U.S. GOVERNMENT PRINTING OFFICE
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Office of the Inspector General

DATE: November 19, 2007

REPLY TO
ATTN OF: Inspector General

SUBJECT: Report on the Consolidated Financial Statement Audit of the Government Printing Office for Fiscal Years Ended September 30, 2007 and 2006
Report Number 08-02

TO: Public Printer

This audit report contains the annual consolidated financial statements of the Government Printing Office (GPO) as of the fiscal years (FY) ended September 30, 2007 and 2006. We contracted with the independent certified public accounting firm of KPMG LLP (KPMG) to audit the consolidated balance sheet; statement of revenue and expenses; and statement of cash flows for the years then ended. The audits were conducted in accordance with auditing standards generally accepted in the United States; and the standards applicable to financial audits contained in the *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States (GAGAS).

Results of Independent Audit

KPMG expressed an unqualified opinion on the GPO consolidated financial statements as of the FYs ended September 30, 2007, and 2006 by concluding that the GPO financial statements were fairly presented, in all material respects, in conformity with generally accepted accounting principles (GAAP).

KPMG's consideration of internal control over financial reporting resulted in the following significant deficiencies[1], which KPMG did not consider to be material weaknesses[2]:

[1] A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the GPO's ability to initiate, authorize, record, process, or report financial data reliably in accordance with GAAP such that there is more than a remote likelihood that a misstatement of the GPO's consolidated financial statements that is more than inconsequential will not be prevented or detected by the GPO's internal control over financial reporting.

[2] A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the GPO's internal control.

- Certain reconciliation controls should be improved;
- Misapplication of generally accepted accounting principles; and
- Information Technology general controls should be improved.

In general, (1) GPO did not always perform key reconciliations timely and when performed, differences noted were not consistently investigated and resolved in a timely manner; (2) in one instance related to the review and reporting of fixed assets and another instance related to recognition of appropriated revenue, GPO misapplied GAAP to these non-routine transactions; and, (3) KPMG identified deficiencies in the design and/or operations of GPO's information technology (IT) general controls.

The reconciliation and IT general control deficiencies were also identified during the FY 2006 audit.

KPMG disclosed no instances of noncompliance with certain provisions of laws, regulations, and contracts or other matters that are required to be reported under GAGAS.

Evaluation and Monitoring of Audit Performance

We reviewed the KPMG audit of the GPO consolidated financial statements by:

- Evaluating the independence, objectivity, and qualifications of the auditors and specialists;
- Reviewing the approach of and planning for the audit;
- Attending key meetings with auditors and GPO officials;
- Monitoring the audit progress;
- Examining audit documentation;
- Reviewing the auditors' reports; and
- Reviewing the financial statements and associated footnotes.

KPMG is responsible for the attached reports dated November 15, 2007, and the conclusions expressed in the reports. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and accordingly we do not express, an opinion on GPO's financial statements, the effectiveness of internal controls, or compliance with laws and regulations. However, our monitoring review, as limited to the procedures listed above, disclosed no instances in which KPMG did not comply, in all material respects, with GAGAS.

If you have any questions or comments about this report, please do not hesitate to contact me, or Mr. Kevin Carson, Assistant Inspector General for Audits and Inspections, at (202) 512-2009 or through email at kcarson@gpo.gov.

J. Anthony Ogden
INSPECTOR GENERAL

Attachment

cc: Chief of Staff
General Counsel