



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

July 28, 2017

OIG-CA-17-024

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 the Mint’s Controls
Over the Sales of Limited-Production, Investment Grade
Products

In November 2010, we initiated an audit of the United States Mint’s (Mint) controls over the sales of limited-production, investment-grade products. The objective of the audit was to determine whether the Mint had adequate controls to ensure the broadest and most fair access to its products. The Mint produces and issues gold, silver and platinum bullion coins to authorized purchasers (AP) through its bullion coin programs. The purpose of the bullion coin programs is to make precious metal coins available at minimal cost to investors.

During our audit fieldwork, we discovered that the Mint bullion coin programs’ policies and procedures ensure fair and broad access to its bullion coins through the AP network.¹ We found that (1) an annual review of APs was needed, (2) the Mint Headquarters (HQ) and West Point Mint bullion programs’ standard operating procedures (SOPs) needed review, (3) the West Point facility’s inventory management system for the bullion programs relied on manual data entry that may not be as efficient as an automated system, and (4) better sales forecasting for the America the Beautiful (ATB) silver bullion coin program was needed.

We discussed the results with the responsible Mint officials. Mint HQ management told us that they annually monitor individual AP sales performance; however, they do not consistently document these reviews. Consequently, the Mint’s Precious Metals Group prepared an annual AP summary review sheet that is now added to each AP file folder. Mint HQ and West Point Mint management told us that they would update the bullion programs’ SOPs. When we recommended that the West

¹ The Mint uses private sector distribution channels (e.g., brokerage companies, precious metals firms) to distribute its bullion coins.

Point Mint management enhance its inventory management system for the bullion programs by implementing automated inventory tools wherever possible; they were not convinced that there was a better method. Since our review, Mint HQ management told us that they implemented more conservative sales forecasting for later ATB silver coin programs.

In consideration of the Mint's actions to address our findings and the fact that we found no errors with the manual system for accounting for West Point Mint bullion inventory, we believe that continuing our audit would not significantly enhance the bullion coin programs. Accordingly, we are terminating this audit and will reassess the Mint's bullion coin programs at a later date. Also, please note that *Investment Grade Product* (job code A-MF-11-003) 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: Jovita Carranza, Treasurer
Tom Noziglia, Mint Audit Liaison