



**OFFICE of the
INSPECTOR GENERAL**
U.S. GOVERNMENT PUBLISHING OFFICE

Date:

December 15, 2021

To:

Director, U.S. Government Publishing Office

From:

Inspector General, U.S. Government Publishing Office

Subject:

Management Letter on non-Information Technology – Fiscal Year 2021 Financial Statements

In connection with the audit of the U.S. Government Publishing Office fiscal year (FY) 2021 financial statements, we are providing the attached non-information technology (IT) management letter issued by the independent public accounting firm of KPMG LLP (KPMG). The non-IT management letter describes the deficiencies in internal controls identified during their audit, and recommendations intended to improve internal controls associated with financial reporting. KPMG is responsible for the attached management letter dated December 15, 2021 and the status of prior year recommendations, including closures.

We appreciate the courtesies extended to KPMG and our staff. If you have any questions or comments about this report, please do not hesitate to contact Lori Lau Dillard, Assistant Inspector General for Audits, at llaillard@gpo.gov or me at mleary@gpo.gov.

Digitally signed by Michael P.
Leary
Date: 2021.12.15 16:02:09 -05'00'

MICHAEL P. LEARY
Inspector General

Attachment



UNITED STATES GOVERNMENT PUBLISHING OFFICE

**NON-INFORMATION TECHNOLOGY
MANAGEMENT LETTER
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

United States Government Publishing Office

**Non-Information Technology
Management Letter**

For the Year Ended September 30, 2021

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

December 15, 2021

Director
United States Government Publishing Office

Inspector General
United States Government Publishing Office:

In planning and performing our audit of the financial statements of the United States Government Publishing Office (GPO), as of and for the year ended September 30, 2021, 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, we considered the GPO'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of GPO's internal control. Accordingly, we do not express an opinion on the effectiveness of GPO'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 15, 2021 on our consideration of GPO'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 related to Non-Information Technology (IT) which are described in Appendix A of this letter. A deficiency in internal control related to IT will be presented in a separate letter addressed to you. Appendix B presents the status of prior year Non-IT comments.

The purpose of this letter is solely to describe the deficiencies in Non-IT internal control identified during our audit. Accordingly, this letter is not suitable for any other purpose.

Very truly yours,

KPMG LLP

Appendix A Non-Information Technology Comments and Recommendations

A. *Insufficient Controls over Certain Personnel Action Activities (21-NFR-01)*

During our testwork over new hires we noted that GPO's controls over the processing of certain personnel actions were not operating effectively. Specifically, we noted that for one of the new hire samples tested, the signed version of the Standard Form 52, Request for Personnel Action (SF-52) could not be located.

The Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, Principle No. 10, *Design Control Activities*, states:

“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.”

The exception noted above was due to insufficient controls in place to ensure the proper review and approval of employees' actions before processing and to ensure that documentation supporting employees' actions are properly maintained.

Without proper internal controls in place to ensure that personnel actions are appropriately processed, documented, and maintained, and the information in the forms is reviewed and approved accurately, personnel files could contain incorrect information which could lead to misstatements in personnel and benefit expense.

We recommend that GPO strengthen internal controls over the review and approval of personnel actions by ensuring that the action forms are properly completed and approved. Additionally, we recommend that GPO strengthen their documentation retention policies to ensure all documentation supporting employees' actions are properly maintained.

B. *Insufficient Controls over Certain Acquisition Activities (21-NFR-02)*

During our testwork over various areas related to procurement activities, we noted that Acquisition Services did not always follow GPO's internal policies and procedures regarding the review and approval of certain procurements. Specifically, we noted the following:

1. During our Contract Review Board (CRB) testing, we noted six samples where one of the individuals that approved the CRB memorandum was a PG-12 instead of a PG-13, as required by GPO policies. Additionally, for two samples, the original CRB memos were not available.
2. During our testwork over journal entries, we noted that Acquisition Services did not timely sign two contract awards with another Federal agency. Both contract awards were executed approximately five months after the contract effective date.
3. During our testwork over three rents, communications, and utilities expenses, we noted for one sample that Acquisition Services did not timely complete a purchase order or contract award for steam services provided by a Federal agency. We noted that the contract award was executed on March 3, 2021, however the expense was incurred in January 2021.

4. During our testwork over four fixed asset additions, we noted that for one asset addition Acquisition Services was unable to provide four purchase orders and any related purchase requisitions for invoices totaling \$1 million related to this fixed asset. In addition, Acquisition Services was unable to provide purchase requisition(s) totaling \$9 million for one contract award.

The GAO *Standards for Internal Control in the Federal Government*, Principle No. 10, *Design Control Activities*, states:

“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.”

The GAO *Standards for Internal Control in the Federal Government*, Principle No. 10, *Design Control Activities*, states:

“Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks. As part of the control environment component, management defines responsibilities, assigns them to key roles, and delegates authority to achieve the entity's objectives. As part of the risk assessment component, management identifies the risks related to the entity and its objectives, including its service organizations; the entity's risk tolerance; and risk responses. Management designs control activities to fulfill defined responsibilities and address identified risk responses.”

GPO Directive 110.15E - Contract Review Board (CRB) – effective February 12, 2021

- Section 9. “Composition,” states the CRB will consist of not less than three members selected as follows:
 - a. Chairperson:
 1. The Chief Agency Procurement Services (Central Office or Regional Operations) or Chief, Acquisition Services; or a designee in an acting capacity,
 2. A PG-15 Contracting Officer; or,
 3. A PG-14 Contracting Officer/Contracting Specialist*.
 - b. Second Member
 1. A PG-15 Contracting Officer; or,
 2. A PG-14 Contracting Officer/Contracting Specialist*; or,
 3. A PG-13 Contracting Officer/Contracting Specialist*.
 - c. Third Member
 1. A PG-15 Contracting Officer; or,
 2. A PG-14 Contracting Officer/Contracting Specialist*; or,
 3. A PG-13 Contracting Officer/Contracting Specialist*.

Contracting Officers, who have made decisions regarding, or are required to sign, the award documents of a particular procurement shall not participate in that CRB action.

*Contracting Specialist is applicable only for the Acquisition Services business unit. All Customer Services Board members will be a Contracting Officer.

The exceptions noted above were due to insufficient controls in place to ensure that appropriate reviews and approvals are obtained before purchase orders are executed and that documentation supporting approvals of procurement activities is maintained.

Inadequate controls over procurement activities increase the risk of unauthorized procurement of goods or services.

We recommend that GPO:

1. Implements controls to ensure that contracts and contract modifications required to be reviewed by the CRB, are signed by appropriate individuals per the GPO CRB Directive.
2. Strengthens its internal controls to ensure Contracting Officers are following the policies and procedures in place regarding the timely review and approval of purchases and the maintenance of documentation supporting the approval of acquisitions.

Appendix B Status of Prior Year Non-Information Technology Comments
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FY 2020 Comment Number	FY Comment Originated	Title	FY 2021 Status of Comment Reported in FY 2020
20-NFR-01	2009	Insufficient Controls over Certain Personnel Actions Activities	Open, re-issued as 21-NFR- 01.
20-NFR-02	2013	Insufficient Controls over Certain Acquisition Activities	Open, re-issued as 21-NFR- 02.
20-NFR-03	2018	Insufficient Controls over Certain Printing and Binding Requisition Activities	Closed.
20-NFR-04	2020	Insufficient Controls over Inventory Issuances	Closed.
20-NFR-05	2019	Insufficient Controls over the Work in Process Calculation	Closed.