

# Systems, Controls, and Legal Compliance

*The auditors' report on internal control, prepared at the completion of VA's FY 2003 financial statement audit, includes two repeat material weaknesses: "Information Technology (IT) Security Controls," and "Integrated Financial Management System." In the IT finding, the auditors reported that VA's program and financial data continue to be at risk due to serious weaknesses related to control and oversight over access to information systems. In the second finding, the auditors reported continuing difficulties related to the preparation, processing and analysis of financial information to support the efficient and effective preparation of VA's consolidated financial statements.*

The Department has made significant progress in correcting these material weaknesses. Resources have been maximized to make significant improvement in the overall security posture. Also, the Department has attained significant milestones toward the implementation of the integrated Core Financial and Logistics System. VA closed two reportable conditions reported in the prior year.

The auditors' report on compliance with laws and regulations, also prepared as a result of the FY 2003 financial statement audit, discusses Departmental non-compliance with the Federal Financial Management Improvement Act (FFMIA) requirements concerning "Lack of Integrated Financial Management System" and "Information Technology (IT) Security Controls." Except for these instances of non-compliance, the report concludes that for the items tested, VA complied with those laws and regulations materially affecting the financial statements.