



**United States Department of State  
and the Broadcasting Board of Governors**

*Office of Inspector General*

Government Accountability Office  
Attn: Ms. Lynda Downing  
441 G Street, NW, Room 5V09  
Washington, DC 20548

NOV 17 2008

Dear Ms. Downing:

In compliance with the *Treasury Financial Manual*, Part 2, Chapter 4700, Agency Reporting Requirements for the Financial Report of the United States, the Office of Inspector General (OIG) is providing the *Independent Auditor's Report on the Department of State's Special-Purpose Financial Statements* (OIG Report No. AUD/FM-09-01). This report was prepared by Leonard G. Birnbaum and Company, LLP, an independent certified public accounting firm, at OIG's direction. Also provided are the following:

- reclassified financial statements
- GF004F Trading Partner Summary Note Report
- GF003G Closing Package Line Reclassification Summary Report
- GF006 FR Notes Report
- GF007 Other Data Report
- Management Representation Letter on the Closing Package (including Summary of Unadjusted Misstatements)

For your information, we have provided Ms. Karen Hunter, of the Department of the Treasury, and the Office of Federal Financial Management, within the Office of Management and Budget, with an identical letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark W. Duda".

Mark W. Duda  
Assistant Inspector General for Audits

Enclosures: As stated.

cc: RM/DCFO – Mr. Chris H. Flaggs



**United States Department of State  
and the Broadcasting Board of Governors**

*Office of Inspector General*

Department of the Treasury  
Financial Management Services  
Attn: Ms. Karen Hunter  
3700 East-West Highway, Room 509B  
Hyattsville, MD 20782

NOV 17 2008

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**United States Department of State  
and the Broadcasting Board of Governors**

*Office of Inspector General*

Office of Management and Budget  
New Executive Office Building  
Office of Federal Financial Management  
Attn: OFFM  
725 17th St., NW, Suite 6025  
Washington, DC 20503

NOV 17 2008

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Mark W. Duda  
Assistant Inspector General for Audits

Enclosures: As stated.

cc: RM/DCFO – Mr. Chris H. Flaggs

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I/FO: AUD Unclassified/FM Division/FY 08 Financial Statements/FY 08 Closing Package

bcc: FO Secretariat, NCoonley

# LEONARD G. BIRNBAUM AND COMPANY, LLP

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### Independent Auditor's Report

To the Secretary, Department of State:

We were engaged to audit the accompanying reclassified balance sheet as of September 30, 2008 and 2007, and the related reclassified statements of net cost and changes in net position for the years then ended (the special-purpose financial statements) contained in the special-purpose closing package of the Department of State. These special-purpose financial statements are the responsibility of the Department of State's management.

Because the Department was unable to respond to requests for evidential material in a timely manner and we were not able to perform other auditing procedures to satisfy ourselves as to the accuracy of the Department's 2008 general purpose financial statements in time to meet the November 17, 2008, deadline imposed by the Office of Management and Budget (OMB) for issuing our report on the Department's general purpose financial statements, the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on those financial statements.

The Department did not provide the special-purpose financial statements as of, and for the year ended, September 30, 2008, to us until November 17, 2008. Because of the schedule imposed by OMB for the completed report, we were unable to perform any work on the data included in the statements. Therefore, we are unable to express, and we do not express, an opinion on the Department's 2008 special-purpose financial statements.

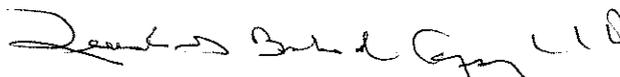
In our report dated November 16, 2007, we disclaimed an opinion on the Department's 2007 special-purpose financial statements. The Department was unable to provide complete financial statements or respond to requests for evidential material in a timely manner, and we were not able to perform other auditing procedures to satisfy ourselves as to the accuracy of the Department's 2007 general purpose financial statements in time to meet the November 15, 2007, deadline imposed by OMB for issuing our report thereon. Since the Department's general purpose financial statements are the source of the amounts presented in the special-purpose financial statements, we were unable to express, and did not express, an opinion on the Department's 2007 special-purpose financial statements.

Because we were unable to perform any work on the Department's 2008 special-purpose financial statements, we are not able to determine whether the accompanying special-purpose financial statements and accompanying notes contained in the special-purpose closing package have been prepared in accordance with the U.S. Department of the Treasury's Financial Manual (TFM), Volume I, Part 2, Chapter 4700

The information included in the Other Data is presented for the purpose of additional analysis and is not a required part of the special-purpose financial statements, but is supplementary information required by TFM Chapter 4700. We have not applied any procedures regarding the methodology and presentation of this information. We also have not reviewed such information for consistency with the related information presented in the Department of State's financial statements. Accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, we have also issued a report dated November 14, 2008, on our consideration of the Department of State's internal control over financial reporting and its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 07-04, and should be read in conjunction with this report.

This report is intended solely for the information and use of the Department of State, the U.S. Department of the Treasury, OMB, and the U.S. Government Accountability Office in connection with the preparation and audit of the *Financial Report of the U.S. Government* and is not intended to be and should not be used by anyone other than these specified parties.

  
Leonard G. Birnbaum and Company, LLP

Alexandria, Virginia  
November 17, 2008