

Office of Inspector General

**FY 2023 Financial Statements
Management Letter**

A24-01A



November 2023

FEDERAL MARITIME COMMISSION



FEDERAL MARITIME COMMISSION
Washington, DC 20573

November 15, 2023

Office of Inspector General

Dear Chairman Maffei and Commissioners Dye, Sola, Bentzel, and Vekich:

When performing an audit of an agency's major financial systems and accounting processes, auditors may detect deficiencies in internal controls that do not rise to a level of seriousness to be reported in the auditor's opinion. These findings are communicated to the auditee in a management letter. Attached is a copy of the FY 2023 Financial Statement Management Letter and the Managing Director's response that reports on such findings.

This year's management letter contains the status of one current-year finding. The OIG will continue to review this area again and report any findings in next year's audit. I am available to discuss the letter at your convenience.

Respectfully submitted,

/s/

Jon Hatfield
Inspector General

Attachments

cc: Office of the Managing Director
Office of the General Counsel
Office of Budget and Finance

Management Letter

Chairman Daniel B. Maffei
Federal Maritime Commission

In planning and performing our audit of the financial statements of the Federal Maritime Commission (the Commission) as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Federal Maritime Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses; and therefore, material weaknesses may exist that were not identified.

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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

During our audit, we noted a certain matter involving other operating matters that is presented for your consideration. This letter does not affect our report dated November 15, 2023 on the financial statements. Our comment and recommendation, all of which have been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience.

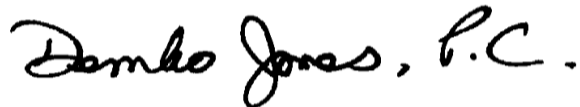
Our comments are summarized as follows:

I. Timely Submission of Travel Claims

During our performance of audit tests related to travel vouchers, we noted that 7 of the 32 travel claims were not submitted by the traveler to the approving official within the required number of working days upon completion of the trip. Federal Travel Regulations §301-52.7 state that travel claims must be submitted within five (5) working days after the traveler completes their trip or period of travel; or every 30 days if the traveler is on continuous travel status. We recommend the Commission clarify their commission order terms and consider delegating additional travel voucher responsibility to travelers or reassess/implement additional procedures to improve submitting the travel claims within the 5 working day window.

This communication is intended solely for the information and use of management, individuals charged with governance, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We sincerely appreciate the opportunity to provide services to the Federal Maritime Commission and hope you find the information included in this correspondence useful and informative.

A handwritten signature in black ink that reads "Dembo Jones, P.C.". The signature is written in a cursive, flowing style.

*North Bethesda, Maryland
November 15, 2023*

Memorandum

TO : Inspector General

DATE: December 11, 2023

FROM : Managing Director

SUBJECT : Management Letter to the FY 2023 Financial Statement Audit

I have reviewed the recommendation contained in the Management Letter to the FY 2023 financial statement audit regarding the timely submission of travel claims. I appreciate the recommendation for improvement in this important effort.

Current Commission policy complies with the Federal Travel Regulations (FTR) §301-52.7 requirement to submit travel reimbursement claims within five (5) working days. Commission Order 55, *Official Travel*, (CO 55) states in Section 13(b) that “the traveler shall submit an itemized list of his/her daily expenses, together with all required supporting documents, to OBFM within *five working days* after travel is completed.” CO 55 is currently being revised. The planned revision will not modify this requirement.

Commission procedures currently advise travelers of reimbursement submission requirements when issuing travel orders and/or tax exemption forms. Prior to travel, the Office of Budget and Finance (OBF) sends a detailed email requesting/reminding travelers to send in receipts and a detailed list of their expenses within 5 working days of the completion of their travel. Once the trip is completed, OBF sends a reminder email requesting the claim information to complete the traveler’s voucher.

Given the significant number of late reimbursement claims, additional measures will be considered and implemented to improve compliance. By the end of the third quarter of FY 2024, OBF staff will complete a review to strengthen current procedures and to educate travelers about the reimbursement submission requirement and to obtain traveler compliance. OBF will implement identified changes in the fourth quarter of FY 2024.

My office will provide you with an update of travel procedures to be strengthened or implemented in the coming months, and will notify you once CO 55 has been updated and approved.

Lucille L.
Marvin

Digitally signed by Lucille
L. Marvin
Date: 2023.12.11
14:26:29 -05'00'

Lucille L. Marvin

cc: Office of the Chairman
Director, Office of Budget and Finance