

**MANAGEMENT LETTER**  
AUD-FM-23-12

To the Chief Financial Officer and the Deputy Inspector General Performing the Duties of the Inspector General:

Kearney & Company, P.C. (referred to as “we” hereafter), has audited the financial statements of the U.S. Department of State (Department) as of and for the year ended September 30, 2022, and has issued our report thereon, dated November 15, 2022.<sup>1</sup> In planning and performing our audit of the Department’s financial statements, we considered the Department’s internal control over financial reporting and the Department’s compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements. Our auditing procedures were designed for the purpose of expressing an opinion on the financial statements and not to provide assurances on internal control or compliance. Accordingly, we do not express an opinion on the effectiveness of the Department’s internal control over financial reporting or on the Department’s compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements.

During our audit, we noted certain matters related to internal control over financial reporting that we considered to be significant deficiencies and certain matters relating to compliance that we considered to be reportable under 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 Office of Management and Budget Bulletin No. 22-01, “Audit Requirements for Federal Financial Statements.” These items are not repeated in this letter because they are explained in detail in our report on the Department’s FY 2022 financial statements.

Our procedures were designed primarily to enable us to form an opinion on the Department’s financial statements and therefore may not have identified all internal control weaknesses and instances of noncompliance that may exist. Although not considered to be material weaknesses, significant deficiencies, or reportable instances of noncompliance, we noted certain other matters involving internal control, operations, and noncompliance. These findings are summarized in Appendix A and are intended to assist the Department in strengthening internal controls and improving operating efficiencies.

We appreciate the courteous and professional assistance provided by Department personnel during our audit. These findings were discussed in detail with appropriate Department officials, and management’s response to the draft of this report is presented in its entirety in Appendix B.

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<sup>1</sup> OIG, *Independent Auditor’s Report on the U.S. Department of State FY 2022 and FY 2021 Financial Statements* (AUD-FM-23-07, November 2022).



This letter is intended solely for the information and use of Department management, those charged with governance, and others within the Department and the Office of Inspector General and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Kearney &amp; Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia  
February 10, 2022

## MANAGEMENT LETTER COMMENTS

### ISSUES REPEATED FROM PRIOR YEAR

During the audit of the U.S. Department of State’s (Department) FY 2021 financial statements, Kearney & Company, P.C. (referred to as “we” hereafter), identified matters that were reported in an internal control report<sup>1</sup> and a management letter.<sup>2</sup> The severity of two issues reported in the FY 2021 internal control report related to budgetary accounting has decreased and is now included in the management letter rather than the FY 2022 Report on Internal Control. Additionally, as described in Table 1, the severity of one issue included in the FY 2021 management letter has decreased, and we consider the item closed. Five issues that were reported in the FY 2021 management letter remain open, and we have updated these issues with information obtained during the audit of the Department’s FY 2022 financial statements.

**Table 1: Current Status of Prior-Year Management Letter Findings**

FY 2021 Management Letter Findings	FY 2022 Status
Insufficient Fund Balance With Treasury Reconciliation Process	Repeat
Inaccurate Personnel Data for Locally Employed Staff	Repeat
Inadequate Control Over Personnel Records and Actions	Repeat
Inaccurate Supporting Data for the Asbestos Remediation Estimate	Repeat
Ineffective Global Employment Management System Configuration Change Management Process	Closed
Incomplete Integrated Logistics Management System Periodic Access Review	Repeat

### I. Budgetary Accounting

#### Unrecorded Capital Lease Obligations

Capital leases are leases that transfer substantially all benefits and risks of ownership to the lessee; therefore, the asset must be capitalized and shown in the lessee’s balance sheet. Future lease payments represent a liability for the lessee and must be shown on the balance sheet. At the time the lease is entered into, the lessee is required to establish budget authority equal to the net present value of the total estimated obligations over the life of the lease and must show this information on the Statement of Budgetary Resources. As of September 30, 2021, the Department identified 17 capital leases for which it had recorded a capital lease liability of \$46 million.

The Department annually obligates funds equal to only 1 year of the capital lease cost rather than the net present value of anticipated future lease payments, excluding operating expenses. Department officials stated that the Department obligates anticipated lease payments for the current 1-year period rather than the entire lease agreement period because that is the manner in

<sup>1</sup> OIG, *Independent Auditor’s Report on the U.S. Department of State FY 2021 and FY 2020 Financial Statements* (AUD-FM-22-10, November 2021).

<sup>2</sup> OIG, *Management Letter Related to the Audit of the U.S. Department of State FY 2021 Financial Statements* (AUD-FM-22-22, February 2022).

which funds are budgeted and appropriated. Additionally, Department officials noted that the Department has the ability to cancel any capital lease and would be subject to only a minimal penalty relative to the value of the capital lease. Department officials concluded that if the Department obligated the net present value of future capital lease payments, it would be obligating current year funds for future requirements and the funds would not be available for current year priorities.

This issue was initially reported in our FY 2011 Report on Internal Controls Over Financial Reporting.

**Untimely Obligations**

Obligations are definite commitments that will result in outlays, immediately or in the future. The Department should record an obligation in its financial management system when it enters into an agreement, such as a contract or purchase order, to purchase goods and services. Agencies should only record legitimate obligations, which would include a reasonable estimate of the Government’s potential liability. Agencies should maintain policies, procedures, and information systems to ensure that obligations represent required Federal outlays, comply with laws and regulations, and are appropriately approved.

We tested 123 obligations created during FY 2022 to ensure that the obligations were executed and recorded in a timely manner. During our testing, we identified 24 instances in which obligations were not created in a timely manner or were recorded in advance of an executed obligating document. Specifically, we found:

Description of Exception	Number of Exceptions
Goods and services were received, or periods of performance began, prior to the execution of a proper obligating document.	4
Obligations were recorded in the financial management system prior to the execution of the obligating document.	19
Obligations were not recorded in the financial management system within 15 days of the execution of the obligating document.	1

The Department did not have an adequate process in place to ensure that its employees were complying with policies and procedures related to the creation, approval, and timely recording of obligations. Additionally, the Department did not have a process in place to monitor and address instances of noncompliance with policies.

Obligations that are not recorded in a timely manner increase the risk that

- The Anti-Deficiency Act could be violated. If obligations are not recorded prior to the acquisition of goods and/or services, the agency could obligate more funds than it was appropriated.<sup>3</sup>

<sup>3</sup> 31 United States Code § 1341, “Limitations on expending and obligating amounts.”

- Payments may not be made in a timely manner in compliance with the Prompt Payment Act.<sup>4</sup> Interest payments would then need to be made to commercial vendors.

This issue was initially reported in our FY 2010 Report on Internal Controls Over Financial Reporting.

## **II. Fund Balance With Treasury**

### **Insufficient Fund Balance With Treasury Reconciliation Process**

Fund Balance with Treasury (FBWT) reflects the available funds in an agency's accounts with the Department of the Treasury (Treasury) for which the agency is authorized to make expenditures and pay liabilities. Each agency appropriation, receipt, or other fund account is assigned a Treasury Account Fund Symbol. Agencies must promptly reconcile their FBWT accounts on a regular and recurring basis to ensure the integrity and accuracy of their internal and Government-wide financial data.

The Department maintains two cash reconciliation reports: the Global Financial Services – Charleston Cash Reconciliation Report and the Financial Reporting Analysis Cash Reconciliation Report. These reports document final balances for each Treasury Account Fund Symbol for the applicable accounting period. Historical Treasury Account Fund Symbol balances dating back to 1990 have been included within the reconciliation reports. Because of the disaggregated nature of the Department's operations, the FBWT reconciliation process involves the reconciliation of disbursements and collections processed both domestically and overseas as well as through third parties.

The Department records unreconciled differences identified during the FBWT reconciliation process in a suspense account until the discrepancies are resolved. A suspense account is a temporary account used by agencies to record transactions with discrepancies until a determination is made on the proper disposition of the transaction. Treasury allows entities with a justifiable business need to submit a request to use suspense accounts, which are only to be used as a temporary holding place for transactions that must be cleared within 60 days.

We identified eight variances between Treasury and Department fund balances during a review of the June 30, 2022, Financial Reporting Analysis Cash Reconciliation Report. These variances amounted to a net difference of approximately \$1,470,000 and an absolute difference of approximately \$5.1 million. We also found that the Department had a net balance of approximately \$2.5 million in three suspense accounts that had not been resolved within 60 days, as required. We determined that the balances for these accounts remained unchanged during the first three quarters of FY 2022.

During FY 2022, the Department continued to take action to resolve variances in its FBWT accounts. For example, the Department reconciled disbursements and collections at the transaction level. However, the Department's unreconciled fund balances increased from the

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<sup>4</sup> 31 United States Code Chapter 39, "Prompt Payment."

amount reported in FY 2021. Therefore, additional refinements to the process are needed. In addition, for older variances, the Department did not have a complete history of transactions that it could compare with Treasury information because data from previous financial systems were not available to the staff performing the reconciliations. Finally, the Department did not have effective monitoring controls in place to identify, research, and resolve suspense activity approaching or exceeding 60 days.

Failure to implement timely and effective reconciliation processes could:

- Increase the risk of fraud, waste, and mismanagement of funds.
- Affect the Department's ability to effectively monitor budget execution.
- Affect the Department's ability to accurately measure the full cost of its programs.
- Result in erroneous financial statements.

This issue was initially reported in our FY 2009 management letter.

### **III. Payroll and Related Liabilities**

The Department's workforce includes Civil Service, Foreign Service, and locally employed (LE) staff. LE staff are generally paid in local currency, and their salaries and benefits are based on local prevailing practice, which is documented in each post's local compensation plan. LE staff are paid using the Global Foreign Affairs Compensation System – Locally Employed (GFACS LE). Civil Service and Foreign Service employees are paid according to standard Federal Government pay scales, using the Global Foreign Affairs Compensation System – American (GFACS AME).

#### **Inaccurate Personnel Data for Locally Employed Staff**

Human resources information for LE staff, such as date hired, transfers, grade increases, and date of separation, is maintained in one of two Department information systems deployed at overseas posts: WebPass or the Overseas Personnel System (OPS). When a personnel action is initiated for an LE staff, the post enters the information into WebPass or OPS. The LE staff information is then submitted to a Global Financial Services Center, where officials manually enter the information into GFACS LE.

We assessed the completeness of employee information in WebPass or OPS and GFACS LE for all overseas posts that provide voluntary severance or supplemental lump sum after-employment benefits. We used automated audit techniques to compare the total number of employees and the names of employees in WebPass or OPS and GFACS LE. Table 2 shows the results of our testing for FY 2022 and FY 2021 for comparative purposes.

**Table 2: Total Number of Employees in WebPass or OPS and GFACS LE**

Employees Reviewed	FY 2022 Employees	FY 2021 Employees
Employees in both WebPass or OPS and GFACS LE	25,589	25,579
Employees in WebPass or OPS who were not in GFACS LE	1,164	215
Employees in GFACS LE who were not in WebPass or OPS	882	435

For the employees included in WebPass or OPS and GFACS, we performed additional testing to identify data inconsistencies related to the date of birth, service computation date, and annual salary fields. Table 3 shows the results of our testing for FY 2022 and FY 2021 for comparative purposes.

**Table 3: Data Inconsistencies Between WebPass or OPS and GFACS LE**

Exceptions Identified	FY 2022 Exceptions	FY 2021 Exceptions
Date of birth was not consistent	1,083	331
Service computation date was not consistent	4,021	3,280
Annual salary was not consistent	2,560	3,133
Employer agency was not consistent	45	47

In both FY 2022 and FY 2021, the Department tested a judgmental sample of the exceptions and reported that WebPass or OPS contained more accurate information on each employee’s date of birth and service computation date and that GFACS LE contained more accurate salary and employer agency information. We re-performed the Department’s testing and confirmed its conclusions regarding the most accurate sources of LE staff information.

We found that posts were processing personnel actions inconsistently. In certain instances, posts were not notifying the responsible Global Financial Services Center in a timely manner about personnel actions that had been processed. Additionally, we noted instances in which data submitted to the responsible Global Financial Services Center were not updated in GFACS LE to reflect changes made in WebPass or OPS. We also found instances in which approved personnel actions were not accurately entered into GFACS LE once the information was provided to the Global Financial Services Center because of data entry errors. We also noted instances in which GFSC officials identified data entry errors in WebPass or OPS, corrected the errors when entering data into GFACS LE, but did not notify the responsible post to correct the information in WebPass or OPS. Additionally, the Department lacked effective processes and internal controls to ensure the accuracy of LE staff personnel data. Although the Department centrally performs annual reconciliations and comparisons to identify inconsistencies between GFACS LE, WebPass, and OPS, it did not take steps to identify and address the root causes for inconsistent and inaccurate LE staff personnel data.

The Department estimates a liability to include in its annual financial statements for after-employment benefits offered to some LE staff. The reasonableness of the liability estimate related to after-employment benefits relies on accurate underlying employee demographic data. Without accurate and complete LE staff data, the Department may not be able to efficiently or accurately calculate its annual liability for after-employment benefits. The Department adjusted



its liability estimation methodology to address the discrepancies identified during our testing through manual manipulation of data in GFACS LE and WebPass or OPS. In addition, the risk of improper payments exists if payroll and benefit payments are calculated on the basis of inaccurate data.

This issue was initially reported in our FY 2012 Report on Internal Control.

**Inadequate Control Over Personnel Records and Actions**

Insufficient, Inconsistent, or Incorrect Personnel Record Documentation

The Office of Personnel Management requires agencies, including the Department, to maintain up-to-date, complete, and accurate personnel records for each employee. These records should include all benefit election forms as well as any elections resulting in deductions to an employee’s pay. In addition, the Department is required to review time and attendance submissions for accuracy. Maintaining up-to-date personnel records and reviewing time and attendance submissions for accuracy help ensure that employees are compensated only for actual hours worked and benefits earned.

To verify the accuracy of Civil Service and Foreign Service employees’ salaries and benefits, we reviewed personnel records for a sample of 45 employees. Table 4 shows the discrepancies identified during our testing of FY 2022 and FY 2021 data for comparative purposes.

**Table 4: Discrepancies in Personnel Records Identified During Testing**

Discrepancy	FY 2022 Exceptions	FY 2021 Exceptions
Request for Leave or Approved Absence Form (Standard Form [SF] 71) was not provided	9	11
Federal Employees’ Group Life Insurance election selected on the SF-2817 was not the same as the election on the employee’s Earnings and Leave Statement (ELS)	1	0
Retirement Plan Civil Service Retirement System or Federal Employees Retirement System election per the SF-50 did not agree with the deductions on the ELS	1	2
Recalculated Thrift Savings Plan withholding amount did not agree with the amount on the employee’s ELS	8	1
Thrift Savings Plan Election Form was not provided	1	0

Each bureau and post has been delegated the authority to approve personnel actions and time and attendance data, enter information into the personnel system, and submit information to the payroll service centers in either Charleston, SC, or Bangkok, Thailand. We found that bureaus and posts were processing personnel actions and time and attendance data inconsistently. Additionally, bureaus and posts did not always submit information to the payroll service centers in a timely manner or at all. Moreover, the Department did not sufficiently oversee and review the documentation maintained in personnel files and time and attendance reports.



Poor administrative control over the payroll cycle and lack of sufficient and updated supporting documentation in Official Personnel Files may lead to errors in employee pay, improper benefit elections, or increased benefit costs. Incomplete personnel records prevent the timely receipt of sufficient and accurate documentation when requested and hinder the prompt identification and remediation of errors.

This issue was initially reported in our FY 2009 management letter.

Improper and Untimely Processing of Personnel Actions

The Department processes personnel actions when an employee is hired or an existing employee has a change in personnel status, such as resignation, retirement, or promotion. These personnel actions are documented either on the SF-50 (Notification of Personnel Action) or the Joint Form (JF)-62A (Personal Services Agreement Action).

We selected samples from FY 2022 GFACS LE data of 45 payroll disbursements, 49 separated employee personnel actions, and 45 new-hire personnel actions. We also selected samples for FY 2022 from GFACS AME data of 45 payroll disbursements, 45 separated employee personnel actions, and 45 new-hire employee personnel actions. For each of the items selected, we reviewed the SF-50 or the JF-62A for proper and timely approvals. Tables 5 and 6 show the discrepancies identified during our FY 2022 testing as well as the results of our testing in FY 2021 for comparative purposes.

**Table 5: GFACS LE Testing Discrepancies**

<b>Discrepancy</b>	<b>FY 2022 Exceptions</b>	<b>FY 2021 Exceptions</b>
Personnel actions in our payroll disbursement sample were not approved in the pay period following the effective date on the personnel action form	4	10
Personnel actions in our separated employee sample were not approved in the pay period following the effective date on the personnel action form	0	8
Personnel actions in our new-hire employee sample were not approved in the pay period following the effective date on the personnel action form	0	3

**Table 6: GFACS AME Testing Discrepancies**

Discrepancy	FY 2022 Exceptions	FY 2021 Exceptions
Personnel actions in our payroll disbursement sample were not approved in the pay period following the effective date on the personnel action form	5	7
Personnel actions in our separated employee sample were not approved in the pay period following the effective date on the personnel action form	7	15
Personnel actions in our new-hire employee sample were not approved in the pay period following the effective date on the personnel action form	3	6
Employees in our separated employee sample were paid incorrectly following the SF-50 effective date	0	2

Each bureau and post is delegated the authority to approve personnel actions and enter the information into the personnel system. We found that bureaus and posts were processing personnel actions inconsistently. Also, the Department did not have a centralized process to ensure that bureaus and posts were approving employee actions and entering the information into the personnel system in a timely manner.

The potential for improper payment exists if personnel actions are not processed properly or in a timely manner. In addition, the lack of proper oversight of personnel actions may result in errors remaining undetected and uncorrected for long periods of time. Untimely personnel actions are often processed retroactively, leading to supplemental payments being processed manually and therefore increasing the risk of human error and decreasing efficiency.

This issue was initially reported in our FY 2009 management letter.

**IV. Environmental Liability Associated With Asbestos Clean-Up**

**Inaccurate Supporting Data for the Asbestos Remediation Estimate**

Asbestos is a mineral-based material that was widely used in construction during the 19<sup>th</sup> and early 20<sup>th</sup> centuries because of its affordability and resistance to fire, heat, and electrical damage. The Department owns buildings constructed when the use of asbestos in various building materials was common. Because of health concerns, many countries prohibited the use of asbestos in building materials in the 1980s and 1990s. The Department’s Bureau of Overseas Buildings Operations (OBO) periodically assesses posts to identify buildings that have asbestos-containing building materials (ACBM). Upon completion of this analysis, the results for each post are recorded in OBO’s asbestos management database, FAC Apps. Because of the significance of its property inventory and the lack of property-specific estimates, the Department uses a cost-modeling technique to estimate asbestos-abatement costs. The data in FAC Apps are used as the starting point for the Department’s asbestos remediation cost model.

The Department requires overseas post officials to alert OBO of necessary updates to a post’s asbestos data in FAC Apps. For example, overseas posts can notify OBO that ACBMs have been remediated during facility renovations. Based on the request, OBO may then update the post’s data or perform independent ACBM inspections to confirm the requested changes.

We made inquiries of officials at five posts during site visits<sup>5</sup> to determine whether the FAC Apps data related to ACBMs at those posts were accurate and complete as of June 30, 2022. Specifically, we assessed FAC Apps data for the 62 ACBMs recorded at the 5 posts selected for testing and identified 9 discrepancies as shown in Table 7.

**Table 7. Post Accuracy and Completeness Testing Exceptions**

Post	Number of ACBMs Reported in FAC Apps	Number of Discrepancies Identified	Summary of Discrepancies
Sarajevo	0	0	Not Applicable
Riyadh	2	0	Not Applicable
Tegucigalpa	1	1	One ACBM remediated
Bangkok	56	8	Eight ACBMs remediated
Nairobi	3	0	Not Applicable
<b>Total</b>	<b>62</b>	<b>9</b>	

For the exceptions identified, we reviewed a list of ACBM change requests submitted to OBO from October 1, 2021, through June 30, 2022, by the two posts where we identified discrepancies. We found that the posts had not communicated the nine changes that were identified as exceptions to OBO through the change request process.

In addition to obtaining data from five posts, we reviewed seven asbestos-related exceptions that we identified during the FY 2019 and FY 2021 financial statement audits<sup>6</sup> to determine whether OBO had corrected the FAC Apps data as needed. As shown in Table 8, we found that OBO addressed six of seven asbestos-related exceptions as of June 30, 2022.

**Table 8. Analysis of FY 2019 and FY 2021 Exceptions That Were Outstanding as of June 30, 2022**

Fiscal Year of Post Visit	Post	Number of Exceptions Outstanding as of September 30, 2021	Number of Exceptions Outstanding as of June 30, 2022
2019	Johannesburg	1	0
2019	Seoul	1	1
2021	Maputo	4	0
2021	Ottawa	1	0
<b>Total</b>		<b>7</b>	<b>1</b>

<sup>5</sup> We conducted site visits both virtually and in-person at five posts. For virtual site visits, we tested FAC Apps data through questionnaires and interviews with post officials.

<sup>6</sup> We did not identify any asbestos-related exceptions during the FY 2020 financial statement audit.

The Department does not have an effective process to ensure that its asbestos remediation liability estimate is based on the most current conditions at overseas posts. The Department does not regularly perform facility surveys at posts. Therefore, the most recent survey results do not always reflect the current conditions of post facilities. Although the Department developed a process for posts to notify OBO of necessary updates to FAC Apps data, we found that posts did not always use this process. In addition, one testing exception identified during a prior-year audit remained uncorrected because the remediation of ACBMs had neither been reported by post to OBO through the designed process nor updated by OBO in FAC Apps.

Inaccurate or outdated underlying data regarding the presence of asbestos in its facilities may limit the Department's ability to produce a reasonable asbestos remediation estimate. Specifically, when facility records do not accurately reflect the removal of ACBMs, asbestos remediation liability estimates will be overstated.

This issue was initially reported in our FY 2013 management letter.

## **V. Information Security**

### **Incomplete Integrated Logistics Management System Periodic Access Review**

The Integrated Logistics Management System (ILMS) provides end-to-end logistics and supply chain services for Department employees both domestically and at overseas posts. Employees with access privileges use ILMS for procurement, requisitioning, contract management, and asset management functions. ILMS directly interfaces with several other Department information systems, including the Department's primary accounting system.

We found that Department personnel reviewed ILMS user privileges for approximately 39 percent of ILMS accounts during FY 2022; however, the remaining 61 percent of ILMS accounts were not reviewed. The Department developed a corrective action plan to improve its oversight of ILMS user accounts. The Department initially planned to complete the improvements included in the corrective action plan during FY 2021. However, those improvements were not completed during the planned timeframes; therefore, the Department updated its corrective action plan with a new completion date of FY 2022. As of August 2022, the Department had not completed implementing its planned improvements. Department officials stated that additional resources and approvals from Bureau of Administration officials are required to fully implement its corrective actions and that they plan to complete their improvements of the existing access request and audit process to enable reviews over all ILMS accounts during FY 2023.

Periodically reviewing user accounts is an important security control to ensure that only users with valid needs have proper, approved access privileges in ILMS. Users may leave the organization, change positions, or acquire new access privileges; therefore, it is important to periodically review system access listings to verify that users have only the access and privileges needed to perform their job responsibilities. Unnecessary user access and privileges increases the risk to the confidentiality, integrity, and availability of the system and its data.

Furthermore, inappropriately assigned or excessive access privileges increase the risk that erroneous transactions could be processed.

This issue was initially reported in our FY 2019 management letter.

## **NEW MANAGEMENT LETTER COMMENTS**

During the audit of the Department's FY 2022 financial statements, one additional matter came to our attention that was not previously reported in the FY 2021 Report on Internal Control or the management letter.

### **VI. Information Technology**

#### **Insufficient Documentation of User Authorization for the Global Foreign Affairs Compensation System – American**

The Department provides the ability to execute functions (e.g., process payroll) within GFACS AME by assigning users access to sets of "security roles." Each set of security roles that the Department assigns to a user is based on a designated "business role" that aligns with the user's job responsibilities. The Department uses the Compliance and Identity Management System (CIMS) to centrally maintain forms that document the request, review, and approval of business roles, which comprise the underlying sets of security roles, assigned to GFACS AME user accounts.

We found that the Department did not consistently maintain sufficient documentation to support that a supervisor and system administrator reviewed and approved all of the security roles assigned to GFACS AME users. Specifically, we selected a sample of 45 GFACS AME user accounts and found that 5 CIMS forms (11 percent) did not include documented approvals for all assigned security roles.

Until January 2022, users could select from 11 different business roles for GFACS AME in CIMS. These 11 business roles did not sufficiently reflect the job responsibilities of all users. Therefore, on an ad hoc basis, Department officials authorized additional security roles to some users. However, the Department did not have an effective process to supplementally track the review and approval of the additional security roles. In January 2022, the Department updated the GFACS AME access request forms in CIMS to include 46 different GFACS AME business roles. However, the Department did not require updates to CIMS forms for existing users once the additional business roles were added.

By failing to document that supervisors and system administrators review and approve the access assigned to users of the GFACS AME application, the Department increases the risk that users may receive inappropriate access. Inappropriate access may result in the submission of false transactions, dissemination of confidential data, or other malicious activities.



**United States Department of State**  
*Comptroller*  
*Washington, DC 20520*

February 9, 2023

UNCLASSIFIED  
**MEMORANDUM**

**TO:**           OIG – Diana R. Shaw, Senior Official Performing the Duties of the  
                  Inspector General

**FROM:**       CGFS – James A. Walsh *JAW*

**SUBJECT:**   Draft Report - Management Letter Related to the Audit of the  
                  U.S. Department of State Fiscal Year 2022 Financial Statements

Thank you for the opportunity to review and comment on the Draft Report – Management Letter Related to the Audit of the U.S. Department of State FY 2022 Financial Statements.

The Bureau of the Comptroller and Global Financial Services (CGFS) does not have any substantive comments on the Draft Report. We appreciate the efforts of the Office of Inspector General Audit Division (OIG/AUD) and the independent auditor Kearney & Company (Kearney) throughout the financial audit process. We will continue to strive for improvements in the areas noted in the Draft Report and appreciate your valuable input. The Department has benefitted significantly from the past ten plus years of Kearney's knowledge sharing and professionalism and the excellent working relationships that you and Kearney maintained throughout the past annual audits of the financial statements.