Spotlight
Department of Homeland Security
Office of Inspector General
December 2013 OIG-14-18

Independent Auditors' Report on DHS' FY 2013 Financial Statements and Internal Control over Financial Reporting

Why This Matters

The Department of Homeland Security (DHS) continued to improve financial management in fiscal year (FY) 2013 and has achieved a significant milestone. This is the first year the Department has received an unmodified (clean) opinion on all financial statements. The independent auditors stated that the FY 2013 financial statements present fairly, in all material respects the financial position of DHS as of September 30, 2013. Nevertheless, the Department still has work to do to correct four material weaknesses in internal control over financial reporting.

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 acting Chief Financial Officer noted that the FY 2013 audit results show that their corrective actions are working, and they are already focusing their efforts on remediating the remaining issues as they pursue their goal of obtaining an unqualified opinion on internal control over financial reporting.

For Further Information:

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

What We Determined

The independent public accounting firm KPMG LLP, DHS' financial statement auditor, has issued an "unmodified" opinion on DHS' financial statements as of September 30, 2013. The independent auditors' opinion stated that the FY 2013 financial statements present fairly, in all material respects the financial position of DHS as of September 30, 2013.

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

KPMG LLP issued an adverse opinion on DHS' internal control over financial reporting as of September 30, 2013, because four material weaknesses in internal control over financial reporting were identified.

What We Recommend

KPMG made 68 recommendations to help improve significant deficiencies in internal control, four 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. Budgetary Accounting

Other Significant Deficiencies:
E. Entity-Level Controls - Department-wide
F. Liabilities
G. Grants Management
H. Custodial Revenue and Drawback

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