



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

JUN 15 1998

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(13)

104-69-0070

477

Deputy Associate Director
for Finance/DCFO
United States Mint
633 3rd Street, N.W.
Washington D.C. 20220

(b)(6)

Superintendent
U.S. Mint
Denver, Colorado 80204

Gentlemen:

The Denver Mint Gold Verification Committee conducted the second gold verification for fiscal year 1998 at the United States Mint, Denver Colorado from April 20 - May 7, 1998. Representatives from the Department of Treasury, Office of the Inspector General (OIG), observed the gold verification to attest to the accuracy of the Mint's financial statements. This is consistent with their role under the Chief Financial Officer's Act. Representatives from the General Accounting Office also observed selected aspects of the verification process including the opening of the inventoried compartment, the movement of bars to the final storage compartments, the drilling process to extract gold from the sample bars, the transfer of the samples to the Denver Post Office for mailing to an assay laboratory, and the joint sealing of the new compartments.

The gold verification process was done in accordance with the Mint's Standard Operating Procedures for Gold Verification. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the gold bar schedule for the selected compartment to the physical inventory of gold bars in that compartment. The following describes the objective and scope of the gold verification process and the Committee's findings and conclusions.

OBJECTIVES AND SCOPE

The objectives of the gold verification were to assure that the gold in the Mint's custody was properly secured, accurately accounted for in the Mint's financial records, and the fineness was

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accurately stated. The OIG selected joint sealed compartment [redacted] verified and predetermined the sample size and individual bars to be drilled for gold samples, which will be assayed. The gold bars at the Denver Mint are stored under a joint seal and the fineness, year, and melt number are stamped on each bar. The Committee verified this information by comparing the Headquarters' listing of gold bars in compartment [redacted] the gold bars physically stored in that compartment. The gold bars inventoried in compartment [redacted] were then restacked in compartment [redacted] final storage. (b)(1)

In order to verify the fineness of the bars in compartment [redacted], drill samples were taken from sample melts. The OIG selected the melts to be sampled as well as the bars to be drilled from each sampled melt. The OIG predetermined that 35 melts would be sampled with drill samples coming from three different bars in each selected melt. Denver Mint employees drilled alternating top and bottom samples from the bars selected for a total of 105 samples.

Representatives from the Committee and the OIG transferred the samples to the Denver Post Office for delivery to Ledoux and Company, an independent contractor who will assay the samples to determine their fineness. Ledoux's analysis of the samples is an important check on the fineness of the gold bars as stamped on the bars, and as stated on the bar listing. The OIG assigned sample numbers known only to them to track the results, and provided a list of these numbers with their sample weights to Ledoux. The OIG will provide Ledoux's results on the fineness of the assayed samples to the Mint. (b)(1)

The amount of gold removed from compartment [redacted] during the verification consisted of 21,502 gold bars containing 12,282,395.557 FTOs of gold prior to drilling. The total gold extracted during the sampling process was 14,727 FTOs. The Committee moved the 21,502 bars to compartment [redacted] storage as follows: (b)(1)

(b)(1)

	Bars	Gross Ounces	Fine Troy Ounces Gold
Compartment [redacted]	5,627	4,448,475.04	4,004,823.914
Compartment [redacted]	11,995	5,145,310.69	4,630,170.450
Compartment [redacted]	3,374	3,638,973.90	3,281,002.652
Compartment [redacted]	506	406,810.07	366,398.365
Total of above	21,502	13,639,569.70	12,282,395.381
Totals in [redacted]	21,502	13,639,569.87	12,282,395.557
Differences*	0	(0.17)	(0.176)

* Due to sweeps and rounding

(b)(1)

The new official joint seals for compartment [redacted] at the above amounts. The new official joint seal for compartment [redacted] reflects the above gold removed from compartment [redacted] and gold bars that had been stored in compartment [redacted] were moved to compartment [redacted] to consolidate the gold. Compartment [redacted] contained silver bars, which were removed for subsequent shipment. As a result of moving the gold and silver bars from compartment [redacted] to compartment [redacted] which was under official joint seal is now empty. We adjusted the compartment [redacted] weights for the weights of the 105 samples that were removed. The final compartment [redacted] gold bar contents that the Committee joint sealed is calculated as follows:

(b)(1)

	Bars	Gross Ounces	Fine Troy Ounces Gold
Compartment [redacted] (per above)	506	406,810.07	366,398.365
Less assay samples		(16.39)	(14.727)
Add gold bars from Compartment [redacted]	68	26,853.64	26,723.399
Totals on Joint Seal	574	433,647.32	393,107.037

Note: The 68 gold bars also contained 32.68 FTOs of silver.

The Mint melted all verified gold bars. None of the gold was newly mined. The gold samples contained a total of 14.727 FTOs. Sweeps were collected from the drilling location and placed in compartment [redacted] along with the gold bars.

At the conclusion of the verification, the committee affixed the following four Official Joint Seals to compartments [redacted] number 1555 to compartment [redacted] number 1557 to compartment [redacted] number 1556 to compartment [redacted] and number 1554 to compartment [redacted]. The seals were signed by the Denver Mint Superintendent, representatives from Mint Headquarters, and a representative from the Treasury OIG in order to establish joint control over these gold reserves. Also, the Mint Headquarters' representatives affixed new combination locks to the four joint sealed compartments.

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FINDINGS AND CONCLUSIONS

We found no exceptions when we verified the recorded fineness and dates of each gold bar to the physical inventory. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the bar listing. We will issue an additional report at a future date when the assay results from Ledoux become available.

(b)(6) I would like to commend the three members of my Gold Verification Committee [REDACTED], and [REDACTED] for their hard work, and fine effort in allowing us to complete an assignment performed in a difficult environment (Denver Mint's vault) in a timely manner. I was very impressed with the fine job done by [REDACTED], coordinator of the gold bar movement, for facilitating the movement of the gold bars, and for allowing us to complete the audit in three weeks. I commend all Denver Mint bar handlers for their hard work. The Chairman is particularly appreciative of [REDACTED] and his OIG staff who were very helpful in reconciling the number of melts and the weights of these melts that went into the four new official joint sealed compartments. (b)(1)

Sincerely,

(b)(6)
[REDACTED]
Chairman

1998 Denver Mint Gold Verification

cc: [REDACTED]

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DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

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(b)(6)

Deputy Associate Director
for Finance/DCFO
United States Mint
633 Third Street N.W.
Washington, D.C. 20220

(b)(6)

Superintendent
U.S. Mint
Denver, Colorado 80204

Gentlemen:

On June 15, 1998, as Chairman of the 1998 Denver Mint Gold Verification, I reported to you the results of that verification conducted at the Mint from April 20, 1998 through May 7, 1998. On page 2 of that letter (Attachment 1), I stated that Ledoux and Company, an independent contractor, would be assaying the gold samples (3 samples from each of 35 sampled melts) to determine their fineness, and that the Department of the Treasury, Office of the Inspector General (OIG) will provide the Mint the results of the fineness of Ledoux's assayed samples. The OIG uses the contractor's results to perform a statistical analysis of Mint and assay fineness. The OIG statistical results are used in their forming an opinion on the accuracy of the Mint's Custodial Statements. The Mint's Offices of Financial Planning, Analysis, and Review, and Production Management perform a separate analysis comparing the melt fineness verified and reported in the Mint's financial records to the assays to isolate differences and for quality control. This letter provides the results of that analysis.

(b)(6) —, a Mint Senior Quality Assurance Analyst, Product Management, Circulating SBU, performed a statistical analysis using a paired t hypothesis test, of the Ledoux assay results, and concluded that there was no significant difference between the Mint's and Ledoux's fineness data (Attachment 2). We have not received the OIG's analysis of the Ledoux data, but are confident that that their analysis will probably confirm our results. If the OIG's results differ from the Mint's results, we will inform you of this when the OIG provides us their analysis.

(b)(6) — specific observations follow:

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1. There were very slight differences between the average Mint fineness and the average Ledoux fineness. Mint fineness averaged 0.89992 fto whereas Ledoux's fineness averaged 0.89961 fto (sample 1 of all melts), 0.89973 fto (sample 2 of all melts), and 0.89963 fto (sample 3 respectively of all melts).

2. There were very slight differences between the standard deviation for the Mint's fineness (0.00007), and the standard deviation for Ledoux's fineness of 0.00067 (sample 1 of all melts), 0.00062 (sample 2 of all melts), and 0.00034 (sample 3 respectively of all melts).
3. The paired t hypothesis test was performed at the 95 percent confidence level.

Sincerely,

(b)(6)

Chairman
1998 Denver Mint Gold Verification

Attachments

Cc:

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DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

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Deputy Associate Director
for Finance/DCFO
United States Mint
633 3rd Street, N.W.
Washington D.C. 20220

(b)(6)

Mr.
Officer in Charge, U.S. Bullion Depository
Fort Knox, Kentucky 40121

Gentlemen:

The Gold Verification Committee for FY 1998 conducted the first of the two gold verifications planned for fiscal year 1998. It was conducted at the United States Bullion Depository from March 16-27, 1998. The second verification is scheduled for the Denver Mint. This inventory review was observed by representatives from the Department of Treasury, Office of the Inspector General (OIG) as part of the Chief Financial Officers' (CFO) Act to attest to the accuracy of the Mint's financial statements. Representatives from the General Accounting Office also observed selected parts of the verification process. This included the opening of the outgoing compartment, the weighing and drilling process necessary to extract sample materiel, the sealing of the new storage compartment and the transfer of the samples to the driver of the armored car carrier for subsequent delivery to an assay laboratory. The gold verification process was conducted in accordance with the approved Mint's Standard Operating Procedure for Gold Verification. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the bullion schedules to the physical inventory of gold bars in the selected gold vault compartment. The following describes the objective and scope of the gold verification process and the Committee's findings and conclusions.

OBJECTIVE AND SCOPE

The objectives of the gold verification were to assure that the gold in the Mint's custody is properly secured, accurately accounted for in the Mint's financial records, and correctly stated in terms of fineness. The OIG selected the joint sealed compartment' to be

verified and predetermined the sample size and individual bars to be drilled for assay determination. The gold bars at the U.S. Bullion Depository are stored under a joint seal and each bar is hallmarked with the fineness and year with the melt number stamped on each bar. The Gold Verification Committee verified this information by comparing the Headquarters' listings of gold bars in the selected compartment to the gold bars physically stored in that compartment. The gold bars inventoried in compartment were then stacked in compartment.

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In order to verify the fineness of the bars in the compartment, drill samples were taken from sample melts. The OIG selected the melts to be sampled as well as the bars to be drilled from that melt. The OIG predetermined that 35 melts would be sampled with drill samples coming from three different bars in each selected melt. From those bars chosen, alternating top and bottom drill samples were taken for a total of 105 samples. The Verification Committee and the OIG representatives, along with a GAO representative, physically transferred the samples to an armored car carrier for subsequent delivery to Ledoux and Company, an independent contractor, who will perform assay testing. The OIG also assigned a sample number known only to them to track the results. Ledoux and Company will report the laboratory results to the OIG by the sample number. The OIG, after conducting a statistical analysis on the data, will report their conclusions to the Mint. After the OIG has received the results and/or reached their conclusions, they will disclose the Ledoux and Company sample data to the Mint.

The amount of precious metal removed from compartment during the verification consisted of 19,800 gold bars containing 6,470,624.049 FTOs of gold prior to drilling. The total precious metal extracted during the sampling process was 12.081 FTOs of gold. The gold verification committee transferred the 19,800 bars containing 6,470,611.968 FTOs of gold to compartment. All of the gold bars verified were melted by the Mint, and none were newly mined. The gold samples to be assayed contained a total of 12.081 FTOs of gold.

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Sweeps were collected from both the outgoing compartment and from the drilling location and placed in compartment along with the gold bars.

(b)(1)

At the conclusion of the gold verification, the committee affixed an Official Joint Seal, number 1553, to compartment. The seal was signed by representatives from the U.S. Bullion Depository, Mint Headquarters, and the Treasury OIG in order to maintain joint control over these deep storage gold reserves. In addition, the combination locks were affixed to the new compartment.

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FINDING AND CONCLUSIONS

We found no exceptions when we verified the recorded fineness and dates of each gold bar to the physical assets. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the related bar listing. An additional report will be issued at a future date when the assay results from the independent laboratory become available.

Sincerely,

A large black rectangular redaction box covering the signature of the Chairman.

Chairman
1998 U.S. Bullion Depository Gold Verification

cc:

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DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

JUN 15 1998

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accurately stated. The OIG selected joint sealed compartments to be verified and predetermined the sample size and individual bars to be drilled for gold samples, which will be assayed. The gold bars at the Denver Mint are stored under a joint seal and the fineness, year, and melt number are stamped on each bar. The Committee verified this information by comparing the Headquarters' listing of gold bars in compartments with the gold bars physically stored in that compartment. The gold bars inventoried in compartments were then restacked in compartments page.

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Representatives from the Committee and the OIG transferred the samples to the Denver Post Office for delivery to Ledoux and Company, an independent contractor who will assay the samples to determine their fineness. Ledoux's analysis of the samples is an important check on the fineness of the gold bars as stamped on the bars, and as stated on the bar listing. The OIG assigned sample numbers known only to them to track the results, and provided a list of these numbers with their sample weights to Ledoux. The OIG will provide Ledoux's results on the fineness of the assayed samples to the Mint.

The amount of gold removed from compartments during the verification consisted of 21,502 gold bars containing 12,282,395.557 FTOs of gold prior to drilling. The total gold extracted during the sampling process was 14.727 FTOs. The Committee moved the 21,502 bars to compartments for final storage as follows:

	Bars	Gross Ounces	Finest Troy Ounces Gold
Compartment	5,627	4,448,475.04	4,004,823.914
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Differences*	0	(0.17)	(0.176)
* Due to sweeps and rounding			

(b)(1)

(b)(1)

The new official joint seals for compartments reflect the above amounts. The new official joint seal for compartment reflects the above gold removed from compartment 9, and gold bars that had been stored in compartment at were moved to compartment consolidate the gold. Compartment contained silver bars, which were removed for subsequent shipment. As a result of moving the gold and silver bars from compartment this compartment which was under official joint seal is now empty. We adjusted the compartment bar weights for the weights of the 105 samples that were removed. The final compartment gold bar contents that the Committee joint sealed is calculated as follows:

	Bars	Gross Ounces	Net Ounces
Compartment (per above)	506	406,810.07	366,398.365
Less assay samples		(16.39)	(14.727)
Add gold bars from Compartment	68	26,853.64	26,723.399
Totals on Joint Seal	574	433,647.32	393,107.037

Note: The 68 gold bars also contained 32.68 FTOs of silver.

The Mint melted all verified gold bars. None of the gold was newly mined. The gold samples contained a total of 14.727 FTOs. Sweeps were collected from the drilling location and placed in compartment 11 along with the gold bars.

At the conclusion of the verification, the committee affixed the following four Official Joint Seals to compartment number to compartment number to compartment number to compartment number and number to compartment. The seals were signed by the Denver Mint Superintendent, representatives from Mint Headquarters, and a representative from the Treasury OIG in order to establish joint control over these gold reserves. Also, the Mint Headquarters' representatives affixed new combination locks to the four joint sealed compartments.

FINDINGS AND CONCLUSIONS

We found no exceptions when we verified the recorded fineness and dates of each gold bar to the physical inventory. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the bar listing. We will issue an additional report at a future date when the assay results from Ledoux become available.

(b)(6)

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I would like to commend the three members of my Gold Verification Committee, _____, and _____ for their hard work, and fine effort in allowing us to complete an assignment performed in a difficult environment (Denver Mint) _____ in a timely manner. I was very impressed with the fine job done by Lee Tomsick, coordinator of the gold bar movement, for facilitating the movement of the gold bars, and for allowing us to complete the audit in three weeks. I commend all Denver Mint bar handlers for their hard work. The Chairman is particularly appreciative of _____ and his OIG staff who were very helpful in reconciling the number of melts and the weights of these melts that went into the four new official joint sealed compartments.

Sincerely,

(b)(6)

Chairman
1998 Denver Mint Gold Verification

cc:

(b)(6)

PSH/Seiser

8/18/98

Jettcelt58 Gold Assay Denver

Analysis of Denver Gold Samples
 1998 Gold Audit LeDoux-Mike Kess/Auditor
 PSH/Seiser/Hypothesis Test (Paired t)

Individual

t-Statistic vs t Value

df=2, 05

Melt #	Sheet Number	Mint	Sample #1	Lab Fineness	Difference	Sample #2	Lab Fineness	Difference	Sample #3	Lab Fineness	Difference	Melt	Average	Sigma	Indiv. Melt t-Statistic	95% Confid
1922-1926	DEN-01	0.8999	13	0.8992	-0.0007	28	0.8992	-0.0007	2	0.8994	0.0002	-0.0005	0.8994	0.0004	-2.0143	<4.303
19903	DEN-02	0.9000	24	0.8996	-0.0004	9	0.9004	0.0004	81	0.8992	-0.0008	-0.0003	0.8997	0.0006	0.7854	<4.303
7613-7617	DEN-03	0.8999	100	0.8989	-0.0010	22	0.8995	-0.0004	49	0.8994	-0.0005	-0.0005	0.8994	0.0005	1.8895	<4.303
8043-8047	DEN-04	0.9000	83	0.8996	-0.0004	92	0.8994	-0.0006	32	0.8994	-0.0006	-0.0005	0.8995	0.0001	-7.9500	<4.303
8123-8127	DEN-05	0.9000	64	0.9003	0.0003	69	0.8996	-0.0004	95	0.8994	-0.0006	-0.0002	0.8998	0.0005	0.8430	<4.303
8513-8517	DEN-06	0.9000	48	0.8994	-0.0006	65	0.9003	0.0003	67	0.8998	-0.0002	-0.0002	0.8998	0.0005	0.6530	<4.303
7648-7652	DEN-07	0.8999	74	0.9002	0.0003	19	0.8996	-0.0003	63	0.9002	0.0003	0.0001	0.9000	0.0003	0.5000	<4.303
7718-7722	DEN-08	0.8999	97	0.8994	-0.0005	73	0.9001	0.0002	54	0.8996	-0.0003	-0.0002	0.8997	0.0004	-0.9608	<4.303
10753-10757	DEN-09	0.9000	82	0.8986	-0.0014	46	0.9001	0.0001	88	0.8999	-0.0001	-0.0005	0.8995	0.0008	-0.9995	<4.303
11218-11222	DEN-10	0.9000	3	0.8999	-0.0001	16	0.9003	0.0003	20	0.8993	-0.0007	-0.0002	0.8996	0.0005	-0.5850	<4.303
10133-10137	DEN-11	0.8999	15	0.8994	-0.0005	91	0.8987	-0.0012	94	0.8993	-0.0006	-0.0008	0.8991	0.0004	-3.5227	<4.303
5065-510	DEN-12	0.8999	78	0.9003	0.0004	21	0.8999	0.0000	105	0.8999	0.0000	-0.0004	0.8995	0.0004	1.9215	<4.303
706-710	DEN-13	0.8999	87	0.8999	0.0000	37	0.8992	-0.0007	103	0.8994	-0.0003	-0.0007	0.8992	0.0003	-3.6101	<4.303
936-937,940	DEN-14	0.8999	18	0.8991	-0.0008	68	0.8990	-0.0009	70	0.8996	-0.0003	-0.0001	0.8998	0.0001	1.7321	<4.303
858	DEN-15	0.8999	45	0.8997	-0.0002	8	0.8998	-0.0001	33	0.8999	0.0000	-0.0002	0.8996	0.0001	2.5500	<4.303
933	DEN-16	0.8998	55	0.8995	-0.0003	26	0.8997	-0.0001	85	0.8997	-0.0001	0.0008	0.8991	0.0001	-13.8564	<4.303
898	DEN-17	0.8999	59	0.8990	-0.0009	86	0.8994	-0.0008	40	0.8991	-0.0007	-0.0005	0.8993	0.0002	3.9106	<4.303
1052	DEN-18	0.8998	35	0.8995	-0.0003	80	0.8994	-0.0004	17	0.8991	-0.0007	-0.0008	0.8991	0.0006	2.3454	<4.303
927	DEN-19	0.8999	47	0.8985	-0.0014	36	0.8996	-0.0003	61	0.8993	-0.0006	-0.0006	0.8992	0.0002	-4.2750	<4.303
1045	DEN-20	0.8999	99	0.8991	-0.0007	29	0.8995	-0.0003	14	0.8991	-0.0007	0.0000	0.8999	0.0002	0.3402	<4.303
6569-6573	DEN-21	0.8999	77	0.8996	-0.0001	93	0.9001	0.0002	12	0.8999	0.0000	0.0001	0.9000	0.0002	1.0000	<4.303
7303-7307	DEN-22	0.8999	71	0.8998	-0.0001	104	0.9001	0.0002	89	0.9001	0.0002	-0.0001	0.8999	0.0007	0.3461	<4.303
7078-7082	DEN-23	0.9000	34	0.9005	0.0005	51	0.8992	-0.0008	56	0.8999	-0.0001	-0.0006	0.8994	0.0004	-2.4429	<4.303
6893	DEN-24	0.9000	57	0.899	-0.0010	84	0.8995	-0.0005	41	0.8998	-0.0002	-0.0001	0.8999	0.0008	-0.2294	<4.303
6763-6867	DEN-25	0.9000	1	0.9006	0.0006	43	0.8991	-0.0009	5	0.9000	0.0000	-0.0004	0.8995	0.0001	-6.9282	<4.303
432	DEN-26	0.8999	6	0.8995	-0.0004	98	0.8996	-0.0003	101	0.8994	-0.0005	-0.0005	0.8993	0.0008	1.0071	<4.303
443	DEN-27	0.8998	25	0.9002	0.0004	98	0.8996	-0.0012	52	0.8992	-0.0006	0.0005	0.8993	0.0005	0.5738	<4.303
465	DEN-28	0.8999	11	0.9005	0.0006	62	0.9002	0.0003	75	0.9005	0.0003	0.0002	0.9001	0.0005	0.6530	<4.303
576	DEN-29	0.8999	4	0.9001	0.0002	60	0.8996	-0.0003	23	0.9005	0.0006	0.0002	0.9001	0.0005	0.6530	<4.303
594	DEN-30	0.8998	27	0.9002	0.0004	76	0.9019	0.0021	96	0.8999	0.0001	0.0009	0.9007	0.0011	1.3971	<4.303
640	DEN-31	0.8999	31	0.8995	-0.0004	38	0.8998	-0.0001	39	0.8991	-0.0008	-0.0004	0.8995	0.0004	-2.1207	<4.303
724	DEN-32	0.9000	30	0.8999	-0.0001	102	0.9002	0.0003	10	0.8998	-0.0004	-0.0001	0.8999	0.0003	-0.5774	<4.303
969	DEN-33	0.8999	50	0.8976	-0.0023	66	0.9003	0.0004	44	0.8996	-0.0003	-0.0007	0.8992	0.0014	-0.9024	<4.303
970	DEN-34	0.8999	72	0.9008	0.0009	79	0.9006	0.0007	53	0.8997	-0.0002	0.0005	0.9004	0.0006	1.3893	<4.303
980	DEN-35	0.9000	58	0.8992	-0.0008	42	0.8995	-0.0005	7	0.8997	-0.0003	-0.0005	0.8995	0.0003	-3.6477	<4.303

Total Melts

Averages

Sigma

0.89973

0.00034

0.00062

-0.00026

0.00037

-0.11964

0.00029

0.00029

<-t statistic

value

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value

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DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

(b)(6)

APR 16 1998

(16) 104-09-0070
4077

Deputy Associate Director
for Finance/DCFO
United States Mint
633 3rd Street, N.W.
Washington D.C. 20220

(b)(6)

Officer in Charge, U.S. Bullion Depository
Fort Knox, Kentucky 40121

Gentlemen:

The Gold Verification Committee for FY 1998 conducted the first of the two gold verifications planned for fiscal year 1998. It was conducted at the United States Bullion Depository from March 16-27, 1998. The second verification is scheduled for the Denver Mint. This inventory review was observed by representatives from the Department of Treasury, Office of the Inspector General (OIG) as part of the Chief Financial Officers' (CFO) Act to attest to the accuracy of the Mint's financial statements. Representatives from the General Accounting Office also observed selected parts of the verification process. This included the opening of the outgoing compartment, the weighing and drilling process necessary to extract sample materiel, the sealing of the new storage compartment and the transfer of the samples to the driver of the armored car carrier for subsequent delivery to an assay laboratory. The gold verification process was conducted in accordance with the approved Mint's Standard Operating Procedure for Gold Verification. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the bullion schedules to the physical inventory of gold bars in the selected gold vault compartment. The following describes the objective and scope of the gold verification process and the Committee's findings and conclusions.

OBJECTIVE AND SCOPE

The objectives of the gold verification were to assure that the gold in the Mint's custody is properly secured, accurately accounted for in the Mint's financial records, and correctly stated in terms of fineness. The OIG selected the joint sealed compartment to be

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-2-

verified and predetermined the sample size and individual bars to be drilled for assay determination. The gold bars at the U.S. Bullion Depository are stored under a joint seal and each bar is hallmarked with the fineness and year with the melt number stamped on each bar. The Gold Verification Committee verified this information by comparing the Headquarters' listings of gold bars in the selected compartment to the gold bars physically stored in that compartment. The gold bars inventoried in compartment [redacted] were then stacked in compartment [redacted].

In order to verify the fineness of the bars in the compartment, drill samples were taken from sample melts. The OIG selected the melts to be sampled as well as the bars to be drilled from that melt. The OIG predetermined that 35 melts would be sampled with drill samples coming from three different bars in each selected melt. From those bars chosen, alternating top and bottom drill samples were taken for a total of 105 samples. The Verification Committee and the OIG representatives, along with a GAO representative, physically transferred the samples to an armored car carrier for subsequent delivery to Ledoux and Company, an independent contractor, who will perform assay testing. The OIG also assigned a sample number known only to them to track the results. Ledoux and Company will report the laboratory results to the OIG by the sample number. The OIG, after conducting a statistical analysis on the data, will report their conclusions to the Mint. After the OIG has received the results and/or reached their conclusions, they will disclose the Ledoux and Company sample data to the Mint.

The amount of precious metal removed from compartment [redacted] during the verification consisted of 19,800 gold bars containing 6,470,624.049 FTOs of gold prior to drilling. The total precious metal extracted during the sampling process was 12.081 FTOs of gold. The gold verification committee transferred the 19,800 bars containing 6,470,611.968 FTOs of gold to compartment [redacted]. All of the gold bars verified were melted by the Mint; and none were newly mined. The gold samples to be assayed contained a total of 12.081 FTOs of gold.

Sweeps were collected from both the outgoing compartment [redacted] and from the drilling location and placed in compartment [redacted] along with the gold bars.

At the conclusion of the gold verification, the committee affixed an Official Joint Seal, number 1553, to compartment [redacted]. The seal was signed by representatives from the U.S. Bullion Depository, Mint Headquarters, and the Treasury OIG in order to maintain joint control over these deep storage gold reserves. In addition, the combination locks were affixed to the new compartment.

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-3-

FINDING AND CONCLUSIONS

We found no exceptions when we verified the recorded fineness and dates of each gold bar to the physical assets. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the related bar listing. An additional report will be issued at a future date when the assay results from the independent laboratory become available.

Sincerely,

Chairman

1998 U.S. Bullion Depository Gold Verification

cc:



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(b)(6)

DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

17 104-09-0070 -
7087

June 17, 1997

Deputy Associate Director
for Finance/DCFO
United States Mint
633 3rd Street, N.W.
Washington D.C. 20220

Superintendent, West Point Mint
West Point, New York 10996

Gentlemen:

A second Gold Verification Committee for FY 1997 conducted a verification of gold bars at the West Point Mint from May 12-16, 1997. This inventory review was observed by representatives from the Department of Treasury, Office of the Inspector General (OIG) as part of the Chief Financial Officers' (CFO) Act to attest to the accuracy of the Mint's financial statements. The gold verification process was conducted in accordance with the approved Mint's Standard Operating Procedure for Gold Verification. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the Mint's certified bullion schedules to the physical inventory of gold bars in the selected gold vault compartment. The following describes the objective and scope of the gold verification process and the Committee's findings and conclusions.

Objective and Scope

The objectives of the gold verification were to assure that the gold in the Mint's custody is properly secured, accurately accounted for in the Mint's financial records, and correctly stated in terms of fineness. The OIG selected the joint sealed compartment to be verified and predetermined the sample size and individual bars to be drilled for assay determination. The gold bars at West Point are stored by position number and each bar is hallmarked with the fineness and year with the melt number stamped on each bar. The Gold Verification Committee verified this information by comparing Headquarters' and West Point's listings of gold bars in the selected compartment to the physical inventory of gold bars in the compartment. The gold bars inventoried in compartment

(b)(1)

(b)(1)

-2-

In order to verify the fineness of the bars in the compartment, drill samples were taken from sample melts. The OIG selected the melts to be sampled as well as the bars to be drilled from that melt. The OIG predetermined that 35 melts would be sampled with drill samples coming from three different bars in each selected melt. From those bars chosen, alternating top and bottom drill samples were taken for a total of 105 samples. The OIG will send these samples to Ledoux and Company, an independent OIG contractor, who will perform assay testing. The OIG also assigned a sample number known only to them to track the results. The results from the Ledoux and Company laboratory will be reported to the OIG by the sample number. The OIG, after conducting a statistical analysis on the data, will report their conclusions to the Mint. After the OIG has received the results and/or reached their conclusions, they will disclose the Ledoux and Company sample data to the Mint.

The Committee, as a result of discussions with the Mint Assistant Director for Process Control and Quality Assurance, made a decision to provide additional drill samples to compare any assay variances per melt by another independent laboratory. An additional 11 samples were taken for this purpose. These samples were taken from every third bar of the third melt that was selected for sampling by the OIG and will be sent to the Engelhard laboratory, the Mint's selected contractor, for assay testing. They were assigned a Director's representative sample number with the results being reported directly to the Mint as the OIG did not indicate any interest in the testing results when they become available.

Presently, both OIG and Mint drill samples and the ones from the previous FY 1997 March verification are under griplock in West Point, under the joint control of the Mint Superintendent, Mint Headquarters, and Treasury OIG. The Committee separated the gold samples from the March 1997 gold verification into two groups. One group totaling 14.347 fine troy ounces - FTOs (Ledoux 11.217 FTOs and Engelhard 3.130 FTOs) was selected to be sent to the laboratories for analysis while the other group of remaining samples (14.075 FTOs) will be retained at the West Point Mint under griplock control. This separation was necessary to minimize cost of assays. When contracts are finalized, the drill samples will be forwarded to the respective laboratories for analysis.

The amount of precious metal removed from compartment [redacted] during the May verification consisted of 3,942 gold bars containing 1,358,198.397 FTOs and 26,176.57 FTOs of silver prior to drilling. The total precious metal extracted during the sampling process was 13.022 FTOs of gold and .30 FTOs of silver. The gold verification committee transferred the 3,942 bars containing 1,358,185.375 FTOs of gold and 26,176.27 FTOs of silver to compartment [redacted]. All of the gold bars verified were melted by the Mint; and none were newly mined. The gold samples to be assayed contained a total of 13.022 FTOs of which, the Ledoux and Company laboratory will receive 11.816 FTOs and the Engelhard laboratory will receive 1.206 FTOs to assay.

(b)(1)

(b)(1) Sweeps were collected from both the outgoing compartment [redacted] and from compartment [redacted] the drilling compartment. These were forwarded to the West Point Laboratory to recover any precious metal that it might contain.

(b)(1) At the conclusion of the gold verification, the committee affixed an Official Joint Seal, number 1539, to compartment [redacted]. The seal was signed by representatives from the West Point Mint, Mint Headquarters, and the Treasury OIG in order to maintain joint control over these deep storage gold reserves. In addition, the combination locks were re-affixed to the compartment.

Finding and Conclusions

We found no exceptions when we verified the recorded fineness and dates of each gold bar to the physical assets. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the West Point Mint's bar listing. An additional report will be issued at a future date when the assay results from the independent laboratory become available.

Sincerely,

(b)(6)

Chairman
1997 West Point Gold Verification

cc:



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

APR 24 1997

Index A I

Deputy Associate Director
for Finance/DCFO
United States Mint
633 3rd Street, N.W.
Washington D.C. 20220

The 1997 West Point Gold Verification Committee conducted a verification of gold bars at the West Point Mint from March 9 to March 21, 1997. This inventory review was observed by representatives from the Department of Treasury, Office of the Inspector General (OIG) as part of the Chief Financial Officers' (CFO) Act to attest to the accuracy of the Mint's financial statements. The gold verification process was conducted in accordance with the Mint's Standard Operating Procedure for Gold Verification (Draft) with exception that the OIG did not disclose to the committee the sample numbers provided to the assay contractor. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the Mint's certified Bullion Schedules to the physical inventory of gold bars in the selected gold vault compartment. The following describes the objective and scope of the gold verification process and the Committee's findings and conclusions.

Objective and Scope

The objectives of the gold verification were to assure that the gold in the Mint's custody is properly secured, accurately accounted for in the Mint's financial records, and correctly stated in terms of fineness. The OIG selected the joint sealed compartment to be verified and predetermined the sample size and individual bars to be drilled for assay determination. The compartment selected by the OIG at West Point was compartment [redacted]. The gold bars at West Point are stored by position number and each bar is halimarked with the fineness and year with the melt number stamped on each bar. The Gold Verification Committee verified this information by comparing both Headquarters' and West Point's bar listings of gold bars in the selected compartment to the physical inventory of the gold bars in the compartment. The gold bars inventoried in [redacted]

In order to verify the fineness of the bars in a compartment, drill samples were taken from sample melts. The OIG selected the melts to be sampled as well as the bars to be drilled from that melt. The OIG predetermined that 35 melts would be sampled with drill samples coming from three different bars in each selected melt. From those bars chosen, a top and a bottom drill sample was taken for a total of 210 samples. The OIG will send these samples to Ledoux and Company, an independent OIG contractor, who will perform assay testing. The OIG also assigned a sample number known only to them to track the results. The results from the Ledoux and Company laboratory will be reported to the OIG by the sample number. The OIG, after conducting a statistical analysis on the data, will report their conclusions to the Mint. After the OIG has received the results and/or reached their conclusions, they will disclose the Ledoux and Company sample data to the Mint.

The Committee, as a result of discussions with the Mint Assistant Director for Process Control and Quality Assurance, made a decision to provide additional drill samples to compare any assay variances per melt by the independent laboratory. These additional 27 samples were taken from every third melt that was selected for sampling by the OIG and will be sent to the Engelhard laboratory, the Mint's selected contractor, for assay testing. These samples were assigned a Director's representative sample number. Engelhard's results will be reported to the Mint and the OIG has expressed no interest in the results of testing.

Presently both the OIG and Mint drill samples are under grip lock in West Point under the joint control of the Mint and the OIG. At a later date, the drill samples will be forwarded to the respective laboratories for assay.

(b)(1) There: _____ was 19,141 gold bars containing 6,397,840.402 fine troy ounces prior to drilling samples. The 19,141 gold bars, containing 6,397,811.980 fine troy ounces, after deducting for samples taken, were added to _____ previously the OIG and the Director's representative placed 14,252 gold bars containing 4,628,031.022 fine troy ounces into this compartment under a joint seal. This brings the new total for _____ 33,393 gold bars containing 11,025,843.002 fine troy ounces. All of the gold bars verified were Mint gold bars; none were newly mined gold bars. The gold samples to be assayed contained a total of 28.422 fine troy ounces. The Ledoux and Company laboratory will receive 22.181 fine troy ounces while the Engelhard laboratory will receive 6.241 fine troy ounces to assay.

(b)(1) At the conclusion of the gold verification, the committee affixed an Official Joint Seal on _____ these official joint seals were signed by both Mint and OIG representatives in order to maintain joint control over these deep storage gold reserves. Locks with new combinations were also affixed to both compartments.

Finding and Conclusions

We found no exceptions when we verified the recorded fineness and dates of each gold bar to the physical assets. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the West Point Mint's bar listing. An additional report will be issued at a future date upon receipt of the assay results from the independent laboratory.

Sincerely,

(b)(6)

Chairman

1997 West Point Gold Verification

cc:

(b)(6)



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

NOV 25 1997

(46) 104-06-0187
1872

MEMORANDUM FOR (b)(6)
OFFICER-IN-CHARGE
FORT KNOX BULLION DEPOSITORY

THROUGH: (b)(6)
Acting Chief, Financial Analysis & Review Division

FROM: (b)(6)
Chief, Operations Accounting Division

SUBJECT: Fort Knox 1997 Settlement Inventory Report

The enclosed draft Settlement Inventory Report and its attachments present the results of the annual inventory performed at the Fort Knox Bullion Depository during the period of August 28, 1997. The report will be the basis for the Fort Knox Bullion Depository to make appropriate adjustments to the accounting records upon concurrence by the Deputy Director of the Mint. Any administrative or accounting problems that occurred during the settlement will be addressed in a separate Administrative Letter as appropriate.

I would appreciate any comments you may have to this report by December 5, 1997. These comments will be included in the final report to the Director. Please address comments to the Acting Chief, Financial Analysis and Review Division. I would like to thank you again for the fine support that you and your staff provided the settlement committee, assuring the success of this years settlement.



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

DRAFT

(b)(6)

Director
United States Mint
Department of the Treasury
Washington D. C. 20220

The 1997 Annual Settlement Chairperson for the Fort Knox Bullion Depository conducted a walk-through inventory of the deep storage gold under official joint seal on August 28, 1997. The Chairperson concluded that the gold on hand was accurately reflected in the Bullion Accounting records as of August 28, 1997.

This 1997 inventory was observed by two representatives from the Office of the Inspector General (OIG).

The following represents the objectives, scope, findings and conclusions of the settlement.

OBJECTIVES AND SCOPE

The objectives and scope of the Fort Knox settlement were to verify all the gold under joint seal as of the settlement date, ensure that this gold is properly and accurately recorded in the bullion accounting records, and prepare inspection reports for Official Joint Seals.

This inventory was conducted in accordance with the Mint Directive for Annual Settlement Instructions, MD 8H-1 dated 7/21/97. The Settlement Chairperson was satisfied that the assets reported on Form 1068A - Inventory of Monetary Assets as of August 28, 1997 accurately reflected materials on hand at the Fort Knox Bullion Depository.

The joint seals were inspected and Official Joint Seal Inspection Reports (MF 977) were prepared for each seal. The seals were found to be acceptable, and there was no deterioration of the seals and/or grip locks nor any frayed ribbons. Therefore, the assets under joint seal were accepted for settlement purposes at the fine troy ounces recorded on the seals.

The two attachments to this correspondence identify the compartments that are under Joint Seals and Agency Seals. Attachment A identifies those compartments that are jointly sealed by representatives of the Director of the Mint and the representatives from the Fort Knox Bullion Depository and the fine troy ounces (FTO's) of gold contained in each. Attachment B identifies those compartments that are sealed with Agency Seals which were inspected by the Committee and whose contents are not

DRAFT

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known to anyone other than the sealing agency, representatives of the Fort Knox Bullion Depository, and possibly the Chief, Security/Internal Review Staff at Mint Headquarters.

FINDING AND CONCLUSION

Official Joint Seals at the Fort Knox Bullion Depository recorded 147,341,870.463 FTO's of gold and the Bullion Accounting records reflected 147,341,870.463 FTO's or no difference between the physical inventory and the accounting records.

I would like to express my appreciation for the cooperation and support of the Officer in Charge, his representative, and all of the institutional personnel. Their efforts assured a successful settlement.

Sincerely,

(b)(6)

Chairperson

Attachments

cc:

DRAFT

FORT KNOX BULLION DEPOSITORY
1997 SETTLEMENT
AS OF AUGUST 28, 1997

SEALS VERIFIED BY SETTLEMENT COMMITTEE				BULLION ACCOUNTING FILES			
COMPARTMENT	JOINT SEAL	FINE TROY	JOINT SEAL	BULLION	FINE TROY	FTO	
NUMBER	BAR COUNT	OUNCE WEIGHT	NUMBER	RECORDS	OUNCE WEIGHT	DIFFERENCES	
	27,975	8,813,701.267	1401	27,975	8,813,701.267	0.000	
	39,026	12,476,706.878	961	39,026	12,476,706.878	0.000	
	39,905	12,467,829.110	1363	39,905	12,467,829.110	0.000	
	4,183	1,319,436.545	1367	4,183	1,319,436.545	0.000	
	38,518	15,247,927.092	934	38,518	15,247,927.092	0.000	
	35,525	11,308,091.184	1292	35,525	11,308,091.184	0.000	
	40,568	12,827,692.324	1404	40,568	12,827,692.324	0.000	
	22,438	9,163,066.396	1320	22,438	9,163,066.396	0.000	
	35,162	11,583,545.177	1408	35,162	11,583,545.177	0.000	
	41,771	12,470,205.500	1422	41,771	12,470,205.500	0.000	
	32,670	10,719,168.607	1364	32,670	10,719,168.607	0.000	
	36,236	11,837,877.372	1424	36,236	11,837,877.372	0.000	
	14,262	4,579,398.963	1291	14,262	4,579,398.963	0.000	
	18,659	6,056,599.999	1358	18,659	6,056,599.999	0.000	
	19,800	6,470,624.049	1,506	19,800	6,470,624.049	0.000	
GRAND TOTAL	446,698	147,341,870.463		446,698	147,341,870.463	0.000	

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DRAFT

ATTACHMENT B

(b)(1)

FORT KNOX BULLION DEPOSITORY
1997 SETTLEMENT
AS OF AUGUST 28, 1997

COMPARTMENT NUMBER	AGENCY SEAL NUMBER	DATE SEALED	LIST OF CONTENTS
	2611	02/05/97	NOT AUTHORIZED
	2604	02/05/97	NOT AUTHORIZED
	2605	02/05/97	NOT AUTHORIZED
	2612	06/24/97	NOT AUTHORIZED
	2608	02/05/97	NOT AUTHORIZED
	2609	02/05/97	NOT AUTHORIZED
	2610	02/05/97	NOT AUTHORIZED

Total Compartments 7

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Statement of Concurrence

(August 28, 1997 Fort Knox Bullion Depository Settlement Report)

I concur with the findings and conclusions of this report and that the accounting records need not be adjusted.

Deputy Director
United States Mint

Date

known to anyone other than the sealing agency, representatives of the Fort Knox Bullion Depository, and possibly the Chief, Security/Internal Review Staff at Mint Headquarters.

FINDING AND CONCLUSION

Official Joint Seals at the Fort Knox Bullion Depository recorded 147,341,870.463 FTO's of gold and the Bullion Accounting records reflected 147,341,870.463 FTO's or no difference between the physical inventory and the accounting records.

I would like to express my appreciation for the cooperation and support of the Officer in Charge, his representative, and all of the institutional personnel. Their efforts assured a successful settlement.

Sincerely,

Chairperson

Attachments

cc:

	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
SURNAME & OFFICE	[REDACTED]							
INITIALS & DATE	[REDACTED] 9/10	[REDACTED] 9/11			[REDACTED] 11/1			
FILE NAME	CAWP50DOC97settlereportsFortknax							

(b)(6)

Director
United States Mint
Department of the Treasury
Washington D. C. 20220

The 1997 Annual Settlement Chairperson for the Fort Knox Bullion Depository conducted a walk-through inventory of the deep storage gold under official joint seal on August 28, 1997. The Chairperson concluded that the gold on hand was accurately reflected in the Bullion Accounting records as of August 28, 1997.

This 1997 inventory was observed by two representatives from the Office of the Inspector General (OIG).

The following represents the objectives, scope, findings and conclusions of the settlement.

OBJECTIVES AND SCOPE

The objectives and scope of the Fort Knox settlement were to verify all the gold under joint seal as of the settlement date, ensure that this gold is properly and accurately recorded in the bullion accounting records, and prepare inspection reports for Official Joint Seals.

This inventory was conducted in accordance with the Mint Directive for Annual Settlement Instructions, MD 8H-1 dated 7/21/97. The Settlement Chairperson was satisfied that the assets reported on Form 1068A - Inventory of Monetary Assets as of August 28, 1997 accurately reflected materials on hand at the Fort Knox Bullion Depository.

The joint seals were inspected and Official Joint Seal Inspection Reports (MF 977) were prepared for each seal. The seals were found to be acceptable, and there was no deterioration of the seals and/or grip locks nor any frayed ribbons. Therefore, the assets under joint seal were accepted for settlement purposes at the fine troy ounces recorded on the seals.

The two attachments to this correspondence identify the compartments that are under Joint Seals and Agency Seals. Attachment A identifies those compartments that are jointly sealed by representatives of the Director of the Mint and the representatives from the Fort Knox Bullion Depository and the fine troy ounces (FTO's) of gold contained in each. Attachment B identifies those compartments that are sealed with Agency Seals which were inspected by the Committee and whose contents are not



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

JUN 10 1996

(18) Sender # 1

Deputy Associate Director
for Finance/DCFO
United States Mint
633 3rd Street, N.W.
Washington D.C. 20220

The 1996 West Point Gold Verification Committee conducted a verification of gold bars at the West Point Mint from April 15 to April 26, 1996. This inventory review was observed by representatives from the Department of Treasury Office of the Inspector General (OIG) as part of the Chief Financial Officers' (CFO) Act to attest to the accuracy of the Mint's financial statements. The gold verification process was conducted in accordance with the Mint's Standard Operating Procedure (Draft) for Gold Verification. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the Mint's certified Bullion Schedules to the physical inventory of gold bars in the selected gold vault compartment. The following describes the objective and scope of the Gold verification process and the Committee's findings and conclusions.

Objective and Scope

The objectives of the gold verification were to assure that the gold in the Mint's custody is properly secured, accurately accounted for in the Mint's financial records, and correctly stated in terms of fineness. The OIG selected the joint sealed compartment to be verified and predetermined the sample size and individual bars to be drilled for assay determination. The compartment selected by the OIG at West Point was compartment _____. The gold bars at West Point are stored by position number and each bar is hallmarked with the fineness and year with the melt number stamped on each bar. The Gold Verification Committee verified this information by comparing both Headquarters' and West Point's bar listings of gold bars in the selected compartment to the physical inventory of the gold bars in the compartment. The gold bars inventoried in compartment _____ were then restacked in two compartments _____ because of the capacity limitations in compartment _____. West Point made the decision to stack 4,700 large bars in _____ and 1,220 small bars (coin gold bars) in _____. (b)(1) (b)(1)

The gold verification procedure preceded without incident until the committee inventoried 116 melts (629 bars) which were not oxidized after pouring. These "black bars" were identified by melt number; however, they were not identified with a hallmark or date. Following standard operating procedures the committee weighed each melt and compared the weight to the

(b)(1)

bar schedules. No differences between the weights recorded on the bar schedules and weights observed at the scale were found.

An additional objective for the gold verification was to verify the fineness of the bars in the compartment by taking drill samples from sample melts. The OIG selected the melts to be sampled as well as the bars to be drilled from that melt. The OIG predetermined that 70 melts would be sampled with drill samples coming from three different bars in each selected melt (210 samples). The Committee, as a result of discussions with the Mint Assistant Director for Process Control and Quality Assurance, made a decision to provide additional drill samples to compare any assay variances per melt by the independent laboratory. These additional samples were taken from every tenth melt that was selected for sampling by the OIG. These additional 14 samples brought the total sample pool to 224. Presently the drill samples are under grip lock in West Point under the joint control of the Mint and the OIG. At a later date, the drill samples will be forwarded to an independent laboratory selected by the OIG for assay.

(b)(1)

The amount of gold that was verified in compartment [redacted] was 5,920 gold bars weighing 4,996,300.587 fine troy ounces prior to drilling samples. All of the gold bars verified were Mint gold bars; none were newly mined gold bars. The gold samples to be assayed weighed 24.522 fine troy ounces.

(b)(1)

At the conclusion of the gold verification, the committee affixed Official Joint Seals on compartment [redacted] official joint seals were signed by both Mint and OIG representatives in order to maintain joint control over these deep storage gold reserves. Locks with new combinations were also affixed to both compartments.

Finding and Conclusions

We found no exceptions when we verified the recorded fineness and dates of each gold bar to the physical assets. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the West Point Mint's bar listing. An additional report will be issued at a future date upon receipt of the assay results from the independent laboratory upon completion of their testing.

Sincerely,

(b)(6)

Chairman, 1996 West Point
Gold Verification

cc: —



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

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JAN 25 1996

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1072

Director
United States Mint
Department of the Treasury
Washington, D.C. 20220

(b)(6)

The 1995 Annual Settlement Chairman for the Fort Knox Bullion Depository conducted a walk-through inventory of the deep storage gold under official joint seal as of June 30, 1995. The Chairman concluded that the gold on hand was accurately reflected in the Bullion Accounting records.

This 1995 inventory was observed by a representative from the Office of the Inspector General (OIG).

The following represents the objectives and scope and the finding and conclusion of the Settlement Chairman.

OBJECTIVES AND SCOPE

The objectives of the Fort Knox settlement were to verify all the gold under joint seal as of the settlement date, ensure that this gold is properly and accurately recorded in the bullion accounting records, and prepare inspection reports for Official Joint Seals.

This inventory was conducted in accordance with the Mint Directive for Annual Settlement Instructions, MD 8H-1 (Draft) and undated. The Settlement Chairman was satisfied that the assets reported on Form 1068A - Inventory of Monetary Assets as of June 30, 1995 accurately reflected materials on hand at the Fort Knox Bullion Depository.

The joint seals were inspected and Official Joint Seal Inspection Reports (MF 977) were prepared for each seal. The seals were found to be acceptable, and there was no deterioration of the seals and/or griplocks nor any frayed ribbon. Therefore, the assets under joint seal were accepted for settlement purposes at the fine troy ounces recorded on the seals.

The two attachments to this correspondence identify the compartments that are under Joint Seals and Agency Seals. Attachment A identifies those compartments that are jointly sealed by representatives from Mint Headquarters and representatives from the Fort Knox Bullion

Depository and the fine troy ounces (FTOs) of gold contained in each. Attachment B identifies those compartments that are sealed with Agency Seals and whose contents are not known to anyone other than the sealing agency, representatives of the Fort Knox Bullion Depository, and possibly the Chief, Security/Internal Review Staff at Mint Headquarters. The agency seals were not inspected during the 1995 Settlement as that will be accomplished when the combinations to the joint sealed compartments are changed by a representative from the Financial Planning and Evaluation Division later in 1995.

FINDING AND CONCLUSION

Official Joint Seals at the Fort Knox Bullion Depository recorded 147,341,870.463 FTO of gold and the Bullion Accounting records reflected 147,341,870.463 FTO or no difference between the physical inventory and the accounting records.

I would like to express my appreciation for the cooperation and support of the Officer in Charge, his representative, and all the institutional personnel. Their efforts assured a successful settlement.

Sincerely,

(b)(6)

✓ Chairman ✓

Enclosures

cc:

(b)(6)

Statement of Concurrence

(June 30, 1995 Fort Knox Mint Settlement Report)

I concur with the recommendation that the appropriate accounting records be adjusted for the quantity and monetary differences reported except for the items I have listed below. I also direct that the Officer-in-Charge review the remaining recommendations and report to me through the Deputy Chief Financial Officer within 60 days: (1) on the necessary corrective action, and (2) the estimated date for completion.

(b)(6)

Deputy Director
United States Mint

9/16/96
Date

(b)(1)

FORT KNOX BULLION DEPOSITORY
1995 SETTLEMENT
AS OF JUNE 30, 1995

ATTACHMENT A

SEALS VERIFIED BY SETTLEMENT COMMITTEE BULLION ACCOUNTING FILES

COMPARTMENT NUMBER	JOINT SEAL BARS	FINE TROY OUNCES - GOLD	JOINT SEAL NUMBER	BULLION RECORDS	FINE TROY OUNCES - GOLD	FTO DIFFERENCES
	27,975	8,813,701.267	1401	27,975	8,813,701.267	0.000
	39,026	12,476,706.878	961	39,026	12,476,706.878	0.000
	39,905	12,467,829.110	1363	39,905	12,467,829.110	0.000
	4,183	1,319,436.545	1367	4,183	1,319,436.545	0.000
	38,518	15,247,927.092	934	38,518	15,247,927.092	0.000
	35,525	11,308,091.184	1292	35,525	11,308,091.184	0.000
	40,568	12,827,692.324	1404	40,568	12,827,692.324	0.000
	22,438	9,163,066.396	1320	22,438	9,163,066.396	0.000
	35,162	11,583,545.177	1408	35,162	11,583,545.177	0.000
	41,771	12,470,205.500	1422	41,771	12,470,205.500	0.000
	32,670	10,719,168.607	1364	32,670	10,719,168.607	0.000
	36,236	11,837,877.372	1424	36,236	11,837,877.372	0.000
	14,262	4,579,398.963	1291	14,262	4,579,398.963	0.000
	18,659	6,056,599.999	1358	18,659	6,056,599.999	0.000
	19,800	6,470,624.049	1506	19,800	6,470,624.049	0.000

GRAND TOTAL	446,698	147,341,870.463	446,698	147,341,870.463	0.000
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FORT KNOX BULLION DEPOSITORY
1995 SETTLEMENT ATTACHMENT B
AS OF JUNE 30, 1995

COMPARTMENT		AGENCY SEAL		LIST OF	
NUMBER		NUMBER		CONTENTS	
(b)(1)					
		2,591		NOT AUTHORIZED	
		2,592		NOT AUTHORIZED	
		2,593		NOT AUTHORIZED	
		2,594		NOT AUTHORIZED	
		2,595		NOT AUTHORIZED	
		2,596		NOT AUTHORIZED	
		2,597		NOT AUTHORIZED	

TOTAL 7 All seals dated March 8, 1995



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

JUN 10 1996

39

104-06-0187
Box 1 of 2

Deputy Associate Director
for Finance/DCFO
United States Mint
633 3rd Street, N.W.
Washington D.C. 20220

The 1996 West Point Gold Verification Committee conducted a verification of gold bars at the West Point Mint from April 15 to April 26, 1996. This inventory review was observed by representatives from the Department of Treasury Office of the Inspector General (OIG) as part of the Chief Financial Officers' (CFO) Act to attest to the accuracy of the Mint's financial statements. The gold verification process was conducted in accordance with the Mint's Standard Operating Procedure (Draft) for Gold Verification. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the Mint's certified Bullion Schedules to the physical inventory of gold bars in the selected gold vault compartment. The following describes the objective and scope of the Gold verification process and the Committee's findings and conclusions.

Objective and Scope

The objectives of the gold verification were to assure that the gold in the Mint's custody is properly secured, accurately accounted for in the Mint's financial records, and correctly stated in terms of fineness. The OIG selected the joint sealed compartment to be verified and predetermined the sample size and individual bars to be drilled for assay determination. The compartment selected by the OIG at West Point was compartment 1. The gold bars at West Point are stored by position number and each bar is hallmarked with the fineness and year with the melt number stamped on each bar. The Gold Verification Committee verified this information by comparing both Headquarters' and West Point's bar listings of gold bars in the selected compartment to the physical inventory of the gold bars in the compartment. The gold bars inventoried in compartment 1 were then restacked in two compartments. Because of the capacity limitations in compartment 1, West Point made the decision to stack 4,700 large bars in compartment 1 and 220 small bars (coin gold bars) in compartment 2.

The gold verification procedure preceded without incident until the committee inventoried 116 melts (629 bars) which were not oxidized after pouring. These "black bars" were identified by melt number; however, they were not identified with a hallmark or date. Following standard operating procedures the committee weighed each melt and compared the weight to the

bar schedules. No differences between the weights recorded on the bar schedules and weights observed at the scale were found.

An additional objective for the gold verification was to verify the fineness of the bars in the compartment by taking drill samples from sample melts. The OIG selected the melts to be sampled as well as the bars to be drilled from that melt. The OIG predetermined that 70 melts would be sampled with drill samples coming from three different bars in each selected melt (210 samples). The Committee, as a result of discussions with the Mint Assistant Director for Process Control and Quality Assurance, made a decision to provide additional drill samples to compare any assay variances per melt by the independent laboratory. These additional samples were taken from every tenth melt that was selected for sampling by the OIG. These additional 14 samples brought the total sample pool to 224. Presently the drill samples are under grip lock in West Point under the joint control of the Mint and the OIG. At a later date, the drill samples will be forwarded to an independent laboratory selected by the OIG for assay.

The amount of gold that was verified in compartment _____ was 5,920 gold bars weighing 4,996,300.587 fine troy ounces prior to drilling samples. All of the gold bars verified were Mint gold bars; none were newly mined gold bars. The gold samples to be assayed weighed 24.522 fine troy ounces. (b)(1)

(b)(1)
At the conclusion of the gold verification, the committee affixed Official Joint Seals on compartment _____. These official joint seals were signed by both Mint and OIG representatives in order to maintain joint control over these deep storage gold reserves. Locks with new combinations were also affixed to both compartments.

Finding and Conclusions

We found no exceptions when we verified the recorded fineness and dates of each gold bar to the physical assets. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the West Point Mint's bar listing. An additional report will be issued at a future date upon receipt of the assay results from the independent laboratory upon completion of their testing.

Sincerely,

(b)(6)

Chairman, 1996 West Point
Gold Verification

cc:



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

DEC - 6 1996

(48)

104-06-0187

1172

Director
United States Mint
Department of the Treasury
Washington D. C. 20220

Dear

The 1996 Annual Settlement Chairperson for the Fort Knox Bullion Depository conducted a walk-through inventory of the deep storage gold under official joint seal on August 12, 1996. The Chairperson concluded that the gold on hand was accurately reflected in the Bullion Accounting records as of August 12, 1996.

This 1996 inventory was observed by a representative from the Office of the Inspector General (OIG) and two representatives from the Congressional General Accounting Office (GAO).

The following represents the objectives, scope, findings and conclusions of the settlement:

OBJECTIVES AND SCOPE

The objectives and scope of the Fort Knox settlement were to verify all the gold under joint seal as of the settlement date, ensure that this gold is properly and accurately recorded in the bullion accounting records, and prepare inspection reports for Official Joint Seals.

This inventory was conducted in accordance with the Mint Directive for Annual Settlement Instructions, MD 8H-1 (Draft) and undated. The Settlement Chairperson was satisfied that the assets reported on Form 1068A - Inventory of Monetary Assets as of August 12, 1996 accurately reflected materials on hand at the Fort Knox Bullion Depository.

The joint seals were inspected and Official Joint Seal Inspection Reports (MF 977) were prepared for each seal. The seals were found to be acceptable, and there was no deterioration of the seals and/or grip locks nor any frayed ribbons. Therefore, the assets under joint seal were accepted for settlement purposes at the fine troy ounces recorded on the seals.

Also, during this settlement, the General Accounting Office (GAO) selected a single joint sealed compartment for opening and inspection. This allowed the two GAO representatives to confirm and inspect the actual contents of the selected vault and randomly check selected melt numbers and cross check selected melts with a schedule listing in order to validate the inventory of the selected compartment. At the completion of this inspection and verification process a new Official Joint Seal was hung in accordance with the Official Joint Seal and Settlement Seal Directive MD-8H-2.

The two attachments to this correspondence identify the compartments that are under Joint Seals and Agency Seals. Attachment A identifies those compartments that are jointly sealed by representatives of the Director of the Mint and the representatives from the Fort Knox Bullion Depository and the fine troy ounces (FTO's) of gold contained in each. Attachment B identifies those compartments that are sealed with Agency Seals which were inspected by the Committee and whose contents are not known to anyone other than the sealing agency, representatives of the Fort Knox Bullion Depository, and possibly the Chief, Security/Internal Review Staff at Mint Headquarters.

The combinations to all of the joint sealed compartments were changed by the settlement Chairperson from the Financial Planning and Evaluation Division.

FINDING AND CONCLUSION

Official Joint Seals at the Fort Knox Bullion Depository recorded 147,341,870.463 FTO's of gold and the Bullion Accounting records reflected 147,341,870.463 FTO's or no difference between the physical inventory and the accounting records.

I would like to express my appreciation for the cooperation and support of the Officer in Charge, his representative, and all of the institutional personnel. Their efforts assured a successful settlement.

Sincerely,

(b)(6)

Chairperson

Attachments

cc:

(b)(6)

Statement of Concurrence

(August 12, 1996 Fort Knox Bullion Depository Settlement Report)

I concur with the findings and conclusions of this report and that the accounting records need not be adjusted.

(b)(6)

Deputy Director
United States Mint

Date

FORT KNOX BULLION DEPOSITORY
1996 SETTLEMENT
AS OF AUGUST 12, 1996

SEALS VERIFIED BY SETTLEMENT COMMITTEE				BULLION ACCOUNTING FILES			
COMPARTMENT	JOINT SEAL	FINE TROY	JOINT SEAL	BULLION	FINE TROY	FTO	
NUMBER	BAR COUNT	OUNCE WEIGHT	NUMBER	RECORDS	OUNCE WEIGHT	DIFFERENCES	
	27,975	8,813,701.267	1401	27,975	8,813,701.267	0.000	
	39,026	12,476,706.878	961	39,026	12,476,706.878	0.000	
	39,905	12,467,829.110	1363	39,905	12,467,829.110	0.000	
	4,183	1,319,436.545	1367	4,183	1,319,436.545	0.000	
	38,518	15,247,927.092	934	38,518	15,247,927.092	0.000	
	35,525	11,308,091.184	1292	35,525	11,308,091.184	0.000	
	40,568	12,827,692.324	1404	40,568	12,827,692.324	0.000	
	22,438	9,163,066.396	1320	22,438	9,163,066.396	0.000	
	35,162	11,583,545.177	1408	35,162	11,583,545.177	0.000	
	41,771	12,470,205.500	1422	41,771	12,470,205.500	0.000	
	32,670	10,719,168.607	1364	32,670	10,719,168.607	0.000	
	36,236	11,837,877.372	1424	36,236	11,837,877.372	0.000	
	14,262	4,579,398.963	1291	14,262	4,579,398.963	0.000	
	18,659	6,056,599.999	1358	18,659	6,056,599.999	0.000	
	19,800	6,470,624.049	1,506	19,800	6,470,624.049	0.000	
GRAND TOTAL	446,698	147,341,870.463		446,698	147,341,870.463	0.000	

(b)(7)(1)

ATTACHMENT B

FORT KNOX BULLION DEPOSITORY
1996 SETTLEMENT
AS OF AUGUST 31, 1996

(b)(1)

COMPARTMENT NUMBER	AGENCY SEAL NUMBER DATE SEALED	LIST OF CONTENTS
	2591 03/08/95	NOT AUTHORIZED
	2601 10/27/95	NOT AUTHORIZED
	2593 03/08/95	NOT AUTHORIZED
	2598 10/27/95	NOT AUTHORIZED
	2600 10/27/95	NOT AUTHORIZED
	2596 08/12/96	NOT AUTHORIZED
	2602 08/12/96	NOT AUTHORIZED

Total Compartments 7



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

July 14, 1994

(42) 104-06-D187
Box 1282

27 (b)(6)

Deputy Associate Director for Finance
United States Mint
Department of the Treasury
Washington, D.C. 20220

Dear

The 1994 Annual Settlement Chairman for the Fort Knox Bullion Depository conducted a walk-through inventory of the deep storage gold under official joint seal as of June 30, 1994. The Chairman concluded that the gold on hand was accurately reflected in the Bullion Accounting records.

This 1994 inventory was not observed by a representative from the Independent Public Accounting (IPA) firm of Price Waterhouse.

The following represents the objectives and scope and the finding and conclusion of the Settlement Chairman.

OBJECTIVES AND SCOPE

The objectives of the Fort Knox settlement were to verify the amount of gold under joint seal as of the settlement date, to ensure that this gold was properly and accurately recorded in the bullion accounting records, and to prepare inspection reports for Official Joint Seals and Agency Seals.

This inventory was conducted in accordance with the Mint Directive for Annual Settlement Instructions, MD 8H-1 dated December 1992. The Settlement Chairman was satisfied that the assets reported on Form 1068A - Inventory of Monetary Assets as of June 30, 1994 accurately reflected materials on hand at the Fort Knox Bullion Depository.

The joint seals were inspected and Official Joint Seal Inspection Reports (MF 977) were prepared for each seal. The seals were found to be acceptable, and there was no deterioration of the seals and/or griplocks nor any frayed ribbon. Therefore, the assets under joint seal were accepted for settlement purposes at the fine troy ounces recorded on the seals.

Attachments 1 and 2 to this correspondence are copies of the Inventory of Monetary Assets Form 1068A and Settlement Statement (Transcript of Asset Account Balances) Form 976.

FINDING AND CONCLUSION

Official Joint Seals at the Fort Knox Bullion Depository recorded 147,341,870.463 PTO of gold and the Bullion Accounting records reflected 147,341,870.463 PTO or no difference between the physical inventory and the accounting records.

I would like to express my appreciation for the cooperation and support of the Officer in Charge, his representative, and all the institutional personnel. Their efforts assured a successful settlement.

Sincerely,

(b)(6)

~~Signature~~

Enclosures

AGENCY SEAL INSPECTION REPORT

Defense Logistics Agency
Defense National Stockpile Center
AGENCY

U. S. Mint/Assay Office U.S. Bullion Depository Date of Inspection June 29, 19 94
Fort Knox, KY

PART I:

IDENTIFICATION

Agency Seal Serial No. 2558 Vault and Compartment No. (b)(1)
Grip Lock No. 0001754 Date Sealed March 2, 19 94

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Is compartment secured with Agency Seal, MINT FORM 8917? Yes
 - a. If not, give description of seal used _____
 - b. If not, give signatures on seal _____
2. Is compartment locked? Yes
3. Contents of compartment as stated on seal NA
4. In your opinion is the above described seal affixed in such a manner, and is it in such condition, that the compartment or vault which it secures could not have been entered since the seal was placed thereon, and could not be entered without impairing the seal? Yes (If answer is no, explain in Remarks, below)
5. Remarks (if any) None

PART II:

PART II NOT TO BE COMPLETED BY SETTLEMENT COMMITTEE

1. Do signatures on Agency Seal agree with specimen of signatures on MINT FORM NO. 8901? _____
2. Is authorizing official whose signature appears on MINT FORM NO. 8901 designated on properly executed MINT FORM NO. 8900? _____
3. Are these forms current to the best of your knowledge? _____
4. a. Who has custody of keys? _____
b. Who has combination? _____
c. Does Mint have duplicate key? _____
d. Does Mint have copy of combination? _____
e. Has proper authorization been granted for duplicate key or copy of combination, if any? _____
5. Is each visit by Agency representatives preceded by written authorization? _____
6. Suggestions for improving security over this compartment _____
7. Other remarks _____

COMMITTEE

(b)(6) Chairman _____

Headquarters U.S. Mint - Headquarters

Member _____

(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

AGENCY SEAL INSPECTION REPORT

Defense Logistics Agency
Defense National Stockpile Center
AGENCY

U. S. Mint/Assay Office ~~XXXXXXXXXX~~ U.S. Bullion Depository Date of Inspection June 29, 19 94
Fort Knox, KY

PART I:

IDENTIFICATION

Agency Seal Serial No. 2559 Vault and Compartment No. (b)(1)
Grip Lock No. 0001404 Date Sealed March 2, 19 94

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Is compartment secured with Agency Seal, MINT FORM 8917? Yes
a. If not, give description of seal used
b. If not, give signatures on seal
2. Is compartment locked? Yes
3. Contents of compartment as stated on seal NA
4. In your opinion is the above described seal affixed in such a manner, and is it in such condition, that the compartment or vault which it secures could not have been entered since the seal was placed thereon, and could not be entered without impairing the seal? Yes (If answer is no, explain in Remarks, below)
5. Remarks (if any) None

PART II:

PART II NOT TO BE COMPLETED BY SETTLEMENT COMMITTEE

1. Do signatures on Agency Seal agree with specimen of signatures on MINT FORM NO. 8901?
2. Is authorizing official whose signature appears on MINT FORM NO. 8901 designated on properly executed MINT FORM NO. 8900?
3. Are these forms current to the best of your knowledge?
4. a. Who has custody of keys?
b. Who has combination?
c. Does Mint have duplicate key?
d. Does Mint have copy of combination?
e. Has proper authorization been granted for duplicate key or copy of combination, if any?
5. Is each visit by Agency representatives preceded by written authorization?
6. Suggestions for improving security over this compartment
7. Other remarks

(b)(6) Chairman

COMMITTEE

Headquarters U.S. Mint - Headquarters

Member

(Headquarters)

Member

(Headquarters)

Member

(Headquarters)

Member

(Headquarters)

AGENCY SEAL INSPECTION REPORT

Defense Logistics Agency
Defense National Stockpile Center

AGENCY

U. S. Mint ~~Assay Office~~ U.S. Bullion Depository Date of Inspection June 29, 19 94
Fort Knox, KY

PART I:

IDENTIFICATION

Agency Seal Serial No. 2456 Vault and Compartment No. (b)(6)
Grip Lock No. 0001722 Date Sealed March 2, 19 94

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Is compartment secured with Agency Seal, MINT FORM 8917? Yes
a. If not, give description of seal used _____
b. If not, give signatures on seal _____
2. Is compartment locked? Yes
3. Contents of compartment as stated on seal NA
4. In your opinion is the above described seal affixed in such a manner, and is it in such condition, that the compartment or vault which it secures could not have been entered since the seal was placed thereon, and could not be entered without impairing the seal? Yes (If answer is no, explain in Remarks, below)
5. Remarks (if any) None

PART II:

PART II NOT TO BE COMPLETED BY SETTLEMENT COMMITTEE

1. Do signatures on Agency Seal agree with specimen of signatures on MINT FORM NO. 8901? _____
2. Is authorizing official whose signature appears on MINT FORM NO. 8901 designated on properly executed MINT FORM NO. 8900? _____
3. Are these forms current to the best of your knowledge? _____
4. a. Who has custody of keys? _____
b. Who has combination? _____
c. Does Mint have duplicate key? _____
d. Does Mint have copy of combination? _____
e. Has proper authorization been granted for duplicate key or copy of combination, if any? _____
5. Is each visit by Agency representatives preceded by written authorization? _____
6. Suggestions for improving security over this compartment _____
7. Other remarks _____

COMMITTEE

Chairman

Headquarters U.S. Mint - Headquarters

Member _____
(Headquarters)

Member _____
(Headquarters)

Member _____
(Headquarters)

Member _____
(Headquarters)

AGENCY SEAL INSPECTION REPORT

Defense Logistics Agency
Defense National Stockpile Center
AGENCY

U. S. Mint/~~AGENCY~~ U.S. Bullion Depository Date of Inspection June 29, 1994
Fort Knox, KY

PART I:

IDENTIFICATION

Agency Seal Serial No. 2457 Vault and Compartment No. (b)(1)
Grip Lock No. 0001405 Date Sealed March 2, 1994

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Is compartment secured with Agency Seal, MINT FORM 8917? Yes
a. If not, give description of seal used _____
b. If not, give signatures on seal _____
2. Is compartment locked? Yes
3. Contents of compartment as stated on seal NA
4. In your opinion is the above described seal affixed in such a manner, and is it in such condition, that the compartment or vault which it secures could not have been entered since the seal was placed thereon, and could not be entered without impairing the seal? Yes (If answer is no, explain in Remarks, below)
5. Remarks (if any) None

PART II:

PART II NOT TO BE COMPLETED BY SETTLEMENT COMMITTEE

1. Do signatures on Agency Seal agree with specimen of signatures on MINT FORM NO. 8901? _____
2. Is authorizing official whose signature appears on MINT FORM NO. 8901 designated on properly executed MINT FORM NO. 8900? _____
3. Are these forms current to the best of your knowledge? _____
4. a. Who has custody of keys? _____
b. Who has combination? _____
c. Does Mint have duplicate key? _____
d. Does Mint have copy of combination? _____
e. Has proper authorization been granted for duplicate key or copy of combination, if any? _____
5. Is each visit by Agency representatives preceded by written authorization? _____
6. Suggestions for improving security over this compartment _____
7. Other remarks _____

(b)(6) Chairman _____

COMMITTEE

Headquarters U.S. Mint - Headquarters

Member _____ (Headquarters) Member _____ (Headquarters)

Member _____ (Headquarters) Member _____ (Headquarters)

AGENCY SEAL INSPECTION REPORT

Defense Logistics Agency
Defense National Stockpile Center
AGENCY

U. S. Mint/~~Assay Office~~ U.S. Bullion Depository Date of Inspection June 29, 1994
Fort Knox, KY

PART I:

IDENTIFICATION

Agency Seal Serial No. 2458 Vault and Compartment No. (b)(1)
Grip Lock No. 0003470 Date Sealed March 2, 1994

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Is compartment secured with Agency Seal, MINT FORM 8917? Yes
a. If not, give description of seal used _____
b. If not, give signatures on seal _____
2. Is compartment locked? Yes
3. Contents of compartment as stated on seal NA
4. In your opinion is the above described seal affixed in such a manner, and is it in such condition, that the compartment or vault which it secures could not have been entered since the seal was placed thereon, and could not be entered without impairing the seal? Yes (If answer is no, explain in Remarks, below)
5. Remarks (if any) None

PART II:

PART II NOT TO BE COMPLETED BY SETTLEMENT COMMITTEE

1. Do signatures on Agency Seal agree with specimen of signatures on MINT FORM NO. 8901? _____
2. Is authorizing official whose signature appears on MINT FORM NO. 8901 designated on properly executed MINT FORM NO. 8900? _____
3. Are these forms current to the best of your knowledge? _____
4. a. Who has custody of keys? _____
b. Who has combination? _____
c. Does Mint have duplicate key? _____
d. Does Mint have copy of combination? _____
e. Has proper authorization been granted for duplicate key or copy of combination, if any? _____
5. Is each visit by Agency representatives preceded by written authorization? _____
6. Suggestions for improving security over this compartment _____
7. Other remarks _____

COMMITTEE

Chairman

Headquarters

U.S. Mint - Headquarters

Member

(Headquarters)

Member

(Headquarters)

Member

(Headquarters)

Member

(Headquarters)

AGENCY SEAL INSPECTION REPORT

Defense Logistics Agency
Defense National Stockpile Center

AGENCY

U. S. Mint/~~Assay Office~~ U.S. Bullion Depository Date of Inspection June 29, 1994
Fort Knox, KY

PART I:

IDENTIFICATION

Agency Seal Serial No. 2459 Vault and Compartment No. (b)(6)
Grip Lock No. 0003561 Date Sealed March 2, 19 94

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Is compartment secured with Agency Seal, MINT FORM 8917? Yes
a. If not, give description of seal used _____
b. If not, give signatures on seal _____
2. Is compartment locked? Yes
3. Contents of compartment as stated on seal NA
4. In your opinion is the above described seal affixed in such a manner, and is it in such condition, that the compartment or vault which it secures could not have been entered since the seal was placed thereon, and could not be entered without impairing the seal? Yes (If answer is no, explain in Remarks, below)
5. Remarks (if any) None

PART II:

PART II NOT TO BE COMPLETED BY SETTLEMENT COMMITTEE

1. Do signatures on Agency Seal agree with specimen of signatures on MINT FORM NO. 8901? _____
2. Is authorizing official whose signature appears on MINT FORM NO. 8901 designated on properly executed MINT FORM NO. 8900? _____
3. Are these forms current to the best of your knowledge? _____
4. a. Who has custody of keys? _____
b. Who has combination? _____
c. Does Mint have duplicate key? _____
d. Does Mint have copy of combination? _____
e. Has proper authorization been granted for duplicate key or copy of combination, if any? _____
5. Is each visit by Agency representatives preceded by written authorization? _____
6. Suggestions for improving security over this compartment _____
7. Other remarks _____

COMMITTEE

Chairman _____

Headquarters U.S. Mint - Headquarters

Member (b)(6)

(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

AGENCY SEAL INSPECTION REPORT

Defense Logistics Agency
Defense National Stockpile Center
AGENCY

U. S. Mint/Agency Office U.S. Bullion Depository Date of Inspection June 29, 1994
Fort Knox, KY

PART I:

IDENTIFICATION

Agency Seal Serial No. 2460 Vault and Compartment No. (b)(1)
Grip Lock No. 0003887 Date Sealed March 2, 1994

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Is compartment secured with Agency Seal, MINT FORM 8917? Yes
 - a. If not, give description of seal used _____
 - b. If not, give signatures on seal _____
2. Is compartment locked? Yes
3. Contents of compartment as stated on seal NA
4. In your opinion is the above described seal affixed in such a manner, and is it in such condition, that the compartment or vault which it secures could not have been entered since the seal was placed thereon, and could not be entered without impairing the seal? Yes (If answer is no, explain in Remarks, below)
5. Remarks (if any) None

PART II:

PART II NOT TO BE COMPLETED BY SETTLEMENT COMMITTEE

1. Do signatures on Agency Seal agree with specimen of signatures on MINT FORM NO. 8901? _____
2. Is authorizing official whose signature appears on MINT FORM NO. 8901 designated on properly executed MINT FORM NO. 8900? _____
3. Are these forms current to the best of your knowledge? _____
4. a. Who has custody of keys? _____
b. Who has combination? _____
c. Does Mint have duplicate key? _____
d. Does Mint have copy of combination? _____
e. Has proper authorization been granted for duplicate key or copy of combination, if any? _____
5. Is each visit by Agency representatives preceded by written authorization? _____
6. Suggestions for improving security over this compartment _____
7. Other remarks _____

COMMITTEE

Chairman _____

Headquarters U.S. Mint - Headquarters

Member _____
(Headquarters)

Member _____
(Headquarters)

Member _____
(Headquarters)

Member _____
(Headquarters)

AGENCY SEAL INSPECTION REPORT

Defense Logistics Agency
Defense National Stockpile Center

AGENCY

U. S. Mint/~~Assay Office~~ U.S. Bullion Depository Date of Inspection June 29, 1994
Fort Knox, KY

PART I:

IDENTIFICATION

Agency Seal Serial No. 2461 Vault and Compartment No. (b)(1)
Grip Lock No. 0003263 Date Sealed March 2, 1994

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Is compartment secured with Agency Seal, MINT FORM 8917? YES
a. If not, give description of seal used _____
b. If not, give signatures on seal _____
2. Is compartment locked? Yes
3. Contents of compartment as stated on seal NA
4. In your opinion is the above described seal affixed in such a manner, and is it in such condition, that the compartment or vault which it secures could not have been entered since the seal was placed thereon, and could not be entered without impairing the seal? Yes (If answer is no, explain in Remarks, below)
5. Remarks (if any) None

PART II:

PART II NOT TO BE COMPLETED BY SETTLEMENT COMMITTEE

1. Do signatures on Agency Seal agree with specimen of signatures on MINT FORM NO. 8901? _____
2. Is authorizing official whose signature appears on MINT FORM NO. 8901 designated on properly executed MINT FORM NO. 8900? _____
3. Are these forms current to the best of your knowledge? _____
4. a. Who has custody of keys? _____
b. Who has combination? _____
c. Does Mint have duplicate key? _____
d. Does Mint have copy of combination? _____
e. Has proper authorization been granted for duplicate key or copy of combination, if any? _____
5. Is each visit by Agency representatives preceded by written authorization? _____
6. Suggestions for improving security over this compartment _____
7. Other remarks _____

COMMITTEE

(b)(6) Chairman _____

Headquarters U.S. Mint - Headquarters

Member _____
(Headquarters)

Member _____
(Headquarters)

Member _____
(Headquarters)

Member _____
(Headquarters)

Form 1068A (REV.)
TREASURY DEPARTMENT
BUREAU OF THE MINT
(APR. 1973)

INVENTORY OF MONETARY ASSETS
DEPOSITORY

United States Mint ~~XXXXXXXXXXXX~~ at Fort Knox, KY

As of the close of business June 30, 1994

METALS ACCOUNTED FOR BY WEIGHT (Values as shown by accounts)

ITEM	METAL OR ALLOY			
	GOLD			
	FTO / XXXXXX		FTO / POUNDS	
I - AS DETERMINED BY SETTLEMENT COMMITTEE				
(a) In Melting and Refining Division				
(b) In Coining Division				
(c) In Cashier's custody				
(d) In vaults under joint seal	147,341	870	463	
(e)				
(f)				
(g) TOTAL WEIGHT OF METAL ACCOUNTED FOR	147,341	870	463	
II - AS RECORDED IN THE ACCOUNTS (RE: 976)				
(h) In Melting and Refining Division				
(i) In Coining Division				
(j) In custody of Superintendent and all others	147,341	870	463	
(k) TOTAL TO ACCOUNT FOR	147,341	870	463	
III - SURPLUS OR WASTAGE AS DETERMINED	note/		note/	
(l) Melting and Refining Division				
(m) Coining Division				
(n) NET SURPLUS OR WASTAGE (k minus g)	- 0 -			
IV - OWNERSHIP OF METALS				
(o) Balances belonging to the United States				
(p) Balances held in trust for other Governments				
(q) Balances held in trust for others				
(r) TOTAL WEIGHT OF METAL ACCOUNTED FOR (g)				

NOTE: Insert (+) for surplus; (-) for wastage, beneath "note"

CORRECT: MINT OR ASSAY OFFICE

CERTIFIED CORRECT: SETTLEMENT COMMITTEE

~~XXXXXXXXXXXX~~

Officer-In Charge

U.S. Mint - Headquarters

Form 976 (REV.)
TREASURY DEPARTMENT
BUREAU OF THE MINT
(APR. 1973)

SETTLEMENT STATEMENT

U.S. MINT DEPOSITORY
~~XXXXXXXXXX~~ AT Fort Knox, KY

Bullion, Cash, and Other Assets, Per Accounting Division Records Prior to Settlement
Chargeable to the Superintendent as at Close of Business June 30 1994

CUSTODY OF -	*	FINE TROY OZS.				METAL OR ALLOY GROSS POUNDS			
		GOLD	DEC	SILVER	DEC				
SUPERINTENDENT		147	341	870	463				
SUPT. COINING:									
CUPRO-NICKEL CLAD									
CUPRO-NICKEL									
BRONZE									
SUPT. M & R: COPPER									
: NICKEL									
: ZINC									
TOTAL		147	341	870	463				
MISCELLANEOUS ITEMS									
CASHIER'S CUSTODY									
GOLD COIN (FINE TROY OZS.)									
DOLLAR COIN									
SUBSIDIARY COIN									
NICKEL COIN									
BRONZE COIN									
COUNTER CASH									
UNCURRENT DOLLAR COIN									
UNCURRENT SUBSIDIARY COIN									
UNCURRENT MINOR COIN									
SUB-TOTAL									
PYX COIN (NOT SUBJECT TO VERIFICATION)									
ADVANCES ON BULLION DEPOSITS									
TOTAL									

THE ABOVE FIGURES AGREE WITH THE RECORDS OF THE ACCOUNTING DIVISION

(b)(6)

ADMINISTRATIVE OFFICER
~~XXXXXXXXXXXXXXXXXXXX~~

I CERTIFY THE ABOVE FIGURES FURNISHED BY THE ACCOUNTING DIVISION HAVE BEEN VERIFIED,*
AS INDICATED ABOVE, AND ARE CORRECT.

OFFICER-IN CHARGE
~~XXXXXXXXXXXXXXXXXXXX~~

(b)(6)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 1401
Compt. Control No. 5
Grip Lock No. A 11013
Gold
Bars 27,975
Fine Ounces 8,813,701.267
Value \$

Coin
No. Bags
Value \$

(b)(1)
Vault No.
Compartment
Date Sealed JULY 30, 19 81
Silver
Bars
Fine Ounces

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1401 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

COMMITTEE. 1994 Settlement Committee

(b)(6)
Chairman
Member
Member
Member
Member

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 961
Compt. Control No. 1
Grip Lock No. A 14916
Gold
Bars 39,026
Fine Ounces 12,476,706.878
Value \$ _____

Coin
No. Bags _____
Value \$ _____

(b)(1)
Vault No. _____
Compartment _____
Date Sealed July 21, 19 79
Silver
Bars _____
Fine Ounces _____

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 961 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE 1994 Settlement Committee

Chairman _____
Member _____
Member _____
Member _____
Member _____

U.S. Mint, Wash., D.C.

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 1363
Compt. Control No. 2
Grip Lock No. 0008146
Gold
Bars 39,905
Fine Ounces 12,467,829.110
Value \$

Coin
No. Bags
Value \$

(b)(1)
Vault No.
Compartment
Date Sealed July 25, 19 85
Silver
Bars
Fine Ounces

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1363 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

COMMITTEE 1994 Settlement Committee

Chairman
Member
Member
Member
Member

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 1367
Compt. Control No. 2
Grip Lock No. 0008119
Gold
Bars 4,183
Fine Ounces 1,319,436.545
Value \$ _____

Coin
No. Bags _____
Value \$ _____

(b)(1)
Vault No. _____
Compartment _____
Date Sealed July 25, 19 85
Silver
Bars _____
Fine Ounces _____

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1367 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

COMMITTEE 1994 Settlement Committee

Chairman _____

Member _____

Member _____

Member _____

Member _____

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 934
Compt. Control No. 2
Grip Lock No. 000769
Gold
Bars 38,518
Fine Ounces 15,247,927.092
Value \$

Coin
No. Bags
Value \$

(b)(1)
Vault No.
Compartment
Date Sealed November 18, 19 83
Silver
Bars
Fine Ounces

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 934 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

COMMITTEE - 1994 Settlement Committee

Chairman,

Member

Member

Member

Member

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 1292
Compt. Control No. 1
Grip Lock No. 0007376
Gold
Bars 35,525
Fine Ounces 11,308,091.184
Value \$ _____

Coin
No. Bags _____
Value \$ _____

(b)(1)
Vault No. _____
Compartment _____
Date Sealed July 23, 19 86
Silver
Bars _____
Fine Ounces _____

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1292 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE - 1994 Settlement Committee

Chairman _____

Member _____

Member _____

Member _____

Member _____

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 1404
Compt. Control No. 3
Grip Lock No. A 11504
Gold
Bars 40,568
Fine Ounces 12,827,692.324
Value \$

Coin
No. Bags
Value \$

(b)(1)
Vault No.
Compartment
Date Sealed July 30, 19 81
Silver
Bars
Fine Ounces

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1404 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE 1994 Settlement Committee

Chairman

Member

Member

Member

Member

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 1994

IDENTIFICATION

Seal Serial No. 1320
Compt. Control No. 3
Grip Lock No. A 9700
Gold
Bars 22,438
Fine Ounces 9,163,066.396
Value \$ _____

Coin
No. Bags _____
Value \$ _____

(b)(1)
Vault No. _____
Compartment _____
Date Sealed June 23, 1978
Silver
Bars _____
Fine Ounces _____

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1320 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE - 1994 Settlement Committee

Chairman _____

Member ✓ _____

Member _____

Member _____

Member _____

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 1994

IDENTIFICATION

Seal Serial No. 1408
Compt. Control No. 1
Grip Lock No. A 11325
Gold
Bars 35,162
Fine Ounces 11,583,545.177
Value \$

Coin
No. Bags
Value \$

(b)(1)
Vault No.
Compartment
Date Sealed July 30, 1981
Silver
Bars
Fine Ounces

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1408 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE. 1994 Settlement Committee

Chairman

Member

Member

Member

Member

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Port Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 1422
Compt. Control No. 5
Grip Lock No. 000549
Bars Gold
41,771
Fine Ounces 12,470,205.500
Value \$

Coin
No. Bags
Value \$

(b)(1)
Vault No.
Compartment
Date Sealed June 18, 19 82
Silver
Bars
Fine Ounces

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1422 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

COMMITTEE 1994 Settlement Committee

Chairman

Member

Member

Member

Member

U.S. Mint, Wash., D.C.
(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 1364
Compt. Control No. 1
Grip Lock No. 0008136
Bars Gold
32,670
Fine Ounces 10,719,168.607
Value \$ _____

Coin
No. Bags _____
Value \$ _____

(b)(1)
Vault No. _____
Compartment _____
Date Sealed July 25, 19 85
Silver
Bars _____
Fine Ounces _____

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S
Seal S
Wax Impressions S
Ribbon S
Seal Jacket S
Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? Yes
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1364 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

COMMITTEE - 1994 Settlement Committee

Chairman _____ U.S. Mint, Wash., D.C.
Member _____ (Headquarters)
Member _____ (Headquarters)
Member _____ (Headquarters)
Member _____ (Headquarters)
Member _____ (Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 1994

IDENTIFICATION

Seal Serial No. 1424
Compt. Control No. 2
Grip Lock No. 000558
Bars Gold
36,236
Fine Ounces 11,837,877.372
Value \$

Coin
No. Bags
Value \$

(b)(1)
Vault No.
Compartment
Date Sealed June 25, 1982
Silver
Bars
Fine Ounces

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1424 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE 1994 Settlement Committee

Chairman

Member

Member

Member

Member

U.S. Mint, Wash., D.C.

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Port Knox, KY

Date of inspection June 30, 1994

IDENTIFICATION

Seal Serial No. 1291
Compt. Control No. 5
Grip Lock No. 0001429
Gold
Bars 14,262
Fine Ounces 4,579,398.963
Value \$ _____

Coin
No. Bags _____
Value \$ _____

(b)(1)
Vault No. _____
Compartment _____
Date Sealed September 6, 1991
Silver
Bars _____
Fine Ounces _____

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1291 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE 1994 Settlement Committee

Chairman _____

U.S. Mint, Wash., D.C.
(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 19 94

IDENTIFICATION

Seal Serial No. 1358
Compt. Control No. 1
Grip Lock No. 0003744
Gold
Bars 18,659
Fine Ounces 6,056,599.999
Value \$ _____

Coin
No. Bags _____
Value \$ _____

(b)(1)
Vault No. _____
Compartment _____
Date Sealed March 4, 19 93
Silver
Bars _____
Fine Ounces _____

CONDITION

(Indicate: Satisfactory or Unsatisfactory)

Lugs S Wax Impressions S Seal Jacket S
Seal S Ribbon S Grip Lock S

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? NO
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1358 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE 1994 Settlement Committee

Chairman S

U.S. Mint, Wash., D.C.
(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

Member _____

(Headquarters)

OFFICIAL JOINT SEAL INSPECTION REPORT

U. S. Mint/Assay Office U.S. Bullion Depository
Fort Knox, KY

Date of inspection June 30, 1994

IDENTIFICATION

Seal Serial No. 1506
Compt. Control No. I
Grip Lock No. 0001906
Gold
Bars 19,800
Fine Ounces 6,470,624.049
Value \$

Coin
No. Bags
Value \$

(b)(1)
Vault No.
Compartment
Date Sealed July 25, 1990
Silver
Bars
Fine Ounces

CONDITION

(Indicate; Satisfactory or Unsatisfactory)

Lugs <u>S</u>	Wax Impressions <u>S</u>	Seal Jacket <u>S</u>
Seal <u>S</u>	Ribbon <u>S</u>	Grip Lock <u>S</u>

1. Do wax impressions and signatures on Official Joint Seal agree with photostatic copies of wax impressions and signatures? Yes
2. Do signatures on Mint Bureau copy agree with signatures on the original Official Joint Seal? Yes
3. Is there any evidence whatsoever of tampering with seal, ribbon or grip lock? No
4. Is the Official Mint Tape applied to the compartment in such a manner that the compartment cannot be entered without breaking the tape? Yes
5. Did you find compartment door locked? Yes

REMARKS:

We the undersigned hereby certify that the above described Official Joint Seal No. 1506 was inspected this day and found to be unimpaired in any manner whatsoever and that in our opinion the compartment/ or vault to which the seal is affixed has not been entered since the seal was placed thereon, and could not be entered without impairing the seal.

(b)(6)
COMMITTEE 1994 Settlement Committee

Chairman

Member

Member

Member

Member

U.S. Mint, Wash., D.C.

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)

(Headquarters)



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

(4)

(b)(6)

June 20, 1994

(43) 104-06-0187
Box 1 of 2

Deputy Associate Director
for Finance
United States Mint
633 3rd Street, NW
Washington D.C. 20220

Dear

The 1994 Denver Gold Verification Committee conducted a verification of gold bars at the Denver Mint from May 2 to May 13, 1994. This inventory procedure was observed by representatives from Treasury's Office of the Inspector General (OIG) as part of the Chief Financial Officer's Act to attest to the accuracy of the Mint's financial statements. The gold verification process was conducted in accordance with the Mint's Standard Operating Procedures for Gold Verifications. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the Mint's certified bullion schedules to the physical inventory of gold bars in the selected gold vault compartments. The following describes the objectives and scope of the gold verification process, and the committee's findings and conclusions.

Objectives and Scope

The objectives of the gold verification were to assure that the gold in the Mint's custody is properly secured, accurately accounted for in the Mint's financial records, and correctly stated in terms of fineness. The OIG selected the joint sealed compartments to be verified and predetermined the sample size and individual bars to be drilled for assay determination. The compartments selected by the OIG at the Denver Mint were . The gold bars are stored by melt number, and each bar is hallmarked with the fineness and year as well as the melt number. The Gold Verification Committee verified this information on the gold bars by comparing the Mint's bar listing in the selected compartments to the physical inventory of each in the compartments. The gold bars inventoried in .

(b)(1)

An additional OIG objective of the gold verification was to take three drill samples per melt from 57 randomly selected melts (or a total of 171 samples) and have the drill samples independently analyzed for fineness. The OIG selected the melts and the individual bars within the melts to be sampled. The purpose of this sampling was to compare the fineness of the gold, after assay laboratory testing, with the

recorded fineness on the Bullion Schedule. These drill samples were transferred to the West Point Mint and are under griplock control at this facility awaiting selection of an independent laboratory by the OIG to forward them for testing.

(b)(7) The Committee also took three drill samples from each of the four melts in (a total of 12 samples) which failed fineness determination during the 1993 gold verification. These samples were forwarded to the West Point Mint and are under griplock at that facility at this time. These samples will be forwarded along with the above mentioned 171 samples to the independent laboratory.

A final objective of the gold verification was to assess the adequacy of the internal controls over the gold inventory under official joint seal (deep storage).

The amount of gold the committee verified in compartments 6 and 14 was 5,732 gold bars weighing 2,646,821.145 fine troy ounces. The gold samples from these compartments for assay purposes weighed 29.224 fine troy ounces.

The amount of gold samples taken from compartment 15 for re-assay was 1.818 fine troy ounces.

At the conclusion of the gold verification, the committee affixed new official joint seals on compartments and New combination padlocks were also affixed to both compartments. These official joint seals were signed by OIG Representatives to maintain joint control over deep storage gold reserves.

Findings and Conclusions

We found no exceptions when we verified the fineness and dates on each gold bar. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the Denver Mint's bar listings of gold bars stored in compartments and . We determined that the internal control over gold inventory was adequate.

I would like to compliment the Acting Superintendent, and his staff as well as the bar handlers not only for their continuing cooperation but for their enthusiastic support in making the gold verification process successful.

Sincerely,

(b)(6)

Chairman, 1994 Gold Verification
Committee
Denver Mint



DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

(b)(6)

April 25, 1994

Deputy Associate Director for Finance
United States Mint
633 3rd Street, NW
Washington D.C. 20220

Dear :

The 1994 West Point Gold Verification Committee conducted a verification of gold bars at the West Point Mint from March 14 to March 25, 1994. This inventory procedure was observed by representatives from Treasury's Office of the Inspector General (OIG) as part of the Chief Financial Officers's Act to attest to the accuracy of the Mint's financial statements. The gold verification process was conducted in accordance with the Mint's Standard Operating Procedures for Gold Verifications. The committee physically verified the number of gold bars in each melt and found no exceptions when comparing the Mint's certified Bullion Schedules to the physical inventory of gold bars. The following describes the objectives and scope of the Gold verification process and the committee's findings and conclusions.

Objective and Scope

The objectives of the gold verification were to assure that the gold in the Mint's custody was properly secured, accurately accounted for in the Mint financial records and correctly stated in terms of fineness. The OIG selected the joint sealed compartment to be verified and predetermined the sample size and individual bars to be drilled for assay determination. The compartment selected by the OIG at West Point* _____ The gold bars are stored by melt number, and each bar is hallmarked with the fineness and year as well as the melt number. The Gold Verification Committee verified this information on the gold bars by comparing the Mint's listing of its gold bars in the selected compartment to the physical inventory of each gold bar in the compartment. The gold bars inventoried in compartment _____

(b)(1)

(b)(1)

An additional OIG objective of the gold verification was to take three drill samples per melt from approximately 70 randomly selected melts (or a total of 210 samples) and have the drill samples independently analyzed for fineness determination. The OIG selected the melts and the individual bars within the melts to be sampled. The purpose of this sampling was to compare the fineness of the gold, after assay laboratory testing, with the recorded fineness on the Bullion Schedule. These drill samples are under joint griplock control at the

(b)(6)

West Point Mint awaiting selection of an independent laboratory to which the OIG will forward them for testing.

A final objective of the gold verification was to assess the adequacy of the internal controls over the gold inventory under Official Joint Seal (deep storage).

The amount of gold the committee verified in compartment [] was 13,032 gold bars weighing 4,210,243.859 fine troy ounces. The gold samples to be assayed weighed 42.874 fine troy ounces.

At the conclusion of the gold verification, the committee affixed an Official Joint Seal on compartment []. A new combination padlock was affixed to the compartment. In addition, the Official Joint Seal on compartment [], which was part of the verification process last year, was resealed with a new Official Joint Seal and signed by an OIG Representative to maintain joint control over deep storage gold reserves.

Findings and Conclusions

We found no exceptions when we verified the fineness and dates on each gold bar. We also found no differences when we compared the number of gold bars in each melt that we inventoried to the West Point Mint's listing of gold bars stored in compartment 10 F. We determined that the internal control over gold inventory was adequate.

I would like to compliment the Acting Superintendent, [] and his outstanding staff as well as the bar handlers not only for their continuing cooperation but for their enthusiastic support in making the gold verification process successful.

Sincerely,

[]
Chairman, 1994 Gold Verification
Committee
West Point Mint

62-E-05-WP.

August 19, 2005

MEMORANDUM FOR:

ASSOCIATE DIRECTOR/CHIEF FINANCIAL OFFICER

FROM:

Chief, Internal Control Division
Office of Management Support and Internal Control

THROUGH:

Assistant Director for Management Support and Internal Control

SUBJECT:

2005 Gold Verification at the United States Mint at West Point

A gold verification was conducted at the United States Mint at West Point over the period of July 18 – 22, 2005. This process was conducted in accordance with the United States Mint Directive 8H-3, "Verification of Deep Storage Assets", Mint-wide Policy Memorandum FIN-08, "Assay Sampling of Deep Storage Assets", Mint-wide Policy Memorandum FIN-09, "Deep Storage Asset Verifications", Mint-wide Policy Memorandum FIN-10, "Official Joint Seals", Mint-wide Policy Memorandum FIN-11, "Rules of Conduct During Deep Storage Asset Verifications and Official Joint Seal Inspections", and Mint-wide Policy Memorandum FIN-12, "Documentation Requirements for Deep Storage Asset Verifications and Official Joint Seal Inspections", all dated July 2005.

Consistent with its role under the Chief Financial Officers (CFO) Act, the Department of the Treasury, Office of Inspector General (OIG) observed this verification to attest to the accuracy of the custodial amounts for precious metals which are reported in the United States Mint's Schedule of Custodial Gold and Silver Reserves and financial statements.

Each phase of the verification was conducted by a Director's Representative, an OIG Representative and a representative from the United States Mint at West Point. Verification participants are listed in Attachment A. In addition to these participants, volunteer bar handlers and a bar handler coordinator, the United States Mint Police, the Financial, Quality Assurance and Cash managers at the West Point Mint, and other employees at West Point and Headquarters supported the gold verification process. The following describes the objectives, activities, and findings from this verification.

OBJECTIVES:

The objectives of the verification were to assure that:

- The deep storage assets in the custody of the United States Mint actually exist;
- The deep storage assets are properly secured; and
- The deep storage assets are accurately accounted for in the United States Mint's financial records.

ACTIVITIES:

The following activities were performed:

- Upon arrival at the United States Mint at West Point on July 18th, an entrance conference was held. To ensure all verification participants understood the process, we reconfirmed that Compartment [redacted] was the outgoing compartment and that [redacted] was the incoming compartment. We agreed that 3,500 bars were to be moved, and that the OIG Representative would select the samples to be drilled and sent to the contracted laboratory for assay testing. (b)(1)
- At the conclusion of the entrance conference, the participants went downstairs to the vault area. The Official Joint Seals on Compartments [redacted] and [redacted] were then inspected. Once it was determined that the Seals (and corresponding cloth tape, metal griplock seals and wax impressions) showed no signs of deterioration or tampering, the Seals were removed from the compartments. The West Point and Headquarters padlocks were removed and the bar verification and movement process began. (b)(1)
- As the 3,500 bars were moved out of Compartment [redacted], the information on the bars was compared to the information on the bar schedules. At times, there were minor discrepancies between the information marked on the bars and the information reflected on the schedules. For example, occasionally the last decimal place of the fineness stamped on a bar did not match that of the schedule. The team was told that the Mint experienced data conversion problems when the schedules were converted from a previous software program to Excel. Therefore, West Point Mint personnel believed that some fineness data on the bar schedules had been transposed or mis-sorted when the data conversion process took place. This sounded plausible, but the team decided to calculate the fine troy ounce (FTO) weight using the fineness marked on the bar to see if it matched the FTO weight listed on the schedule, since this would provide a small measure of assurance that a conversion or sorting error had occurred instead of a more serious situation. In all cases, it did match, and the team was satisfied that the fineness marked on the bar was correct. Team members then annotated their schedules and the West Point Mint made changes to the computerized bar schedules so that future verification of those bars, if required, would not result in identification of any discrepancies.
- There was also a minor issue with the schedules in that in some instances, the hallmark (e.g., Handy and Harmon) was not reflected on the schedules. However, the team accepted these deviations after verifying that the remaining information was sufficient to

identify the bar. Again, West Point has made changes to their computerized schedules to ensure that the schedules accurately reflect hallmark information in case the bars are audited in the future.

(b)(1)

- (b)(1)
- The 3,500 bars removed from Compartment [redacted] were placed in Compartment [redacted], after comparing information on the bars to the information on the bar schedules. While moving the bars, team members noticed that the cloth tape securing the Official Joint Seal on Compartment [redacted] was frayed and in need of replacement. A decision was made to replace the Seal at the end of the gold verification process rather than wait until the yearly Seal Inspection planned for late September.

- During the bar movement, 92 bars were selected by the OIG Representative for sampling. Drilling of the samples was performed on July 20th. The 92 bars were weighed for their pre-sample weight, samples were drilled and weighed, and the bars were weighed again after drilling. There were no discrepancies between actual bar weights and the bar weights recorded on the schedules, after consideration of the tolerances contained in Mint Policy Memorandum FIN-09. The Director's Representative, OIG Representative, and West Point Mint representative each independently computed all weights during the drilling/weighing process and agreed on sample and bar weights so that there would be no discrepancies in the information recorded by the representatives.

- The samples were taken to the FedEx mailing facility and mailed to the independent assay lab, and gold granules representing the amount of samples removed were placed in Compartment [redacted].

- (b)(1)
- Official Joint Seals were prepared showing the new compartment contents, and hung on Compartments [redacted] and [redacted]. A new Official Joint Seal was also prepared and hung on Compartment [redacted]. No padlocks or combinations were changed for any of the three compartments, since replacement of locks is scheduled to occur in September along with inspection of all Official Joint Seals.

- This year, the Mint implemented an inter-agency agreement with the U.S. Army, White Sands Missile Range in Las Cruces, New Mexico for gold assay testing. On August 16, 2005, White Sands provided assay results to the OIG and to the Mint COTR for the 92 samples forwarded to them on July 22nd. These results are being evaluated by the OIG to ensure that finenesses reflected on the bar schedules agree to the finenesses reported by the laboratory. Based on past assay test results, discrepancies are not expected, but if any are identified, a follow-up report will be forwarded to all recipients of this memorandum.

FINDINGS:

- The 2005 gold verification at the United States Mint at West Point was completed successfully, with 3,500 bars being moved and 92 samples taken. No significant discrepancies were found during bar movement. Minor discrepancies were found between the information marked on a bar and the corresponding information reflected on

the bar schedule; however, the team was satisfied that these discrepancies were the result of data conversion problems and did not represent inaccurate representation of assets in the Mint's accounting records.

- (b)(1) (b)(1)
- Compartment (b)(1) now contains 9,177 gold bars and Compartment (b)(1) now contains 4,389 bars. It is anticipated that the remaining 4,389 bars in Compartment (b)(1) will be verified and moved during the next gold verification.

I would like to thank everyone involved in this year's gold verification for their cooperation and assistance in making the gold verification proceed smoothly. Should you have any questions regarding this memorandum or require further information, please do not hesitate to contact me at (202) 772-74.

cc:

(b)(6)

Treasury Office of Inspector General

① Include? ② Redact 64-E-00-6 WP

United States Mint - OMSIC

2006 Gold Verification and Official Joint Seal Inspection - West Point Mint

Author:

Date: February 12, 2007

(b)(6)

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United States Mint

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Any Other Use Or Disclosure Of This Information Is Expressly Unauthorized.

United States Mint – OMSIC
2006 Gold Verification and Official Joint Seal Inspection - West Point Mint

1 Objectives and Purpose

A gold verification was conducted at the United States Mint at West Point July 17 - 21, 2006 and an Official Joint Seal Inspection was conducted on August 29, 2006. The objectives were to verify that the custodial assets in the custody of the United States Mint exist, are properly secured and are accurately accounted for in the United States Mint's financial records.

2 Overview

2.1 Gold Verification

(b)(6)

For the gold verification, _____ and _____ represented the Director of the Mint; _____ and _____ represented the Treasury OIG; and, _____

represented West Point. _____ from KPMG LLP observed verification activities on July 19 - 20, 2006. The process was conducted in accordance with United States Mint Directive 8H-3, "Verification of Deep Storage Assets," dated July 2005, and Mint-wide Policy Memoranda referenced in the Directive.

After inspection and removal of the Official Joint Seals and padlocks on Compartments _____ and _____ the team verified the 4,389 bars in Compartment _____ comparing information on each bar to information on the bar schedule. The process was repeated by different team members as the bars were re-stacked in Compartment _____. The OIG selected 96 bars for sampling, which were weighed and drilled to obtain samples. The samples were weighed and the bars were then re-weighed after subtraction of the sample weight. Fine troy ounce weights were computed for the bars and samples. Samples totaling 11.35 gross troy ounces were mailed to the White Sands Missile Range Chemistry Lab for determination of fineness. The results were then analyzed by the OIG and found to be acceptable. This was the fourth year that bars and samples were taken from Compartment _____ verified and placed in Compartment _____. Compartment _____ now contains 13,566 gold bars weighing 5,416,236.080 gross troy ounces. The samples taken in 2002, 2004, 2005 and 2006 were combined into one container and the total amount (53.175 gross troy ounces) was recorded on the new Official Joint Seal that was prepared and hung on the compartment door. In addition to the 96 bars that were sampled, several bars were weighed to verify their identity, since minor discrepancies were noted between information recorded on the schedule and bar.

2.2 Official Joint Seal Inspection

(b)(6)

_____ represented the Director of the Mint, _____ represented the Treasury OIG, and _____ represented the West Point Mint. _____ from KPMG observed inspection activities. The inspection was conducted in accordance with Mint Directive 8H-3 and related policy memoranda referenced in the directive. For each seal inspected, an inspection report was prepared and signed by all participants except _____. Headquarters padlocks were inspected and changed, and general controls were observed.

3 Conclusions and Recommendations

3.1 2006 Gold Verification

3.1.1 Condition

Timely completion of this year's gold verification was challenging due to the large number of bars to be verified, moved and sampled. The team worked very hard to ensure this work was accomplished on schedule. As a result of their efforts, the verification was completed efficiently and effectively without delay or major issues.

No internal control weaknesses or deviations from policies and procedures were identified. A minor issue was noted in that the bar schedules did not always contain the bar hallmark (e.g., Handy and Harman);

United States Mint – OMSIC
2006 Gold Verification and Official Joint Seal Inspection - West Point Mint

however, the remaining information, particularly the bar number and weight, was sufficient to identify and verify the bar. The West Point Mint has updated the bar schedules so that future verification of the bars, if required, would not identify instances of missing information.

3.1.2 Criteria

Gold verifications should be performed in compliance with prescribed procedures. Industry best practices indicate that physical inventory should be counted periodically by persons independent of day-to-day custody or recording of inventory. Inventory counts should be reconciled to inventory records and inventory records should be reconciled to the control ledger. Inventory procedures should consider controls to determine that inventory records are complete, transactions are processed in the correct accounting period, inventory items exist and inventory carrying values are realizable.

3.1.3 Effect

Failure to follow proper procedures in conducting inventories could result in improper quantities and/or values for inventories reported on the financial statements and could result in significant errors going undetected.

3.1.4 Conclusion

The West Point team, as well as the Director's and OIG Representatives, are to be commended for their efforts in making the 2006 gold verification highly successful. Moving and sampling 4,389 bars during a one-week period was a significant accomplishment, and one that could not have been achieved without proper planning and cooperation among all participants.

3.2 Mint Directive 8H-3 and Related Policy Memoranda Should be Revised

3.2.1 Inventory Process Procedures

3.2.1.1 Condition

Mint Directive 8H-3, "Verification of Deep Storage Assets" and policy memoranda referenced in MD 8H-3, provide requirements and guidance on how to perform gold verifications and Official Joint Seal inspections. While existing procedures are adequate for use by an experienced team, they may not be detailed enough for use by a team with less experience. For example, the assay sampling process is not described in sufficient detail to enable an inexperienced team to drill, weigh and account for assay samples. There are no clear instructions on how to calculate fine Troy ounces from gross weight and what level of precision to use in the calculations. In addition, there is no guidance on how to prepare for the verification such as advance planning steps or materials required to conduct the verification process.

3.2.1.2 Criteria

Policies and procedures should be clearly stated in writing, properly approved and revised when circumstances change. They should conform to applicable laws and regulations and should not be overlapping, conflicting or duplicative. Policies and procedures should indicate that physical inventories should be counted periodically by persons independent of day-to-day custody or recording of inventory. Inventory counts should be reconciled to inventory records and inventory records should be reconciled to the control ledger. Inventory procedures should consider controls to determine that inventory records are complete, transactions are processed in the correct accounting period, inventory items exist and inventory carrying values are realizable.

3.2.1.3 Effect

Inaccurate, outdated or incomplete policies and procedures could result in errors and omissions that could negatively impact efficient operations. This is particularly true in the event of staff turnover. In situations in which procedures may be subject to interpretation and applied at multiple facilities, there

United States Mint – OMSIC
2006 Gold Verification and Official Joint Seal Inspection - West Point Mint

could be a lack of consistency in how these procedures are applied, and differing verification results could be obtained. If procedures are not sufficiently detailed inconsistencies in results could occur at different sites or at the same site between teams.

3.2.2 Administrative Procedures

3.2.2.1 Condition

The Director's Representative did not submit a written report to the Chief Financial Officer within the prescribed time period following completion of the seal inspection.

3.2.2.2 Criteria

Mint Directive 8H-3 and related policy memoranda require the Office of Management Support and Internal Control to submit a written report to the Chief Financial Officer within thirty working days after completion of a seal inspection.

3.2.2.3 Effect

If timely reporting does not occur, there is a risk that issues will not be identified and addressed timely, subjecting the Mint to prolonged risk.

3.2.2.4 Cause

The Director's Representative did not prepare a report within 30 days after the inspection because the OIG had not completed the audit. The report to Mint management may not have been complete if the internal report did not include issues that may have been reported by the OIG.

3.2.3 Recommendation

We recommend a review and update of the policies and procedures for performing gold verifications and Official Joint Seal Inspections. Plant Managers should be directly involved in the review, update and approval process and key Mint employees who have participated in the verification process should be included in the review to provide "lessons learned" input into the updating of the procedures. As a minimum, the reporting requirement should be changed so that a report is required within thirty business days after receipt of the OIG report rather than from the date of the inspection. However, issues that should be addressed immediately would be brought to the attention of appropriate personnel upon identification.

3.3 Foreign Gold Coins

3.3.1 Condition

As part of the seal inspection, the team inspected all metal grip-lock seals and all blue plastic West Point seals on the boxes of foreign gold coins stored in Compartment . Grip-lock on icebox did not agree with the grip-lock control log prepared in 1994, which documents the grip-lock as 3491. Research performed after the seal inspection located a document from the 1999 annual physical inventory which shows the grip-lock number as 2499. It is unclear when grip-lock number 3491 was removed and replaced with another grip-lock and it is impossible to determine whether the contents of box have been compromised.

3.3.2 Criteria

Standards for Internal Control in the Federal Government, published by the Government Accountability Office, states: "Internal Control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination...The documentation, whether in paper or electronic form, should be purposeful and useful to managers in controlling their operations, and to auditors or others involved in analyzing operations."

United States Mint – OMSIC
2006 Gold Verification and Official Joint Seal Inspection - West Point Mint

3.3.3 Effect

Inadequate supporting documentation may not allow the detection of a breakdown in controls surrounding the gold coin inventory and/or errors in accounting and reporting of the gold coin inventory. As a result, the balances reported in the Mint's Schedule of Custodial Deep Storage Gold and Silver Reserves may be over or under stated.

3.3.4 Recommendation

We recommend that a review be conducted to determine what actions should be taken to ensure that adequate control over the foreign coins has been maintained. If necessary, further verification of the coins should be undertaken.

United States Mint – OMSIC
2006 Official Joint Seal Inspection - Denver Mint

65-FOIA-DV
6

Author: _____
Date: February 12, 2007

(b)(6)

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United States Mint

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United States Mint – OMSIC
2006 Official Joint Seal Inspection - Denver Mint

1 Objectives and Purpose

An Official Joint Seal Inspection was conducted at the Denver Mint on September 12, 2006. The objectives were to verify that the custodial assets in the custody of the United States Mint exist, are properly secured and are accurately accounted for in the United States Mint's financial records.

2 Overview

(b)(6)

_____ represented the Director of the Mint; _____ represented the Treasury OIG and Lee Tomsick represented the Denver Mint. The inspection was conducted in accordance with Mint Directive 8H-3 and related policy memoranda. For each seal inspected, an inspection report was prepared and signed by all participants. Christen Kozlik from KPMG LLP observed the inspection. After the seal inspections, Headquarters padlocks were inspected and changed.

3 Conclusions and Recommendations

3.1 Mint Directive 8H-3 and Related Policy Memoranda Should Be Revised

3.1.1 Condition

The Director's Representative did not submit a written report to the Chief Financial Officer within the prescribed time period following completion of the seal inspection.

3.1.2 Criteria

Mint Directive 8H-3 and related policy memoranda require the Office of Management Support and Internal Control to submit a written report to the Chief Financial Officer within thirty working days after completion of a seal inspection.

3.1.3 Effect

If timely reporting does not occur, there is a risk that issues will not be identified and addressed timely, subjecting the Mint to prolonged risk.

3.1.4 Cause

The Director's Representative did not prepare a report within 30 days after the inspection because the OIG had not completed the audit. The report to Mint management may not have been complete if the internal report did not include issues that may have been reported by the OIG.

3.1.5 Recommendation

We recommend a review and update of the policies and procedures for performing Official Joint Seal Inspections. As a minimum, the reporting requirement should be changed so that a report is required within thirty business days after receipt of the OIG report rather than from the date of the inspection. However, issues that should be addressed immediately would be brought to the attention of appropriate personnel upon identification.

United States Mint – OMSIC
2006 Official Joint Seal Inspection - Fort Knox Bullion Depository

66-FOU-FK
6

Author:

Date: February 12, 2007

(b)(6)

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United States Mint

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United States Mint – OMSIC
2006 Official Joint Seal Inspection - Fort Knox Bullion Depository

1 Objectives and Purpose

An Official Joint Seal Inspection was conducted at the Fort Knox Bullion Depository on September 28, 2006. The objectives were to verify that the custodial assets in the custody of the United States Mint exist, are properly secured and are accurately accounted for in the United States Mint's financial records.

2 Overview

(b)(6) represented the Director of the Mint, (b)(6) represented the Treasury OIG and (b)(6) represented the Bullion Depository. Officer in Charge, accompanied by Lieutenant (b)(6). The inspection was conducted in accordance with Mint Directive 8H-3 and related policy memoranda. (b)(6) from KPMG LLP observed the inspection; however, she did not observe the changing of the Headquarters locks. The inspection was conducted in accordance with Mint Directive 8H-3 and related policy memoranda. For each seal inspected, an inspection report was prepared and signed by all participants except (b)(6). After the seal inspection was completed, Headquarters padlocks were inspected and changed.

3 Conclusions and Recommendations

3.1 Mint Directive 8H-3 and Related Policy Memoranda Should Be Revised

3.1.1 Condition

The Director's Representative did not submit a written report to the Chief Financial Officer within the prescribed time period following completion of the seal inspection.

3.1.2 Criteria

Mint Directive 8H-3 and related policy memoranda require the Office of Management Support and Internal Control to submit a written report to the Chief Financial Officer within thirty working days after completion of a seal inspection.

3.1.3 Effect

If timely reporting does not occur, there is a risk that issues will not be identified and addressed timely, subjecting the Mint to prolonged risk.

3.1.4 Cause

The Director's Representative did not prepare a report within 30 days after the inspection because the OIG had not completed the audit. The report to Mint management may not have been complete if the internal report did not include issues that may have been reported by the OIG.

3.1.5 Recommendation

We recommend a review and update of the policies and procedures for performing Official Joint Seal Inspections. As a minimum, the reporting requirement should be changed so that a report is required within thirty business days after receipt of the OIG report rather than from the date of the inspection. However, issues that should be addressed immediately would be brought to the attention of appropriate personnel upon identification.

United States Mint – OIC
2007 Custodial Asset Verifications

67-E07-A11

Author:

Date: November 1, 2007

(b)(6)

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United States Mint

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**United States Mint – OIC
2007 Custodial Asset Verifications**

1 Objectives and Purpose

Official Joint Seal inspections were conducted in August and September 2007 at the West Point, Denver and San Francisco Mints and the Fort Knox Bullion Depository. The purpose of each inspection was to verify that the custodial assets in the custody of the United States Mint exist, are properly secured and are accurately accounted for in the United States Mint's financial records. After the Denver Mint Official Joint Seal inspection, six gold bars were verified, weighed and placed under Official Joint Seal to enhance security of the bars and to increase awareness of the bars' status as custodial assets. In addition, a verification of bags containing foreign gold coins was conducted at West Point in July 2007. The objectives of the bag verification were to improve security and documentation for the coins, and to make additional space available for production.

2 Overview

2.1 Official Joint Seal Inspections

Each inspection was performed by a team of employees representing the Director of the Mint, the Treasury Office of Inspector General (OIG) and the Plant Manager/Officer in Charge (see Appendix 1).

A representative from KPMG LLP observed the Fort Knox, Denver and West Point inspections.

All inspections were conducted in accordance with Mint Directive 8H-3 and related policy memoranda referenced in the directive. For each seal inspected, an inspection report was prepared and signed by team members. The Director's representative(s) then changed Headquarters locks, and the OIG representative observed and evaluated general controls.

2.2 Foreign Gold Coin Bag Verification

A verification of bags of foreign gold coins was performed July 16 - 20, 2007 at West Point by a team of employees representing the Director of the Mint, the Office of Inspector General (OIG) and the West Point Mint Plant Manager (see Appendix 1).

A representative from KPMG LLP observed verification activities on July 16, 2007.

Before beginning the verification, West Point Mint personnel had prepared a schedule containing pertinent information taken from a hand-written ledger. The ledger had been prepared by OIG and Mint representatives in 1984 and 1985 when the over 4,000,000 foreign coins were identified, counted and weighed.

To maintain control over assets throughout the verification, the team used control registers and other techniques similar to those used to verify, move and seal gold bars (See MD 8H-3 and related policy memoranda). The team verified and removed plastic and grip lock seals on the first metal storage box and a material handler removed a bag of coins. The team matched information on a tag sewn to the bag to information on the schedule, noting any discrepancies. This process was repeated until all 4,141 bags were checked. All bags were present and only minor discrepancies were identified. The bags were placed in plastic "tube boxes" and banded. The tube boxes were placed on skids, shrink-wrapped, and transported to the upper level of compartment. A box containing samples was accepted without opening, and shrink-wrapped to the last skid. The door to the upper level of the compartment was sealed with a heavy-duty metal seal, a Headquarters grip lock seal and a West Point plastic seal.

2.3 Verification of Gold Bars

The Denver Mint had six gold bars secured in compartment (b)(7)(D) which were custodial assets but never placed under an Official Joint Seal. According to documentation received from the Denver Mint, these bars had previously been on display at the Denver Mint and were placed in (b)(7)(D) in January 2001 by Denver Mint personnel when the Office of Protection decided that bars should not be publicly displayed. In February 2001, the bars were moved to (b)(7)(D). In 2007, a decision was made to verify the bars and

**United States Mint – OIC
2007 Custodial Asset Verifications**

(b)(6) place an Official Joint Seal on the door during the inspection September 18, 2007. The work was performed by a team of employees representing the Director of the Mint, the Office of Inspector General and the Denver Mint Plant Manager (see Appendix 1). Team members entered compartment to verify and weigh the bars, and to seal the compartment. Information stamped on the bars was matched to information on the bar schedule. The bars were then weighed, and the fine troy ounce weight was computed based on the fineness multiplied by the gross troy ounce weight. There were no discrepancies for bar information or weight. By previous agreement with the OIG representative, due to the low fineness of the bars and the small number to be verified, no assay sampling was performed. Official Joint Seal number 1448 was signed by Acting Plant Manager, Denver Mint Accounting Manager, from Administrative Services Division, from Mint Headquarters and from the OIG. The compartment door was secured with cloth tape, wax impressions and grip lock seal. An Official Joint Seal was prepared and hung on the door. (b)(6)

3 Conclusions and Recommendations

The 2007 Official Joint Seal Inspections and the custodial asset verifications performed at West Point and Denver were completed without issue. On November 14, 2007, the Office of Inspector General issued its audit report on the Mint's schedule of custodial deep storage gold and silver reserves. No issues were identified in this report (OIG 08-001R), and no issues have been identified by the Office of Internal Control.

The Office of Internal Control would like to thank all employees who participated in these activities, particularly the bag verification at West Point and the sealing of gold bars in Denver. Because of the excellent cooperation received, all activities were completed efficiently and effectively without complications or delays.

United States Mint – OIC
2007 Custodial Asset Verifications

APPENDIX 1

Supplemental Information for Custodial Asset Verification Work Performed for FY 2007

Activity and Date:

Official Joint Seal Inspections:

Denver Mint – September 18, 2007

Fort Knox Bullion Depository – September 13, 2007

San Francisco Mint – September 20, 2007

West Point Mint – August 24, 2007

Foreign Gold Coin Bag Verification:

West Point Mint – July 16 - 20, 2007

Verification of Gold Bars:

Denver Mint – September 18, 2007

Team Members:

Facility Representatives:

(b)(6) West Point
(b)(6) West Point
(b)(6) West Point
(b)(6) Fort Knox
(b)(6) Denver
(b)(6) San Francisco
(b)(6) San Francisco

OIG Representatives:

(b)(6)
Director's Representatives (OIC):

(b)(6)
KPMG LLP Observer:

68 E-OFK

United States Mint – OIC
2007 Official Joint Seal Inspection - Fort Knox Bullion Depository

Author:

Date: October 26, 2007

(b)(6)

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United States Mint – OIC
2007 Official Joint Seal Inspection - Fort Knox Bullion Depository

1 Objectives and Purpose

An Official Joint Seal Inspection was conducted at the Fort Knox Bullion Depository on September 13, 2007. The objectives were to verify that the custodial assets in the custody of the United States Mint exist, are properly secured and are accurately accounted for in the United States Mint's financial records.

(b)(6)

2 Overview

represented the Director of the Mint, represented the Treasury Office of Inspector General (OIG), and Officer in Charge, represented the Bullion Depository.

from KPMG LLP observed the inspection; however, she did not observe lock changes. The inspection was conducted in accordance with Mint Directive 8H-3 and related policy memoranda. For each seal inspected, an inspection report was prepared and signed by:

After the seal inspection was completed, Ruth Rosenthal changed all Headquarters locks. As requested by Mr. Barnes, Ms. Rosenthal also participated in the changing of one Fort Knox lock.

3 Conclusions and Recommendations

The 2007 Fort Knox Bullion Depository Official Joint Seal Inspection was completed without issue, and the Office of Inspector General issued its report on the Mint's schedule of custodial deep storage gold and silver reserves (OIG-08-001) on October 19, 2007. No issues were identified by the OIG, and no recommendations are being made by the Office of Internal Control.

United States Mint – OIC
2007 Official Joint Seal Inspection - Denver Mint

69-E-07-DW

Author:

Date: October 26, 2007

(b)(6)

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United States Mint – OIC
2007 Official Joint Seal Inspection - Denver Mint

1 Objectives and Purpose

An Official Joint Seal Inspection was conducted at the Denver Mint on September 18, 2007. The objectives were to verify that the custodial assets in the custody of the United States Mint exist, are properly secured and are accurately accounted for in the United States Mint's financial records.

2 Overview

_____ and _____ represented the Director of the Mint, _____ represented the Treasury OIG and _____, Administrative Services, represented the Denver Mint. _____ from KPMG LLP observed part of the seal inspection. The inspection and joint sealing processes were conducted in accordance with Mint Directive 8H-3 and related policy memoranda. For each seal inspected, an inspection report was prepared and signed by _____ changed all Headquarters locks.

The Denver Mint had six gold bars secured in compartment _____ which were custodial assets but never placed under an Official Joint Seal. According to documentation received from the Denver Mint, these bars had previously been on display at the Denver Mint and were placed in _____ vault in January 2001 by Denver Mint personnel when the Office of _____ decided that bars should not be publicly displayed. In February 2001, the bars were moved to _____ vault. To make it clearer that these bars were part of the custodial reserve _____ decided to place an Official Joint Seal on the door during the 2007 Official Joint Seal Inspection. To perform this activity, Mr. Cotter, Ms. Rosenthal, _____ and _____ entered compartment _____ to verify and weigh the bars, and to seal the compartment. Information stamped on the bars was matched to information on the bar schedule. The bars were then weighed, and the fine troy ounce weight was computed based on the fineness multiplied by the gross troy ounce weight. There were no discrepancies for bar information or weight. By previous agreement with the OIG Representative, due to the low fineness of the bars and the small number to be verified, no assay sampling was performed. Official Joint Seal number 1448 was signed by the Acting Plant Manager, the Denver Mint Accounting Manager, _____ and _____. The compartment door was secured with cloth tape, wax impressions, and a grip-lock seal, and the Joint Seal was hung on the door.

3 Conclusions and Recommendations

The 2007 Denver Mint Official Joint Seal Inspection was completed without issue, and the Office of Inspector General issued its audit report on the Mint's schedule of custodial deep storage gold and silver reserves on October 19, 2007. No issues were identified by the OIG, and no recommendations are being made by the Office of Internal Control. OIC would like to thank the Denver Mint employees who planned and participated in this year's custodial asset activities, particularly the weighing, verifying, and sealing of the gold bars.

United States Mint
Custodial Deep Storage Asset Verification FY2008

71-E-08-6P

Author:

Date: October 23, 2000

(b)(6)

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United States Mint
Custodial Deep Storage Asset Verification FY2008

1 Objective and Purpose

The annual deep storage asset verification for fiscal year 2008 (FY 08) included an inventory of deep storage assets in one compartment located in the West Point Mint and inspection of all compartments with deep storage assets. The purpose was to verify that all compartments were intact and quantities were appropriately recorded.

2 Overview

The deep storage custodial assets are held in secured vaults and compartments. The United States Mint accounts for the deep storage custodial assets in the Bullion Fund Ledger, and reports them on the United States Mint's Schedule of Custodial Deep Storage Gold and Silver Reserves. This schedule is audited each year by the Office of Inspector General (OIG). The custodial assets are included in the United States Mint annual financial report, which is audited by an independent public accountant (IPA). The IPA observes the work conducted by the OIG and relies on the OIG audit to support the deep storage assets as part of the reported custodial assets.

To conduct its audit, the OIG observes procedures and conducts other audit tests of the United States Mint when verifying its deep storage custodial assets. There are two types of verification processes:

1. Inventory of the contents of a compartment. A compartment containing deep storage custodial assets may be inventoried by counting the contents and comparing to the certified custodial asset schedule (certified schedule). In addition, the contents may be tested by selecting individual items to be weighed and assayed to confirm the reported values on the certified schedule.
2. Compartment inspections: Use of tamperproof seals is designed to maintain the integrity of a compartment and reduce the need to conduct an annual physical inventory and/or testing of the items in a compartment. Inspections consider the conditions of the seal and other physical attributes of the compartment to determine if the compartment appears to be uncompromised.

There are two classifications for tamperproof seals:

- Official Joint Seal (OJS). An OJS contains signatures of representatives for the Director of the Mint, Office of Inspector General and the facility's Management or Officer in Charge attesting to the veracity of the seal.
- Compartment seal. When a compartment does not have an OJS, the compartment can be sealed with tamperproof seals to ensure the integrity of the contents.

3 Summary

July 21, through July 25, 2008, the West Point Mint conducted an inventory of one compartment containing 4,400 "high fine" gold bars. The inventory of the compartment at West Point was the last deep storage asset compartment containing gold or silver bars to be inventoried and tested by assay to confirm the reported quantities. All other compartments containing gold or silver bars have been inventoried and tested in prior years. The results of testing fully supported the reported quantities and the assay testing confirmed the reported fineness of the gold content.

During September 2008, all compartments at Denver Mint, Fort Knox Bullion Depository, San Francisco Mint and West Point Mint containing deep storage assets were inspected and determined to be intact.

The results of the inventory and inspections were that deep storage assets are appropriately controlled and fairly stated on the Schedule of Custodial Deep Storage Gold and Silver Reserves.

**United States Mint
Custodial Deep Storage Asset Verification FY2008**

4 Observations, Conclusions and Recommendations

During the inventory and inspections certain conditions were noted that, while not significant or material and do not impact the Schedule of Custodial Deep Storage Gold and Silver Reserves, warrant attention and should be taken into consideration for possible enhancements to the management and control over deep storage assets.

4.1 Program

4.1.1 Standard Operating Procedures Need to be Updated

4.1.1.1 Condition

The existing Standard Operating Procedures (SOP) have a sunset date of June 2008. Updates to the procedures were drafted and reviewed, and a more detailed set of procedures and guidelines were developed for the FY 2008 verification. However, the updated SOP has not been formally approved.

4.1.1.2 Criteria

Standard Operating Procedures (SOP) are developed to provide guidelines for the proper processes and controls that are to be observed by the staff assigned to carry out specific duties. Best practices would indicate that SOP would be reviewed, updated and formally approved within the timeframe specified by the sunset date.

4.1.1.3 Effect

Failure to review and approve SOP within the specified timeframe may result in ineffective and/or inappropriate procedures being followed by the staff in executing their duties.

4.1.1.4 Cause

The initial review of the existing procedures was conducted prior to the sunset date. However, the Standard Operating Procedures that were developed in the prior update divided the procedures into multiple documents. After the initial review, it was determined that a compilation of the procedures would simplify and improve the usefulness of the document. The compiled document was submitted for review by subject matter experts and a consensus was reached to validate the procedures during the verification process and then prepare a final update before submitting for formal approval.

4.1.1.5 Conclusions

The Standard Operating Procedures should be updated and submitted for formal approval.

4.1.2 Deep Storage Assets are not Included in the General Ledger

4.1.2.1 Condition

Deep storage assets are tracked in spreadsheets and reported monthly to FMS. However, the assets and liability for the custodial assets are not included in the general ledger/financial system (Oracle).

4.1.2.2 Criteria

Best practices would include all assets and liabilities in the general ledger or financial system of record.

4.1.2.3 Effect

Failure to include all assets and liabilities in the general ledger/financial system requires additional tracking and record keeping to ensure the balances are properly included when generating financial reports.

United States Mint
Custodial Deep Storage Asset Verification FY2008

4.1.2.4 Cause

The deep storage assets were originally recorded in a separate Bullion Fund Ledger. The implementation of automated applications and financial systems relegated the manual ledger to records maintained in electronic spreadsheets. In addition, due to few transactions for deep storage assets the need to post to the automated financial system was not considered necessary.

4.1.2.5 Conclusions

All assets and liabilities should be included in the general ledger to allow for complete financial reports to be generated from the system of record without requiring manual input. Detailed bar schedules maintained by the custodial facilities would support the entries in the general ledger.

4.2 West Point Mint

4.2.1 Error in the Weight of Granules Added to Compartment

4.2.1.1 Condition

During the verification process the scale weight of the granules used to replace the weight of the samples taken was read incorrectly by the verification team (required weight 10.346 vs. actual weight 1.0346 in troy ounces). The redundant control used to check the amount of granules returned to the quality control laboratory determined that the weight of gold returned appeared to be more than the expected amount.

4.2.1.2 Criteria

Best practices indicate that, due to the high value of gold, multiple verifications should be used to confirm quantities used.

4.2.1.3 Effect

Small quantity differences of precious metals could result in significant differences in recorded values; therefore, greater efforts are required to reconcile balances whenever differences are found. In addition to the amount of potential adjustments to inventory balances, additional resources will be required to reconcile and resolve differences created by errors.

4.2.1.4 Cause

Several individuals on the verification team read the scale and agreed that the number represented by the digits were correct. However, due to the difficulty in seeing the location of the decimal point on the scale's readout the team members missed the number of significant digits left and right of the decimal place.

4.2.1.5 Conclusions

The errors in reading the scale was human error and not process or systemic in nature. The redundant check by the quality control laboratory did detect the error and management took immediate action to correct the error. No corrective action is recommended.

4.2.2 Fourteen CCR Hallmark Bars not Marked as to Fineness

4.2.2.1 Condition

Fourteen bars from the fabricator (CCR hallmark) did not have the fineness marked on the bar. These 14 bars were set aside and samples were taken for assay. The assay report confirmed the bars to be high fine gold. In addition, West Point requested and received documentation from the fabricator stating the

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Custodial Deep Storage Asset Verification FY2008**

fineness asserted by the fabricator was "four 9s". The compartment was subsequently reopened and the 14 bars were imprinted with the appropriate markings.

4.2.2.2 Criteria

The gold inventory is controlled at the individual melt unit level and the bar schedule is the control to identify individual melts. In the case of "high fine" (.9999, 999.9 or four 9s) gold, single bar melts are generally used therefore each bar is listed on the schedule. These bars are accepted from the fabricator with the fineness stamped on each bar indicating the fabricator's quality level of the gold content. Best practices indicate that all high fine gold bars should be properly stamped and this practice was observed on all other bars (4,386) in the compartment.

4.2.2.3 Effect

Additional costs and handling of these bars was required to properly ascertain the fineness and to imprint the bars.

4.2.2.4 Cause

The errors noted appear to be an oversight by the vender when the bars were fabricated and were not detected or not reported during the receiving process (OJS dates indicate the bars were received prior to September 1999).

4.2.2.5 Conclusions

The fineness of the bars was confirmed by the assay, the bars were properly imprinted and West Point received additional documentation from CCR confirming the fineness; therefore, no additional action is required.

4.2.3 One Compartment is Sealed but is not Sealed with an Official Joint Seal

4.2.3.1 Condition

One compartment located in the West Point Mint is sealed with tamperproof seals, but is not sealed with an Official Joint Seal (OJS). Compartment _____ contains 4,686,358 foreign gold coins in 4,141 bags. The value of the coins is reported to be 991,855.139 fine troy ounces of gold.

4.2.3.2 Criteria

Best practices indicate that, due to the high value of precious metals, tamperproof seals should be used to enhance the controls over access to assets. Official Joint Seals require multiple individuals to attest to the contents under seal and due to the method for applying the seal increase the difficulty in compromising the seal without detection.

4.2.3.3 Effect

If a seal is compromised significant efforts are required to inventory and reconcile balances to determine if the assets exist as stated or have been removed and if the assets have been removed was the action taken with or without authorization.

4.2.3.4 Cause

Current policy requires the signature of a representative for the Office of Inspector General. The schedule for the coins was audited more than ten years ago, but a complete copy of the report could not be obtained. Although the recorded value has been accepted over the past years during annual inspections, the Office of Inspector General has indicated that they would not sign an Official Joint Seal with a clause indicating a caveat to the contents. For example, a stipulation could be made on the OJS

United States Mint
Custodial Deep Storage Asset Verification FY2008

such as "said to contain" or similar statement that would indicate a current audit has not been conducted to confirm the contents.

4.2.3.5 Conclusions

An OJS would increase the security of the compartment; however, the additional security would not significantly enhance the existing controls. Another consideration to applying an OJS is the location of the compartment. The position of the gate to the compartment would make installing an OJS difficult and potentially hazardous. In addition, conducting an audit to recertify the contents would require significant resources and time. No additional action is recommended.

4.3 Fort Knox

4.3.1 Official Joint Seal has a Minor Mathematical Error

4.3.1.1 Condition

The Official Joint Seal (OJS) number 1591 has a minor mathematical computational error. The fine troy ounces (FTO) recorded on the OJS is misstated by .002 FTO.

4.3.1.2 Criteria

Official Joint Seals attest to the reported amounts of fine troy ounces and the seal should be free of mathematical errors.

4.3.1.3 Effect

Incorrect amounts recorded on Official Joint Seals may cause an auditor or inspection team member to question the veracity of the reported amounts. If the correctness of the recorded amounts are questioned significant resources may be required to inventory and validate the contents under seal.

4.3.1.4 Cause

The error appears to be human error in recording the values on the Official Joint Seal.

4.3.1.5 Conclusions

Due to the minor amount of the error, the corrected recorded value has been accepted over the past years during annual audits and inspections. If the seal is replaced the new seal should record the correct quantities. No additional action is recommended.

4.4 Denver

4.4.1 Condition of Official Joint Seals

4.4.1.1 Condition

During the inspection, the condition of several Official Joint Seals (OJS) was observed to be deteriorating. The most serious condition was on compartment where the OJS had been scorched by hot wax while applying the wax impressions and part of the OJS serial number was burned and could not be read.

4.4.1.2 Criteria

Official Joint Seals are applied in a fashion to prevent access to the compartment without detection. The condition of the seal and information recorded on the seal, including associated tape, wax impressions and physical components of the door are indicators that the compartment has not been compromised. All of these factors are considered during the inspection and the cumulative evidence is used to assess whether or not the compartment appears to be intact.

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4.4.1.3 Effect

If an Official Joint Seal and/or associated evidence indicates the compartment has been compromised an immediate verification of the compartment would be required to ensure the contents were properly recorded.

4.4.1.4 Cause

The environmental conditions in the Denver vault appear to have caused deterioration of several of the wax impressions and sealing tape on several of the compartments.

The method of applying Official Joint Seals using wax impressions is a difficult process requiring melting wax, usually with a blowtorch, and dripping the hot wax onto the Official Joint Seal over the ends of the tape used to detect if the door has been opened. This process was used on the OJS that was scorched; however, the OJS was applied as is and not replaced with another seal.

4.4.1.5 Conclusions

The general conditions in the Denver vault will require resealing of several compartments over the next few years. The method of applying Official Joint Seals is difficult and hazardous due to confined space and the use of a blowtorch to melt wax. I recommend that a team be assembled to consider improved, more up-to-date and less hazardous methods be adapted for sealing deep storage compartments.

4.4.2 Minor Amount of Gold not Located

4.4.2.1 Condition

The Director's Representative requested information regarding 0.176 FTO of gold included on the custodial schedule. The Denver personnel could not locate the gold and did not locate any documentation regarding the possible disposition.

4.4.2.2 Criteria

Inventory schedules should accurately report the quantity on hand and be adequately supported by location information sufficient to allow for physical inspection to verify the reported amounts.

4.4.2.3 Effect

Failure to locate inventory during physical inspections may result in adjustments to inventory quantities and the recorded values.

4.4.2.4 Cause

The minor amount of gold appears to have been shavings or "sweeps" collected during an audit when assay samples were taken. Notes from prior inspections indicate the shavings were placed in an envelope; however, no documentation as to the disposition was provided.

4.4.2.5 Conclusions

The amount is not significant or material; however, due to the sensitive nature of the reported quantities, I recommend an equal amount of gold granules be prepared and delivered to Denver, placed in safekeeping until the next time a seal is replaced and then the 0.176 FTO be added to the compartment and documented on the OJS.

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Custodial Deep Storage Asset Verification FY2008

4.4.3 Silver on Official Joint Seal not Included in Deep Storage Inventory Quantities

4.4.3.1 Condition

Official Joint Seal number 1557 includes 32,680 fine troy ounces (FTO) of silver (\$42.25 at statutory minimum of \$1.292929292 per FTO). This silver is not included in the reported deep storage silver.

4.4.3.2 Criteria

All deep storage assets should be properly classified and recorded. The Official Joint Seal should support the inventory schedules and properly identify the contents under seal.

4.4.3.3 Effect

Failure to properly identify the contents under seal may bring the accuracy of the reported contents into question.

4.4.3.4 Cause

The amount involved is very minor and has been accepted in past years as not significant or material; therefore, no action has been taken to correct the condition.

4.4.3.5 Conclusions

Although the amount is not material, due to the sensitive nature of the reported quantities of precious metal reserves proper disposition should be determined and adjustments made to correctly classify the silver.

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Official Joint Seal Inspection Review Notes

73-E-08-A11

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1 Denver

1.1 Summary of Activities, Inquiries and Observations

On September 9, 2008 the Director's Representative, OIG Representative and Facilities personnel inspected the Official Joint Seals located in vault¹.

- The Mint Police opened the vault early to allow air to be circulated before personnel were allowed to enter
- The inspection team (Director's Representative and OIG Representative) met with the Lee Tomsick, facility POC and held a brief meeting with _____, Plant Manager to go over the procedures that the inspection team would follow
- The inspection team and Facility's Representative entered the vault and inspected all of the compartments and seals
- After the Official Joint Seal inspections were completed the Director's Representative replaced the Director's lock on all compartments containing deep storage assets
- The Director's Representative requested information regarding .176 FTO of gold included on the custodial schedule reported to be "scrap" or shavings that were collected during a verification several years ago. The Denver personnel could not locate the gold and did not locate any documentation regarding the possible disposition.

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1.2 Observations and Conclusions

1.2.1 Official Joint Seals

1.2.1.1 Condition

During the inspection, several of the Seals were noted regarding the condition of the Seal and/or the condition of the wax impressions on the Seals. Generally, the noted conditions were minor in nature. The most serious condition was on compartment _____ where the Seal was scorched by hot wax while applying the wax impressions and part of the Official Joint Seal serial number was burned and could not be read.

1.2.1.2 Criteria

Official Joint Seals are applied in a fashion to prevent access to the compartment without detection. The condition of the Seal and information recorded on the Seal, including associated tape, wax impressions and physical components of the door are indicators that the compartment has not been compromised. All of these factors are considered during the inspection and the cumulative evidence is used to assess whether or not the compartment appears to be intact.

1.2.1.3 Effect

If an Official Joint Seal and/or associated evidence indicates the compartment has been compromised an immediate verification of the compartment would be required to ensure the contents were properly recorded.

1.2.1.4 Cause

The environmental conditions in the Denver vault appear to have caused deterioration of several of the wax impressions and sealing tape on several of the compartments.

The method of applying Official Joint Seals using wax impressions is a difficult process requiring melting wax, usually with a blowtorch, and dripping the hot wax onto the Official Joint Seal over the ends of the tape used to detect if the door has been opened.

1.2.1.5 Conclusions

The general conditions in the Denver vault will require resealing of several compartments over the next few years. The method of applying Official Joint Seals is difficult and hazardous due to the use of melted wax. We recommend that a team be assembled to consider improved, more up-to-date and less hazardous methods be adapted for sealing deep storage compartments.

1.2.2 Minor Amount of Gold not Located

1.2.2.1 Condition

The Director's Representative requested information regarding 0.176 FTO of gold included on the custodial schedule. The Denver personnel could not locate the gold and did not locate any documentation regarding the possible disposition.

1.2.2.2 Criteria

Inventory schedules should accurately report the quantity on hand and be adequately supported by location information sufficient to allow for physical inspection to verify the reported amounts.

1.2.2.3 Effect

Failure to locate inventory during physical inspections will result in adjustments to inventory quantities and the recorded values.

1.2.2.4 Cause

The amount involved is very minor and has been accepted in past years as not material; therefore, no action has been taken to correct the condition.

1.2.2.5 Conclusions

The amount is not material; however, due to the sensitive nature of the reported quantities, I recommend an equal amount of gold granules be prepared and delivered to Denver, placed in safekeeping until the next time a seal is replaced and then the 0.176 FTO be added to the compartment and documented on the OJS.

1.2.3 Silver on Official Joint Seal not Included in Deep Storage

1.2.3.1 Condition

Official Joint Seal number 1557 includes 32.680 fine troy ounces of silver. This silver is not included in the reported deep storage silver.

1.2.3.2 Criteria

Official Joint Seals should support the inventory schedules and properly identify the contents under seal.

1.2.3.3 Effect

Failure to properly identify the contents under seal may bring the accuracy of the reported contents into question.

1.2.3.4 Cause

The amount involved is very minor and has been accepted in past years as not material; therefore, no action has been taken to correct the condition.

1.2.3.5 Conclusions

Although the amount is not material, due to the sensitive nature of the reported quantities proper disposition should be determined and adjustments made to correctly classify the silver. There are several possible approaches:

- The quantity could be considered as part of the working stock and documentation prepared to support the decision.
 - This treatment would retain the current quantity reported as deep storage; however, has the disadvantage of including mixed content bars in working stock that would most likely never be used for production due to the handling that would be necessary to properly refine and recover the silver content.
- The balance of the deep storage silver could be adjusted to include the 32.680 fine troy ounces.
 - This treatment would increase the amount of silver reported in deep storage and may generate significant public inquiry as to why the reserves were being changed.

2 San Francisco

2.1 Summary of Activities, Inquiries and Observations

On September 11, 2008 the Director's Representative, OIG Representative and Facilities personnel inspected the Official Joint Seal located in vault

- The inspection team (Director's Representative and OIG Representative) met with the _____ facility POC and held a brief meeting with _____ Plant Manager to go over the procedures that the inspection team would follow
- The inspection team and Facility's Representative entered the vault and inspected the compartment and seal
- After the Official Joint Seal inspection was completed the Director's Representative replaced the Director's lock on the compartment containing deep storage assets

2.2 Observations and Conclusions

The seal and compartment appeared intact and no exceptions were noted

(b)(6)

3 West Point

3.1 Summary of Activities, Inquiries and Observations

On September 23, 2008 the Director's Representative, OIG Representative and _____, KPMG and Facilities personnel inspected the Official Joint Seals located in vault

- The inspection team (Director's Representative and OIG Representative including KPMG personnel) met with the _____ facility POC and held a brief meeting with _____ Plant Manager to go over the procedures that the inspection team would follow
- The inspection team and Facility's Representative entered the vault and inspected the compartments and seals
- In addition to the compartments sealed by OJS one compartment containing foreign gold coins (4,696,358 coins sealed in 4,141 bags) is sealed with a grip-lock, blue plastic seal, and metal crimp seal. These seals were inspected along with the other criteria regarding the door components to ensure the compartment appeared to be intact.
- After the Official Joint Seal inspections were completed the Director's Representative replaced the Director's lock on all of the compartments containing deep storage assets

(b)(6)

(b)(1)
(b)(6)

3.2 Observations and Conclusions

3.2.1 Official Joint Seal not used on Compartment

3.2.1.1 Condition

One compartment containing foreign gold coins is not sealed with an Official Joint Seal. The compartment is controlled with tamperproof seals and were inspected and determined to be intact.

3.2.1.2 Criteria

Official Joint Seals are applied in a fashion to prevent access to the compartment without detection. The condition of the Seal and information recorded on the Seal, including associated tape, wax impressions and physical components of the door are indicators that the compartment has not been compromised. All of these factors are considered during the inspection and the cumulative evidence is used to assess whether or not the compartment appears to be intact.

3.2.1.3 Effect

If an Official Joint Seal and/or associated physical evidence indicates the compartment has been compromised an immediate verification of the compartment would be required to ensure the contents are intact.

3.2.1.4 Cause

The OIG has indicated that the coins would need to be verified again including assay testing and assessment by independent experts in numismatic values to provide adequate evidence to support an Official Joint Seal. The OIG indicated they would not be supportive of accepting an OJS with a "said to contain" qualification.

3.2.1.5 Conclusions

The control over the compartment is adequate and the use of an OJS would not provide better control over the assets. However, failure to use an OJS requires documentation to be maintained separate from the compartment.

4 Fort Knox

4.1 Summary of Activities, Inquiries and Observations

On September 26, 2008 the Director's Representative, OIG Representative and Facilities personnel inspected the Official Joint Seals located in

KPMG

- The Director's Representative arrived ahead of the other inspection personnel to participate in the changing of the combination to the vault. The facility obtained the services of a locksmith to change to combination lock. The Director's Representation applied one combination to the escape hatch and sealed the combination in a security container envelope (Standard Form 700). Following, the Facility Officer in Charge changed the second combination and sealed the combination in a security container envelope. The two security container envelopes were then sent via FedEx to two different facilities for safekeeping.
- The inspection team (Director's Representative and OIG Representative including KPMG personnel) met with the facility Officer in Charge (OIC) to go over the procedures that the inspection team would follow.
- The inspection team and Facility's Representative entered the vault and inspected the compartments and seals.
- In addition to the compartments sealed by OJS one compartment containing 10.172 FTO gold from samples was sealed with a plastic seal. The compartment was also sealed with a plastic seal. Since the compartment seal did not agree to the last inspection report, the inspection team requested the log and reconciled the existing seal to the log entries. The plastic seal inside of the compartment was confirmed to be intact and agreed to the documentation. No exception noted.
- After the Official Joint Seal inspections were completed the Director's Representative replaced the Director's lock on all of the compartments containing deep storage assets.

4.2 Observations and Conclusions

The seals and compartments appeared intact and no exceptions were noted.

There are two minor errors documented on OJS #1591 1) the Vault location code is not recorded on the seal 2) a math error in the amount of .002 FTO is recorded on the seal. The asset schedule is correctly stated.

5 General

5.1 Summary of Activities, Inquiries and Observations

Starting in February 2008 the planning for the verification began with a review of the existing procedures and policies. Schedules were developed and coordination with all of the participants was required to conduct the physical inventory of compartment in West Point and conduct all of the seal inspections.

- Review determined that the SOP for verification was spread over several documents
 - The sunset date for the policies was June 2008
 - West Point provided input and recommended having only one SOP and replace the existing multiple set of documents
 - A draft policy was developed by combining all of the related policy documents into a single document and sent to West Point () and () for review and comment
 - A more detailed "How To" was developed and used as a guide for conducting the work
- A reconciliation of the Official Joint Seals to the Custodial Asset Schedule was done
- Inquiries as to why the deep storage assets were not posted in the general ledger:
 - - was on the PeopleSoft implementation team and his best recollection was that there were technical limits to the field size that prevented using the G/L for deep storage assets

(b)(6) -- was on the PeopleSoft implementation team and her best recollection confirmed Tim Beymer's assessment as to why the assets were not posted in the G/L

5.1.1 Standard Operating Procedures Needs to be Updated

5.1.1.1 Condition

The existing Standard Operating Procedures (SOP) have a sunset date of June 2008. Updates to the procedures were drafted and reviewed, and a more detailed set of procedures and guidelines were developed for the FY 2008 verification. However, the updated SOP has not been formally approved.

5.1.1.2 Criteria

Standard Operating Procedures (SOP) are developed to ensure acceptable processes have been formally approved to ensure proper controls are observed by the staff assigned to carry out specific duties. Best practices would indicate that SOP would be reviewed, updated and approved within the timeframe specified by the sunset date.

5.1.1.3 Effect

Failure to review and approve SOP within the specified timeframe may result in ineffective and/or inappropriate procedures being followed by the staff in executing their duties.

5.1.1.4 Cause

The initial review of the existing procedures was conducted prior to the sunset date. However, the Standard Operating Procedures that were developed during the last update divided the procedures into multiple documents. After the initial review, it was determined that a compilation of the procedures would simplify and improve the usefulness of the document. The compiled document was submitted for review by subject matter experts and a consensus was reached to validate the procedures during the verification process and then update before submitting for formal approval.

5.1.1.5 Conclusions

The Standard Operating Procedures should be updated and submitted for formal approval.

5.1.2 Deep Storage Assets are not Included in the General Ledger

5.1.2.1 Condition

Deep storage assets are tracked in spreadsheets and reported monthly to FMS. However, the assets and liability for the custodial assets are not included in the general ledger (Oracle).

5.1.2.2 Criteria

Best practices would include all accountable assets and liabilities to be recorded in the general ledger (i.e. financial system).

5.1.2.3 Effect

Failure to include all assets and liabilities in the general ledger/financial system requires additional tracking and record keeping to ensure the balances are properly included when generating financial reports.

5.1.2.4 Cause

The deep storage assets were originally recorded in the Bullion Fund Ledger. The implementation of automated financial systems reduced the manual ledger to records maintained in electronic spreadsheets. In addition, due to few transactions for deep storage assets the need to post to the automated financial system was not considered necessary.

5.1.2.5 Conclusions

All assets and liabilities should be included in the general ledger to allow for complete financial reports to be generated from the system of record without requiring manual input.

6 Key Personnel

6.1 Office of Inspector General

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6.2 KPMG – Independent Public Accountants

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6.3 Mint HQ

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Director's Representative

6.4 West Point

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Plant Manager

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6.5 San Francisco

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Plant Manager

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6.6 Fort Knox

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Officer in Charge

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6.7 Denver

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Plant Manager

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