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

## Independent Auditors' Report

Acting Secretary and Inspector General
United States Department of Labor:

### Report on the Audit of the Financial Statements

*Qualified Opinion on the Consolidated Financial Statements and Opinion on the Sustainability Financial Statements*

We have audited the financial statements of the United States (U.S.) Department of Labor (DOL), which comprise the consolidated financial statements and the sustainability financial statements. The consolidated financial statements comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of net cost, and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

The sustainability financial statements comprise the statements of social insurance as of September 30, 2025, 2024, 2023, 2022, and 2021, the statements of changes in social insurance amounts for the years ended September 30, 2025 and 2024, and the related notes to the sustainability financial statements.

In our opinion, except for the possible effects on the 2025 consolidated financial statements of the matters described in the Basis for Qualified Opinion on the Consolidated Financial Statements and Basis for Opinion on the Sustainability Financial Statements section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the United States Department of Labor as of September 30, 2025, and its net cost, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Also, in our opinion, the accompanying sustainability financial statements present fairly, in all material respects, the United States Department of Labor's social insurance information as of September 30, 2025, 2024, 2023, 2022, and 2021, and its changes in social insurance amounts for the years ended September 30, 2025 and 2024 in accordance with U.S. generally accepted accounting principles.

*Basis for Qualified Opinion on the Consolidated Financial Statements and Basis for Opinion on the Sustainability Financial Statements*

For the year ended September 30, 2025, DOL reported remaining obligations from the prior year related to the unemployment insurance programs enacted during the COVID-19 pandemic in the amount of $3.5 billion. These remaining obligations are reflected in the unobligated balance from prior year budget authority, net, caption in the combined statement of budgetary resources. DOL also included information related to these obligations in notes 18.A, 18.C, 18.D, and 18.E. We were unable to obtain sufficient appropriate audit evidence about the methodology and certain underlying assumptions used to estimate the balance in fiscal year 2025. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

In addition, DOL reported COVID-19 related unemployment insurance benefit overpayments of $2.9 billion, net of allowance for uncollectible accounts, in the accounts receivable, net (with the public) caption in the consolidated balance sheet as of September 30, 2025. DOL also included information related to the accounts receivable and the allowance for uncollectible accounts in notes 4, 15, 19, and 21. We were unable to obtain sufficient appropriate audit evidence about the methodology and certain underlying assumptions used in developing the estimated components of the related account balances in fiscal year 2025, including the related bad debt and other expenses. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DOL and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements and audit opinion on the sustainability financial statements.

*Emphasis of Matter*

As discussed in Notes 1-W and 1-Y to the financial statements, the sustainability financial statements are based on management's assumptions. These sustainability financial statements present the present value of DOL's estimated future income to be received, actuarial present value of future expenditures to be paid, and present value of estimated future administrative costs using a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and to meet obligations as they come due. The statements of social insurance and changes in social insurance amounts are based on income and benefit formulas in current law and assume that scheduled benefits will continue after any related trust funds are exhausted. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable. In preparing the sustainability financial statements, management considers and selects assumptions and data that it believes provide a reasonable basis to illustrate whether current policy or law is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability, for example, implementation of policy changes to avoid trust fund exhaustion or unsustainable debt levels. Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. Our opinion on the sustainability financial statements is not modified with respect to this matter.

*Other Matter - Interactive Data*

Management has elected to reference to information on websites or other forms of interactive data outside the *Agency Financial Report* to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DOL's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Required Supplementary Information*

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary

information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Management is responsible for the other information included in the *Agency Financial Report*. The other information comprises the Message from the Acting Secretary of Labor, Message from the Chief Financial Officer, and Other Information sections but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

*Report on Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2025, we considered DOL'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control. Accordingly, we do not express an opinion on the effectiveness of DOL's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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. However, as described in Exhibits I and II, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiencies described in Exhibit I to be a material weakness.

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 consider the deficiencies described in Exhibit II to be a significant deficiency.

*Report on Compliance and Other Matters*

As part of obtaining reasonable assurance about whether DOL's financial statements as of and for the year ended September 30, 2025 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

We also performed tests of DOL's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which DOL's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

*DOL's Responses to Findings*

*Government Auditing Standards* requires the auditor to perform limited procedures on DOL's responses to the findings identified in our audit and described in Exhibit III. DOL's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

*Purpose of the Other Reporting Required by Government Auditing Standards*

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DOL's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DOL's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
September 11, 2026

**Improvements Needed in Controls Over Financial Reporting Related to Unemployment Trust Fund (UTF) Balances and Activity**

The United States Department of Labor (DOL) operates the Unemployment Insurance (UI) program which provides benefit payments, including enhanced UI benefits in response to COVID-19, to eligible individuals. Consistent with prior years, the preparation of DOL's financial statements requires management to make certain estimates and assumptions related to the UI programs that affect the reported amounts of assets, liabilities, and obligations as of September 30, 2025, and the associated expenses for the year then ended. These estimates include the UTF obligations of COVID-19 funding, the UTF COVID-19 benefit overpayment receivables, net, and a portion of the UTF expenses, among others.

In fiscal year (FY) 2024, we found management's controls over the estimates related to the obligation of UTF COVID-19 funding and the UTF COVID-19 benefit overpayment accounts receivable were not sufficiently designed and documented to support the methodology, assumptions, and data used to develop these estimates. We also found that management did not have sufficient controls in place over the UTF expenses to ensure that benefit expenses reported in DOL's financial statements were reconciled timely at an appropriate level of precision to the state workforce agencies' (SWA) expense information.

Although DOL developed new policies and procedures in FY 2025 in an effort to remediate the FY 2024 findings, such new procedures were not sufficient to fully address the prior year's findings. The deficiencies noted in FY 2025 continued to increase the risk that material misstatements in DOL's financial statements could occur and not be prevented or detected and corrected in a timely manner. A summary of the specific issues noted follows:

*UTF Obligation of COVID-19 Funding*

Management did not have sufficient processes and controls in place to properly validate the reasonableness of the methodology and assumptions, and the relevance and reliability of the underlying data used to develop the estimate of the remaining obligated amounts for UTF COVID-19 programs.

This resulted in management's inability to properly support the completeness, existence, and accuracy of the $3.5 billion in remaining obligations reflected in the unobligated balance from prior year authority, net, reported in the combined statement of budgetary resources for the fiscal year ended September 30, 2025, and the related information in notes 18.A, 18.C, 18.D, and 18.E.

*UTF COVID-19 Benefit Overpayment Accounts Receivables and Related Allowances*

Management did not have sufficient processes and controls in place to validate the relevance and reliability of the data and assumptions used in developing the benefit overpayment accounts receivable estimate and the related allowances. For example, in performing its outreach to SWAs to validate the reliability of the SWA established overpayments, management excluded from their outreach efforts SWAs with a total benefit overpayment accounts receivable of $7 billion.

These matters resulted in management's inability to properly support the completeness, existence, and accuracy of accounts receivable, net, reported in the consolidated balance sheet as of September 30, 2025, and the related information disclosed in notes 4, 15, 19, and 21.

Although management took certain steps in FY 2025 to develop corrective action plans to address prior year findings, the deficiencies related to the UTF obligation of funding and benefit overpayment accounts receivables continued to exist because management was not able to fully complete the analyses and procedures to validate the relevance and reliability of certain assumptions and underlying data used in the estimates.

The following criteria are relevant to the conditions noted above:

> The Government Accountability Office's *Standards for Internal Control in the Federal Government* (the Standards), Section 7.04 states:
>
> Management considers all significant interactions within the entity and with external parties, changes within the entity's internal and external environment, and other internal and external factors to identify risks throughout the entity. Internal risk factors may include the complex nature of an entity's programs, its organizational structure, or the use of new technology in operational processes. External risk factors may include new or amended laws, regulations, or professional standards; economic instability; or potential natural disasters. Management considers these factors at both the entity and transaction levels to comprehensively identify risks that affect defined objectives. Risk identification methods may include qualitative and quantitative ranking activities, forecasting and strategic planning, and consideration of deficiencies identified through audits and other assessments.
>
> Section 10.02 of the Standards states:
>
> Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks.
>
> Section 13.04 of the Standards states:
>
> Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

To address the deficiencies noted above, we continue to recommend that the Chief Financial Officer and the Assistant Secretary for Employment and Training:

1. Design and implement sufficient controls over the respective estimates to ensure management's review of the estimates are performed at a sufficient level of detail, and include the review of the methodology, relevance and reliability of the underlying data, and assumptions used to develop the estimates.

2. Maintain documentation of the reviews performed to assess the reasonableness of the methodology, underlying data, and assumptions used to develop the estimates that is sufficiently detailed to evidence the specific items reviewed, analysis performed, and conclusions reached.

**Management's Response:**

See Exhibit III for management's response.

**Auditors' Response**

We will conduct follow-up procedures in FY 2026 to determine whether corrective actions have been developed and implemented.

**Improvements Needed in Information Technology Segregation of Duties and Access Controls**

DOL utilizes information technology (IT) to support its mission and its internal controls over financial reporting. IT systems are comprised of four layers of technology – application, database, operating system, and network. IT general controls (ITGCs) provide the foundation for the integrity of systems including applications and the system software that comprise the general support systems for the major applications. ITGCs, combined with IT application-level and manual controls, are critical to ensure accurate and complete processing of transactions and integrity of stored data. ITGCs address risks arising from IT in the key control areas of access to programs and data, program changes, program acquisition and development, and computer operations.

In FY 2025, we noted certain control deficiencies in the areas of segregation of duties and logical access controls. Specifically, we noted the following:

- Deficiencies in IT Controls Related to Segregation of Duties: For two in-scope financial systems, users with developer access also had access to the production environments.

- Deficiencies in System Access Controls: For three in-scope financial systems, certain users were able to recertify their own system access. In addition, for four in-scope financial systems, certain users who no longer needed system access were not removed in a timely manner.

These deficiencies occurred as a result of ineffective risk assessments and monitoring of the internal control environment. Specifically, DOL did not perform appropriate risk assessments to effectively design and implement segregation of duties controls within the IT systems. Additionally, DOL did not sufficiently monitor the effectiveness of segregation of duties and system access controls that were suitably designed. The deficiencies increase the risk of unauthorized access to information systems or data.

The following criteria are relevant to the conditions noted above.

> The Government Accountability Office's *Standards for Internal Control in the Federal Government* (the Standards), Section 7.01 states:
>
> Management considers all significant interactions within the entity and with external parties, changes within the entity's internal and external environment, and other internal and external factors to identify risks throughout the entity. Internal risk factors may include the complex nature of an entity's programs, its organizational structure, or the use of new technology in operational processes. External risk factors may include new or amended laws, regulations, or professional standards; economic instability; or potential natural disasters. Management considers these factors at both the entity and transaction levels to comprehensively identify risks that affect defined objectives. Risk identification methods may include qualitative and quantitative ranking activities, forecasting and strategic planning, and consideration of deficiencies identified through audits and other assessments.
>
> Section 11.09 of the Standard states:
>
> Management designs control activities over the information technology infrastructure to support the completeness, accuracy, and validity of information processing by information technology. Information technology requires an infrastructure in which to operate, including communication networks for linking information technologies, computing resources for applications to operate, and electricity to power the information technology. An entity's information technology infrastructure can be complex. It may be shared by different units within the entity or outsourced either to service organizations or to location-independent technology services. Management evaluates the objectives of the entity and related risks in designing control activities for the information technology infrastructure.

Section 11.14 of the Standard states:

> Management designs control activities to limit user access to information technology through authorization control activities such as providing a unique user identification or token to authorized users. These control activities may restrict authorized users to the applications or functions commensurate with their assigned responsibilities, supporting an appropriate segregation of duties. Management designs other control activities to promptly update access rights when employees change job functions or leave the entity. Management also designs control activities for access rights when different information technology elements are connected to each other.

Section 12.05 of the Standard states:

> Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks.

Section 16.05 of the Standard states:

> Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

To address these deficiencies, we recommend that the Chief Information Officer and Chief Financial Officer:

1. Perform risk assessments to determine the sufficiency of segregation of duties controls over the IT development and production environments.

2. Perform risk assessments to determine the sufficiency of controls related to system access recertification.

3. Develop and implement monitoring controls to ensure compliance with DOL's policies related to segregation of duties and the timely removal of unauthorized users' system access.

**Management's Response:**

See Exhibit III for management's response.

**Auditors' Response**

We considered management's partial concurrence with the first finding and continue to believe that while management provided access to the production environment for a developer during a transition for one system, management did not fully document the risks and implement sufficient monitoring controls to detect unauthorized changes to production data and computing resources. We will conduct follow-up procedures in FY 2026 to determine whether corrective actions have been developed and implemented.

**U.S. Department of Labor**

Office of the Chief Financial Officer
Washington, D.C. 20210

**MEMORANDUM FOR:** LAURA B. NICOLOSI
Assistant Inspector General for Audit

**FROM:** DAVID B. CASTILLO
Chief Financial Officer

**SUBJECT:** FY 2025 Independent Auditors' on DOL's Consolidated Financial Statements Report # No. 22-26-002-13-001

Please find the attached management's response to FY 2025 Independent Auditors' on DOL's Consolidated Financial Statements Report # 22-25-002-13-001.

We appreciate the opportunity to provide input and look forward to continued collaboration with the OIG audit team.

Please contact me if you have any questions.

cc: Marek Laco, Acting Assistant Secretary, Employment and Training Administration

Michelle Bebee, Administrator, Unemployment Insurance

Dean Heyl, Assistant Secretary for Administration and

Management Mangala Kuppa, Chief Information Officer

Management's Response
Fiscal Year 2025 Independent Auditors' Report

**Improvements Needed in Controls Over Financial Reporting Related to Unemployment Trust Fund (UTF) Balances and Activity**

We agree with the finding and that improvements are needed to the Department of Labor's (the Department) controls over the estimates related to the UTF balances and activities. The Department offers the following in response to the two key areas identified in this finding:

***UTF Obligation of COVID-19 Funding***
With respect to the obligation of COVID-19 funding, management concurs with the finding and notes that the majority of the $3.5 billion in open obligations are primarily due to reporting challenges from the 53 states and territories rather than estimation errors. States record draws from the trust fund for various programs and report expenditures on the monthly ETA-2112 report. When discrepancies occur between reported expenses and draws, undelivered obligations remain open. The Department has made significant efforts to identify and address these reporting issues, reducing the amount by nearly $4 billion in FY 2025.

***UTF COVID-19 Benefit Overpayment Accounts Receivables and Related Allowances***
During FY 2025, the Department conducted targeted outreach to 25 State Workforce Agencies (SWAs) to obtain data on established overpayments and continued engagement with key states to address reporting limitations. This outreach provided valuable feedback, with most states supplying or confirming overpayment estimates. These efforts represent an important initial step toward improving the estimation methodology. However, the newly implemented policies and procedures were not sufficient to fully resolve deficiencies in the estimation processes related to the Unemployment Trust Fund (UTF) COVID-19 obligations and benefit overpayment accounts receivable.

In FY 2026, DOL plans to continue addressing these findings and align with KPMG's recommendations by enhancing controls over estimation processes, strengthening documentation practices, continuing SWA engagement and data validation, and monitoring materiality thresholds to adjust methodologies accordingly.

**Improvements Needed in Information Technology Segregation of Duties and Access Controls**

The Office of the Chief Information Officer (OCIO) management acknowledges and generally concurs with the Office of Inspector General's findings and recommendations regarding deficiencies in segregation of duties controls, system access recertification, and the timely removal of separated users' access. OCIO will take the following actions to address the recommendations and reinforce adherence to the DOL Cybersecurity Policy Portfolio (CPP). Corrective actions will be tracked to completion and managed through established remediation governance.

*Recommendation 1: Perform risk assessments for segregation of duties between IT development and production environments*

**Management Response:**

OCIO partially concurs with recommendation. For one of the systems identified in the related deficiency, a developer had access to the production environment as a part of a planned and controlled activity. The access was for the explicit purpose of testing during the transition from an on-premises instance to a cloud-based instance to ensure a smooth migration process. Access was revoked promptly upon testing. For the second identified system, OCIO has taken corrective actions by reviewing and revising the developer's access permissions. In addition, OCIO plans to take the following corrective actions:

- For in-scope systems, perform a risk assessment across development, test, staging, and production environments to enforce separation of duties.
- Where applicable, correct privileged role assignments to revoke direct change and publish capabilities in production, where not expressly authorized.
- Institute recurring access reviews (bi-annual) for developers and privileged users to detect and resolve segregation violations.

**Planned Completion:** FY26 Q2

*Recommendation 2: Perform risk assessments for system access recertification controls*

**Management Response:**

OCIO concurs with recommendation. For one of the systems identified in the related deficiency, OCIO would like to acknowledge that although the certifiers may review and certify their own access, they cannot modify their user privileges in the system. Any changes to their accounts require review and approval by their manager or designated approver. OCIO plans to take the following corrective actions:

- For in-scope systems, perform a risk assessment of access recertification processes and workflows to determine whether design and frequency are sufficient, identify gaps (including self-recertification and untimely removals),

and design and implement controls to mitigate those risks—such as preventing users from reviewing or reauthorizing their own access.
- Perform independent access reviews of individuals who previously recertified their own access to confirm no unauthorized activities and correct any issues.
- Establish recurring privileged account reviews (bi-annual) to verify access appropriateness and alignment with job responsibilities.

**Planned Completion:** FY26 Q2

*Recommendation 3: Develop and implement monitoring controls to ensure policy compliance*

**Management Response:**

OCIO concurs with recommendation and plan to take the following corrective actions:

- Identify automated and supervisory monitoring solutions to track disablement and deprovisioning against policy timelines, with escalation and remediation for exceptions, to ensure recertification access changes are executed promptly and accurately.
- Update and enforce standard operating procedures to include review and follow up on rejected or stalled access change requests and provide targeted staff training.

**Planned Completion:** FY26 Q2

OCIO would also like to acknowledge the compensating access controls currently in place for the in-scope systems, as defined and enforced in the DOL Cybersecurity Policy Portfolio (CPP), that include immediate credential expiration for separated users restrictions and timely network access removal pending formal personnel termination; multi-factor authentication for system access; and, periodic account recertifications that identify orphaned or mis-provisioned accounts.

OCIO will provide corrective action status updates through established governance forums and will track all remediation activities to closure in accordance with DOL policy. We appreciate the opportunity to provide input.