



# Audit Report



OIG-26-022

## FINANCIAL MANAGEMENT

### Management Letter for the Audit of United States Mint's Financial Statements for Fiscal Year 2025

February 26, 2026

Office of Inspector General  
Department of the Treasury

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OFFICE OF  
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

February 26, 2026

**MEMORANDUM FOR PAUL HOLLIS, DIRECTOR  
UNITED STATES MINT**

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

**SUBJECT:** Management Letter for the Audit of the United States Mint's  
Financial Statements for Fiscal Year 2025

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 (Mint) as of September 30, 2025, and for the year 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 February 26, 2026, that discusses certain deficiencies in information technology and financial reporting controls that were identified during the audit, but were not required to be included in the auditors' report. Mint management's responses to the recommendations are included. These responses were not audited by KPMG. Mint 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.

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) 486-1415 or a member of your staff may contact Nikki Holbrook, Manager, Financial Statement Audits, at (202) 597-1813.

Attachment



**THE UNITED STATES MINT**

Management Letter

For the Year Ended September 30, 2025

**THE UNITED STATES MINT**

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

February 26, 2026

Deputy Inspector General  
Department of Treasury  
Washington, DC

Director  
United States Mint  
Washington, DC

To the 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 year ended September 30, 2025 in accordance with auditing standards generally accepted in the United States of America and 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* we considered the United States Mint'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 Company'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 February 25, 2026, 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 the following deficiencies in internal control which are summarized in Appendix A. Appendix B presents the status of prior year deficiencies.

The United States Mint's written response to the deficiencies identified in our audit is described in Appendix A. The United States Mint's written responses were not subject 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 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 2025 Management Letter Comments

**Information Technology (IT) Deficiency**

A-1 Weakness in Timely Removal of LAN WAN Terminated User Access

In FY 2025, we determined that deficiencies continued to exist in the timely removal of Mint LANWAN GSS user accounts for terminated users in accordance with Mint policy. Specifically, two of 25 sampled LANWAN GSS user accounts were not disabled within five business days of their effective HR termination date.

United States Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government (Green Book)*, dated September 2014, states:

Enforce Accountability 5.03, "Management holds entity personnel accountable for performing their assigned internal control responsibilities. The oversight body, in turn, holds management accountable as well as the organization as a whole for its internal control responsibilities."

Internal Control System Monitoring 16.05, "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions."

*United States Mint Directive, MD 10003.02, Access Management Policy for United States Mint Information Systems*, dated July 2021, Section 7.5: Termination states:

5. Termination: Following is the base United States Mint account termination policy:
  - a. Non-privileged user accounts must be disabled by ITD within five business days of notice of termination by either a COR for contractors, or the supervisor for Federal employees. Exception is made for accounts to remain active longer when the account or accounts in question are pertinent to an investigation, a Freedom of Information Act (FOIA) request, or other legal or personnel action.

*United States Mint HR Systems Standard Operating Procedures (SOP)*, dated March 1, 2023, Section 5: Responsibilities state:

"Staffing Programs Branch (SPB) – designated Authority to initiate requests for user access or termination of access to the appropriate HR Systems."

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

"AC-2: Account Management:

Control: [...]

h. Notify account managers and [Assignment: organization-defined personnel or roles] within:

1. [Assignment: organization-defined time period] when accounts are no longer required;
2. [Assignment: organization-defined time period] when users are terminated or transferred; and
3. [Assignment: organization-defined time period] when system usage or need-to-know changes for an individual." [...]

“PS-4: Personnel Termination:

Control: Upon termination of individual employment:

- a. Disable system access within [Assignment: organization-defined time period];
- b. Terminate or revoke any authenticators and credentials associated with the individual;” [...]

Mint management did not:

- Enforce accountability of individuals performing logical access control responsibilities to remove terminated user access within the required timeframe.
- Effectively monitor the timely initiation of personnel termination requests within the appropriate HR system to help ensure the terminated user accounts are disabled within the required timeframe.

Untimely removal of terminated users’ access to Mint’s LANWAN GSS increases the risk of unauthorized access to the LANWAN GSS, which could lead to an increased risk of compromise in data confidentiality, integrity, and availability.

We recommend that Mint management reinforce and monitor the policy related to access removal within five business days of termination for terminated personnel to be able to hold individuals responsible for effectively disabling access timely.

*Management Response:*

Management concurred with the finding and recommendation.

## Financial Reporting Deficiencies

### A-2 Improvements Needed Over Implementation of Annual Physical Inventory Control

Mint Standard Operating Procedure (SOP) requires Oracle to be closed for adjustments during Annual Physical Inventory (API) inspections. However, during the FY25 API inspections at Denver and Philadelphia, Mint management recorded two transactions in Oracle related to inventory quantities. Additionally, one of the transactions management recorded was inappropriately classified as an API adjustment when it did not relate to the API.

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

12.01 "Management should implement control activities through policies"

12.05 "Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks."

14.01 "Management should internally communicate the necessary quality information to achieve the entity's objectives."

14.03 "Management communicates quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system."

United States *Mint's Inventory Counting Standard Operating Procedure Sequence #014*, dated as of May 2021, states:

"4.2. Brief Overview of the Inventory Counting Process:

Cycle Counting is a continuous process of counting items on a due to count basis per the inventory classification in the ERP system so there are no formal meetings or events, unless a cycle count will be conducted with the observation of the financial statement auditors.

"4.6.2 The Inventory Management Team:

- 1) Cancels or finishes all outstanding counting activities for the organization before initiating a new Mint ERP System API counting event.
  - 2) Creates and processes a counting event in the Mint ERP System prior to beginning the API.
5. Roles and responsibilities

"Organization Financial Manager and staff:

- Notifies appropriate production/inventory personnel when transactions should be suspended and when they can be resumed during the counting activity.
- Reviews/audits and verifies counting results, documentation of reasons for discrepancies, and proposed corrective actions.
- Reviews and signs off on adjustments to the ERP System prior to approving the counts in the system.

"The Inventory Management Team:

- Ensures all items physically received are recorded in the system prior to counting activity.
- Ensures that WIP and FG material movements are completed prior to the counting activity."

Management did not effectively notify appropriate inventory personnel when transaction should be suspended in Oracle during the API. Furthermore, management did not properly review the description on inventory adjustments forms to validate that the reasons for the adjustments were accurately documented.

Ineffective controls over inventory physical inspection may increase the risk of misstatement of the inventory balance, specifically the 15250001, 15260001 and 15270001 accounts and related note disclosures.

We recommend that Mint management ensure Oracle transaction postings are suspended during API counts. Additionally, management should reinforce the review of the proper description on the Inventory Adjustment Document form to ensure that all adjustments are accurately documented.

*Management Response:*

Management concurred with the finding and recommendations.

A-3 Ineffective Review of OBI Monthly Manual Journal Review

During the May and September Oracle Business Intelligence (OBI) Monthly Manual Journal Review, 11 entries had the preparer and approver names transposed between the Manual Journal Entry Request Form and the entry posted in Oracle.

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

4.06 "Management defines succession and contingency plans for key roles to help the entity continue achieving its objectives."

4.07 "Management defines succession plans for key roles, chooses succession candidates, and trains succession candidates to assume the key roles."

12.05 "Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology. Regulators; legislators; and in the federal environment, the Office of Management and Budget and the Department of the Treasury may also change either an entity's objectives or how an entity is to achieve an objective. Management considers these changes in its periodic review."

16.05 "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations."

United States Mint's Program Statement #2072.01, dated as of August 2023, states:

"5.B Perform Journal Validations for Manual Entries:

1) The HQ Management Analyst and or Reporting Accountant:

a) Runs the Manual Journal Review report in Oracle and sends it to the Financial Managers (or other designees) and HQ Accountants to ensure that all JEs were entered/recorded, and all transactions are correct"

While Mint management did appropriately prepare and review the manual journal entry forms, Mint management did not sufficiently perform review of manual journal entries after being posted by Administrative Resource Center (ARC) into Oracle to ensure all data elements were posted correctly and did not work with ARC to train and develop individuals to understand journal entry Oracle posting responsibilities.

The ineffective monthly review of manual journal entries increases the risk of misstatements to all accounts and related note disclosures.

We recommend that Mint management monitor the effectiveness of the journal entry review control to ensure thorough review of manual journal entries data elements are posted correctly in Oracle. Additionally, Mint management should work with ARC to train and develop individuals to understand journal entry Oracle posting responsibilities.

*Management Response:*

Management concurred with the finding and recommendations.

A-4 Ineffective Review of Open Obligations

Mint management did not timely de-obligate two obligations that were assigned a “de-obligate” status during the September 2025 quarterly Open Obligations Review control.

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

12.05 “Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity’s objectives or addressing related risks.”

16.01 “Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.”

16.05 “Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations.”

17.06 “Management completes and documents corrective actions to remediate internal control deficiencies on a timely basis. These corrective actions include resolution of audit findings.”

United States Mint’s *Open Obligation Review Program Statement #1104.06.CN01*, dated as of February 2023, states:

“ 4. Roles and responsibilities

B.3 Request from Contracting Officers/Contracting Specialists:

a) Timely review and de-obligation of all open unliquidated obligations for which period of performance end dates have expired.”

Mint management did not sufficiently perform quarterly reviews of open obligations to verify that obligations classified as “de-obligate” were timely de-obligated. Additionally, management did not timely implement corrective actions over the open obligation review process to remediate prior year audit findings.

Open obligations are overstated by \$11,260.00. This control deficiency increases the risk of an overstatement of open obligations accounts, including GL accounts 48010001, 48010099, 48710001, and 48810001.

We recommend that Mint management ensures a thorough review of the obligations classified as “de-obligate” is performed to verify that the obligation is de-obligated timely. Additionally, we recommend that Mint management continue to work towards implementing corrective actions to remediate control deficiencies over the open obligation quarterly control process.

*Management Response:*

Management concurred with the finding and recommendations.

A-5 Inventory Hedging Balance Variance

Mint management was unable to reconcile part of the 9/30/25 inventory hedging balance to supporting documentation.

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

10.02 “Management designs control activities in response to the entity’s objectives and risks to achieve an effective internal control system.”

10.03 “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. [...] Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.”

13.06 “Management processes relevant data from reliable sources into quality information within the entity’s information system.”

Management did not design controls to reconcile inventory hedging balances to supporting documentation.

Without reconciling inventory hedging balance to supporting documentation, the risk exists that the amounts related to hedged inventory (GLAC 152503), accounts receivable – hedging (GLAC 131006), future expenses (GLAC 650002 and 610001), and unrealized gain/loss – exchange (GLAC 718001 and 728001) may not be accurately recorded, reconciled, or supported, which could result in a potential misstatement of the account balance on the financial statements.

We recommend that Mint management design and implement controls to ensure inventory hedging balances reconcile to supporting documentation.

*Management Response:*

Management concurred with the finding and recommendation.

**THE UNITED STATES MINT**

Status of Prior Year Management Letter Comments

<b>Fiscal Year 2024 Management Letter Comments</b>	<b>Fiscal Year 2025 Status</b>
A-1 Weakness in Timely Removal of LAN WAN Terminated User Access	Re-issued, A-1
A-2 Ineffective Review of Open Obligations	Re-issued, A-4
A-3 Ineffective Review of Manual Journal Entries	Closed



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