

# APPENDIX B

## FY 2012 Financial Management Status Report

This financial management status report describes the Department's three most significant and overarching financial management initiatives – achieving a clean audit opinion, implementing a new Department-wide financial management system, and continually improving internal controls. The President's emphasis on transparency emphasizes 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. These initiatives support the Department's overall goal to 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.

### **Reliable Financial Statements and Meeting Due Dates for Financial Statements.**

KPMG LLP, an independent public accounting firm under contract with the Department's Office of the Inspector General, performed the FY 2012 consolidated Department audit. The Department earned an unqualified opinion on its audited consolidated financial statements for FY 2012. All nine of the Department's components that produce financial statements received unqualified opinions, as well. The Department and components continued to demonstrate progress in remediating weaknesses identified by the independent auditors. The Department has consistently met the OMB due date for submission of the 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 2012 and beyond, the Department expects to maintain its consistent status on its audited consolidated financial statements.

### **Integrated Financial Management System.**

The Unified Financial Management System (UFMS) initiative is the keystone to the Department's strategy for financial systems improvement. UFMS is replacing multiple core financial management and procurement systems with an integrated Commercial Off-The-Shelf (COTS) solution, Momentum, provided by CGI Federal Inc. Implementation of UFMS is streamlining and standardizing business processes and procedures across DOJ Components.

As of September 2012, UFMS continued to support more than 2,500 users worldwide from the DEA (fully implemented), ATF (fully implemented), Asset Forfeiture Program/AFP (Phase I), BOP (UFMS Acquisitions), FBI (Phase I), and USMS (UFMS Acquisitions). In October 2013 the number of UFMS users will grow to 5,000 with completion of three implementations – FBI phase II pilot, AFP (fully implemented) and USMS (fully implemented). By FY 2014 UFMS will serve as the financial system of record for 4 DOJ components (DEA, ATF, USMS and FBI), and AFP.

Major accomplishments in FY 2012 include the following:

- Go-lives in October 2012 are on schedule for the FBI phase II pilot, AFP and USMS.
- Worked collaboratively with FBI to stand up UFMS SECRET at an FBI facility to support the successful deployment of UFMS to FBI in October 2012.

- A newer version of UFMS, 2.1, was configured, tested and formally accepted in January 2012 which met the timeframe for the FBI configuration of UFMS.
- FY 2012 is the third year DEA relied on the UFMS as the system of record and the second year for ATF. Both received clean audit opinions based on UFMS.
- Requirements for two additional UFMS interfaces, the Over the Counter Channel Application (OTCnet) and CWTSato Travel E2 Solutions<sup>®</sup>, were finalized early in FY 12 and the design, development and testing activities were completed to enable deployment of both in October 2012.
- The UFMS 1.1 Shared Acquisitions users (BOP and USMS) were successfully migrated to the UFMS 2.0 Shared instance in June 2012. This is the 7th UFMS project completed on schedule and budget since FY 2008. The Shared Acquisitions migration also provided the first successful test/execution of data migration from an older to a newer version of UFMS. Successful data migrations will be critical to controlling the costs of the long term operations and maintenance of UFMS.
- Transitioned the responsibility and staff (government and contractor) from the UFMS Program Management Office (PMO) to Finance Staff to provide oversight of the IT security functions for UFMS. Transitioned responsibilities include leadership of IT security issues, subject matter expertise for vulnerability management, Certification & Accreditation activities, incident response, maintenance of documentation and collaboration with FBI on efforts relating to UFMS SECRET and the Cross Domain Solution. Responsibility for physical and personnel security as well as IT security maintenance functions such as collaboration on patch management, vulnerability scanning, analysis and tracking and audit log analysis, remains with the UFMS PMO/Solution Services group. The transition was effective in March 2012.

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

During FY 2012, the Department continued efforts to resolve internal control weaknesses in critical areas by providing oversight and resources to individual components. Through ongoing review programs, components aggressively demonstrated their commitment to identify areas of concern and implement corrective actions promptly. The Department also continued to demonstrate progress on its multiyear project to implement an integrated financial management system. This system will eventually provide a single source for timely and reliable financial data, and strengthen the Department's overall control environment. The system will also facilitate the collection of information, increase transparency, and enhance decision-making by program managers.

The Department continued its commitment to improving and strengthening controls through the annual OMB Circular A-123, Appendix A assessment. Using a top-down risk-based approach, efforts were focused on significant areas where the risk of material errors in financial reporting could occur. Efforts are continuing to coordinate and leverage existing reviews and assessments of the controls over significant financial information systems. These actions, coupled with the Department's corrective action plan process, have enabled the Department to monitor the components' progress against corrective action plans more timely and, when necessary, provide additional resources to correct control weaknesses.