



United States
Department of
Agriculture

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, DC
20250

TO: Under and Assistant Secretaries

THROUGH: Pearlle S. Reed
Assistant Secretary
for Administration

FROM: Jon M. Holladay
Acting Chief Financial Officer

SUBJECT: Federal Managers' Financial Integrity Act, Federal Financial
Management Improvement Act and the Office of Management and
Budget Circular A-123, "Management's Responsibility for Internal
Control, Appendix A: Internal Control over Financial Reporting,"
Certification Statements

At the end of each fiscal year (FY), Federal agencies must report on the requirements prescribed by the Office of Management and Budget (OMB) Circular A-123, "Management's Responsibility for Internal Control" (OMB Circular A-123). This circular guides Federal managers in improving the accountability and effectiveness of their programs and operations. It includes internal control standards and specific requirements.

Each agency/staff office must submit an annual certification statement on compliance with the Federal Managers' Financial Integrity Act (FMFIA), OMB Circular A-123, Appendix A, "Internal Control Over Financial Reporting," and the Federal Financial Management Improvement Act (FFMIA) to the Office of the Chief Financial Officer (OCFO). In conjunction with the Senior Management Control Council, OCFO reviews these submissions. It then uses the relevant information to compile the Secretary's annual assurance statement.

Annual certification statements must be submitted by August 30, 2010, for analysis and consideration for inclusion in the *FY 2010 Performance and Accountability Report*. During the week of May 24, 2010, OCFO will be providing training on the annual certification statements at the 2010 Financial Management Training.

The FMFIA Report on Management Controls, which accompanies the Secretary's annual assurance statement, includes new material deficiencies and a progress report on correcting existing ones.

Under and Assistant Secretaries

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The FFMIA Report on Financial Management Systems provides USDA's certification as to whether its financial systems comply with the act. If they do not, plans to meet compliance requirements are included.

Attached is a copy of the *USDA Corrective Action Guide* (Revised June 2009). It provides guidance for preparing corrective action plans for the OMB Circular A-123 Business Process and General Computer Controls deficiencies to accompany the agency's FY 2010 annual certification for FMFIA; OMB Circular A-123, Appendix A; and FFMIA. This document will also be provided to your mission area/agency/staff office Assessment Implementation Team members. They will be able to use it for reporting material weaknesses, significant deficiencies, and FFMIA non-compliances. In addition, a sample Certification Statement is attached.

Please ensure that signed certification statements are delivered to OCFO, Room 143-W. A soft copy of the certification statement with copies of the agency corrective action plans, and plan of action and milestones must be uploaded to the OMB Circular A-123 Document Repository. If you have any questions, please have a member of your staff contact Ava Lee at (202) 720-1179.

Attachments

cc: Agency Heads
Staff Office Directors
Chief Financial Officers
Management Control Officers

SAMPLE CERTIFICATION STATEMENT

TO: Jon M. Holladay
Acting Chief Financial Officer

THROUGH: Under/Assistant Secretary

FROM: Agency Head
Staff Office Directors

Agency Chief Financial Officer

SUBJECT: Federal Managers' Financial Integrity Act; Federal Financial Management Improvement Act, the Office of Management and Budget Circular A-123, Appendix A Certification Statement

This memorandum provides the [Mission-area/Agency/Staff Office name] assertions to support the Secretary's annual assurances for the Federal Managers' Financial Integrity Act (FMFIA), including the assurance statement for Internal Control over Financial Reporting, and the Department's certification for the Federal Financial Management Improvement Act (FFMIA).

Federal Managers' Financial Integrity Act Assertions

1. Management is responsible for developing and maintaining internal control to ensure the efficiency and effectiveness of operations, reliability of financial reporting, compliance with applicable laws and regulations and the safeguarding of assets.
2. Internal control encompasses accounting and administrative controls. Such controls include program, operational and administrative areas as well as accounting and financial management.
3. Management has conducted its annual evaluations of internal control and financial systems pursuant to Section 2 and Section 4 of FMFIA, respectively, for the period ended September 30, 2010.
4. Based on the results of the evaluations, the [Mission-area/Agency/Staff Office name] [can **OR** cannot] provide reasonable assurance that internal controls are operating effectively.
5. [No **OR** #] new material weaknesses and/or [#] significant deficiencies were identified, [#] existing material weaknesses and/or [#] significant deficiencies remain, and/or [#] material weaknesses [#] significant deficiencies were corrected or re-determined as no longer material.
6. Corrective action plans are attached for all new and existing material weaknesses and/or significant deficiencies, and documentation is provided to support actions taken on material weaknesses and/or significant deficiencies corrected or re-determined during the fiscal year.

Internal Control over Financial Reporting Assertions

7. [Mission-area/Agency/Staff Office name] conducted its assessment of the effectiveness of internal control over financial reporting as of June 30, 2010, in accordance with USDA's Implementation Guide and as required by the Office of Management and Budget Circular A-123, Appendix A.
8. The assessment included an evaluation of entity level controls, risk assessments, process descriptions and flowcharts, documentation of key controls, an assessment of the design of key controls, tests of operating effectiveness of properly designed controls, summary of deficiencies, and the development of corrective action plans for control deficiencies.
9. Management recognizes its responsibility for monitoring and correcting all control deficiencies.
10. Based on the results of the assessment, the [Mission-area/Agency/Staff Office name] [can **OR** cannot] provide reasonable assurance that internal controls over financial reporting are operating effectively.
11. [No **OR** #] new material weaknesses and/or [#] significant deficiencies were identified, [#] existing material weaknesses and/or [#] significant deficiencies remain, and/or [#] material weaknesses [#] significant deficiencies were corrected or re-determined as no longer material.
12. Corrective action plans are attached and have been approved by the Department for all new and existing material weaknesses and/or significant deficiencies. Documentation also is provided to support actions taken on material weaknesses and/or significant deficiencies corrected or re-determined during the fiscal year.

Federal Financial Management Improvement Act Assertions

13. [Mission-Area/Agency/Staff Office name] management evaluated its financial management systems under FFMIA for the period ended September 30, 2010.
14. Based on the results of our evaluation, we are in substantial compliance with Section(s) [choose all that apply: 1. Federal Financial Management System Requirements; 2. Applicable Federal Accounting Standards; 3. Standard General Ledger at the Transaction Level; and/or 4. Information Security, Policies, Procedures and Practices].
15. Corrective action plans are attached for areas of substantial non-compliance. Documentation (is attached) for all non-compliances corrected during fiscal year 2010.

Attached is a summary of the identified material weaknesses, significant deficiencies, system nonconformances and FFMIA noncompliances.

Fiscal Year 2010
Mission-Area/Agency/Staff Office Name
Summary of Reportable Deficiencies

Federal Managers' Financial Integrity Act

Identifier	Short Title	Weakness Category (MW, SD)	Year Identified	Original Estimated Completion Date	Actual Completion Date	Revised Estimated Completion Date
Section 2: Internal Control						
Section 4: Financial Management System Non-Conformance						

Internal Control over Financial Reporting

Identifier	Short Title	Weakness Category (MW, SD)	Year Identified	Original Estimated Completion Date	Actual Completion Date	Revised Estimated Completion Date
Section 2: Internal Control						
Section 4: Financial Management System Non-Conformance						

Federal Financial Management Improvement Act

Identifier	Short Title	Year Identified	Original Estimated Completion Date	Actual Completion Date	Revised Estimated Completion Date
Section 1: Federal Financial Management Systems Requirements					
Section 2: Applicable Federal Accounting Standards					
Section 3: Standard General Ledger at the Transaction Level					
Section 4: Information Security, Policies, Procedures and Practices					



United States Department of Agriculture

Corrective Action Guide

**June 2009
Version 5.0**