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Clean Books, Worrisome Weaknesses at DHS

For the second year in a row, the Department of Homeland Security (DHS) received a “clean” opinion on its financial statements from its independent auditor, but the Department’s internal controls still need improvement, according to a report from the Office of Inspector General (OIG).

OIG 15-10 Independent Auditors’ report on DHS FY 2014 Financial Statements and Internal over Financial Reporting, compiled for the OIG under contract by the firm KMPG LLP, gave an unqualified, or clean, audit opinion on the agency’s balances as of September 30, 2014. But the firm also cited four concerns, called “material weaknesses,” in financial reporting that could lead to waste, fraud, or inaccurate accounting.

Weaknesses were identified in overall financial reporting, controls over access to information technology, accounting for assets like property and equipment, and budgetary accounting. KMPG specifically reported that DHS management lacked fully effective tools to assure that capital projects were properly monitored and reviewed and that access to key information systems was controlled and monitored.

“A clean opinion is quite a feat for an agency as complex and diverse as DHS,” said Inspector General John Roth. “But these material weaknesses need to be fully addressed to protect the public’s investment in Homeland Security.”

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