AUDIT

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

Independent Auditors' Reports U.S. Department of the Interior Financial Statements for FY2010 and FY2009

Report No.: X-IN-MOA-0004-2010

November 2010

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

NOV 15 2010

Memorandum

To: Secretary Salazar

From: Mary L. Kendall
Acting Inspector General

Subject: Independent Auditors' Report on the U.S. Department of the Interior Financial Statements for Fiscal Years 2010 and 2009
Report No. X-IN-MOA-0004-2010

Introduction

This memorandum transmits the KPMG LLP (KPMG) auditors' report of the U.S. Department of the Interior (DOI) financial statements for fiscal years (FYs) 2010 and 2009. The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires the DOI Inspector General or an independent auditor, as determined by the Inspector General, to audit the DOI financial statements.

Under a contract issued by DOI and monitored by the Office of Inspector General (OIG), KPMG, an independent public accounting firm, performed an audit of the DOI FY2010 and FY2009 financial statements. The contract required that the audit be performed in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States and Office of Management and Budget Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements."

Results of Independent Audit

In its audit report, KPMG issued an unqualified opinion on the DOI financial statements. However, KPMG identified four significant deficiencies in internal controls over financial reporting, of which none was considered a material weakness. In addition, KPMG identified three instances in which DOI did not comply with laws and regulations, specifically, the Anti-Deficiency Act, the Single Audit Act Amendments of 1996 and the Prompt Payment Act.

KPMG performed auditing procedures at Departmental Offices, Indian Affairs, Bureau of Reclamation, National Park Service, U.S. Geological Survey, Bureau of Land Management, U.S. Fish and Wildlife Service, Bureau of Ocean Energy Management, Regulation and Enforcement, and Office of Surface Mining, Reclamation and Enforcement to support the DOI consolidated financial statement audit.

Evaluation of KPMG Audit Performance

To ensure the quality of the audit work performed, the OIG:

- reviewed KPMG's approach and planning of the audit;
- evaluated the qualifications and independence of the auditors;
- monitored the progress of the audit at key points;
- coordinated periodic meetings with DOI management to discuss audit progress, findings, and recommendations;
- reviewed KPMG's audit report; and
- performed other procedures we deemed necessary.

KPMG is responsible for the attached auditors' report, and the conclusions expressed in it. We do not express an opinion on DOI financial statements nor on KPMG's conclusions regarding the effectiveness of internal controls or compliance with laws and regulations.

Report Distribution

The legislation creating the OIG requires semiannual reporting to the Congress on all audit reports issued, actions taken to implement audit recommendations, and unimplemented recommendations. Therefore, we will include a summary of the information contained in the attached audit report in our next semiannual report. The distribution of the report is not restricted, and copies are available for public inspection.

We appreciate the cooperation and assistance of DOI personnel during the audit. If you have any questions regarding the report, please contact me at 202–208–5745.

Attachments

KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

Secretary and Acting Inspector General,
U.S. Department of the Interior:

We have audited the accompanying balance sheets of the U.S. Department of the Interior (Interior) as of September 30, 2010 and 2009, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended (hereinafter referred to as "financial statements"). The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our fiscal year 2010 audit, we also considered Interior's internal control over financial reporting and tested Interior's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these financial statements.

Summary

As stated in our opinion on the financial statements, we concluded that Interior's financial statements as of and for the years ended September 30, 2010 and 2009, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. As discussed in our opinion on the financial statements, Interior changed the reporting of costs and exchange revenue related to allocation transfer accounts within Interior, adopted Statement of Federal Financial Accounting Standard No. 33 *Pensions, Other Retirement Benefits, and Other Post-employment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates* (SFFAS No. 33), and adopted Office of Management and Budget (OMB) guidance for distributed offsetting receipts as of October 1, 2009.

Our consideration of internal control over financial reporting resulted in identifying certain deficiencies that we consider to be significant deficiencies, as defined in the Internal Control Over Financial Reporting section of this report, as follows:

A. Information Technology Controls Over Financial Management Systems
B. Controls Over Undelivered Orders
C. Monitoring Legislation
D. Grant Monitoring Controls

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined in the Internal Control Over Financial Reporting section of this report.

The results of our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended:

E. *Anti-Deficiency Act*
F. *Single Audit Act Amendments of 1996*
G. *Prompt Payment Act*

The following sections discuss our opinion on Interior's financial statements; our consideration of Interior's internal control over financial reporting; our tests of Interior's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements; and management's and our responsibilities.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of the U.S. Department of the Interior as of September 30, 2010 and 2009, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of the Interior as of September 30, 2010 and 2009, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, Interior changed the reporting of costs and exchange revenue related to allocation transfer accounts within Interior as of October 1, 2009. Also as discussed in note 12 to the financial statements, Interior adopted SFFAS No. 33 as of October 1, 2009. Finally, as discussed in note 18 to the financial statements, Interior adopted OMB guidance for distributed offsetting receipts as of October 1, 2009.

The information in the Management's Discussion and Analysis, Required Supplementary Information, and Required Supplementary Stewardship Information sections is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information in the Introduction section, Message from the Chief Financial Officer, and Other Accompanying Information section is presented for purposes of additional analysis and is not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Internal Control Over Financial Reporting

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2010 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described below as A through D that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A. Information Technology Controls Over Financial Management Systems

Interior did not have adequate information technology controls to protect its financial management systems as required by OMB Circular No. A-130, *Management of Federal Information Resources*. These conditions could affect Interior's ability to prevent and detect unauthorized changes to financial information, control electronic access to sensitive information, and protect its information resources. Although Interior has improved its application and general controls, Interior should continue improving the information technology controls over its financial management systems, as discussed below.

1. *Access Controls*
   Access controls protect financial and sensitive information from unauthorized modification, disclosure, and loss; however, Interior did not fully establish controls to prevent and detect unauthorized access. One Interior component had user access policies that were not consistent with Interior's Department-wide guidance. In addition, Interior did not consistently review and approve segregation of user responsibilities. Additionally, Interior did not properly protect certain generic users or consistently limit use of emergency privilege users. Interior also did not consistently approve user access before granting access, document review and approval of user access, recertify user access, maintain user access documentation, and remove access for terminated users. Furthermore, Interior did not establish controls over contractor access to applications. Finally, Interior did not consistently configure applications to prepare audit logs, review audit logs, or document that audit log reviews were completed for two applications.

2. *Configuration Management*
   Configuration management controls ensure that only authorized programs and modifications are implemented. Interior did not fully segregate software development and change responsibilities for two applications. Interior also did not fully segregate conflicting user responsibilities in one application. In addition, Interior did not consistently test and document testing of application changes before the changes were implemented. Furthermore, Interior did not properly configure an application to prepare application change audit logs. Finally, Interior did not apply the latest security updates for several applications.

Recommendations
We recommend that Interior continue to improve the information technology controls over its financial management systems to ensure adequate security and protection of the systems as follows:
1. Issue consistent user access guidance, review and approve segregation of user responsibilities, protect generic users, limit use of emergency privilege users, approve user access before granting access, document review and approval of user access, recertify user access, maintain user access documentation, remove access for terminated users, controls contractor access to applications, prepare and review audit logs, and document audit log reviews.
2. Segregate software development and change responsibilities, segregate conflicting user responsibilities, test and document testing of application changes, prepare and review application change audit logs, and apply the latest security updates.

Management Response
Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

B. Controls Over Undelivered Orders

Interior obligates its budgetary resources when placing orders with other federal entities and public organizations and reduces the order balances as goods and services are received. Interior policies require Interior components to review and certify undelivered orders quarterly and to de-obligate invalid obligations. Although Interior has improved compliance with its policies, Interior should continue improving the effectiveness of the review and certification procedures because Interior incorrectly certified undelivered orders overstating undelivered orders by approximately $214.5 million. In addition, Interior recorded invalid recoveries or did not record recoveries of undelivered orders timely for approximately $30.5 million. Furthermore two Interior components did not modify the period of performance timely for 3 of the 157 expired orders tested. As a result of our observations, Interior analyzed and adjusted its undelivered orders.

Recommendations

We recommend that Interior implement the following recommendations to improve controls over its undelivered orders:

1. Provide training to program and finance personnel on certifying and closing out undelivered orders.
2. Improve the effectiveness of the review and certifications of undelivered orders by the Office of Financial Management and component personnel.
3. Monitor and close out, as appropriate, undelivered orders with minimal to no activity during the past three months, on at least a quarterly basis.
4. Analyze system-generated recoveries to ensure that the transactions are valid recoveries.
5. Modify expired orders either before the order expires or within 30 days of expiring.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

C. Monitoring Legislation

Interior's operations are impacted by legislation, including the programs that Interior is authorized to operate and amounts that Interior is authorized to spend. Interior did not consistently monitor and communicate new legislation to those required to implement the new legislation. As a result, Interior disbursed $1.2 million to counties that Interior was not authorized to disburse in accordance with new legislation and did not comply with the *Anti-Deficiency Act*.

Recommendations

We recommend that Interior implement the following recommendations to improve controls over monitoring legislation:

1. Improve its procedures on monitoring legislative provisions to identify provisions affecting Interior operations.
2. Implement a formal communication process to communicate new legislation affecting Interior operations to those responsible for implementing such legislation.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

D. Grant Monitoring Controls

Interior should improve controls over grant monitoring as Interior is required to monitor its grantees in accordance with the *Single Audit Act Amendments of 1996,* the related OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular No. A-133), and other laws. Interior did not have a complete listing of grant awards or grantees to ensure that it monitored grantees, obtained single audit reports, and issued management decisions on audit findings. Interior also did not consistently communicate federal award requirements to grantees. In addition, Interior did not obtain or follow up on past due financial status or performance reports for 29 of the 160 grantees tested at four Interior components. Furthermore, two Interior components did not obtain single audit reports within nine months of the grantee's fiscal year-end for 19 of 91 grantees tested. Finally, two Interior components did not issue management decisions on audit findings within six months after receipt of single audit reports or ensure that the grantees completed appropriate and timely corrective action on such findings for 6 of the 36 grantees tested.

Recommendations

We recommend that Interior perform the following to improve its grant monitoring process:

1. Maintain a complete and accurate listing of grantees to enable monitoring of grantees, receipt of single audit reports, and issuance of management decisions on findings.
2. Communicate federal award requirements to grantees.
3. Follow up on financial status, performance, and single audit reports not received and consider the need to limit future grant awards until these reports are received.
4. Issue management decisions on audit findings within six months after receipt of single audit reports and verify that grantees take appropriate and timely corrective action.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

Exhibit I presents the status of prior year significant deficiencies. We noted certain additional matters that we will report to management of Interior in a separate letter.

Compliance and Other Matters

The results of certain of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA), disclosed three instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, and are described below.

E. *Anti-Deficiency Act*

Interior may not make or authorize an expenditure or obligation exceeding an apportionment or an amount permitted by regulations as specified by Section 1341 in Title 31 of the United States Code (*Anti-Deficiency Act*). As discussed in the Internal Control over Financial Reporting section above, Interior did not comply with the *Anti-Deficiency Act* because Interior disbursed $1.2 million to counties that was not authorized under legislation. The unauthorized disbursements occurred because Interior did not modify its automated system to end disbursements in accordance with new legislation.

Recommendation
We recommend that in fiscal year 2011, Interior improve its procedures on monitoring legislative provisions to identify provisions affecting Interior operations and to implement a formal communication process to communicate new legislation affecting Interior operations to those responsible for implementing such legislation to ensure compliance with the *Anti-Deficiency Act*.

Management Response
Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

F. *Single Audit Act Amendments of 1996*

As discussed in the Internal Control over Financial Reporting section of this report, Interior did not perform adequate monitoring of grantees in accordance with the *Single Audit Act Amendments of 1996*, the related OMB Circular No. A-133, and other laws. Interior should ensure that it obtains financial status, performance, and single audit reports, issues management decisions on audit findings, and monitors grantees timely.

Recommendation
We recommend that in fiscal year 2011, Interior obtain financial status and single audit reports, issue management decisions on audit findings, and monitor grantees to ensure compliance with the *Single Audit Act Amendments of 1996*, the related OMB Circular No. A-133, and other laws.

Management Response
Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

G. *Prompt Payment Act*

In accordance with the *Prompt Payment Act,* Interior is required to pay interest penalties when payments are late. Interior did not properly calculate prompt payment interest at four of its Interior components because the accounting system is not properly configured to calculate prompt payment interest for certain transactions, individuals incorrectly entered prompt payment information into the accounting system, and individuals incorrectly manually calculated prompt payment interest. In addition, Interior did not update the prompt payment interest rate in one accounting system. As a result, four Interior components paid the incorrect prompt payment interest amount on 16 of the 170 disbursements tested.

Recommendations
We recommend that in fiscal year 2011, Interior perform the following to ensure compliance with the *Prompt Payment Act*:

1. Modify the accounting system to properly calculate prompt payment interest.
2. Require a second individual to compare the prompt payment information from the accounting system to supporting documentation to verify that the prompt payment information was properly entered into the accounting system and document such comparison.
3. Require a second person to review prompt payment interest that is manually calculated and document such review.
4. Update the prompt payment interest rate in the accounting system when the rate changes.

Management Response
Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

The results of our other tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our tests of FFMIA disclosed no instances in which Interior's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

* * * * * * *

Responsibilities

Management's Responsibilities. Management is responsible for the financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, contracts, and grant agreements applicable to Interior.

Auditors' Responsibilities. Our responsibility is to express an opinion on the fiscal year 2010 and 2009 financial statements of Interior based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 07-04. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Interior's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2010 audit, we considered Interior's internal control over financial reporting by obtaining an understanding of Interior's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interior's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Interior's internal control over financial reporting. Furthermore, we did not test all controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982.*

As part of obtaining reasonable assurance about whether Interior's fiscal year 2010 financial statements are free of material misstatement, we performed tests of Interior's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to Interior. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of Interior's management, Interior's Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 15, 2010

Exhibit I

U.S DEPARTMENT OF THE INTERIOR

Status of Prior Year Findings

September 30, 2010

FY2009 Ref	Fiscal Year 2009 Condition	Status of Fiscal Year 2009 Findings
A	Information Technology Controls over Financial Management Systems	This condition has not been corrected and is repeated in fiscal year 2010. See finding A.
B	Controls over Property	This condition has been corrected.
C	Controls over Undelivered Orders	This condition has not been corrected and is repeated in fiscal year 2010. See finding B.
D	Controls over Estimated Liabilities	This condition has been corrected.
E	Grant Monitoring Controls	This condition has not been corrected and is repeated in fiscal year 2010. See finding D.
F	Controls over Fiduciary Activity	This condition has been corrected.
G	*Single Audit Act Amendments of 1996*	This condition has not been corrected and is repeated in fiscal year 2010. See finding F.
H	*Prompt Payment Act*	This condition has not been corrected and is repeated in fiscal year 2010. See finding G.

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

Memorandum

NOV 12 2010

To: Mary L. Kendall
Acting Inspector General

KPMG LLP
2001 M Street, NW
Washington, DC 20036

From: Rhea Suh
Assistant Secretary for Policy, Management and Budget
and Chief Financial Officer

Subject: Management's Response to Independent Auditors' Report for Fiscal Year 2010 (Assignment No. X-IN-MOA-0004-2010)

The Department of the Interior has reviewed the draft report prepared by KPMG LLP and provides its response to the findings and recommendations. We are pleased that the result of the audit is an unqualified opinion on the Department's Consolidated Financial Statements. The Department appreciates the recognition noted in several findings and recommendations of the improvement and progress achieved during Fiscal Year 2010. We appreciate the value of the audit process and look forward to working with you to continue our marked improvement of financial management in the Department.

A. Information Technology Controls over Financial Management Systems

Management concurs. During FY 2010 Interior continued to improve its information technology controls including policies and guidance. In FY 2011 we will continue to enhance application and general controls over financial management systems with a specific focus on the areas of access controls and configuration management. We are constantly striving to improve and strengthen the related programmatic aspects of the IT security program (including awareness training) and will continue to review all aspects of the IT program for refinement, as appropriate. We are in the process of implementing reforms including the consolidation of information technology infrastructure, management, and oversight that will improve the efficiency and effectiveness of IT services and our ability to ensure the implementation of policies and controls.

B. Controls over Undelivered Orders

Management concurs. Interior and its components will continue to enhance its controls over undelivered orders (UDO). We will continue to improve the quarterly review and certification process and provide training over certifying and closing aged and completed UDO's. Interior will evaluate the problems with "recoveries" to ensure their validity. We will also analyze the treatment of expired orders in order to develop effective modification procedures. Management is committed to bringing each component together to address these concerns in an integrated and consistent manner.

C. Controls over Monitoring Legislation

Management concurs. A Department-wide corrective action plan has been implemented, which includes training on apportionment preparation, new internal operating instructions on apportionment procedures, revised procedures for tracking legislative actions, new management controls requiring confirmation of authorization and appropriation language review, and acquiring the Office of Management and Budget's approval of the Department's updated funds control regulations. As a result, communications will be strengthened between the Department and the components tasked with tracking the appropriations acts and those responsible for budget execution, financial management, and program operations.

D. Grant Monitoring Controls

Management concurs. Management will continue to improve grantee communication and outreach procedures to yield a timelier and effective single audit receipt and follow-up process. The Department and its components will enhance its system for maintaining its inventory of grantees to provide a more effective means to monitor grantees and ensure receipt of single audit reports. Interior will continue to work with the components to ensure that all necessary reports are obtained and that management decisions on audit findings are issued in a timely and compliant manner.

E. Anti-Deficiency Act

Management concurs. As discussed in the Internal Control over Financial Reporting section above, a Department-wide corrective action plan has been implemented, which includes training on apportionment preparation, internal operating instructions on apportionment procedures, revised procedures for tracking legislative actions, new management controls requiring confirmation of authorization and appropriation language review, to improve communications across the Department and the components tasked with tracking the appropriations acts and those responsible for budget execution, financial management, and program operations.

F. Single Audit Act Amendments of 1996

Management concurs. As noted in the Internal Control over Financial Reporting section above, the Department will work to obtain Single Audit, Financial Status, Grant Performance, and Annual Reports in a timely manner. Enhancements will continue to be made to the business process for complying with the Single Audit Act.

G. Prompt Payment Act

Management concurs. During FY 2011, the Department will continue to work to modify the core financial systems to calculate prompt pay interest correctly and to establish an appropriate level of review of both automated and manual interest calculations.

In closing, corrective action plans will be established for each of these findings, which will be monitored and tracked through completion. The Department is highly committed to improving these and all other elements of financial management.

Report Fraud, Waste, and Mismanagement

Fraud, waste, and mismanagement in government concern everyone: Office of Inspector General staff, Departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to Departmental or Insular Area programs and operations. You can report allegations to us in several ways.

By Mail:

U.S. Department of the Interior
Office of Inspector General
Mail Stop 4428 MIB
1849 C Street, NW
Washington, D.C. 20240

By Phone:

24-Hour Toll Free	800-424-5081
Washington Metro Area	703-487-5435

By Fax: 703-487-5402

By Internet: www.doioig.gov