

**OFFICE OF JUSTICE PROGRAMS
ANNUAL FINANCIAL STATEMENT
FISCAL YEAR 2009**

**OFFICE OF THE INSPECTOR GENERAL
COMMENTARY AND SUMMARY**

This audit report contains the Annual Financial Statement of the Office of Justice Programs (OJP) for the fiscal years (FY) ended September 30, 2009, and September 30, 2008. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed OJP's audit in accordance with U.S. generally accepted government auditing standards. The audit resulted in an unqualified opinion on the FY 2009 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 2008, OJP also received an unqualified opinion on its financial statements (OIG Report No. 09-17).

KPMG LLP also issued reports on internal control and on compliance and other matters. For FY 2009, the *Independent Auditors' Report on Internal Control over Financial Reporting* identified one significant deficiency related to improvements needed in the system and controls over recording budgetary upward and downward adjustments. Specifically, the audit identified weaknesses in OJP's review process for posting recoveries of prior year obligations. No instances of significant non-compliance with laws and regulations or other matters were identified during the audit.

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 OJP's financial statements, conclusions about the effectiveness of internal control, conclusions on whether OJP's financial management systems substantially complied with the *Federal Financial Management Improvement Act of 1996*, or conclusions on compliance with laws and regulations. KPMG LLP is responsible for the attached auditors' reports dated November 6, 2009, 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.