

FINANCIAL AND COMPLIANCE REVIEW GUIDE

Agricultural Counselor/Attaché/Trade Offices

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This guide provides instructions for performing a financial and compliance review of Foreign Agricultural Service (FAS) overseas Agricultural Counselor/Attaché/Trade Offices. The purpose of such reviews is to determine whether:

1. Financial management and accounting controls for General Authorization (GA) and Country Strategy Support Fund (CSSF) funds are in place and functioning,
2. GA and CSSF obligations charged against approved budgets are proper and comply with FAS policies and directives, and
3. Office operations comply with policy guidance contained in the Overseas Administrative Handbook (OAH).

A review checklist (Exhibit A) covering the segments contained in this guide is provided for the reviewer as a control worksheet. However, reviewers must use their professional judgment to tailor the guide and checklist to meet specific review conditions.

BACKGROUND

The Secretary of Agriculture is authorized by 7 USC 1761 to appoint personnel to service abroad to (1) encourage and promote the marketing of U.S. agricultural products, and (2) assist American farmers, processors, distributors, and exporters to adjust their operations to meet world conditions.

Through Counselors, Attachés, and Agricultural Trade Officers, FAS (1) represents the interests of USDA and U.S. agriculture at the diplomatic level in foreign countries, (2) provides U.S. leadership at the country level in recommending and implementing policies and programs for the development and expansion of foreign markets for U.S. agricultural products, and (3) maintains a worldwide agricultural market intelligence and commodity reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that can be used to adjust to changes in world demand for U.S. agricultural products.

GENERAL REVIEW INSTRUCTIONS

A. Preliminary Review Work.

1. Schedule and confirm review dates with the Counselor/Attaché/Trade Officer and Area Director.
2. Read or be familiar with the OAH.
(http://fastnet.usda.gov/isd/Fastnet_template/ISShome.htm).
3. Review prior compliance report and working papers. Note report findings and recommendations and their resolution.
4. Through discussion with the Area Officer and review of supervisory trip reports, determine whether any problems or special conditions exist.
5. Through discussion with the International Services Division (ISD), Office of Foreign Service Operations (OFSO), determine whether any problems or special conditions exist regarding office administration.
6. Obtain the Country Status of Funds/Obligations Reports (60/62s) from Post and request that they be available upon your arrival for the three years of the review period. This report may serve as the control worksheet for General Authorization (GA) and Country Strategy Support Fund (CSSF) expenses that are reviewed.

NOTE: The review period normally includes the current and two past fiscal years.

- B. Entrance Conference.** Meet with the Counselor/Attaché/Trade Officer at the start of the review to discuss the purpose and scope of the review, and any potential problem areas.
- C. Working Papers.** Support all findings by working papers. Each working paper should identify its purpose or objective, the scope of the review coverage, the source of the data reviewed, the conclusions as to the facts developed, and the appropriate recommendations.
- D. Exit Conference.** Meet with the Counselor/Attaché/Trade Officer at the end of the review to discuss all findings and recommendations. Include a summary of the meeting along with a list of attendees in the review working papers.
- E. Review Report.** Prepare a report identifying all areas reviewed and containing all findings, observations, conclusions, and recommendations. The report should also include the names and titles of all Embassy contacts and information obtained from these contacts.

Issue the report to the Deputy Administrator, OFSO, and to the Deputy Administrator, Office of Trade Programs (OTP) (for ATO reviews).

SPECIFIC REVIEW TASKS

A. Petty Cash

1. *Purpose.* To determine whether the fund is intact, internal controls are adequate and followed by all personnel involved, and adequately safeguarded.
2. *Reference.* OAH Chapter 6. (Exhibit B)
3. *Review Steps.*
 - a. Count (schedule cash and vouchers) and reconcile the fund in the presence of the cashier. Obtain a signed receipt from the cashier when the fund is returned.
 - b. Examine all disbursements for propriety and approval.
 - c. Ensure that carry over balances from previous years are accurate.
 - d. Sample several Petty Cash Transactions vouchers and examine disbursements and replenishments for propriety and proper handling.
 - e. Determine from the frequency of reimbursements that the fund balance is adequate, but not excessive.
 - f. Determine that the fund is physically safeguarded (e.g., kept in locked box and a locked file).

B. Micro Purchase Credit Card (MPCC)/Convenience Checks/Debit Cards

1. *Purpose.* To determine whether MPCC, debit card and convenience check transactions, if applicable (used for purchases over \$500 or more) were authorized, allowable, and accurate.
2. *Reference.* OAH Chapter 6.11.4.7. (Exhibit C)
3. *Review Steps.*
 - a. Review all purchase card and convenience check transactions recorded on the Record of MPCC transactions and VEETs.

Note: Only transactions made by the current cardholder may be available for review since the previous holders records will have been sent to Washington.

- b. Tie Procurement Action (Credit Card) transactions (Form Exhibit 6-8) to those recorded on Record of MPCC transactions and VEETs (Form Exhibit 6-9).
- c. Account for all convenience checks allowing for outstanding checks.
- d. Review the method of selecting MPCC vendors.
- e. Verify footings of all transactions recorded on Procurement Action (Credit Card). Check quantities and prices against vendor invoices.
- f. Ensure that all transactions recorded on Procurement Action (Credit Card) are supported by necessary documentation, are within delegated authority and card limitations, and agree with authorized use list (Table 6.1).
- g. Review Purchase Card Management System (PCMS) to verify that the MPCC has been reconciled within the PCMS system.

C. Representation

- 1. *Purpose.* To determine whether representation events follow Embassy guidelines and are adequately documented.
- 2. *Reference.* 2 FASR 51. (Exhibit D)
- 3. *Review Steps.* Review representation expenses on a sample basis. Verify that:
 - a. Adequate documentation including receipts and guest lists are maintained.
 - b. Per capita costs do not exceed Embassy representational funding guidelines.
 - c. Written authorization was obtained from the Deputy Chief of Mission for representational claims that exceed Embassy limitations.
 - d. All gifts were justified in writing with a memo to the file.

(Encourage posts to use American agricultural products whenever possible for token gifts.)

D. General Authorization (GA) and Country Strategy Support Fund (CCSF) Expenses Outside of MPCC and Convenience Check System

1. *Purpose.* To determine whether GA and CSSF were authorized and properly documented.
2. *Reference.* OAH Chapter 6. (Exhibit E)
3. *Review Steps.* On a sample basis, trace GA and CSSF expenditures to source documentation. Verify that they were:
 - a. Authorized and conform to any limitations (e.g., duplicate newspaper subscriptions are justified).
 - b. Adequately documented (e.g., purchase order, vendor invoice, trip report).
 - c. Properly classified as to account, amount, and period.

E. Procurement

1. *Purpose.* To determine whether procurements were made in compliance with requirements specific to an award.
2. *Reference.* OAH Chapter 6.1. (Exhibit F)
3. *Review Steps.* Select a sample of procurements and perform the following:
 - a. Examine contract files and verify that they document the significant history of the procurement, including the appropriate acquisition request, the rationale for the method of procurement, contractor selection or rejection, the basis of contract price, and any amendments.
 - b. Verify that there was no evidence of favoritism or conflict of interest in the vendor selection.
 - c. Verify that the post monitors contractor conformance with the terms, conditions, and specifications of the contract or purchase order, and adequately and timely follows up of all purchases.

F. Unliquidated Obligations

1. *Purpose.* To determine whether outstanding obligations that are no longer needed are liquidated.
2. *Reference.* 5 FASR 906. (Exhibit G)

3. *Review Steps.*

- a. Review the post policy for reviewing unpaid obligations.
- b. Review all outstanding obligations in excess of one year to determine why payment has not been made.

G. Communications

- 1. *Purpose.* To determine whether employees reimburse FAS for personal use of communications equipment.
- 2. *Reference.* OAH Chapter 2. (Exhibit H and Exhibit Q)
- 3. *Review Steps.*
 - a. Obtain post communications equipment billing records and verify that employees identify and reimburse any personal use.
 - b. If the post is issued a telephone credit card (TCC), review the log of calls. Verify that the calls were for official business.

H. Use of Official Vehicle

- 1. *Purpose.* To determine whether the assigned vehicle was only used to carry out official business.
- 2. *Reference.* OAH Chapter 9. (Exhibit I and Exhibit Q)
- 3. *Review Steps.*
 - a. Obtain the Embassy policy for use of official vehicles. (The Chief of Mission is responsible for establishing the policy.)

If the Embassy policy is old, ensure that any limitation exceptions have been renewed.
 - b. Obtain the vehicle log book and review all entries to determine whether all trips are recorded, and the vehicle is being used in accordance with Embassy and FAS policy.
 - c. Verify that "other authorized use" is identified in the log book and that FAS is reimbursed for such use at least quarterly at the rate established by the Embassy.

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I. Personal Property

1. *Purpose.* To determine whether up-to-date property records are maintained.
2. *Reference.* OAH Chapter 5. (Exhibit J)
3. *Review Steps.*
 - a. Verify that the Foreign Property Management Inventory System (FPMIS) is installed and is being used.
 - b. Obtain and review the annual physical inventory of office and residence property. Determine how any differences between the physical inventory and property records were resolved.
 - c. Select a sample of office property and physically inspect it including whether it is appropriately safeguarded and maintained.
 - d. Review property disposals to determine that they complied with FAS policy.

J. Office Security

1. *Purpose.* To determine whether the post properly handles and secures classified and/or sensitive information.
2. *Reference.* OAH Chapter 7. (Exhibit K)
3. *Review Steps.*
 - a. Evaluate the office policy for handling classified and/or sensitive information.
 - b. Evaluate the office policy for visitor access to facilities and use of equipment.
 - c. Meet with the Regional Security Officer to determine if there have been any security violations for the Agriculture office.
 - d. Determine whether the office is notified when USDA and cooperator/participant travelers visit the post.

K. Time & Attendance

1. *Purpose.* To determine whether office personnel time and attendance is recorded on a regular basis and that all leave taken is documented.

2. *Reference.* Exhibit L; Exhibit M (Cable dated 10/14/04); Exhibit N (FAS-11); Exhibit O (FAS 999)).
3. *Review Steps.*
 - a. Verify that the office maintains an auditable time and attendance, and leave system (Exhibit O form FAS-999 (3-90)).
 - b. On a sample basis, review time and attendance and leave records. Verify that:
 - (1) Attendance is recorded daily.
 - (2) Leave is requested and approved in advance and correctly recorded on time and attendance record.
 - (3) Accumulated leave balances are correct.

L. Personnel

1. *Purpose.* To determine whether the duties of office employees are accurately described in position descriptions and contracts.
2. *Reference.* OAH Chapter 10. (Exhibit P)
3. *Review Steps.*
 - a. Obtain and review all job descriptions for LESs and verify that they are current.
 - b. Accurately reflect the individual's duties and responsibilities.

M. Retention/Storage of Records

1. *Purpose.* To determine whether files can be destroyed.
2. *Reference.* E-Mail from ISD.
3. *Review Steps.*
 - a. Verify that appropriate files are either destroyed or retained as required by ISD office in Washington.

- b. Administrative files: Destroy when 3 years old or when no longer needed for reference.
- c. Budget/Fiscal files: Destroy after 3 years.
- d. Communication Cables: Destroy 3 years after creation or when no longer needed for reference.
- e. Contract/Purchase Order Files: Destroy 3 years after termination and/or expiration.
- f. Classified Materials: Destroy immediately when no longer needed for reference.
- g. FAS Publications: Destroy when no longer needed.
- h. Foreign Commodity Analysis: Destroy when 5 years old or when no longer needed for reference, whichever is sooner.
- i. Market Development Activities: Destroy when 5 years old or sooner if not needed for reference but not less than 3 years old.
- j. Micro Purchase Records/Files: Records are maintained by fiscal year by Cardholder (do not mix Cardholder files) during the period of assignment at post. Any duplicate records kept by post can be destroyed (shredded) at any time after the Cardholder has departed post and his/her original file records have been forwarded to CSEPD.
- k. Trade Policy Files: Offer files to Office of Global Analysis (OGA)/Washington after 3 years if no longer needed for reference. If OGA does not want the files, then destroy.

CONTACT INFORMATION

If you have any comments or suggestions about this guide, please address them to Pamela Hopkins or W.H. Elizabeth Wong Lee, Compliance, Security, and Emergency Planning Division, at (202) 720-6713, via fax at (202) 720-7138, or via e-mail at: Pamela.Hopkins@fas.usda.gov or Beth.Wong@fas.usda.gov.

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EXHIBIT B

Petty Cash

1. Petty cash ledger with accompanying signatures from recipients for each disbursement for FYs _____ (to date).
2. Petty cash lock box containing current fund balance in cash – Reconciliation.

EXHIBIT C

Micro-Purchase Credit Card/Convenience Checks/Debit Cards

3. Micro-purchase credit card (MPCC), convenience check and petty cash transactions summary forms (Exhibit 6-8, Exhibit 6-9, and Exhibit 6-10) with accompanying supporting documentation for FYs _____ (to date).
- 3a. How many debit cards does ATO/OAA office have?
- 3b. Where is the check register?
- 3c. Review Purchase Card Management System (PCMS) to verify that the MPCC has been reconciled within the PCMS system.

EXHIBIT D

Representation

4. Embassy representational fund usage policy/per capita expenditure cap memoranda applicable during FYs _____ (to date).
5. Representation fund vouchers with accompanying supporting documentation (including guest list, etc.) for FYs _____ (to date).

EXHIBIT E

General Authorization (GA) and Country Strategy Support Fund (CSSF) Expenses

6. Table/Matrix of FAS participation in ICASS services/cost centers.
7. A brief written explanation of all FAS self-provided functions/services versus State Department provided function/services.
8. Annual budget authorization cables from FAS/Washington for FYs _____.
9. CSSF authorization cables from FAS/Washington for FYs _____.
10. CSSF expenses supporting documentation files (including purchase orders/contracts, vendor invoices, receipts, subscriptions, proof of performance, and other supporting documentation organized by CSSF activity) for FYs _____ (to date) (separated from Embassy archives for ready accessibility for review).
11. Travel log listing all official travel (including information on itinerary, amounts authorized and actually expended, etc.) for FYs _____ (to date).
12. Travel authorizations and vouchers with accompanying supporting documentation for all travelers for FYs _____ (to date) (separated from Embassy archives for ready accessibility for review).
13. Annual budgeting projection/planning documentation (financial plan) from planning for FYs _____ (to date).
14. Quarterly budget review documentation for all quarters from FYs _____ (to date).

EXHIBIT F

Procurement

15. Major contracts with accompanying contract files (including bid proposals, selection rationale, amendments, and related contract file documents) for all contracts paid through all funding sources (GA, CSSF, etc.) signed for FYs _____ (to date) (separated from Embassy archives for ready accessibility for review).

EXHIBIT G

Unliquidated Obligations

16. Embassy policy (usually from the Embassy's Budget and Finance Office) for reviewing unliquidated obligations or undisbursed balances of obligations (also known as unpaid obligations).
17. Current Status of Funds (FMC-60) reports for all accounts (i.e., general authorizations, annual marketing plan, etc.) controlled by your office for FYs _____ (to date).
18. A written explanation of all transactions (as reported on most recent Obligations Report (FMC-60) from closed FYs _____) with unliquidated obligations or undisbursed balances of obligations (including vendor information, reason for discrepancy between obligation and disbursement/payment, status of resolution of unliquidated obligation, and other information explaining circumstances of transaction).

EXHIBIT H

Communications

19. Telephone bills with personal calls annotated for FYs _____ (to date).
20. Telephone calling card/credit card billing statements and/or logs of calls with personal calls annotated for FYs _____ (to date).
21. Fax machine use log for FYs _____ (to date).

EXHIBIT I

Use of Official Vehicle

22. Official vehicle use log with personal use annotated for FYs _____ (to date).
23. Embassy official vehicle usage policy.
24. Embassy and/or FAS/Washington exemptions from Embassy official vehicle usage policy signed by Deputy Chief of Mission or other authorized officials.

EXHIBIT J

FAS Owned Property

25. Updated Overseas Foreign Property Management Inventory System (FPMIS) inventory of FAS-owned property in Embassy and temporary storage.
26. Updated FPMIS inventory of FAS owned property in foreign service officer(s)' residence(s).
27. FAS owned property disposal files with accompanying documentation for FYs _____ (to date).

EXHIBIT K

Office Security

28. Embassy security memoranda from the Regional Security Officer regarding access to, and storage of, classified material.
29. Embassy security policy on access to secure areas and equipment (to include Embassy classified LAN).
30. What security briefings/training have been received by FAS employees?
31. Embassy policy regarding security violations.

EXHIBIT L

Time and Attendance

32. Time, attendance, and leave records for FYs _____ (to date).

EXHIBIT P

Personnel

33. Updated job descriptions for all Locally Employed Staff (LES) employees.
34. Most recent personal service contracts/agreements with accompanying updated job descriptions for LES employees.

EXHIBIT Q

Exceptional Circumstances

35. Documentation demonstrating reimbursement for personal use of telephone, official vehicle, and other FAS owned assets for FYs _____ (to date).
36. All signed authorizations from the Deputy Chief of Mission, FAS/Washington and/or other authorized officials allowing exceptions to State Department, local Embassy or FAS policy (contained in the Overseas Administrative Handbook or elsewhere).