

This file contains two documents, related to the resolution of recommendation 1 for the audit report *Libyan Sanctions Case Study* (OIG-16-001; issued Oct. 26, 2015). The first document is a response from John E. Smith, Acting Director, Office of Foreign Assets Control, to audit recommendation 1 dated November 6, 2015, and the second document is an acknowledgement that the response meets the intent of recommendation 1 from Marla A. Freedman, Assistant Inspector General for Audit dated November 10, 2015. These documents should be read in conjunction with the report.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM

TO: Marla Freedman
Assistant Inspector General
Office of the Inspector General
Department of the Treasury

CC: Office of the Assistant Secretary for Management

FROM: John E. Smith *J. Smith*
Acting Director
Office of Foreign Assets Control

DATE: November 6, 2015

SUBJECT: Response to Audit Recommendation 1 – Libyan Sanctions Case Study: OIG-06-001

The Office of Foreign Assets Control (OFAC) appreciates the recommendations made by the Office of the Inspector General (OIG) in its October 26, 2015 Libyan Sanctions Case Study Audit Report. Regarding the OIG's recommendation that OFAC develop written standard operating procedures, OFAC notes that it had been planning to do so since receiving the OIG's recent recommendation and already had begun considering the dedication of appropriate resources to accomplish this goal. Although OFAC maintains that its current procedures are sufficient for it to effectively implement and administer sanctions programs, OFAC acknowledges the recommendation for written standard operating procedures and affirms that it will take steps to comply with it. OFAC's written response to this recommendation in the Audit Report was meant only to register OFAC's disagreement with it and not to suggest that OFAC would not implement the recommendation.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

November 10, 2015

MEMORANDUM FOR JOHN E. SMITH,
ACTING DIRECTOR,
OFFICE OF FOREIGN ASSETS CONTROL

FROM: Marla A. Freedman /s/
Assistant Inspector General for Audit

SUBJECT: Audit Recommendation 1 – Libyan Sanctions Case Study:
OIG-16-001

I am writing to acknowledge your memorandum dated November 6, 2015. As you know, we reported the subject recommendation as unresolved in our final audit report based on the Office of Foreign Assets Control (OFAC) response to our draft report. In accordance with Treasury Director 40-03, we referred the recommendation to the Assistant Secretary for Management for further action. We believe that OFAC's commitment to develop writing operating procedures, as stated in your November 6th memorandum, meets the intent of our recommendation. Accordingly, we now consider the recommendation to be resolved. OFAC will need to develop and record in Treasury's Joint Audit Management Enterprise System (JAMES), the anticipated completion date for its corrective action.

We plan to post a copy of your memorandum and this response on the Treasury Office of Inspector General website.

If you have any questions, please call me at (202) 927-5400 or you may call Sharon Torosian, Audit Director, at (617) 228-8638.

cc: Brodi Fontenot, Assistant Secretary for Management