



reported a significant amount of questioned costs and funds that could be put to better use during FY 2017.

- In addition, the previously reported matters related to the Antideficiency Act and the Prompt Payment Act impact the Department's compliance with FFMIA.

#### Standard General Ledger at the Transaction Level

- The Department's financial management systems did not consistently post transactions to USSGL-compliant accounts or track proprietary and budgetary account attributes consistent with the USSGL.
- General ledger account balances could not always be traced to discrete transactions. Further, discrete transactions could not always be traced to source documents.

The Department had not implemented and enforced systematic financial management controls to ensure substantial compliance with FFMIA. The Department had not developed and executed remediation plans to address instances of noncompliance or validate compliance against criteria. The Department's ability to meet Federal financial management system requirements and fully process transaction-level data in accordance with the USSGL was hindered by limitations in systems and processes. Since our FY 2009 audit, we have reported annually that the Department did not substantially comply with FFMIA.

During the audit, we noted certain additional matters involving compliance that we will report to Department management in a separate letter.

#### Department's Response to Findings

Department management provided its response to our findings in a separate memorandum included in this report as Appendix A. We did not audit management's response, and accordingly, we express no opinion on it.

#### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's compliance. This report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Bulletin No. 17-03 in considering the entity's compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in purple ink that reads "Kearney &amp; Company".

Alexandria, Virginia  
November 15, 2017