



April 22, 2020

TO: David S. Ferriero  
Archivist of the United States

FROM: James Springs *James Springs*  
Inspector General

SUBJECT: *Management Letter: Control Deficiencies Identified During the Audit of National Archives and Records Administration's Financial Statements for Fiscal Year 2019*  
Audit Report No. 20-AUD-09

We contracted with the independent certified public accounting firm of CliftonLarsonAllen, LLP (CLA) to audit the financial statements of the National Archives and Records Administration (NARA) as of and for the fiscal years ended September 30, 2019 and 2018. CLA issued an unmodified opinion on NARA's fiscal years 2019 and 2018 financial statements.

During the audit, CLA identified two deficiencies in internal control that did not rise to the level of a material weakness or significant deficiency. While the nature and magnitude of these other deficiencies in internal control were not considered important enough to merit the attention of those charged with governance, they are considered of sufficient importance to merit management's attention.

CLA's comments and two recommendations regarding those matters are summarized in Appendix A. We consider all of the recommendations open. Please submit an action plan for each recommendation by May 8, 2020. Once your office has fully implemented the recommendations, please submit evidence of completion of agreed upon corrective actions so that recommendations may be closed.

This Management Letter is intended solely for the information and use of NARA management, those charged with governance, and the Office of Inspector General and is not intended to be, and should not be, used by anyone other than these specified parties. As with all OIG products, we determine what information is publicly posted on our website from the attachment. Consistent with our responsibility under the *Inspector General Act, as amended*, we will provide copies of this letter to congressional committees with oversight responsibility over NARA.

We appreciate the cooperation and assistance NARA extended to CLA and my staff during the audit. Please contact me or Jewel Butler, Assistant Inspector General of Audits, with any questions.

Attachment

cc: Debra Wall, Deputy Archivist of the United States  
William Bosanko, Chief Operating Officer  
Micah Cheatham, Chief of Management and Administration  
Colleen Murphy, Chief Financial Officer and Senior Accountable Official  
Swarnali Haldar, Chief Information Officer  
Kimm Richards, Accountability  
United States House Committee on Oversight and Government Reform  
Senate Homeland Security and Governmental Affairs Committee



## FISCAL YEAR 2019 MANAGEMENT LETTER

To the Inspector General  
National Archives and Records Administration

To the Archivist  
National Archives and Records Administration

In planning and performing our audit of the consolidated financial statements of the National Archives and Records Administration (NARA) as of and for the year ended September 30, 2019, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No.19-03, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 19-03), we considered NARA'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 NARA's internal control. Accordingly, we do not express an opinion on the effectiveness of NARA'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 or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls.

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. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our Independent Auditors' Report, dated November 11, 2019, except for Note 22, as to which the date is January 8, 2020, described a significant deficiency identified during our audit. However, during our audit we also became aware of deficiencies in internal control

## Communication with Management

other than significant deficiencies and material weaknesses and other matters that represent opportunities for strengthening internal control and operating efficiency. While the nature and magnitude of these other deficiencies in internal control were not considered important enough to merit the attention of those charged with governance, they are considered of sufficient importance to merit management's attention. Our comments and recommendations regarding those matters are summarized in Appendix A (Management Letter). This communication does not affect our Independent Auditors' Report, dated November 11, 2019, except for Note 22, as to which the date is January 8, 2020, which contains our written communication of two significant deficiencies and one reportable instance of noncompliance with laws and regulations that came to our attention in performing our audit.

We have already discussed these comments and recommendations with various NARA personnel, and we will be pleased to discuss them in further detail at your convenience.

Appendix B presents the current year status of the prior year management letter comments. This communication is intended solely for the information and the use of NARA management and NARA Office of Inspector General and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Arlington, Virginia

November 11, 2019, except for Note 22, as to which the date is January 8, 2020.

**Appendix A**  
**National Archives and Records Administration**  
**Fiscal Year 2019 Financial Statement Audit**

**Management Letter Comments**

**1. Entity Wide Travel Policy was not Updated Timely [NFR 2016-03/2019-01] (Repeat Finding)**

During fiscal year (FY) 2016 audit, we noted that NARA's 601 Travel Policy and Procedures listed on NARA's intranet and provided to the auditors was not current. The policy refers to and provides instructions for the use of GovTrip. NARA migrated to Concur CGE in June of 2014.

This policy still had not been updated as of September 30, 2019. Errors could occur in the processing of travel transactions if employees refer to outdated policies and procedures in the performance of their duties.

According to management, the review and update process of the policies and procedures is an on-going process. Also, many of the policies and procedures were written specifically for a process related to systems and were not updated for technology changes due to time availability.

***Recommendation 1:***

We recommend the Chief Financial Officer update the travel policy to ensure that all written policies and procedures are reviewed and revised timely.

***Management Response:***

Management concurred with the findings and recommendation without additional comment.

**2. Updates to the NARA Continuity of Operations Plan (COOP) were not Approved Timely (NFR IT-2019-04)**

During FY 2019, we determined that NARA's Continuity of Operations Plan (COOP) was not reviewed and approved. The last documented review and approval was performed on April, 25, 2018. Without documented evidence of review and approval, there is a risk that the COOP may be revised with significant changes between approvals.

According to management, NARA did not approve and sign the COOP during FY 2019, since all NARA COOP plans are now scheduled to be approved and signed by the Designated Officials in November of each year, in accordance with NARA's response to OIG Audit 18-AUD-14, Recommendation #27.

**Appendix A**  
**National Archives and Records Administration**  
**Fiscal Year 2019 Financial Statement Audit**

**Management Letter Comments**

***Recommendation 2:***

We recommend the Executive for Business Support Services document the review and approval of the COOP, in accordance with their annual review cycle.

***Management Response:***

Management partially concurred with the findings and recommendation, indicating that before the Eagle Horizon test in 2019, the 2019 COOP plan was reviewed and updated, but not signed. It was decided to sign the Plan in November each year, starting in 2019.

***Auditor Analysis:***

This recommendation will remain open and unresolved until NARA provides evidence of a reviewed and approved Continuity of Operations Plan.

**Appendix B**  
**National Archives and Records Administration**  
**FY2019 Financial Statement Audit**  
**Status of Prior Year Findings**

<b>Prior Finding</b>	<b>Fiscal Years 2017 and 2018 Findings</b>	<b>Prior Finding Description</b>	<b>Fiscal Year 2019 Status</b>
2016-03	Entity Wide Travel Policy is not updated timely	NARA's 601 Travel Policy and Procedures listed on NARA's intranet and provided to the auditors is not current.	Open. Repeat finding in FY 2019
2016-04	Lack of Reconciliation between Maximo and Subsidiary Ledger	There is no reconciliation performed between Maximo to the subsidiary ledger to ensure that the completeness and accuracy of the accountable property in Maximo is properly reflected in the subsidiary ledger.	Closed