

# U.S. Department of Labor

Office of Inspector General—Office of Audit

## REPORT TO THE OFFICES OF THE CHIEF FINANCIAL OFFICER AND THE CHIEF INFORMATION OFFICER



### MANAGEMENT ADVISORY COMMENTS IDENTIFIED IN AN AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2020

This report was prepared by KPMG LLP, under contract to the U.S. Department of Labor, Office of Inspector General, and by acceptance, it becomes a report of the Office of Inspector General

A handwritten signature in blue ink that reads "Eelish P. Lewis".

U.S. Department of Labor  
Assistant Inspector General for Audit

Date Issued: December 18, 2020  
Report Number: 22-21-005-13-001

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# Executive Summary

KPMG LLP (KPMG), under contract to the United States Department of Labor’s (DOL) Office of Inspector General (OIG), audited DOL’s consolidated financial statements and its sustainability financial statements as of and for the year ended September 30, 2020, and dated its *Independent Auditors’ Report* November 16, 2020. The audit was conducted in accordance with auditing standards generally accepted in the United States of America; *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*. The objective of the audit engagement was to express opinions on the fair presentation of DOL’s consolidated financial statements and its sustainability financial statements.

This report presents for DOL’s consideration certain matters that KPMG noted, as of November 16, 2020, involving deficiencies in internal control identified during the audit. KPMG prepared this report to assist DOL in developing corrective actions for the management advisory comments identified in the fiscal year (FY) 2020 audit.

These management advisory comments, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies as summarized in Exhibit I. Included in this report are 5 comments newly identified in FY 2020 and 8 prior-year comments that continued to exist in FY 2020. Also included in this report are 6 prior-year comments KPMG determined had been corrected and closed during FY 2020. See Table 1 below for a summary of comments by audit area.

**Table 1: Summary of Comments by Audit Area**

Audit Areas	New Comments Identified in FY 2020	Prior Year Comments Still Present in FY 2020	Prior Year Comments Closed in FY 2020
<b>Black Lung</b>			1
<b>Procurement</b>			1
<b>Entity Wide</b>	1		
<b>Human Resources</b>	1		
<b>Unemployment Trust Fund</b>			1
<b>Budget</b>	1		
<b>Energy</b>	1		
<b>Grants</b>		4	1
<b>Information Technology</b>		4	2
<b>FECA</b>	1		
<b>Totals</b>	<b>5</b>	<b>8</b>	<b>6</b>

Source: Based on comments in Exhibit I and Exhibit II



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

November 16, 2020

Mr. Elliot P. Lewis, Assistant Inspector General for Audit  
Mr. James Williams, Chief Financial Officer  
Mr. Gundeep Ahluwalia, Chief Information Officer  
United States Department of Labor  
Washington, DC 20210

Mr. Lewis, Mr. Williams, and Mr. Ahluwalia:

In planning and performing our audit of the United States Department of Labor's (DOL) consolidated financial statements and its sustainability financial statements as of and for the year ended September 30, 2020, 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 DOL'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 opinions on these financial statements, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control. Accordingly, we do not express an opinion on the effectiveness of DOL'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 November 16, 2020, on our consideration of DOL's internal control over financial reporting in which we communicated certain deficiencies in internal control that we consider to be a significant deficiency.



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 certain deficiencies in internal control. These comments and recommendations are summarized in Exhibit I.

Prior year comments and recommendations that were closed in fiscal year 2020 are summarized in Exhibit II.

DOL's responses to the comments and recommendations identified in this letter are presented in Exhibit I. DOL's responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and sustainability 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*

# Comments and Recommendations

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## New Financial Comments and Recommendations Identified in Fiscal Year 2020

### 1. Improvements Needed in Management’s Entity-Wide Risk Assessment Process

During our testing of entity-level controls, we noted certain controls were not adequately designed and implemented. Specifically, management’s current Enterprise Risk Management (ERM) process did not require individual agencies to uniformly and consistently document how they identify, assess, and respond to risks. We reviewed a sample of five agency operating plans, which included the agency risk assessment, and noted the following:

- Three agencies identified their risks and documented related responses, but did not rank or assess their risks;
- One agency identified risks, and assessed the risks, but did not document responses to the risks; and
- One agency documented it was assessing risks but did not clearly identify the specific risks associated with the agency.

These deficiencies occurred because management was still in the process of fully implementing their ERM process. As a result, management’s policies did not clearly specify how agencies should perform their risk assessment process or how DOL should aggregate those risks for DOL as whole.

Without appropriately designed and implemented controls to identify, analyze, and respond to risks across DOL as a whole, management may not be able to sufficiently mitigate risks that may impact the financial statements.

The United States Government Accountability Office’s *Standards for Internal Control in the Federal Government* (the GAO Standards), Principle 7, states:

Management identifies risks throughout the entity to provide a basis for analyzing risks. Risk assessment is the identification and analysis of risks related to achieving the defined objectives to form a basis for designing risk responses.

Risks may be analyzed on an individual basis or grouped into categories with related risks and analyzed collectively. Regardless of whether risks are analyzed individually or collectively, management considers the correlation among different risks or groups of risks when estimating their significance. The specific risk analysis methodology used can vary by entity because of differences in entities' missions and the difficulty in qualitatively and quantitatively defining risk tolerances.

The GAO Standards, Principle 9, states:

As part of risk assessment or a similar process, management identifies changes that could significantly impact the entity's internal control system. Identifying, analyzing, and responding to change is similar to, if not part of, the entity's regular risk assessment process. However, change is discussed separately because it is critical to an effective internal control system and can often be overlooked or inadequately addressed in the normal course of operations.

### **Recommendation**

1. We recommend that the Chief Financial Officer, in conjunction with management of other key agencies within DOL, enhance the related policies and procedures to clarify how agencies should perform and document their identification, assessment, and response to risks, and how DOL should aggregate and assess those risks for the entity as a whole.

### **Management's Response**

The Office of the Chief Financial Officer (OCFO), in conjunction with the agencies, will explore options to enhance the way in which agencies document their identification, assessment, and response to risks. Management will also review how the Department aggregates and assess those risks for DOL as a whole.

### **Auditors' Response**

Management indicated that action will be taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

## **2. Insufficient Review of Significant Medical Bills Related to the Energy Employees Occupational Illness Compensation Program Act (EEOICPA)**

The Division of Energy Employees Occupational Illness Compensation's (DEEOIC) control to review significant medical bills (i.e. bills exceeding DEEOIC's established thresholds) was not operating effectively during fiscal year 2020. Specifically, we noted that 5 of 15 significant medical bills selected for testing were not reviewed by management for accuracy and eligibility prior to payment.

The medical bill payment system was configured to automatically flag transactions exceeding DEEOIC's review thresholds, which placed a hold on the transaction so that the service provider could obtain approval from DEEOIC to process the bill. However, the service provider forced the transactions through to payment rather than sending the bills to DEEOIC for approval after the five transactions noted above were properly flagged by the system. As a result, DEEOIC did not receive notification from the service provider to review the bills prior to payment. In addition, DEEOIC did not have an effective monitoring control in place to ensure that the service organization sent all medical bills that exceeded the applicable thresholds to management for review.

Ineffective controls over the accuracy and eligibility of medical bills increases the risk of errors in benefit payments made to or on behalf of claimants.

The GAO Standards, Principle 16, states:

Management retains responsibility for monitoring the effectiveness of internal control over the assigned processes performed by service organizations. Management uses ongoing monitoring, separate evaluations, or a combination of the two to obtain reasonable assurance of the operating effectiveness of the service organization's internal controls over the assigned process. Monitoring activities related to service organizations may include the use of work performed by external parties, such as service auditors, and reviewed by management.

### **Recommendations**

We recommend that the Director of the Office of Workers' Compensation Programs (OWCP):

2. Reinforce with the service provider the requirements to obtain DEEOIC's approval for medical bills exceeding the applicable review thresholds prior to payment.
3. Implement a monitoring control to periodically verify that the service provider has sent all medical bills over the applicable thresholds to DEEOIC management for approval prior to payment.

## **Management's Response**

OWCP concurs with the findings and recommendation. EEOICPA will reinforce the requirement to obtain DEEOIC's approval with the service provider. OWCP has moved to a new bill processing vendor since this error occurred and has already taken corrective action on this issue with the new vendor.

The Energy program has also implemented a new control to address this concern: daily reporting of all bills requiring government review/approval, including those which are the subject of this recommendation. Energy staff reviews this report daily so they are aware of all payments of medical bills exceeding the applicable threshold, including those where payment was forced by the contractor.

In the future, OWCP is working with its current bill pay contractor to implement an additional system control that will require Government review/determination of bills within the bill processing system with edit 391 in order to force/deny as appropriate, removing that function from the contractor and eliminating the current email approval process.

## **Auditors' Response**

Management indicated that action has been taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

### **3. Insufficient Quality Control Review of Medical Payments**

During our current year audit, we tested the quality control review of Federal Employees' Compensation Act (FECA) medical payments by the Medical Coding Specialists (MCS) for the period October 1, 2019 to April 30, 2020. Based on our testing, we determined that the MCS did not detect data entry errors made by the third-party service provider in the ACS Achieve System (ACS) for 2 of 45 medical payments selected for testing.

The MCS did not review the transactions with sufficient precision to detect the errors between the reimbursement forms submitted by the claimants and information keyed into ACS by the vendor.

The exceptions noted above only resulted in underpayments totaling \$55; however, the ineffective quality control review over medical payments increases the risk that errors in benefit payments made to claimants are not prevented or detected and corrected timely.

The GAO Standards, Principle 10, states:

Effective management of an entity's workforce, its human capital, is essential to achieving results and an important part of internal control. Only when the right personnel for the job are on board and are provided the right training, tools, structure, incentives, and responsibilities is operational success possible. Management continually assesses the knowledge, skills, and ability needs of the entity so that the entity is able to obtain a workforce that has the required knowledge, skills, and abilities to achieve organizational goals. Training is aimed at developing and retaining employee knowledge, skills, and abilities to meet changing organizational needs. Management provides qualified and continuous supervision so that internal control objectives are achieved.

The GAO Standards, Principle 16, states:

Management monitors the internal control system through ongoing monitoring and separate evaluations. Ongoing monitoring is built into the entity's operations, performed continually, and responsive to change. Separate evaluations are used periodically and may provide feedback on the effectiveness of ongoing monitoring.

## **Recommendations**

We recommend that the Director of OWCP:

4. Complete follow-up actions to determine the correct amount of the medical payments and the appropriate resolution of any differences; and
5. Provide additional training to the MCS to address the deficiency identified.

## **Management's Response**

The Division of Federal Employee Compensation provided training to all MCS on bill payment audits in September of 2020.

## **Auditors' Response**

Management indicated that action has been taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

#### **4. Ineffective Controls over Management’s Preparation and Review of Budget Compliance Analysis and Reconciliation**

During fiscal year 2020, management’s controls were not properly designed to ensure that information used in certain budget reconciliations was complete and accurate. Specifically, we noted that management review controls over the SF-132 compliance analysis and the SF-132 to SF-133 reconciliation for December 2019 did not detect that the continuing resolution amounts used in the reconciliations did not agree to the actual appropriation law.

This occurred because management’s procedures did not address the risk that inputs related to the continuing resolutions, used in the reconciliations are complete and accurate.

Without effective controls in place, there is an increased risk that DOL may incur obligations in excess of approved apportionments or that budgetary resources may be recorded in excess of the appropriations.

The GAO Standards, Principle 10, 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.

The GAO Standards, Principle 13, states:

Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary so that the information

is quality information. Management uses the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks.

### **Recommendation**

6. We recommend that the Chief Financial Officer update its policies and procedures to require a review over the completeness and accuracy of continuing resolution amounts used in the SF-132 compliance analysis and the SF-132 to SF-133 reconciliation.

### **Management's Response**

The policies and procedures surrounding the SF-132 compliance analysis and the SF-132 to SF-133 reconciliation have been updated to include sending the Continuing Resolution table along with the reconciliations to the reviewer(s) and approver as part of the review process when the Department is operating under a Continuing Resolution.

### **Auditors' Response**

Management indicated that action has been taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

### **5. Improvements Needed in the Review of Separated Employees**

During our current year audit procedures, we noted that the review control for separated employees was not operating effectively. As a result of our testing a sample of 45 employee separations, we identified certain instances in which the separation clearance form was not appropriately completed or was not provided for testing. Specifically, we identified the following exceptions:

- The separation clearance form was not signed by the responsible party for three of the separated employees selected for testing.
- For two separated employees, the separation clearance form was incomplete and certain individuals responsible for completing the checklist did not sign-off timely.
- For three separated employees, the separation clearance form was not signed by the supervisor within seven days of separation. The number of days late ranged from 37 to 179 days.

The exceptions occurred because of a lack of enforcement and monitoring of control requirements across multiple levels of review for the employee separation process.

In addition, management was unable to provide the separation clearance form for testing for nine of the separated employees selected. This occurred because the separation clearance form was in the process of being transferred from paper to electronic in the second quarter of fiscal year 2020. Because of the COVID-19 pandemic on-site work restrictions, management stated they were unable to provide separation forms for certain samples processed in hardcopy.

Ineffective controls related to the separation of employees may result in incorrect payments to separated employees, which could result in a misstatement of payroll expense.

DOL 1-107 form (Separation Clearance form) states:

Employing offices should prepare a clearance form for each departing employee. Each employee is required to clear the document with the appropriate office and return the signed form to his/her supervisor prior to departure from the current position. Authorized officials receiving returned items, or clearing the employee, will sign and date the document indicating the employee has cleared his/her obligation with the Department. The Separation Clearance form should be returned to the servicing Human Resource Office. Administrative Officers, RASOs, and Agency Regional Administrators are responsible to ensure the clearance process is initiated within seven (7) days of employee departure. Final personnel action will not be taken until the clearance has been completed.

The GAO Standards, Principle 10, states:

Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. ... 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, Principle 16, states:

Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools.

## **Recommendations**

We recommend that the Assistant Secretary for Administration and Management:

7. Develop and implement policies and procedures to address the enforcement and monitoring of the control requirement for the employee separation process; and
8. Provide trainings to the applicable personnel that reinforce the separated employee process and emphasize established timeframes on the separation clearance form.

## **Management's Response**

Management concurs with the recommendation and has taken steps to mitigate the related weaknesses. During FY 2020, agency and regional human resources offices were consolidated into the Office of Human Resources (OHR). Before OHR was created, each human resources office had its own methods for processing, tracking and storing the DOL Separation Clearance Forms. This lack of uniformity caused the errors identified in the report.

After the formation of OHR and the establishment of procedures in the new organization, the separation clearance process was streamlined. OHR created a new DL 1-107 form with e-signature capability and a user-friendly flow to ensure that the form would move electronically from the supervisor to the correct points of contact. The form was implemented during third quarter FY 2020.

Training on the use of the form was provided through presentations during various regional administrative officer meetings, regional executive committee meetings, and agency supervisory meetings during FY 2020.

The FY 2021 Corrective Action Plan for the DOL Separation Clearance Process will include:

- Revisiting and modifying language on the DL 1-107 Separation Clearance form and the DL 1-107A Operating Guidance for the Separation Clearance form;

- Updating and keeping current the list of points of contact who certify various areas of the DL 1-107 form on LaborNet;
- Reassessing internal quality control activities for the separation process; and
- Educating Administrative Officers, supervisors, managers, and HR practitioners on the separations process and the new electronic DL1-107 form.

### **Auditors' Response**

Management indicated that action has been taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

## **Prior Year Financial Comments and Recommendations Still Present in Fiscal Year 2020**

### **6. Ineffective Controls over Grant Closeout**

We noted that management's grant closeout control did not operate effectively to ensure the timely closeout of certain expired grants and the de-obligation of remaining funds, as applicable. Specifically, we noted the Chief Evaluation Office (CEO) and Veterans' Employment and Training Service (VETS) offices did not closeout certain grants within 365 days of their expiration. We tested a sample of 30 grants that were subject to closeout during the six-month period ended March 31, 2020, and identified the following exceptions:

- CEO closed one grant 65 days late.
- VETS closed one grant 79 days late and had one grant that should have been closed out as of December 31, 2019 but was still noted open as of August 31, 2020.

VETS and CEO management informed us that grant specialists have numerous responsibilities, which puts a strain on resources available for grant closeout. In addition, VETS implemented a formal corrective action plan in the current fiscal year to resolve or mitigate these issues; however, the corrective actions were inconsistently implemented and the related monitoring controls were not fully implemented during the first half of the year.

Without adequate controls in place to review and close out expired grants timely, including the de-obligation of any remaining funds, undelivered orders may be overstated.

Department of Labor Manual Series (DLMS) 2 – Administration: Chapter 800 – *Grant and Procurement Management*; Section 875 – *Responsibilities* states:

- F. The official responsible for closeout, whether the contracting or grant officer as specified in (e) above, or the closeout unit, as specified in (d) above, is responsible for:
1. Overseeing the timely closeout of the contract, grant, or agreement;
  2. Coordinating activities at closeout ...;
  3. Scheduling and monitoring closeout activities to avoid or eliminate backlogs and to complete the closeout process within time frames established in paragraph 877, below.

DLMS 2 – Administration: Chapter 800 – *Grant and Procurement Management*; Section 877 – *Time Frames for Closeout*, states:

Special circumstances may exist which delay closeout, such as a closeout following termination or a closeout where litigation or an appeal is pending. Unless such a circumstance exists, the contracting or grant officer shall close out a contract, grant, or agreement as soon as possible after completion (as defined in the DLMS 2-7, “HANDBOOK—CLOSEOUT OF CONTRACTS, GRANTS, AND AGREEMENTS”). Closeout should be accomplished within the following periods after completion:

- a. Firm fixed-price contracts – 6 calendar months. (Except for contracts for automatic data processing (ADP)).
- b. All other contracts – 18 calendar months.
- c. Grants and agreements – 12 calendar months.

The GAO Standards, Principle 10, states:

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

## **Prior Year Recommendations**

The open prior year recommendation was modified. See below.

## **Current Year Recommendations**

We recommend that the Assistant Secretary for Policy and the Assistant Secretary for VETS:

9. Enforce accountability of grant officers and closeout specialists to incentivize timely execution and process improvement;
10. Continue to fully implement monitoring controls to track the status of grants during their closeout processes to ensure proper follow-up and timely execution; and
11. Administer grant closeout continuous improvement trainings for all agencies to address inconsistent grant closeout implementation concerns.

## **Management's Response**

The current grant closeout process has multiple touch points that are managed mostly by spreadsheets and emails, outside of DOL's current grant closeout system. As such, ETA's client agencies have been challenged in closing out grants in a timely fashion. Recognizing the importance of making a system-wide improvement, the Department recently initiated a change in grant management systems to HHS GrantSolutions. GrantSolutions is a grants and program management Federal shared service provider that supports Federal agencies throughout the entire grants lifecycle from forecast and funds planning to closeout. The Department also initiated a Comprehensive Review of the Grant Closeout Process. The goals of the review are to: standardize the grant closeout process; scale grant closeout best practices to all DOL grant making agencies; and develop grant closeout process requirements consistent with DOL's Grant Modernization Goals, to inform the design and implementation of the GrantSolutions grant closeout module, in alignment with the system's capabilities.

Once the Department fully implements GrantSolutions and aligns our process to utilize the fully automated grants management tool, tracking and monitoring will be significantly and systematically improved. This is scheduled to begin during FY 2021 but will not be completed within the fiscal year. In the interim, the Department is increasing the number of closeout specialists, providing increased training, and will be adjusting the current manual processes in a way that should provide greater consistency and accountability until the more comprehensive solution is available to the Department for this process. ETA client agencies including VETS and CEO will continue to monitor and track closeout activities manually, using email messages and excel spreadsheets. The

Department has and will continue to provide webinars, operating procedures, and desk-side assistance in support of ensuring grants are closed timely.

### **Auditors' Response**

Management indicated that action will be taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

### **7. Improper Controls over Delinquent Grant Cost Reports**

During fiscal year 2020, the Employment and Training Administration (ETA) began to develop and test protocols, conduct a root cause analysis, and assign dedicated staff to perform monitoring controls over the ETA-9130 form, *U.S. DOL ETA Financial Report*, to address prior year audit findings. However, we noted that management's controls over ETA-9130 cost reports did not operate effectively to ensure the timely posting of grants expenses based on our current year audit procedures. Specifically, we noted that Federal Project Officers (FPO) were not accepting ETA-9130s (i.e., cost reports) within 10 days after it was received from the grantees. We noted for 3 of the 15 sample items selected for testing as of March 31, 2020, the FPO was delinquent in accepting the cost report once it was submitted by the grantees. The number of days late ranged from 1 to 35 days late.

In addition, we determined that the FPO's did not effectively follow-up with certain grantees to ensure submission of their delinquent cost reports for 4 of the 15 sample items. We did note that 3 out of 4 outstanding cost reports were subsequently obtained as of May 30, 2020.

ETA implemented a formal corrective action plan (CAP) in the current year to resolve or mitigate these issues but encountered delays in conducting a root cause analysis, developing protocols, and allocating resources.

Failure to properly remediate grantee related financial matters or to timely review and accept submitted grant expenditure details may lead to the misstatement of grant-related expenses, advances, payables, and undelivered orders.

DOL's *Grants Management Policies and Responsibilities within the Employment and Training Administration Attachment B* dated September 19, 2017 states:

After a grantee submits a certified 9130, ETA assigned staff has 10 business days to review and accept or reject the 9130.

The GAO Standards, Principle 5, states:

Management, with oversight body, takes corrective action as necessary to enforce accountability for internal control in the entity. These actions can range from informal feedback provided by the direct supervisor to disciplinary action taken by the oversight body, depending on the significance of the deficiency to the internal control system.

The GAO Standards, Principle 10, states:

Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded.

### **Prior Year Recommendation**

The open prior year recommendation has been modified. See below.

### **Current Year Recommendations**

We recommend that the Assistant Secretary for ETA:

12. Provide continued training to FPOs, emphasizing the revised expectations of the corrective action plan;
13. Enforce accountability of the FPOs to facilitate timely and successful remediation of delinquent grant cost reports; and
14. Enhance monitoring controls to track the status of delinquent cost reports to ensure timely acceptance by the FPOs.

### **Management's Response**

ETA will continue with the corrective action as outlined in the response to last year's audit and in line with the review of this year's audit findings. ETA believes that the corrective action it implemented has reduced the number of reports dramatically, and as explained to both sets of auditors, required time to implement. ETA's acceptance rate is in the very high 90's. ETA will continue using a centralized point of contact to review 9130 reports weekly and submit to Regional Offices for action. ETA will supplement this corrective action by tracking each week staff that have had late reports for elevation and corrective action in the appropriate office.

## **Auditors' Response**

Management indicated that action will be taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

### **8. Ineffective Controls over Onsite Monitoring Reports**

During our current year procedures, we noted that management's controls over grantee onsite monitoring did not operate effectively to ensure timely communication of findings and documentation of results within Grants Electronic Management System (GEMS). Specifically, we noted that certain FPO's did not complete and submit the final report to grantees within 45 days of the site visit. We identified four site visit reports that were not completed and available within 45 days of the exit conference date.

We also determined that certain FPO's did not upload the final report and its related supporting documentation to GEMS within 30 days of report issuance. Specifically, four site visit reports were not included in GEMS within 30 days of the issuance of the report.

ETA implemented a formal corrective action plan in the current year to resolve or mitigate these issues but encountered delays in execution due to remedial actions taken; such as, conducting a root cause analysis, developing protocols, and allocating resources.

Untimely delivery of the final site visit reports to grantees delay the remediation of matters with financial impact and diminish the effectiveness of the onsite monitoring control. Furthermore, delinquent documentation of the site visit results in GEMS obstructs relevance and value to management in controlling operations and decision making. Consequently, grant-related expenses, advances, payables, and undelivered orders may be misstated on the financial statements.

The *SES Performance Management; Executive Performance; Agreement Appraisal Cycle [October 1 – September 30]* results 2 section (Measure of Outcomes/Targets) states:

1. Conduct on site monitoring according to plan and issue Monitoring Reports
  - a. 80% of all initial written Monitoring Reports issued within 45 days of the exit conference date.
  - b. Copies are uploaded to GEMS within 30 days of issuance.

The GAO Standards, Principle 5, states:

Management enforces accountability of individuals performing their internal control responsibilities... Accountability for performance of internal control responsibility supports day-to-day decision making, attitudes, and behaviors. Management holds personnel accountable through mechanisms such as performance appraisals and disciplinary actions. ...Management, with oversight from the oversight body, takes corrective action as necessary to enforce accountability for internal control in the entity. These actions can range from informal feedback provided by the direct supervisor to disciplinary action taken by the oversight body, depending on the significance of the deficiency to the internal control system.

Furthermore, Principle 10, 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.

### **Prior Year Recommendations**

The open prior year recommendations have been modified. See below.

### **Current Year Recommendations**

We recommend that the Assistant Secretary for ETA:

15. Provide continued training to FPOs, emphasizing the revised expectations of the corrective action plan;
16. Enforce accountability of the FPOs to facilitate timely issuance of final site monitoring reports and completion of required GEMS documentation; and
17. Continue to fully implement monitoring controls to ensure timely issuance of final site monitoring reports and completion of required GEMS documentation.

### **Management's Response**

Management concurs and will design and implement corrective actions to address the recommendations.

## **Auditors' Response**

Management indicated that action will be taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

### **9. Untimely Issuance of Single Audit Determination Letters**

During our current year procedures, we noted that VETS had not finalized its standard operating procedure for the single audit process. Furthermore, management's control did not operate effectively to ensure timely documentation of single audit reports within the Audit and Information Reporting System (AIRS) and the communication of the Single Audit Final Determination Letters to its grantees. As a result, we identified two instances in which FPOs were delinquent in issuing their grantee single audit final determination letters. Specifically, the final determination letters were issued late for 2 of the 58 grants selected for tested. The two final determination letters were issued 36 and 58 days late, respectively.

VETS implemented a formal corrective action plan in the current year to resolve or mitigate these issues; however, the Standard Operating Procedures (SOP) for management's single audit process was a work-in-progress during FY 2020. In FY 2020, VETS informed us that it had four vacancies on the team responsible for making the SOP updates and the ongoing shortage of staff contributed to the delays. Consequently, the CAP was not consistently implemented to prevent these control deviations.

Not issuing management decisions over findings disclosed in Single Audit reports, in a timely manner, causes delays in the resolution of findings and questioned costs, which may result in DOL funds not being used as intended. This could also lead to noncompliance with the *Single Audit Act*, as amended.

The *Single Audit Act Amendments of 1996*, Section 7502 (f)(1)(B), states:

Each Federal Agency which provides Federal awards to a recipient shall...review the audit of a recipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the recipient by the Federal agency.

2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F, Section 200.521 (d), states:

The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the [Federal Audit Clearinghouse] FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

### **Prior Year Recommendation**

The open prior year recommendation has been modified. See below.

### **Current Year Recommendations**

We recommend the Assistant Secretary for VETS:

18. Formalize the VETS SOP for the single audit process, and include a timeline to ensure that responses are provided within the 180-day timeframe;
19. Provide continued training to staff, emphasizing the revised expectations of the corrective action plan; and
20. Enforce accountability of staff to facilitate timely issuance of Single Audit Final Determination Letters and completion of required documentation.

### **Management's Response**

Due to changes in Office of Grants Management (OGM) staff who service VETS, there was a slight delay in submitting a couple of audit reports within 180 days. Since then, OGM has been working with the Veterans' Employment and Training Service (VETS) to develop a SOP for the audit process. VETS is currently finalizing the SOP, which will include a timeline to ensure responses are provided within the 180 day timeframe. VETS will submit a CAP by December 31, 2020.

### **Auditors' Response**

Management indicated that action will be taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

## **Prior Year Information Technology Comments and Recommendations Still Present in Fiscal Year 2020**

### **10. Improvements Needed in Account and Configuration Management**

During our testing in fiscal year 2020, we identified deficiencies associated with account and configuration management with certain DOL systems as follows:

- Certain reports used for re-certifications were not designed to capture all required users;
- Certain application and network user accounts were not timely removed for separated users or modified for existing user accounts; and
- Certain password configuration controls were not in compliance with DOL requirements.

These deficiencies were the result of issues in the monitoring, design, or operation of departmental procedures and controls. Control deficiencies related to account and configuration management and system access settings increase the risk that current employees, separated employees, and/or contractors may conduct unauthorized activities and/or obtain inappropriate disclosures of sensitive data. System access setting control deficiencies may be exploited, in either a singular fashion or in combination, by a malicious user, which may affect the confidentiality, integrity, and/or availability of DOL systems and data. The specific nature of these deficiencies, their specific causes, and the system impacted by them, have been communicated separately to management.

The following defines the criteria for the controls in which the deficiencies were identified:

National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision 4, dated January 2015, Control AC-2 – Account Management:

The organization:

- f. Creates, enables, modifies, disables, and removes information system accounts in accordance with [*Assignment: organization-defined procedures or conditions*]
- h. Notifies account managers:
  - i. When accounts are no longer required
  - ii. When users are terminated or transferred

DOL Computer Security Handbook (CSH), Volume 1, Edition 5.0, *Access Control Policy, Procedures and Standards*, last reviewed December 2019:

DOL's required minimum standards on managing information system accounts are as follows:

- Information system accounts should also be reviewed every six months to verify and validate (recertify) that all active privileged and non-privileged user accounts are required based on user need and rights. Annual attestation of this "recertification" is to be provided to OCIO Security.
- Access control policies (including but not limited to, identity-based policies, role-based policies, attribute-based policies) and associated access enforcement mechanisms (including but not limited to, access control lists, access control matrices, cryptography) must be employed by agencies to control access between users (or processes acting on behalf of users) and objects (including but not limited to, devices, files, records, processes, programs, domains) in the information system.

DOL CSH, Volume 13, Edition 5.0, version 1.1, *Personnel Security Policy, Procedure and Standards*, dated December 2019:

When employment is terminated, the agency shall:

Notify account managers to:

- a. Deactivate the associated accounts within 10 business days from the HR termination effective date (for employees) or COR separation date of record (for contractors) when termination is voluntary; or
- b. Deactivate the associated accounts within 4 hours of such termination (including but not limited to, same day the employee is termination) if termination is involuntary (including but not limited to, emergency, hostile).

### **Open Prior Year Recommendations**

We recommend that the Chief Information Officer:

- Coordinate efforts among the DOL agencies to design and implement procedures and controls to address account and configuration management, in key financial feeder systems; and
- Monitor the agencies' progress to ensure that established procedures and controls are operating effectively and maintained.

## **Management's Response**

Management concurs with the recommendations. During FY 2020, Office of the Chief Information Officer (OCIO) updated password configuration settings to meet the policy requirement, reviewed existing account recertification policy for accuracy, updated and distributed account recertification guidance to stakeholders, and monitored agency account recertification of accounts. In FY 2021, corrective actions are planned for the development of account management procedures that are aligned with policy. OCIO will continue to monitor account management and configuration management controls for compliance with the Department's policy and to monitor corrective action progress.

## **Auditors' Response**

Management indicated that action will be taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

## **11. Improvements Needed in IT Segregation of Duties**

During our fiscal year 2020 audit procedures, we noted one system's infrastructure layers' (operating system and database) controls were not designed and implemented during the audit period. Specifically, we noted there was no separation in access permissions between operating system administrators and database administrators. Furthermore, no risk exemption waiver was approved during the audit period. We did note that a risk waiver for the segregation of duties exemption had been submitted but was not yet approved.

The separation of duties for operating system and database environment was not designed and implemented because of limited resources that resulted in the operations team having overlapping job responsibilities that required the expanded access.

Without appropriate segregation of duties and least privileged access appropriately designed, there is an increased risk that unauthorized privileged permissions or commands could be performed without detection. These unauthorized permissions or commands could potentially impact the integrity, availability, or confidentiality of data.

The following defines the criteria for the controls in which the deficiencies were identified:

DOL CSH, Volume 1, Edition 5.0, *Access Control Policy, Procedures and Standards*, last reviewed December 2019, states:

DOL's required minimum standards on enforcing separation of duties for Moderate and High information systems are as follows:

1. Separate duties of general and privileged users as necessary, to prevent malevolent activity without collusion.
2. Document separation of duties of individuals.
3. Define information system access authorizations to support separation of duties.

DOL CSH, Volume 12, Edition 5.0, *Security Planning Policy, Procedures and Standards*, dated December 2019, states:

If an agency finds that it cannot implement a DOL CSH policy, procedure or standard, agencies must follow the process outlined in the Enterprise Risk Management Strategy and complete the Risk Management Form

### **Open Prior Year Recommendation**

- We recommend that the Chief Information Officer design and implement procedures to enforce separation of duties among users assigned access to the infrastructure layers to the extent possible. When not possible, an approved risk exemption waiver should be obtained, and effective monitoring controls should be developed and implemented.

### **Management's Response**

Management concurs with this recommendation and has implemented the required policies and procedures that govern segregation of duties. When not possible, OCIO works with agencies to ensure an approved risk waiver, detailing efforts to mitigate risk introduced, is obtained.

The cloud service provider's Relational Database Service is employed as opposed to the traditional-style database servers. As a result, there are no database servers for the administrators to log in to. In addition, the contractor's operations team no longer have overlapping job responsibilities that are impacted by limited resources.

### **Auditors' Response**

Management indicated that action has been taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

## **12. Improvements Needed in Audit Log Configurations and Reviews**

During our fiscal year 2020 audit procedures, we noted that certain audit log review controls were not designed effectively. Specifically, we noted the audit logs related to the operating system for an IT system were not appropriately configured to prevent

privileged users whose actions were logged from modifying the log data. Management indicated that the operating system administrators required privileged access to both the production systems and the tools used to collect and report audit log activity. We did note that a risk waiver had been submitted but was not yet approved.

Without effective controls in place over audit logs, there is an increased risk that unauthorized changes made by personnel with privileged access permissions will not be detected and corrected in a timely manner, which could impact the integrity, availability, and/or confidentiality of DOL data. This could ultimately impact DOL's ability to accurately and timely perform its financial reporting duties.

The following defines the criteria for the controls in which the deficiencies were identified:

NIST SP 800-53 Revision 4, dated January 2015, AU-9 – Protection Audit Information, states:

The information system protects audit information and audit tools from unauthorized access, modification, and deletion.

The DOL CSH, Volume 1, version 1.0, *Access Control Protection Policy, Procedure, and Standards*, dated December 2019, states:

DOL's required minimum standards on enforcing separation of duties for Moderate and High information systems are as follows:

Separation of duties addresses the potential for abuse of authorized privileges and helps to reduce the risk of malevolent activity without collusion.

Separation of duties may include but not exclusive to the following examples:

1. Dividing mission functions and information system support functions among different individuals and/or roles
2. Conducting information system support functions with different individuals (e.g., system management, programming, configuration management, quality assurance and testing, and network security)
3. Ensuring security personnel administering access control functions do not also administrator audit functions
4. Different administrator accounts exist and are used for different roles

## **Open Prior Year Recommendations**

We recommend that the Chief Information Officer:

- Segregate permissions such that production system administrators who have their privileged activities logged are not able to modify, update, or delete source log data

to the extent possible and if not possible, include this risk consideration in a formal, signed risk exemption waiver.

### **Management's Response**

Management concurs with the recommendation and has taken steps to mitigate related weaknesses. During FY 2020, a formal risk waiver was submitted to the OCIO that addresses considerations of the potential risks. Following OCIO's review, the risk waiver was approved on September 28, 2020. In respect to prior recommendations to enforce the requirement for applicable personnel to formally document and maintain evidence for the audit log review, OCIO developed SOP and documented periodic reviews of audit log reports. OCIO will continue to ensure improvements in audit log configurations and review.

### **Auditors' Response**

Management indicated that action has been taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

### **13. Improvements Needed in Patch Management**

We identified instances in which certain controls related to patch management requirements were not operating effectively during fiscal year 2020. As a result, we noted the following:

- Certain database and operating system infrastructures were configured on unsupported or outdated versions instead of the latest supported versions from the vendors;
- Certain vulnerability scans were not produced as certain production database servers supporting DOL systems were not monitored; and
- Evidence that vulnerability scanning reports for a specific DOL system were periodically created and reviewed for the period of time selected for testing could not be provided.

The exception in the first bullet was due to scheduling and resource limitations that prevented the patches from being installed within the established timeframes. The exceptions noted in bullets two and three occurred because management did not identify the necessity of vulnerability scanning controls on the older servers prior to the migration to new servers and did not configure the new servers correctly.

Controls related to patch management are designed to prevent weaknesses in IT systems from being exploited. IT control deficiencies pose a risk to the integrity, availability, or confidentiality of DOL's data, which could ultimately impact DOL's ability to accurately and timely perform its financial reporting duties. The specific nature of these deficiencies, their specific causes, and the system impacted by them, have been communicated separately to management.

The following defines the criteria for the controls in which the deficiencies were identified:

NIST SP 800-53 Revision 4, dated January 2015, Control SI-2 – Flaw Remediation, states:

The organization:

- c. Installs security-relevant software and firmware updates within [Assignment: organization-defined time period] of the release of the updates;

NIST SP 800-53 Revision 4, dated January 2015, Control RA-5 – Vulnerability Scanning, states:

The organization:

- a. Scans for vulnerabilities in the information system and hosted applications [Assignment: organization-defined frequency and/or randomly in accordance with organization-defined process] and when new vulnerabilities potentially affecting the system/applications are identified and reported;
- b. Employs vulnerability scanning tools and techniques that facilitate interoperability among tools and automate parts of the vulnerability management process by using standards for:
  - 1. Enumerating platforms, software flaws, and improper configurations;
  - 2. Formatting checklists and test procedures; and
  - 3. Measuring vulnerability impact;
- c. Analyzes vulnerability scan reports and results from security control assessments;
- d. Remediates legitimate vulnerabilities [Assignment: organization-defined response times] in accordance with an organizational assessment of risk

The DOL CSH, Volume 17, edition 5.0, version 1.0, dated December 2019, System and Information Integrity Policy, Procedure and Standards, states:

Information system personnel shall identify, report, and correct information system flaws. Software and firmware updates related to flaw remediation shall be

tested for effectiveness and potential side effects on DOL information systems before installation.

### **Open Prior Year Recommendations**

We recommend the Chief Information Officer:

- Maintain a current and accurate population of production servers and work with system owners to update that population when server transitions or changes occur outside of any regularly scheduled maintenance updates; and
- Enhance vulnerability scanning monitoring controls and procedures for vulnerability scanning and patches to track and remediate outstanding vulnerabilities and patches in a timely manner and maintain supporting documentation.

### **Management's Response**

Management concurs with the recommendations and has taken action to address them. During FY 2020, outstanding vulnerabilities were remediated and updates were made to the patch management procedures. In addition, OCIO administered role-based flaw remediation training for responsible individuals, highlighting the importance of vulnerability reviews and addressing vulnerabilities in a timely manner. The role-based training resulted in the closure of an FY 2020 recommendation (as identified in this report). Additionally, OCIO evaluated the current patch time thresholds defined in DOL policy and, in September 2020, updated the DOL Computer Security Handbook with modified thresholds. OCIO continues to monitor for systems with outdated patches and are taking steps to refine our vulnerability remediation strategy.

### **Auditors' Response**

Management indicated that action has been taken to address the matters identified in this comment. Follow-up procedures will be conducted in fiscal year 2021 to determine whether corrective actions have been implemented.

## Prior Year Comments and Related Recommendations Closed in Fiscal Year 2020

The following comments reported in the *Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2019*, dated November 18, 2019, were closed in fiscal year (FY) 2020.

Prior Year Comment Number	Fiscal Year Comment Originated	Title of Comment Reported in FY 2019 MAC	Recommendation(s) Reported in the FY 2019 MAC
2019-01	2019	Improvements Needed in the Review of Black Lung Transaction Balancing Reports	<p>We recommend the Director of OWCP:</p> <ol style="list-style-type: none"> <li>1. Provide training to individuals responsible for reviewing the Transaction Balancing Reports to reinforce established policies and procedures.</li> <li>2. Monitor Division of Coal Mine Workers' Compensation (DCMWC) district offices' efforts to maintain segregation of duties in the review of the Transaction balancing Reports.</li> </ol>
2019-02	2019	Improvements Needed in Management's Review of Undelivered Orders (UDOs)	<p>We recommend the:</p> <ol style="list-style-type: none"> <li>3. Chief Financial Officer and the Commissioner for BLS enhance policies and procedures to ensure agencies are adequately reviewing the status of UDO as valid, invalid, or researching.</li> <li>4. Chief Financial Officer enhance training to agencies to ensure agencies are properly trained and are following policies and procedures.</li> </ol>

Prior Year Comment Number	Fiscal Year Comment Originated	Title of Comment Reported in FY 2019 MAC	Recommendation(s) Reported in the FY 2019 MAC
2019-03	2019	Improvements Needed in Management's Design of the Review of the Due and Payable, and Disbursement Estimates	5. We recommend that the Assistant Secretary for ETA and the Chief Financial Officer formally document the specific and measurable tolerable thresholds that will be used to review and respond to the estimate reviews conducted by ETA.
2019-06	2013	Untimely Federal Project Officers Desk Review	<p>We recommend the Assistant Secretary for ETA:</p> <ul style="list-style-type: none"> <li>• Continue its efforts to obtain the funding necessary to correct the configuration of GEMS to ensure that multiple desk reviews for the same period are associated with the correct period, and in the interim, additional monitoring procedures should be implemented to verify that desk review submission dates correspond with the appropriate quarterly review timeframe; and</li> <li>• Provide training to staff to ensure adherence to their policies and procedures to ensure FPS's are timely assigned to grants and employees are performing desk reviews timely.</li> </ul>
2019-13	2019	Improvements Needed in Contingency Planning	<p>We recommend that the Chief Information Officer enhance its monitoring controls to ensure that:</p> <p>18. Backups are monitored for successful completion; and</p> <p>19. Actions are taken timely to resolve data backup failures and documentation is maintained for the remediation action.</p>

Prior Year Comment Number	Fiscal Year Comment Originated	Title of Comment Reported in FY 2019 MAC	Recommendation(s) Reported in the FY 2019 MAC
2019-14	2015	DOL General Support System (GSS) Incident Reporting Weakness	<ul style="list-style-type: none"> <li>• We recommend that the Chief Information Officer continue to periodically conduct training over the incident response monitoring and reporting policies and procedures with all agencies, and those personnel with Incident Response responsibilities, so they are aware of the procedures prior to incident occurrence.</li> </ul> <p>We also recommend that the Chief Information Officer:</p> <p>20. Enhance incident monitoring and reporting controls to verify that incidents are reported to US-CERT in a timely manner.</p>

The following comments reported in the *Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2019*, dated November 18, 2019, were partially re-issued during FY 2020 but included recommendations that were closed during the year.

Prior Year Comment Number	Fiscal Year Comment Originated	Title of Comment Reported in FY 2019 MAC	Recommendation(s) Reported in the FY 2019 MAC
2019-04	2014	Untimely Grant Closeout	<p>We recommend that the Assistant Secretary for ETA, the Assistant Secretary for MSHA, and the Deputy Assistant Secretary for Operations for VETS:</p> <p>6. Enhance current policies and procedures to include specific requirements to include when and how often closeout specialists should reach out to grantees during the close out process when supporting documentation is not submitted timely by the grantee.</p>
2019-07	2015	Untimely Filing of On-Site Monitoring Review Reports	<p>We recommend the Assistant Secretary for ETA:</p> <ul style="list-style-type: none"> <li>• Develop and implement policies and procedures to ensure a complete and accurate listing of annual work plan which includes grants to be monitored is maintained.</li> </ul>
2019-11	2019	Improvements Needed in Audit Log Configurations and Reviews	<p>We recommend that the Chief Information Officer:</p> <p>13. Update configuration of audit logs to capture all relevant privileged user activity; and</p> <p>14. Enforce the requirement for applicable personnel to formally document and maintain evidence for the audit log review.</p>
2019-12	2019	Improvements Needed in Patch Management	<p>We recommend that the Chief Information Officer</p> <p>17. Provide annual training to enforce vulnerability review and flaw remediation procedures</p>

# Appendix A

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## Acronyms and Abbreviations

ACUC	Advisory Council on Unemployment Compensation
AIRS	Audit and Information Reporting System (AIRS)
ALC	Agency Location Code
AMS	Acquisition Management System
CARS	Central Accounting and Reporting System
CE	Claims Examiner
CFO	Chief Financial Officer
CR	Continuing Resolution
CSAM	Cyber Security Assessment and Management
CSH	Computer Security Handbook
DCAO	Division of Central Accounting Office
DFEC	Department of Federal Employees Compensation
DLMS	Department of Labor Manual Series
DOL	U.S. Department of Labor
EEOIC	Energy Employees Occupational Illness Compensation
ETA	Employment and Training Administration
FAC	Federal Audit Clearinghouse
FAR	Federal Acquisition Regulation
FBWT	Fund Balance with Treasury
FECA	Federal Employees' Compensation Act
FMS	Financial Management Services
FOIA	Freedom of Information Act
FPO	Federal Project Officer
FY	Fiscal Year
GAO	Government Accountability Office
GAO Standards	Government Accountability Office's <i>Standards for Internal Control in the Federal Government</i>
GEMS	Grants Electronic Management System
GSA	General Services Administration
GWA	Government-wide Accounting
iFECS	Integrated Federal Employees Compensation System
ISA	Interagency Security Agreement
IT	Information Technology
KPMG	KPMG LLP
MOU	Memorandum of Understanding
NCFMS	New Core Financial Management System
NIST	National Institute of Standards and Technology
No.	Number

OASAM	Office of the Assistant Secretary for Administration and Management
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OGM	Office of Grants Management
OHR	Office of Human Resources
OIG	Office of Inspector General
OMB	Office of Management and Budget
OSHA	Occupational Safety and Health Administration
OWCP	Office of Workers' Compensation Program
POA&M	Plan of Action and Milestones
ROB	Rules of Behavior
SBR	Statement of Budgetary Resources
SOP	Standard Operating Procedures
SP	Special Publication
SSA	Social Security Act
SSP	System Security Plan
TAFS	Treasury Appropriation Fund Symbol
TFM	Treasury Financial Manual
Treasury	U.S. Department of the Treasury
UCFE	Federal Employees Unemployment Compensation
UCX	Ex-Service Members Unemployment Compensation
U.S.	United States
USSGL	United States Standard General Ledger
VETS	Veterans' Employment and Training Service

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