



Audit Report



OIG-24-012

FINANCIAL MANAGEMENT

Management Letter for the Audit of the United States Mint's Financial Statements for Fiscal Years 2023 and 2022

December 7, 2023

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 7, 2023

**MEMORANDUM FOR VENTRIS C. GIBSON, DIRECTOR
UNITED STATES MINT**

FROM: Ade Bankole /s/
Director, Financial Statement Audits

SUBJECT: Audit of the United States Mint's Financial Statements
for Fiscal Years 2023 and 2022

We hereby transmit the attached subject report. 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, 2023 and 2022, 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 (OMB) Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency, *Financial Audit Manual*.

In its audit of the Mint, KPMG found

- the financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no deficiencies in internal control over financial reporting that are considered material weaknesses; and
- no instances of reportable noncompliance with laws, regulations, contracts, and grant agreements tested.

KPMG also issued a management letter dated December 6, 2023, discussing certain matters involving deficiencies in information technology controls that were identified during the audit but not required to be included in the auditors' report. This letter will be transmitted separately.

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Mint's financial statements; conclusions about the effectiveness of internal control; or compliance with laws, regulations, contracts, and grant agreements. KPMG is responsible for the attached auditors' report dated

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December 6, 2023, and the conclusions expressed therein. 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) 927-5329, or a member of your staff may contact R. Nikki Holbrook, Manager, Financial Statement Audits, at (202) 597-1813.

Attachment



THE UNITED STATES MINT

Management Letter

For the Year Ended September 30, 2023

THE UNITED STATES MINT
Management Letter
For the Year Ended September 30, 2023

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

December 6, 2023

Deputy Inspector General
Department of the Treasury
875 15th Street, NW
Washington, DC 20005

Director
United States Mint
801 9th Street, NW
Washington, DC 20001

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 years ended September 30, 2023 and 2022, in accordance with auditing standards generally accepted in the United States of America; in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and in accordance with Office of Management and Budget (OMB) Bulletin No. 24-01, *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 United States Mint'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 December 6, 2023 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 deficiencies in internal control which are summarized in Appendix A. Appendix B presents the status of prior year comments.

The United States Mint's response to the findings identified in our audit are described in Appendix A. The United States Mint's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

The 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 2023 Management Letter Comments

Information Technology (IT) Findings

A-1 Weakness in Mint Periodic Access Reviews

The Treasury Bureau of Fiscal Service (FS) Administrative Resource Center (ARC) System and Organization Controls (SOC) 1, Type 2, report and the Government Accountability Office's *Standard for Internal Control in the Federal Government* require the United States Mint (Mint) to periodically review user access to systems including webTA and HRConnect (HRC).

We noted that controls related to the periodic review of user access to webTA and HRC were not designed or implemented appropriately for certain Mint locations during fiscal year (FY) 2023. Specifically, we noted that the users who performed the periodic review of webTA and HRC user access for the Washington, D.C. Office of Sales and Marketing and Washington, D.C. Office of Corporate Communications reviewed their own access (for a total of two users). In addition, management could not provide documentation to support that an independent review was performed for these users.

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

10.12 Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk.

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

AC-5 Separation of Duties

Control:

- a. Identify and document [*Assignment: organization-defined duties of individuals requiring separation*]; and
- b. Define system access authorizations to support separation of duties.

The Mint's Human Resource (HR) system procedures related to periodic user access reviews do not require that an independent review of users who are also responsible for performing the reviews be documented and retained, even if changes to access are not required.

Weaknesses in periodic users' access review controls increase the risk of unauthorized access to the system, which could lead to a compromise in data confidentiality, integrity, and availability.

We recommend that Mint management:

1. Update relevant policies to require that an independent review of users who are also performing periodic access reviews be documented and retained; and
2. Enforce separation of duties principles by documenting and retaining evidence of an independent review of users who are also performing periodic access reviews.

Management Response:

Management concurs with the finding.

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Fiscal Year 2023 Management Letter Comments

A-2 Weakness in Timely Removal of Terminated Users

Since FY 2019, we have identified weaknesses in the controls over timely removal of terminated user access to Mint information systems. Mint is required to notify the FS ARC in a timely manner regarding terminated users with access to Oracle Federal Financials (Oracle) in accordance with the relevant complementary user entity controls defined in the FS ARC SOC 1, Type 2, report covering the system.

We noted that controls related to terminated user access removal were not designed or implemented appropriately during FY 2023. Specifically, we noted that Mint management had not defined and documented a control for notifying FS ARC in a timely manner when users no longer required access to Oracle (i.e., terminated and transferred user), to include a required timeframe for notification.

Report on the Description of the Administrative Resource Center Shared Services System and the Suitability of the Design and Operating Effectiveness of Its Controls (SSAE 18 SOC 1 – Type 2 Report) for the period July 1, 2022 to June 30, 2023, states:

Customer agency auditors should determine whether customer agencies have established controls to provide reasonable assurance to:

[...]

- Notify ARC timely regarding separating employees.

Management's risk assessment process did not identify the absence of a formal process to notify ARC of separated users in a timely manner, to include defining the required timeframe for notification, as a risk that required additional compensating controls.

Weaknesses in timely removal of terminated users' access to Mint's systems increase the risk of unauthorized access to the system, which could lead to a compromise in data confidentiality, integrity, and availability.

We recommend that Mint management define and implement the required timeframe and process for timely notifying FS ARC of terminated and transferred users with access to Oracle.

Management Response:

Management concurs with the finding.

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Status of Prior Year Management Letter Comments

Fiscal Year 2022 Management Letter Comments	Fiscal Year 2023 Status
A-1 Weakness in the United States Mint (Mint) Periodic Access Reviews	Reissued, A-1.
A-2 Weakness in Timely Removal of Terminated Users	Reissued, A-2.

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