
(A) AUDIT DIVISION ANALYSIS AND SUMMARY OF ACTIONS

NECESSARY TO CLOSE THE REPORT

The Department's management was provided a draft of the independent auditors' report on internal control and their comments on the findings and recommendations were considered in preparing this Analysis and Summary of Actions Necessary to Close the Report. Since management concurred with all of the recommendations, this report is being issued as resolved. We will continue to review the actions taken during future financial statement audits in order to assess whether the findings have been adequately addressed and recommendations implemented. Depending on the recommendation, it will be closed either when the action requested is completed or subsequent audit testing confirms the adequacy of corrective actions. In the case of a repeat recommendation, the report recommendation will be immediately closed upon report issuance, but will continue to be followed up in the prior report where the recommendation was initially made.

Internal Control Recommendation Number:

1. **Resolved.** This recommendation can be closed when subsequent audits testing confirms that a Department-wide internal control program that includes timely monitoring of financial controls by management has been implemented, has been communicated to the components, and is working effectively.
2. **Closed.** We will continue to follow up on this recommendation through our monitoring of the status of recommendation number 4 in our prior financial statement audit report for fiscal year 2001, OIG Report Number 02-06 and recommendation number 1 in our prior financial statement audit report for fiscal year 2000, OIG Report Number 01-07.
3. **Resolved.** This recommendation can be closed when the Department has selected a new Unified Financial Management System and awarded the contract and when the Department has fully implemented the financial statement consolidation tool.
4. **Resolved.** This recommendation can be closed when subsequent audit testing confirms that sufficient resources have been allocated to support the financial management and reporting process and when the Department provides the Office of the Inspector General with documentation of its efforts to provide training to components' program and finance staff on the responsibilities for internal control and financial management.
5. **Resolved.** This recommendation can be closed when subsequent audit testing confirms that Computer Services has reassigned the Internal Auditor's responsibility of performing CA-Top Secret Security administration functions and serving as the backup to the junior CA-Top Secret Security administrator. Subsequent audit testing also needs to confirm that the emergency fire-call identification policies and procedures have been updated to ensure that all CA-Top Secret Security administration functions performed in emergency situations using fire-call identifications are properly documented and describe the independent monitoring and follow-up procedures performed by internal audit.
6. **Closed.** We will continue to follow up on this recommendation through our monitoring of the status of recommendation number 2 in our prior financial statement audit report for fiscal year 2000, OIG Report Number 01-07.

This page intentionally left blank.