that they were identified in the content of the report, Report on the Bureau of the Fiscal Service's Federal Investments and Borrowings Branch's Description of its Investment and Redemption Services and the Suitability of the Design and Operating Effectiveness of its Controls for the Period August 1, 2024 to July 31, 2025 (OIG-26-005). On January 26, 2026, Bloomberg via email¹, responded to our notification with the following comments:

"I am part of Bloomberg's Client Risk Engagement team and I am contacting you in respect to your email to Bloomberg regarding your soon-to-be-released SOC report.

Please capitalize the 't' in 8.02 so it reads Bloomberg Terminal.

Many thanks for contacting us."

The Bureau of Fiscal Service (BFS) management has reviewed Bloomberg's response. BFS agreed with Bloomberg's comments and will ensure that the error is not repeated in the future.

¹ Bloomberg did not respond to our notification on company letterhead.