



FEDERAL BUREAU OF INVESTIGATION ANNUAL FINANCIAL STATEMENTS FISCAL YEAR 2010

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OFFICE OF THE INSPECTOR GENERAL COMMENTARY AND SUMMARY

This audit report contains the Annual Financial Statements of the Federal Bureau of Investigation (FBI) for the fiscal years (FY) ended September 30, 2010, and September 30, 2009. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed the FBI's audit in accordance with U.S. generally accepted government auditing standards. The audit resulted in an unqualified opinion on the FY 2010 financial statements. An unqualified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the entity's operations in conformity with U.S. generally accepted accounting principles. For FY 2009, the FBI also received an unqualified opinion on its financial statements (OIG Report No. 10-11).

KPMG LLP also issued reports on internal control and on compliance and other matters. For FY 2010, the *Independent Auditors' Report on Internal Control over Financial Reporting* identified one significant deficiency. The FY 2010 significant deficiency related to the FBI not adequately monitoring its certification and accreditation process and its security assessments. Specifically, the FBI did not consistently maintain and enforce information technology security policies in accordance with current National Institute of Standards and Technology, the Department of Justice Information Technology Security Standard, and the FBI Certification and Accreditation Handbook policies and procedures during a significant portion of FY 2010.

In the FY 2010 *Independent Auditors' Report on Compliance and Other Matters*, the auditors concluded that the FBI's financial management systems did not substantially comply with federal financial system requirements and the United States Standard General Ledger at the transaction level as required by the *Federal Financial Management Improvement Act of 1996* (FFMIA). This non-compliance with the FFMIA was also reported for FY 2009.

The OIG reviewed KPMG LLP's reports and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the FBI's financial statements, conclusions about the effectiveness of internal control, conclusions on whether the FBI's financial management systems substantially complied with the FFMIA, or conclusions on compliance with laws and regulations. KPMG LLP is responsible for the attached auditors' reports dated November 3, 2010, and the conclusions expressed in the reports. However, our review disclosed no instances where KPMG LLP did not comply, in all material respects, with U.S. generally accepted government auditing standards.