



U.S. Department of Agriculture



Office of Inspector General
Southwest Region

Audit Report

Application Controls Over the Processed Commodity Inventory Management System

**Audit Report 50601-13-Te
July 2006**



UNITED STATES DEPARTMENT OF AGRICULTURE



OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250

July 27, 2006

REPLY TO

ATTN OF: 50601-13-Te

TO: Teresa C. Lasseter
Administrator
Farm Service Agency

ATTN: T. Mike McCann
Director
Operations Review and Analysis Staff

FROM: Robert W. Young /s/
Assistant Inspector General
for Audit

SUBJECT: Application Controls Over the Processed Commodity Inventory Management System

SUMMARY:

Our review of the Processed Commodity Inventory Management System (PCIMS)—a system used by several agencies, including the Farm Service Agency (FSA), to acquire, track, and distribute approximately \$2.5 billion of annual domestic and foreign food assistance—sought to determine if application controls are in place and functioning effectively to ensure that transactions are properly authorized, and completely and accurately processed. Since we found that PCIMS' application controls are in place and functioning effectively, we have closed our files for this audit. No further action is required.

BACKGROUND:

PCIMS is an integrated data management system developed to assist the Agricultural Marketing Service (AMS), FSA, and the Food and Nutrition Service (FNS) in purchasing food commodities and distributing them to recipients worldwide. Although each agency has its own distinct mission and requirements, AMS, FSA, and FNS have collaborated in developing, operating, and maintaining PCIMS, as its functions are interrelated to make a joint computer system for these three agencies practical.

Application controls are the structures, policies, and procedures that apply to individual application systems, such as accounts payable, inventory, payroll, grants, or loans. These controls encompass both the routines within the computer program code, and the policies and procedures associated with user activities, such as the procedures users must follow to ensure that transactions are valid, properly authorized, and completely and accurately processed by the computer. In general, the U.S. Department of Agriculture is required to implement application controls to ensure that adequate security is provided for all agency information collected, processed, transmitted, stored, or disseminated in general support systems and major applications.¹

OBJECTIVE:

We initiated this audit to ensure that PCIMS' application controls meet the Office of Management and Budget's (OMB) requirements,² and are functioning effectively to ensure that transactions are properly authorized, and completely and accurately processed.

SCOPE AND METHODOLOGY:

The audit was conducted at FSA and FNS Headquarters in Washington, D.C.; at the Kansas City Commodity System Office in Kansas City, Missouri; and at the FNS Regional Office in Dallas, Texas. Fieldwork was performed from March 2005 to July 2006. We reviewed transactions processed in April 2005.

To accomplish our audit objectives, we:

1. reviewed agency, Departmental, and other federally mandated information technology security policies and procedures;
2. interviewed AMS, FNS, and FSA officials responsible for developing and managing PCIMS, as well as for entering data into the system;
3. evaluated and tested data authorization, completeness, and accuracy controls; and
4. analyzed transactions to validate data integrity.

The audit was conducted in accordance with Government auditing standards.

RESULTS:

Although FSA planned to have an updated PCIMS security plan in place by September 2005, we noted PCIMS' security plan had not been revised since July 2004. FSA was aware of this condition, as it had been identified by security reviews and audits conducted in fiscal year 2004, including an audit performed by the Office of Inspector General (OIG),³ and security reviews performed by Science Applications International Corporation and KPMG Peat Marwick LLP. We notified the agency's information systems security program manager that the PCIMS' security plan had not been updated as scheduled. He explained that the delay was due to both FSA's failure to communicate with the contractors hired to annually update the PCIMS' security plan and to validate that all security plans

¹ OMB Circular A-130, "Management of Federal Information Resources," appendix III, "Security of Federal Automated Information Resources," updated in 1996, and of Public Law 100-235, "Computer Security Act of 1987."

² OMB Circular A-130, "Management of Federal Information Resources," appendix III, "Security of Federal Automated Information Resources," updated in 1996, and of Public Law 100-235, "Computer Security Act of 1987."

³ OIG Audit Report 06401-17-FM, "Commodity Credit Corporation's Financial Statements for Fiscal Years 2004 and 2003."

were complete. Effective April 28, 2006, PCIMS' security plan was updated and prepared for submission to the Associate Chief Information Officer for Cyber Security.

Our review found no additional weaknesses. Since we have no additional findings and FSA has taken corrective action on the weakness identified, we are making no recommendations to management. No reply to this report is necessary.

We appreciate the assistance you and your staff provided us during this review.