



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, DC 20240

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FINANCIAL MANAGEMENT MEMORANDUM 2014 - 005 (VI.A)

To: Assistant Secretaries
Bureau and Office Directors
Bureau Assistant Directors for Administration
Chief Financial Officers
Internal Control Coordinators

From: Pamela Haze 
Deputy Assistant Secretary - Budget, Finance, Performance and Acquisition

Subject: Guidance for Fiscal Year 2014 Internal Control Program

This memorandum transmits the Department of the Interior's (DOI) guidance for the fiscal year (FY) 2014 Internal Control Program. As part of the Agency Financial Report, the Secretary is required by law to provide the President and Congress an assurance statement on the state of the Department's internal controls. The Office of Financial Management (PFM) coordinates the process to support the Secretary's annual assurance statement; however, ensuring and reporting on proper internal controls is a responsibility of all bureaus, Departmental lines of business, and Federal managers.

Bureaus must submit their final assurance statement to PFM by **September 30, 2014**. Bureaus and offices must follow the Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Internal Control*, revised December 21, 2004, when conducting their evaluations. New for FY 2014, the Office of Acquisition and Property Management, the Office of the Chief Information Officer, the Office of Environmental Policy and the Office of Occupational Safety and Health must submit, by **October 1, 2014**, an advanced draft assurance statement for PFM review and the final by **October 15, 2014**.

Based on audit findings, new requirements, and/or previous internal control assessment efforts, PFM has identified three areas that present significant risk to DOI. As such, PFM is requiring bureaus to perform targeted assessments of these areas in FY 2014. The FY 2013 financial statement audit report noted one material weakness and corresponding noncompliance in DOI's controls over unusual and nonrecurring transactions, and one significant deficiency in controls over the liability for asbestos-related cleanup costs. In addition, the process for reviewing and approving journal vouchers is not being followed per DOI guidance and information technology costs are not being captured properly. As a result, the following targeted assessments are required:

- Controls over real property records and supporting documentation;
- Controls over journal entries and unusual transactions in the Financial Business Management System; and

- Controls over the process for assessing information technology costs.

In addition, please note that new OMB reporting requirements require all agencies to provide assurance over proper Government charge card use (OMB M-13-21, *Implementation of the Government Charge Card Abuse Prevention Act of 2012*) and reporting for USASpending (OMB Memorandum titled *Improving Data Quality for USASpending.gov*, dated June 12, 2013). The PFM is coordinating with the Office of Acquisition and Property Management on this matter and bureaus will be notified of additional guidance to ensure compliance with the requirements.

Attachment A, in conjunction with Sections 1 and 2 of the Department's *Internal Control and Audit Follow-up (ICAF) Handbook* (Handbook), provides additional information on the internal control program. This guidance includes activities and timeframes necessary to comply with the Federal Managers' Financial Integrity Act (FMFIA) and OMB Circular A-123, *Management's Responsibility for Internal Controls (A-123)*, including the related appendices. Guidance related to the Department's Audit Follow-Up Program and compliance with OMB Circular A-50, *Audit Followup*, was issued under a separate cover.

If you have internal control training needs, you may contact PFM regarding those particular needs (e.g., overview of the internal control program for managers, training on how to use the risk rating tool, or training on how to conduct a review). The PFM holds lessons-learned discussions at the end of each fiscal year cycle.

We look forward to your cooperation and assistance as we continue to fulfil the Department's Internal Control Program responsibilities this fiscal year. The *Handbook* containing Sections 1 and 2 can be found on PFM's Share Point site by following this link: <https://portal.doi.net/OS/PMB/PFM/Travel%20Newsletters/Forms/AllItems.aspx>. If you have questions or would like to discuss the requirements set forth in this memorandum, please contact Teresa Taber, Deputy Director, Office of Financial Management, at (202) 208-3439 or via e-mail at Teresa_Taber@ios.doi.gov or Eric Eisenstein, Chief, Internal Control and Audit Follow-Up Division at (202) 208-3417 or via e-mail at Eric_Eisenstein@ios.doi.gov.

Attachments

cc: Finance Officers Partnership
Assistant Inspector General for Audits