



Audit Report



OIG-19-015

FINANCIAL MANAGEMENT

Management Letter for the Audit of the Community Development Financial Institutions Fund's Financial Statements for Fiscal Years 2018 and 2017

November 14, 2018

Office of Inspector General
Department of the Treasury

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OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

November 14, 2018

**MEMORANDUM FOR MARY A. DONOVAN, DIRECTOR
COMMUNITY DEVELOPMENT FINANCIAL
INSTITUTIONS FUND**

FROM: James Hodge /s/
Director, Financial Audit

SUBJECT: Management Letter for the Audit of the Community
Development Financial Institutions Fund's Financial
Statements for Fiscal Years 2018 and 2017

We contracted with the independent certified public accounting firm KPMG LLP (KPMG) to audit the financial statements of the Community Development Financial Institutions (CDFI) Fund as of September 30, 2018 and 2017, and for the years then ended. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*, and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency, *Financial Audit Manual*.

As part of its audit, KPMG issued the attached management letter dated November 13, 2018, that discusses a matter involving a deficiency in internal control over financial reporting that was identified during the audit. This matter relates to controls surrounding disabling inactive user accounts.

In connection with the contract, we reviewed KPMG's management letter and related documentation and inquired of its representatives. KPMG is responsible for the letter and the conclusions expressed in the letter. Our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

Should you have any questions, please contact me at (202) 927-0009, or a member of your staff may contact Catherine Yi, Manager, Financial Audit, at (202) 927-5591.

Attachment



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

November 13, 2018

Inspector General
U.S. Department of the Treasury:

Director
Community Development Financial Institutions Fund:

In planning and performing our audit of the financial statements of the U.S. Department of the Treasury's Community Development Financial Institutions Fund (CDFI Fund) as of and for the year ended September 30, 2018, 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 (OMB) Bulletin No. 19-01, *Audit Requirements for Federal Financial Statements*, we considered the CDFI Fund'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 the CDFI Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the CDFI Fund'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. 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 the following deficiency in internal control that is presented for your consideration. This comment and the related recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control and are summarized in the attached Appendix A.

The CDFI Fund's response to our comment and recommendations (also in Appendix A) has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

This purpose of this letter is solely to describe the deficiency in internal control identified during our audit. Accordingly, this letter is not suitable for any other purpose.

Very truly yours,

KPMG LLP

Improvements are needed in controls surrounding disabling inactive user accounts

The Community Development Financial Institutions Fund (CDFI Fund) contracts with a vendor to manage CDFI Fund's network and infrastructure, including Windows Active Directory (AD). CDFI Fund user access to the Award Management Information System (AMIS) is granted by use of Single Sign-On (SSO) by the user's AD credentials being passed to AMIS for authentication.

On a weekly basis, the CDFI Fund relies on the AD script run by the vendor as means for disabling AD accounts automatically that have been inactive for over 60 days. However, KPMG noted several CDFI Fund AD accounts had been inactive for more than 60 days that had not been disabled as required by the AMIS System Security Plan (SSP).

The script being utilized to disable AD accounts automatically after 60 days of inactivity had flaws in identifying inactive accounts in at least one certain scenario (e.g. missing employee ID field).

To the extent that valid inactive accounts are present in AMIS, user accounts have an increased risk of being compromised by unauthorized individuals. Further, unauthorized user account access may result in the loss of data, data corruption, and/or other privileged access.

Recommendations

We recommend that management:

1. Review and update all current CDFI Fund employee and contractor AD accounts to ensure all user attributes required for the vendor's inactive user script to review and disable accounts that have been inactive for 60 or more days have been appropriately entered.
2. Revise the AD account creation process to ensure all CDFI Fund employee and contractor AD accounts contain all user attributes required for the vendor's inactive user script to review and disable all accounts that have been inactive for 60 or more days.

Management's Response

The CDFI Fund maintains Standard Operating Procedures (SOPs) for the review of employee and contractor AD accounts. The CDFI Fund will revise these SOPs to ensure new accounts contain all user attributes required for the vendor's inactive user script. The CDFI Fund will review and update current accounts periodically, such that all accounts that have been inactive for 60 or more days are disabled.



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