



Report In Brief

U.S. Department of Commerce, Office of Inspector General

December 3, 2009



Why We Did This Review

The Government Management Reform Act of 1994 amended the requirements of the Chief Financial Officers Act of 1990 by requiring annual preparation and auditing of the Department of Commerce's financial statements.

Background

The Office of Inspector General engaged KPMG, an independent public accounting firm, to audit the Department of Commerce's FY 2009 consolidated and special-purpose financial statements, including an assessment of the IT controls supporting its financial management systems.

KPMG conducted the financial statement audit in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget Bulletin 07-04, Audit Requirements for Federal Financial Statements, as amended, and measured the Department's IT controls against the five criteria in GAO's Federal Information System Controls Audit Manual.

We defined the scope of work for the audits, oversaw their performance and delivery, and reviewed the final reports.

Department of Commerce

FY 2009 Financial Statement Audits (FSD-19652)

What We Found

KPMG's audit found that the Department's consolidated financial statements were fairly presented in all material respects and in conformity with U.S. generally accepted accounting principles. KPMG found one instance of material noncompliance with laws, regulations, or contracts: the National Oceanic and Atmospheric Administration did not comply with the Anti-Deficiency Act. Another concern related to Anti-Deficiency Act compliance at the National Telecommunications and Information Administration will be referred to the Department's Office of General Counsel.

KPMG found that while the Department has taken positive steps to correct previous findings, there are still vulnerabilities related to various controls over the Department's financial management systems. These weaknesses combine to form a significant deficiency in Commerce's IT controls.

KPMG also audited the Department's special-purpose financial statements and determined its compliance with the financial reporting requirements in the Treasury Financial Manual. The Treasury Department uses the audited statements to prepare its Financial Report of the U.S. Government. In its unqualified opinion on the special-purpose statements, KPMG reported no material weaknesses in internal controls and no instances of noncompliance.

What We Recommend

KPMG's audit has been summarized in a limited distribution report. We requested that the Department provide us an audit action plan by January 9, 2010, to address the report's findings and delineate the actions the Department plans to take to fix the IT deficiency. We also asked that the Department provide the rationale or legal basis behind its decision should it choose not to implement KPMG's recommendations.