



Summary of Financial Statement Audit and Management Assurances

The following tables provide a summary of audit-related or management-identified material weaknesses outlined in the FY 2007 Performance and Accountability Report.

The title of each material weakness is consistent throughout this section and in the entire document.

During 2007 VA developed remediation plans and is taking actions to fully correct the material weaknesses “IT Security Controls,” “Financial Management System Functionality” (previously identified as “Lack of an Integrated Financial Management System”), and “Financial Management Oversight” (previously identified as “Operational Oversight”). During 2008 VA will develop a remediation plan to correct the new material weakness, “Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System - VBA.” Material weaknesses were identified by VA’s independent auditors or by VA management.

Table 1 - Summary of Financial Statement Audit

Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Management Oversight	✓				✓
IT Security Controls	✓				✓
Financial Management System Functionality	✓				✓
Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System - VBA		✓			✓
<i>Total Material Weaknesses</i>	3	1	0	0	4

Table 2 - Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA – 2)						
Statement of Assurance	Qualified (Due to Limited Scope)					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0



Effectiveness of Internal Control over Operations (FMFIA – 2)						
Statement of Assurance	Qualified					
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Financial Management Oversight *	✓					✓
<i>Total Material Weaknesses</i>	1	0	0	0	0	1
Conformance with Financial Management System Requirements (FMFIA – 4)						
Statement of Assurance	Qualified					
Material Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
IT Security Controls *	✓					✓
Financial Management System Functionality *	✓					✓
Retention of Computer Generated Detail Records in Benefits Delivery Network (BDN) System - VBA *		✓				✓
<i>Total Material Non-Conformances</i>	2	1	0	0	0	3
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
Overall Substantial Compliance	No			No		
1. System Requirements				No		
2. Accounting Standards				Yes		
3. USSGL at Transaction Level				Yes		

*Note: Material weaknesses and their associated remediation plans are the same as audit-related material weaknesses.