



Audit Report



OIG-23-011

FINANCIAL MANAGEMENT

Management Letter for the Audit of the United States Mint's Financial Statements for Fiscal Years 2022 and 2021

December 7, 2022

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 21, 2022

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

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

SUBJECT: Management Letter for the Audit of the United States
Mint's Financial Statements for Fiscal Years 2022 and
2021

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, 2022 and 2021, 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. 22-01, *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, 2022, that discusses certain deficiencies in information technology 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, Manager, Financial Statement Audits, at (202) 597-1813.

Attachment

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THE UNITED STATES MINT

Management Letter

For the Year Ended September 30, 2022

THE UNITED STATES MINT
Management Letter
For the Year Ended September 30, 2022

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

December 6, 2022

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

Director
United States Mint
801 9th Street, NW
Washington, DC 20001

Deputy Inspector General and 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, 2022 and 2021, 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. 22-01, *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, 2022 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

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Fiscal Year 2022 Management Letter Comments

Information Technology (IT) Findings

A-1 Weaknesses in the United States Mint (Mint) Periodic Access Reviews

The Treasury Bureau of the Fiscal Service (FS) Administrative Resource Center (ARC) System and Organization Controls (SOC) 1, Type 2 report and the Government Accountability Office's Standard for Internal Control in the Federal Government require Mint to periodically review user access to the Oracle Federal Financials (Oracle), webTA, and the HRConnect (HRC) systems.

Certain controls related to the periodic review of user access to Oracle, webTA, and HRC were not designed or implemented appropriately during Fiscal Year (FY) 2022. Each of the periodic users' access reviews performed for Oracle, webTA, and HRC were performed by users with access to the systems; as a result, these individuals reviewed their own access. In addition, management could not provide documentation to support that an independent review was performed for these users.

The United States Government Accountability Office's Standards for Internal Control in the Federal Government, dated September 2014, states:

- 10.12 Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision (Rev.) 5, *Security and Privacy Controls for Information Systems and Organizations*, dated September 2020, states:

AC-5 Separation of Duties

Control:

- a. Identify and document [Assignment: organization-defined duties of individuals requiring separation]; and
- b. Define system access authorizations to support separation of duties.

The Mint's policies related to the periodic users' access reviews do not require that an independent review of users who are also performing the reviews be documented and retained.

Weaknesses in periodic users' access review controls increase the risk of unauthorized access to the system, which could lead to a compromise in data confidentiality, integrity, and availability.

We recommend that Mint management update its policies related to the periodic users' access reviews to require that the independent review of users who are also performing the reviews be documented and retained.

Management Response:

Management concurs with the finding.

A-2 Weaknesses in Timely Removal of Terminated Users

Since FY 2019, we have identified weaknesses with the controls over timely removal of terminated user access to Mint information systems. Mint is required to remove access to the Local Area Network/Wide Area Network (LANWAN) for terminated users within the timeframe established by Mint's policy. Additionally, Mint is required to notify the Treasury Bureau of the Fiscal Service (FS) Administrative Resource Center (ARC) in a timely manner regarding terminated users with access to Oracle Federal Financials (Oracle) and webTA in

THE UNITED STATES MINT

Fiscal Year 2022 Management Letter Comments

accordance with the relevant complementary user entity controls defined in the FS ARC System and Organization Controls (SOC) 1, Type 2 report covering those systems.

We noted that controls related to terminated user access removal were not designed or implemented appropriately during FY 2022. Specifically, we identified the following weaknesses:

- Mint management had not defined a process for notifying FS ARC in a timely manner regarding terminated users with access to Oracle or webTA, to include a required timeframe for notification; and
- One out of one selected LANWAN administrator's access was not disabled within one business day of notice of termination, as required by Mint's policy.

Mint Access Management Policy for United States Mint Information Systems, dated April 10, 2020, Section 3.4: *Termination*, states:

Following is the base United States Mint account termination policy:

[...]

- Privileged user accounts must be disabled within 1 business day of notice of termination by either a COR for contractors, or the supervisor for federal employees.

Report on the Description of the Administrative Resource Center Shared Services System and the Suitability of the Design and Operating Effectiveness of Its Controls (SSAE 18 SOC 1 – Type 2 Report) for the period July 1, 2021 to June 30, 2022, states:

Customer agency auditors should determine whether customer agencies have established controls to provide reasonable assurance to:

[...]

- Notify ARC timely regarding separating employees.

Management's risk assessment process did not identify the absence of a formal process to notify FS ARC of separated users in a timely manner as a risk that required additional compensating controls. Additionally, the selected LANWAN user's administrative account was not disabled timely due to a delay in the control operator processing the access removal request.

Weaknesses in timely removal of terminated users' access to Mint's systems increase the risk of unauthorized access to the system, which could lead to a compromise in data confidentiality, integrity, and availability.

We recommend that Mint management:

- Document and implement a process for timely notifying FS ARC of terminated users; and
- Enforce existing requirements for timely removal of terminated users with administrative access.

Management Response:

Management concurs with the finding.

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 Status of Prior Year Management Letter Comments

Fiscal Year 2021 Management Letter Comments	Fiscal Year 2022 Status
A-1 Certain Controls over the Removal of Terminated Users from the Mint Network Need Improvement	Re-issued, A-2.
A-2 Controls over Certain Expense Accrual Balances Need Improvement	Closed.

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