

# APPENDIX D

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## FY 2007 Financial Management Status Report and Five-Year Plan Summary

The Department's Financial Management Status Report and Five-Year Plan, required by the Chief Financial Officers (CFO) Act of 1990, describes the Department's financial management initiatives, plans, and accomplishments. The CFO Act established the legal framework for improved financial management. Within that framework, executive agencies have key responsibilities for implementing effective financial management leadership, internal controls, reporting, and financial systems. The Department's Plan was prepared in accordance with the guidance contained in OMB Circular No. A-11, Preparation and Submission of Budget Estimates.

The President's Management Agenda and the Executive Branch Management Scorecard emphasize the significance of federal Government performance and accountability to achieve successful results. The ultimate goal is accurate and timely financial information on a recurring basis. The 2007 DOJ Financial Management Status Report and Five-Year Plan includes a summary of the important financial management initiatives completed or underway within the Department. These initiatives support the President's Management Agenda and improve management and administration of the Department's programs while also supporting mandates such as the CFO Act, the Government Management Reform Act (GMRA), the Federal Financial Management Improvement Act (FFMIA), the Government Performance and Results Act (GPRA), Federal Managers' Financial Integrity Act (FMFIA), and the Debt Collection Improvement Act (DCIA) of 1996.

The Department has moved towards budget and performance integration by including in the budget the full cost of achieving performance goals and by utilizing the Program Assessment Rating Tool (PART) for decision-making purposes in a majority of its programs. Additionally, the Department has efficiency measures in place for 100 percent of the PARTed programs.

### Highlights of the Initiatives Contained in this Plan:

**Reliable Financial Statements and Meeting Due Dates for Financial Statements.** KPMG, an independent firm under contract with the OIG, performed the Fiscal Year (FY) 2007 consolidated Department audit. The Department earned an unqualified opinion on its audited consolidated financial statements for FY 2007. All nine<sup>1</sup> of the Department's components that produce financial statements received unqualified opinions, as well. The DOJ and components continued to demonstrate progress in reduction of the number of material weaknesses identified by the independent auditors. The Department has consistently met the Office of Management and Budget (OMB) November 15<sup>th</sup> due date for submission of consolidated financial statements. Ensuring these deadlines are met required planning and coordination which included issuance of the annual Financial Statement Requirements and Preparation Guide (Guide). The Guide includes a detailed timeline of major events and interim milestones. This, along with components corrective actions quarterly status updates, adds to the foundation necessary to eliminate auditor-reported internal control material weaknesses. For FY 2008 and beyond, the Department expects to maintain its impeccable status in the achievement of nine unqualified opinions on its bureau financial statements as well as on its audited consolidated financial statements.

**Integrated Financial Management System.** The Unified Financial Management System (UFMS) initiative is the keystone to the Department's financial systems improvement planning for the future. UFMS is replacing the Department's multiple core financial management and procurement system with an integrated Commercial Off-The-Shelf (COTS) solution, Momentum, provided by CGI Federal Inc. Implementation of

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<sup>1</sup> Beginning in FY 2007, the financial statements of the Working Capital Fund were combined with the Offices, Boards and Divisions.

the UFMS will improve financial management and procurement operations through streamlining and standardizing business processes and procedures across all components.

The DOJ components identified for replacement of their current financial management and procurement systems include: Federal Bureau of Investigation (FBI); U.S. Marshals Service (USMS); Drug Enforcement Administration (DEA); Federal Bureau of Prisons (BOP); Office of Justice Programs (OJP); Offices, Boards and Divisions (OBDs); and Alcohol, Tobacco, Firearms and Explosives (ATF). Implementation efforts are already underway with a pilot project at the Asset Forfeiture Program (AFP), scheduled to go live in November 2007. DEA's implementation, currently in the Development and Configuration phase, is scheduled to go live in October 2008. FBI is engaged in a planning phase with a full implementation schedule ready for release in early 2008.

Although the Department continues to make substantial progress, OMB still classifies the current status of the Department's Financial Management Program with a "red light" on its PMA scorecard. To meet the green light standards, the Department must meet all yellow light standards, use financial information to drive results in key areas, expand its routine use of data for decision-making, achieve substantial compliance with the Federal Financial Management Improvement Act (FFMIA), have no material auditor-reported internal control weaknesses; and have no material weaknesses in Federal Managers' Financial Integrity act (FMFIA) Section 2 OFR and Section 4. Correction of this condition will be addressed by sustained progress in eliminating material weaknesses and implementation of a UFMS for the Department. The Financial Management Program's primary achievement in FY 2007 was the approval and delivery of the Foundation Build with government acceptance on May 30, 2007. The Foundation Build is the core standard financial and procurement configuration to be used by the Department components as a baseline system. This will allow components to extend the Foundation Build to meet their individual configuration needs.

**E-Gov Travel.** As one of the five General Services Administration (GSA) managed E-Gov initiatives, E-Gov Travel was launched in support of the President's Management Agenda. The goal of the E-Gov Travel initiative is to improve internal efficiency and effectiveness of the Federal government by providing an automated government-wide web-based end-to-end travel management service that delivers an easy to use cost saving travel experience, supports effective management of travel practices, and results in superior customer satisfaction.

During FY 2005, the Deputy Assistant Attorney General, Controller, approved the implementation of a Department E-Gov Travel Program Management Office (TPMO) in the Finance Staff which consists of a Project Manager and a number of Team Leads for the migration effort.

On June 19, 2007, Procurement Services awarded the E-Gov Travel (ETS) contract to Carlson Wagonlit Government Travel. The Carlson Wagonlit Government Travel product, E2 Solutions, provides travelers with a one-stop, self-service for all their travel needs, from reservation and ticketing to authorization to vouchering.

In July 2007, the TPMO held a kick-off meeting with Carlson Wagonlit (CW), followed by integration workshops to begin the ETS implementation process. The Department's security certification and accreditation process has begun. Future plans include a Bureau kick-off meeting with CW, product demonstrations, and security and technical workshops. DOJ employees are encouraged to make travel arrangements by booking online.

Once fully implemented, the Department envisions leveraging improved reporting and data collection capabilities for business intelligence and performance measurements. DOJ expects to continue to consolidate its travel processes at a Department level, centrally managed through a customer-centric, web-based environment with the expectations to integrate an easy to use, end-to-end travel service.

### **Federal Financial Management Improvement Act (FFMIA) Remediation Plan and A-123**

**Compliance.** The Department continued to implement corrective actions in an effort to diminish the number of internal control weaknesses at the component level. In FY 2007, components aggressively demonstrated their dedication to implement corrective actions and reduce the severity of previously identified internal control weaknesses. The Department also continued to demonstrate progress on its multi-year project to install a Unified Financial Management System (UFMS) that will provide a single source for timely and reliable financial data. The implementation of the UFMS will strengthen its control environment, facilitate the collection of information, and enhance decision-making.

To ensure a consistent approach in the implementation of OMB Circular A-123, the Department continues to use a top-down, risk-based approach, concentrating resources on significant areas where the risk of material errors in financial reporting could occur. The Department will continue to leverage existing internal control review functions, and inform managers and other employees of their responsibilities to establish and maintain effective internal controls. In FY 2007, the Department issued detailed guidance for documenting and testing controls, along with reporting the results of internal control testing. These Departmental testing procedures were developed to determine the operating effectiveness of each control and identify lapses in implementation of these controls. Department-wide success will be demonstrated through completion of A-123 assessments using proper methodologies, as well as effective monitoring to ensure that controls are operating as designed at all times.

**Debt Collection Management Program.** The JMD performed its annual comprehensive Department-wide debt management review in compliance with OMB's reporting requirements. The Department reported debt collections totaling nearly \$3.7 billion in FY 2006 resulting from civil and criminal litigation and enforcement activities. Throughout the Department, ongoing efforts are in place to maintain effective debt collection and debt management practices. In FY 2007, the JMD successfully launched the Consolidated Debt Collection System (CDCS), a system designed to centralize, track, support, and manage the Department's financial litigation and debt collection efforts. The pilot implementation was completed during the fiscal year with national rollout continuing through November 2007. The CDCS is targeted to move into Operations and Maintenance (O&M) on February 1, 2008. Additionally, with the consolidation of debt collection under a single system, the JMD will be able to streamline its cash collection flows.

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