

## A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

November 13, 2007

I am pleased to report that the Department of Justice earned an unqualified audit opinion on its FY 2007 consolidated financial statements, and particularly pleased that, for the first time, no material weaknesses at the consolidated level were identified in the auditor's report on internal controls. We have demonstrated we can consistently complete our quarterly and annual financial reporting within all the required timelines, and demonstrated we can make substantial progress in reducing both the number and severity of our internal control weaknesses. For the second straight year, we had no Department-level material weaknesses in financial reporting, and, for the first time, no Department-level material weaknesses in information systems controls. Contributing to these improvements has been our OMB Circular A-123 financial reporting assurance process and the resulting changes that managers have implemented to improve the integrity of our financial reporting. Contributing to the improvement in information systems security and controls has been the close collaboration between the Chief Financial Officer organization and the Office of the Chief Information Officer (CIO). The emphasis the CIO community put on the improvement of security and access controls this past year demonstrated truly positive results.

Recognition is due to the Office of Justice Programs this year as it successfully mitigated two prior-year material weaknesses and joined the Assets Forfeiture Fund; Bureau of Prisons; Drug Enforcement Administration; Federal Prison Industries; and the Offices, Boards and Divisions as reporting entities earning unqualified opinions without auditor-reported material weaknesses. In addition, although the Federal Bureau of Investigation had one material weakness in information systems, it was the only reporting entity that did not have any recommendations in the auditor's report on internal control. While progress this year was substantial, our work is unfinished. Where we have remaining deficiencies with the quality of our internal controls over financial operations, the accuracy of certain accounting transactions, financial reporting, and information systems security and access controls, we will continue to aggressively pursue corrective actions. We are also committed to the implementation of the Department's Unified Financial Management System, and this year we will begin to move the first of our financial entities to the new system.

We take our financial accountability seriously, we take the financial management improvement goals of the President's Management Agenda seriously, and we take our commitment to sound agency performance results and providing taxpayer value seriously. We look forward to demonstrating progress on all these commitments in FY 2008.



Lee Lofthus  
Chief Financial Officer

This page intentionally left blank.