



# Audit Report



OIG-22-017

## FINANCIAL MANAGEMENT

Management Letter for the Audit of the United States Mint's  
Financial Statements for Fiscal Years 2021 and 2020

December 7, 2021

Office of Inspector General  
Department of the Treasury

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OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D. C. 20220

December 7, 2021

**MEMORANDUM FOR VENTRIS C. GIBSON, ACTING DIRECTOR  
UNITED STATES MINT**

**FROM:** Ade Bankole /s/  
Acting Director, Financial Statement Audits

**SUBJECT:** Management Letter for the Audit of the United States Mint's  
Financial Statements for Fiscal Years 2021 and 2020

We hereby transmit the attached subject management letter. Under a contract monitored by our office, KPMG LLP (KPMG), a certified independent public accounting firm, audited the financial statements of the United States Mint as of September 30, 2021 and 2020, and for the years then ended. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*, and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency, *Financial Audit Manual*.

As part of its audit, KPMG issued the attached management letter dated December 6, 2021, that discusses a deficiency in information technology controls and a deficiency in financial reporting controls that were identified during the audit, but were not required to be included in the auditors' report.

In connection with the contract, we reviewed KPMG's management letter and related documentation and inquired of its representatives. KPMG is responsible for the letter and the conclusions expressed in the letter. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards with respect to this management letter.

If you wish to discuss this report, please contact me at (202) 927-5329, or a member of your staff may contact R. Nikki Holbrook, Acting Manager, Financial Statement Audits, at (202) 927-6552.

Attachment

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**THE UNITED STATES MINT**

Management Letter

For the Year Ended September 30, 2021

**The United States Mint  
Management Letter**

**For the Year Ended September 30, 2021**

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KPMG LLP  
Suite 12000  
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December 6, 2021

Deputy Inspector General  
Department of the Treasury  
875 15<sup>th</sup> Street, NW  
Washington, DC 20005

Acting Director  
United States Mint  
801 9<sup>th</sup> Street, NW  
Washington, DC 20001

Deputy Inspector General and Acting Director:

In planning and performing our audit of the financial statements of the United States Mint, as of and for the years ended September 30, 2021 and 2020, in accordance with auditing standards generally accepted in the United States of America; in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in accordance with Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*, we considered the United States Mint's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the United States Mint's internal control. Accordingly, we do not express an opinion on the effectiveness of the United States Mint's internal control.

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 and/or significant deficiencies and therefore, material weaknesses and/or significant deficiencies may exist that were not identified. In accordance with *Government Auditing Standards*, we issued our report dated December 6, 2021 on our consideration of the United States Mint's internal control over financial reporting.

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. During our audit, we identified deficiencies in internal control which are summarized in Appendix A. Appendix B presents the status of prior year comments.

The United States Mint's response to the findings identified in our audit are described in Appendix A. The United States Mint's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

The purpose of this letter is solely to describe the deficiencies in internal control identified during our audit. Accordingly, this letter is not suitable for any other purpose.

Very truly yours,

**KPMG LLP**

## THE UNITED STATES MINT

### Fiscal Year 2021 Management Letter Comments

#### Information Technology (IT) Finding

##### A-1 Certain Controls over the Removal of Terminated Users from the Mint Network Need Improvement

In the prior year, we identified instances where access of terminated users was not disabled timely from the United States Mint's (Mint) General Support System (GSS) Wide Area Network (WAN)/Local Area Network (LAN) and the web-based time and attendance system (webTA).

During Fiscal Year (FY) 2021, we continued to identify instances where access of terminated users was not disabled timely from Mint's systems. Specifically, we noted that the access of four out of 15 terminated users tested was not removed (disabled) in the Mint GSS WAN/LAN within five business days. In addition, we noted that the access of three out of 139 terminated users tested was not removed (disabled) in webTA during FY2021.

The National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision (Rev.) 4, *Security and Privacy Controls for Federal Information Systems and Organizations* states:

#### AC-2 Account Management

"The organization:

[...]

- f. Creates, enables, modifies, disables, and removes information system accounts in accordance with [Assignment: organization-defined procedures or conditions];"

#### PS-4 Personnel Termination

"The organization, upon termination of individual employment:

- a. Disables information system access within [Assignment: organization-defined time period];
- b. Terminates/revokes any authenticators/credentials associated with the individual;"

United States Department of the Treasury (Treasury) Directive Publication (TD P) 85-01, Version 3.1, states:

#### "2.12 Managers and Supervisors

Managers and supervisors shall---

[...]

- 4) Notify SOs [aka system owners] to revoke access privileges in a timely manner when a user under their supervision or oversight no longer requires access privileges, requires a change in access privileges, or fails to comply with stated policies and procedures.

#### PS-4 Personnel Termination

Control: The organization, upon termination of individual employment:

- a. Disables information system access within [bureau-defined time period];"

The United States Mint Access Management Policy for United States Mint Information Systems dated April 10, 2020, states:

#### Section 3.4, Termination:

"Non-privileged user accounts must be disabled by ITD within 5 business days of notice of termination. Privileged user accounts must be disabled within 1 business day of notice of termination."

Mint management established a timeframe for control performers to remove user accounts associated with terminated employees and contractors, however, the Mint did not properly implement and enforce the timeframe amongst the control performers to ensure that the terminated staff accounts are removed from the Mint systems in the required timeframe, as per Mint's policy.

**THE UNITED STATES MINT**

Fiscal Year 2021 Management Letter Comments

Untimely removal of system access of terminated or transferred employees increases the risk of unauthorized access to the systems, which could lead to a compromise in data confidentiality, integrity, and availability.

We recommend that Mint management enforce termination and transfer procedures to remove system access of terminated or transferred employees and contractors in a timely manner from the network.

Management Response:

Management concurs with the finding.

**Non-IT Finding**

**A-2 Controls over Certain Expense Accrual Balances Need Improvement**

The Mint recently implemented additional controls to periodically review the expense accrual balances to ensure that such balances represent valid obligations and record appropriate adjustments, as needed.

While the Mint continued to make improvements in reviewing the expense accrual balances, we noted that the management review control did not operate effectively to ensure that the expense accrual balances were recorded as of fiscal year-end in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Specifically, we noted that one out of three expense accrual samples was overstated by \$589 thousand.

The *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States, Principle No. 10, Control Activities, states, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process of life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

Statement of Federal Financial Accounting Standards No. 1, *Accounting for Selected Assets and Liabilities*, Paragraph 74 states "Accounts payable are amounts owed by a federal entity for goods and services received from, progress in contract performance made by, and rents due to other entities."

The exception noted above occurred because controls are not implemented at an appropriate level of precision to ensure that all expenses and related accruals are accounted for and reported in the Mint's financial statements in accordance with U.S. GAAP.

Inadequate controls over expense accrual balances increase the risk that expense accruals reported in the Mint's financial statements could be misstated.

We recommend that Mint management implement controls to ensure that expenses and related accruals are appropriately accounted for and reported in the Mint's financial statements in accordance with U.S. GAAP.

Management Response:

Management concurs with the finding.

**THE UNITED STATES MINT**  
Status of Prior Year Management Letter Comments

| <b>Fiscal Year 2020 Management Letter Comments</b>                                               | <b>Fiscal Year 2021 Status</b> |
|--------------------------------------------------------------------------------------------------|--------------------------------|
| <b>IT Findings</b>                                                                               |                                |
| A-1 User Account Management for WAN/LAN Needs Improvement                                        | Closed.                        |
| A-2 Timely Removal of Terminated Users from the Mint Network Needs Improvement                   | Re-issued, A-1.                |
| A-3 Timely Removal of Terminated Users from Oracle Federal Financial and WebTA Needs Improvement | Re-issued, A-1.                |

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