



December 1, 2020

TO: David S. Ferriero  
Archivist of the United States

FROM: James Springs   
Inspector General

SUBJECT: *Management Letter: Control Deficiency Identified During the Audit of National Archives and Records Administration's Financial Statements for Fiscal Year 2020*  
Audit Report No. 21-AUD-04

We contracted with the independent certified public accounting firm of CliftonLarsonAllen, LLP (CLA) to audit the financial statements of the National Archives and Records Administration (NARA) as of and for the fiscal years ended September 30, 2020 and 2019. CLA issued an unmodified opinion on the financial statements of the NARA as of and for the fiscal years ended September 30, 2020 and 2019.

During the audit, CLA 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 by December 15, 2020. Once your office has fully implemented the recommendation, please submit evidence of completion of agreed upon corrective action so that recommendation may then be closed.

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

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

Attachment

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



## FISCAL YEAR 2020 MANAGEMENT LETTER

To the Inspector General  
National Archives and Records Administration

To the Archivist  
National Archives and Records Administration

In planning and performing our audit of the consolidated financial statements of the National Archives and Records Administration (NARA) as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No.19-03, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 19-03), we considered NARA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NARA's internal control. Accordingly, we do not express an opinion on the effectiveness of NARA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls.

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

Our Independent Auditors' Report, dated November 10, 2020, described two significant deficiencies. During our audit, we also became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that

## Communication with Management

represent opportunities for strengthening internal control and operating efficiency. While the nature and magnitude of these other deficiencies in internal control were not considered important enough to merit the attention of those charged with governance, they are considered of sufficient importance to merit management's attention. Our comments and recommendations regarding those matters are summarized in Appendix A (Management Letter). This communication does not affect our Independent Auditors' Report, dated November 10, 2020, which contains our written communication of two significant deficiencies and one reportable instance of noncompliance with laws and regulations that came to our attention in performing our audit.

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

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

**CliftonLarsonAllen LLP**

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

Arlington, Virginia  
November 10, 2020

**Appendix A**  
**National Archives and Records Administration**  
**Fiscal Year 2020 Financial Statement Audit**

**Management Letter Comments**

**1. Entity Wide Travel Policy was not Updated Timely [NFR 2016-03/2020-02]  
(Repeat Finding)**

Upon review of 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 does not reference current procedures.

We issued a repeated prior year finding, as the condition mentioned above still exists as of September 30, 2020.

***Recommendation 1:***

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

***Management Response:***

Management concurred with the findings and recommendation without additional comment.

**Appendix B**  
**National Archives and Records Administration**  
**FY2020 Financial Statement Audit**  
**Status of Prior Year Findings**

<b>Prior Finding</b>	<b>Fiscal Years 2018 and 2019 Findings</b>	<b>Prior Finding Description</b>	<b>Fiscal Year 2020 Status</b>
2016-03	Entity Wide Travel Policy is not updated timely	NARA's 601 Travel Policy and Procedures listed on NARA's intranet and provided to the auditors is not current.	Open. Repeat finding in FY 2020
IT-2019-04	Updates to NARA Continuity of Operations Plan (COOP) were not Approved Timely	NARA did not approve and sign the COOP during FY2019. All NARA COOP plans are scheduled to be approved and signed by designated officials in November of each year.	Closed