



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

OFFICE OF  
INSPECTOR GENERAL

March 22, 2017

OIG-CA-17-015

MEMORANDUM FOR DAVID MOTL, ACTING PRINCIPAL DEPUTY DIRECTOR  
UNITED STATES MINT

FROM: Deborah L. Harker /s/  
Assistant Inspector General for Audit

SUBJECT: Termination Memorandum – Audit of Physical Security at  
U.S. Mint Facilities

In June 2011, we initiated an audit of physical security at United States Mint (Mint) facilities. The objectives of the audit were to (1) assess the Mint's physical security policies and procedures, and (2) determine whether the facilities' physical security conforms to those policies and procedures.

During our audit fieldwork, we discovered weaknesses at each of the facilities (Denver, Philadelphia, San Francisco, and West Point). We immediately discussed the results with Mint Headquarters (HQ) Protection Department and Mint facility officials. At that time, the Mint was undergoing a project to enhance security at all of its facilities. Mint officials told us that completion of the first two Security Modernization Project (SMP) phases, approved and funded in 2009 and 2011, and the related Mint infrastructure upgrades completed in June 2015, addressed most of the issues discovered during our fieldwork. Mint management also told us that subsequent to our fieldwork, three additional SMP phases were approved and funded.

Our audit disclosed findings at all the Mint facilities we visited and several facilities shared the same weaknesses. In most cases, the Mint HQ Protection Department's project management of the SMP was inadequate due to missed project milestones and project schedules that were not regularly maintained or consistently communicated and provided to the Mint facilities. The weaknesses discovered during our audit are discussed in detail below.

The San Francisco, Philadelphia, and West Point facilities had obsolete security technology and related equipment. In addition, Denver's and Philadelphia's standard

operating procedures needed updating. We also found some issues that are unique to each facility:

- Denver Mint had (1) unrestricted access to the roof and a freight elevator by Mint employees, contractors, and the public, and (2) weaknesses over the security and contract administration at a contracted coin wrapping facility and an off-site warehouse facility.
- Philadelphia Mint's (1) annual inspection process was not effective in identifying security and protection weaknesses, and (2) vaults need to be identified, assigned to the responsible departments, and periodically inventoried.
- West Point Mint's accounting for precious metals was a manual process that was not efficient and was at risk for increased error.

Given the recent implementation of SMP, and in consideration of the Mint's actions to address our findings, we believe it would be more beneficial to assess physical security at the Mint at a later date. Accordingly, we are terminating this audit. Also, please note that *Physical Security at Mint Facilities* (job code A-MF-11-064) will be removed from our *Monthly Status Report*.

We appreciate the courtesies and assistance provided by your staff. If you have any questions, please contact me at (202) 927-5400 or Kathy Johnson, Audit Director, at (202) 927-8783.

cc: Dennis O'Connor, Mint Chief of Police  
Tom Noziglia, Mint Audit Liaison