



U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
AUDITING DIVISION

AUDIT REPORT

Issue Date: November 17, 2007

Number: 8-04

To: Department of Treasury, Financial Management Service

From: [Exemption 2]
Debra Ritt
Assistant Inspector General for Auditing

Subject: GFRS for Fiscal Year 2007

Pursuant to OMB Circular A-136, *Financial Reporting Requirements* (Circular A-136) and the *Treasury Financial Manual* Part 2, Chapter 4700 (TFM 2-4700), attached is the *Independent Auditors' Report* on Special-Purpose Financial Statements, issued by KPMG LLP on the Small Business Administration's (SBA) reclassified balance sheet as of September 2007 and 2006, and the reclassified statements of net costs and changes in net position and Federal trading partner note for the year then ended (hereinafter referred to as the special-purpose financial statements).

The auditor found that the statements, including the Federal trading partner note, present fairly in all material respects, the financial position of SBA as of September 30, 2007 and 2006, and the results of operations, and the changes in net position for the period then ended in conformity with accounting principles generally accepted in the United States of America and the presentation pursuant to the requirements of TFM 2-4700. As requested, the following documents are attached:

- (1) reclassified financial statements;
- (2) GF004F Trading Partner Summary Note Report;
- (3) GF003G Closing Package Line Reclassification Summary Report;
- (4) GF006 FR Notes Report;
- (5) GF007 Other Data Report;
- (6) Management Representation Letter on the Closing Package, including the Summary of Unadjusted Misstatement; and
- (7) Closing Package *Independent Auditors' Report*.

We reviewed KPMG's report and related documentation and made necessary inquiries of their representatives. Our review was not intended to enable us to express, and we do not express, an opinion on the SBA's reclassified financial statements or on conclusions about

internal control and the SBA's compliance with laws and regulations. However, our review disclosed no instances where KPMG did not comply, in all materials respects, with generally accepted government auditing standards.

We appreciate the cooperation and assistance of SBA and KPMG representatives. Should you or your staff have any questions, please contact me at [Exemption 2] or Jeffrey R. Brindle, Director, Information Technology and Financial Management Group at [Exemption 2]

Attachments

Distribution:

Department of Treasury, Financial Management Services: financial.reports@fms.treas.gov

Government Accountability Office: USCFS@gao.gov

OMB, Office of Federal Financial Management: Statements@omb.eop.gov

United States Small Business Administration

Closing Package – September 30, 2007

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ADMINISTRATIVE NOTE:

Only the Inspector General Transmittal Letter and Closing Package Table of Contents are being posted to the SBA web site. Due to the large size and image degradation due to scanning, the attachments described above are available only in paper and on CD-ROM. If you would like a copy of one or more, send your request to ig.counseldiv@sba.gov or call 202-205-7200. Identify which attachments you want and your preferred format.

Added by SBA OIG Counsel Division after completion of audit report.