



Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation

Office of Inspector General

Subject: INFORMATION: Quality Control Review
of Audited Financial Statements
for Fiscal Year 2002, FAA
QC-2003-017

Date: January 27, 2003

From: Kenneth M. Mead
Inspector General

Reply To

Attn Of: Meche:x61496

To: The Secretary
Federal Aviation Administrator

The audit of the Federal Aviation Administration (FAA) Financial Statements as of and for the year ended September 30, 2002, was completed by KPMG LLP (KPMG) of Washington, D.C. We performed a quality control review of the audit work to determine compliance with applicable standards. These standards include the Chief Financial Officers Act, *Government Auditing Standards*, and Office of Management and Budget Bulletin 01-02, *Audit Requirements for Federal Financial Statements*.

The KPMG audit report rendered an unqualified opinion on the FAA financial statements. The report included one material internal control weakness, six reportable internal control conditions, and one material noncompliance with accounting laws and regulations. KPMG made 14 recommendations for corrective actions (see Attachment). We agree with the KPMG recommendations. We are requesting that, within 15 days, FAA specify actions taken and planned, along with estimated completion dates for planned actions.

In our opinion, the audit work performed by KPMG complied with applicable standards. Therefore, we are not making any additional recommendations.

We appreciate the cooperation and assistance of FAA and KPMG representatives. If we can answer any questions, please call me at (202) 366-1959, or John Meche at (202) 366-1496.

Attachment