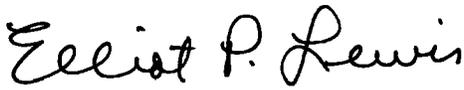




SEP 3 2009

MEMORANDUM FOR: LISA D. FIELY
Acting Chief Financial Officer

FROM: 
ELLIOT P. LEWIS
Assistant Inspector General
for Audit

SUBJECT: **Alert Memorandum: New Core Financial Management System (NCFMS) Cut-over Procedures**
Report Number: 22-09-015-13-001

The Office of Inspector General (OIG) contracted with an independent public accounting firm, KPMG LLP (KPMG), to conduct a review to identify potential risk associated with the implementation of the NCFMS prior to its scheduled deployment on October 14, 2009. At the entrance conference, we agreed to notify the Department of any unmitigated risk during the implementation process. Accordingly, we are raising concerns about the timely completion of the NCFMS Cut-over Transactions Workbook (workbook) procedures and training.

The NCFMS implementation team refers to the period between the time DOLAR\$ is expected to be unavailable and when the NCFMS becomes available as the "Cut-over Period." The workbooks (electronic spreadsheets to record financial transactions during the Cut-over Period) will be used to record transactional data during the Cut-over Period, which is anticipated to be from September 28 to October 14. The NCFMS implementation team has been working with the agency representatives to develop procedures to be used during the Cut-over Period. On August 6, the NCFMS implementation team provided draft procedures titled *Continuing of Business Operations* (COBO) to agency representatives. On August 18, additional draft procedures and guidance, in the form of questions and answers, were put on the DOL website. These procedures specify the process for recording transactions during the Cut-over Period.

The NCFMS implementation team will provide workbooks to agency representatives, and these workbooks will be used to hold all financial transactions including contracts, small purchases, grants, and travel. Each agency will be provided with one workbook to record transactions. The strategy is to hold transactional data in the workbooks during the Cut-over Period. On October 14, when NCFMS becomes operational, the workbook transactions will be processed into NCFMS.

We raised concerns regarding the reconciliation of data in the planned NCFMS implementation, and the NCFMS implementation team began developing procedures to perform a reconciliation of all transactions recorded during the Cut-over Period. The reconciliation procedures were expected to be completed and issued on or before August 31, but at this time those reconciliation procedures are in draft and have not been finalized. In addition, the required training needed to perform reconciliations of the Cut-over data has not been developed.

It is critical that the Department develop and implement procedures to ensure the data recorded in NCFMS for the Cut-over Period is complete and valid. Accordingly, we recommend that the NCFMS implementation team:

- finalize the policies and procedures related to the process that will occur during the Cut-over Period, including the use of workbooks to record transaction data;
- make a priority to finalize the procedures to perform the reconciliation of all transactions recorded in workbooks with those transactions recorded in NCFMS by September 9, 2009; and
- incorporate the Cut-over Period workbook process into the formal NCFMS training.

We request that you take action and respond to this report within 10 days. Please contact Joseph L. Donovan, Audit Director, Office of Audit, at (202) 693-5248, if you have any questions.

cc: Seth D. Harris, Deputy Secretary
John Blair, Associate, Deputy Chief Financial Officer
Ken Bode, Director, Systems Architecture and Development