



Office of Inspector General

---

OFFICE OF CYBER  
ASSESSMENTS AND DATA  
ANALYTICS

AUDIT REPORT

THE DEPARTMENT OF ENERGY'S FISCAL YEAR  
2024 CONSOLIDATED FINANCIAL STATEMENTS

DOE-OIG-25-09  
DECEMBER 2024



**Department of Energy**  
Washington, DC 20585

December 12, 2024

MEMORANDUM FOR THE SECRETARY

A handwritten signature in cursive script, appearing to read "Teri L. Donaldson".

FROM: Teri L. Donaldson  
Inspector General

SUBJECT: Audit Report: *The Department of Energy's Fiscal Year 2024 Consolidated Financial Statements*

The attached report presents the results of the independent certified public accountants' audit of the Department of Energy's consolidated financial statements as of September 30, 2024, and 2023, and the related consolidated statements of net costs, changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

To fulfill the Office of Inspector General's (OIG) audit responsibilities, we contracted with the independent public accounting firm of KPMG LLP (KPMG) to conduct the audit, subject to our review. KPMG is responsible for expressing an opinion on the Department's financial statements and reporting on applicable internal controls and compliance with laws and regulations. The OIG monitored audit progress and reviewed the audit report and related documentation. This review disclosed no instances where KPMG did not comply, in all material respects, with generally accepted government auditing standards. The OIG did not express an independent opinion on the Department's financial statements.

KPMG audited the consolidated financial statements of the Department as of September 30, 2024, and 2023, and the related consolidated statements of net costs, changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements. Based on its audit and the reports of other auditors, KPMG concluded that except for an opinion qualification on the Portsmouth Paducah Project Office's \$39.1 billion environmental liability and a material weakness for internal controls related to financial reporting over environmental liability estimates, the consolidated financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles for the years ended September 30, 2024, and 2023.

As part of this review, the auditors also considered the Department's internal controls over financial reporting and tested for compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the consolidated financial statements. During the audit, KPMG identified a material weakness over the

environmental management liability estimate. KPMG determined that Office of Environmental Management Headquarters had not ensured that the environmental liability estimate was adequately supported with valid cost estimates, schedules, and assumptions. For instance, KPMG identified that numerous sites did not maintain documentation to support risks and cost estimates associated with the environmental liability. In addition, KPMG noted that the lack of management review at one site contributed to an environmental liability overstatement of \$1.8 billion.

The OIG issued notices of findings and recommendations to management throughout the audit. All findings and recommendations will be detailed in a separate management letter that will be provided to the Department. The audit disclosed no instances of noncompliance or other matters required to be reported under applicable audit standards and requirements. There are no formal recommendations that need to be tracked in the Departmental Audit Report Tracking System; therefore, an additional response is not required.

We appreciated the cooperation of your staff during the audit.

Attachment

cc: Deputy Secretary  
Chief of Staff  
Under Secretary for Infrastructure, S3  
Under Secretary for Science and Innovation, S4  
Under Secretary for Nuclear Security and Administrator of the National Nuclear Security Administration, S5  
Senior Advisor, Office of Environmental Management, EM-1  
Deputy Chief Financial Officer, CF-2

Audit Report: DOE-OIG-25-09

Department financial reports are available for download on the Office of the Chief Financial Officer Web site: <https://www.energy.gov/cfo/listings/agency-financial-reports>



KPMG LLP  
 Suite 12000  
 1801 K Street, NW  
 Washington, DC 20006

## Independent Auditors' Report

The Inspector General, United States Department of Energy, and  
 The Secretary, United States Department of Energy:

### Report on the Audit of the Consolidated Financial Statements

#### *Qualified Opinion*

We have audited the consolidated financial statements of the United States (U.S.) Department of Energy (Department), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of net costs, changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the possible effects on the 2024 consolidated financial statements of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Department as of September 30, 2024 and 2023, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

#### *Basis for Qualified Opinion on the 2024 Consolidated Financial Statements*

For the year ended September 30, 2024, the Department reported a Portsmouth Paducah Project Office (PPPO) environment liability balance of \$39.1 billion and related costs. This balance is reflected in the environmental liabilities caption in the consolidated balance sheet as of September 30, 2024, and in the consolidated statement of net cost. The Department also included information related to the PPPO environmental liability balance and related costs in Note 14 Environmental and Disposal Liabilities and Note 21 Program Costs and Earned Revenues by Major Program to the consolidated financial statements. We were unable to obtain sufficient appropriate audit evidence to support the PPPO estimate as of and for the year ending September 30, 2024. Consequently, we were unable to determine whether any adjustments to the amounts were necessary.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), 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. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note 6 to the consolidated financial statements, the Department has total direct loans and loan guarantees, net, of \$19 billion and \$18 billion as of September 30, 2024 and 2023, respectively, which are issued under the *Federal Credit Reform Act of 1990*. Subsidy costs of the direct loans and loan guarantees are intended to estimate the long-term cost to the U.S. Government of its loan program and include interest rate differentials, delinquencies, defaults, fees, and other cash flow items. A subsidy re-estimate is performed

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.





annually as of September 30. Any adjustment resulting from the re-estimate is recognized as subsidy expense. Our opinion is not modified with respect to this matter.

As discussed in Note 14 to the consolidated financial statements, the cost estimates supporting the Department's environmental cleanup and disposal liabilities of \$545 billion and \$534 billion as of September 30, 2024 and 2023, respectively, are based upon assumptions regarding funding and other future action and decisions, many of which are beyond the Department's control. Our opinion is not modified with respect to this matter except as noted in the Basis for Qualified Opinion on the 2024 Consolidated Financial Statements.

As discussed in Note 19 to the consolidated financial statements, the Department is involved as a defendant in several matters of litigation relating to alleged exposures to radioactive and/or toxic substances as a result of the historic operations of the Department's nuclear facilities. The Department has recorded liabilities for likely damages of \$38 billion and \$34 billion as of September 30, 2024 and 2023, respectively. Our opinion is not modified with respect to this matter.

*Other Matter – Interactive Data*

Management has elected to reference to information on websites or other forms of interactive data outside the *Agency Financial Report* to provide additional information for the users of its consolidated financial statements. Such information is not a required part of the consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

*Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Management is responsible for the other information included in the *Agency Financial Report*. The other information comprises the About This Report, Table of Contents, Message from the Secretary of Energy, Message from the Deputy Chief Financial Officer, Memorandum from the Inspector General, and Other Information sections but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Other Reporting Required by Government Auditing Standards**

##### *Report on Internal Control Over Financial Reporting*

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2024, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be a material weakness.



A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below to be a material weakness.

**2024-01 Material Weakness in Internal Controls Over the Environmental Liability**

The Department's Office of Environmental Management (Environmental Management) has been charged with the responsibility for 15 sites where cleanup work is ongoing (originally 107, with 92 sites having completed their cleanup missions) around the country. These sites are geographically dispersed and have diverse types of cleanup work in their missions, including cleanup of tank waste, transuranic and solid waste disposition, soil and groundwater remediation, spent nuclear fuel and nuclear materials cleanup, and facility deactivation and decommissioning. These activities are large scale, technically challenging, and logistically complex.

Environmental Management field sites have the responsibility to formulate, review, and support changes to their Environmental Management environmental liability in a timely, complete, and supportable manner. Field site managers have the responsibility to review and approve changes to their site Environmental Management lifecycle and environmental liability estimates. Because of the unique complexities associated with the cleanup sites, Environmental Management Headquarters plays a key oversight role in ensuring that the environmental liability estimate is both accurate and supported, is developed in accordance with accounting standards, considers the latest available information (including estimates developed by the site that are submitted in the lifecycle change control process), and is centrally compiled to include the full scope of Environmental Management without duplication or omissions.

**Deficiency 24-HQ-EM-01, Headquarters Review of Site Estimates**

Environmental Management Headquarters did not ensure that the environmental liability estimate was adequately supported with valid cost estimates, schedules, and assumptions. For instance, we identified numerous sites that did not maintain documentation to support risks and cost estimates associated with the environmental liability. In addition, we noted that the lack of management review at one site contributed to an environmental liability overstatement of \$1.8 billion.

Environmental Management Headquarters had not performed an appropriate level of oversight of its field sites to ensure that the sites had readily available detailed and accurate documentation to support the environmental liability. In particular, Environmental Management Headquarters did not:

- Require field sites to develop their own policies and procedures that would address site-specific risks, assumptions, and conditions that would impact the environmental liability. Such policies and procedures should help ensure that estimates are adequately supported and reviewed to prevent and detect material misstatements of the Department's financial statements.
- Develop training for the field sites to sufficiently support their assumptions, risks, and cost estimates.
- Perform reviews of field site internal controls and documentation over their estimating process to ensure the accuracy and completeness of environmental liability estimates.



Ineffective Environmental Management policies and procedures at both Headquarters and field sites, in combination with ineffective oversight, increases the risk of misstatement of the Department's financial statements and related notes (specifically related to the Environmental Management liability). As a result of the weaknesses identified, we found that:

- The Portsmouth Paducah Project Office's (PPPO) baseline estimate of \$39.1 billion was not adequately supported by appropriate supporting documentation.
- The Office of River Protection's (ORP) baseline liability estimate contained a \$1.8 billion overstatement of the liability due to inadequate field site management review that failed to identify errors in the liability calculation.
- The Portsmouth and Depleted Uranium Hexafluoride (DUF6) risks included in the PPPO's risk registers were not consistently calculated and supported by appropriate documentation requirements.
- The Savannah River Site (SRS) risk review controls were not designed and implemented to ensure supporting documentation was available for 25 risks associated with 2 project baseline summaries.

#### **Recommendations**

We recommend that the Senior Advisor, Office of Environmental Management:

1. Enhance Environmental Management Headquarters guidance to require field sites to develop policies and procedures related to developing and maintaining audit documentation. This should include the appropriate level of documentation needed to adequately support changes to environmental liability estimates, the timeliness of the availability of supporting documentation, and the expectations associated with adequate management reviews of all changes to the environmental liability.
2. Enhance and require annual Environmental Management Headquarters training on policies and procedures related to documentation necessary to support field site estimates.
3. Perform a periodic assessment of site management review controls at all Environmental Management field sites to identify areas of weakness and to aid the sites in addressing such weaknesses.

#### **Management's Response**

Environmental Management concurs with the Fiscal Year (FY) 2024 Financial Statement Audit Finding and Recommendations. Environmental Management will enhance its guidance to require field sites to develop policies and procedures related to developing and maintaining adequate and timely audit documentation and ensuring adequate management reviews of all changes to the environmental liability. Environmental Management will enhance and require annual training on policies and procedures related to audit documentation necessary to support field site estimates. Environmental Management will also perform a periodic assessment of site management review controls at all Environmental Management field sites to identify areas of weakness and to aid the sites in addressing such weaknesses.

#### **Deficiency 24-PPPO-EM-02, Review Controls Over the PPPO Baseline Estimate**

In reviewing the underlying data and assumptions supporting the PPPO baseline estimate, we identified multiple exceptions across several PPPO sites. Within the 80 samples across the sites, we noted the following:

- At Paducah, KY 20 of 34 samples had exceptions with some having multiple errors. We noted that for 10 samples, management was unable to provide the documentation supporting the baseline estimate. Additionally, subject matter expert judgments for costs associated with 10 samples were unsupported.
- At Portsmouth, OH 19 of 25 samples had exceptions. Specifically, for 8 samples, management was unable to demonstrate past actuals were entered into the estimating system or database completely





and accurately. For 10 samples, management was unable to provide the documentation supporting the baseline estimate and/or the subject matter expert judgments were unsupported. For one sample, management was unable to demonstrate how a comparable site estimate was used.

- At DUF6 at Paducah, KY and Portsmouth, OH 9 of 21 samples had exceptions with some having multiple errors. For instance, subject matter expert judgments for costs associated with five samples were unsupported. For two other samples, the property identification number was incorrectly used in lieu of the building square feet. For three samples, management did not update the estimates to include readily available updated cost information. For three samples, management did not escalate costs to the appropriate FY. Management also improperly excluded items from the estimate for two sample items and did not utilize approved critical decision costs.

The PPPO officials' internal controls over the preparation and review of the cost estimate were not properly designed and implemented. Specifically, officials did not adequately follow existing Environmental Management cost estimating and environmental liability guidance. In addition, PPPO did not maintain documentation of review controls over subject matter expert decisions and judgments and did not have documentation readily available to support their estimates.

Without properly designed and implemented internal controls over the documentation supporting the baseline estimate amounts, calculations, and judgments used, the risk exists that the PPPO environmental liability could be misstated.

#### **Recommendations**

We recommend that the Manager, PPPO:

4. Establish internal controls to maintain documentation over subject matter expert judgments made and data reviewed in the creation of, or updates to, baseline estimates;
5. Document the internal controls and documentation requirements to support an estimate in a policy or procedure; and
6. Ensure environmental management environmental liability estimates are accurate, documented, and meet the scope of Environmental Management's clean-up mission in accordance with Standard Operating Policies and Procedures #35 and cost estimating guidance.

#### **Management's Response**

The PPPO concurs with the FY 2024 Financial Statement Audit Finding and Recommendations. The PPPO will identify, and address audit findings' causes. Additionally, PPPO will conduct a self-assessment of internal policies and procedures over the liability estimate and update accordingly incorporating results and lessons learned. Lastly, PPPO will develop updated cost estimates that are reasonable, documented, and comprehensive.

#### **Deficiency 24-ORP-EM-01, Review Controls Over the ORP Baseline Estimate**

The Department's ORP management lacked effective internal control reviews at a level of precision necessary to identify and correct errors reported in the baseline estimate. Specifically, ORP's internal control procedures did not identify incorrect inputs in a specific project calculation which led to the baseline estimate being incorrectly recorded in the One Enterprise Management System.

The internal controls weakness occurred because the management review control in place did not identify that fringe and general and administrative escalation had been inappropriately included within a specific project estimate of Tank Farms baseline.



Without management review internal controls designed at an appropriate level of precision, the risk exists that management will continue to not detect or correct errors which could result in a misstatement recorded in the One Enterprise Management System and the Department's financial statements. As a result of the control failure noted, the environmental liability estimate at ORP was overstated by a known material misstatement of \$1.8 billion. Department management recorded a correcting entry for this error in the general ledger as a result of our test work.

**Recommendations**

We recommend that the Manager, Hanford Field Office, direct the Assistant Manager for Tank Waste Operations to:

7. Refine or implement new management review internal controls to ensure environmental liability estimate calculations are performed and recorded appropriately and in accordance with policies and procedures.

**Management's Response**

Management concurs with the recommendation.

The Hanford Field Office Assistant Manager for Tank Waste Operations will refine or implement additional internal controls for review of baseline data prior to incorporation into environmental liability estimate.

The estimated completion date for the recommendation is May 31, 2025.

**Deficiency 24-PPPO-EM-01, Ineffective Internal Controls Over the PPPO Review of Risks**

Internal controls designed to review and approve the Portsmouth and DUF6 risk registers did not operate effectively. Our substantive test work identified 24 exceptions related to 17 risks in both the Portsmouth and DUF6 risk registers. These exceptions fell into the following categories:

- Lack of supporting documentation for basis of the cost impact related to 15 exceptions;
- Escalated an incorrect number of years related to 3 exceptions;
- Cost impact did not agree to the supporting documentation related to 5 exceptions; and
- Costs were incorrectly applied to best case, most likely case, and worst case related to 1 exception.

Portsmouth and DUF6 management, in conjunction with PPPO, did not perform ongoing monitoring of the operating effectiveness of the review and approval of the risk registers to identify these errors on their own. Additionally, Portsmouth and DUF6 management, in conjunction with PPPO, failed to retain documentation, transfer, and document organizational knowledge, either through turnover or other means, to properly support their risk determinations and basis of cost impact.

Ineffective operation of review internal controls over the risk register increases the risk that the environmental liability and the related footnote disclosure could be misstated. The PPPO's Monte Carlo results were not calculated based on supported amounts.

**Recommendations**

We recommend that the Manager, PPPO, direct the Deputy Manager for PPPO to:

8. Implement ongoing monitoring procedures to ensure that necessary internal controls over the review and approval of the risk register are operating effectively throughout the period; and
9. Design and implement processes to sufficiently document and maintain supporting documentation of inputs into each Federal risk, including those based on subject matter expert judgment.



### **Management's Response**

The PPPO concurs with the FY 2024 Financial Statement Audit Finding and Recommendations. The PPPO will implement ongoing, documented monitoring procedures to ensure that necessary review and approval controls of the risk register are operating effectively. Additionally, PPPO will design and implement processes to ensure that the risk management process, including inputs into each Federal risk, risk registers, and subject matter expert judgement are sufficiently documented and supported.

### **Deficiency 24-SRS-EM-01, Ineffective Internal Controls Over the SRS Review of Risks**

At the Savannah River Site (SRS), adequate documentation for 25 risks was not maintained by Savannah River Nuclear Solutions, LLC in meeting minutes or other forms of documentation to support the routine review of, and changes to, the risks.

Internal controls related to the risk review process were not designed and implemented. Specifically, policies and procedures were not established to require evidence be maintained at a sufficient level of detail to support review, changes, and/or decisions on risks.

Risk review controls that are not designed and implemented to ensure supporting documentation is available for each risk increases the probability that the SRS Environmental Management contingency could be misstated.

### **Recommendations**

We recommend that the Manager, Savannah River Operations Office:

10. Ensure the risk review policies and procedures used by Savannah River Nuclear Solutions, LLC management are updated to include sufficient documentation of the review of, and changes to, risks as part of the risk management process; and
11. Ensure review processes utilized by the Integrated Life-Cycle Estimate Risk manager are refined to provide more Federal oversight of the contractor-identified risks.

### **Management's Response**

Management concurs with Recommendation 10. Environmental Management will direct SRNS management to refine SRS's Operational Risk and Opportunity Management Process Manual 14B, Procedure 2.1, to include the requirement to keep documentation regarding risk reviews.

The estimated completion date for the recommendation is December 20, 2024.

Management concurs with Recommendation 11. The Integrated Life-Cycle Estimate Risk Manager is updating the procedures for the risk review process to include more Federal employee involvement. The procedures will be reviewed by Chief Financial Officer management to be implemented in FY 2025.

The estimated completion date for this recommendation is January 15, 2025.

Department management did not report the material weakness 2024-01 in its Management Assurances, included in the Management's Discussion and Analysis section of the accompanying *Agency Financial Report*.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements as of and for the year ended September 30, 2024, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. 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 our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

We also performed tests of the Department's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

*Department's Response to Findings*

*Government Auditing Standards* requires the auditor to perform limited procedures on the Department's response to the findings identified in our audit and described previously. The Department's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

*Purpose of the Other Reporting Required by Government Auditing Standards*

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Washington, DC  
December 12, 2024

## FEEDBACK

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We aim to make our reports as responsive as possible and ask you to consider sharing your thoughts with us.

Please send your comments, suggestions, and feedback to [OIG.Reports@hq.doe.gov](mailto:OIG.Reports@hq.doe.gov) and include your name, contact information, and the report number. You may also mail comments to us:

Office of Inspector General (IG-12)  
Department of Energy  
Washington, DC 20585

If you want to discuss this report or your comments with a member of the Office of Inspector General staff, please contact our office at 202-586-1818. For media-related inquiries, please call 202-586-7406.