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Independent Auditors' Report on Compliance and Other Matters

To the Director
of the Court Services and Offender Supervision Agency:

We have audited the balance sheet of the Court Services and Offender Supervision Agency (CSOSA) as of September 30, 2007 and 2006, and the related statements of net cost, changes in net position, and the combined statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated May 7, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of CSOSA is responsible for complying with laws, regulations, contracts, and grant agreements applicable to CSOSA. As part of obtaining reasonable assurance about whether CSOSA's financial statements are free of material misstatement, we performed tests of CSOSA's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CSOSA. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of certain of our tests of compliance described in the preceding paragraph, exclusive of those referred to in FFMIA, disclosed an instance of noncompliance or other matters that is required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, as described below.

The Accountability of Tax Dollars Act of 2002 requires that agencies submit audited financial statements (included in a Performance and Accountability Report) within 45 days after the end of the fiscal year. CSOSA did not submit its Performance and Accountability Report within the 45-day time requirement.

The results of our tests of FFMIA disclosed instances, described in Exhibit I of the September 30, 2007 *Independent Auditors' Report on Internal Control Over Financial Reporting*, where CSOSA's financial management systems did not substantially comply with Federal accounting standards.

The results of our tests of FFMIA disclosed no instances in which CSOSA's financial management systems did not substantially comply with Federal financial management systems requirements, or the United States Government Standard General Ledger at the transaction level.



CSOSA's responses to the instances of noncompliance or other matters identified in our audit are presented in Exhibits I and II of the September 30, 2007 *Independent Auditors' Report on Internal Control Over Financial Reporting*. We did not audit CSOSA's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of CSOSA management, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

May 7, 2009