

**GENERAL MANAGEMENT:
The Department Needs to Strengthen Its
Audit Follow-up System**

OIG-02-059

March 4, 2002



Office of Inspector General

The Department of the Treasury

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Abbreviations

ATF	Bureau of Alcohol, Tobacco and Firearms
CFO	Chief Financial Officer
Customs	U. S. Customs Service
DCFO	Deputy Chief Financial Officer
FY	Fiscal Year
GAO	U. S. General Accounting Office
IG	Inspector General
ITC system	Inventory, Tracking and Closure System
OIG	Office of Inspector General
OMB	Office of Management and Budget
PCA	Planned Corrective Action
TD	Treasury Directive
TIGTA	Treasury Inspector General for Tax Administration

*The Department of the Treasury
Office of Inspector General*

Edward R. Kingman, Jr.
Assistant Secretary for Management
and Chief Financial Officer

Office of Management and Budget Circular No. A-50 Revised, *Audit Follow-up* (OMB Circular A-50), requires Federal agencies to establish systems to assure the prompt and proper resolution and implementation of audit recommendations. This Circular also requires that these systems provide for a complete record of action taken on both monetary and non-monetary findings and recommendations. The Inventory, Tracking and Closure System (ITC system) is a Treasury-wide database tool that enables management to monitor the progress of internal control issues within the Department. The ITCS is comprised of five subsystems. One of the five subsystems is the Audit subsystem. The Audit subsystem serves as the Department's primary automated tool for monitoring and tracking the status of audits issued by or for the Inspectors General (IG) and the U.S. General Accounting Office (GAO) from audit report issuance through final action.

We performed an audit to determine whether the Department's audit follow-up system complied with OMB requirements. This audit was conducted as part of the *Office of Inspector General Annual Plan For Fiscal Year 2001*. We performed our work between November 2000 and September 2001 primarily at offices in the Washington, D.C., area that came under the authority of the Assistant Secretary for Management and Chief Financial Officer. A more detailed description of our objectives, scope, and methodology is provided as Appendix 1.

Results in Brief

We found that the Department's audit follow-up system did not fully comply with OMB requirements. Specifically, the Department's follow-up system did not (1) ensure that Department-wide evaluations were performed to assess system performance, and (2) assign responsibility for or ensure that the U.S. Customs Service's (Customs) regulatory audit and the Bureau of Alcohol, Tobacco and Firearms' (ATF) inspection division audit follow-up systems meet OMB standards.

We recommended that the Assistant Secretary for Management and Chief Financial Officer ensure: (1) periodic evaluations are performed to determine whether the Department's audit follow-up system results in efficient, prompt, and proper resolution and corrective action on audit recommendations; (2) copies of all audit reports are maintained; (3) resource requirements are evaluated and, if necessary, appropriate action is taken; (4) responsibility is assigned for ensuring audit follow-up systems for Customs' regulatory audit and ATF's inspection activities meet OMB standards; and (5) other regulatory audit and inspection activities within the Department are identified and, where applicable, related audit follow-up systems are evaluated.

The Acting Chief Financial Officer's (CFO) response took exception to our first finding that the Department was not in compliance with OMB Circular A-50 with regard to performance of Department-wide evaluations and accompanying recommendations. Management's response, however, indicated general agreement with our second finding that the Department did not ensure that agency regulatory audit and inspection activities audit follow-up systems meet OMB standards. The complete text of the Acting CFO's response is provided in Appendix 2.

Despite stated disagreement with our first finding, the Acting CFO's response did not provide any new information that would refute the results of our review or the facts presented in this report. We, therefore, believe the finding and its accompanying recommendations are still valid. The Acting CFO's response to our

second finding outlined corrective actions that when fully implemented should satisfy the two accompanying recommendations.

Background

Treasury Directive (TD) 40-03, *Treasury Audit Resolution, Follow-up, and Closure*, dated February 2, 2001, provides the Department of the Treasury's policy with regard to audit follow-up. This directive requires that: (1) all audit recommendations are acted upon timely, (2) progress is adequately monitored, (3) actions are properly completed and closed out, (4) statistical information and other data are appropriately reported according to Section 5 of the Inspector General Act, and (5) audit follow-up standards are met for reports issued by or for the IGs and GAO. TD 40-03 also assigns responsibility for tracking all audit recommendations through the ITC system to the Deputy Chief Financial Officer (DCFO).

The Audit subsystem of the ITC system serves as the Department's primary automated tool for monitoring and tracking the status of audits issued by or for the IGs and GAO from audit report issuance through final action. Managers from Treasury's bureaus, the DCFO, and the Office of the Assistant Secretary for Management and Chief Financial Officer have access to the audit information contained in the ITC system through the Department's Executive Information System. Users can choose from over 20 different types of reports to generate information about audit reports, findings, recommendations, and planned corrective actions (PCA).

When an audit report is issued, the findings and recommendations are uploaded to the ITC system. The appropriate bureau then enters PCAs, including original due dates, into the ITC system for each recommendation. Audit reports are tracked through the ITC system until final action is completed for every PCA. Ultimately, the effectiveness of resolving findings identified by the Office of Inspector General (OIG), Treasury Inspector General for Tax

Administration (TIGTA), GAO, and other audits and evaluations depend on implementing reported recommendations.

Findings and Recommendations

Finding 1 **Department-wide Evaluations Need To Be Performed To Assess System Performance**

The DCFO's office did not perform (1) required periodic evaluations to assess audit follow-up performance Department-wide or (2) on-site verifications of corrective actions taken. According to management, it lacked the necessary resources to perform this function. As a result, ITC system data on audit reports, findings, recommendations, monetary benefits, and corrective action plans, may not be sufficiently reliable. In addition, the Department's audit follow-up system may not provide the necessary assurance that management responded in a timely manner to all audit reports, promptly implemented audit recommendations, submitted corrective action plans timely, or actually took corrective actions.

Department-wide Evaluations

OMB Circular A-50 states that each agency shall establish systems to assure the prompt and proper resolution and implementation of audit recommendations. These systems shall provide for a complete record of action taken on both monetary and non-monetary findings and recommendations. This Circular also provides standards for agency follow-up systems. These standards, in part, require:

- Periodic analysis of audit recommendations, resolution, and corrective action, to determine trends and system-wide problems, and to recommend solutions; and
- Periodic evaluation to determine whether the audit follow-up system results in efficient, prompt, and proper resolution and corrective action on audit recommendations.

TD 40-03 establishes policies and assigns responsibilities for monitoring audit follow-up within the Department. This directive provides, in part, that the Assistant Secretary for Management and Chief Financial Officer is responsible for ensuring that appropriate audit follow-up policies and procedures are in place Department-wide. This directive also assigns “audit follow-up official” responsibilities to the DCFO that include:

- Tracking all audit recommendations from audit report issuance to final action through the ITC system;
- Ensuring that bureaus provide timely and adequate information on the status of recommendations;
- Performing periodic analyses of audit recommendations to learn trends and Department-wide problems, and to recommend solutions;
- Evaluating audit follow-up performance Department-wide, through mechanisms including sample on-site verifications of corrective actions taken; and
- Making recommendations to the Assistant Secretary for Management and Chief Financial Officer to strengthen audit follow-up performance.

Our review found that the DCFO's office performed trend analyses of system data with regard to audit recommendations, resolution, and corrective actions, which were reported quarterly to senior Department management. We could not find evidence that the DCFO's office produced periodic reports to senior management that clearly identified systemic causes for problems identified through its trend analyses or provided recommendations to eliminate the underlying causes of the problems identified. We were informed that the DCFO's office did not conduct Department-wide evaluations of the audit follow-up system, perform sample verifications of corrective actions taken by the bureaus as required by TD 40-03, or make recommendations to the Assistant Secretary for Management and Chief Financial Officer on ways to strengthen

audit follow-up performance. As a result, the system did not provide for the prompt input of audit reports or submission of corrective actions, nor assurance that corrective actions were implemented.

After reviewing trend analysis information reported by the DCFO's office, we reviewed ITC system data and confirmed many of the deficiencies periodically reported by DCFO to senior Department management. The types of deficiencies identified by the Department and our review include, but were not limited to, the following:

- **Audit reports, findings, and recommendations were not always entered into the ITC system or entered timely.** Our review showed that 29 audit reports were not entered into the ITC system as of December 2000. Four, or 14 percent, were more than 1 year old. Our review also showed that of the 808 reports listed in the files provided by the DCFO's office, 219 reports, or 27 percent, were not entered into the system within 60 days of the report issuance date. On a prorata basis, the number of reports not entered in a timely manner were evenly distributed, about 40 percent each, between those issued by GAO and the OIG. TIGTA audit reports accounted for another 10 percent of the untimely-entered reports. The remaining 10 percent were not identifiable to a specific audit entity.

For GAO and TIGA audit reports, bureau management is responsible for recording report data in the ITC. For OIG audit reports, OIG personnel perform this function, and we acknowledge that many of our reports were not recorded in the ITC in a timely manner. After the period covered by this audit, we worked with the DCFO's office to resolve various technology issues with this process and as of September 30, 2001, we had eliminated the backlog of unrecorded OIG reports.

- **Corrective action plans were not entered or not entered timely.** Fifty-nine (59) of the 561 audit reports contained in the PCA file provided by the DCFO's office contained 48 recommendations

without a corrective action plan. Forty-four percent of these recommendations were in the ITC system for more than 6 months and 4 of the recommendations had reported monetary benefits totaling \$315,260.

- **Changes to corrective action dates.** We selected 15 audit reports to assess the number of due date changes made by the bureaus. We selected these 15 reports because of the relatively high number of PCAs related to the audit reports. We found that these 15 reports had 22 recommendations with 242 revisions to the original due dates, which equated to an average of 11 date changes per audit recommendation.

From these 15 reports, we selected 3 findings with 1 recommendation each to assess the bureau's justification for 82 revised due dates. Our review disclosed that the bureau, in many instances, used broad general statements such as "press of other business" to justify date changes for multiple corrective actions. In reviewing the bureau's files, we were unable to find documentation that explained what was meant by "press of other business." As a result, we were unable to assess the validity of the changes.

With regard to corrective action date changes, we also noted the following statement in the Department's March 2001 quarterly report: "All too often our plans appear to be ill considered or overly optimistic as to projected completion dates, whereupon milestones are not met or, if met, do not solve the problem. ... We should seek to eliminate instances where plans are revised continually with no resolution of the problems."

- **Audit recommendations were improperly closed.** When an audit report includes recommendations that are repeated from a prior audit report, the practice has been to close out the recommendations in the earlier report and track them under the current report. However, for the two reports we looked at, 18 of 23 recommendations repeated from prior reports were closed

out under those report numbers but were not being tracked under the current report.

- **Sustained monetary benefit amounts were not entered or not entered timely.** A review of 41 contract audit reports¹ with questioned costs showed that sustained costs totaling about \$6.5 million were not entered into the ITC system for 18, or 44 percent, of the reports. A more detailed review of 6 of the 18 reports showed that 4 reports with sustained cost of about \$5.1 million had been issued for more than 1 year. The oldest was issued prior to May 1999.

We also identified three program audits with questioned costs of about \$3.4 million. Our review showed that questioned costs of approximately \$120,000 for one of these audits was recorded in the ITC system although the auditors did not question any costs in the report.

Our review also disclosed that the Department did not have copies of some audit reports on file. For instance, we selected 123 audit reports for review. We found that 45 (24 TIGTA, 17 OIG, and 4 GAO), or 37 percent, of the audit reports were not available within the DCFO's office. We therefore had to obtain audit reports from other sources to verify the accuracy of certain ITC system data. According to staff personnel, they also had to rely on bureau personnel at times for audit reports to carry out their responsibilities.

In summary, while many of the aforementioned deficiencies have been highlighted by the Department in its quarterly reports, reviews have not been performed to identify root causes for the more systemic problems nor have specific recommendations been developed and proposed for their resolution.

¹ Contract audits are performed to provide agency components responsible for procurement and contract administration with reviews of contractor and subcontractor internal controls and examinations of their accounting and financial management systems.

Resource Requirements not Identified or Prioritized

Management attributed many of the issues we encountered during the audit to a lack of resources. Although a lack of resources may be part of the cause, our review did not identify any study or evaluation performed by management that determined the resources it would need to ensure all mandatory OMB requirements were met. We, therefore, believe that an evaluation of resource requirements, including priority of work being performed, should be made and alternative methods or reprioritization for accomplishing the workload should be evaluated.

Management Comments

The Acting CFO made, in part, the following comments with regard to this finding:

- The OIG's draft report erroneously referred to a lack of analysis, evaluation, and reporting on audit follow-up matters by the Department; thus, recommendation 1 was unnecessary because required actions had already been taken.
- The Acting CFO's offices worked with the OIG to ensure that the proper parties received physical copies of the audit reports; therefore, recommendation 2 was not required because this matter was resolved. Further, management did not believe it was necessary to receive paper copies of all audit reports.
- Departmental management was aware of its resource requirements through analysis already completed; thus, recommendation 3 was unnecessary.

After evaluating management's response to the draft report, information gathered during our review, and our draft report, we believe:

- Our draft report clearly acknowledged DCFO's trend analysis efforts regarding ITC system data and its quarterly reporting of this information. Further, our report did not take exception to

DCFO's compliance with OMB and the Department's requirement that it performed "trend analysis." Our report stated that Department-wide reviews, which are different from the requirement to perform trend analysis, were not performed. OMB and the Department's requirement that Department-wide reviews be performed envision more in-depth review than would be associated with trend analysis work. For instance, Department-wide reviews are to include sample on-site verification of corrective action taken. Further, DCFO personnel informed us that they did not perform this type of in-depth review or go on-site to verify, where appropriate, that corrective actions were in fact taken.

- The actions the CFO stated it took regarding the distribution of OIG audit reports is a positive step in addressing recommendation 2. However, we believe additional effort is needed to address the proper distribution of TIGTA and GAO reports that were not available to the DCFO staff. In addition, we agree that "paper copies" of audit reports are not necessary if the audit reports are available to responsible DCFO staff through electronic or digital media.
- Despite the CFO's stated disagreement with our first finding and recommendation, we believe the finding and its accompanying recommendations, including recommendation 3, are still valid for the reasons stated in the report. Therefore, we do not agree with the CFO's justification for not performing an evaluation of its resource requirements to determine whether any additional resource or alternative work procedures are necessary to ensure that all mandatory OMB requirements are met.

Recommendations

The Assistant Secretary for Management and Chief Financial Officer should:

1. ensure that (a) periodic evaluations are performed to determine whether the audit follow-up system results in efficient, prompt, and proper resolution and corrective action on audit recommendations; (b) periodic analyses of audit recommendations, resolution, and corrective action are performed to identify Department-wide problems, and (c) appropriate action is taken when warranted to strengthen audit follow-up performance or address systemic Department-wide problems.

Management Comment. The Acting CFO disagreed with the finding that the DCFO's office was not in compliance with OMB Circular A-50 with regard to conducting Department-wide reviews. Therefore, it was inappropriate for the report to recommend a course of action that was already being done.

OIG Comment. Our report recognized that the DCFO's office performed required trend analyses but did not perform Department-wide evaluations. In addition, the Acting CFO's response did not provide any new information to support management's contention that it performed required Department-wide reviews. Accordingly, this recommendation is not considered resolved.

2. ensure that a copy of each audit report is obtained and maintained to ensure a complete record for verification of system data and other job-related responsibilities.

Management Comment. The Acting CFO's response indicated disagreement with this recommendation. However, the response also stated that the CFO's offices had worked with the OIG to ensure that the proper parties received physical copies of the audit reports. Management also stated it did not

believe it was necessary to receive paper copies of all audit reports.

OIG Comment. The actions taken by the Acting CFO's offices to address recommendation 2 partially satisfy this recommendation. Additional effort is needed, however, to address the proper distribution of TIGTA and GAO reports that were not available to the DCFO staff. Therefore, this recommendation is not resolved. In addition, we agree that "paper copies" of audit reports are not necessary if the audit reports are available to responsible DCFO staff through electronic or digital media.

3. evaluate the resource requirements necessary to meet OMB audit follow-up requirements and, if necessary, take appropriate action to ensure all mandatory requirements are met.

Management Comment. The Acting CFO's response indicated disagreement with this recommendation. The response stated that management was aware of its resource requirements and thus did not need to conduct any analysis beyond those already completed.

OIG Comment. This recommendation is tied directly to recommendation 1. Since our audit work and this report showed that the DCFO's office did not perform Department-wide reviews, and management's response provided no new information with regard to this matter, we believe the finding and its accompanying recommendations, including recommendation 3, are still valid. In addition, during the course of our review, the OIG auditors were not provided any information on completed prior year studies with regard to the resources necessary to perform Department-wide reviews. Therefore, we do not agree with the Acting CFO's justification for not performing an evaluation of its resource requirements to determine whether any additional resource or alternative work procedures are necessary to ensure that all mandatory OMB requirements are met. Accordingly, we do not consider this recommendation resolved.

Finding 2

Customs Regulatory Audit And ATF Inspection Division Audit Follow-up Systems Need To Be Monitored By The DCFO's Office

The Department has not ensured that appropriate audit follow-up systems are in place for agency units responsible for regulatory audit and inspection activities. As a result, audit follow-up systems employed by regulatory audit and inspection divisions are not in compliance with OMB standards. Moreover, there is no assurance that the follow-up systems used by regulatory and inspection divisions within Treasury's bureaus result in efficient, prompt, or proper resolution and corrective action on audit recommendations.

During our audit, the DCFO acknowledged that it had not been involved in overseeing regulatory audit activities. The DCFO's office plans to review the requirements and ensure that the relevant bureaus are fulfilling their responsibilities.

OMB Circular A-50 standards for agency follow-up systems require, in part:

- Prompt resolution and corrective actions on audit recommendations (i.e., resolution within 6 months after issuance of a final report);
- Semi-annual reports to the agency head on the status of all unresolved audit reports over 6 months old ... and collections, offsets, write-offs, demands for payment and other monetary benefits resulting from audits; and
- Periodic evaluations of whether the audit follow-up system results in efficient, prompt, and proper resolution and corrective action on audit recommendations.

The Circular states that these standards are applicable to agency units responsible for regulatory audit or inspection activities involving the review of financial matters that may result in

(1) fines or penalties, (2) assessments or price adjustments, or (3) other monetary recoveries by the Government. The Circular further states that the agency audit follow-up official shall ensure that appropriate follow-up systems are in place for agency units responsible for regulatory audit or inspection activities.

TD 40-03 establishes policies and assigns responsibilities for monitoring audit follow-up within the Department of the Treasury. This directive states that basic audit follow-up standards apply to regulatory and inspection reviews of financial matters that may result in fines or penalties, assessments or price adjustment, or other monetary recoveries by the Government.

We found that the Department's ITC system is not used to track audit reports or findings issued by Customs' regulatory audit or ATF's inspection divisions. In addition, staff in the DCFO's office informed us that they did not receive periodic reports on the status of unresolved recommendations over 6 months old from regulatory audit and inspection divisions within the bureaus.

Customs and ATF officials informed us that they conducted reviews that resulted in fines, penalties, assessments, or monetary recoveries by the Government. The officials also informed us that their internal audit follow-up systems did not routinely track, and they did not report outside their bureau, information about unresolved recommendations that were outstanding more than 6 months from the issuance of the final report.

Based on information provided for fiscal years (FY) 1999 and 2000, Customs and ATF issued more than 256 reports with recommended recoveries of approximately \$96 million and collections of approximately \$57 million. These two bureaus also identified at least 155 additional recommendations outstanding at the end of FY 2000 that involved monetary recoveries. Seventy-three, or 47 percent, of the outstanding recommendations were more than 1 year old.

Recommendations

The Assistant Secretary for Management and Chief Financial Officer should:

4. assign to the DCFO responsibility, as the Department's audit follow-up official, to ensure audit follow-up systems for regulatory audit and inspection activities meet OMB standards.

Management Comment. The Acting CFO's response indicated agreement with our finding and stated that a memorandum defining the Department's oversight and expectations would be issued by July 31, 2002.

OIG Comment. We consider this recommendation to have a management decision with a projected final action date of July 31, 2002.

5. ensure that all regulatory audit and inspection activities within the Department are identified and, where applicable, evaluate the audit follow-up systems to determine whether the systems: (1) meet OMB standards; and (2) result in efficient, prompt, and proper resolution and corrective action on audit recommendations.

Management Comment. The Acting CFO's response indicated agreement with this recommendation and stated that reviews to determine whether bureau regulatory audit and inspection activities are in compliance with OMB Circular A-50 will be completed by April 30, 2002.

OIG Comment. We consider this recommendation to have a management decision with a projected final action date of April 30, 2002.

* * * * *

We would like to extend our appreciation for the cooperation and courtesies extended to our staff during the review. If you have any questions, please contact me at (202) 927-5400 or Thomas E. Byrnes, Director, Program Audits, at (202) 927-5904. Major contributors to this report are listed in Appendix 3.

Marla A. Freedman
Assistant Inspector General for Audit

Our objectives were to determine whether the Treasury's Inventory, Tracking and Closure (ITC) Audit subsystem had adequate management controls, accurate and reliable data, and effective management accountability for unresolved or disputed recommendations reported to Congress.

To accomplish our objective, we conducted on-site work from November 2000 through September 2001. We interviewed key personnel involved in the Department's audit follow-up system who came under the authority of the Assistant Secretary for Management and Chief Financial Officer. We also interviewed bureau personnel who had audit follow-up responsibilities, which included personnel from Customs, ATF, United States Secret Service, and Internal Revenue Service. We reviewed OMB requirements, prior Inspector General reports, and Treasury and bureau policies and procedures related to audit follow-up.

We obtained and analyzed five files (reports, findings, recommendations, planned corrective actions, and due date histories) from the Department's ITC Audit subsystem. These files contained all pertinent audit follow-up information maintained by the Department on (1) open recommendations and (2) recommendations that were closed between January 1999 and December 2000.

Although our review focused on transactions and records related to calendar years 1999 through 2000, we reviewed transactions from other periods as deemed necessary.

We conducted our audit in accordance with generally accepted government auditing standards.

Appendix 2
Management Comments



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FEB - 5 2002

MEMORANDUM FOR MARLA FREEDMAN
ASSISTANT INSPECTOR GENERAL FOR AUDIT

FROM:

Steven O. App *Steven O. App*
Acting Chief Financial Officer

SUBJECT:

Management Response
Review of ITCS Audit Subsystem

This memorandum represents management's response to the subject draft report dated January 17, 2002. I understand that this response will be incorporated into the final report, which will be issued in due course. Overall, management disagrees with Finding 1 and its three recommendations, and is in general agreement with Finding 2. Our specific and general comments on the report's findings and recommendations are provided below.

As a starting point on Finding 1, the report provides little to no overall context or perspective on the program that includes the audit subsystem. The Management Control Program, of which audit follow-up activities play a large part, has been very successful over the past three years, during which time material weaknesses throughout the Department have been reduced by over 50% from the 1998 baseline of 60 weaknesses. The draft also erroneously refers to a lack of analysis, evaluation and reporting on audit follow-up matters, although such analysis, evaluation and reporting have been a key part of our program and have contributed to our positive results. I refer here primarily to the Management Control Program Quarterly Report, which has been in existence since June 30, 1998 and has included a scorecard on the issues specifically cited in the OIG draft report since September 30, 1999. We disagree with the report's finding that we are not in compliance with OMB Circular A-50 in these matters, and believe it is inappropriate for the report to recommend that we take actions which are already being done. At the same time, we acknowledge that the results of our program, although improved, are not yet where we want them to be, and we will continue working with the bureaus regarding missed and extended due dates on corrective actions, as well as other areas needing improvement, which are well known to us.

With respect to entering reports into the ITCS and the distribution of audit reports, the draft reflects a lack of understanding of the historic roles, responsibilities and past performance of management and the OIG. Specifically, the OIG maintains primary responsibility for entering audit reports into the tracking system, and a few years ago it was fairly routine for 4-6 months to elapse between the time a report was issued and subsequently entered into the tracking system. (TIGTA reports are entered by the IRS Office of Management Control, and timeliness has never been an issue.) My offices worked with the OIG to help resolve system and other issues which detracted from the timely entry of reports into the tracking system, and to update distribution lists to ensure that proper parties received the physical reports. These and related matters have been resolved to my satisfaction. Accordingly, the recommendation is not necessary, and I do not

Appendix 2
Management Comments

anticipate taking any further actions beyond those already in place. Furthermore, we do not believe it is necessary to receive paper copies of all audit reports.

The third recommendation suggests that management evaluate its resource requirements and take appropriate actions to ensure that mandatory requirements are met. Management is aware of its resource requirements and thus does not need to conduct any analyses beyond those already completed.

For the two recommendations associated with Finding 2, we agree that our traditional involvement with regulatory audit programs conducted by Customs and ATF has been at arm's length. Accordingly, we will: 1) review those program offices by April 30, 2002 to determine the level of compliance with A-50; and 2) issue a memorandum to those offices defining our oversight and expectations by July 31, 2002. No formal assignment of responsibilities to the DCFO beyond that which already exists is required.

Thank you for the opportunity to provide comments on the draft report.

cc: Jim Flyzik
Edward Kingman
Jim Lingeback

Appendix 3
Major Contributors To This Report

Thomas E. Byrnes, Director, Departmental Offices Audits
William S. Schroeder, Audit Manager
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