The attached audit report on the Transportation Security Administration (TSA) Consolidated Balance Sheet as of February 28, 2003, was issued by KPMG LLP (KPMG) of Washington, D.C. The audit was performed to provide assurance that the beginning balances of TSA assets and liabilities that transferred from the Department of Transportation (DOT) to the Department of Homeland Security (DHS) on March 1, 2003, are reliable. We performed a quality control review of the audit work to determine compliance with auditing standards generally accepted in the United States.

The KPMG Independent Auditors’ Report rendered an unqualified opinion on the TSA balance sheet as of February 28, 2003, when TSA transferred from DOT to DHS. In our opinion, the audit work performed by KPMG on the TSA balance sheet complied with auditing standards generally accepted in the United States of America.

We appreciate the cooperation and assistance of TSA and KPMG representatives. If we can answer any questions, please call me at (202) 366-1992, or Ted Alves at (202) 366-1496.

Attachment

#