

APPENDIX A

Office of the Inspector General, Audit Division Analysis and Summary of Actions Necessary to Close the Report

Department of Justice was provided a draft of the Independent Auditors' Report on Internal Control over Financial Reporting, and their comments on the findings and recommendations were considered in preparing this Analysis and Summary of Actions Necessary to Close the Report. Since Department 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.

Internal Control Recommendation Number:

- 1. Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that the Operations Services Staff's and components' Chief Information Officers (CIO) have submitted and implemented corrective action plans that focus on correcting deficiencies in entity-wide security, access controls, application software development and change controls/system development life cycle, and system software weaknesses discussed in the component auditors' reports on internal control and the general controls environment limited-distribution reports. The Department's CIO should also require that the corrective action plans include a timeline that establishes when major events must be completed, and the Department's CIO should monitor and hold the components accountable for meeting the action plan timelines and ensure the corrective actions implemented adequately address the noted deficiencies.
- 2. Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that the USMS has taken corrective actions to improve the condition of its financial statement quality control and quality assurance processes and funds management controls, in response to the specific recommendations made in the component auditor's *Independent Auditor's Report on Internal Control* issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2007.
- 3. Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that ATF has taken corrective actions to improve the condition of its accounts payable process, in response to the specific recommendations made in the component auditor's *Independent Auditor's Report on Internal Control* issued in connection with the audit of the ATF's financial statements as of and for the year ended September 30, 2007.
- 4. Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing confirms that the Department has assessed the adequacy and completeness of the Department's accounting and financial reporting policies and procedures in the areas of: (a) grant advances and the grant-related accounts payable estimation methodology, (b) budgetary accounting for grant obligations, (c) budgetary and proprietary accounting related to the status of obligations and disbursements, (d) status, valuation, and completeness of seized and forfeited property, and (e) preparation, review, and approval of journal entries. Based on the results of this assessment, the Department should also determine the need to issue new guidance and/or reiterate to components the existing policies for those areas in which the components' auditors identified internal control weaknesses related to the recording of transactions and the reporting of financial results. Finally, the Department should monitor the components' adherence to the Department's accounting and financial reporting policies and procedures throughout the year.

5. **Resolved.** This recommendation can be closed when the Department has implemented a Department-wide integrated financial management system that is in compliance with the United States Government Standard General Ledger, conforms to the financial management systems requirements of the Financial Systems Integration Office (formerly the Joint Financial Management Improvement Program), and can accommodate the requirements of applicable federal accounting standards.