

Spotlight

Department of Homeland Security



Office of Inspector General

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Why This Matters

The Department of Homeland Security (DHS) continued to improve financial management in fiscal year (FY) 2012 and has achieved a significant milestone. This is the first year the Department has completed a full scope audit on all financial statements. The independent auditors rendered a qualified opinion on the financial statements. DHS was unable to represent that property, plant, and equipment account balances were correct and was unable to provide sufficient evidence to support these balances in the financial statements.

DHS Response

The Department agreed with the Independent Auditors' conclusions, and noted that the Department is committed to being a responsible steward of taxpayers' dollars. Additionally, the Chief Financial Officer noted that the FY 2012 audit results show that the Department's corrective actions are working, and the Department is already focusing their efforts on remediating the remaining issues as they prepare for the FY 2013 financial statements audit.

For Further Information:

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

Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting

What We Determined

The independent public accounting firm KPMG LLP, conducted an audit of DHS' FY 12 financial statements and issued a "qualified" opinion on those statements. The independent auditors' opinion stated that the FY 2012 financial statements were fairly stated, except for a portion of general property and equipment at the Coast Guard.

Further, the report discusses eight significant deficiencies in internal control, five of which are considered material weaknesses, and four instances of noncompliance with laws and regulations.

KPMG LLP was unable to opine on DHS' internal control over financial reporting of the financial statements as of September 30, 2012, because as noted in the Secretary's Assurance Statement, the Department has material weaknesses in internal control over financial reporting.

What We Recommend

KPMG made 67 recommendations to help improve significant deficiencies in internal control, 5 of which are considered material weaknesses. The recommendations address issues related to:

Significant Deficiencies That Are Considered To Be Material Weaknesses:

- A. Financial Reporting
- B. Information Technology Controls and Financial System Functionality
- C. Property, Plant, and Equipment
- D. Environmental and Other Liabilities
- E. Budgetary Accounting

Other Significant Deficiencies:

- F. Entity-Level Controls
- G. Grants Management
- H. Custodial Revenue and Drawback

These recommendations also address the four instances of non-compliance with laws and regulations.