

**MANAGEMENT LETTER**  
AUD-FM-26-12

To the United States Commissioner of the International Boundary and Water Commission, United States and Mexico, U.S. Section, and the Senior Official Performing the Duties of the Inspector General:

Kearney & Company, P.C., (referred to as “we” hereafter) audited the financial statements of the International Boundary and Water Commission, United States and Mexico, U.S. Section (USIBWC), as of and for the year ended September 30, 2025, and issued our report thereon, dated April 20, 2026,<sup>1</sup> in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. In planning and performing our audit of USIBWC’s financial statements, we considered USIBWC’s internal control over financial reporting and compliance with certain provisions of laws, regulations, and contracts. Our auditing procedures were designed to express an opinion on the financial statements and not to provide assurance on internal control over financial reporting or compliance with certain provisions of laws, regulations, and contracts. Accordingly, we do not express an opinion on the effectiveness of USIBWC’s internal control over financial reporting or on USIBWC’s compliance with certain provisions of laws, regulations, and contracts.

Our audit report on USIBWC’s FY 2025 financial statements<sup>2</sup> did not include any material weaknesses related to internal control over financial reporting but included three significant deficiencies related to internal control over financial reporting. These items are not repeated in this letter because they are explained in our report on USIBWC’s FY 2025 financial statements. Although not considered to be material weaknesses, significant deficiencies, or reportable instances of noncompliance, we noted certain matters involving internal control over financial reporting. These findings are summarized in Appendix A and are intended to assist USIBWC in strengthening internal controls and improving operating efficiencies.

We appreciate the courteous and professional assistance provided by USIBWC personnel during our audit. These findings were discussed in detail with appropriate USIBWC officials. USIBWC indicated that it did not have a formal response to the draft of this report.

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<sup>1</sup> Office of Inspector General, *Independent Auditor’s Report on the International Boundary and Water Commission, United States and Mexico, U.S. Section, FY 2025 Financial Statements* (AUD-FM-26-11, April 2026).

<sup>2</sup> Ibid.



The purpose of this letter is to communicate the findings identified during the audit, as summarized in Appendix A, to USIBWC management, those charged with governance, and others within USIBWC and the Office of Inspector General. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Kearney &amp; Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia  
May 1, 2026

## **MANAGEMENT LETTER COMMENTS**

### **NEW MANAGEMENT LETTER COMMENTS**

During the audit of the International Boundary and Water Commission, United States and Mexico, U.S. Section's, (USIBWC) FY 2025 financial statements, Kearney & Company, P.C. (referred to as "we" hereafter) identified two issues that were not previously reported.

#### **I. Untimely Obligations**

Obligations are definite commitments that will result in outlays, immediately or in the future. USIBWC should record an obligation in its financial management system when it enters into an agreement, such as a contract or purchase order, to purchase goods and services. Agencies should only record legitimate obligations, which would include a reasonable estimate of the government's potential liability. Agencies should maintain policies, procedures, and information systems to ensure that obligations represent required federal outlays, comply with laws and regulations, and are appropriately approved.

We tested 45 obligations created during FY 2025 to ensure that the obligations were executed and recorded in a timely manner. During our testing, we identified seven instances where goods and services were received, or periods of performance began, prior to the execution of a proper obligating document.

This deficiency occurred because USIBWC did not have an adequate process in place to ensure that its employees were complying with federal policies related to the creation, approval, and timely recording of obligations. Additionally, USIBWC did not have any policies in place related to establishing obligations. Obligations that are not recorded in a timely manner increase the risk that

- The Antideficiency Act<sup>1</sup> could be violated. If obligations are not recorded prior to the acquisition of goods and/or services, the agency could obligate more funds than it was appropriated.
- Payments may not be made in a timely manner in compliance with the Prompt Payment Act.<sup>2</sup> Interest payments would then need to be made to commercial vendors.

#### **II. Untimely Processing of Personnel Actions**

USIBWC uses the Department of the Interior's payroll and personnel system to process all personnel actions. For example, when an employee is separated, USIBWC creates a Standard Form (SF) 52, Request for Personnel Action, in the personnel system. Personnel actions are

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<sup>1</sup> 31 United States Code § 1341, "Limitations on expending and obligating amounts."

<sup>2</sup> 31 United States Code, Chapter 39, "Prompt Payment."

then documented on the SF 50, Notification of Personnel Action, which is created when USIBWC officials enter the data into the personnel system.

To verify the timeliness and accuracy of personnel actions, we selected nine USIBWC employees separated during FY 2025 for testing. For each of the selected employees, we reviewed their SF 52 for proper and timely approvals. We found that the SF 52s for six (67 percent) employees were not approved prior to the separation (effective) date. Table 1 shows the discrepancies identified during our testing.

**Table 1: Exceptions Related to Untimely Approval of Personnel Actions**

<b>Employee</b>	<b>Effective Date (Employee Separation Date)</b>	<b>SF 52 Approval Date</b>
1	October 18, 2024	November 5, 2024
2	October 5, 2024	November 5, 2024
3	January 24, 2025	January 29, 2025
4	June 5, 2025	June 18, 2025
5	October 19, 2024	October 30, 2024
6	March 31, 2025	April 9, 2025

According to USIBWC officials, this deficiency occurred because USIBWC does not have standard operating procedures to guide supervisors who are responsible for initiating personnel actions; therefore, they did not always initiate actions timely. The potential for improper payments exists if personnel actions are not processed properly or in a timely manner.