

GUIDELINES
FOR PREPARATION OF THE
FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT
ANNUAL STATEMENT OF ASSURANCE

FISCAL YEAR 2001

OSD/DOD FIELD ACTIVITY VERSION

September 6, 2001

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DEPARTMENT OF DEFENSE ANNUAL STATEMENT OF ASSURANCE REQUIREMENTS

In accordance with Department of Defense (DoD) Directive 5010.38, "Management Control Program," August 26, 1996, and DoD Instruction 5010.40, "Management Control Program Procedures," August 28, 1996, the Head of each DoD Component shall forward to the Secretary of Defense, by November 15 of each year, a statement of assurance based on a general assessment of the effectiveness of their management controls. This statement also shall include material weaknesses and plans to correct the weaknesses. **The statement must be signed by the OSD Principal or the Principal Deputy.** DoD Field Activity Statements will be submitted through the applicable OSD Principal.

The Annual Statement submission shall consist of the following deliverables.

- A cover memorandum **addressed to the Director, Administration and Management, signed by the OSD Principal or the principal deputy**, providing the assessment by the Component's senior management as to whether there is reasonable assurance that the Component's management controls are in place and effectively operating. Under OMB Circular A-123, "Management Accountability and Control," June 21, 1995, this statement of assurance shall take one of the following three forms (see sample memorandum on page 6):

1. An unqualified statement of assurance (reasonable assurance). Each unqualified statement must have a firm, verifiable basis for that assessment, which will be summarized in the cover memorandum. A comprehensive explanation of that assessment must be clearly articulated in the text of the statement.

2. A qualified statement of assurance (reasonable assurance with the exception of the material weaknesses noted). The material weaknesses in management controls that preclude an unqualified statement should be identified in the cover memorandum.

3. A negative statement (no reasonable assurance). The basis for this assessment shall be summarized in the cover memorandum.

- TAB A: A description of how the DoD Component evaluation was conducted and a statement, based on that evaluation, which supports the level of reasonable assurance status achieved (sample on page 9).

- TAB B-1: A listing of the titles of all uncorrected and corrected material weaknesses identified as of the conclusion of fiscal year (FY) 2001 including the projected correction dates (for uncorrected weaknesses) and actual correction dates (for corrected weaknesses). See page 13 for additional guidance.

- TAB B-2: Narrative descriptions of all uncorrected material weaknesses including those identified during the current year and updates of disclosures for prior years). These narratives shall include the specific plans and schedules for corrective action. Since the corrective actions may be under development, it is acceptable for the narratives to reflect the current perceptions of the Component's senior management. The updated material weakness narratives for prior years, however, shall explain the reasons for changes to corrective milestones and dates. See page 14 for more specific guidance.

- TAB B-3: Narrative descriptions of material weaknesses corrected in the current year, including specific actions taken to correct the weakness. This section shall include material weaknesses from both current and prior years. Each corrected material weakness shall include, as the last milestone, a validation milestone that describes how the corrective action was evaluated and how its effectiveness was certified. See page 17 for more specific guidance.
- TAB C: Pursuant to FMFIA section 4, the status of finance, accounting and critical feeder systems conformance to the requirements prescribed by OMB Circular A-127--Revised shall be reported in the FY 2001 edition of the "DoD Financial Management Improvement Plan" (FMIP) or successor report. See page 17 for more specific guidance.
- Other disclosures or special presentations, including significant management control accomplishments that may arise, from time-to-time, due to specific requests or inquiries guidance concerning such presentations will be forwarded upon receipt.

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SAMPLE COVER MEMORANDUM FOR ANNUAL STATEMENT OF ASSURANCE

MEMORANDUM FOR THE DIRECTOR, ADMINISTRATION AND MANAGEMENT

SUBJECT: Annual Statement Required under the Federal Managers' Financial Integrity Act (FMFIA) of 1982

As **(title)** of the **(name of Component)**, I recognize the importance of management controls. I have taken the necessary measures to ensure that the evaluation of the system of management control of the **(name of Component)** has been conducted in a conscientious and thorough manner. The results indicate that the **(name of Component)** system of internal accounting and administrative control in effect during the fiscal year that ended September 30, 2001, taken as a whole, **[the statement must take one of three forms: "provides reasonable assurance" (unqualified statement); "provides reasonable assurance with the exception of the material weaknesses noted" (qualified statement); "does not provide reasonable assurance" (negative statement)]** that management controls are in place and effectively operating. Furthermore, the objectives of the FMFIA were **(achieved or not achieved)** within the limits described in Tab A. Tab A also provides information on how the evaluation was conducted and cites any deficiencies in the process.

The following paragraph shall be included if material weaknesses were identified, either in the current fiscal year or past fiscal years:

The evaluation did identify material weaknesses. At Tab B-1 is a list of material weaknesses that still require corrective action. At Tab B-2 is an individual narrative for each material weakness listed at Tab B-1. **(Include the previous two sentences if your Component has uncorrected material weaknesses.)** At Tab B-3 is an individual narrative for each material weakness corrected during the period. **(Include the previous sentence if your Component corrected any material weaknesses during the past fiscal year.)**

The following paragraph shall be included if your Component has finance and accounting systems and critical feeder systems in the Financial Management Systems inventory (as identified in the FY 2001 Financial Management Improvement Plan):

An inventory of the **(name of Component)** finance and accounting systems and critical feeder systems details on whether those systems conform to the requirements of Office of Management and Budget (OMB) Circular A-127--Revised is incorporated in the FY 2001 edition of the DoD Financial Management Improvement Plan.

The following paragraph shall be included if the preceding paragraph does not apply to your Component:

The report on the conformance of finance and accounting systems and critical feeder systems to the requirements of OMB Circular A-127--Revised is not applicable to **(Name of Component)**.

(Signature of Component Head or Principal Deputy)

CONCEPTUALIZING A MATERIAL WEAKNESS

Defining and specifying a management control material weakness is a management determination. Identifying and clearly defining a specific Management Control (MC) Program weakness requires conceptualizing the abstraction that is identified as “the weakness.” The weakness shall be defined and specified in such a way that it will provide the relevant parameters that will enable DoD senior managers to describe the breadth, dimensions and impact of the weakness. The milestones specified to correct the weakness should resolve the materiality of the problem for the entire reporting DoD Component.

Although audit reports are an important source for identification of weaknesses, the appearance of a weakness in an audit report does not necessarily warrant reporting it as a material weakness. In addition, the DoD Components are expected to conduct at least annual self-assessments that may identify management control weaknesses in addition to those included in published audit reports. As stated in DoD Instruction 5010.40, the determination about whether a weakness is sufficiently material to warrant reporting to levels higher than that at which it was discovered always shall be a management judgment. If a weakness first was identified in an audit report, the scope of the corrective actions should not focus on or be limited to a single site or a few physical locations cited in the audit report. It would be the exceptional weakness that is sufficiently material to warrant reporting to the Secretary of Defense when limited to only one (or a small number of) physical location(s). Corrective action milestones should resolve the specified weakness, in its entirety, for the entire DoD Component. For smaller Components with only a few operating locations or activities, however, the one site focus of an audit report may be sufficient to warrant reporting. Once reported, the same weakness should not reappear as a new or re-titled weakness in a future Annual Statement because subsequent audit reports have revealed new instances of the same problem at other physical locations. If additional audit disclosures are significant, then a revision(s) to the milestone(s) associated with the originally reported weakness is advisable. The Component’s current-year Annual Statement should reflect all such revisions. Remember, a weakness should be resolved throughout the Component, and not just in a limited context.

Renewed attention should be focused on the management control weaknesses reported by the other DoD Components when preparing the Component’s own self-assessment. Review of previous annual DoD Statements of Assurance indicates some disparities in the reporting of weaknesses among DoD Components, particularly at the Military Department level. While differences in senior management interpretation of the materiality of those weaknesses may account for some of the disparity, all DoD Components are encouraged to review prior year Statements to ensure that their own self-assessments are, at a minimum, consistent with the scope and level of reporting used by Components sharing similar, size, missions or functions. When a Component identifies a weakness that it has a reason to believe is--or actual evidence that it may be--shared by other DoD Components, it should report that information to the OUSD(C) coordinating office. In such instances, consideration may be given to reporting it as a systemic weakness. Component management control program coordinators are encouraged to work together to help ensure greater accuracy, consistency and completeness in the reporting of those weaknesses.

Specification of the weakness and specification of the corrective actions (milestones) should be consistent. For example, if an audit report in the civilian personnel environment concluded that a DoD Component had inadequately implemented controls which would assure effective implementation of equal employment opportunity (EEO) requirements, the reported weakness and milestones should be consistent with that problem. It would be incorrect to report a weakness by stating that the Component will correct deficiencies in civilian hiring practices and then report milestones that address only the EEO requirements deficiency. In that case, the specification of the weakness would be too broad (i.e., implying action greater than the Component intends to take). Furthermore, if the audit report addressed only a deficiency in one aspect of EEO

requirements, then the weakness should specify the more narrow, and accurate, specification of the problem. The Component should not report a weakness that implies a deficient application of all EEO requirements unless management intends to purposely broaden the scope of the action.

It often is preferable to address several related problems in one weakness statement; however, Components should be cautious when defining a weakness. For example, in addition to the hypothetical EEO weakness stated above, a Component might have concluded that there are other control problems related to civilian hiring practices. Combining all the problems and reporting a weakness which includes a broad statement that the Component will correct deficiencies in civilian hiring practices still is too general and overstates the dimensions of the weakness. The weakness statement should be confined to the scope of the specific problem(s) addressed. Consolidation of like weaknesses into a single comprehensive weakness is encouraged only when the appropriate conditions apply. The weaknesses must all be related functionally and share a common corrective action(s). Such conditions also include the ability to define specific and realistic corrective actions that can be accomplished within a reasonable timeframe. Care should be taken to specify clearly when a prior year uncorrected weakness is being reported as a newly consolidated weakness to permit accurate tracking with past Statements and for greater clarity of reporting. Rolling up a number of related weaknesses for the principal purpose of reducing the number of material weaknesses reported is to be avoided.

As a final note, Component management control program coordinators sometimes are uncertain when attempting to distinguish between a section 2 management control weakness and a section 4 noncompliant financial management system. This can be resolved by determining if the failure is in the financial management system design. If the failure is in the execution of a financial management system's procedures (e.g., data collection, human error, or failure to follow guidance)--when the system itself is properly designed and compliant with the established system operating requirements--then the problem should be reported as a section 2 management control weakness (Tab B). Only financial management system design issues should be reported as noncompliant systems under section 4 (Tab C).

DESCRIPTION OF THE CONCEPT OF REASONABLE ASSURANCE AND HOW THE EVALUATION WAS CONDUCTED

This section describes the concept of reasonable assurance and the evaluation process used. The concept of reasonable assurance should be described as follows:

The system of internal accounting and administrative control, of the **(name of Component)**, in effect during the fiscal year ending September 30, 2001, was evaluated in accordance with the guidance in Office of Management and Budget (OMB) Circular No. A-123 (Revised), "Management Accountability and Control," dated June 21, 1995, as implemented by DoD Directive 5010.38, "Management Control Program," dated August 26, 1996 and DoD Instruction 5010.40, "Management Control Program Procedures," dated August 28, 1996. The OMB guidelines were issued by the OMB Director, in consultation with the Comptroller General of the United States, as required by the "Federal Managers' Financial Integrity Act of 1982." Included is an evaluation of whether the system of internal accounting and administrative control of the **(name of Component)** is in compliance with standards prescribed by the Comptroller General. **(If a self-evaluation of the system of internal accounting and administrative control was not conducted, or the evaluation was insufficient when compared to the Guidelines, indicate that and provide an explanation.)**

The objectives of the system of internal accounting and administrative control of the (name of Component) are to provide reasonable assurance that:

- The obligations and costs are in compliance with applicable laws
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation
- Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of reliable accounting, financial and statistical reports and to maintain accountability over the assets.

The evaluation of management controls extends to every responsibility and activity undertaken by **(name of Component)** and is applicable to financial, administrative and operational controls. Furthermore, the concept of reasonable assurance recognizes that (1) the cost of management controls should not exceed the benefits expected to be derived and (2) the benefits consist of reductions in the risks of failing to achieve the stated objectives. The expected benefits and related costs of control procedures should be addressed using estimates and managerial judgment. Moreover, errors or irregularities may occur and not be detected because of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, congressional restrictions, and other factors. Finally, projection of any evaluation of the system to future periods is subject to risk that procedures may be inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate. Therefore, statements of reasonable assurance are provided within the limits of the preceding description.

The evaluation was performed in accordance with the guidelines identified above. The results indicate that the system of internal accounting and administrative control of the **(name of Component)** in effect during the fiscal year that ended September 30, 2001, taken as a whole, **(complies/does not comply)** with the requirement to provide reasonable assurance that the above mentioned objectives were achieved. This position on reasonable assurance is within the limits described in the preceding paragraph.

The description of how the evaluation was conducted should include the following:

1. The progress achieved in institutionalizing the program (i.e., a brief description of how the Component Management Control program is applied or reviewed for compliance also could be used here if it has already been fully implemented)
2. Any improvements to program coverage
3. A description of the problems encountered in implementing the program
4. Other program considerations (e.g., resource constraints, technological bottlenecks, and operational or mission considerations)
5. Any deviations from the process as outlined in the OMB Guidelines
6. Any special concerns addressed in reports by the IG, DoD or Component audit, investigation, inspection and/or internal review organizations regarding Management Control (MC) progress, program needs, and/or problems
7. Methods, mechanisms, or techniques employed in the discovery or execution phases of the program. The following are examples of methods, mechanisms, or techniques:
 - a. MC Weakness Tracking System (number of weaknesses and milestones)
 - b. Component IG or Audit Service Findings
 - c. Reports of Component Internal Reviews and Inspections
 - d. IG, DoD Reports and Reviews
 - e. MC Training
 - f. MC Performance Standards
 - g. GAO Reports and Reviews
 - h. Review of Office of the Secretary of Defense (OSD) Functional Proponent Proposals (e.g., systemic weaknesses)
 - i. Information Technology Initiatives
 - j. MC References in Directives, Regulations, and other Guidance
 - k. Congressional Reviews and Hearings
 - l. Command or other Subordinate "Letters of Assurance"
 - m. Productivity Statistics
 - n. Defense Regional Interservice Support Studies
 - o. Management Reviews in other Functional Areas (e.g., Procurement; Command, Control, Communications and Intelligence; Financial; or Environmental)

- p. Quality Assurance Reviews
- q. “Hot Line” Reports.

If your management control process employs any of the preceding items, or any other methods, mechanisms, or techniques, they should be described in the narrative for Tab A.

Office of the Secretary of Defense (OSD) Systemic Weakness Disclosure

In February 1994, the Secretary of Defense issued guidance that, in part, directed OSD Functional Proponents to identify and report “systemic” DoD material management control weaknesses. Narratives identifying OSD systemic weaknesses periodically are forwarded to DoD Component focal points.

As a last disclosure in Tab A, all DoD Components shall develop a section entitled “Systemic Weaknesses.” Below the title of each OSD systemic weakness, list all the material weaknesses, both corrected and uncorrected, contained in your organization’s current fiscal year Annual Statement of Assurance that are related to the systemic weaknesses, both corrected and uncorrected. The Component Annual Statement page number of the related weaknesses should be shown immediately to the right of the title of each weakness. Information on the FY 2001 systemic weaknesses to be reported will be forwarded as soon as possible.

MATERIAL WEAKNESSES/CORRECTIVE ACTIONS

This section presents management control weakness information in three subset tabs:

- A listing of the titles of all uncorrected and corrected material weaknesses as of the conclusion of the current period along with actual and projected correction dates (Tab B-1)
- Narratives for the uncorrected material weaknesses identified in the summary listing (Tab B-2)
- Narratives for all material weaknesses corrected during the current period (Tab B-3).

The three subset tabs are illustrated on the following pages.

DoD Management Control Reporting Categories: Material weaknesses, both uncorrected and corrected, shall be grouped by the DoD functional category designations displayed below. Definitions of the categories may be found at enclosure 4 of DoD Instruction 5010.40, “Management Control Program Procedures.”

- Research, Development, Test and Evaluation
- Major Systems Acquisition
- Procurement
- Contract Administration
- Force Readiness
- Manufacturing, Maintenance, and Repair
- Supply Operations
- Property Management
- Communications and/or Intelligence and/or Security
- Information Technology
- Personnel and/or Organization Management
- Comptroller and/or Resource Management
- Support Services
- Security Assistance
- Other (primarily Transportation)

LISTS OF UNCORRECTED AND CORRECTED MATERIAL WEAKNESSES

This section should be developed following the completion of Tab B-2 and Tab B-3 since it is a summary listing of Tab B-2 and Tab B-3 weakness titles and correction dates. The material weakness titles shall be divided into three groupings: Uncorrected Weaknesses Identified During the Period (the current fiscal year); Uncorrected Weaknesses Identified During Prior Periods; and Corrected Weaknesses Identified During All Periods.

Uncorrected Weaknesses Identified During the Period: (List by DoD category, in the order provided on page 12)

<u>Title</u> (1)	<u>Targeted Correction Date</u> (4)	<u>Page #</u> (5)
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Uncorrected Weaknesses Identified During Prior Periods: (List by DoD category, in the order provided on page 12)

	<u>Correction FY Date</u>			
	Year First Reported	Per Last Annual Statement	Per This Annual Statement	
<u>Title</u> (1)	<u>Reported</u> (2)	<u>Statement</u> (3)	<u>Statement</u> (4)	<u>Page #</u> (5)

Corrected Weaknesses Identified During All Periods: (List by DoD category, in the order provided on page 12)

	Year First Reported	
<u>Title</u> (1)	<u>Reported</u> (2)	<u>Page #</u> (5)

NOTES:

1. Titles should be identical to those found on the material weakness narratives provided in Tab B-2 or B-3.
2. The fiscal year in which this weakness first was reported. List starting with the most recently reported material weakness, continuing to the oldest.
3. The fiscal year noted as the targeted date for correction of the material weakness in the Component's FY 2000 Annual Statement.
4. The fiscal year noted as the targeted date for correction of the material weakness in the Component's FY 2001 Annual Statement.
5. The page number is that of the first page of the material weakness narrative as found in Tab B-2 or B-3.

UNCORRECTED MATERIAL WEAKNESSES STATUS OF CORRECTIVE ACTIONS

This attachment should provide a narrative for each uncorrected material weakness identified by the Component for which corrective actions have not been completed, regardless of the year of first reporting. Each weakness should begin at the top of a new page. The narratives contained in Tab B-2 shall be grouped into two subsections: “Uncorrected Weaknesses Identified During the Period” and “Uncorrected Weaknesses Identified During Prior Periods.”

For weaknesses appearing in the first subsection, “Uncorrected Weaknesses Identified During the Period,” the appropriate response for items 5, 6 and 7 (below) is “N/A.” **(The numbers and letters used below are provided only to assist in your comprehension of this guidance and should not appear in your Annual Statement. Only the headings should appear. The headings should not be in bold type in your Annual Statement.)**

Remember that acronyms shall be spelled out the first time they are used in every material weakness narrative. This is necessary because narratives are reproduced directly from the “electronic” version of your statement. Other sections of Component statements are not used in the DoD statement. Each deviation from this guidance delays the completion of the DoD statement.

There is a change this year in reporting approach to be followed in preparing the narratives for the uncorrected material weaknesses. The status reports are to be simplified to the greatest extent possible by summarizing what previously was presented in detail. Each uncorrected material weakness report shall be no longer than three pages in length, avoid use of the passive voice, minimize the use of acronyms, and use “bullets” wherever feasible to describe succinctly both the actions taken and planned.

The narratives shall follow the format below. Use the headings indicated below in bold type in the exact sequence. **Do not exclude sections.** If they are not applicable, simply note “N/A” following the heading. **Do not include the numbers that appear before the headings below; they are provided to assist in your comprehension of this guidance.**

1. **Title and Description of Material Weakness:** If the weakness was reported in a prior year, indicate the OSD Tracking System weakness number parenthetically following the title. The description of the weakness should be confined to no more than three or four sentences if possible.
2. **Functional Category:** Indicate one of the 15 functional categories provided on page 12 of this guidance.

Pace of Corrective Action:

3. **Year Identified:** Fiscal year of the Annual Statement in which the weakness first was reported by the Component.
4. **Original Targeted Correction Date:** Fiscal year of the targeted correction date as it first was reported by the Component in item 3, above.
5. **Targeted Correction Date in Last Year’s Report:** Fiscal year of the targeted correction date as it was reported in the Component’s FY 2000 Annual Statement.
6. **Current Target Date:** Fiscal year of targeted correction date per this reporting.

7. **Reason For Change in Date(s)**: Reason for change in fiscal year if response to item 5 is different from item 6. Indicate “N/A” if item 5 and 6 are the same.
8. **Component/Appropriation/Account Number**: Identify the title of the DoD Component related appropriation(s) and account number. When identifying the appropriation(s), nomenclature should be consistent with standard DoD designations, e.g., Operation and Maintenance, Army; Research, Development, Test and Evaluation, Navy; Aircraft Procurement, Air Force; and Military Construction, Defense Agencies.

Included in the FY 2001 report is a new requirement to identify the funds budgeted (by fiscal year, appropriation and amount, including an estimated cost-to-complete) to correct each systemic and uncorrected material weakness reported in the Component’s Statement of Assurance submission. Please note that prior year (pre-FY 2001) or “sunk costs” need not be identified. The budget information requested as part of the FY 2001 Statement of Assurance report shall be based upon the DoD Component’s FY 2003 Budget Estimates Submissions (BES) as follows:

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<u>Title</u>	<u>Appropriation(s)</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>Cost-To-Complete</u>
<u>Total</u>						

9. **Validation Process**: Briefly indicate the methodology that will be used to certify the effectiveness of the corrective action and the date that certification is projected to take place. In addition, indicate the role that the Inspector General, DoD or the Component Audit Service can or should play in verification of the corrective action.
10. **Results Indicators**: Describe key results that have been or will be achieved in terms of performance measures. Performance measures are quantitative and/or qualitative measures that determine the benefits derived or will be derived from the corrective action and the overall impact of the correction on operations. If monetary benefits are determinable, that information should be stated here. **Components are requested to identify specifically one or two defined performance measures that will be used to determine successful completion of the proposed remedial effort.**
11. **Source(s) Identifying Weakness**: Use the following other applicable sources: (a) Management Control Program Evaluation; (b) IG,DoD; (c) Component Audit Service; (d) GAO; (e) Component internal review organization; (f) Component IG; or (g) Other. When audit findings are the source of weakness identification, identify the title, number and date of the document in which the weakness was identified. If the weakness was identified by more than one source, list all identifying sources in order of significance. **Please note that dates should be written civilian style (e.g., December 31, 2001), not military style (e.g., 31 December 2001). Do not abbreviate the month.**
12. **Major Milestones in Corrective Action**: A milestone chart indicating actions taken and those actions planned for the future. Milestones should be separated into three categories: (a) completed milestones, (b) milestones planned for FY 2002, and (c) milestones planned beyond FY 2002. Milestones should be listed in chronological order by milestone completion date with the terminal milestone listed last. The terminal milestone should be the final corrective action, and should either be or include the verification of the correction. For weaknesses reported in previous years, there is no need to note or explain changes in milestone dates; simply indicate the updated date for each milestone. The letter “C” (for

MATERIAL WEAKNESSES CORRECTED THIS PERIOD

Tab B-3 should provide a narrative for each material weakness for which corrective actions have been completed in FY 2001. Each material weakness should begin at the top of a new page. The Tab should be grouped into two subsections: "Identified During the Period" and "Identified During Prior Periods."

Weaknesses appearing in Tab B-3 should follow format and data requirements identified for Tab B-2. Item 12, "Major Milestones in Corrective Actions," however, shall reflect only completed milestones. Item 13, "Status of Participating Functional Office/Organization," shall be omitted.

REPORT ON SYSTEM CONFORMANCE TO OFFICE OF MANAGEMENT AND BUDGET FINANCIAL SYSTEM REQUIREMENTS

The Office of Management and Budget prescribes federal financial management systems policies and requirements in OMB Circular A-127--Revised, "Financial Management Systems." Instructions for completing the FMFIA, section 4 report on conformance of DoD financial management systems with the OMB requirements were forwarded with a March 1, 2000, memorandum from the Principal Deputy Under Secretary of Defense (Comptroller), subject: "Fiscal Year (FY) 2000 Financial Management Improvement Plan." The memorandum stated that, for FY 2000, the Department was again combining the FMFIA, section 4 requirement with other legislative and regulatory reporting requirements into its "Financial Management Improvement Plan" (FMIP). For fiscal year 2001, the Department again will satisfy the FMFIA, section 4 reporting requirement through the FMIP or successor report.

No additional action related to FMFIA, section 4 reporting--beyond that required for the FY 2001 FMIP--is required of the Components for their Annual Statement of Assurance submission. For additional information on the FMIP, please contact Mr. Ron Brooks by e-mail at: brooksr@osd.pentagon.mil or by telephone at (703) 692-5001.