



DEPARTMENT OF THE TREASURY  
BUREAU OF THE FISCAL SERVICE  
WASHINGTON, DC 20227

July 7, 2022

Henry J. Kerner  
Special Counsel  
1730 M Street, N.W., Suite 218  
Washington, D.C., 20036-4505

RE: CSNG implementation, DI-19-4553

Dear Mr. Kerner:

Enclosed with this letter are the three Notices of Finding and Recommendation (NFRs) issued by the Department of the Treasury's Office of Inspector General (OIG). These NFRs were issued in the context of OIG's audit<sup>1</sup> of the implementation by the Bureau of the Fiscal Service (Bureau) of a new system for the Bureau's Cross-Servicing program.

As you know, the Bureau collects delinquent nontax debt on behalf of federal agencies through its Cross-Servicing program. A system error resulted in the failure of the Bureau to properly process certain debts referred by the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA). The system error also resulted in the failure of the Bureau to properly process certain debts owed by other federal agencies.

This system error has been corrected. As of June 27 2022, of the approximately \$96.9 million in OSHA debt that was impacted by the error, the Bureau has collected over \$9.8 million and continues to attempt collection on the approximately \$67 million that remains active in our system using the tools available to us.<sup>2</sup> Of the approximately \$376 million in debt owed to the other impacted agencies, the Bureau has collected over \$3.2 million and continues to attempt collection on the approximately \$156.2 million that remains active in our system using the tools available to us.<sup>3</sup> Additional details are available in the enclosed spreadsheet.

If you have any questions, please contact Michelle M. Cordeiro at (202) 874-5292.

Sincerely,

**Linda C. Chero** Digitally signed by Linda C. Chero  
Date: 2022.07.07 13:35:08 -04'00'

Linda Claire Chero  
Acting Assistant Commissioner  
Debt Management Services  
Bureau of the Fiscal Service

Enclosures

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<sup>1</sup> This audit is identified by OIG Job # AFI-20-007.

<sup>2</sup> Debts totaling \$19.9 million have been returned to OSHA through normal business processes (such as bankruptcy).

<sup>3</sup> Debts totaling \$216.6 million have been returned to other impacted agencies through normal business processes (such as bankruptcy).

Agency	Initial Debt Balance	Collected as of June 27, 2022
House of Representatives	\$474.26	\$220.19
United States Courts	\$1,070.00	\$398.46
Department of Agriculture	\$2,582,744.86	\$45,139.88
Department of Commerce	\$151,877.77	\$157.14
Department of the Interior	\$4,038,233.06	\$138,107.99
Department of Justice	\$39,820.98	\$1,478.15
United States Postal Services	\$48,008.27	\$12,453.33
Department of State	\$1,059,752.60	\$5,626.79
Department of the Treasury	\$30,404,116.70	\$1,280,770.31
Office of Personnel Management	\$145,362.31	\$58,971.06
Federal Communications Commission	\$1,122,900.54	\$110,413.38
Nuclear Regulatory Commission	\$212,823.38	\$38,309.66
Veterans Administration	\$250,127.35	\$32,918.74
General Services Administration	\$80,490.52	\$13,023.98
Security and Exchange Commission	\$27,779,237.11	\$33,259.90
Environmental Protection Agency	\$92,583.00	\$68,938.98
Department of Transportation	\$4,764,875.69	\$134,176.99
Department of Homeland Security	\$2,497,427.99	\$266,097.02
United States Agency for International Development	\$1,279,019.11	\$0.00
Small Business Administration	\$15,051,537.78	\$238,558.16
Health and Human Services	\$338,428.91	\$159,366.20
National Aeronautics and Space Administration	\$4,438.26	\$1,302.28
Housing and Urban Development	\$404,127.32	\$0.00
Department of Energy	\$1,957,945.10	\$1,243.35
Department of Education	\$30,625.00	\$2,448.04
Independent Agencies	\$146,706,286.45	\$47,140.52
Department of Defense	\$134,909,410.05	\$557,160.63
<b>Total without Occupational Safety and Health Administration (OSHA)</b>	<b>\$375,953,744.37</b>	<b>\$3,247,681.13</b>
OSHA	\$96,937,374.26	\$9,880,452.44
<b>Total with OSHA</b>	<b>\$472,891,118.63</b>	<b>\$13,128,133.57</b>

# Notice of Findings and Recommendations

**Organization:** Department of the Treasury, Bureau of the Fiscal Service

**Location:** Washington, D.C.

**Audit Title:** Audit of Fiscal Service’s Implementation of Cross Servicing-Next Generation

**NFR Number:** NFR-1

**Title of Potential Finding** Lack of Documented Risk Assessment Procedures

## **BACKGROUND**

The Debt Collection Improvement Act (DCIA) outlines Bureau of the Fiscal Service’s (Fiscal Service) responsibility for government-wide debt collection which includes cross-servicing efforts. FedDebt, which was implemented in 2005, was the original cross-servicing system used by Fiscal Service. Fiscal Service ended the use of FedDebt on October 26, 2017, and implemented Cross-Servicing Next Generation (CS-NG) on October 30, 2017. CS-NG is a commercial-off-the-shelf product also known as the Artiva system.

On September 23, 2019, Treasury OIG (TOIG) received a request from the Office of General Counsel – Department of the Treasury to initiate a review of an anonymous allegation concerning the Bureau of the Fiscal Service’s Debt Management Service (DMS), and the Department of Labor Occupational Safety and Health Administration (OSHA). In response, TOIG completed the *Review of the Bureau of the Fiscal Service’s Processing of the Department of Labor, Occupational Safety and Health Administration’s Delinquent Debts* dated, February 27, 2020. In that review, TOIG noted that due to a software issue associated with the implementation of the CS-NG system, Fiscal Service did not perform cross-servicing on multiple debts referred by OSHA. CS-NG was unable to initiate collection efforts on migrated and submitted debts that included a business address instead of primary address. Based on this discovery, we initiated an audit of Fiscal Service’s transition from FedDebt to CS-NG.

As part of this audit, the audit team assessed Fiscal Service’s transfer of data from FedDebt to CS-NG. The audit team conducted interviews with Fiscal Service employees, and reviewed documentation supporting the transfer of data from FedDebt to CS-NG. Fiscal Service’s Core Team is responsible for monitoring the transfer of data from FedDebt to CS-NG. We also identified key internal controls Fiscal Service uses to safeguard the transfer of data. Fiscal Service’s controls include Risk Registers, a risk assessment tool used to identify and respond to risks; mapping documents to ensure that the data fields in FedDebt existed in CS-NG; and Subject Matter Experts (SME), used to support the Core Team in verifying that the data transferred into CS-NG was complete and accurate. After gaining an understanding of the controls over data transfer, the audit team assessed the controls to determine whether they were implemented and operating effectively.

# Notice of Findings and Recommendations

## CONDITION

Fiscal Service provided Risk Register documents to demonstrate their review of the risks associated with data transfer and CS-NG's functionality. We identified instances of missing updates, unclear explanations, unassigned tasks, and improper annotation of Risk Register fields.

Risk Register spreadsheets were not updated for a full year between April 2019 (2nd Quarter 2019) and March 2020 (2nd Quarter 2020). Fiscal Service informed us that dates included in the column "Date Risk was Last Reviewed" should be updated every quarter and should be congruent with the quarter under assessment within the Risk Register spreadsheet. During testing we noted review dates did not match the periods under assessment. In one instance we identified a "Date Risk was Last Reviewed" of April 2019, however the Risk Register assessment period covered January through March 2020. Further, dates for the periods under assessment were not consistently documented in the Risk Register spreadsheets.

Fiscal Service officials were unable to provide explanations for the actions taken to mitigate risks identified in the Risk Register. For example to support, *The risk that the freeze on letter development with PM will delay implementation of key DMS initiatives or key system enhancements*, Fiscal Service provided a separate spreadsheet containing a list of Jira ticket titles and their corresponding tracking numbers<sup>1</sup>. In another instance, Fiscal Service told us that they were unable to provide explanations for *The risk that functional issues with the Artiva product due to poorly defined requirements at go live, will cause legal violations such as those identified below: (1) Due process, (2) Bankruptcy, (3) Over-collections, (4) Improper use/disclosure of data, (5) Noncompliance*, and the related supporting documents. A Fiscal Service official stated that Risk Registers prior to Q1 2020 were completed and maintained by an employee who left the bureau. For Risk Registers after Q1 2020, the assigned employee maintained the register as a collateral duty.

Jira tickets, which track issues with the CS-NG system, remained unassigned. To support *The risk that the ARTIVA (The COTS product that replaced the custom FedDebt application, and underlies the DMS Cross Servicing program in the active collection of delinquent debt) produces inconsistent reports, resulting in compromised ability to collect debt, and meet related requirements*, Fiscal Service provided a list of Jira tickets that have been implemented to enhance the reporting capability of the Artiva (CS-NG) system. Our review of the documentation found that 51 out of the 172 Jira tickets were unassigned. We noted that the status column of these 51 unassigned tickets showed as either "closed" or "done". According to Fiscal Service, a ticket can be unassigned if it was not considered "high priority", or if the issue does not require a systemic fix. We noted however, that of the 51 unassigned tickets; 40 were given the priority level of "Major", 2 were given a priority level of "Critical", and 1 was given a priority level of "Blocker". Only 8 of the 51 unassigned tickets were given a priority level of "Trivial", "Minor", or, "Not Prioritized", which aligns with Fiscal Service's statement that low priority tickets can be unassigned.

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<sup>1</sup> Jira is a proprietary issue tracking product to track issues identified with the CS-NG system.

## Notice of Findings and Recommendations

Fiscal Service's annotation of columns in the Risk Register spreadsheet is not consistent with the definitions and guidance included in the Risk Register Legend. The Risk Register Legend explains the overall organization of the Risk Register template. For example, we asked Fiscal Service to explain the information in the "Sources" column of the Risk Register and how it relates to the Risk Register Legend's explanation detailing how the "Source" should be annotated. Fiscal Service informed us that the legend's definition of "source" is interpreted inconsistently by DMS personnel when populating the Register, and that the definition in the legend is not self-explanatory. DMS personnel consider the "Source" as the underlying cause for a risk. The legend defines the source as *"The reports, interviews, data gathered, models used, etc. which allowed the other columns to be filled out for the risk"*. This is inconsistent with the use of the term by DMS personnel.

### CRITERIA

GAO's Standards for Internal Controls in the Federal Government (Green Book) paragraphs 16.04 and 16.05 states that "management monitors the internal control system through ongoing monitoring and separate evaluations. Ongoing monitoring is built into the entity's operations, performed continually, and responsive to change. Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions."

Green Book paragraph 6.01 states that "management should define objectives clearly to enable the identification of risks and define risk tolerances. Specific terms are fully and clearly set forth so they can be easily understood". Further, "Management defines objectives in specific terms so they are understood at all levels of the entity. This involves clearly defining what is to be achieved, who is to achieve it, how it will be achieved, and the time frames for achievement."

Green Book paragraph 3.10 states that "effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors."

Green Book paragraph 12 states that management should document responsibilities through policies. Specifically, "Management documents in policies for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness. Each unit, with guidance from management, determines the policies necessary to operate the process based on the objectives and related risks for the operational process. Each unit also documents policies in the appropriate level of detail to allow management to effectively monitor the control activity."

# Notice of Findings and Recommendations

## CAUSE

A lack of policy and procedures to provide guidance on the assessment and documentation of risks has resulted in instances of missing updates, unclear explanations, unassigned tasks, and improper annotation of Risk Register fields.

## EFFECT

Fiscal Service cannot effectively identify and mitigate risks to meet cross-servicing objectives, if its' Risk Registers are not properly designed, monitored, and implemented. Fiscal Service is unable to continually evaluate risks so that they are effective and update the Risk Register when necessary. Fiscal Service is not in compliance with some aspects of the Standards for Internal Control in the Federal Government.

## RECOMMENDATIONS

The Commissioner of Bureau of the Fiscal Service should:

1. Establish formal standard operating procedures for the review of Risk Registers which define the frequency of reviews, and assigns oversight responsibilities to specific positions.
2. Update the Risk Register Legend to ensure terminology is consistent with its use in the Risk Registers. Further, establish a methodology to communicate and document any variations in terminology.
3. Develop criteria and document procedures for the reporting of issues tracked in Jira. Jira tickets should include an additional priority level category to identify issues related to training resulting in a clear distinction between critical or major issues, and those deprioritized due to their relation to training. All Jira tickets should be assigned, and follow-up procedures routinely performed by management to determine the status of reported issues.

# Notice of Findings and Recommendations

## AUDITEE RESPONSE

Management concurs with the Notification of Finding and Recommendation.

Management does not concur with the Notification of Finding and Recommendation.

Please indicate your response in the space provided above or as an attachment within one week from the date of this notification. Your written response will be considered when preparing the draft consolidated audit report.

**Linda C.  
Chero**

Digitally signed by  
Linda C. Chero  
Date: 2022.03.31  
12:37:21 -04'00'

Acting Assistant Commissioner,  
Debt Management Services

Signature of Bureau Official

Title of Bureau Official

**Dianna L. Smith**

Digitally signed by Dianna L.  
Smith  
Date: 2022.04.26 16:16:48 -04'00'

Signature of Director, <OIG Directorate>

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Date Provided to Bureau/Agency

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Date Received

**03/31/2022**

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Date Response Received From Bureau/Agency

# Notice of Findings and Recommendations

<b>Organization:</b>	Department of the Treasury, Bureau of the Fiscal Service
<b>Location:</b>	Washington, D.C.
<b>Audit Title:</b>	Audit of Fiscal Service’s Implementation of Cross Servicing-Next Generation
<b>NFR Number:</b>	NFR-2
<b>Title of Potential Finding</b>	Lack of Communication to Impacted Agencies

## **BACKGROUND**

The Debt Collection Improvement Act (DCIA) outlines the Bureau of the Fiscal Service’s (Fiscal Service) responsibility for government-wide debt collection which includes cross-servicing efforts. FedDebt, which was implemented in 2005, was the original cross-servicing system used by Fiscal Service. Fiscal Service ended the use of FedDebt on October 26, 2017, and implemented its Cross-Servicing Next Generation (CS-NG) system on October 30, 2017. CS-NG is a commercial off-the-shelf product also known as the Artiva system.

On September 23, 2019, Treasury OIG (TOIG) received a request from the Office of General Counsel – Department of the Treasury to initiate a review of an anonymous allegation concerning Bureau of the Fiscal Service’s Debt Management Service, and the Department of Labor Occupational Safety and Health Administration (OSHA). In response, TOIG completed the *Review of the Bureau of the Fiscal Service’s Processing of the Department of Labor, Occupational Safety and Health Administration’s Delinquent Debts* dated, February 27, 2020. In that review, TOIG noted that due to a software issue associated with the implementation of the CS-NG system, Fiscal Service did not perform cross-servicing on multiple debts referred by OSHA. CS-NG was unable to initiate collection efforts on migrated and submitted debts that included a business address instead of primary address. Based on this discovery, we initiated an audit of Fiscal Service’s transition from FedDebt to CS-NG.

As part of this audit, we assessed Fiscal Service’s transfer of data from FedDebt to CS-NG. In order to achieve this objective, the audit team conducted interviews with Fiscal Service employees, including representatives from the Core Team and Agency Liaison Team, to determine if CS-NG users notified Fiscal Service of any issues with the data transferred to CS-NG (e.g., debtor addresses incorrectly loading into CS-NG). Fiscal Service’s Core Team is responsible for monitoring the transfer of data from FedDebt to CS-NG. The Agency Liaison Team is responsible for engaging creditor agencies to ensure access to CS-NG and identifying issues with the use of the system. The audit team also reviewed Jira service requests related to the transfer of data between FedDebt and CS-NG to determine whether any issues were resolved<sup>1</sup>.

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<sup>1</sup> Jira is a proprietary issue tracking product to track issues identified with the CS-NG system.

# Notice of Findings and Recommendations

## CONDITION

Fiscal Service did not communicate to 28 agencies that timely collection efforts were not performed on referred debt due to a software error primarily occurring when a business address was provided instead of a primary address. A total of 13,278 debts valued at approximately \$480.1 million were impacted by the software error.

## CRITERIA

Section 4040.20 of Treasury Financial Manual (TFM) 4000 states "Fiscal Service will make available to the creditor agency sufficient information for the creditor agency to update its delinquent debt records, maintain accurate debt balance information, reconcile its debt information, and run status reports on all collection activities. As appropriate, Fiscal Service will provide the creditor agency with access to other relevant information regarding transferred debts".

The GAO's Standards for Internal Controls in the Federal Government (Green Book) states that "management should externally communicate the necessary quality information to achieve the entity's objectives. Management communicates quality information externally through reporting lines so that external parties can help the entity achieve its objectives and address related risks. Management includes in these communications information relating to the entity's events and activities that impact the internal control system."

The Green Book also states that based on consideration of the factors, Management selects appropriate methods of communication, such as a written document (in hard copy or electronic format) or a face-to-face meeting. Management periodically evaluates the entity's methods of communication so that the organization has the appropriate tools to communicate quality information throughout and outside of the entity on a timely basis.

## CAUSE

The lack of communication to impacted agencies is due to ineffective internal communications between the Core and Agency Liaison Teams. Fiscal Service's Core Team initially stated that the Agency Liaison Team provided training and communication to impacted agencies. However, when requested, senior officials of both teams were unable to provide supporting documentation to corroborate their statements. We found that with the exception of OSHA, Fiscal Service did not provide training nor inform all agencies that their debt submissions were impacted by the software error.

## EFFECT

Creditor agencies are unaware that impacted debt was not serviced timely, and do not have accurate data to update delinquent debt records. This impedes Government collection efforts and increases the potential that the associated debts will not be collected timely. In addition, Fiscal Service failed to comply with the guidance established in section 4040.20 of TFM 4000.

# Notice of Findings and Recommendations

## RECOMMENDATIONS

The Commissioner of Bureau of the Fiscal Service should:

1. Ensure that impacted agencies are informed about current and future software errors, including any remediation processes put in place by Fiscal Service, and the status of all impacted debts.
2. Establish appropriate policies and procedures to ensure effective and routine internal communication between the Core Team and the Agency Liaison Team, to determine when issues impacting CS-NG should be reported externally.
3. Establish specific protocols for communicating system errors that impact the ability to perform cross-servicing efforts to creditor agencies in a reasonable amount of time.

## AUDITEE RESPONSE

Management concurs with the Notification of Finding and Recommendation.

Management does not concur with the Notification of Finding and Recommendation.

Please indicate your response in the space provided above or as an attachment within one week from the date of this notification. Your written response will be considered when preparing the draft consolidated audit report.

Linda C.  
Chero

Digitally signed by Linda  
C. Chero  
Date: 2022.03.31 12:38:19  
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Signature of Bureau Official

Acting Assistant Commissioner,  
Debt Management Services

Title of Bureau Official

Dianna L. Smith

Digitally signed by Dianna L.  
Smith  
Date: 2022.04.26 16:21:42 -04'00'

Signature of Director, <OIG Directorate>

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Date Provided to Bureau/Agency

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Date Received

03/31/2022

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Date Response Received From Bureau/Agency

# Notice of Findings and Recommendations

**Organization:** Department of the Treasury, Bureau of the Fiscal Service

**Location:** Washington, D.C.

**Audit Title:** Audit of Fiscal Service’s Implementation of Cross Servicing-Next Generation

**NFR Number:** NFR-3

**Title of Potential Finding** Undocumented Process Improvement Procedures

## **BACKGROUND**

The Debt Collection Improvement Act (DCIA) outlines the Bureau of the Fiscal Service’s (Fiscal Service) responsibility for government-wide debt collection which includes cross-servicing efforts. FedDebt, which was implemented in 2005, was the original cross-servicing system used by Fiscal Service. Fiscal Service ended the use of FedDebt on October 26, 2017, and implemented its Cross-Servicing Next Generation (CS-NG) system on October 30, 2017. CS-NG is a commercial off-the-shelf product also known as the Artiva system.

On September 23, 2019, Treasury OIG (TOIG) received a request from the Office of General Counsel – Department of the Treasury to initiate a review of an anonymous allegation concerning Bureau of the Fiscal Service’s Debt Management Service, and the Department of Labor Occupational Safety and Health Administration (OSHA). In response, TOIG completed the *Review of the Bureau of the Fiscal Service’s Processing of the Department of Labor, Occupational Safety and Health Administration’s Delinquent Debts* dated, February 27, 2020. In that review, TOIG noted that due to a software issue associated with the implementation of the CS-NG system, Fiscal Service did not perform necessary cross-servicing on multiple debts referred by OSHA. CS-NG was unable to initiate collection efforts on migrated and submitted debts that included a business address instead of primary address. Based on this discovery, we initiated an audit of Fiscal Service’s transition from FedDebt to CS-NG.

CS-NG uses various internal controls in order to ensure that debts submitted by creditor agencies are processed timely. Our third audit objective required that we assess Fiscal Service’s internal controls over the receipt of data submissions from creditor agencies. The audit team identified and evaluated the key internal controls in place that govern the CS-NG system. Fiscal Service’s key internal controls include system and manual controls to ensure debts loaded without a primary address (bad address) are processed timely. The audit team assessed the controls to determine whether they were implemented and operated effectively.

# Notice of Findings and Recommendations

## CONDITION

Fiscal Service has not documented the procedures it implemented as a process improvement to correct the bad address issue. The process improvement is a system update which allows collection efforts to be performed on accounts loaded without a primary address. CS-NG was initially unable to process some debts through the cross-servicing cycle because a demand letter was required to be issued to the debtor before starting the collection process. The demand letters however could not be sent because of the missing or incorrect address information. To correct the error, Fiscal Service updated CS-NG to remove the issuance of a demand letter as a requirement to start cross-servicing efforts. Although demand letters are still sent out when possible, they are no longer required to start the collections process.

Fiscal service also implemented a bi-monthly review of submitted debts, to identify debts that remain in the initial (INIT) phase for more than 3 days after submission. Fiscal Service's Core Team is responsible for monitoring the transfer of data from FedDebt to CS-NG. During the bi-monthly review, the Core Team runs a report of the delinquent debt submissions, using the date a debt was submitted into CS-NG (LIST DATE) as the basis of their determination. If transactions that have been in the "INIT" phase for more than 3 days are identified, the team will go into the system and manually change the debt phase to COLLECT. According to Fiscal Service, there is no process document which details how the bad address query should be run or how often the review should occur, however the query review is a part of the Core Team's regular duties.

Similarly, CS-NG system manuals are not updated timely to include all process improvements. The Artiva (CS-NG) Training Manual (manual) presents the CS-NG Workflow, the different phases and status of CS-NG, and the fundamentals of CS-NG, but it is not updated with the bad address process improvements. The manual does provide instruction on fundamental CS-NG End-User functionality such as logging into and navigating the system, working with account screens, and the use of manipulating Action Codes, however it is not updated to include the phase and status codes used in demonstrating the CS-NG update that resolved the bad address issue. For example, status codes implemented as a result of the bad address process improvement, such as the "BADADDRESS" Status Code, are not included in the manual. In another example, the manual lists "NEWINIT" and "NEWACCT" as the only two status codes for accounts in the "INIT" phase. We noted however an account in the "INIT" phase with a "Passive Top" status. Fiscal Service informed us that this is a rare occurrence where the account was loaded into the system and a Proof of Debt (POD) request was entered within the first 30 hours before the Demand letter could be issued.

The CS-NG workflow diagram, which provides a graphical representation of how the CS-NG system processes debts, is not updated with the impact of the bad address process improvement. The workflow diagram shows that a demand letter is sent 30 hours after a debt load, before the initiation of any collection activities. However, after the system update to remedy the bad address issue, the issuance of a demand letter is no longer required in order to start collection efforts. This change is not reflected in the CS-NG workflow diagram.

# Notice of Findings and Recommendations

## CRITERIA

GAO's Standards for Internal Controls in the Federal Government (Green Book) paragraph 3.09 and 3.10 states "Management develops and maintains documentation of its internal control system." "Effective documentation assists in management's design of internal control by establishing and communicating the who, what, when, where, and why of internal control execution to personnel. Documentation also provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as a means to communicate that knowledge as needed to external parties, such as external auditors."

The Green Book paragraph 3.11 states that "Management documents internal control to meet operational needs. Documentation of controls, including changes to controls, is evidence that controls are identified, capable of being communicated to those responsible for their performance, and capable of being monitored and evaluated by the entity."

## CAUSE

Fiscal Service believes that queries and work pools are not considered "procedures" but rather a part of the Core team's regular duties resulting in a lack of documented standard operating procedures. Fiscal Service also does not have formal guidance that outlines job responsibilities, including a stipulation to review procedural changes and routinely update applicable manuals timely.

## EFFECT

Fiscal Service's internal controls over the bad address process improvement cannot be consistently followed or reviewed. The systemic lack of formal documentation does not provide an effective means to retain organizational knowledge. The lack of documented controls, including changes to controls, does not provide evidence that controls are identified, capable of being communicated to those responsible for their performance, and capable of being monitored and evaluated by Fiscal Service.

## RECOMMENDATIONS

The Commissioner of Bureau of the Fiscal Service should:

1. Ensure that Fiscal Service's Core Team develop written policies and procedures, and update the Artiva (CS-NG) Training Manual, to address all program and system changes including those related to the bad address process improvement, in particular, the processes run by CS-NG, and the bi-monthly bad address query review.
2. Ensure that Fiscal Service's Core Team, in consultation with the Artiva vendor when applicable, update the Artiva Training Manual with phase and status codes developed as a result of process improvements or other changes.

# Notice of Findings and Recommendations

3. Ensure that Fiscal Service, in consultation with the Artiva vendor, update the Cross-Servicing Workflow diagram with revised processes developed as a result of the CS-NG system improvements or other changes. Fiscal Service management should also update its policies and procedures to ensure this diagram is periodically updated to reflect changes made to the process.

## AUDITEE RESPONSE

Management concurs with the Notification of Finding and Recommendation.

Management does not concur with the Notification of Finding and Recommendation.

Please indicate your response in the space provided above or as an attachment within one week from the date of this notification. Your written response will be considered when preparing the draft consolidated audit report.

Linda C.  
Chero

Digitally signed by Linda  
C. Chero  
Date: 2022.03.31  
12:40:26 -04'00'

Signature of Bureau Official

Acting Assistant Commissioner,  
Debt Management Services

Title of Bureau Official

Dianna L. Smith

Digitally signed by Dianna L.  
Smith  
Date: 2022.04.26 16:22:43 -04'00'

Signature of Director, <OIG Directorate>

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Date Provided to Bureau/Agency

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Date Received

03/31/2022

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Date Response Received From Bureau/Agency