



Inspector General

December 17, 2024

TO: Dr. Colleen Shogan  
Archivist of the United States

FROM: Dr. Brett M. Baker  
Inspector General 

SUBJECT: *Management Letter: Control Deficiency Identified During the Audit of National Archives and Records Administration's Financial Statements for Fiscal Year 2024*

The Office of Inspector General (OIG) contracted with Sikich CPA LLC to conduct an independent audit on the financial statements of the National Archives and Records Administration (NARA) as of and for the fiscal year ended September 30, 2024. Sikich issued an unmodified opinion on the financial statements of NARA as of and for the fiscal years ended September 30, 2024 (OIG Audit Report No. 25-AUD-01).

During the audit, Sikich identified one internal control deficiency that did not rise to the level of a material weakness or significant deficiency but represents an opportunity to strengthen internal control and operating efficiency. The control deficiency, summarized in Appendix A, has been discussed with the appropriate members of your management team. We consider the recommendation open. Please submit an action plan for the recommendation within 30 days. Once your office has fully implemented the recommendation, please submit evidence of completion, or agreed upon corrective action so that the recommendation may be closed. The report should be read in conjunction with NARA's financial statements and notes to fully understand the context of the information contained therein.

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

We appreciate the cooperation and assistance NARA extended to Sikich and my staff during the audit. Please contact me with any questions.

Attachment

cc: Merrily Harris, Executive Secretariat  
William Bosanko, Deputy Archivist  
Hannah Bergman, Acting General Counsel  
Jay Trainer, Acting Chief Operating Officer  
Meghan Guthorn, Deputy Chief Operating Officer  
Colleen Murphy, Acting Chief of Management and Administration, Chief Financial  
Officer, and Senior Accountable Official  
Gulam Shakir, Acting Chief Information Officer  
Nicole Willis, Deputy Chief Information Officer  
Kimm Richards, Accountability  
Carol Seubert, Senior Auditor  
Teresa Rogers, Senior Program Auditor  
Eric Good, Senior Program Auditor  
United States Senate Homeland Security and Governmental Affairs Committee  
United States House of Representatives Committee on Oversight and Reform



333 John Carlyle Street, Suite 500  
Alexandria, VA 22314  
703.836.6701

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December 17, 2024

Dr. Brett Baker, Inspector General  
National Archives and Records Administration

Dr. Colleen Shogan, Archivist of the United States  
National Archives and Records Administration

Dear Dr. Baker and Dr. Shogan:

Sikich CPA LLC recently completed our audit of the fiscal year (FY) 2024 financial statements of the National Archives and Records Administration (NARA), as of and for the year ended September 30, 2024. We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS) in the United States of America; standards applicable to financial statement audits contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. In planning and performing the audit, we considered NARA's internal control over financial reporting (internal control) as a basis for designing audit procedures that were appropriate for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NARA's internal control. We did not express an opinion on the effectiveness of NARA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we became aware of deficiencies in NARA's internal control that, individually or in the aggregate, represented a significant deficiency. We communicated the deficiency in our report dated November 13, 2024. We also became aware of deficiencies in internal control other than significant deficiencies and material weaknesses that represent opportunities for strengthening internal control and operating efficiency. We have summarized our comments and recommendations regarding the significant deficiency in Appendix A. This communication does not affect our report dated November 13, 2024, on the financial statements or our other reporting required by *Government Auditing Standards*. We plan to review the status of these internal control deficiencies during our next audit engagement.

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



This communication is intended solely for the information and use of NARA's management and the Office of Inspector General. This communication is not intended to be, and should not be, used by anyone other than these specified parties.

*SiKich CPA LLC*

Alexandria, VA

**APPENDIX A: FISCAL YEAR 2024 MANAGEMENT LETTER – CONTROL DEFICIENCIES THAT DO NOT MEET THE CRITERIA OF MATERIAL WEAKNESS OR SIGNIFICANT DEFICIENCY**

We noted the following deficiency in NARA's internal control over financial reporting that do not rise to the levels of significant deficiency or material weakness, either individually or in the aggregate: (1) Entity-wide Travel Policy was not Updated Timely. We provide additional detail regarding this observation below.

**CONTROL DEFICIENCY 1: ENTITY-WIDE TRAVEL POLICY WAS NOT UPDATED TIMELY (FINANCIAL NFR) (REPEAT)****Condition**

NARA's *601 Travel Policy and Procedures* listed on NARA's intranet and provided to the auditors was not current. The policy was last updated in March 2008, and it does not reference current procedures.

This issue was reported in the prior-year audit as a repeat finding, and the condition mentioned above still remains open as of September 30, 2024. Management did not remediate identified internal control deficiency in a timely manner.

**Criteria**

Federal Internal Control Standards (GAO-14-704G) Principle 12 states:

*12.01 Management should implement control activities through policies.*

**Attributes**

*The following attributes contribute to the design, implementation and operating effectiveness of this principle:*

- *Documentation of Responsibilities through policies*
- *Periodic Review of Control Activities*

*12.02 Management documents in policies the internal control responsibilities of the organization.*

*12.03 Management documents in policies for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness.*

*12.04 Those in key roles for the unit may further define policies through day-to-day procedures, depending on the rate of change in the operating environment and complexity of the operational process. Procedures may include the timing of when a control activity occurs and any follow-up corrective actions to be performed by competent personnel if deficiencies are identified. Each unit, with guidance from management, determines the policies necessary to operate the process based on the objectives and related risks for the operational process. Each unit also documents policies in the appropriate level of detail to allow management to effectively monitor the control activity.*

*Management communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities.*

*12.05 Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately. Changes may occur in personnel, operational processes, or information technology. Regulators; legislators; and in the federal environment, the Office of Management and Budget and the Department of the Treasury may also change either an entity's objectives or how an entity is to achieve an objective. Management considers these changes in its periodic review.*

Federal Internal Control Standards (GAO-14-704G) Principle 17, "Corrective Action Attribute," states:

*17.06 Management completes and documents corrective actions to remediate internal control deficiencies on a timely basis. These corrective actions include resolution of audit findings. Depending on the nature of the deficiency, either the oversight body or management oversees the prompt remediation of deficiencies by communicating the corrective actions to the appropriate level of the organizational structure and delegating authority for completing corrective actions to appropriate personnel. The audit resolution process begins when audit or other review results are reported to management and is completed only after action has been taken that (1) corrects identified deficiencies, (2) produces improvements, or (3) demonstrates that the findings and recommendations do not warrant management action. Management, with oversight from the oversight body, monitors the status of remediation efforts so that they are completed on a timely basis.*

**Cause**

Management neither updated nor documented internal control responsibilities in response to changing conditions.

**Effect**

Errors may occur in processing of travel transactions if employees refer to and follow outdated policies and procedures in the performance of their duties.

**Recommendation**

We recommend that the Chief Financial Officer:

1. Update the travel policy and continue efforts to ensure that all written policies and procedures are reviewed and revised in a timely manner.

**Management Response**

Management concurred with the finding and recommendation. It communicated in its corrective action plan that it would update NARA's travel policy by December 31, 2024.