

APPENDIX A

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

The Office of the Inspector General (OIG) provided a draft of the *Independent Auditors' Report on Internal Control over Financial Reporting* to the Department of Justice (Department). The Department's response is incorporated in the *Independent Auditors' Report on Internal Control over Financial Reporting* of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendation Number:

- 1. Resolved.** The Department concurred with our recommendation. This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department monitored 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, 2010.
- 2. Resolved.** The Department concurred with our recommendation. This recommendation can be closed when subsequent annual financial statement audit testing verifies that the Department assessed the adequacy of the Department's accounting, internal control, and financial reporting policies in the areas of: (1) seized and forfeited property and (2) undelivered orders and accounts payable. Based on the results of this assessment, the Department should determine the need to issue new guidance and/or reiterate to the AFF and ATF 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 U.S. generally accepted accounting principles. The Department should monitor the AFF's and ATF's adherence to the Department's accounting and financial reporting policies and procedures throughout the year.
- 3. Resolved.** The Department concurred with our recommendation. 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 system requirements established by OMB Circular A-127, *Financial Management Systems*, and can accommodate the requirements of applicable federal accounting standards.

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