

**FINANCIAL MANAGEMENT:
Treasury Payments for Water and Sewer
Services Provided by
the District of Columbia for the
Third Quarter of Fiscal Year 2002**

OIG-02-088

May 23, 2002



Office of Inspector General

The Department of the Treasury

Contents

Report of the Office of Inspector General	2
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Appendices

Appendix 1: Background	5
Appendix 2: Agreed-Upon Procedures and Results	6
Appendix 3: Major Contributors To This Report	8
Appendix 4: Report Distribution	9

Abbreviations

BEP	Bureau of Engraving and Printing
DC	District of Columbia
DO	Departmental Offices
FMS	Financial Management Service
IPAC	Intra-governmental Payment and Collection System
OIG	Office of Inspector General
OPAC	On-line Payment and Collection System
OTS	Office of Thrift Supervision
WASA	District of Columbia Water and Sewer Authority

The Honorable Robert C. Byrd
Chairman
The Honorable Ted Stevens
Ranking Minority Member
Committee on Appropriations
United States Senate

The Honorable C.W. Bill Young
Chairman
The Honorable David R. Obey
Ranking Minority Member
Committee on Appropriations
House of Representatives

The District of Columbia (DC) Public Works Act of 1954, as amended (the Act), requires that we submit a quarterly report to the Committees on Appropriations of the House of Representatives and Senate analyzing the promptness of payment with respect to the water and sewer services furnished to the Department of the Treasury (the Department) by DC. Management of the Department's bureaus that utilize DC water and sewer services are responsible for timely payment of such services. Appendix 1 contains additional background information.

We performed the procedures contained in Appendix 2 solely to assist you in evaluating the Department's compliance with the Act for the third quarter of Fiscal Year (FY) 2002. This agreed-upon procedures engagement was conducted in accordance with generally accepted government auditing standards, which

incorporate the attestation standards established by the American Institute of Certified Public Accountants. These standards provide guidance when performing and reporting the results of agreed-upon procedures for evaluating compliance with specified requirements.

The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures contained in Appendix 2 either for the purpose for which this report has been prepared or for any other purpose. The results of the procedures are also contained in Appendix 2.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Congress, the Department of the Treasury, the Bureau of Engraving and Printing, the Departmental Offices, the Financial Management Service, and the Office of Thrift Supervision, and is not intended to be and should not be used by anyone other than these specified parties.

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Should you have any questions, please contact me at (202) 927-5430, or a member of your staff may contact Mike Fitzgerald, Director, Financial Audits at (202) 927-5789.


William H. Pugh

Deputy Assistant Inspector General for Financial Management
and Information Technology Audits

April 10, 2002

The District of Columbia (DC) Public Works Act of 1954 (P.L. 83-364), as amended, requires that bureaus make timely payments for DC water and sewer services. The Consolidated Appropriations Act of 2001 (P.L. 106-554) further amended the District of Columbia Public Works Act of 1954 to require that the inspector general of each Federal department, establishment, or agency receiving water and sewer services from DC submit a quarterly report to the Committees on Appropriations of the House of Representatives and Senate analyzing the promptness of payment with respect to the services furnished to such department, establishment, or agency.

Three Treasury bureaus are billed directly by Treasury's Financial Management Service (FMS) for DC water and sewer services: the Bureau of Engraving and Printing (BEP), the Office of Thrift Supervision (OTS), and the Departmental Offices (DO). The District of Columbia Water and Sewer Authority provides FMS with a Federal cost of service estimate for the fiscal year, and for each of the three bureaus billed directly, FMS:

- Prepares a billing letter that includes the estimated quarterly payment amounts by due dates, and any adjustments to actual usage; and
- Collects quarterly payments via the Intra-governmental Payment and Collection (IPAC) system.

Water and sewer services for other Treasury component entities are included as part of rental payments.

The overall objective of the agreed-upon procedures was to analyze the promptness of payments made by Treasury for the third quarter of Fiscal Year (FY) 2002, with respect to the water and sewer services Treasury receives from DC. The procedures performed and results obtained were as follows:

Procedure 1

Through inquiry of officials of the Treasury's Financial Management Service (FMS), determine if there were changes to the process by which FMS bills and collects for water and sewer services since January 12, 2002, the date of our report for the second quarter of FY 2002.

Results

We determined, through inquiry that in FY 2002 the Department implemented a new payment system for intra-governmental payments—the Intra-governmental Payment and Collection (IPAC) system, which is managed by the FMS. This system replaced the On-line Payment and Collection (OPAC) system, which previously handled payments between agencies.

Procedure 2

Through inquiry of FMS officials, determine if there were any amendments to the FY 2002 billing letters issued by FMS on June 30, 2001.

Results

We determined, through inquiry with FMS officials that there were no amendments to the FY 2002 billing letters issued by FMS on June 30, 2001.

Procedure 3

Request documentation from FMS supporting the payments made by Treasury entities for DC water and sewer services for the third quarter of FY 2002.

Results

We obtained IPAC reports from FMS supporting the payments made by Treasury entities for DC water and sewer services for the third quarter of FY 2002.

Procedure 4

Inspect the documentation provided by FMS for the third quarter of FY 2002 to determine if payments were made in full (equal to one-fourth of the annual estimate) on the first day of the fiscal quarter in accordance with FMS' billing letters.

Results

We compared the amounts and dates paid from the IPAC reports to the FMS billing letters and determined that payments for the third quarter water and sewer services were made in full on April 1, 2002, the first day of the fiscal quarter, in accordance with the amounts and timeframes prescribed by FMS' billing letters, without exception.

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Assistant Commissioner, Financial Operations

Bureau of Engraving and Printing

Director

Departmental Offices

Deputy Chief Financial Officer

Office of Thrift Supervision

Director