



GLS

Report QC2024014
January 30, 2024

Quality Control Review of the Management Letter for the Great Lakes St. Lawrence Seaway Development Corporation's Audited Financial Statements for Fiscal Year 2023



Quality Control Review of the Management Letter for the Great Lakes St. Lawrence Seaway Development Corporation's Audited Financial Statements for Fiscal Year 2023

Required by the Government Corporation Control Act of 1945 and the Chief Financial Officers Act of 1990

Great Lakes St. Lawrence Seaway Development Corporation | QC2024014 | January 30, 2024

What We Looked At

This report presents the results of our quality control review of Allmond & Company LLC's (Allmond) management letter for its audit, conducted under contract with us, of the Great Lakes St. Lawrence Seaway Development Corporation's (GLS) financial statements for fiscal year 2023. The management letter discusses two internal control matters that Allmond was not required to include in its audit report.

What We Found

Our quality control review of the management letter disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

Our Recommendations

Allmond made two recommendations in its management letter. GLS concurred with both recommendations.

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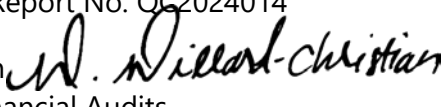
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Memorandum

Date: January 30, 2024

Subject: INFORMATION: Quality Control Review of the Management Letter for the Great Lakes St. Lawrence Seaway Development Corporation's Audited Financial Statements for Fiscal Year 2023 | Report No. QC2024014

From: Dormayne "Dory" Dillard-Christian 
Assistant Inspector General for Financial Audits

To: Administrator, Great Lakes St. Lawrence Seaway Development Corporation

I am pleased to transmit the attached management letter for the audit of the Great Lakes St. Lawrence Seaway Development Corporation's (GLS) financial statements for fiscal year 2023. Allmond & Company, LLC (Allmond) completed the audit under contract with us. The contract required that Allmond perform the audit in accordance with generally accepted Government auditing standards and Office of Management and Budget's Bulletin 24-01 *Audit Requirements for Federal Financial Statements*. Allmond issued an auditor's report¹ that included a clean (unmodified) opinion on GLS's financial statements.

Allmond also issued, and is responsible for, a management letter dated November 6, 2023, (see attachment) identifying two internal control matters that require GLS management's attention. Allmond was not required to include these matters or the related recommendations in its auditor's report.

We appreciate the cooperation and assistance of GLS's representatives and Allmond. If you have any questions about this report, please contact me or Ingrid Harris, Program Director.

cc: GLS Administrator
GLS Liaison

¹ See *Quality Control Review of the Independent Auditor's Report on the Great Lakes St. Lawrence Seaway Development Corporation's Audited Financial Statements for Fiscal Year 2023* (OIG Report No. QC2024005, November 13, 2023). OIG reports are available on our website at <http://www.oig.dot.gov>.

Summary of Allmond's Management Letter

In its management letter, Allmond reported the following matters regarding GLS's internal control that require management's attention.

User Consideration Controls Were Not Properly Designed and Implemented

Allmond noted that GLS does not document its reviews of the users who are provided access to the Federal Payroll Personnel System. Without a periodic review of the access required for each user, users could be granted access exceeding what is required to perform their job responsibilities or could potentially retain access to the system when it is no longer needed.

Improvements Needed in the Retention of Supporting Documentation for Purchase Card Transactions

Internal control relating to the review and approval of purchase card disbursements is not designed and implemented to prevent the potential misstatement of operating expenses and other balances.

During its review of 86 non-payroll disbursements that were recorded during the period of October 1, 2022, through September 30, 2023, Allmond noted that source documentation (i.e., an original receipt, invoice, or purchase confirmation) was not available to support the amount selected for 9 purchase card transactions that were associated with a purchase order.

Recommendations

To strengthen GLS's business process controls, Allmond recommended that:

1. GLS develop written policies and procedures for the annual monitoring of all user accounts. For user accounts relating to service organization systems, GLS should proactively generate or request a listing of user accounts, if one is not already provided by the service organization, and perform a review of the current system users and their permissions. The reviews should be documented and evidence of the review for each

system should be retained according to the Agency's document retention policy.

2. GLS should amend its policies and procedures to require the review and retention of external source documentation, such as original receipts, purchase confirmations, and other purchase verification for all purchase card transactions, so that:
 - this information can be compared to the purchase order, purchase card log, and other internally-created documentation during the approval process, and
 - the information is readily available for external review.

GLS management concurred with Allmond's two recommendations and provided a detailed action plan to address the findings issued to it in the management letter. In accordance with DOT Order 8000.1C, the corrective actions taken in response to the findings are subject to follow up.

Quality Control Review

We performed a quality control review of Allmond's management letter and related documentation. Our quality control review disclosed no instances in which Allmond did not comply, in all material respects, with U.S. generally accepted Government auditing standards.

Exhibit. List of Acronyms

| | |
|-----|---|
| DOT | U.S. Department of Transportation |
| OIG | Office of Inspector General |
| GLS | Great Lakes St. Lawrence Seaway Development Corporation |

Attachment. Independent Auditor's Management Letter

**GREAT LAKES ST. LAWRENCE SEAWAY
DEVELOPMENT CORPORATION**

**MANAGEMENT LETTER REPORT
SEPTEMBER 30, 2023**



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MANAGEMENT LETTER REPORT

Administrator, Great Lakes St. Lawrence Seaway Development Corporation
Inspector General, U.S. Department of Transportation

We audited the Great Lakes St. Lawrence Seaway Development Corporation (GLS) financial statements as of 09/30/2023 and for the year then ended and issued our report dated November 6, 2023 under separate cover.

In planning and performing our audit, we considered GLS's internal controls to determine auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls. Though not considered to be material weaknesses or significant deficiencies, we noted additional matters involving internal control that are presented in this letter for GLS management's attention and consideration.

The purpose of this report is solely for the information and use of GLS management. We appreciate your assistance and cooperation during the audit and look forward to serving you in the near future.

Sincerely,

Allmond & Company, LLC

Lanham, MD
November 6, 2023

Allmond & Company audited GLS's Statement of Financial Position as of September 30, 2023; the related Statement of Operations and Changes in Cumulative Results of Operations, and Statement of Changes in Equity of the U.S. Government, and Statement of Cash Flows (the financial statements). We noted two matters relating to GLS's internal controls and/or operations that we believe warrant management's attention; however, these issues were not considered to be significant deficiencies or material weaknesses.

Under standards issued by the American Institute of Certified Public Accountants, 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 to detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, 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 the attention of those charged with governance. There were no material weaknesses noted during our audit of GLS's FY 2023 financial statements.

We noted the following control deficiencies during our audit:

1. User Consideration Controls Were Not Properly Designed and Implemented
2. Improvements Needed in the Retention of Supporting Documentation for Purchase Card Transactions

These conditions are discussed in detail in the findings outlined below:

FINDING 1: User Consideration Controls Were Not Properly Designed and Implemented

CONDITION

During our interim review of end-user consideration controls for the Great Lakes St. Lawrence Seaway Development Corporation (GLS) for the fiscal year ending September 30, 2023, we noted the following:

- GLS does not document its reviews of the users who are provided access to the Federal Payroll and Personnel System (FPPS).

CRITERIA

National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision 5, Security and Privacy Controls for Federal Information Systems and Organizations, Section AC-2, Account Management, states:

“The organization:

- d. Specifies authorized users of the information system, group and role membership, and access authorizations (i.e., privileges) and organization-defined attributes (as required) for each account;
- g. Monitors the use of accounts.”

U.S. Department of the Interior Service Level Agreement, Fiscal Year 2023, for the Federal Personnel and Payroll System (FPPS) (page 18) states that the QuickTime Administrator Security Point of Contact (SPOC) provides Master Administrator Services, including conducting an annual security access review.

CAUSE

GLS does not document its monitoring of user accounts and user permissions for individuals who have access to the FPPS system.

EFFECT

Without a periodic review of the access required for each user, users could be granted access exceeding that which is required to perform their job responsibilities or potentially allow users to retain access to the system when access is no longer needed. This could negatively impact the accuracy and integrity of the Corporation's payroll system and data.

Because the FPPS system interfaces with the Oracle Federal Financials financial management system, improper access to FPPS increases the risk of material misstatement of Corporation's financial statements and footnotes.

RECOMMENDATION

We recommend that GLS develop written policies and procedures for the annual monitoring of all user accounts. For user accounts relating to service organization systems, GLS should proactively generate or request a listing of user accounts, if one is not already provided by the service organization, and perform a review of the current system users and their permissions. The reviews should be documented and evidence of the review for each system should be retained according to the agency's document retention policy.

MANAGEMENT RESPONSE

GLS Management concurred with the condition and will consider the recommendation provided when determining if a corrective action plan should be developed once the audit concludes.

General Comments

The GLS concurs with the condition and will develop a corrective action plan, to be implemented by January 31, 2024, to address the finding.

AUDITOR'S RESPONSE

We will conduct follow-up procedures in FY 2024 to determine whether corrective actions have been developed and implemented.

Finding 2: Improvements Needed in the Retention of Supporting Documentation for Purchase Card Transactions

CONDITION

Internal control relating to the review and approval of purchase card disbursements is not designed and implemented to prevent the potential misstatement of operating expenses and other balances.

During our review of 86 non-payroll disbursements that were recorded during the period of October 1, 2022 through September 30, 2023, we noted that source documentation (i.e., an original receipt, invoice, or purchase confirmation) was not available to support the amount selected for nine (9) purchase card transactions that were associated with a purchase order.

CRITERIA

The Government Accountability Office (GAO's) Standards for Internal Control in the Federal Government, Principle 10.01: Design Control Activities, states, "Management should design control activities to achieve objectives and respond to risks. The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Objectives and Risks
- Design of Appropriate Types of Control Activities
- Design of Control Activities at Various Levels"

GAO Standards for Internal Control in the Federal Government, Principle 10.03: Design of Appropriate Types of Control Activities, Appropriate Documentation of Transactions and Internal Control, 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."

CAUSE

- The Corporation's current policy does not require retention of external receipts, purchase confirmations, or other source documentation for purchase card transactions when a Purchase Order is created for the transaction.

EFFECT

- The failure to properly maintain source documentation relating to the organization's procurement and payment activities increases the risk for misstatement of operational/program costs in the Corporation's accounting records and increases the possibility that incorrect or duplicate amounts could be approved.
- The failure to maintain supporting documentation impairs the organization's ability to identify errors and implement corrective actions timely.

RECOMMENDATION

We recommend that management should amend its policies and procedures to require the review and retention of external source documentation, such as original receipts, purchase confirmations, and other purchase verification for all purchase card transactions, so that:

- this information can be compared to the purchase order, purchase card log, and other internally-created documentation during the approval process, and
- the information is readily available for external review.

MANAGEMENT RESPONSE

The GLS concurs with the condition and will develop a corrective action plan, to be implemented by January 31, 2024, to address the finding.

AUDITOR'S RESPONSE

We will conduct follow-up procedures in FY 2024 to determine whether corrective actions have been developed and implemented.

U.S. Department of Transportation
Office of Inspector General

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OUR MISSION

OIG enhances DOT's programs and operations by conducting objective investigations and audits on behalf of the American public.



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