



Office of the Attorney General Washington, D.C. 20530

December 12, 2013

A MESSAGE FROM THE ATTORNEY GENERAL

As Attorney General, I have been privileged over the last four and a half years to lead our nation's Department of Justice in the critical work of protecting the safety, rights, and interests of the American people. Despite growing demands, evolving threats, and significant budgetary challenges, I'm proud to report that, due to the extraordinary efforts of the nearly 115,000 dedicated men and women who serve Justice Department offices around the world, we have established a remarkable record of progress over the past year. In the days ahead, we will continue to maximize our resources and improve coordination with key law enforcement partners by focusing on protecting national security; combating violent crime; fighting against financial fraud; and safeguarding the most vulnerable members of our society.

Defending the United States from terrorism and other threats to national security remains the Department's greatest responsibility and highest priority. During FY 2013, we continued to strengthen key terrorism response and intelligence-gathering capabilities, to refine our capacity to disrupt terrorist plots, and to rely on the proven strength of our Article III court system to convict and incarcerate those responsible for terrorism-related offenses. From the FBI's leadership of our highly-coordinated federal, state, and local response in the wake of the horrific Boston Marathon bombing, to the guilty plea of a former senior al-Shabaab commander and emissary to al-Qaeda in the Arabian Peninsula on terrorism charges, to the arrest and arraignment of an alleged associate of Osama bin Laden for conspiring to kill Americans – we have achieved justice in terrorism-related matters in a manner that is consistent with the rule of law as well as our most treasured values.

In service of these same values, my colleagues and I are also working tirelessly to strengthen America's criminal justice system. As part of the Department's "Smart on Crime" initiative, which I announced in August, we are implementing targeted reforms to enable the Justice Department to better promote public safety, deterrence, and rehabilitation, while making our expenditures more efficient and more productive. These efforts are helping us to become both smarter and tougher on crime, in order to ensure that precious resources are used to target the most dangerous threats to our communities. Through the Smart on Crime initiative, we are working to end the vicious cycle of poverty, crime, and incarceration that destroys too many neighborhoods and devastates far too many lives.

Beyond this work, the Department has enhanced its focus on a variety of emerging threats and persistent challenges – from drug and human trafficking, to cyber-threats and transnational organized crime. We have reinforced our commitment to combating tax fraud schemes, protecting public health, preventing gun violence, and preserving the environment. And we have achieved unprecedented gains when it comes to holding accountable those whose illegal and irresponsible alleged conduct precipitated the recent financial crisis. Our efforts in 2013 recently culminated with the Department and its partners achieving the largest settlement with any single entity in America history – a \$13 billion civil settlement with JPMorgan Chase & Co. – to resolve federal and state claims arising from conduct that helped sow the seeds of the mortgage crisis.

In addition, my colleagues and I have worked tirelessly to ensure the civil rights to which everyone in this country is entitled. Under the Matthew Shepard and James Byrd, Jr. Hate Crimes Prevention Act, we have vastly improved our ability to pursue justice for those who become victims of hate crimes. And we have continued to vigorously enforce federal voting rights laws – filing significant voting rights enforcement cases in North Carolina and Texas to safeguard the right of every eligible American to cast a ballot, unencumbered by discriminatory rules, regulations, and procedures that discourage and disenfranchise American citizens.

In all of our activities and initiatives, the Department remains committed to acting as a sound steward of precious taxpayer dollars. Since its inception in 2010, the Attorney General’s Advisory Council for Savings and Efficiencies (SAVE Council) has realized more than \$139.8 million in savings, and has exceeded its estimated savings for FY 2013 by \$9.1 million. We will continue to seek savings and find efficiencies throughout the Department, while successfully executing our diverse mission responsibilities.

Prepared pursuant to the Reports Consolidation Act of 2000 and guidance in Office of Management and Budget (OMB) Circulars A-11, A-123, and A-136, the FY 2013 Department of Justice Agency Financial Report contains: our audited consolidated financial statements, as required by the Chief Financial Officers Act and the Government Management Reform Act; and a statement of assurance regarding our internal control and financial management systems, as required by the Federal Managers’ Financial Integrity Act (FMFIA).

In FY 2013, the Department again earned an unmodified, i.e. “clean” audit opinion on our consolidated financial statements. For the third straight year, the auditor’s report on internal control identified no material weaknesses or significant deficiencies at the consolidated level. While we continue as a Department to demonstrate noteworthy progress, we are committed to pursuing actions to correct remaining areas where we have deficiencies. In addition, the Department continued the successful implementation of the Unified Financial Management System (UFMS) with the U.S. Marshals Service and the Assets Forfeiture Fund, with both going live in FY 2013. The Federal Bureau of Investigation also recently went live on UFMS, further reducing the number of Departmental financial systems to three. The UFMS is an integral part of the Department’s strategy and commitment to ensure financial soundness and transparency.

The Department conducted its annual assessment of the effectiveness of internal controls to support effective and efficient programmatic operations and compliance with applicable laws and regulations (FMFIA Section 2) and to determine whether financial management systems conform to government-wide requirements (FMFIA Section 4). Based on the results of this assessment, I provide qualified assurance that the Department met the objectives of FMFIA. The assessment did not identify any systems non-conformances required to be reported under FMFIA Section 4; however, the assessment identified one material weakness required to be reported under FMFIA Section 2 related to prison crowding. In addition, I provide reasonable assurance that the Department’s internal control over financial reporting met the objectives of OMB Circular A-123, Appendix A.

The financial and performance data presented in this report are complete and reliable, highlighting the Department’s accomplishments for the American public. We will not rest on our achievements, but will continue to be unyielding in our efforts to prevent terrorism, fight violent crime, prosecute financial fraud, protect our most vulnerable citizens, and to carry out the entirety of our critical mission.



Eric H. Holder, Jr.
Attorney General