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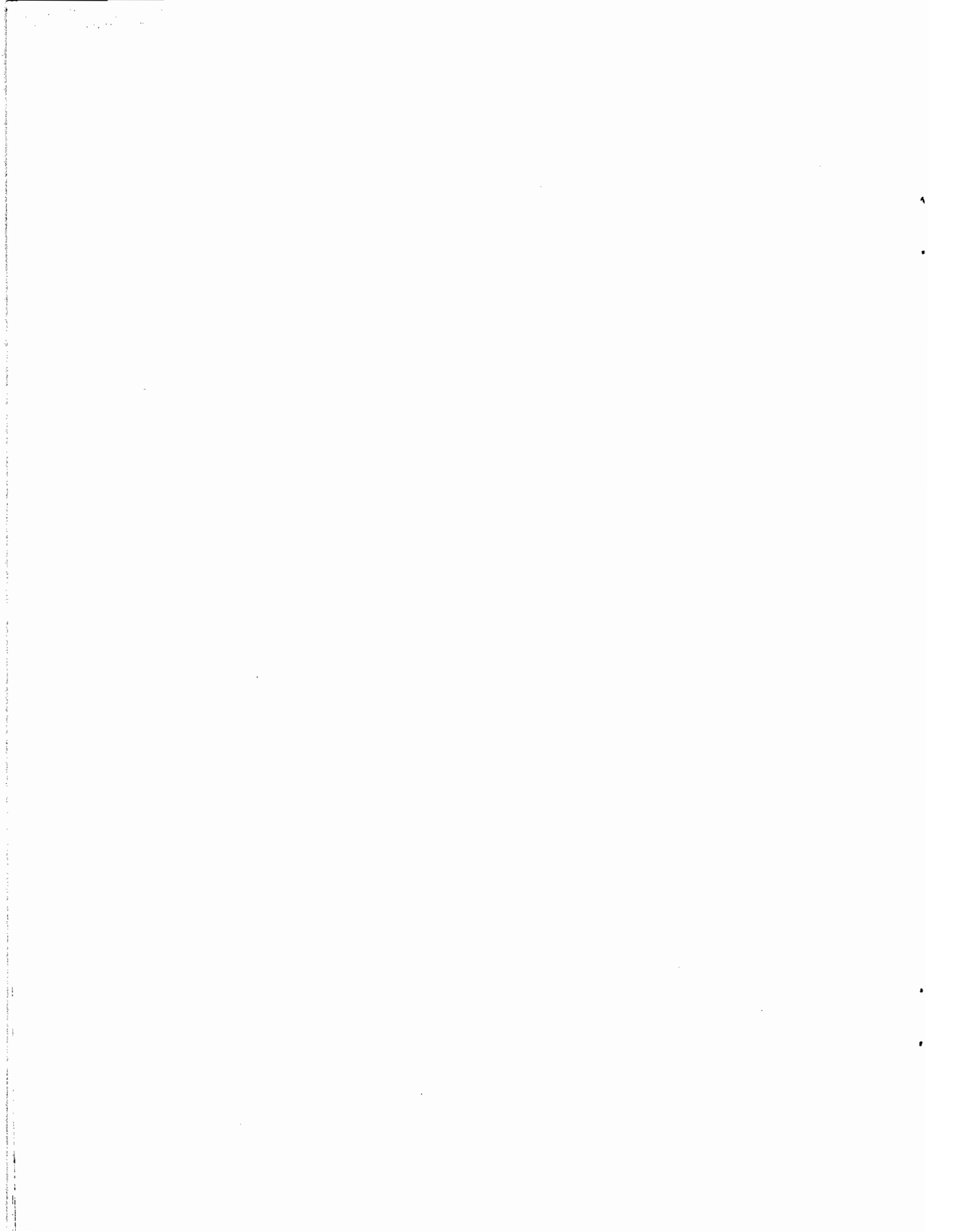
**A Community Development Management Demonstration  
in the City of Boston. Volume 2. Appendix D  
Financial Accounting and Control System Manual**

**Boston Office of the Mayor, Mass.**

**Prepared for**

**Department of Housing and Urban Development, Washington, D.C.**

**Jan 77**



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**CAPACITY  
BUILDING**

**FILE COPY**

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# **A Community Development Management Demonstration in the City of Boston**

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A Project in the HUD Capacity-Building Program

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## **Volume 2: Appendix D, Financial Accounting and Control System Manual**

by City of Boston

for Office of Policy Development and Research  
Department of Housing and Urban Development

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16. Abstracts This report was produced as part of the Department of Housing and Urban Development Capacity-Building Demonstration Program. During an 18-month period beginning in 1974, eight projects tested approaches to improving the overall policy development and management capacity of local elected and appointed officials. The demonstration had a dual thrust--making changes at the local level and organizing resources for assistance.  The manual is a general description of the computerized system for municipal financial management adapted initially for CDBG program management in Boston. The system is designed for timely financial reporting to assist administrators in making operating decisions and controlling available funds. This overview of the system's features and capabilities is intended for managers and users and summarizes reporting concepts, coding requirements, and system controls.				
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# Preface

In the early 70's, local governments began to face increasing responsibilities as the federal government started to change the way it allocated funds. Revenue sharing and block grants began to replace special purpose grants and programs. Although local officials welcomed a broadened role in program planning and policy-making, many did not have the management resources for effective program implementation.

Recognizing this problem, and the need to help local governments develop and strengthen their management capabilities, the Department of Housing and Urban Development (HUD) created the "Capacity-Building" Demonstration Program. In the spring of 1974, HUD's Office of Policy Development and Research announced a nationwide competition for demonstrations of "capacity-building methods for local chief executives". Eight projects were selected from a field of 71 proposals submitted by more than 100 state and local governments. The demonstrations contributed over \$1 million worth of their own resources and HUD contributed \$2.2 million to the 18-month program.

The Capacity-Building Demonstration Program had two objectives:

- to test and evaluate approaches for strengthening the capabilities of local officials to fulfill their overall policy development, resource allocation, and management responsibilities; and
- to make the results and experience of the demonstrations available to other state and local officials.

The demonstrations tested a variety of approaches to management improvement. The cities of Boston and Houston, the Kettering Foundation and the MATCH Institution concentrated on building municipal capacity in policy formulation, resource allocation, citizen participation, and operations. The South Carolina Office of Community Development and the municipal leagues in California, Tennessee, and Texas assisted small and medium sized cities by using organizational development, training, technical assistance, and information dissemination techniques to assess management needs, to establish new procedures, and to transfer methods from one city to another.

The results of the demonstration are now available. Numerous project reports have been published in 22 volumes available from the National Technical Information Service. In addition, the Public Affairs Counseling division of Real Estate Research Corporation, with guidance from several state and local officials, has produced three documents to make the demonstration experience more accessible to state and local officials.

**Strategies for Management Change** focuses on programs aimed at improving the policy and resource management capabilities of elected and appointed officials in Boston, Cincinnati, Dayton, Houston, Petersburg, (Va.), and Prichard, (Ala.). It highlights the actions and decisions of the key participants and identifies the important influences on what happened.

**Strategies for Providing Assistance** discusses the issues of organizing and applying assistance resources in California, South Carolina, Tennessee and Texas. It describes new ways of diagnosing management problems, implementing solutions, and transferring useful results from one local government to another.

**Index to Methods and Documents** describes the numerous methods and documents produced by the individual projects. It organizes them by subject and by project for ease in locating items of interest.

These three publications can be ordered from the Government Printing Office or from the National Technical Information Service. A complete listing of all Capacity-Building publications can be found at the end of this document.

The Capacity-Building Demonstration Program is now complete. The new management methods initiated during the demonstration form the basis for a continuing process of management improvement. The demonstration experience has contributed to increased knowledge about the problems local governments face in meeting policy and management responsibilities and helped identify a range of potential solutions.

**Andrew J. Boots III, Manager**  
Capacity-Building Demonstration Program  
Division of Community Development and Management Research  
Office of Policy Development and Research  
U.S. Department of Housing and Urban Development

## TABLE OF CONTENTS

### APPENDICES

#### VOLUME ONE:

- A - Description of Little City Halls
- B - Sample Neighborhood Improvement Program
- C - Transfer Documents
  - Community Development Block Grants and Duties of Mayors and Councils
  - Environmental Assessment Manual

#### VOLUME TWO:

- D - Financial Accounting and Control System Manual

#### VOLUME THREE:

- E - Sample Analytical Reports
  - Neighborhood Commercial Revitalization Program
  - Housing Improvement Program
  - Rationale and Proposal for the Creation of the Office of Program Management and Evaluation
- F - Sample Product of Automated Program Management System

# **CITY OF BOSTON**

## **Community Development**

### **FINANCIAL ACCOUNTING AND CONTROL SYSTEM**

**General Description Manual**





CITY OF BOSTON

FACS GENERAL DESCRIPTION MANUAL

CHANGE LOG

(File Revisions Behind This Page Until Posted)

REVISION NUMBER	DATE	DATE POSTED	COMMENTS

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	Page: ]
Procedure Name:	Table of Contents	Date Issued:	10/15/76
		Revision:	Date:

## I. INTRODUCTION

- A. Purpose and Objectives of FACS
- B. The FACS Manuals
- C. Procedures for Revision of This Manual

## II. SYSTEM SUMMARY

- A. General
- B. System Features
- C. System Procedures
- D. Accounting Concepts
- E. Budgeting
- F. Critical Logic

## III. REPORTING CONCEPTS

- A. General
- B. Report Levels
- C. Frequency and Timing
- D. Reports

## IV. CODING REQUIREMENTS

- A. Cost Center Concept
- B. Coding Structure
- C. Coding Procedures

# FACS

Name: GENERAL DESCRIPTION	Section:	Page: 2
ure Name: Table of Contents	Date Issued: 10/15/76	
	Revision:	Date:

## V. SYSTEM CONTROLS

- A. General
- B. System Processing
- C. Control of Rejects
- D. Recovery and Restart
- E. Auditing the System

I. INTRODUCTION

Manual Name:	GENERAL DESCRIPTION	Section: I-A	Page: 1
Procedure Name:	Purpose and Objectives of FACS	Date Issued: 10/15/76	Revision:           Date:

The purpose of FACS is to provide a responsibility reporting, budgetary and accounting control system for designated agencies within the City of Boston. As a Financial Accounting and Control System it provides a coordinated approach to the problems of controlling revenues and expenditures within each agency. There are several major objectives which relate to the overall purpose:

1. To provide an effective method for monitoring an agency's day-to-day financial operations.
2. To provide historical cost data to compare with a plan to assist in identifying problem areas.
3. To provide uniform reporting among programs and agencies while maintaining flexibility for the agencies in meeting their reporting requirements.
4. To eliminate duplication of record keeping effort for using agencies.
5. To provide comprehensive record keeping and audit trails for meeting audit requirements.

FACS is designed to provide timely financial reporting that will assist administrators and operating personnel in making operating decisions and exercising control over available funds. The success of the reporting system depends on how effectively the reports are utilized by managers at all levels.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	1-B	Page:	1
Procedure Name:	The FACS Manuals	Date Issued:	10/15/76	Revision:	Date:

Several manuals are available to describe the use and control of the FACS system. At present, only the General Description Manual and the User Manual will be distributed to user agencies. The Accounting Procedure, Fiscal, EDP Operations, and Keypunch manuals are tailored for those involved in running the system, and will be available for review on a request basis from the Community Development Accounting Office.

A brief description of each manual appears below:

## FACS GENERAL DESCRIPTION MANUAL

This manual provides an overview of the system's features and capabilities. It is intended for managers seeking an overall understanding of the system, as well as for users as background information for the user procedures.

## FACS USER MANUAL

This manual describes the procedures required of personnel submitting accounting data to FACS from the various operating agencies. It consists principally of instructions related to the use of City accounting forms and the Community Development Document Cover Sheet (Form CD-4).

# FACS

Manual Name: GENERAL DESCRIPTION	Section: 1-B	Page: 2
Procedure Name: The FACS Manuals	Date Issued: 10/15/76	
	Revision:	Date:

## FACS ACCOUNTING PROCEDURE MANUAL

This manual contains playscript procedures and flowcharts outlining the processing and disposition of all City documents within the CD Accounting Section.

The manual is organized along functional lines, describing the forms, procedures and files associated within each of the major types of accounting transactions in the City, e.g., ordering, payments, payroll, cash transfers, etc. Also included are normal month-end and year-end accounting procedures.

## FACS FISCAL MANUAL

This manual describes in detail the procedures and sources of data for filling out FACS input forms and for exercising the system controls. Control procedures are organized according to when they are performed: daily, weekly, monthly and year-end. Forms preparation procedures are organized by transaction type within the following two areas: financial transactions and maintenance transactions.

## FACS EDP OPERATIONS MANUAL

This manual explains how to run the FACS system on the City's IBM computer. It also describes all the procedures necessary to insure proper retention of files, and to provide for backup in case of equipment failure.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	I-B	Page:	3
Procedure Name:	The FACS Manuals	Date Issued:	10/15/76	Revision:	Date:

## FACS KEYPUNCH MANUAL

This manual describes how each of the FACS forms is keypunched for input to the computer. It is intended for the use of the Data Processing Division.

# FACS

Manual Name: GENERAL DESCRIPTION	Section: I-C	Page: 1
Procedure Name: Procedures for Revision of This Manual	Date Issued: 10/15/76	Revision:           Date:

From time to time it will be necessary to revise certain procedures in this manual. Many of the suggestions for revision will come from those who use the system on a daily basis. When it appears that operating efficiency may be increased by a change in procedures the following steps should be followed:

Originator

1. Write out the suggested change specifying
  - the nature of the existing problem
  - the new procedural steps required
  - the potential benefits to be derived
2. Submit the suggestion to the CD Controller.

Controller

3. Review the suggestion, consulting the systems analyst, bookkeeper, and others as necessary to determine the impact of the change.
4. If rejected, return to the originator with a brief explanation of the reason.
5. If accepted, prepare a manual revision and assign the next sequential revision number (see sample form on following page).
6. Distribute the revision to all holders of this manual.

Users

7. Update the affected sections and record the revision in the change log at the front of the manual.



Manual Name: GENERAL DESCRIPTION	Section: I-C	Page: Exhibit
Procedure Name: Procedures for Revision of This Manual	Date Issued: 10/15/76	Revision:            Date:

CITY OF BOSTON  
FACS MANUAL REVISION FORM

DATE		MANUAL NAME	REVISION NO.
10/2/76		General Description	1
SECTION	PAGE	DESCRIPTION OF CHANGE	
I-C	2,3,4	Replace indicated pages with attached revision	
I-E	1	Delete paragraph 2d	
<p style="font-size: 2em; transform: rotate(-15deg); opacity: 0.5;">SAMPLE</p>			
		15<	
APPROVED		<u>U. F. Approved</u>	DATE <u>10/2/76</u>

Manual Name:	GENERAL DESCRIPTION	Section:	II-A	Page:	1
Procedure Name:	System Summary - General	Date Issued:	10/15/76	Revision:	Date:

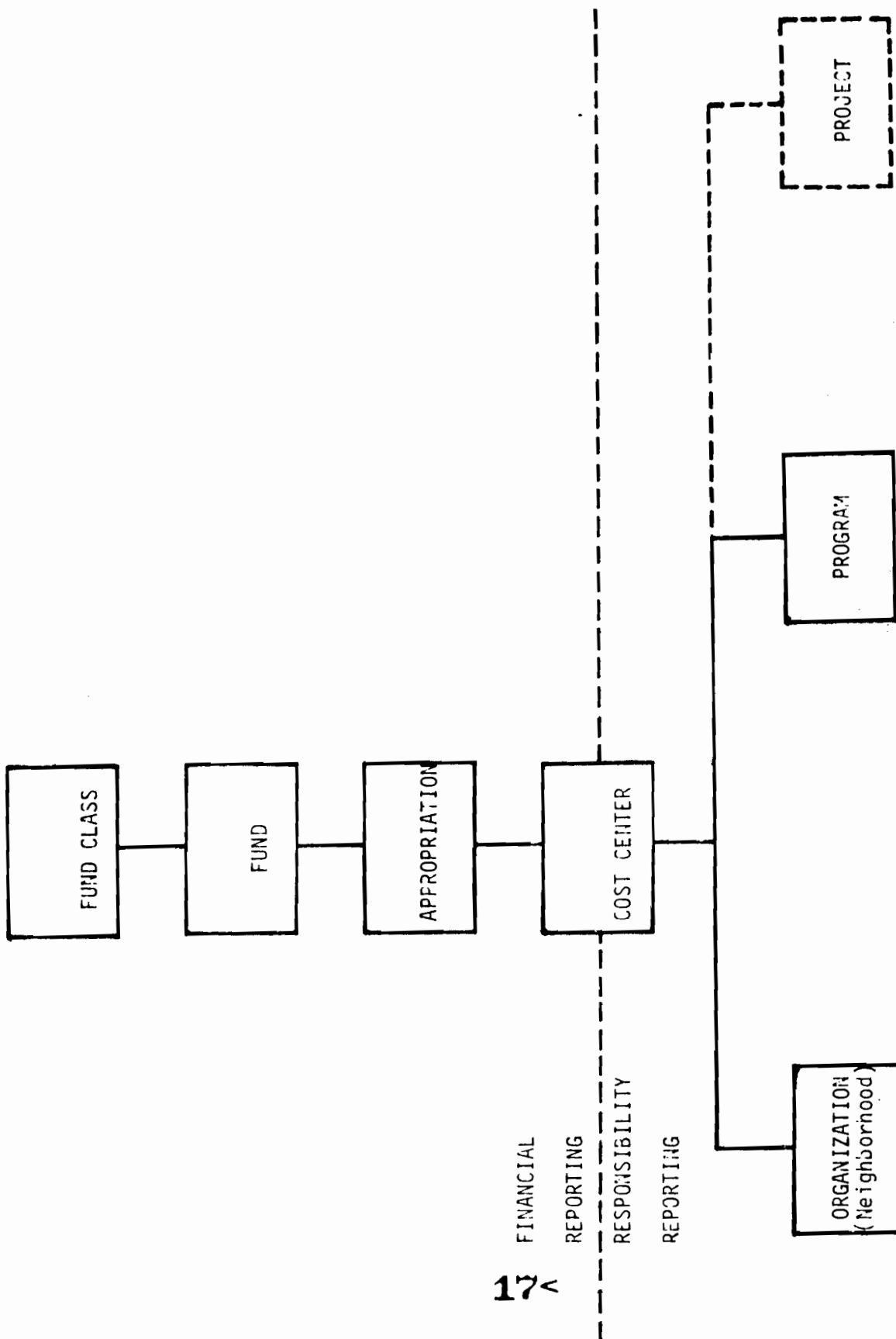
The Financial Accounting and Control System (FACS) is a uniform, comprehensive accounting and financial reporting system for recording and controlling the receipt and disbursement of funds. In addition to providing the basic reports to meet the fiscal information needs of the City, the system is designed to provide considerable flexibility for users by allowing departments and agencies to define, within a uniform account structure, their own specific requirements for financial control purposes. Elements incorporated into the system include:

1. Fund general ledgers.
2. Check of available appropriation.
3. Appropriation status and revenue reporting.
4. Collection of cost and performance data by program and neighborhood in addition to appropriation.
5. Reporting of financial management information to department managers, program directors and financial control units in the City on a current, timely basis.
6. A uniform chart of accounts incorporating balance sheet, revenue and expenditure accounts for each fund.
7. Flexibility for departments and agencies to determine the level of detail to be reported.
8. A cost center concept which minimizes the amount of manual coding required on accounting documents.

The exhibit on the following page illustrates the cost center concept by showing the cost center at the focus of the various reporting hierarchies.

# FACS

Manual Name: GENERAL DESCRIPTION	Section: II A	Page: Exhibit
Procedure Name: System Summary - General	Date Issued: 10/15/76	Revision:            Date:



# FACS

Manual Name:	GENERAL DESCRIPTION	Section: II-B	Page: 1
Procedure Name:	System Features	Date Issued: 10/15/76	
		Revision:	Date:

The Financial Accounting and Control System provides several features designed to meet the system's objectives and to facilitate its use by City agencies.

1. Output Distribution

The system provides for individual addressing of output reports at all levels of reporting. Each cost center, program, and neighborhood is assigned a distribution number keyed to an address stored on the system reference file.

2. Levels of Control

The system provides for the control of expenditures for all agencies at the appropriation level. In addition, the system allows each agency considerable latitude in determining the level of reporting required for controlling its operations.

3. Coding Structure

The system coding structure is designed to satisfy complex agency reporting requirements while simplifying the coding of source transactions. This is accomplished by the use of a unique reference number for each cost center defined in a department or an agency. This reference number is used by the system to determine how the data is to be processed and reported.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	II-B	Page:	2
Procedure Name:	System Features	Date Issued:	10/15/76	Revision:	Date:

#### 4. File Dictionary Approach

FACS uses a series of reference files for defining system codes, examining input data and meeting agency reporting requirements. This arrangement increases versatility and minimizes the effect of changes to the system. The reference files are used to validate all input data. They contain valid codes, valid formats and other comparison rules. They are also used in formatting reports to obtain descriptive data related to the various codes. The major purpose of the reference files, however, is to provide structure to the financial reports by defining the relationships among funds, appropriations, organizations, and programs.

#### 5. Flexibility

The Financial Accounting and Control System provides considerable flexibility in meeting agency financial reporting and operating requirements. The system offers three categories of reports designed for specific management control purposes:

- Organization Reports
- Program Reports
- Project Reports

(The current reporting for federal grants will use program reports and will take advantage of the organizational reporting logic to provide reports by neighborhood. Project reporting remains available but will not be activated at the present time.)

# FACS

Name:	GENERAL DESCRIPTION	Section: II-B	Page: 3
Title Name:	System Features	Date Issued: 10/15/76	Revision:      Date:

The system also provides the agencies with the ability to determine the level of detail they require for these reports. Once users become accustomed to the report formats it is expected that they will take advantage of the system flexibility to request greater or less detail. This may be accomplished at any time without changes in programmed logic.

Procedure Name:	GENERAL DESCRIPTION	Section: II-C	Page: 1
Procedure Name:	System Procedures	Date Issued: 10/15/76	
		Revision:	Date:

The Financial Accounting and Control System depends on the decentralization to departments of the day-to-day operations of document coding prior to entry into the computer. The procedures for insuring a smooth operation of the system are primarily the responsibility of the departments. These responsibilities are outlined below:

1. Define the requirements for cost information to control the department's operations.
2. Define the lowest level of cost category required to obtain the cost information desired. Caution should be exercised in this definition process to insure that cost centers are identified only to the level required and not lower because the cost centers must be coded on accounting documents and budgets must be prepared for the expenditures of each cost center.
3. Correct any erroneously coded cost center or agency codes which may have been omitted or incorrectly coded.
4. Complete the budget forms for monthly budgets for the fiscal year to be entered in the system.
5. Adjust budget amounts which were incorrectly entered previously or require adjustments for some other reason.
6. Assign agency and cost center codes in addition to account number or object codes for all accounting documents and forward the appropriate copies to CD Accounting for processing. Standard City forms will be used but will be accompanied by

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	II-C	Page:	2
Procedure Name:		Date Issued:	10/15/76		
	System Procedures	Revision:		Date:	

a cover sheet to accommodate the required coding.

7. For departments charging payroll costs to a grant handled by the system (either directly or through debit transfers) fill out a cover sheet charging the gross payroll to the appropriate cost centers. This distribution will be made monthly in the case of debit transfers and weekly in the case of direct payroll charges. Fringe benefits will be computed by CD Accounting and accumulated separately in the system.

Encumbrance amounts will be established and liquidated by the system based on transactions entered on the regular accounting documents. The system is designed to accept encumbrances at the object code level within cost center. A monthly report will be prepared of the status of unliquidated encumbrances for each of the accounts, cost centers, etc., for which encumbrance amounts have been processed. This report will be received by CD Accounting. The balance of unliquidated encumbrances will also appear on the respective program reports where encumbrances have been entered by cost center.



# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	II-D	Page:	1
Procedure Name:	Accounting Concepts	Date Issued:	10/15/76	Revision:	Date:

1. The general ledger will be maintained centrally. It will be composed of funds, each of which is a self-balancing set of accounts. The types of accounts are assets, liabilities, fund balance, expenditure control, revenue control, and encumbrance control.
2. CD Accounting will establish and maintain a uniform fund classification structure, assigning each federal grant to a separate fund class and each of the yearly grant entitlements to a separate fund.
3. The system will accommodate either a cash, accrual, or modified accrual accounting basis for all funds within a fund class.  
Under a modified accrual basis:
  - a. expenses would be recorded at the time the liability was incurred.
  - b. revenues would be recorded when cash is received except for governmental receivables which are recorded when earned.
  - c. A year-end adjusting entry is made for payroll and outstanding encumbrances.
4. CD Accounting will establish and maintain a uniform chart of accounts covering all CD grant activity. The account structure will be sufficiently flexible to provide for many of the special needs of departments and agencies.

Manual Name:	GENERAL DESCRIPTION	Section: II-D	Page: 2
Procedure Name:	Accounting Concepts	Date Issued: 10/15/76	
		Revision:	Date:

5. The City will continue to write checks for general disbursement on City maintained bank accounts, which will immediately be reimbursed from grant bank accounts.
6. The organization and program structures will be developed prior to implementation of the uniform accounting system. The cost centers, which are the common denominators between the organization and program, will also be identified prior to implementation of the uniform accounting system. Reporting will follow organization (neighborhood) and program structures.
7. Program and neighborhood numbers and other activities which cross department lines will have to be unique and will be assigned centrally.
8. Monthly reports will be prepared as soon after the last work day of the month as practicable. Department and agency cutoffs will be scheduled with adequate lead time to meet this cutoff.
9. Expenditures will be pre-audited at the originating agency.
10. The system will incorporate extensive processing and validity control procedures so that all transactions entered contain valid codes and data that is acceptable to the system. Transactions would be rejected for the following reasons:
  - a. Invalid codes
  - b. An encumbering purchase order exceeding the annual appropriation availability
  - c. A purchase order adjusting an encumbrance which is not on file

# FACS

ual Name:	GENERAL DESCRIPTION	Section:	II-D	Page:	3
cedure Name;	Accounting Concepts	Date Issued:	10/15/76	Revision:	Date:

11. The batch control report will be sent to CD Accounting each time the system is run. This will provide an audit trail of the transactions entered into the system, indicating both those that were accepted and those that were rejected. The records generated by the validity program for the batch control reports will have the appropriation account code in them.
12. Fixed amount contracts will be encumbered at the time the contract is let for the amount budgeted in the current year. Price agreements (contracts which only establish a unit price and the total amount to be purchased is not stipulated) will not be encumbered when the agreement is let, but will be encumbered as each purchasing document is issued.
  - a. The system will maintain a file of contracts.
  - b. Each contractual agreement must be identified as being a fixed amount contract or a price agreement.
13. A cost center can charge to only one appropriation, program, organization or project. Source documents charging revenues or expenditures will be coded with the cost center number that translates (internally in the system) to the above.
14. To accommodate fiscal year-end processing and to identify the input with the proper reporting cycle the system will require coding the fiscal year and month so that transactions will be charged to the proper fiscal year. Space will be provided on all source documents for coding fiscal year and month.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	II-D	Page:	3
Procedure Name:	Accounting Concepts	Date Issued:	10/15/76	Revision:	Date:

11. The batch control report will be sent to CD Accounting each time the system is run. This will provide an audit trail of the transactions entered into the system, indicating both those that were accepted and those that were rejected. The records generated by the validity program for the batch control reports will have the appropriation account code in them.
12. Fixed amount contracts will be encumbered at the time the contract is let for the amount budgeted in the current year. Price agreements (contracts which only establish a unit price and the total amount to be purchased is not stipulated) will not be encumbered when the agreement is let, but will be encumbered as each purchasing document is issued.
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  - b. Each contractual agreement must be identified as being a fixed amount contract or a price agreement.
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14. To accomodate fiscal year-end processing and to identify the input with the proper reporting cycle the system will require coding the fiscal year and month so that transactions will be charged to the proper fiscal year. Space will be provided on all source documents for coding fiscal year and month.

# FACS

Project Name:	GENERAL DESCRIPTION	Section: II-D	Page: 4
Procedure Name:	Accounting Concepts	Date Issued: 10/15/76	Revision:           Date:

15. Year-end processing will be handled in the following manner:
  - a. Hold the books open at year-end for approximately thirty days.
  - b. Run current and prior year entries through same processing cycle during the thirty-day period using the fiscal year and month to separate them.
  - c. Thirty days after year-end, close the books and produce the June management reports and the year-end financial reports. Open encumbrances will remain open on the fund balance sheets at fiscal year-end.
  - d. Since each grant application year will be accounted for in a separate fund, a new fund will be created to accumulate new activity after June 30. Both the new activity and liquidations of prior year encumbrances will be recorded as expenditures on the new year's management reports, but will be segregated into current and prior years cost centers. All prior year expenditures will appear on the fund balance sheet corresponding to the prior year.
  - e. After the year-end closing unencumbered amounts applicable to the prior year's grant will be rebudgeted in the current year.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	II-E	Page:	1
Procedure Name:	Budgeting	Date Issued:	10/15/76	Revision:	Date:

FACS provides for the preparation of budgets originating at the cost center level, with the financial data being accumulated through organization and program structures to the summary grant or citywide level.

1. FACS will use monthly budgeting procedures and the organization and program reports to control expenditures. Budgets will be developed on a monthly basis where appropriate or designated as 100% in the first month for certain capital projects.
2. Payroll budgets may be calculated on a projected actual basis or by dividing the pay dates for each month by the total pay dates for the fiscal year and multiplying this fraction by the total annual payroll budget.

# FACS

Report Name:	GENERAL DESCRIPTION	Section: II-F	Page: 1
Procedure Name:	Critical Logic	Date Issued: 10/15/76	Revision:      Date:

Critical logic areas are encountered under the following conditions:

1. Daily Processing

Since transactions for one month may be processed in the first several work days of the next month, current month and next month data must be identified and posted to separate data fields. The same is true for this fiscal year and last fiscal year transactions.

2. End of Month/End of Fiscal Year

When month-end processing is done the accumulated "next month" expenditure and encumbrances must be rolled into the current month actual data field.

When processing the reports for June, current year expenditure data must be moved to the last fiscal year expenditure field.

3. Construction of Higher Level Reports

Higher level reports are created by summarizing all of the lower levels of organization or program structural units. This will be accomplished by accessing the structural "Reports to" chains in the low-level Edit and Disperse program and creating a summary record for each structural unit number that the low-level unit "Reports to". These records will then be sorted in "Reports to" sequence. All lower level units which report to a higher level unit are then combined to produce the higher level reports.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section: II-F	Page: 2
Procedure Name:	Critical Logic	Date Issued: 10/15/76	Revision:           Date:

#### 4. Constructing and Changing the Organization and Program Structures

Since the organization and program structures define the reporting relationships and interrelationships of organizations and programs, great care must be taken in adding or changing structures. Automatic program checks will be installed which will prevent the adding of a program or organization unit which already exists. The program will also prevent the changing of an organization or program "Reports to" unit to a unit which would cause a looping relationship. To insure that no looping relationship is allowed, the programs will require that a new structural relationship be built from the top down. A relationship chain can then be checked for looping before the new unit is allowed on the file. When changing the "Reports to" structural unit to another "Reports to" unit, the new unit must already exist on the file.



# FACS

Document Name: GENERAL DESCRIPTION	Section: III-A	Page: 1
Procedure Name:	Date Issued: 10/15/76	
Reporting Concepts - General	Revision:	Date:

**Responsibility Accounting** is tailored to organization and program so that costs can be accumulated and reported by levels of responsibility. This concept emphasizes the fact that people incur costs; therefore, people should control costs.

The fundamentals of Responsibility Accounting include:

1. A report of expenditures to the individuals responsible for control. This involves assigning the responsibility for controlling individual items of cost to a specific person - a key person who can take action.
2. Comparison of actual results to a budget. The actual results compared to the plan must be reported to the person responsible for controlling the costs.
3. Participation of individuals in budget preparation. The preparation of the plan or budget goal involves the participation of key persons at every level.

It should be stressed that Responsibility Accounting is a flexible concept, permitting the Responsibility Reporting to be tailored to the actual organization and program structure of each department or agency. This flexibility facilitates the preparation of monthly control reports for each level of management as a tool for controlling operations.

# FACS

Name:	GENERAL DESCRIPTION	Section: III-B	Page: 1
ure Name:		Date Issued: 10/15/76	
	Report Levels	Revision:	Date:

The system has been structured to provide reports for as many organizational levels and program levels as are established within a department or agency. In addition there is no limit on the number of organizational units or programs within each level. Refer to the exhibit on the following page for a graphical explanation of the "Reporting Roll-Up" concept.

Although the system provides for the capability to prepare summary reports for multiple levels of both programs and organizations, a department need use only as many levels as required to satisfy its management needs. For example, a department may require four levels for organizational reports and only two levels for program reports. In addition, the levels may vary for a type of report (program or organization) within a department. An example may be the requirement of only two levels in one department or division and three or more levels of organization in other departments or divisions of the department. In the current usage of the reporting structures, a single level of organizational reporting will be established to accomodate segregation of costs by neighborhood.

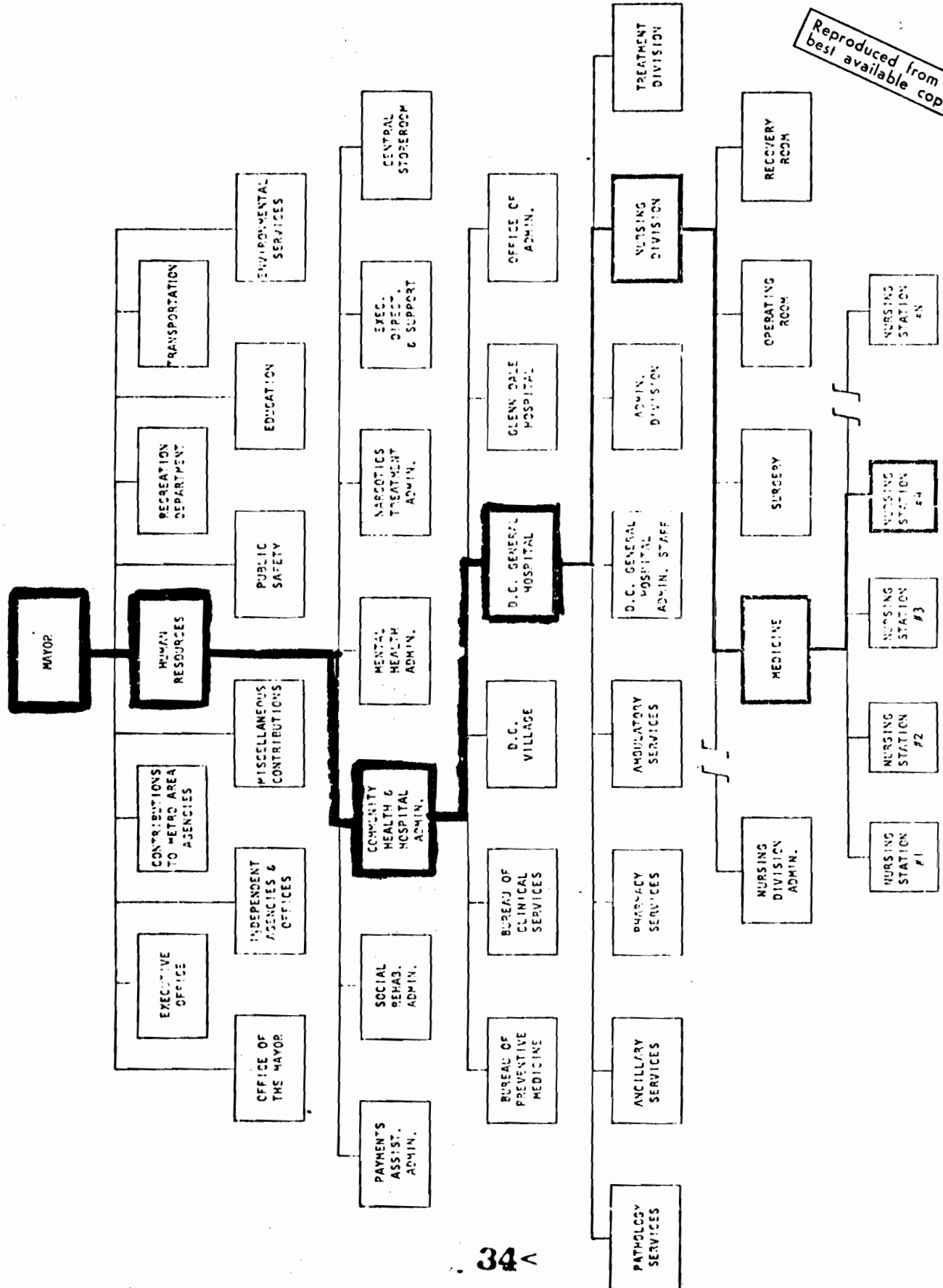
# FACS

Final Name:	GENERAL DESCRIPTION	Section:	III-B Page: Exhibit-1
Procedure Name;		Date Issued:	10/15/76
	Report Levels	Revision:	Date:

The following 3 pages illustrate a sample organizational structure chart, the resulting organizational responsibility reports for units at 3 levels on the chart, and finally a top level responsibility report.

The numbered arrows on page 3 of the Exhibit identify some of the following major features:

1. Designates what organizational unit this report pertains to.
2. Shows breakdown of expenditures both by lower level of organization and by object of expense.
3. Provides both current month and year-to-date performance compared to budget.
4. Shows outstanding encumbrances and remaining free balance.
5. Totals from lower level reports "roll-up" to higher level reports.



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PERIOD ENDING 03-31-76  
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CITY OF BALTIMORE  
FINANCIAL MANAGEMENT AND CONTROL SYSTEM  
ORGANIZATION ACCOUNTABILITY REPORT

REPORT NO. 106  
PAGE NO. 1

① ORGANIZATION REPORTS TO: DEPARTMENT OF HUMAN RESOURCES (50001)

CURRENT MONTH ACTUAL	CURRENT MONTH BETTER(BOYD) PLAN	DESCRIPTION	YEAR-TO-DATE		OBLIGATIONS	ANNUAL BUDGET	REMAINING ANNUAL BUDGET
			ACTUAL	BETTER(BOYD) PLAN			
***** REVENUES *****							
2,743,321	(131,079)	BY AREA					
		COMM. HEALTH & HOSP. ADMIN.	15,487,666	(1,512,633)	-0-	17,600,000	22,112,334
		EXP. HEALTH DIRECTOR & STAFF					
		SOCIAL SECT. ADMIN.					
		PHYSICIAN ASST. ADMIN.					
		MENTAL HEALTH ADMIN.					
		VARIOUS CHARG. ADMIN.					
		CENTRAL LABORATORY					
		TOTAL REVENUES	15,487,666	(1,512,633)	-0-	17,600,000	22,112,334
***** EXPENDITURES *****							
4,792,718	(383,244)	BY AREA					
		COMM. HEALTH & HOSP. ADMIN.	29,235,824	(2,317,791)	5,000,000	52,406,600	18,170,776
		EXP. HEALTH DIRECTOR & STAFF					
		SOCIAL SECT. ADMIN.					
		PHYSICIAN ASST. ADMIN.					
		MENTAL HEALTH ADMIN.					
		VARIOUS CHARG. ADMIN.					
		CENTRAL LABORATORY					
		TOTAL EXPENDITURES	29,235,824	(2,317,791)	5,000,000	52,406,600	18,170,776
BY OBJECT							
		PERSONAL COSTS					
		OPERATING EXPENSES					
		EQUIP. TO BE CAPITALIZED					
		OTHER					
		TOTAL EXPENDITURES	29,235,824	(2,317,791)	5,000,000	52,406,600	18,170,776

PERIOD ENDING 03-31-76  
RUN DATE 04-02-76

CITY OF BALTIMORE  
FINANCIAL MANAGEMENT AND CONTROL SYSTEM  
ORGANIZATION ACCOUNTABILITY REPORT

REPORT NO. 105  
PAGE NO. 1

ORGANIZATION REPORTS TO: COMM. HEALTH & HOSP. ADMIN. (43001)

CURRENT MONTH ACTUAL	CURRENT MONTH BETTER(BOYD) PLAN	DESCRIPTION	YEAR-TO-DATE		OBLIGATIONS	ANNUAL BUDGET	REMAINING ANNUAL BUDGET
			ACTUAL	BETTER(BOYD) PLAN			
***** REVENUES *****							
546,048	(150,000)	BY AREA					
		D. C. GENERAL HOSPITAL	4,976,209	(984,261)	-0-	17,921,100	12,944,811
		D. C. VILLAGE					
		GLIM DALE HOSPITAL					
		BUREAU OF CLINICAL SERVICES					
		BUREAU OF PERSONNEL MEDICINE					
		OFFICE OF ADMIN.					
		TOTAL REVENUES	4,976,209	(984,261)	-0-	17,921,100	12,944,811
***** EXPENDITURES *****							
2,822,896	(363,727)	BY AREA					
		D. C. GENERAL HOSPITAL	16,937,379	(2,735,993)	2,000,000	27,921,100	8,981,721
		D. C. VILLAGE					
		GLIM DALE HOSPITAL					
		BUREAU OF CLINICAL SERVICES					
		BUREAU OF PERSONNEL MEDICINE					
		OFFICE OF ADMIN.					
		TOTAL EXPENDITURES	16,937,379	(2,735,993)	2,000,000	27,921,100	8,981,721
BY OBJECT							
		PERSONAL COSTS					
		OPERATING EXPENSES					
		EQUIP. TO BE CAPITALIZED					
		OTHER					
		TOTAL EXPENDITURES	16,937,379	(2,735,993)	2,000,000	27,921,100	8,981,721

PERIOD ENDING 03-31-76  
RUN DATE 04-02-76

CITY OF BALTIMORE  
FINANCIAL MANAGEMENT AND CONTROL SYSTEM  
ORGANIZATION ACCOUNTABILITY REPORT

REPORT NO. 104  
PAGE NO. 1

ORGANIZATION REPORTS TO: D. C. CENTRAL HOSP. (43101)

CURRENT MONTH ACTUAL	CURRENT MONTH BETTER(BOYD) PLAN	DESCRIPTION	YEAR-TO-DATE		OBLIGATIONS	ANNUAL BUDGET	REMAINING ANNUAL BUDGET
			ACTUAL	BETTER(BOYD) PLAN			
***** REVENUES *****							
546,048	(150,000)	BY OBJECT					
		PATIENT BILLINGS	1,525,000	(25,500)	-0-	3,160,000	1,635,000
		REFUNDS					
		TOTAL REVENUES	1,525,000	(25,500)	-0-	3,160,000	1,635,000
***** EXPENDITURES *****							
1,862	(70,876)	BY AREA					
		NURSING DIVISION	2,117,172	(341,999)	176,800	3,490,200	996,228
		TREATMENT DIVISION					
		ADMINISTRATION DIVISION					
		D. C. GEN. ADMIN. STAFF					
		AMBULATORY SERVICES					
		PHARMACY SERVICES					
		AUXILIARY SERVICES					
		PATHOLOGICAL SERVICES					
		TOTAL EXPENDITURES	2,117,172	(341,999)	176,800	3,490,200	996,228
BY OBJECT							
		PERSONAL COSTS					
		OPERATING EXPENSES					
		EQUIP. TO BE CAPITALIZED					
		OTHER					
		TOTAL EXPENDITURES	2,117,172	(341,999)	176,800	3,490,200	996,228

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CITY OF LOSUN  
FINANCIAL MANAGEMENT AND CONTROL SYSTEM  
ORGANIZATION ACCOUNTABILITY REPORT

REPORT NO. 107  
PAGE NO. 2

ORGANIZATION - MAYOR (10001)

-----CURRENT MONTH----- BETTER(WORSE) ACTUAL PLAN		DESCRIPTION	----- YEAR-TO-DATE ----- BETTER(WORSE) ACTUAL PLAN		OBLIGATIONS	ANNUAL BUDGET	REMAINING ANNUAL BUDGET
***** EXPENDITURES *****							
65,118,716	(34,019)	BY AREA HUMAN RESOURCES OFFICE OF THE MAYOR EXECUTIVE OFFICE CONTRI. TO METRO AREA AGEN. INDEP. AGENCIES & OFFICES MISC. CONTRIBUTIONS PUBLIC SAFETY RECREATION DEPT. EDUCATION TRANSPORTATION ENVIRONMENTAL SERVICES	29,167,011	(140,983)	6,410,969	435,000,000	93,416,001
73,054,067	5,193,487	TOTAL EXPENDITURES	438,164,406	106,354,377	30,900,000	990,058,222	500,811,516
28,193,731	1,476,974	BY OBJECT PERSONNEL CODES OPERATING EXPENSES EQUIP. TO BE CAPITALIZED OTHER	169,162,384	10,335,810	-0-	353,670,801	186,519,413
73,054,067	5,193,437	TOTAL EXPENDITURES	438,164,406	106,354,377	30,900,000	990,058,222	500,811,516

PERIOD ENDING 03-31-XX  
RUN DATE 04-02-XX

CITY OF LOSUN  
FINANCIAL MANAGEMENT AND CONTROL SYSTEM  
ORGANIZATION ACCOUNTABILITY REPORT

REPORT NO. 107  
PAGE NO. 1

ORGANIZATION - MAYOR (10001)

-----CURRENT MONTH----- BETTER(WORSE) ACTUAL PLAN		DESCRIPTION	----- YEAR-TO-DATE ----- BETTER(WORSE) ACTUAL PLAN		OBLIGATIONS	ANNUAL BUDGET	REMAINING ANNUAL BUDGET
***** REVENUES *****							
23,565,860	(1,697,792)	BY AREA HUMAN RESOURCES OFFICE OF THE MAYOR EXECUTIVE OFFICE CONTRI. TO METRO AREA AGENCIES INDEP. AGENCIES & OFFICES MISC. CONTRIBUTIONS PUBLIC SAFETY RECREATION DEPT. EDUCATION TRANSPORTATION ENVIRONMENTAL SERVICES	127,255,643	(3,849,458)	-0-	230,760,200	103,513,555
73,525,075	660,803	TOTAL REVENUES	465,797,948	(11,660,232)	-0-	990,058,222	524,260,274
11,897,666	6,004	BY OBJECT PROPERTY TAXES SALES & OTHER RECEIPTS INCOME TAXES PARKING TAX MOTOR VEH. REGIST. FEES MOTOR VEH. EXCISE TAX GASOLINE TAX LICENSES PARKING METERS INTEREST ON INVESTMENTS WATER SERVICE CHARGES PAYMENT FROM VIRGINIA PAYMENT FROM MARYLAND SEWER SERVICE CHARGES WATER POLLUTION GRANTS PAYMENT - POLYMER INTERCEPTOR OTHER TAXES OTHER CHARGES & REVENUE	108,214,266	237,941	-0-	142,700,000	34,485,834
73,525,075	660,803	TOTAL REVENUES	465,797,948	(11,660,232)	-0-	990,058,222	524,260,274

36

# FACS

Final Name:	GENERAL DESCRIPTION	Section: III-C	Page: 1
Procedure Name:	Frequency and Timing	Date Issued: 10/15/76	Revision:           Date:

Organization (neighborhood) and program reports will be produced on a monthly basis at the end of the month. Reports for all levels are prepared at the same time as the accounting status reports. The system will be designed to cut off the entry of documents into central accounting within several work days after month-end. Therefore, departments must forward their accounting detail to the CD Accounting Section of the Auditing Department with sufficient lead time to insure inclusion in the monthly reports.

All "Daily" accounting and control reports are produced each time the system is run. Accounting for Community Development activity will require a run of the system approximately once each week.

# FACS

Annual Name:	GENERAL DESCRIPTION	Section: III-D	Page: 1
Procedure Name:	Reports	Date Issued: 10/15/76	
		Revision:	Date:

Reports listed below are the FACS reports which have been selected for Community Development reporting. Refer to the FACS Reports Book for samples and explanation of each.

## 1. Responsibility Reports

These three reports are generated monthly. The purpose of FACS Responsibility Reports is to provide management with a timely history of expenditures grouped by program and organization in the same way that budgets were initially prepared. Starting with individual cost centers, low level responsibility reports are summarized or "rolled-up" to succeeding levels, with comparisons of budget vs. actual expenditures at each level.

<u>Report Number</u>	<u>Title</u>
AM165004	Program Responsibility Report
AM165003	Organization Responsibility Report
AM164503	Cost Center Responsibility Report

## 2. Exception Reports

Exception Reports are automatically generated during daily FACS processing whenever an appropriation category or a cost center is over-expended or over-encumbered (on a year-to-date basis). These reports aid management in the budget control process by flagging budget overruns on a timely basis.

<u>Report Number</u>	<u>Title</u>
AM162516	Expenditures in Excess of Appropriation
AM162520	Cost Center YTD Budget Overrun



# FACS

Manual Name: GENERAL DESCRIPTION	Section: III-D	Page: 2
Procedure Name: Reports	Date Issued: 10/15/76	Revision: Date:

### 3. Accounting Detail Reports

The Accounting Detail Reports, generated in varying frequencies (weekly, monthly, or on request) by FACS provide the same type of information that might be found in the subsidiary ledgers of a manual accounting system. Included are lists of all current transactions by type, lists of outstanding accounts payable, and inventories of open contracts with status information.

<u>Report Number</u>	<u>Title</u>
AM162508	Contract History
AM162507	Contract Status
AM162504	Aged Accounts Payable
AM162506	Open Accounts Payable By Due Date
AM162505	Accounts Payable/Encumbrances By Document Number
AM162523	90-Day Payables
AM162712	Payment Report By Fund
AM164801	Detail Transaction Register

### 4. Transaction Validation and Control Reports

These reports verify information that is submitted to FACS, list invalid input and summarize input activity by account type. They also flag out-of-balance accounts and monitor and control suspense items. Validation and Control Reports are generated daily.

<u>Report Number</u>	<u>Title</u>
AM162513	Input Validation and Batch Control Listing
AM162525	Input Summary Control
AM162511	General Ledger Control
AM162522	Suspense Control

# FACS

Manual Name: GENERAL DESCRIPTION	Section: III-D	Page: 3
Procedure Name: Reports	Date Issued: 10/15/76	Revision:           Date:

## 5. Reference File Reports

Reference File Reports provide management with various listings, summaries, and analyses of Reference File information, such as program and organizational structures and cost center descriptions. The information on these reports, which FACS generates on user request, aids in file maintenance. In addition, when maintenance is performed, a report verifying all additions, deletions and changes is automatically generated.

<u>Report Number</u>	<u>Title</u>
AM162521	Reference File Listing
AM162512	File Maintenance
AM162518	Program Structure
AM162528	Organization Structure
AM162519	Cost Center By Class/Fund
AM162526	Cost Center By Appropriation

## 6. Financial Summary Reports

These reports provide overall statements of fund activity and balances as of the end of each month. They serve the purpose of the general ledger in a manual bookkeeping system.

<u>Report Number</u>	<u>Title</u>
AM164507	Statement of Fund Assets, Liabilities, and Fund Balance
AM164510	Analysis of Changes in Fund Balance
AM164511	Fund General Ledger Trial Balance
AM164535	Budget Change Report By Cost Center
AM165035	Budget Change Report By Program

# FACS

Final Name:	GENERAL DESCRIPTION	Section:	IV-A	Page:	1
Procedure Name:	Cost Center Concept	Date Issued:	10/15/76	Revision:	Date:

A cost center is the lowest common denominator between an organization and program structure. The cost center is the nucleus of the Financial Accounting and Control System coding since all expenditures and revenues will be coded to cost centers. Expenditures and revenues coded to cost centers are rolled-up (summarized to successively higher levels) both through the organization and program structures. No attempt should be made to associate the identity of a cost center with an organization or a program individually; each cost center should be identified with an organization and program combination. Since the organization structure is being used for neighborhood reporting, only one level of organizational reports will be generated. The illustration on the following page demonstrates this concept.

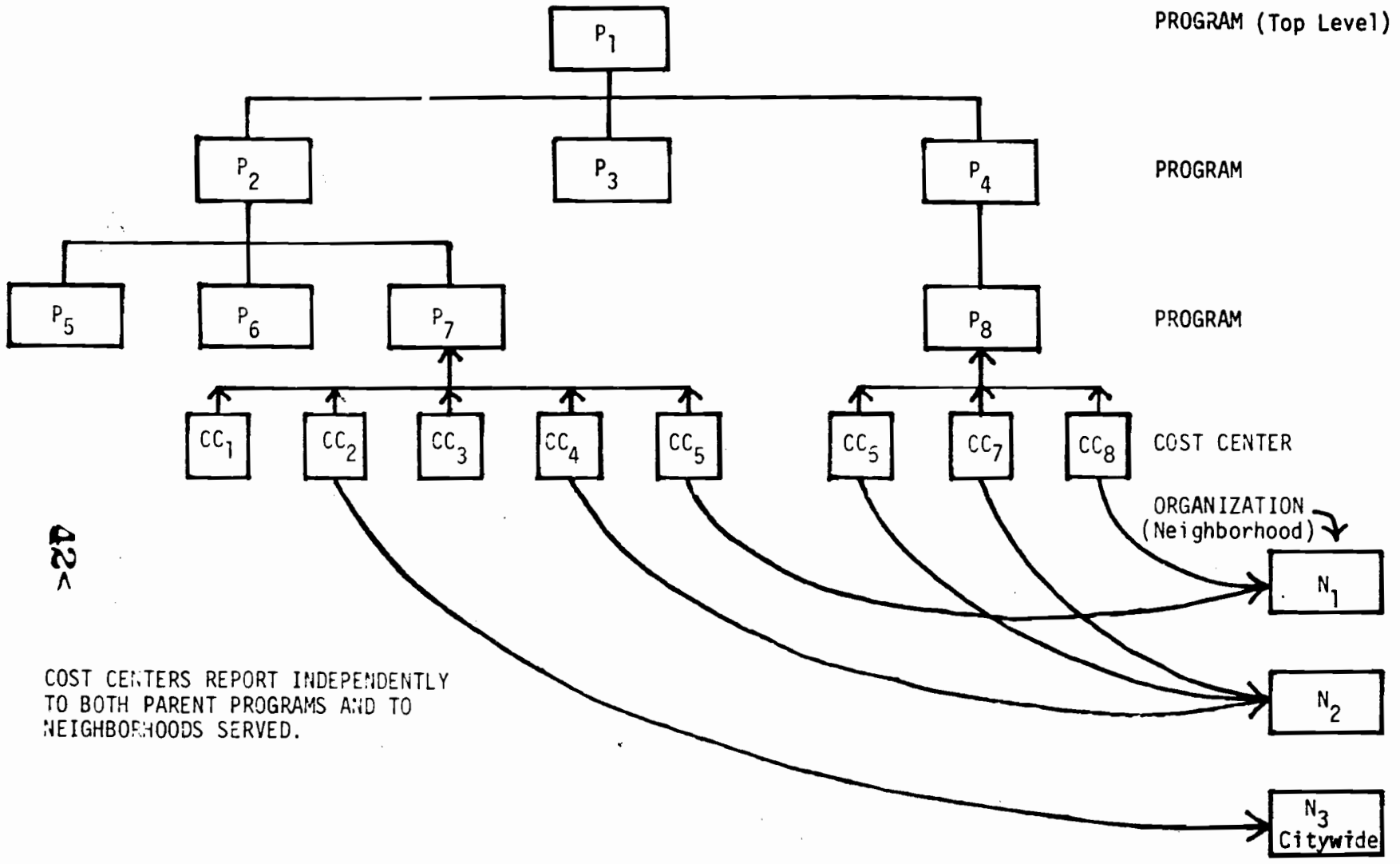
A revenue cost center refers to the collection point of revenue items. The revenue cost center may be located at any level of the organization/program structure. The purpose of coding revenue to a cost center is to identify the fund and appropriation to which the revenue should be associated.

The cost center codes are reference numbers only and do not have to be structured, therefore the number of digits used to identify cost centers can be minimized. Each agency may define its own cost center numbers.

If the appropriation account number for a department or agency adequately defines the reporting level desired for the organization or programs, no further cost center breakdown is required for the accounting system.

# FACS

Annual Name: \_\_\_\_\_  
 Procedure Name: \_\_\_\_\_  
 Cost Center Concept \_\_\_\_\_  
 Section: IV-A Page: Exhibit  
 Date Issued: 10/15/76  
 Revision: \_\_\_\_\_ Date: \_\_\_\_\_



COST CENTERS REPORT INDEPENDENTLY TO BOTH PARENT PROGRAMS AND TO NEIGHBORHOODS SERVED.

42 <

# FACS

Manual Name: GENERAL DESCRIPTION	Section: IV-B	Page: 1
Procedure Name: Coding Structure	Date Issued: 10/15/76	Revision:      Date:

The Financial Accounting and Control System coding structure requires a minimum of accounting document coding. This coding is translated by the system to satisfy comprehensive reporting requirements. The structure of the computer files and the use of computer processing allows this concept to operate effectively in this system by retaining additional coded information in the computer files for report generation of the various organization, program and project levels. Financial transactions are entered into the system with the following basic coding block:

AAA-BBBBB-CCCC

(Agency)      AAA--Identifies which year's grant is the source of funds.

(Cost Center)   BBBBB--Identifies the lowest level cost center in the agency's organization or program structure.

(Object)      CCCC--Identifies the uniform object code, revenue or balance sheet account. A common set of accounts is maintained for all user agencies.

The AAA-BBBBB portion of the coding block is the reference number associated with a cost center at the lowest level of the organization or program. The system uses this number combination to determine how the data for the related cost center is reported and combined with other agency data to generate financial management reports.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section: IV-B	Page: 2
Procedure Name:	Coding Structure	Date Issued: 10/15/76	
		Revision:	Date:

- Each agency must define its financial management reporting requirements for organization, program and (optional) project reporting. This procedure requires specifying the types of reports desired and determining the levels of detail for each report. Each succeeding higher level is a composite of the cost centers beneath it and reporting to it along with the cost center (if any) established to capture and report activity specific to the higher level itself (i.e., exclusive of lower level activity).
- Financial data will be maintained on data files at the lowest cost center level. Reference files will contain organization, program and project structure information to be used for financial reporting purposes. A major advantage of this approach is that if an organization or program structure is changed, no massive revisions of the data files are required; only the reference files need be changed.

The object code portion of the coding block provides additional flexibility for expenditures and revenue data. An agency may request that its financial reports present a detailed breakdown by object code or it may choose to receive only the summary level object and revenue account classifications. For example, object code 2401, Office Supplies, could be reported separately in some cases or summarized as part of a single line for administrative expenses in other cases.

# FACS

Title Name: GENERAL DESCRIPTION	Section: IV-B	Page: 3
Procedure Name: Coding Structure	Date Issued: 10/15/76	
	Revision:	Date:

The following example, for expenditure type transactions, illustrates the distinction between document coding and coding maintained internal to the FACS computer files:

<u>Coded on Document</u>		<u>Coding Maintained in the Computer Files</u>						<u>Other Coding for Report Distribution, etc.</u>
<u>Agency (Year)</u>	<u>Cost Center</u>	<u>Fund Class</u>	<u>Fund</u>	<u>Appropriation</u>	<u>Organization</u>	<u>Program</u>	<u>Project</u>	
077	10030	001	001	2345	11000	51301		
077	10050	001	001	2345	15000	51302		
077	10070	001	001	2360	15000	51200		
076	10090	001	002	2365	22000	51350		

V. SYSTEM CONTROLS

Only the agency and cost center codes (plus an appropriate object code) would be entered on the accounting source document. The Financial Accounting and Control System will maintain, internal to the computer, reference files which contain fund class, fund, appropriation, organization, program and (optionally) project.

# FACS

Manual Name: GENERAL DESCRIPTION	Section: IV-C Page: 1
Procedure Name: Coding Procedures	Date Issued: 10/15/76
	Revision:                      Date:

There are three types of accounting entries which will flow through the Financial Accounting and Control System. These are:

1. Balance Sheet Entries
2. Expenditure Entries
3. Revenue Entries

The same basic coding block structure (AAA-BBBBB-CCC) would be used to code all three types of entries. Portrayed below is a sample coding block demonstrating what would be coded for each type of entry.

### CODING BLOCK

Balance Sheet	<u>Fund Class</u> XXX	<u>Fund</u> XXXXX	<u>Account</u> OXXX
Revenue	<u>Agency (Year)</u> XXX	<u>Cost Center</u> XXXXX	<u>Revenue Type</u> 1XXX
Expenditure	<u>Agency (Year)</u> XXX	<u>Cost Center</u> XXXXX	<u>Expenditure Object</u> 2XXX

V. SYSTEM CONTROLS



# FACS

Manual Name:	GENERAL DESCRIPTION	Section: V-A	Page: 1
Procedure Name:	System Controls - General	Date Issued: 10/15/76	Revision:      Date:

Mechanized systems are controlled through

- a combination of documented manual procedures and personnel training,
- special techniques and features incorporated as an integral part of the computer processing, and
- post audit verification that all established procedures are functioning effectively.

FACS addresses itself to all three of these control elements.

Strict attention will be devoted to preparing user department procedures during the implementation phase of the project. These must be developed in parallel with the mechanized aspects of FACS to insure coordination of both manual and machine processing. Personnel in user departments will be exposed to intensive training in the procedure to facilitate an orderly conversion and consistency of subsequent operations.

General control features relate to fundamental accounting concepts, procedures which expedite their effectiveness, and specific identification of the unit responsible for their administration.

1. Accounting Controls

- a. Each fund established within the system will contain a self balancing group of accounts consisting of asset, liability, fund balance, expenditure control, revenue control, and current encumbrance control accounts.

47

Manual Name:	GENERAL DESCRIPTION	Section:	V-A	Page:	2
Procedure Name:	System Controls - General	Date Issued:	10/15/76	Revision:	Date:

- b. A daily control report for each fund will be mechanically prepared identifying the total debits and credits by fund and showing that the fund is in balance.
- c. Community Development Accounting will be responsible for monitoring and reviewing the Fund Ledger Control Report.

2. Batch Control

- a. Batches will be composed of related transactions which have a common source processing procedure (Receipt Vouchers, Purchase Orders, etc.).
- b. In order to isolate error input for correction, related transactions will be grouped into batches of manageable size, approximately fifty or fewer documents per batch.
- c. Wherever possible, dollar amounts on source transactions will represent the primary control total.
- d. All source transactions must be uniquely identified through a "reference number" (such as purchase order number, journal voucher number, etc.) to permit isolating the document on which the source coding was recorded. A source document represents one or more entries entering the system under a common reference number.
- e. Secondary batch control will be established over source document count within the batch.
- f. Journal Vouchers require internal zero balancing. Debits must equal credits within reference number.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	V-A	Page:	3
Procedure Name:		Date Issued:	10/15/76		
	System Controls - General	Revision:		Date:	

- g. Batch totals will be manually established before the documents leave CD Accounting to be processed.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	V-B	Page:	1
Procedure Name:	System Processing	Date Issued:	10/15/76	Revision:	Date:

System processing controls are concerned primarily with internal routines developed to assure error detection, whether the error was caused externally or internally by equipment or program malfunction.

1. General

Label checking of every input data file will be performed when the file is opened. Label checking will include the data file name, volume and creation date or generation number.

2. Input Control

- a. For batch balancing purposes a control record will be entered indicating the control amounts for the batch.
- b. Transactions containing validation errors will be listed. Listings will be returned to CD Accounting for correction and re-entry. The listings will identify each error field and the reason the field was in error.
- c. All transactions contained in out-of-balance batches will be listed in the same sequence submitted. The listings will be returned to CD Accounting for investigation. Invalid transactions in the batch will not cause the batch to be out-of-balance unless the invalid condition existed on a batch control field. Invalid transactions in the batch will be rejected; valid transactions in the batch will be accepted.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	V-B	Page:	2
Procedure Name:	System Processing	Date Issued:	10/15/76	Revision:	Date:

- d. All fields on input transactions will be validated. Errors detected in critical fields will cause the transaction to be rejected. Warning messages will be printed on errors found in non-critical fields.
  - e. File maintenance changes to critical fields will incorporate the "from-to" concept. Only the "to" field will be subject to input validation. The "from" field will be validated when the transaction is to be posted.
3. Master File Controls
- a. General
    - (1). File maintenance responsibility for critical fields will be restricted to specified agencies. Attempts to alter fields submitted by unauthorized agencies will be rejected.
    - (2). File maintenance changes to critical master file fields will utilize a "from-to" concept. If the "from" field does not match the file, the transaction will be rejected, listed, and returned to the submitting agency for corrections.
  - b. Sequential Access
    - (1). A trailer record will be written on all sequential master and transaction files containing, at a minimum, a count of the number of records on the file. Runs to which the files are input will accumulate

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	V-B	Page:	3
Procedure Name:	System Processing	Date Issued:	10/15/76		
		Revision:	Date:		

the same control totals and, at end of job, compare the accumulated totals to those in the trailer record.

- (2). Sequential master files will be sequence checked each time a record is written.

c. Non-Sequential Access

A control record will be included on all non-sequential files containing, at a minimum, a count of the number of records on the file. The run performing maintenance on the file will accumulate the effect of adds and deletes and add the net change to the control record. When the file is reorganized, control totals of active records will be accumulated and compared to the control record.

# FACS

Manual Name: GENERAL DESCRIPTION	Section: V-C	Page: 1
Procedure Name: Control of Rejects	Date Issued: 10/15/76	Revision: Date:

Data errors detected by the system will be reported to the appropriate agency. Procedures will be established to monitor their eventual correction and re-entry.

1. Validation Errors

To provide some assurance that all invalid documents are ultimately re-entered, CD Accounting will maintain a log of documents rejected due to validation errors. As the errors are corrected and resubmitted they will be checked off the log. At the end of the fiscal year all errors must be corrected prior to closing.

2. Posting Errors

- a. Accounting transactions which cannot post to the files will be automatically distributed to appropriate fund coding error suspense accounts. Suspended entries will be listed and returned to CD Accounting for correction.
- b. File maintenance transactions which fail to post will be listed separately with the rejection reason and returned to the agency with maintenance responsibility.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	V-D	Page:	1
Procedure Name:	Recovery and Restart	Date Issued:	10/15/76	Revision:	Date:

Recovery procedures provide a means of recreating files inadvertently destroyed through program errors or equipment malfunction.

1. Daily master files will be backed up according to the grandfather principle. Three generations of files will be available in the event that reprocessing is required. In addition, a copy of last month's master files will be retained in case records need to be reconstructed for the entire month.
2. All transaction files will be retained for the same period as the related master files (i.e., all daily transaction files since the last monthly run).



# FACS

Procedure Name:	GENERAL DESCRIPTION	Section: V-E	Page: 1
	Auditing the System	Date Issued: 10/15/76	Revision:      Date:

The ability to trace activity reflected in the financial reports back to individual source documents must be available if a system is to be audit-able. Reliance in such a defined audit trail rests on the underlying presumption that there are sufficient controls in the system. The controls described in the preceding sections have been designed to justify this presumption. The following conventions are concerned with establishing the framework for the audit trail.

## 1. General

- a. The batch integrity of input transactions will be preserved until error corrections have been completed.
- b. Documents in CD Accounting will be filed by reference number to enable individual accounting entries to be traced back to the appropriate source documents.
- c. Reference reports will be available to identify cost centers with funds and appropriations.

## 2. Posting Evidence

- a. Balance sheet entries generated internally by the system will be listed, the lists being returned to CD Accounting. These lists will be accorded the same evidential significance as other source documents.
- b. Posted file maintenance transactions will be listed showing both the old and new field contents. The reports will be distributed to the department or agency with maintenance responsibility for the field.

# FACS

Manual Name:	GENERAL DESCRIPTION	Section:	V-E	Page:	2
Procedure Name:	Auditing the System	Date Issued:	10/15/76	Revision:	Date:

- c. Detail accounting transaction records must include the source of the entry and identify the document on which the entry was recorded.
- d. Detail printed transaction listings will not normally be distributed. Monthly files of detail transactions will be maintained to facilitate audit and account analysis.

Adoption of these conventions provide the capability of a single entry being traced back to its source. The detail entry identifies the transaction type (Purchase Order, Disbursement, Journal Voucher) and the identifier for the document (P.O. number, check number, Journal Voucher number) which represents the primary filing sequence for documents. Likewise an expenditure entry on a document can be traced to any detail listing by reviewing the cost center reference reports to determine the related fund and appropriation.

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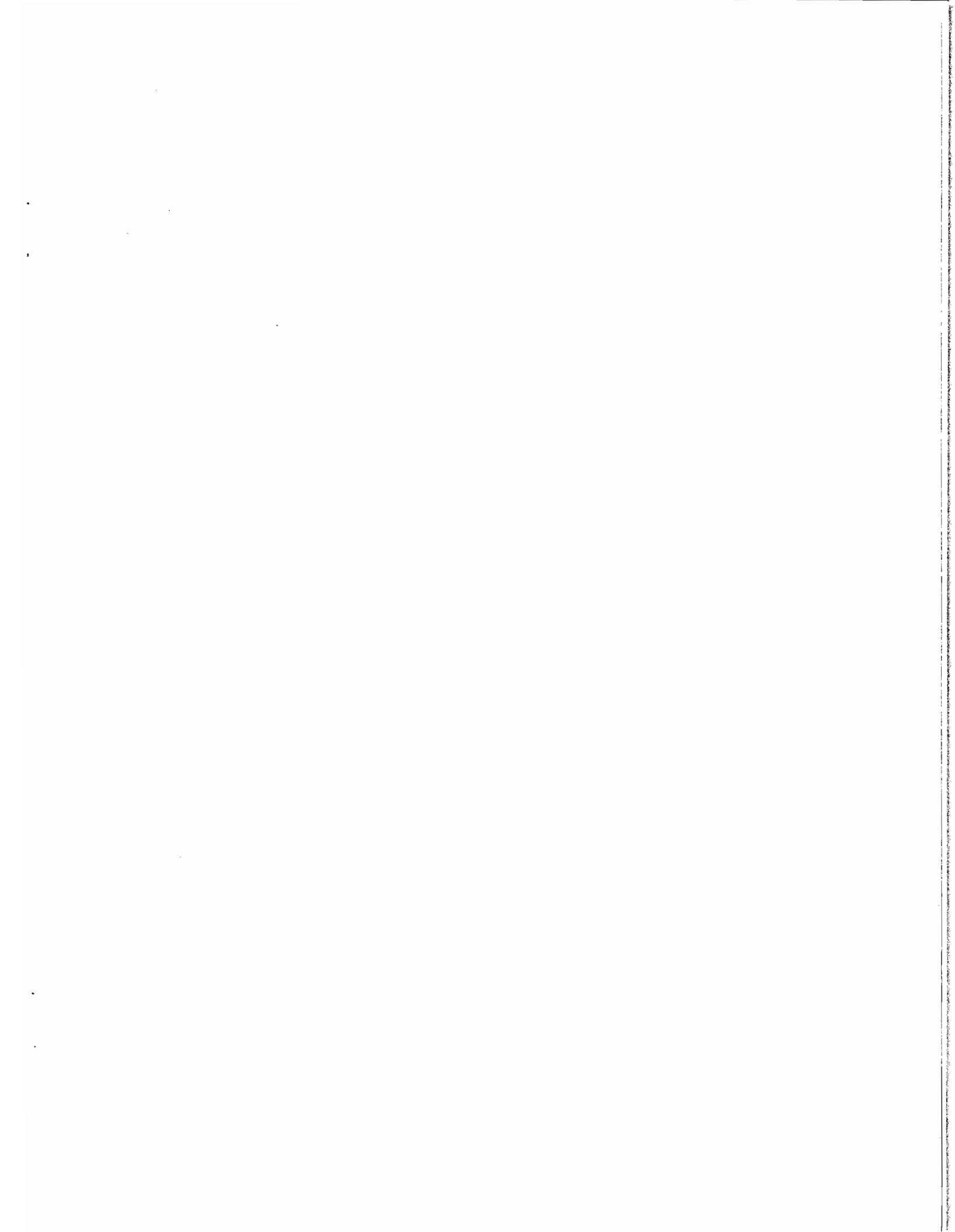
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