



Audit Report



OIG-25-018

FINANCIAL MANAGEMENT

Management Letter for the Audit of the Bureau of Engraving and Printing's Financial Statements for Fiscal Years 2024 and 2023

December 12, 2024

**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 12, 2024

**MEMORANDUM FOR PATRICIA S. COLLINS, DIRECTOR
BUREAU OF ENGRAVING AND PRINTING**

FROM: Shiela Michel /s/
Acting Director, Financial Statement Audits

SUBJECT: Management Letter for the Audit of the Bureau of Engraving
and Printing's Financial Statements for Fiscal Years 2024 and
2023

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 Bureau of Engraving and Printing (BEP) as of September 30, 2024 and 2023, 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. 24-02, *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 12, 2024, that discusses a matter involving a deficiency in internal control over financial reporting that was identified during the audit but was not required to be included in the auditors' report. This matter involved general information technology controls. BEP management's response to the recommendation is included. The response was not audited by KPMG. Management will need to include the proposed corrective action completion dates related to the recommendations in the Department of the Treasury's Joint Audit Management Enterprise System (JAMES).

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.

If you wish to discuss this report, please contact me at (202) 486-1415, or a member of your staff may contact Felicia Silver, Acting Manager, Financial Statement Audits, at (771) 210-6004.

Attachment

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BUREAU OF ENGRAVING AND PRINTING

Management Letter

For the Year Ended September 30, 2024

BUREAU OF ENGRAVING AND PRINTING

Management Letter

For the Year Ended September 30, 2024

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

December 12, 2024

Acting Inspector General
Department of the Treasury
Washington, DC

Director
Bureau of Engraving and Printing
Washington, DC

To the Acting Inspector General and Director:

In planning and performing our audit of the financial statements of the Bureau of Engraving and Printing (the Bureau), as of and for the years ended September 30, 2024 and 2023, 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 in accordance with the Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, we considered the Bureau'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau'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 12, 2024 on our consideration of the Bureau'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 a deficiency in internal control which is summarized in Appendix A. Appendix B presents the status of prior year deficiencies.

The Bureau's written response to the deficiency identified in our audit is described in Appendix A. The Bureau's written response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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

Very truly yours,

KPMG LLP

BUREAU OF ENGRAVING AND PRINTING

Fiscal Year 2024 Comments

Information Technology (IT) Deficiency

A-1 LAN WAN Password Weaknesses

Since fiscal year (FY) 2023, we reported that BEP Local Area Network/Wide Area Network (LAN WAN) users authenticate to the network with a Personal Identity Verification (PIV) card, with the exception of those users granted temporary PIV exemptions. PIV exceptions can occur for a number of reasons, such as a lost or stolen PIV card. Users with PIV exemptions are able to access the network with a username and password instead of a PIV card.

In FY 2024, we determined that the deficiencies continued to exist in the implementation of the Active Directory (AD) password settings enforced for LAN WAN users with PIV exemptions not being configured in accordance with BEP policy requirements.

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

11.11 Management designs control activities for security management of the entity's information system for appropriate access by internal and external sources to protect the entity's information system. Objectives for security management include confidentiality, integrity, and availability. [...]

Corrective actions for the prior year findings were not completed during FY 2024, which caused the weakness to continue. BEP management indicated that password settings for select operating systems were present, but management did not ensure that the requirement was implemented for the AD. Management was aware of this deviation but prioritized the timeliness of implementing an updated operating system over the remediation of the deficiency.

Additionally, the password complexity for the AD was configured to 'Enabled' but this configuration did not require all categories, and management did not note this system limitation as being permissible within the policy requirements, which caused this configuration setting to be out of compliance with policy.

Weaknesses in password configuration settings increases the risk of systems and data being compromised, which could allow an individual to perform unauthorized activities that would impact the functionality of the system and the confidentiality, integrity, and availability of its data.

Recommendation

We recommend that BEP management update LAN WAN password configuration settings to comply with policy requirements or formally document a risk acceptance with mitigating controls.

Management Response

Management concurred with the deficiency and recommendation.

BUREAU OF ENGRAVING AND PRINTING

Status of Prior Year Comments

Fiscal Year 2023 Management Letter Comments	Fiscal Year 2024 Status
1) LAN WAN Password Weaknesses	Re-issued, A-1
2) User Inactivity Monitoring Needs Improvement	Closed



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