



# Audit Report



OIG-08-027

Management Letter for Fiscal Year 2007 Audit of the  
Office of the Comptroller of the Currency's Financial Statements

January 9, 2008

Office of  
Inspector General

Department of the Treasury



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

OFFICE OF  
INSPECTOR GENERAL

January 9, 2008

**MEMORANDUM FOR JOHN C. DUGAN  
COMPTROLLER OF THE CURRENCY**

**FROM:** Michael Fitzgerald /s/  
Director, Financial Audits

**SUBJECT:** Management Letter for Fiscal Year 2007 Audit of the Office  
of the Comptroller of the Currency's Financial Statements

I am pleased to transmit the attached management letter in connection with the audit of the Office of the Comptroller of the Currency's (OCC) Fiscal Year (FY) 2007 financial statements. Under a contract monitored by the Office of Inspector General, GKA, P.C. (GKA), an independent certified public accounting firm, performed an audit of the financial statements of OCC as of September 30, 2007 and for the year then ended. The contract required that the audit be performed in accordance with generally accepted government auditing standards; applicable provisions of Office of Management and Budget Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*; and the *GAO/PCIE Financial Audit Manual*.

As part of its audit, GKA issued and is responsible for the accompanying management letter that discusses a matter involving internal control over financial reporting and its operation that was identified during the audit, but was not required to be included in the audit reports.

In connection with the contract, we reviewed GKA's letter and related documentation and inquired of its representatives. Our review disclosed no instances where GKA did not comply, in all material respects, with generally accepted government auditing standards.

Should you have any questions, please contact me at (202) 927-5789 or a member of your staff may contact Ade Bankole, Manager, Financial Audits at (202) 927-5329.

Attachment



Certified Public Accountants | Management Consultants

Office of the Comptroller of the Currency  
**MANAGEMENT LETTER**  
Fiscal Year 2007

October 31, 2007.

*Member of the American Institute of Certified Public Accountants*

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Inspector General, Department of the Treasury, and  
the Comptroller of the Currency:

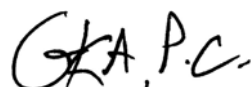
We have audited the balance sheet as of September 30, 2007 and the related statements of net cost, changes in net position, and budgetary resources for the year then ended, hereinafter referred to as “financial statements”, of the Office of the Comptroller of the Currency (OCC) and have issued an unqualified opinion thereon dated October 31, 2007. In planning and performing our audit of the financial statements of the OCC, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control. We have not considered the internal control since the date of our report.

During our audit we noted a certain matter involving the internal control over financial reporting that is presented in this letter for your consideration. The comment and recommendation, all of which have been discussed with the appropriate members of OCC management, are intended to improve the internal control over financial reporting or result in other operating efficiencies. There were no management letter comments carried over from prior years.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. Our aim, however, is to use our knowledge of the OCC gained during our audit to provide comments and suggestions we hope will be useful to you.

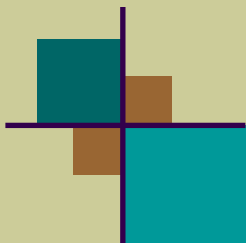
This letter is intended solely for the information and use of the Management of the OCC, the Department of the Treasury Office of Inspector General, the Government Accountability Office, OMB, and the U.S. Congress and is not intended to be, and should not be used by anyone other than these specified parties.

We appreciate the cooperation and courtesies extended to us. We will be pleased to meet with you or your staff at your convenience to furnish any additional information.



GKA, P.C.

October 31, 2007



**Office of the Comptroller of the Currency  
Management Letter Comments and Recommendations  
Year Ended September 30, 2007**

**Management Letter Comment**

**Improve implementation of procedures that ensure the accuracy of the Asset Management System.**

Our testing found that three (3) out of a random sample of 45 property and equipment items listed in OCC's Asset Management System as currently in use had been disposed or exchanged for another asset. Our testing also uncovered that eight (8) out of a random sample of 75 property and equipment items noted throughout OCC headquarters could not be located on OCC's Asset Management System property listing.

This resulted because of the lack of proper implementation of OCC procedures for updating the Asset Management System upon the disposition or acquisition of an asset, as required by Statements of Federal Financial Accounting Standards (SFFAS) No. 11 Amendment to Accounting for Property, Plant and Equipment and the Joint Financial Management Improvement Program (JFMIP) Property Management System Requirements. SFFAS No. 11 requires Property Management Systems to collect accurate, timely, complete, reliable, and consistent information to provide for adequate agency management reporting, and to support Government-wide and agency-wide policy decision-making.

Inaccuracies in property and equipment in the Asset Management System may lead to misstatement in the property and equipment account balances.

**Recommendation**

OCC management should implement procedures that ensure the accuracy of the Asset Management System.

**Management's Response**

OCC management is in the process of implementing additional controls to ensure existing procedures for the acquisition and disposition of assets are followed, particularly as they relate to the proper recording.

OCC's response has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.