Smithsonian Institution Memo

Office of the Inspector General

Date July 1, 2015

To: John W. McCarter, Jr., Chair, Board of Regents
Ambassador Barbara Barrett, Chair, Audit and Review Committee, Board of Regents

Cc: Albert G. Horvath, Under Secretary for Finance & Administration/ Chief Financial Officer
Jean Garvin, Director, Office of Finance and Accounting

From: Cathy L. Helm, Inspector General

Subject Independent Auditors' Reports on the Fiscal Year 2014 Audits of Federal Awards Performed in Accordance with Office of Management and Budget Circular A-133 (Report Number A-14-06)

This memorandum transmits the third and final report of the fiscal year 2014 financial statement audits of the Smithsonian Institution (Smithsonian) performed by the independent public accounting firm of KPMG LLP (KPMG), which is done in conjunction with Defense Contract Audit Agency (DCAA).[1] Attached are both KPMG's and DCAA's reports on the audits of federal awards performed in accordance with U.S. Office of Management and Budget (OMB) Circular A-133. KPMG and DCAA expressed an unmodified opinion.

In addition, as you are aware, on November 17, 2014, KPMG issued an unmodified opinion on the fiscal year 2014 federal special-purpose financial statements, also known as the federal closing package. Further, on January 15, 2015, KPMG issued an unmodified opinion on the Smithsonian's fiscal year 2014 entity-wide financial statements. KPMG audited the statement of financial position as of September 30, 2014, and the related statements of financial activity and cash flows. KPMG concluded that these statements presented fairly, in all material respects, the Smithsonian's financial position.

As part of our oversight activities, we reviewed KPMG's audit reports and documentation and interviewed its representatives. Our review of KPMG's fiscal year 2014 audit work disclosed no instances where KPMG did not comply, in all material respects, with the American Institute of Certified Public Accountants' generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing Standards*.

Our oversight of KPMG's audit was not intended to enable us to express, and we

[1] The Office of the Inspector General (OIG) serves as the Smithsonian's Contracting Officer's Technical Representative for the oversight of KPMG's work.

do not express, an opinion about the Smithsonian's financial statements, internal controls over financial report, or compliance with laws and regulations. KPMG is responsible for their audit reports and the conclusions therein.

If you have any questions, please do not hesitate to contact me or Thomas E. Yatsco, Assistant Inspector General for Audits, at 202.633.7050.

Attachments