

APPENDIX A

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

The Department of Justice was provided a draft of the *Independent Auditors' Report on Internal Control over Financial Reporting*, and its comments on the findings and recommendations were considered in preparing this Analysis and Summary of Actions Necessary to Close the Report. Since the Department concurred with the recommendations, this report is being issued as resolved. The Office of the Inspector General (OIG) 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 verifies the adequacy of corrective actions. Repeat recommendations will be immediately closed upon report issuance, but will continue to be followed up in the prior reports where the recommendations were initially made.

Recommendation Number:

- 1. Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing verifies that the components have submitted and implemented corrective action plans that focus on correcting the deficiencies in access controls and configuration management cited in the *Independent Auditors' Report on Internal Control over Financial Reporting*, to the extent that the significant deficiencies had not been remediated prior to the end of the fiscal year. The corrective action plans should also include a timeline that establishes when major events must be completed. The Department's CIO should monitor the components' efforts to correct deficiencies, hold them accountable for meeting the action plan timelines, and ensure the corrective actions are implemented adequately to address the noted deficiencies.
- 2. Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department monitors the corrective actions taken by the USMS to improve the condition of its funds management controls, in response to the specific recommendations made in the component auditors' *Independent Auditors' Report on Internal Control over Financial Reporting* issued in connection with the audit of the USMS's financial statements as of and for the year ended September 30, 2009.
- 3. Resolved.** This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department assesses the adequacy of its accounting, internal control, and financial reporting policies in the areas of: (1) seized and forfeited property, (2) budgetary upward and downward adjustments, (3) deobligation of funds, (4) inventory controls, and (5) consideration of economic factors in the funding analysis journal entry process. Based on the results of this assessment, the Department should determine the need to issue new guidance and/or reiterate to components the existing policies for those areas in which the components' auditors identified significant deficiencies related to the recording of transactions and the preparation of financial statements in accordance with generally accepted accounting principles. The Department should monitor the components' adherence to the Department's accounting and financial reporting policies and procedures throughout the year.
- 4. Closed.** The status of corrective action related to this recommendation will be tracked through Recommendation No. 5 of the FY 2007 Annual Financial Statement Audit Report (OIG Report No. 08-01).