



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Central Region

134 Union Blvd., Suite 510


Lakewood, Colorado 80228

Report No. X-VS-MOA-0010-2009

August 31, 2009

Memorandum

To: Assistant Secretary for Policy, Management and Budget
(Attention: Associate Director for Finance, Policy and Operations)

From: Jack Rouch 
Regional Audit Manager

Subject: Verification Review of Four Recommendations Considered Implemented from
our August 2007 Audit Report "Department of the Interior Internal Control
Program" (Report No. C-IN-MOA-0002-2006)

The Office of Inspector General (OIG) has completed a verification review of the four recommendations presented in the subject audit report. The objective of the review was to determine whether four recommendations were implemented, as reported by the Office of Financial Management. Based on our review, we concluded that all four recommendations were implemented. The results of our review are summarized below.

Background

Our August 2007 audit report, "Department of the Interior Internal Control Program," made four recommendations designed to assist the Department in establishing an effective internal control program for ensuring the effectiveness and efficiency of its operations in compliance with the Office of Management and Budget Circular A-123, "Management's Responsibility for Internal Control." On September 28, 2007, the Associate Director for the Office of Financial Management (PFM) issued a memorandum to the Office of the Inspector General explaining the corrective actions that were implemented to address the four recommendations. Based on this information we concluded that all four recommendations had been implemented.

Scope and Methodology

The scope of our review was limited to determining whether the Department implemented the four report recommendations. To accomplish our objective, we requested and reviewed supporting documentation submitted by the Office of Financial Management. We did

not perform site visits or conduct detailed fieldwork to determine whether the underlying deficiencies identified in the original report had been corrected. This review was not conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Results of Review

We concluded that the four recommendations contained in the report had been implemented.

Recommendation 1: "Direct PFM to develop and implement additional oversight procedures that ensure the bureaus are adequately implementing their internal control programs. These procedures should ensure that bureaus adequately plan and prioritize internal control reviews, adequately conduct and document those reviews, and provide accurate lists of internal control reviews to support their annual assurance statements."

On October 8, 2008, PFM issued the Guidance for Fiscal Year 2009 Integrated Internal Control Program which provides instructions and direction to ensure that the Secretary's Annual Assurance Statement is accurate and adequately supported. PFM held two implementing workshops, one in December, 2008, and one in January, 2009 to discuss the guidance and address bureau concerns. In addition, PFM conducted and documented site visits using a checklist as a guide. These visits are in addition to Mid-year Progress meetings and Year-end Issue Resolution Meetings, at which bureaus and PFM review program performance and discuss/resolve material weaknesses, non-compliance, internal/external audit corrective action issues, and any other issues.

Based on these actions, we consider Recommendation 1 to be implemented.

Recommendation 2: "Require bureaus to develop and implement tracking systems to monitor:

- All internal control reviews planned, in progress, or completed and***
- The status of identified deficiencies and corresponding corrective actions."***

The Guidance for Fiscal Year 2009 Integrated Control Program requires the bureaus to plan and track their internal control reviews and status of deficiencies identified and to monitor corrective actions. PFM provided examples of tracking matrixes from the Bureau of Indian Affairs and the National Business Center.

Based on these actions, we consider Recommendation 2 to be implemented.

Recommendation 3: "Direct PFM to develop and implement additional oversight procedures for the audit follow-up process. These procedures should require PFM analysts to adequately document the bases for their conclusions that recommendations are resolved and implemented and should require supervisory review of that documentation."

PFM issued the Guidance for the FY 2009 Audit Follow-up Program and Departmental Performance Goals for Implementation of Office of Inspector General and Government

Accountability Office Recommendations. This guidance requires bureaus to submit adequate supporting documentation for recommendation closure to PFM for its review and concurrence. The guidance states that PFM will return closure requests to the bureaus if the documentation is not sufficient to support closure of the recommendation. PFM also provided a completed surname routing slip to document supervisory review of the closure determination. In addition, PFM submits the closure documents to OIG, along with a closure memo signed by the Associate Director, PFM.

Based on these actions, we consider Recommendation 3 to be implemented.

Recommendation 4: "Consider implementing the following best practices, where appropriate:

- ***Requiring all regional and state directors and program managers to provide annual assurance statements.***
- ***Requiring all program managers to complete annual assurance questionnaires.***
- ***Promoting greater visibility for the internal control program by developing executive guides and requiring bureau and office heads to address these issues with their management teams.***
- ***Developing a staff that specializes in conducting internal control reviews and providing related training."***

DOI has taken actions to implement all or part of three of the four suggested best practices. Selected bureau managers and heads of bureaus are required to provide annual assurance statements, PFM has issued the working draft of the DOI Program Managers Guide, and all offices are required to identify audit liaison and internal control coordinators.

Based on these actions, we consider Recommendation 4 to be implemented.

Conclusion

We communicated the results of this review to the Office of Financial Management on July 7, 2009. We consider Recommendations 1 through 4 fully implemented and no further action is required. If you have any questions concerning this memorandum, please contact me at (303-236-9243).

cc: Associate Director, Office of Financial Management
Audit Liaison, Department of the Interior
Focus Leader for Management Control and Audit Follow-up