



Why This Matters

Internal controls, when designed and operating effectively, allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Management Letter for the FY 2011 DHS Financial Statements and Internal Control over Financial Reporting Audit

What we Determined

KPMG LLP (KPMG), under contract with U.S. Department of Homeland Security (DHS), Office of Inspector General (OIG), conducted an audit of the Department's FY 2011 consolidated financial statements and an examination of internal control over financial reporting. KPMG expressed a qualified opinion on the financial statements, but was unable to form an opinion on DHS' internal control over financial reporting for FY 2011. KPMG noted certain matters involving internal control and other operational matters that resulted in 93 financial management comments and 176 recommendations. These comments and recommendations, all of which were discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies. These comments are in addition to the significant deficiencies presented in our Independent Auditors' Report, dated November 11, 2011, included in the FY 2011 DHS Annual Financial Report.

DHS Response

DHS concurred with the report's observations and remain fully committed to addressing the outstanding financial management challenges. DHS looks forward to working with OIG as they implement corrective actions and the *DHS Financial Accountability Act*.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@dhs.gov