

# 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, 2024**

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 cursive script that reads "Carolyn R. Hantry".

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

**DATE ISSUED: DECEMBER 18, 2024  
REPORT NUMBER: 22-25-003-13-001**

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# Executive Summary

KPMG LLP (KPMG), under contract to the U.S. Department of Labor’s (DOL) Office of Inspector General, audited DOL’s consolidated financial statements and its sustainability financial statements as of and for the year ended September 30, 2024, and issued its *Independent Auditors’ Report* on November 14, 2024. 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 the Office of Management and Budget Bulletin No. 24-02, *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 is presented for DOL’s consideration of certain matters KPMG noted, as of November 14, 2024, 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) 2024 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 six comments newly identified in FY 2024 and one prior year comment that continued to exist in FY 2024. Also included in this report are three prior year comments KPMG determined were corrected and closed during FY 2024. See Table 1 for a summary of comments by audit area.

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

Audit Areas	New Comments Identified in FY 2024	Prior Year Comments Still Present in FY 2024	Prior Year Comments Closed in FY 2024
Financial Reporting	--	--	--
Unemployment Trust Fund	--	--	--
Federal Employees’ Compensation Act	2	--	1
Energy Employees Occupational Illness Compensation	--	--	--
Black Lung	--	--	--
Entity-Wide	--	--	--
Grants and Procurement	2	--	1
Information Technology	2	1	1
<b>Totals</b>	<b>6</b>	<b>1</b>	<b>3</b>

Source: Based on comments in Exhibit I and Exhibit II



KPMG LLP  
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November 14, 2024

Mr. Kevin Brown, Deputy Chief Financial Officer  
Mr. Louis Charlier, Acting Chief Information Officer  
United States Department of Labor

Mr. Brown and Mr. Charlier:

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, 2024, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, 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. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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 14, 2024, 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 material weakness.

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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 2024 are summarized in Exhibit II.

DOL's responses to the comments and recommendations identified in our audit 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 2024

### 1. Ineffective Operation of the Monthly Quality Review of Federal Employees' Compensation Act Medical Bills

During our audit procedures, we noted that the Office of Workers' Compensation Programs' (OWCP) monthly quality review of medical bills processed by DOL's service provider was not operating effectively. Specifically, for a sample of 30 medical bills, we noted that the reviewer did not identify the following:

- For 1 of 30 bills, the service start date in the system of record was inaccurate per the medical bill.
- For 1 of 30 bills, the remittance voucher had an inaccurate amount to be reimbursed.

This occurred because OWCP management did not develop policies and procedures in response to DOL's objectives and risks to achieve an effective internal control system and did not fully develop personnel to achieve the control objectives.

Ineffective review of Federal Employees' Compensation Act (FECA) medical bills increases the risk that inaccurate medical payments may be made, resulting in an increased risk of misstatement in the FECA benefit expenses and actuarial liability balances.

The Government Accountability Office *Standards for Internal Control in the Federal Government* (GAO Standards), Principle 4 – *Demonstrate Commitment to Competence* states:

Management [...] develops and retains competent personnel to achieve the entity's objectives. Management considers the following:

- Train – Enable individuals to develop competencies appropriate for key roles, reinforce standards of conduct, and tailor training based on the needs of the role.

The GAO Standards, Principle 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.

### **Current Year Recommendation**

We recommend the Director of the Office of Workers’ Compensation Programs:

1. Develop policies and procedures for the monthly quality control review, provide training to the control operators, and monitor that the reviews are performed in accordance with such policies and procedures.

### **Management’s Response**

Management concurs with the facts; however management believes that had these errors been prevented or detected it would not have resulted in any different payment amount or change in reporting period. However, management does agree to implement new procedures for the monthly quality control review, provide training to the control operators and monitor that such reviews are performed in accordance with such policies and procedures.

### **Auditors’ Response**

Management indicated that corrective action will be taken to address the matters identified in this comment. Follow-up procedures will be conducted in Fiscal Year (FY) 2025 to determine whether corrective actions have been implemented.

### **2. Insufficient Controls over Undelivered Orders**

During our audit procedures, we noted that the Division of Central Accounting Operations identified invalid Undelivered Orders (UDOs) in the total amount of approximately \$30 million as of September 30, 2023, as a result of its tri-annual certification process. However, these invalid UDOs were not de-obligated timely. In addition, these invalid UDOs were not included in DOL’s list of non-Generally Accepted Accounting Principles (GAAP) policies.

This occurred because the Division of Central Accounting Operations did not report the invalid UDOs to the Division of Financial Reporting for inclusion in its assessment of

non-GAAP policies as of fiscal year-end. In addition, there are no documented policies and procedures in place to ensure the completeness of DOL’s list of non-GAAP policies.

In addition to the misstatement noted above, inadequate controls over UDOs increase the risk that misstatements in UDOs could occur and may not be prevented or detected and corrected in a timely manner.

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.

The GAO Standards, Principle 14 – *Communicate Internally*, states:

Management communicates quality information throughout the entity using established reporting lines. Quality information is communicated down, across, up, and around reporting lines to all levels of the entity.

### **Current Year Recommendation**

We recommend the Deputy Chief Financial Officer:

2. Develop policies and procedures to ensure all non-GAAP policies are identified and reported to the Division of Financial Reporting timely.

### **Management’s Response**

Management concurs with the finding and recommendation. DOL has refined its current business process to ensure invalid UDO balances reported in response to tri-annual certification reviews are de-obligated in the year in which the status of the obligation was received and certified. The Office of the Chief Financial Officer's (OCFO) practice is to ensure action is taken on invalid UDOs as quickly as feasibly possible once identified. In efforts to ensure there is no timing ambiguity for de-obligating invalid UDOs identified during the third tri-annual certification, OCFO has updated its business process to revise the timeline for third tri-annual certification Reviews. Beginning in Q4 FY 2024, the due dates for third tri-annual certifications were within the same fiscal year of the tri-annual review cycle. This ensures the certified status of obligation documents initiated for review and validation will be received and accounted for within the same fiscal year of the tri-annual review cycle. OCFO updated its procedures for the tri-annual



certification process in FY 2024 to ensure the certified status for UDOs is received prior to September 30th each year going forward for timely evaluation and accounting treatment. In addition, DOL already has a well-defined process and practice in place to collect, report, and evaluate non-GAAP accounting policies in a timely manner. OCFO will further review its existing policies and procedures to incorporate additional enhancements as needed.

### **Auditors' Response**

Management indicated that corrective action is ongoing to address the matters identified in this comment. Follow-up procedures will be conducted in FY 2025 to determine whether corrective actions have been implemented.

### **3. Insufficient Review of FECA Compensation Payments**

During our audit procedures, we noted that the OWCP controls related to the claims examiner's review of compensation payments was not operating effectively. Specifically, we noted that for 1 of 38 compensation payment samples, the claims examiner did not identify a discrepancy between the claimant's *Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation Form (CA-1)* and subsequent forms obtained from the claimant. The claimant documented both a spouse and dependents on the form CA-1 which should have resulted in the use of a three-fourths compensation rate for the period beginning March 11, 2024. However, the claims examiner approved a two-thirds compensation rate resulting in an underpayment of \$1,553.08.

This occurred because the claims examiner did not properly review the claim forms in order to determine the appropriate compensation rate in accordance with the FECA Procedure Manual. Additionally, management did not periodically review the control activities for continued effectiveness in achieving the controls' objectives and addressing related risks.

In addition to the error noted above, ineffective controls over the certification of FECA compensation payments increase the risk that inaccurate benefit payments may be made and result in a misstatement of the benefit expense and related balances.

The GAO Standards, Principle 12 – *Implement Control Activities*, states:

Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks.

The GAO Standards, Principle 16 – *Perform Monitoring Activities*, 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.

Section 2-0901(12) of the FECA Procedure Manual states:

Compensation Rate. The compensation rate is the percentage of pay to which a claimant is entitled for periods of disability and medical treatment. There are two compensation rates when calculating claims for time loss. The basic compensation rate is 66 2/3 percent of the claimant's wages. The augmented rate is 75 percent of the claimant's wages and is based on whether the claimant has one or more eligible dependents as defined in section 8110 of the FECA. See 20 Code of Federal Regulations §10.401(b).

### **Current Year Recommendation**

We recommend the Director of the Division of Federal Employees', Longshore and Harbor Workers' Compensation:

3. Design and implement monitoring procedures to periodically review control activities for effectiveness and develop action steps as appropriate based on such results.

### **Management's Response**

Management concurs with the finding and recommendation. The FECA program has a robust monitoring regimen and conducts internal performance reviews. As errors are found, they are shared with the claims examiner for review and correction. Training is provided as needed.

### **Auditors' Response**

Management indicated that corrective action is ongoing to address the matters identified in this comment. Follow-up procedures will be conducted in FY 2025 to determine whether corrective actions have been implemented.

#### **4. Ineffective Monitoring of Delinquent Grant Cost Reports**

During our audit procedures, we noted that the Office of Financial Administration does not have effective controls in place to monitor delinquent grant cost reports to ensure cost reports (i.e., ETA 9130) submitted by grant recipients are approved within 10 days. Specifically, we noted the following regarding the FY 2024 first quarter delinquent cost reports:

- 4 Federal Project Officers (FPO) did not provide a response regarding their delinquent review of grant recipient cost reports;
- 43 grants were assigned to incorrect regions for the FPOs' review of delinquent grants;
- 11 FPOs did not provide an adequate response for the reason for the delinquent report or the delinquent review;
- 71 instances where the FPO acceptance was delayed due to assigned personnel being on travel or sick leave; and
- 55 instances where the FPO acceptance was delayed due to oversight by the FPOs.

This occurred because the Office of Financial Administration does not have effective monitoring policies in place to determine the causes of delays in acceptance or to fully validate the submitted responses from FPOs. In addition, the Office of Financial Administration has not implemented effective procedures to ensure FPOs complete their review of cost reports within 10 days.

Ineffective controls over the timely receipt and review of grant recipients' cost reports increase the risk that grant-related expenses, advances, payables, UDOs, and the year-end grant accrual could be misstated.

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.

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, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

DOL's *Grant Management Policies and Responsibilities* within the Employment and Training Administration (ETA) Attachment B, dated December 4, 2023, states:

Grants Management staff have 10 business days from the date the ETA 9130 financial report is certified by the award recipient to review and approve or reject the submission.

### **Current Year Recommendations**

We recommend the Assistant Secretary for Employment and Training Administration design and implement monitoring controls to:

4. Ensure Federal Project Officer responses are obtained and reviewed for all delinquent cost reports; and
5. Enforce current policies and procedures for Federal Project Officers to timely review cost reports.

### **Management's Response**

Management concurs with the finding and recommendations. In February 2023, the ETA implemented a new grant management system and in April 2023, ETA transitioned to using a new grant payment system for grant recipient financial reporting. Both systems that were implemented by ETA are shared system provider solutions used by several federal agencies and operated by a shared service provider. Since implementation, ETA has continued to work with the service provider for enhanced integration between these systems as data parsing issues were identified between the Grants Service Provider System and the Payment System. The impacts of data sharing between these two systems resulted in incorrect location assignments of grant awards to the national and various regional offices as well ETA 9130 reports not generated timely by the system for grant recipient submission and review and acceptance by ETA staff. Both issues are being addressed to mitigate these errors. ETA will continue its monitoring of these system issues in FY 2025.

In December 2023, ETA implemented a new Employment and Training Order Number 1-24 that provided guidance for all ETA staff (ETA National and Regional Offices) to perform timely review of the ETA 9130 report submitted by grant recipients. ETA's previous Employment and Training Order did not address National Office FPO responsibilities on ETA 9130 report reviews, which has now been corrected through the issuance of this revised Employment and Training Order. Additionally, in FY 2024, ETA

conducted two ETA 9130 training sessions for FPOs, specifically, on the review and acceptance process of the financial reports. In FY 2025, ETA will implement the following actions to further improve the timely review and acceptance of these financial reports:

- Conduct two additional training sessions for FPOs on the ETA 9130 review and acceptance process as well as provide information on other tools available in the payment system such as subscribing to receive automated alerts regarding grant recipient report submissions. We expect the training sessions to be completed by FY 2025 quarter 3.
- Ensure that National Office FPO standards include a performance standard for the timely review and acceptance of ETA 9130 financial reports. We expect the FY 2025 performance standards to be in place by FY 2025 quarter 1.

### **Auditors' Response**

Management indicated that corrective action is ongoing to address the recommendations identified in this comment. Follow-up procedures will be conducted in FY 2025 to determine whether corrective actions have been implemented.

## **New Information Technology Comments and Recommendations Identified in Fiscal Year 2024**

### **5. Misconfigured Operating System Servers**

During our audit procedures, we noted that DOL did not configure certain operating system servers in accordance with DOL policies.

These deficiencies occurred because of issues in the monitoring of departmental procedures and controls. Control deficiencies related to operating system configuration increase the risk over the availability, integrity, and confidentiality of the data residing on the operating systems.

The specific nature of these deficiencies, their specific causes, and the system impacted by them have been communicated separately to management.

The GAO Standards, Principle 11 – *Design Activities for the Information System*, states:

Management designs control activities for security management of the entity's information system for appropriate access by internal and external sources to protect the entity's information system.

The GAO Standards, Principle 17 – *Evaluate Issues and Remediate Deficiencies*, states:

Management evaluates and documents internal control issues and determines appropriate corrective actions for internal control deficiencies on a timely basis.

The *DOL Cybersecurity Policy Portfolio (CPP) Volume 5: Configuration Management*, Section 2.6: CM-6: Configuration Settings, states:

The Security Officer or designee shall:

- a. Establish and document configuration settings for components employed within the system that reflect the most restrictive mode consistent with operational requirements using system-defined procedures;
- b. Implement the configuration settings.

### **Current Year Recommendations**

We recommend the Acting Chief Information Officer:

6. Perform an analysis of the other operating system servers within the U.S. Department of Labor environment to determine if other servers were incorrectly configured; and
7. Implement the proper configurations for the impacted operating system servers.

### **Management's Response**

Management concurs with the finding and recommendation. The Office of the Chief Information Officer (OCIO) management performed a review of all impacted operating system servers to determine if other servers were incorrectly configured. The identified issue has since been remediated.

### **Auditors' Response**

Management indicated that corrective action has been taken to address the matters identified in this comment. Follow-up procedures will be conducted in FY 2025 to determine whether corrective actions have been implemented.

## 6. Insufficient Password Configurations

During our audit procedures, we noted that DOL management did not implement password configurations for certain operating systems, applications and databases in accordance with the policies outlined in the DOL CPP. Specifically, the passwords did not meet:

- Complexity requirements of prohibiting dictionary words within passwords; and
- Complexity requirements for prohibiting passwords that are found on the list of commonly-used, expected, or compromised passwords.

These deficiencies occurred because of issues in the monitoring of departmental procedures and controls. Control deficiencies related to password configuration increase the risk that inappropriate actions could occur within the application, database, or operating systems without immediate detection or management knowledge.

The specific nature of these deficiencies, their specific causes, and the systems impacted by them have been communicated separately to management.

The GAO Standards, Principle 11, states:

Management designs control activities for security management of the entity's information system for appropriate access by internal and external sources to protect the entity's information system.

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, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

The *DOL CPP Volume 1: Access Control (AC), Section 2.5.1: Authenticator Management | Password Based Authentication* states:

The Security Officer or designee shall, in coordination with the ISSM/ISO or designee, for password-based authentication ensures that IT and system security personnel:

- h. Enforce the following composition and complexity rules:
  2. Passwords and other memorized secrets may not be dictionary words or passwords found on the list of commonly-used, expected, or compromised passwords in IA- 5(1)(a).

### **Current Year Recommendations**

We recommend the Acting Chief Information Officer:

8. Configure the systems to adhere to the password requirements from the U.S. Department of Labor Cybersecurity Policy Portfolio; and
9. Implement monitoring controls to periodically assess security configurations in the systems to determine adherence to the U.S. Department of Labor Cybersecurity Policy Portfolio.

### **Management's Response**

Management concurs with the finding and recommendations. OCIO has developed a corrective action plan for the deficiencies identified which will be implemented in FY 2025.

### **Auditors' Response**

Management indicated that corrective action will be taken to address the matters identified in this comment. Follow-up procedures will be conducted in FY 2025 to determine whether corrective actions have been implemented.

## **Prior Year Information Technology Comments and Recommendations Still Present in Fiscal Year 2024**

### **7. Improvements Needed in Account Management**

During our audit procedures, we identified the following deficiencies in account management controls over certain DOL systems:

- Ineffective internal communications led to inappropriate re-provisioning of certain user accounts;
- Certain users and user roles in recertification listings were inconsistent with access provisioned in the systems; and



- Certain application, operating system and database user accounts were not timely removed for separated users.

These deficiencies occurred because of issues in the monitoring, design, or operation of departmental procedures and controls. Control deficiencies related to account management and system access settings increase the risk that potential unauthorized access to DOL's systems and applications may not be timely detected and prevented.

The specific nature of these deficiencies, their specific causes, and the systems impacted by them have been communicated separately to management.

The GAO Standards, Principle 5 – *Enforce Accountability*, states:

Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

The GAO Standards, Principle 7 – *Identify, Analyze, and Respond to Risks*, states:

Management should identify, analyze, and respond to risks related to achieving the defined objectives.

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 11, states:

Management designs control activities for security management of the entity's information system for appropriate access by internal and external sources to protect the entity's information system. Objectives for security management include confidentiality, integrity, and availability. Confidentiality means that data, reports, and other outputs are safeguarded against unauthorized access. Integrity means that information is safeguarded against improper modification or destruction, which

includes ensuring information's nonrepudiation and authenticity. Availability means that data, reports, and other relevant information are readily available to users when needed.

The GAO Standards, Principle 12, states:

Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks.

The GAO Standards, Principle 13, *Use Quality Information*, states:

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

The GAO Standards, Principle 14, states:

Management communicates quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles.

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, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

The DOL CPP, Volume 1 states:

The Security Officer or designee shall: Disable accounts within ten business days of being notified when the accounts:

- a. Have expired;
- b. Are no longer associated with a user or individual;
- c. Are in violation of organizational policy; or
- d. Have been inactive for sixty days.

### **Prior Year Recommendations**

We recommend the Acting Chief Information Officer:

- Update OCIO privileged account recertification standard operating procedures to require OCIO to recertify all administrators that are not OCIO employees and have access to DOL General Support System servers and databases; and
- Retain supporting documentation evidencing performance of the privileged user account review and recertification.

### **Current Year Recommendations**

We recommend the Assistant Secretary for Administration and Management and the Acting Chief Information Officer:

10. Perform risk assessments in order to design and implement procedures for effective internal communication over access provisioning controls;
11. Design and implement controls to ensure the completeness and accuracy of the users and user roles used in the semi-annual privileged access reviews and reauthorizations; and
12. Design and implement controls to monitor the deprovisioning of system users access to ensure such access is removed in accordance with DOL policies, and enforce adherence to DOL's policies over the timely removal of inactive accounts.

The specific nature of these recommendations and the systems impacted have been communicated separately to management.

### **Management's Response**

Management concurs with certain findings and recommendations. Corrective actions have been taken and will be taken to address the deficiencies identified.

Management does not concur with one finding over the untimely removal of system accounts for a FECA-related system. During OWCP's account review it was caught and the account was deactivated. There is minimal risk as the user's network account was disabled in accordance with policy.

### **Auditors' Response**

Management indicated that corrective action has been taken to address certain matters identified in this comment. Follow-up procedures will be conducted in FY 2025 to determine whether corrective actions have been implemented.

Regarding management non-concurrence with the finding related to untimely removal of certain system accounts, we considered management's response and continue to believe that the user's account in the application was not deactivated in accordance with DOL policies.

## Prior Year Comments and Recommendations Closed in Fiscal Year 2024

The following comments reported in the *Management Advisory Comments (MAC) Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2023*, dated December 20, 2023, were closed in Fiscal Year (FY) 2024.

Prior Year Comment Number	Fiscal Year Comment Originated	Title of Comment Reported in FY 2023 MAC	Recommendation(s) Reported in the FY 2023 MAC
2023-01	2023	Improvements Needed in the Periodic Reconciliations of Grants-Related Activities to the General Ledger	<p>We recommend that the Principal Deputy Assistant Secretary for Employment and Training Administration (ETA):</p> <ol style="list-style-type: none"> <li>1. Update ETA’s policies and procedures related to risk assessment to include procedures to timely identify, analyze, and respond to changes in the entity’s control environment; and</li> <li>2. Design and implement controls over the completeness and accuracy of the data used in the periodic reconciliations.</li> </ol>
2023-02	2023	Ineffective Controls over the Grants System Migration	<p>We recommend that the Chief Information Officer (CIO):</p> <ol style="list-style-type: none"> <li>3. Develop standard operating procedures to be used in the future for all stages of system migration process, to include detailed risk assessment procedures, and coordination between the Office of the CIO (OCIO) and the Office of the Chief Financial Officer (OCFO).</li> </ol>

<b>Prior Year Comment Number</b>	<b>Fiscal Year Comment Originated</b>	<b>Title of Comment Reported in FY 2023 MAC</b>	<b>Recommendation(s) Reported in the FY 2023 MAC</b>
2023-03	2022	Insufficient Review of Continuing Eligibility for Existing Federal Employees' Compensation Act (FECA) Claims	We recommended that the Director of OWCP: <ul style="list-style-type: none"><li>• Develop and provide training to claims examiners to reinforce the policies and procedures related to performing Periodic Entitlement Reviews.</li></ul>

The following comments reported in the *Management Advisory Comments Identified in an Audit of the Consolidated Financial Statements for the Year Ended September 30, 2023*, dated December 20, 2023, were partially re-issued during FY 2024 but included recommendations that were closed during the year.

Prior Year Comment Number	Fiscal Year Comment Originated	Title of Comment Reported in FY 2023 MAC	Recommendation(s) Reported in the FY 2023 MAC
2023-04	2019	Improvements Needed in Account Management	<p>We recommend the Principal Deputy Assistant Secretary for ETA and the Assistant Secretary for Administration and Management:</p> <ol style="list-style-type: none"> <li>4. Design and implement account management procedures to include additional review of the updated daily report of separated federal staff and the weekly contractor separation report generated to help ensure all separated users are removed from the system in accordance with DOL Cybersecurity Policy Portfolio requirements.</li> </ol>

# Appendix A

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## Acronyms and Abbreviations

CPP	Cybersecurity Policy Portfolio
DOL	U.S. Department of Labor
ETA	Employment and Training Administration
FECA	Federal Employees' Compensation Act
FPO	Federal Project Officer
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO Standards	Government Accountability Office's <i>Standards for Internal Control in the Federal Government</i>
ISSM/ISO	Information System Security Manager and Information Security Officer
KPMG	KPMG LLP
MAC	Management Advisory Comments
No.	Number
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OWCP	Office of Workers' Compensation Program
UDO	Undelivered Order
U.S.	United States



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