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[FOIA Online Request Form](#)

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

April 20, 2017

This is in response to your April 1, 2017, Freedom of Information Act (FOIA) request submitted via FOIAonline. You requested the following United States Mint-Wide Policy Memorandums: FIN-08; FIN-09; FIN-10; and FIN-11. In addition, you also requested United States Mint Directive MD 8H-3.

Enclosed are the requested documents (43 pages).

Inasmuch as fees incurred in the processing of your request were minimal, they have not been assessed.

Sincerely,

Kathleen Saunders-Mitchell
Disclosure Officer/
FOIA Public Liaison

Enclosure(s)

UNITED STATES MINT-WIDE POLICY MEMORANDUM FIN-08

July 2005

MEMORANDUM FOR DIRECTOR, UNITED STATES MINT
 ASSOCIATE DIRECTORS
 PLANT MANAGERS/OFFICER IN CHARGE
 ALL DEEP STORAGE ASSET VERIFICATION AND
 OFFICIAL JOINT SEAL INSPECTION PARTICIPANTS

FROM: Thomas A. Moschetto
 Assistant Director, Office of Management Support and
 Internal Control

SUBJECT: Assay Sampling of Deep Storage Assets

The purpose of this policy memorandum is to standardize the United States Mint-wide procedures for assay sampling of precious metals held in deep storage.

This policy memorandum applies to the United States Bullion Depository at Fort Knox and all United States Mint facilities that have Deep Storage Assets under Official Joint Seal (OJS).

Background:

The Office of Inspector General (OIG) observes the annual verification of precious metals held by the United States Mint in deep storage. Samples selected by the OIG must be sent to an independent assayer to attest to the fineness as recorded on the United States Mint's Certified Schedule.

Policy:

1. As stated in MD 8H-3, "Verification of Deep Storage Assets," the only allowable losses of precious metals in deep storage are those incurred in the melting of the samples taken from the verified compartment(s). To determine the fineness of the precious metal, these samples must be melted and assayed. A minimal loss is expected and accepted. Treasury Directive 51-02 specifies the approved loss allowance for gold and silver (400 parts per million and 1,200 parts per million, respectively, as of the implementation of this Policy Memorandum). For accounting purposes, it is United States Mint policy that the balance of the Deep Storage Assets shall remain unchanged, and as such, any losses incurred as a result of melting the samples will be recognized as a working material loss that will be charged to the Public Enterprise Fund (PEF), replaced by PEF working material, and not recognized as a loss on Deep Storage Assets. Therefore, an amount of precious metal equal to

the loss will be taken from working material and placed in deep storage. This will ensure that the deep storage balance remains unchanged.

2. For asset verifications located at either the United States Bullion Depository at Fort Knox or the United States Mint at Denver, the Director's Representative shall, at least 2 weeks prior to the start of an asset verification, arrange with the Plant Manager at the United States Mint at West Point, to ship no more than 30 ounces of granules to be used during the asset verification to the facility where the verification will occur. These granules are to remain in the joint custody of the Director's Representative and the Plant Manager/OIC at the receiving facility until they are used to replenish the amounts taken during sampling. Joint custody will be achieved by the Director's Representative and the OIG Representative witnessing the Plant Manager/OIC or his/her designee placing the granules into a compartment and affixing a griplock. The Director's Representative, Plant Manager/OIC or his/her designee and the OIG Representative will sign a griplock register. The unused balance of the granules will be returned to the Plant Manager at the United States Mint at West Point immediately after the close of the asset verification.
3. A representative from the OIG will identify the bars that will be chosen as samples. One or more bars from the selected melt(s) may be selected for sampling. The Plant Manager/OIC or his/her designee is responsible for segregation and storage of the selected melts/bars prior to samples being taken, as well as the final storage once sampling is complete. These melts/bars are to stay under the joint control of the Plant Manager/OIC and Director's Representative at all times. The Plant Manager/OIC and Director's Representative shall each keep written records of the bars/melts identified as samples indicating (1) the gross and fine weight of the bars/melts prior to samples being taken, (2) the gross and fine weight of the samples taken, and (3) the gross and fine weight of the bars/melts after the samples have been taken. These records are required to place a new Seal on the compartment as well as to identify the total gross and fine weight of samples taken and sent to the independent laboratory for assay. Additional records will be required to document bars/melts not used for sampling and placed into final storage. Refer to United States Mint-wide Policy Memorandum FIN-09 (Deep Storage Asset Verifications) for a full procedural explanation.
4. The Director's Representative shall ensure a contract with an independent assayer is awarded to perform the assay testing for the OIG prior to the start of a verification.
 - a. The United States Mint follows standard procurement procedures for procuring and evaluating the independent laboratory to be used to perform the assay testing of the samples.
 - b. The United States Mint establishes criteria to be followed in the contract and evaluates the laboratory against these criteria before any tests are conducted.
5. Recommended Technique:

- a. Prior to the sampling of melts/bars, the accuracy of the scales shall be ascertained by placing a weight with a known value on the scale and observing the scale returning the correct weight value. In addition, a copy of the annual certification of the scale's accuracy will be given to the Director's Representative and the OIG Representative.
- b. Preparatory Work: Prior to drilling by the Plant Manager/OIC or his/her designee, the surface area of the sampled bar is to be cleaned of any contaminants.
 - i. Drilling:
 1. A "sweep container" shall be used to collect fragments from the drilling operation.
 2. To obtain a proper sample, an initial drilling of at least $\frac{1}{2}$ mm deep should be taken from the bar. This drilling is placed in the sweep container. The drill bit is then cleaned of any precious metal residue and/or contaminants. After proper cleaning of the bit, the drill sampling is to be made in the same boring created from the initial drilling.
 3. Prior to drilling, the bar(s) will be thoroughly brushed with a stiff fiber brush set in a nonmetallic holder.
 4. Drilling only one hole per assay instance, the bar will be drilled on a drill press with a carbide $\frac{1}{4}$ inch (6mm) drill bit, taking a sufficient sample from the single hole drilled on either the top or the bottom (on alternate bars), near a corner of the bar.
 5. On each bar sampled, the above steps will be repeated creating a second sample, called an Umpire Sample.
- c. Weighing of Samples:
 - i. There is to be minimal handling of the samples during the drilling and weighing to avoid contamination of the samples and to ensure accuracy of weights.
 - ii. Each sample is to be weighed by the Plant Manager/OIC or his/her designee using either the calibrated electronic scale or a 1000-ounce beam balance scale. Each sample shall be weighed twice.
 1. Electronic Scale: The electronic scale must have a cover to protect against weight variances due to environmental factors. While the scale offers a four-digit read out, only the first two digits will be recorded, using the third digit to apply the rounding rules below. The gross weight of the drillings will be recorded in troy ounces.

2. Beam Balance Scale: The sample is to be weighed in troy ounces to at least two decimal places. A standard weight (approximating 0.20 gross troy ounces) is to be used at the beginning of the weighing process to ensure the scale is properly calibrated and again at each interval of 20 samples. Test weight results are to be recorded on a separate listing. This list is to be kept on file at the facility.

iii. Calculating Fine Troy Ounces and Rounding/Truncating Rules

1. Fine Troy Ounces are calculated by multiplying the Gross weight times the assayed Fineness.
2. Given Factors:
 - a. Gross Ounces are carried to the hundredth ounce. EX: 382.07
 - b. Fineness is stated in terms of ten thousandths. EX: .9964
3. Calculations:

STEP 1: Gross Ounces will be multiplied by Fineness.

$$\text{EX: } 382.07 \text{ Gross Ounces} \times .9964 \text{ Fineness} = 380.694548$$

STEP 2: The result of multiplying Gross Ounces and Fineness will be truncated after the fourth position to the right of the decimal place to determine Fine Ounces.

$$\text{EX: } 380.694548 = 380.6945$$

If monetary value is needed, continue with the following calculations. However, during sampling, only Steps 1 and 2 are used.

STEP 3: Multiply the Fine Ounces arrived at in Step 2 by the book value of the gold, \$42.2222 per Fine Ounce.

$$\text{EX: } 380.649 \times \$42.222 = \$16,073.7382068$$

STEP 4: The monetary value of Fine Ounces calculated in Step 3 will be systematically computed with 7 digits after the decimal, as shown in Step 3. That number is rounded to the hundredth position (cents). Simple rounding rules are used.

$$\text{EX: } \$16,073.7382068 = \$16,073.74$$

In rounding the cents, a situation will occasionally arise in which the position to the left of the decimal (dollars) will be rounded up.

$$\text{EX: } \$16,073.9952032 = \$16,074.00$$

- iv. Each sample must weigh a minimum of 0.10 gross troy ounces; the recorded weight will be truncated to two decimal places. If a sample is determined to be less than this weight, a new sample will be taken from the selected bar and combined with the first sample. The combined weight must be at least 0.10 gross troy ounces.
- v. The Director's Representative and the Plant Manager/OIC or his/her designee will record the weight of the sample on their respective sampling sheets. The sample weight is then subtracted from the gross weight of the bar/melt. The resulting number is the new bar/melt weight. A new fine weight is calculated and recorded for the samples taken and the sampled bar or melt. This information is required for the new Official Joint Seal.
- vi. The OIG Representative will store each sample to be sent to the independent assayer in a small envelope. This envelope will have a two-letter code identifying the facility from which the samples were taken, the OIG number assigned to the sample and the gross weight of the sample. The Director's Representative will repeat this step for the Umpire samples. Refer to Policy Memo FIN-09, "Deep Storage Asset Verifications," for a full procedural explanation.
- vii. At the end of the sampling process, the Plant Manager/OIC or his/her designee and the Director's Representative must reconcile his or her sample records, both in Fine and Gross Troy ounces, in addition to a daily reconciliation at the close of each business day.

6. Final Storage of Bars/Melts:

- a. A facility hand receipt (pre-numbered field accountable form) will be completed and signed by the Plant Manager/OIC or his/her designee, summarizing the total number of samples, gross troy ounces and fine troy ounces taken.
- b. Once the documentation above is completed, the Plant Manager/OIC, or his/her designee, will return the bars/melts used as samples to the compartment for final storage. As these sample bars/melts are returned to the vaults, they should be placed in the front of the compartment or otherwise segregated from the other melts. This is to provide easy access to the sample bars/melts in the event there is a need to access them again due to questions that may arise as a result of the assay testing.
- c. The Umpire Sample will be stored at the facility undergoing verification in a compartment under joint griplock. This compartment will be separate from the incoming and outgoing compartments involved in the verification. The Director's Representative and the OIG Representative will witness the Plant Manager/OIC or his/her designee affixing the griplock to the compartment. The Director's

Representative, Plant Manager/OIC or his/her designee and OIG Representative will each sign the griplock register.

- d. When the samples are removed from the bars, no entries will be made to either the United States Mint Public Enterprise Fund (PEF) or the Bullion books. At this time, the Plant Manager/OIC, or his/her designee, will prepare granules, from PEF stock, of equal fine weight to the samples taken and place them in the same location as the sample bars/melts. In the case of an asset verification at a facility other than the United States Mint at West Point, the granules described in 2 shall be used. An Official Joint Seal shall be placed on the compartment documenting the events that took place during the verification.
- e. The Plant Manager/OIC or his/her designee will prepare a United States Mint Form 601, "Temporary Transfer of Assets," in accordance with United States Mint Directive 8A-3 "Temporary Transfer of Mint Assets", upon receipt of a memorandum from the Office of Accounting and the Office of Manufacturing authorizing the shipment of the samples. United States Mint Form 601 will state the number of envelopes being transmitted containing samples and the weight of the samples in fine troy ounces. This weight must agree with the amount reflected on the new Official Joint Seal. The envelopes will be placed into a box or package for mailing. The envelopes will be packaged in groups of ten with the gross troy ounce weight of the samples stated on the outside of the envelope. Registered mail will be used to forward the samples to the independent laboratory.
- f. When the assays have been completed, the samples shall be returned to the United States Mint at West Point to replace the granules originally shipped from the facility. The shortage created by a loss of material during the assay will be recorded on the PEF books as a loss.
- g. To maintain the integrity and independence of the sampling process, the laboratory results shall be sent directly to the OIG as well as to the Director's Representative.

Definitions:

Assay. The qualitative or quantitative analysis of platinum, gold or silver, held by the United States Mint for the Department of the Treasury, to determine the fineness. The weight is then determined by multiplying the fineness by the gross troy ounces. This is called fine troy ounces.

Certified Schedule. The schedule listing the contents of a compartment containing Deep Storage Assets, which contains the fineness of the bars in the melt, the number of bars in the melt, year of the melt, melt numbers, gross troy ounce weight and fine troy ounce weight of each melt (calculated by multiplying the fineness times the gross troy ounce weight). These lists also contain position numbers in the vault, if applicable. A qualified

assayer, usually the Division Head for Quality Assurance at the facility, certifies the fineness. In the case of newly mined metals, the vendor certifies the fineness. The typical format for the Certified Schedules is one melt per line.

Control Number. The control number is a series of consecutive numbers assigned to each OJS affixed to a compartment, beginning with the number one. This number is placed on the OJS and is changed when an OJS is changed. The control number is used to determine the number of transactions that have occurred in a compartment (i.e., it aids in keeping track of how many times the OJS is changed). This creates an audit trail enabling a clear understanding of what transactions have occurred in a compartment. For example, a Seal is hung on a compartment when assets are placed in it. This Seal will have a control number of one (1) as this is the first transaction. Six months later, more assets are placed into the same compartment. A second Seal is hung with the new total and a control number of two (2). Each transaction involving this compartment will have a control number increasing consecutively. If nine more transactions occur, the control number on the last Seal would be eleven (11). The control numbers end when the compartment is emptied and start back at one (1) when something new is placed into the compartment.

Deep Storage Assets. Deep Storage Assets are those assets owned by the Department of the Treasury and stored under griplock and OJS at the United States Mint. These assets are reported as Custodial Assets in the United States Mint's annual Financial Statements. These assets are not used to manufacture coins without additional approval from the Secretary of the Treasury.

Director's Representative. The Director's Representative is an employee selected to represent the Director of the United States Mint during and as part of a verification of Deep Storage Assets. This person will be from United States Mint Headquarters and organizationally independent from the facility under review.

Griplock / Button Seal. A griplock or button seal is a pre-numbered, plastic or metallic fastener, used in conjunction with a cloth tape (Official United States Mint Tape), to seal verified assets in a deep storage compartment or to temporarily seal verified assets in an operating compartment, thus ensuring that the security of the compartment has not been breached.

Melt. A melt can be a single bar or a group of bars resulting from the melting, pouring and casting of metal into molds. The bars are all numbered according to that single melt making each bar traceable to that melt.

Sample. A portion, piece, or segment removed from platinum, gold or silver, held by the United States Mint for the Department of the Treasury, that is sent to an assayer to determine the fineness and weight and to verify those components against the Certified Schedule.

Schedule. The schedule is a listing of the contents of a compartment. The Plant Manager/OIC provides it to the Director's Representative and the OIG Representative.

United States Treasury Department Official Joint Seal Document. A United States Treasury Department Official Joint Seal Document (or OJS) is a pre-numbered, multi-copy document showing: the contents of a compartment or vault; the compartment control number; compartment and vault numbers; date of Seal; date of Seal removal and explanation of removal; griplock or button seal serial number; and signature lines for the Plant Manager/OIC and Director's Representative. The OIG Representative should sign the OJS as an independent witness to the verification. When the OIG Representative signs the Seal, he or she should place "OIG" next to his or her signature as evidence of an OIG official present at the verification. The original OJS will be hung on the compartment door in conjunction with the griplock or button seal, with remaining copies going to Headquarters, the Plant Manager/OIC, and the OIG.

Verification. Verification is the process by which the contents of a compartment or vault are counted and verified against the Certified Schedule for that compartment. Selected melts are weighed and selected bars from the melts have samples taken from them. The sample of the precious metal is assayed to determine the fineness. The data for each melt in the compartment are reconciled to the Certified Schedule.

Verification Team. A verification team is composed of one or more Director's Representatives, a Plant Manager/OIC and/or their designee(s) as asset custodian, and one or more OIG Representatives.

Wax Impression Stamp / Signature Cards. The wax impression stamp and signature cards are used in conjunction with Official United States Mint Tape and OJS Documents. The Plant Manager/OIC, Director's Representative(s) and the OIG will each use their personalized wax impression stamp to affix their initials to the tape on the back of each OJS Document. This wax impression will also be applied to signature cards. A signature card is used to capture the signature, printed name and wax impression of each verification participant. Signatures and wax impressions on the signature cards will be matched with those on the Seal when inspecting the Seal in future years. Original signature cards will be sent to and maintained in a safe by the Office of Management Support and Internal Control at United States Mint Headquarters.

Responsibilities:

The Director of the United States Mint is responsible for: ensuring a verification is conducted when requested by the OIG; appointing the Office of Management Support and Internal Control to select the Director's Representative; issuing special instructions as necessary; approving or disapproving any recommendations or corrective actions that arise as a result of the verification process; and acting as final authority on any disputed procedural issues.

The Plant Manager/OIC is responsible for all assay activities contained in this Policy Memo unless responsibility is otherwise assigned.

The Director's Representative is responsible for: acting as facilitator between the Plant Manager/OIC and the OIG; ensuring the contract with the independent assayer is in place prior to the start of a verification; and all assay activities specifically listed as the responsibility of the Director's Representative that are contained in this Policy Memo.

The United States Mint understands the Office of Inspector General Representative to be the official responsible for: signing the Seal removal certification on the lower part of the Seal as well as all Seal copies; selecting samples to be sent to an independent assayer of the United States Mint's choosing; independently verifying the precious metals held in the compartment against the Certified Schedule and the Pre-verification Schedule or the Seal from the last verification as appropriate; signing all copies of the Official Joint Seal as the independent verifier; affixing his or her wax seal on the Official Joint Seal; affixing his or her wax seal on the signature card; initialing the master Griplock Register; and issuing a final report attesting to the results of the inspection, verification and assay.

Authorization:

United States Mint Directive MD 8H-3, "Verification of Deep Storage Assets", dated July 2005

References:

United States Mint-wide Policy Memorandum FIN-09 (Deep Storage Assets Verifications)

United States Mint-wide Policy Memorandum FIN-10 (Official Joint Seals)

United States Mint-wide Policy Memorandum FIN-11 (Rules of Conduct for Deep Storage Asset Verifications and Official Joint Seal Inspections)

United States Mint-wide Policy Memorandum FIN-12 (Documentation Requirements for Deep Storage Verifications and Official Joint Seal Inspections)

United States Mint Directive 8A-3, "Temporary Transfer of Mint Assets", dated June 2005

Sunset Review Date:

July 2008

UNITED STATES MINT-WIDE POLICY MEMORANDUM FIN-09

July 2005

MEMORANDUM FOR DIRECTOR, UNITED STATES MINT
 ASSOCIATE DIRECTORS
 PLANT MANAGERS/OFFICER IN CHARGE
 ALL DEEP STORAGE ASSET VERIFICATION AND
 OFFICIAL JOINT SEAL INSPECTION PARTICIPANTS

FROM: Thomas A. Moschetto
 Assistant Director, Office of Management Support and Internal
 Control

SUBJECT: Deep Storage Asset Verifications

This policy memorandum is to standardize the procedures for the verification of the Department of the Treasury-owned precious metals (primarily gold and silver bars) held in deep storage and controlled under Official Joint Seal (OJS).

This policy memorandum applies to the United States Bullion Depository at Fort Knox and all United States Mint facilities that have Deep Storage Assets under OJS.

Background:

The United States Mint holds precious metals (primarily gold and silver in bar form) as custodial assets, on behalf of the Department of the Treasury. These custodial assets are held in deep storage, i.e., in secured vaults and compartments, are accounted for in the Bullion Fund Ledger, and are reported on the United States Mint's Schedule of Custodial Gold and Silver Reserves. This "Schedule" is audited each year by the Treasury Office of Inspector General (OIG) and is included in the United States Mint's Annual Report. The OIG's report supports the annual financial statement audit conducted by an independent public accountant. To complete its audit, the OIG observes the United States Mint perform the annual verification of Deep Storage Assets. The verification consists of two parts. First, an inspection of the OJSs affixed to each compartment/vault at each facility with Deep Storage Assets under OJS is performed to ensure that the compartments have not been compromised since the previous verification and/or inspection. Secondly, the contents of one or more compartments are counted, weighed and assayed. Once the OIG has verified, through counting, etc., the contents of each compartment/vault containing Deep Storage Assets, the annual verification will be limited to inspection of the Seals. An OIG Representative must be present for any subsequent openings of a verified compartment.

Policy:

1. General

- a. The Office of Management Support and Internal Control will facilitate the verification process. This will involve working with both the host facility and the OIG in planning and scheduling the time for the annual verification, observing the verification, and resolving any post verification issues that may develop between the OIG and the United States Mint. In addition, once per fiscal year, an annual inspection of all the Seals on deep storage compartments is performed. The Plant Manager/Officer in Charge (OIC) is responsible for the Deep Storage Assets under review as well as providing the labor and administrative staff necessary in order to complete the verification. A Director's Representative will be sent to observe the verification process and provide assistance to the Plant Manager/OIC, as necessary. The OIG will choose the compartment to be verified. The purpose of the verification is to assure that the assets in the chosen compartment are properly secured, the contents of the compartment are accurately accounted for in the United States Mint's financial records, and, that the fineness of the assets is as stated on the Certified Schedule.
- b. The OIG will select the compartment(s) to be verified from the population of compartments that have not been previously verified or observed by the OIG.
- c. The Plant Manager/OIC represents the facility undergoing verification, and may appoint a representative. Facility support personnel, such as bar handlers and administrative support, shall be made available, as needed, by the Plant Manager/OIC.
- d. The verification at the United States Bullion Depository at Fort Knox requires the appointment of personnel from other United States Mint locations to act as its representative and for other support such as bar handlers. The Office of Management Support and Internal Control will work with this representative in order to arrange for suitable personnel to carry out the verification.
- e. The Office of Protection/United States Mint Police will ensure proper clearance for all verification participants.

2. Verification Procedures

- a. Prior to opening the selected vault/compartment, the Plant Manager/OIC or his/her designee and Director's Representative shall both verify all arithmetic totals on the Certified Schedule for that compartment. Then, in the presence of the OIG Representative, the Plant Manager/OIC or his/her designee and the Director's Representative will both inspect the current OJS to determine that the Seal, ribbon, griplock, and wax impressions: (a) are in good condition; (b) were affixed in accordance with appropriate OJS procedures; (c) agree with the copies of the Seal and wax impressions on file; and (d) show no signs of having been tampered with.
- b. If the Seal, ribbon, griplock, and/or wax impressions appear compromised in any way, the verification process will be suspended pending an investigation by the United States Mint's Office of Protection. See United States Mint-wide Policy Memorandum FIN-10

(Official Joint Seals) for a full procedural explanation.

- c. If the Seal, ribbon, griplock, and wax impressions all appear intact and uncompromised, removal may commence.
- d. The Plant Manager/OIC or his/her designee shall, in the presence of the Director's Representative and the OIG Representative: (a) remove and sign the Seal and related copies, (b) update the griplock register, and (c) remove the lock from the compartment door. The Director's Representative will then remove his or her lock in the same manner described above.
- e. The OIG will proceed to physically verify the contents of the selected vault compartment.
- f. When work is interrupted, or at the end of each day, the Director's Representative, in the presence of the Plant Manager/OIC or his/her designee and the OIG Representative, will seal the grill door at the entrance to the vault(s) with a pre-numbered control griplock or button seal (no plastic facility griplocks will be used for these purposes). Use of the griplocks will be recorded in a Griplock Register. This record will show the griplock number, date, time, and initials of the Plant Manager/OIC, Director's Representative and the OIG representative who attached and witnessed the affixing and subsequent removal of the griplock. In addition, a copy of the Griplock Register will be provided to the facility United States Mint Police for security purposes.
- g. Before reentering the vault(s), the griplock or button seal will be inspected and removed by the Director's Representative in the presence of the Plant Manager/OIC or his/her designee and the OIG Representative. All three parties will initial the griplock register in the removal section.
- h. Upon completion of the verification, the new compartment(s) containing the verified assets will be sealed in accordance with the provisions prescribed in MD 8H-3, "Verification of Deep Storage Assets."
- i. During movement of the bars, the Plant Manager/OIC will count the number of bars in each melt, verify the year the melt was cast, the melt number, and the fineness stamped on each bar to the information shown on the Certified Schedule. This procedure will be repeated in the new compartment, as the bars are restacked. Both procedures will be performed in the presence of the Director's Representative and the OIG Representative.
- j. The OIG will randomly select melts in the outgoing compartment to be weighed and assayed. One or more bars per melt will be removed from each selected melt and samples will be taken from each bar for assay. Refer to the United States Mint-wide Policy Memorandum FIN-08 (Assay Sampling) for a full procedural explanation. Bars in the melts selected for assay should be weighed, on an appropriate scale that has been independently calibrated or adjusted (such as a beam balance scale), before and after

sampling. Bars short in weight more than 0.20 gross troy ounces per melt, should be revalued on the Certified Schedule. The allowable difference for weights on the plus side has been determined to be .50 gross troy ounces per melt. Any weights higher than this established amount will require changes to the Certified Schedule and revaluation for the actual weight.

- k. The above stated tolerances for scale weight differences are used exclusively for multi-bar melts. When weighing newly mined melts, also called single bar melts, the tolerance is 0.10 gross troy ounces on the short weight and 0.10 gross troy ounces on the plus side. Any weights that exceed these established tolerances will require changes to the Certified Schedule and revaluation for the actual weight.
- l. The Plant Manager/OIC or his/her designee shall weigh each sample to be assayed and the weight of the sample will be deducted from the original melt weight on the Certified Schedule. An OIG Representative and the Director's Representative will observe this activity in its entirety.
- m. The OIG will assign a code number to each sample being sent to the independent assayer so that it can be identified by the OIG with the melt from which it was taken. If the OIG number assigned to each sample is withheld from the Director's Representative and the Plant Manager/OIC or his/her designee, then the OIG will be solely responsible for controlling and identifying the assay samples and the applicable melt number to which each sample relates. These codes and corresponding melts may be released to the United States Mint after the OIG has received the results from the independent assay contractor. The Director's Representative will repeat the above for the Umpire Samples.
- n. The Plant Manager/OIC or his/her designee will segregate the melts from which assay samples are taken. Upon completion of the verification, they will be the last melts positioned in the front of the new compartment. This is to provide ready access if any questions arise from the assay reports.
- o. At the end of the verification, the Plant Manager/OIC or his/her designee will compute the gross and fine weights of the samples taken and show that amount as a reduction on the new Seal. This amount will be reconciled against the Director's Representative's calculations. This reduction shall be identified as "Samples From Verification". The facility will replace the samples taken with granules of the same fineness and place them in the compartment as well as add them to the Seal. These granules will be labeled as "Granules" on the Seal. The net effect of the reduction of samples and addition of granules is to maintain the pre-verification balance on the Seal. The granules will come from material recorded in the General Ledger (PEF). All the documents will reflect the gross and fine troy ounces of the samples. See United States Mint-wide Policy Memorandum FIN-08 (Assay Sampling) for a full procedural explanation.
- p. The assay samples will be sent to the contractor's laboratory by registered and insured

mail. The Plant Manager/OIC or his/her designee, Director's Representative, the OIG Representative and a United States Mint Police Officer will accompany the samples to a post office to mail them to the designated laboratory.

- q. The Independent Laboratory will submit the assay sample testing results to the Director's Representative, and to the OIG, who will evaluate the results and draw a conclusion as to the results. These results will be evaluated against the fineness stated on the Certified Schedule using the following methodology:
 - i. Drill samples from gold bars should match to the 2nd decimal place when comparing the sample results with the Certified Schedules.
 - ii. Standard statistical testing for reasonable assurance should be used for overall and individual melt agreement.
 - iii. Generally, fine gold bars (0.995 fine or higher) and coin gold bars (approximately 0.900 fine, 90% gold) should agree more closely than unrefined bars.
 - iv. "Brittle" bars (hard to drill because of hardening impurity elements) often differ by up to fifteen parts per thousand from the dip samples used for determining book assays.
- r. If the assay results from the contractor lab do not match the Certified Schedule, a decision must be made by the OIG whether to retest the selected sample melts (e.g. drilling a new sample), using a larger number of tests to improve accuracy. If the United States Mint questions the independent laboratory's assay results, the United States Mint may choose to conduct further testing using additional samples from the melts. If after further testing, the United States Mint agrees with the independent laboratory's results, the schedule should be amended and a new OJS prepared reflecting the change. If the United States Mint does not agree, a new OJS will be affixed to the compartment. Both the OJS and the entire compartment schedule will be annotated as "Said to Contain" the certified fineness until the dispute is resolved.
- s. At the end of the assay-testing phase, the contractor lab will send granulations of material used as well as all unused material to the United States Mint at West Point, regardless of the location where the verification took place. The United States Mint at West Point will notify United States Mint Headquarters that the granules have been received.
- t. The OIG will notify the Director's Representative of the OIG's conclusions of its evaluation of the results.
- u. The Director's Representative will report any discrepancies from the verification in a narrative report to the Deputy Associate Director for Finance/Deputy CFO within 30

working days. This narrative will outline the basic procedures followed in the verification. The content of the report will include the OIG-identified compartment that was verified, a statement that the Seals were verified, a statement that the bars were moved to Y compartment; any issues that came up during the verification process and the steps taken to resolve them, and any additional issues that the Plant Manager/OIC or Associate Director of Manufacturing and the Associate Director for Protection, as appropriate, see fit to add to the report. If the United States Mint agrees to adjust the schedule and the bullion records based on the OIG findings/recommendations in the report, then the Deputy Associate Director for Finance/Deputy CFO will direct that the records be adjusted and provide the bullion accountant the proper accounting entries to be used.

- v. If verification of the melt(s) cannot be reasonably assured through the verification steps described above, the melt(s) in question must be assayed. The following procedures will be followed in the event of discrepancies between information stamped on the bars and that appearing on the Certified Schedules.
 - i. **Missing, incomplete, or unreadable bar identification and weight discrepancies.** Melts containing one or more bars with either a missing melt number and/or hallmark shall be weighed. For multiple bar melts containing the melt number and/or hallmark on each bar, at least two of the bars must be readable, or the entire melt shall be weighed. In all cases, single bar melts must be readable or the bar must be weighed. If the weight agrees with the Certified Schedule within the established tolerances stated previously, the verification group shall accept the melt. If the weight does not agree within the established tolerances, then samples must be taken and assayed.
 - ii. **Discrepancies between the physical verification and Certified Schedule.** When discrepancies are noted between the information on the melt and the Certified Schedule concerning the date and/or melt number of one or more bars in a melt, the information on the Certified Schedule will be confirmed by the assayer of the office that cast the melt, or the assayer at the United States Mint facility where the melt is located. The melt shall also be weighed. If the Plant Manager/OIC is not satisfied with the confirmation from the assay office and/or the melt weight, samples must be taken and assayed.
 - iii. **Differences between the fineness stamped on the gold bar and the Certified Schedule.** When the fineness stamped on one or more bars in a melt does not correspond to that listed on the Certified Schedule or the fineness on the bar(s) is not clearly identifiable, the melt shall be weighed and assay samples taken from the bar(s). The contractor lab shall assay the samples taken from the bars.
 - iv. The Plant Manager/OIC will not alter the identification of the inventory on the Certified Schedules except for obvious typographical errors.

- w. Compartments that have been verified will be kept under continuous OJS. A Director's Representative and a Plant Manager's/OIC's Representative must verify any subsequent movement of assets in or out of compartments under OJS. It is an OIG requirement to observe all movements of assets stored under OJS. Prior to departing the United States Mint facility where joint sealing activities have occurred, the Director's Representative, the Plant Manager/OIC and the OIG Representative will each have in his/her possession a hard copy and a computerized listing and/or diskette of the changes to compartment(s) under OJS.

3. Guidelines For the Review of Internal Controls During Gold Verifications

- a. During verifications, an internal control review will be performed by the OIG to ensure that internal control objectives are being met and internal control techniques are being followed for the proper safeguarding of the Deep Storage Assets at the facility. The verification report submitted to the Deputy Associate Director Finance/Deputy CFO and Plant Manager/OIC should include any observed deviations or deficiencies in internal controls. A list of internal control objectives, and techniques that the facility should be observing are as follows:

- i. Key Internal Control Objectives

- 1. Access to the Deep Storage Asset area is limited to authorized personnel.
- 2. Adequate physical security is maintained over the Deep Storage Assets at all times.
- 3. Receipts and issues of Deep Storage Assets are properly authorized and documented.
- 4. Duties and responsibilities for custody of Deep Storage Assets are segregated from the responsibilities for maintaining the official accounting records.

- ii. Internal Control Techniques

- 1. Personnel from the Office of Protection control the vault entrance and restrict access to authorized personnel.
- 2. Compartments under OJS are secured with two combination locks. Either the combinations or the locks are changed annually. The combination to the Plant Manager/OIC lock is known and controlled only by the Plant Manager/OIC and/or his/her designee, and the second combination is known and controlled only by the Director's Representative.

- iii. Internal Control Review Steps

1. Observe that the Office of Protection controls the vault entrance and restricts access to authorized personnel.
2. Verify that two different sets of individuals hold combinations to the compartment and vault doors, and are needed to open the vault door.
3. Observe that all joint compartments under OJS are secured with two combination locks in accordance with MD 8H-3, "Verification of Deep Storage Assets."
4. Verify that receipts and issues of Deep Storage Assets were properly authorized and documented, based on a judgmentally selected sample of the transactions. This includes transfers of assets from one location to another within the facility.
5. Evaluate the adequacy of the physical security over the Deep Storage Assets. Consider whether there are any additional security control procedures necessary. This may be supplemented by an independent review conducted by personnel from the Office of Protection from another facility on the physical control over the Deep Storage Assets.
6. Ensure that the duties and responsibilities for the custody of the Deep Storage Assets are segregated from the responsibilities for maintaining the official accounting records.

Definitions:

Assay. The qualitative or quantitative analysis of platinum, gold or silver, held by the United States Mint for the Department of the Treasury, to determine the fineness. The weight is then determined by multiplying the fineness by the gross troy ounces. This is called fine troy ounces.

Certified Schedule. The schedule listing the contents of a compartment containing Deep Storage Assets, which contains the fineness of the bars in the melt, the number of bars in the melt, year of the melt, melt numbers, gross troy ounce weight and fine troy ounce weight of each melt (calculated by multiplying the fineness times the gross troy ounce weight). These lists also contain position numbers in the vault, if applicable. A qualified assayer, usually the Division Head for Quality Assurance at the facility, certifies the fineness. In the case of newly mined metals, the vendor certifies the fineness. The typical format for the Certified Schedules is one melt per line.

Control Number. The control number is a series of consecutive numbers assigned to each OJS affixed to a compartment, beginning with the number one. This number is placed on the OJS and is changed when an OJS is changed. The control number is used to determine the number of transactions that have occurred in a compartment (i.e., it aids in keeping track of how many times the OJS is changed). This creates an audit trail enabling a clear understanding of what

transactions have occurred in a compartment. For example, a Seal is hung on a compartment when assets are placed in it. This Seal will have a control number of one (1) as this is the first transaction. Six months later, more assets are placed into the same compartment. A second Seal is hung with the new total and a control number of two (2). Each transaction involving this compartment will have a control number increasing consecutively. If nine more transactions occur, the control number on the last Seal would be eleven (11). The control numbers end when the compartment is emptied and start back at one (1) when something new is placed into the compartment.

Deep Storage Assets. Deep Storage Assets are those assets owned by the Department of the Treasury and stored under griplock and OJS at the United States Mint. These assets are reported as Custodial Assets in the United States Mint's annual Financial Statements. These assets are not used to manufacture coins without additional approval from the Secretary of the Treasury.

Director's Representative. The Director's Representative is an employee selected to represent the Director of the United States Mint during and as part of a verification of Deep Storage Assets. This person will be from United States Mint Headquarters and organizationally independent from the facility under review.

Griplock Button Seal. A griplock or button seal is a pre-numbered, plastic or metallic fastener, used in conjunction with a cloth tape (Official United States Mint Tape), to seal verified assets in a deep storage compartment or to temporarily seal verified assets in an operating compartment, thus ensuring that the security of the compartment has not been breached.

Melt. A melt can be a single bar or a group of bars resulting from the melting, pouring and casting of metal into molds. The bars are all numbered according to that single melt making each bar traceable to that melt.

Sample. A portion, piece, or segment removed from platinum, gold or silver, held by the United States Mint for the Department of the Treasury, that is sent to an assayer to determine the fineness and weight and to verify those components against the Certified Schedule.

Schedule. The schedule is a listing of the contents of a compartment. The Plant Manager/OIC provides it to the Director's Representative and the OIG Representative.

United States Treasury Department Official Joint Seal Document. A United States Treasury Department Official Joint Seal Document (or OJS) is a pre-numbered, multi-copy document showing: the contents of a compartment or vault; the compartment control number; compartment and vault numbers; date of Seal; date of Seal removal and explanation of removal; griplock or button seal serial number; and signature lines for the Plant Manager/OIC and Director's Representative. The OIG Representative should sign the OJS as an independent witness to the verification. When the OIG Representative signs the Seal, he or she should place "OIG" next to his or her signature as evidence of an OIG official present at the verification. The original OJS will be hung on the compartment door in conjunction with the griplock or button seal, with remaining copies going to Headquarters, the Plant Manager/OIC, and the OIG.

Verification. Verification is the process by which the contents of a compartment or vault are counted and verified against the Certified Schedule for that compartment. Selected melts are weighed and selected bars from the melts have samples taken from them. The sample of the precious metal is assayed to determine the fineness. The data for each melt in the compartment are reconciled to the Certified Schedule.

Verification Team. A verification team is composed of one or more Director's Representatives, a Plant Manager/OIC and/or their designee(s) as asset custodian, and one or more OIG Representatives.

Wax Impression Stamp / Signature Cards. The wax impression stamp and signature cards are used in conjunction with Official United States Mint Tape and OJS Documents. The Plant Manager/OIC, Director's Representative(s) and the OIG will each use their personalized wax impression stamp to affix their initials to the tape on the back of each OJS Document. This wax impression will also be applied to signature cards. A signature card is used to capture the signature, printed name and wax impression of each verification participant. Signatures and wax impressions on the signature cards will be matched with those on the Seal when inspecting the Seal in future years. Original signature cards will be sent to and maintained in a safe by the Office of Management Support and Internal Control at United States Mint Headquarters.

Responsibilities:

The Director of the United States Mint is responsible for ensuring a verification is conducted when requested by the OIG: appointing the Office of Management Support and Internal Control to select the Director's Representative; issuing special instructions as necessary; approving or disapproving any recommendations or corrective actions that arise as a result of the verification process; and acting as final authority on any disputed procedural issues.

The Director's Representative is responsible for facilitating and observing the verification process; serving as liaison between the Plant Manager/OIC or his/her designee and the OIG Representative; taking any disputes the Director's Representative could not resolve back to the Assistant Director for the Office of Management Support and Internal Control for resolution or escalation for resolution; and conducting all verification activities specifically listed as the responsibility of the Director's Representative.

The Plant Manager/OIC is responsible for maintaining continuous control over the Deep Storage Assets and the movement of them; overseeing the work force in removing the melts from the vault/compartment and moving the bars to a different compartment; checking information on the bars against the information on the facility's Certified Schedule for the compartment being verified; maintaining written records documenting the transfer of bars to final storage or the designation of a melt as a sample; maintaining records of the amount of gross and fine troy ounces removed from the sampled bars and the new gross and fine weight of the melt; and, in the presence of the Director's Representative and the OIG Representative, is responsible for properly preparing and attaching an OJS upon completion of the movement of the bars to the new

vault/compartment.

The United States Mint understands the Office of Inspector General Representative to be the official responsible for signing the Seal removal certification on the lower part of the Seal as well as all Seal copies; selecting samples to be sent to an independent assayer of the United States Mint's choosing; independently verifying the precious metals held in the compartment against the Certified Schedule and the Pre-verification Schedule or the Seal from the last verification as appropriate; signing all copies of the OJS as the independent verifier; affixing his or her wax seal on the OJS; affixing his or her wax seal on the signature card; initialing the master Griplock Register; and issuing a final report attesting to the results of the verification and assay.

The Office of Protection is responsible for: performing the necessary clearances on verification or inspection participants to ensure entry into United States Mint facilities; controlling the vault entrance and restricting access to authorized personnel; and, performing independent physical security reviews as necessary.

Authorization:

United States Mint Directive FIN 8H-3, "Verification of Deep Storage Assets" dated July 2005

References:

United States Mint-wide Policy Memorandum FIN-08 (Assay Sampling)

United States Mint-wide Policy Memorandum FIN-10 (Official Joint Seals)

United States Mint-wide Policy Memorandum FIN-11 (Rules of Conduct for Deep Storage Asset Verifications and Official Joint Seal Inspections)

United States Mint-wide Policy Memorandum FIN-12 (Documentation Requirements for Deep Storage Asset Verifications and Official Joint Seal Inspections)

Sunset Review Date:

July 2008

UNITED STATES MINT-WIDE POLICY MEMORANDUM FIN-10

July 2005

MEMORANDUM FOR DIRECTOR, UNITED STATES MINT
 ASSOCIATE DIRECTORS
 PLANT MANAGERS/OFFICER IN CHARGE
 ALL DEEP STORAGE ASSET VERIFICATION AND
 OFFICIAL JOINT SEAL INSPECTION PARTICIPANTS

FROM: Thomas A. Moschetto
 Assistant Director, Office of Management Support and
 Internal Control

SUBJECT: Official Joint Seals

This policy memorandum establishes the requirements and procedures for the use of Official Joint Seals (OJS) on compartments containing precious metals or other high value custodial assets held in deep storage by the United States Mint. The use of Official Joint Seals shall not deviate from this policy memorandum.

This policy memorandum applies to the United States Bullion Depository at Fort Knox and all United States Mint facilities that act as custodian of Deep Storage Assets under Official Joint Seal.

Background:

The United States Mint has custody of the Department of the Treasury's precious metal reserves. The United States Mint holds these custodial reserves in deep storage, i.e., in secured vaults and compartments. The reserves are primarily in bar form. Official Joint Seals are used to maintain the integrity of the compartments containing custodial reserves that have been verified by the Treasury Office of Inspector General (OIG) and sealed in conjunction with United States Mint personnel. These Seals eliminate the need to conduct a physical verification of compartments containing Deep Storage Assets on a continual basis once the contents of the compartments are verified and the compartments are sealed.

Policy:

1. At least three weeks in advance of all verification activities, all sealing participants who do not possess a seal must obtain a brass wax impression seal with their initials on it from the United States Mint at Philadelphia. The Director's Representative must send the request in email form to the Plant Manager. The request must include the name of the participant, the initials to be engraved and the shipping destination. Once

a participant obtains a brass wax impression seal, it shall be kept in a secure location for repeated use in future verifications and sealing activities.

2. COMPROMISED SEALS:

- a. As stated in United States Mint Directive 8H-3, "Verification of Deep Storage Assets," if an Official Joint Seal (Seal) is found to be compromised without authorization, the Director of the United States Mint shall be notified immediately. Within three days of this notification, the Plant Manager/OIC shall submit a written report to the Director explaining the situation. A copy of this report is to be filed with the Seal at the field facility and an explanation will be entered on the lower part of the Seal. A copy will also be sent to the Assistant Director for Management Support and Internal Control, who will notify the OIG and the Office of Protection/United States Mint Police who will investigate the matter and take action, as necessary.

3. REMOVING OFFICIAL JOINT SEALS:

- a. Seal and Compartment Inspection. Each member of the verification team must establish the integrity of a Seal before it is removed. This is a two-part procedure. First, ensure the griplock/button seal numbers match those recorded on the griplock register maintained by the Plant Manager/OIC. Second, check the condition of the official United States Mint tapes, wax impressions, locks and the physical compartment itself (e.g. doors, latches, etc.) to ensure they have not been tampered with.
- b. Seal Removal. Once the Seal and compartment have been inspected to the satisfaction of the verification team, the removal process may begin, in accordance with the acceptable scenarios under which a Seal is removed documented in MD 8H-3, "Verification of Deep Storage Assets." Without removing the griplock or disturbing the wax impressions or the tape attached to the Seal, the Plant Manager/OIC or his/her designee shall cut the tape above the grommet on the plastic sleeve holding the Seal, and carefully remove the Seal from the compartment. The official United States Mint tape shall be removed and given to the United States Mint Police for destruction. After inspecting and removing both the Seal and the griplock, the Plant Manager/OIC and Director's Representative should sign the removed Seal and initial the griplock register. The OIG Representative shall sign, and place "OIG" next to his or her signature, as a witness to the Seal removal.

4. GRIPLOCK/BUTTON SEAL DOCUMENTATION:

- a. The use of griplock /button seals shall be documented on a griplock register, which remains in a permanent file in the custody of the Plant Manager/OIC.

5. SEAL DOCUMENTATION:

- a. Documenting Assets Placed in an Empty Compartment: The Seal shall contain a statement identifying, in narrative and numerical form (see Exhibit A), the type and amount of assets placed in the compartment being sealed (e.g., number of bars, fineness, etc.).
- b. Documenting Additions to or Removals from a Compartment Under Seal: For both additions to and removals from the compartment, the new Seal shall include the following information:
 - i. A statement as to the type and amount of assets being added/removed, and the previous Seal number and date.
 - ii. An analysis of the compartment's previous contents, the amount of assets added or removed, and the compartment's new contents. The first line of this section states the ending balance recorded on the previous Seal. The second line describes, in detail, what was added to or removed from the compartment. The third line states the new balance for the compartment. (See Exhibit B)
- c. Replacing an Official Joint Seal Without Additions or Removals: The Seal shall contain a statement identifying the previous Seal number and date, the type and amount of assets in the compartment, and the reason the Seal was changed. (See Exhibit C)
- d. Relocating Contents of a Compartment Under Official Joint Seal to Another Compartment to be Placed Under Official Joint Seal: The Seal shall contain a statement identifying the previous Seal number and date, and the old (moved from) compartment number. Also, the seal shall include a statement describing the type and amount of assets being moved. (See Exhibit D)

6. SEALING PROCEDURES:

- a. Seal Data. The Office of Management Support and Internal Control shall maintain the blank Seals and will provide them to the facilities as needed. All required data, (as described in section 5 Seal Documentation), shall be typed on the Official Joint Seal, by the Plant Manager/OIC or his/her designee, ensuring legibility on all copies.
- b. Pre-Printed Numbers. Each Seal placed on a compartment must contain the same pre-printed number on all copies.

- c. Signatures. The Plant Manager/OIC or his/her designee and the Director's Representative shall sign on the appropriate lines provided on the Seal. The OIG Representative shall sign beneath the Plant Manager's/OIC's signature, and write "OIG" next to their signature.
- d. Official United States Mint Tape. Flawless "United States Mint Official Tape" will be attached to the compartment by the Plant Manager/OIC or his/her designee in such a way that the compartment cannot be opened without breaking the tape. The tape will then be knotted with enough slack to allow for vibration and shrinkage.
- e. Hanging the Seal. The Plant Manager/OIC or his/her designee will place the Seal in a protective sleeve that is clear on both sides and hang it on the compartment door in such a way that the Official United States Mint Tape does not support the Seal's weight. One end of the tape is then passed through the grommet on the Seal, from front to back, and is knotted with the other end of the tape behind the Seal. There should be approximately two (2) inches between the knots.
- f. Griplock or Button Seal. A griplock or button seal is then attached to the tape, directly beneath the second knot, by the Plant Manager/OIC or his/her designee. The griplock/button seal number must be facing outward.
- g. Tape Placement. The ends of the tape will be separated and brought diagonally across the back of the Seal in an inverted "V" by the Plant Manager/OIC or his/her designee. Each strand must be long enough to accommodate the wax impression of each member on the verification team.
- h. Wax Impressions. Wax impressions shall be placed on the back of the Official Joint Seal and in the same order as the signatures. The signature card will be prepared by the Plant Manager/OIC or his/her designee. The Plant Manager/OIC or his/her designee will place his/her impression at the top of the left-hand strand of tape. The OIG Representative will place his/her wax impression directly beneath the Plant Manager's/OIC's or his/her designee's. The wax impression of the Director's Representative is then applied at the top of the right-hand strand of tape. Each remaining verification team member then applies his or her wax impression, one beneath the other, in the same order of the signatures, down the tape beginning directly beneath the Director's Representative.

7. COMPARTMENT LOCKS:

- a. Each compartment under Official Joint Seal shall be secured with two (2) locks. Locks must be pre-approved by the Office of Protection. The

Director's Representative shall place one lock on the compartment door and the Plant Manager/OIC or his/her designee shall place the second lock on the compartment door. Each party sets and controls their respective lock's combination. No lock combination may knowingly be used twice in the same facility. Each lock or combination will be changed annually, concurrent with the annual Official Joint Seal inspections.

- b. Combinations are recorded on a Security Container Information Form, SF700, and secured independently by the Director's Representative and the Plant Manager/OIC or his/her designee. The Director's Representative and the Plant Manager/OIC or his/her designee must change either their respective lock or combinations annually in accordance with United States Mint Directive 10A-12, "Vault and Safe Security Procedures", and any revisions thereto.

8. SIGNATURE CARDS:

- a. A signature card will be prepared for each person signing the Seal by the Plant Manager/OIC or his/her designee. Each card must contain the following information in the following format: typed names down the left-hand side of the card; signature just to the right of the typed name of that individual; unique wax impression to the right of that individual's signature; the Seal number(s) and date in the upper-right-hand corner of the signature card.

9. ACCEPTANCE OF SEALED COMPARTMENTS:

- a. Once a compartment has been verified and placed under Official Joint Seal, the Seal itself shall be accepted for verification purposes once the integrity of the Seal has been determined. A team comprised of the Plant Manager/OIC or his/her designee, a Director's Representative and an OIG Representative(s) shall conduct inspections annually. These inspections are documented on the Official Joint Seal Inspection Report, SF977.
- b. Seals showing signs of deterioration or compromise will be immediately reported to the Director of the United States Mint, following the procedures in section 1 above.

Definitions:

Assay. The qualitative or quantitative analysis of platinum, gold or silver, held by the United States Mint for the Department of the Treasury, to determine the fineness. The weight is then determined by multiplying the fineness by the gross troy ounces. This is called fine troy ounces.

Certified Schedule. The schedule listing the contents of a compartment containing Deep Storage Assets, which contains the fineness of the bars in the melt, the number of bars in the melt, year of the melt, melt numbers, gross troy ounce weight and fine troy ounce weight of each melt (calculated by multiplying the fineness times the gross troy ounce weight). These lists also contain position numbers in the vault, if applicable. A qualified assayer, usually the Division Head for Quality Assurance at the facility, certifies the fineness. In the case of newly mined metals, the vendor certifies the fineness. The typical format for the Certified Schedules is one melt per line.

Control Number. The control number is a series of consecutive numbers assigned to each OJS affixed to a compartment, beginning with the number one. This number is placed on the OJS and is changed when an OJS is changed. The control number is used to determine the number of transactions that have occurred in a compartment (i.e., it aids in keeping track of how many times the OJS is changed). This creates an audit trail enabling a clear understanding of what transactions have occurred in a compartment. For example, a Seal is hung on a compartment when assets are placed in it. This Seal will have a control number of one (1) as this is the first transaction. Six months later, more assets are placed into the same compartment. A second Seal is hung with the new total and a control number of two (2). Each transaction involving this compartment will have a control number increasing consecutively. If nine more transactions occur, the control number on the last Seal would be eleven (11). The control numbers end when the compartment is emptied and start back at one (1) when something new is placed into the compartment.

Deep Storage Assets. Deep Storage Assets are those assets owned by the Department of the Treasury and stored under griplock and OJS at the United States Mint. These assets are reported as Custodial Assets in the United States Mint's annual Financial Statements. These assets are not used to manufacture coins without additional approval from the Secretary of the Treasury.

Director's Representative. The Director's Representative is an employee selected to represent the Director of the United States Mint during and as part of a verification of Deep Storage Assets. This person will be from United States Mint Headquarters and organizationally independent from the facility under review.

Griplock / Button Seal. A griplock or button seal is a pre-numbered, plastic or metallic fastener, used in conjunction with a cloth tape (Official United States Mint Tape), to seal verified assets in a deep storage compartment or to temporarily seal verified assets in an operating compartment, thus ensuring that the security of the compartment has not been breached.

Melt. A melt can be a single bar or a group of bars resulting from the melting, pouring and casting of metal into molds. The bars are all numbered according to that single melt making each bar traceable to that melt.

Sample. A portion, piece, or segment removed from platinum, gold or silver, held by the United States Mint for the Department of the Treasury, that is sent to an assayer to determine the fineness and weight and to verify those components against the Certified Schedule.

Schedule. The schedule is a listing of the contents of a compartment. The Plant Manager/OIC provides it to the Director's Representative and the OIG Representative.

United States Treasury Department Official Joint Seal Document. A United States Treasury Department Official Joint Seal Document (or OJS) is a pre-numbered, multi-copy document showing: the contents of a compartment or vault; the compartment control number; compartment and vault numbers; date of Seal; date of Seal removal and explanation of removal; griplock or button seal serial number; and signature lines for the Plant Manager/OIC and Director's Representative. The OIG Representative should sign the OJS as an independent witness to the verification. When the OIG Representative signs the Seal, he or she should place "OIG" next to his or her signature as evidence of an OIG official present at the verification. The original OJS will be hung on the compartment door in conjunction with the griplock or button seal, with remaining copies going to Headquarters, the Plant Manager/OIC, and the OIG.

Verification. Verification is the process by which the contents of a compartment or vault are counted and verified against the Certified Schedule for that compartment. Selected melts are weighed and selected bars from the melts have samples taken from them. The sample of the precious metal is assayed to determine the fineness. The data for each melt in the compartment are reconciled to the Certified Schedule.

Verification Team. A verification team is composed of one or more Director's Representatives, a Plant Manager/OIC and/or their designee(s) as asset custodian, and one or more OIG Representatives.

Wax Impression Stamp / Signature Cards. The wax impression stamp and signature cards are used in conjunction with Official United States Mint Tape and OJS Documents. The Plant Manager/OIC, Director's Representative(s) and the OIG will each use their personalized wax impression stamp to affix their initials to the tape on the back of each OJS Document. This wax impression will also be applied to signature cards. A signature card is used to capture the signature, printed name and wax impression of each verification participant. Signatures and wax impressions on the signature cards will be matched with those on the Seal when inspecting the Seal in future years. Original signature cards will be sent to and maintained in a safe by the Office of Management Support and Internal Control at United States Mint Headquarters.

Responsibilities:

The Director of the United States Mint is responsible for: ensuring a verification is conducted when requested by the OIG; appointing the Office of Management Support and Internal Control to select the Director's Representative; issuing special instructions

as necessary; approving or disapproving any recommendations or corrective actions that arise as a result of the verification process; and acting as final authority on any disputed procedural issues.

The Plant Manager/OIC and/or his or her designee is responsible for: maintaining a master Griplock Register containing a schedule of all OJS griplocks affixed to compartments within their respective facility; initialing the master Griplock Register; signing the Seal removal certification on the lower part of the Seal as well as all Seal copies; retaining the original Seal placed on the compartment after removal and providing signed copies to Headquarters and OIG representatives; signing all copies of the Official Joint Seal as the asset custodian; affixing their wax impression to the Official Joint Seal and signature card; and maintaining all official Certified Schedules for compartments in their facility.

The Director's Representative is responsible for: signing the Seal removal certification on the lower part of the Seal as well as all Seal copies; signing all copies of the Official Joint Seal as the Director's Representative; affixing his/her wax impression on the Official Joint Seal; affixing his/her wax impression on the signature card; initialing the master Griplock Register; placing a lock on the compartment where the verification has just been completed; marking spoiled and unused Seals with "VOID"; sending via registered mail, or hand carrying, spoiled and unused Seals and other unused materials and completed signature cards to the Assistant Director for Management Support and Internal Control.

The United States Mint understands the Office of Inspector General Representative to be the official responsible for: signing the Seal removal certification on the lower part of the Seal as well as all Seal copies; selecting samples to be sent to an independent assayer of the United States Mint's choosing; independently verifying the precious metals held in the compartment against the Certified Schedule and the Pre-verification Schedule or the Seal from the last verification as appropriate; signing all copies of the Official Joint Seal as the independent verifier; affixing his or her wax seal on the Official Joint Seal; affixing his or her wax seal on the signature card; and issuing a final report attesting to the results of the verification and assay.

The Office of Protection is responsible for: investigating all compromised Seals and taking action as necessary; and pre-approving locks for use on the compartments.

Authorization:

United States Mint Directive 8H-3. "Verification of Deep Storage Assets", dated July 2005

References:

United States Mint-wide Policy Memorandum FIN-08 (Assay Sampling)

United States Mint-wide Policy Memorandum FIN-09 (Deep Storage Assets Verifications)

United States Mint-wide Policy Memorandum FIN-11 (Rules of Conduct for Deep Storage Asset Verifications and Official Joint Seal Inspections)

United States Mint-wide Policy Memorandum FIN-12 (Documentation Requirements for Deep Storage Verifications and Official Joint Seal Inspections)

Sunset Review Date:

July 2008

Exhibit A

<u>Number of Bars</u> (By Count)	<u>Gross Weight</u> (As Found)	<u>Fine Ounces Gold</u> (As Found)	<u>Fine Ounces Silver</u> (As Found)
<u>Number of Bags</u> (Number of Bags for Each Denomination)		<u>Value in \$</u> (As Found)	

Exhibit B

Removed 1,927 gold bars, Official Joint Seal Number 123456, dated January 01, 2000.

<u>NUMBER OF BARS</u>	<u>GROSS WEIGHT</u>	<u>FINE OUNCES GOLD</u>
31,268	11,339,771.35	10,302,448.145
- 1,927	- 775,436.03	- 698,928.790
29,431	10,564,335.32	9,603,519.355

Exhibit C

Accepted the contents of the compartment under, Official Joint Seal Number 123456, dated January 01, 2000.

<u>NUMBER OF BARS</u>	<u>GROSS WEIGHT</u>	<u>FINE OUNCES GOLD</u>
31,268	11,339,771.35	10,302,448.145
- 1,927	- 775,436.03	- 698,928.790
29,431	10,564,335.32	9,603,519.355

This is a replacement seal. Values were neither added to nor removed from this compartment and contents at present are noted above.

Exhibit D

*Accepted material under Official Joint Seal Number 123456,
dated January 01, 2000 relocated from compartment C.
Contents moved are 1,927 gold bars.*

<u>NUMBER OF BARS</u>	<u>GROSS WEIGHT</u>	<u>FINE OUNCES GOLD</u>
31,268	11,339,771.35	10,302,448.145
<u>- 1,927</u>	<u>- 775,436.03</u>	<u>- 698,928.790</u>
29,431	10,564,335.32	9,603,519.355

UNITED STATES MINT-WIDE POLICY MEMORANDUM FIN-11

July 2005

MEMORANDUM FOR DIRECTOR, UNITED STATES MINT
 ASSOCIATE DIRECTORS
 PLANT MANAGERS/OFFICER IN CHARGE
 ALL DEEP STORAGE ASSET VERIFICATION AND
 OFFICIAL JOINT SEAL INSPECTION PARTICIPANTS

FROM: Thomas A. Moschetto
 Assistant Director, Office of Management Support and
 Internal Control

SUBJECT: Rules of Conduct During Deep Storage Asset Verifications
 and Official Joint Seal Inspections

The purpose of this policy memorandum is to establish the rules of conduct expected of all participants involved in Deep Storage Asset verifications and Official Joint Seal inspections.

This policy memorandum applies to all participants involved in Deep Storage Asset verification or Official Joint Seal (OJS) inspections to include all United States Mint employees, Office of Inspector General (OIG) auditors, independent external auditors, or any other person involved in the process.

Background:

The United States Mint has custody of the Department of the Treasury's precious metal reserves. The United States Mint holds these custodial reserves in deep storage, i.e., in secured vaults and compartments. The precious metal reserves are primarily in bar form. Annually the assets and/or the Official Joint Seals must be verified and/or inspected to ensure that the compartments have not been compromised since the previous verification and/or inspection.

Policy:

1. The Director's Representative is an employee selected by the Office of Management Support and Internal Control to represent the Director of the United States Mint. This person acts as a liaison between the Plant Manager/OIC or his/her designee and the OIG Representative. Should a dispute arise between the OIG Representative and the Plant Manager/OIC or his/her designee that the Director's Representative cannot resolve, the Director's Representative will forward the issue to the Assistant Director for Management Support and Internal Control for resolution or escalation for resolution.

2. Participants are required to provide any background information requested by the Office of Protection/United States Mint Police in order to receive clearance for entry in to any of the United States Mint facilities.
3. Participants are required to follow instructions given by the United States Mint Police.
4. Participants in the verification process are subject to facility safety and security regulations and policies, in addition to those noted in this policy.
5. Prior to attending the verification or inspection, participants must obtain steel-toed shoes in accordance with OSHA Occupational Safety and Health Standard 1910.136. The United States Mint will not reimburse non-United States Mint participants for the cost of the steel-toed shoes.
 - a. Participants may wear any style of shoe that is preferred, as long as they meet the requirements of OSHA standard number 1910.136 and ANSI standard number Z41-1999;
 - b. Steel-toed shoes must be worn in every facility for the duration of the verification or inspection process, without exception, and;
 - c. If a participant does not have steel-toed shoes, he or she will not be allowed to enter the production or vault areas.
6. Participants must remove all jewelry from their person, to include any and all body piercing. Participants may wear pre-approved exception items.
7. Participants must remove all metal hairclips, watches, and any other metal accessories on their persons.
8. Participants must wear undergarments without any metal components. For example, any braziers worn must be without a metal under wire and must have a minimal amount of other metal clips.
9. Proper attire for Deep Storage Asset verifications or Official Joint Seal inspections will include the items mentioned in 4 through 7, blue jeans or similar pants, and a shirt that is in accordance with LPC-02 "United States Mint Headquarters Business Casual Dress Policy." Participants should be aware that their clothes might become extremely dirty and permanently stained. The United States Mint is not responsible for cleaning or replacement of clothing items soiled during a Deep Storage Asset verification or Official Joint Seal inspection.
10. Participants must remove all loose coins from their persons and their personal belongings.

11. Upon entering and exiting the facility, participants' bags/parcels will be thoroughly checked by the United States Mint Police.
12. Participants are required to successfully pass through a metal detector prior to entering and exiting the facility, with their shoes removed.
13. Participants are required to have the metal in their bodies measured by walking several times through a magnetometer prior to entering and exiting the production or vault areas, as directed by the United States Mint Police.
14. Participants may not bring any beverages or food products of any type into the production or vault areas.
15. Participants are advised against bringing laptops into the production or vault areas as they will be subject to a complete file download and search prior to exiting the facility.
16. Participants are prohibited from bringing cell phones, PDAs and other electronic recording devices into the production or vault areas.
17. Cameras and other image capturing devices are prohibited. Film will be confiscated.
18. All forms of weaponry are prohibited.
19. A minimal number of lockers are available on a first-come first-serve basis for storage of unallowed items. The United States Mint does not guarantee the availability of the lockers.

Definitions:

Assay. The qualitative or quantitative analysis of platinum, gold or silver, held by the United States Mint for the Department of the Treasury, to determine the fineness. The weight is then determined by multiplying the fineness by the gross troy ounces. This is called fine troy ounces.

Certified Schedule. The schedule listing the contents of a compartment containing Deep Storage Assets, which contains the fineness of the bars in the melt, the number of bars in the melt, year of the melt, melt numbers, gross troy ounce weight and fine troy ounce weight of each melt (calculated by multiplying the fineness times the gross troy ounce weight). These lists also contain position numbers in the vault, if applicable. A qualified assayer, usually the Division Head for Quality Assurance at the facility, certifies the fineness. In the case of newly mined metals, the vendor certifies the fineness. The typical format for the Certified Schedules is one melt per line.

Control Number. The control number is a series of consecutive numbers assigned to each OJS affixed to a compartment, beginning with the number one. This number is placed on

the OJS and is changed when an OJS is changed. The control number is used to determine the number of transactions that have occurred in a compartment (i.e., it aids in keeping track of how many times the OJS is changed). This creates an audit trail enabling a clear understanding of what transactions have occurred in a compartment. For example, a Seal is hung on a compartment when assets are placed in it. This Seal will have a control number of one (1) as this is the first transaction. Six months later, more assets are placed into the same compartment. A second Seal is hung with the new total and a control number of two (2). Each transaction involving this compartment will have a control number increasing consecutively. If nine more transactions occur, the control number on the last Seal would be eleven (11). The control numbers end when the compartment is emptied and start back at one (1) when something new is placed into the compartment.

Deep Storage Assets. Deep Storage Assets are those assets owned by the Department of the Treasury and stored under griplock and OJS at the United States Mint. These assets are reported as Custodial Assets in the United States Mint's annual Financial Statements. These assets are not used to manufacture coins without additional approval from the Secretary of the Treasury.

Director's Representative. The Director's Representative is an employee selected to represent the Director of the United States Mint during and as part of a verification of Deep Storage Assets. This person will be from United States Mint Headquarters and organizationally independent from the facility under review.

Griplock / Button Seal. A griplock or button seal is a pre-numbered, plastic or metallic fastener, used in conjunction with a cloth tape (Official United States Mint Tape), to seal verified assets in a deep storage compartment or to temporarily seal verified assets in an operating compartment, thus ensuring that the security of the compartment has not been breached.

Melt. A melt can be a single bar or a group of bars resulting from the melting, pouring and casting of metal into molds. The bars are all numbered according to that single melt making each bar traceable to that melt.

Sample. A portion, piece, or segment removed from platinum, gold or silver, held by the United States Mint for the Department of the Treasury, that is sent to an assayer to determine the fineness and weight and to verify those components against the Certified Schedule.

Schedule. The schedule is a listing of the contents of a compartment. The Plant Manager/OIC provides it to the Director's Representative and the OIG Representative.

United States Treasury Department Official Joint Seal Document. A United States Treasury Department Official Joint Seal Document (or OJS) is a pre-numbered, multi-copy document showing: the contents of a compartment or vault; the compartment control number; compartment and vault numbers; date of Seal; date of Seal removal and

explanation of removal; griplock or button seal serial number; and signature lines for the Plant Manager/OIC and Director's Representative. The OIG Representative should sign the OJS as an independent witness to the verification. When the OIG Representative signs the Seal, he or she should place "OIG" next to his or her signature as evidence of an OIG official present at the verification. The original OJS will be hung on the compartment door in conjunction with the griplock or button seal, with remaining copies going to Headquarters, the Plant Manager/OIC, and the OIG.

Verification. Verification is the process by which the contents of a compartment or vault are counted and verified against the Certified Schedule for that compartment. Selected melts are weighed and selected bars from the melts have samples taken from them. The sample of the precious metal is assayed to determine the fineness. The data for each melt in the compartment are reconciled to the Certified Schedule.

Verification Team. A verification team is composed of one or more Director's Representatives, a Plant Manager/OIC and/or their designee(s) as asset custodian, and one or more OIG Representatives.

Wax Impression Stamp / Signature Cards. The wax impression stamp and signature cards are used in conjunction with Official United States Mint Tape and OJS Documents. The Plant Manager/OIC, Director's Representative(s) and the OIG will each use their personalized wax impression stamp to affix their initials to the tape on the back of each OJS Document. This wax impression will also be applied to signature cards. A signature card is used to capture the signature, printed name and wax impression of each verification participant. Signatures and wax impressions on the signature cards will be matched with those on the Seal when inspecting the Seal in future years. Original signature cards will be sent to and maintained in a safe by the Office of Management Support and Internal Control at United States Mint Headquarters.

Responsibilities:

The Director of the United States Mint is responsible for: ensuring a verification is conducted when requested by the OIG; appointing the Office of Management Support and Internal Control to select the Director's Representative; issuing special instructions as necessary; approving or disapproving any recommendations or corrective actions that arise as a result of the verification process; and acting as final authority on any disputed procedural issues.

The Plant Manager/OIC or his or her designee is responsible for working with OMSIC to coordinate a verification or inspection; providing the staff necessary to perform a verification or inspection; and, all elements of this policy memo that are not otherwise assigned.

The Office of Management Support and Internal Control is responsible for selecting the Director's Representative and resolving or escalating for resolution any disputes forwarded by the Director's Representative.

The Director's Representative is responsible for providing this Policy Memorandum to all participants in advance of the verification or inspection; serving as the United States Mint liaison with the OIG; handling all logistical issues prior to and during a verification or inspection; and, ensuring all participants comply with the requirements set forth in this procedure.

The Office of Protection is responsible for: performing background clearances of participants requesting entry into United States Mint facilities; providing instructions to participants as necessary; thoroughly checking participants' bags/parcels; clearing participants through a magnetometer prior to entering and exiting the facilities; and, measuring participants body metal content using the magnetometer prior to entering and exiting the vault and production areas.

All participants are responsible for adherence to this procedure.

Authorization:

United States Mint Directive 8H-3, "Verification of Deep Storage Assets", dated July 2005

References:

United States Mint-wide Policy Memorandum FIN-08 (Assay Sampling)

United States Mint-wide Policy Memorandum FIN-09 (Verification of Deep Storage Assets)

United States Mint-wide Policy Memorandum FIN-10 (Official Joint Seals)

United States Mint-wide Policy Memorandum FIN-12 (Documentation Requirements for Deep Storage Verifications and Official Joint Seal Inspections)

United States Mint Directive LPC-01, "United States Mint Headquarters Business Casual Dress Policy", dated June 12, 2003

United States Department of Labor, Occupational Safety and Health Administration, Occupational Safety and Health Standards, Subpart Title "Personal Protective Equipment", Standard Number 1910.136, Title "Occupational Foot Protection"

Sunset Review Date:

July 2008

Chapter 8 – Finance

VERIFICATION OF DEEP STORAGE ASSETS

1. PURPOSE

This directive establishes the policy for supporting the Office of Inspector General (OIG) in the verification of Deep Storage Assets.

2. SCOPE

This directive applies to all United States Mint facilities that act as custodian over Deep Storage Assets under Official Joint Seal (OJS) and the United States Bullion Depository at Fort Knox. This Directive does not cover other assets owned by the United States Mint, or used in manufacturing processes by the United States Mint.

3. OUTCOME

The Director of the United States Mint and the OIG have assurance as to the integrity of the compartments verified by the Office of Inspector General and sealed in conjunction with United States Mint personnel.

4. CANCELLATION

United States Mint Directive 8H-2, "Sealing Regulations - Official Joint Seals and Settlement Seals", dated June 1996

5. DEFINITIONS

- a. Assay. The qualitative or quantitative analysis of platinum, gold or silver, held by the United States Mint for the Department of the Treasury, to determine the fineness. The weight is then determined by multiplying the fineness by the gross troy ounces. This is called fine troy ounces.
- b. Certified Schedule. The schedule listing the contents of a compartment containing Deep Storage Assets, which contains the fineness of the bars in the melt, the number of bars in the melt, year of the melt, melt numbers, gross troy ounce weight and fine troy ounce weight of each melt (calculated by multiplying the fineness times the gross troy ounce weight). These lists also contain position numbers in the vault, if applicable. A qualified assayer, usually the Division Head for Quality Assurance at the facility, certifies the fineness. In the case of newly mined metals, the vendor certifies the fineness. The typical format for the Certified Schedules is one melt per line.
- c. Control Number. The control number is a series of consecutive numbers assigned to each OJS affixed to a compartment, beginning with the number one. This number is placed on the OJS and is changed when an OJS is changed. The control number is used to determine the number of transactions that have occurred in a compartment (i.e., it aids in keeping track of how many times the OJS is changed). This creates an audit trail enabling a clear understanding of the transactions that have occurred in a compartment. For example, a Seal is hung on a compartment when assets are placed in it. This Seal will have a control number of one (1) because this is the first transaction. Six months later, more assets are placed into the same compartment. A second Seal is hung with the new total and a control number of two (2). Each

transaction involving this compartment will have a control number increasing consecutively. If nine more transactions occur, the control number on the last Seal would be eleven (11). The control numbers end when the compartment is emptied and start back at one (1) when something new is placed into the compartment.

- d. Deep Storage Assets. Deep Storage Assets are those assets owned by the Department of the Treasury and stored under griplock and OJS at the United States Mint. These assets are reported as Custodial Assets in the United States Mint's annual Financial Statements. These assets are not used to manufacture coins without additional approval from the Secretary of the Treasury.
- e. Director's Representative. The Director's Representative is an employee selected to represent the Director of the United States Mint during and as part of a verification of Deep Storage Assets. This person will be from United States Mint Headquarters and organizationally independent from the facility under review.
- f. Griplock / Button Seal. A griplock or button seal is a pre-numbered, plastic or metallic fastener, used in conjunction with a cloth tape (Official United States Mint Tape), to seal verified assets in a deep storage compartment or to temporarily seal verified assets in an operating compartment, thus ensuring that the security of the compartment has not been breached.
- g. Melt. A melt can be a single bar or a group of bars resulting from the melting, pouring and casting of metal into molds. The bars are all numbered according to that single melt making each bar traceable to that melt.
- h. Sample. A portion, piece, or segment removed from platinum, gold or silver, held by the United States Mint for the Department of the Treasury, that is sent to an assayer to determine the fineness and weight and to verify those components against the Certified Schedule.
- i. Schedule. The schedule is a listing of the contents of a compartment. The Plant Manager/Officer in Charge (OIC) provides it to the Director's Representative and the OIG Representative.
- j. United States Treasury Department Official Joint Seal Document. A United States Treasury Department Official Joint Seal Document (or OJS) is a pre-numbered, multi-copy document showing: the contents of a compartment or vault; the compartment control number; compartment and vault numbers; date of Seal; date of Seal removal and explanation of removal; griplock or button seal serial number; and signature lines for the Plant Manager/OIC and Director's Representative. The OIG Representative should sign the OJS as an independent witness to the verification. When the OIG Representative signs the Seal, he or she should place "OIG" next to his or her signature as evidence of an OIG official present at the verification. The original OJS will be hung on the compartment door in conjunction with the griplock or button seal, with remaining copies going to Headquarters, the Plant Manager/OIC, and the OIG.
- k. Verification. Verification is the process by which the contents of a compartment or vault are counted and verified against the Certified Schedule for that compartment. Selected melts are weighed and selected bars from the melts have samples taken from them. The sample of the precious metal is assayed to determine the fineness. The data for each melt in the compartment are reconciled to the Certified Schedule.

- l. Verification Team. A verification team is composed of one or more Director's Representatives, a Plant Manager/OIC and/or their designee(s) as asset custodian, and one or more OIG Representatives.
- m. Wax Impression Stamp / Signature Cards. The wax impression stamp and signature cards are used in conjunction with Official United States Mint Tape and OJS Documents. The Plant Manager/OIC, Director's Representative(s) and the OIG will each use their personalized wax impression stamp to affix their initials to the tape on the back of each OJS Document. This wax impression will also be applied to signature cards. A signature card is used to capture the signature, printed name and wax impression of each verification participant. Signatures and wax impressions on the signature cards will be matched with those on the Seal when inspecting the Seal in future years. Original signature cards will be sent to and maintained in a safe by the Office of Management Support and Internal Control at United States Mint Headquarters.

6. POLICY

- a. At the request of the OIG, and until all Deep Storage Assets are under Official Joint Seal, the Office of Management Support and Internal Control will support the verification of the Deep Storage Assets conducted by the OIG. Once the OIG, the United States Mint Director's Representative, and the Plant Manager/OIC or his or her designee verify the contents of a compartment, the contents need not be re-verified unless the compartment is compromised or the Seal is found to be not intact. For those compartments previously verified and placed under Official Joint Seal, an unimpaired Seal shall be accepted as verification that the assets are as attested to on the Official Joint Seal and Certified Schedule. In either situation, the Office of Management Support and Internal Control will submit a written report to the Chief Financial Officer within thirty (30) working days of the completion of each verification. The report will contain the objectives and scope of the verification, the participants and any findings and conclusions. A copy of this report will also be submitted to the Office of Protection and the Plant Manager/OIC.
- b. If a compartment or Official Joint Seal is found to be compromised without authorization, the Director and the Office of Protection shall be notified immediately. Within three days of this notification, the Plant Manager/OIC shall submit a written report to the Director explaining the situation. A copy of this report will be given to the Office of Management Support and Internal Control and another copy will be filed with the Seal at the field office and an explanation will be entered on the lower part of the Seal. The Office of Protection will notify the OIG and, upon the OIG's direction, will investigate the matter and report the findings to the Director or his or her designee, who shall take action as necessary.
- c. The only allowable losses of precious metals in deep storage are those incurred in the melting of the samples taken from the verified compartment(s). To determine the fineness of the precious metal, these samples must be melted and assayed. A minimal loss is expected and accepted. Treasury Directive 51-02 specifies the approved loss allowance for gold and silver (400 parts per million and 1,200 parts per million, respectively, as of the implementation date of this Directive). For accounting purposes, it is United States Mint policy that the balance of Deep Storage Assets shall remain unchanged and, as such, any losses incurred as a result of melting the samples will be recognized as a working material loss that will be charged to the Public Enterprise Fund (PEF), replaced by PEF working material, and not recognized

as a loss on Deep Storage Assets. Therefore, an amount of precious metal equal to the loss will be taken from working material and placed in deep storage. This will ensure that the deep storage balance remains unchanged. Refer to the United States Mint-wide Policy Memo FIN-08, "Assay Sampling of Deep Storage Assets" for a full procedural explanation.

- d. In the event that shortages are noted, other than in melting losses associated with the samples, there will be a separate report immediately directed to the Office of Protection, which will notify the OIG and, upon OIG's direction, investigate the matter. A copy of this report will also be sent to the Director.
- e. Compartments that have been verified will be kept under continuous OJS. A Director's Representative and a Plant Manager's/OIC's Representative must verify any subsequent movement of assets in or out of compartments under OJS. It is an OIG requirement to observe all movements of assets stored under OJS, or the replacement of the Seal for any other reason. Prior to departing the United States Mint facility where joint sealing activities have occurred, the Director's Representative, the OIG Representative and the Plant Manager/OIC must have in their possession a computerized listing and/or diskette of the changes to OJS compartment(s).
- f. On behalf of the Director of the United States Mint, the Office of Management Support and Internal Control will select the Director's Representative.

7. RESPONSIBILITIES

- a. The Director of the United States Mint is responsible for ensuring a verification is conducted when requested by the OIG; issuing special instructions as necessary; approving or disapproving any recommendations or corrective actions that arise as a result of the verification process; and acting as final authority on any disputed procedural issues.
- b. The Plant Manager/OIC and/or his or her designee is responsible for working with the Director's Representative to manage verification activities; controlling and keeping secure all sealing materials, work papers and documents during the verification; making staff available as necessary to assist with the verification process; attesting to the Certified Schedules presented for the verification and maintaining control of all United States Mint assets to be sealed from the time the compartment is opened until it is sealed.
- c. The Office of Management Support and Internal Control is responsible for selecting the Director's Representative; providing all participant information to the Office of Protection prior to the start of the verification for security clearance purposes; and ensuring, with the aid of the Office of Procurement, that the United States Mint has an independent assayer under contract prior to the start of the verification.
- d. The Director's Representative is responsible for coordinating verification dates and participants between the Plant Manager/OIC and the OIG Representative; coordinating any pre-verification activities between all verification participants; observing the verification process for the Director; reporting any findings to the Director; and acting as facilitator between the Plant Manager/OIC and the OIG.
- e. The Office of Protection is responsible for performing all necessary clearances on verification participants prior to the start of the verification; and investigating all reports of compromised Official Joint Seals.

- f. The United States Mint understands the Office of the Inspector General Representative to be the official responsible for signing the Seal removal certification on the lower part of the Seal as well as all Seal copies; selecting samples to be sent to an independent assayer of the United States Mint's choosing; independently verifying the precious metals held in the compartment against the Certified Schedule and the Pre-verification Schedule or the Seal from the last verification as appropriate; signing all copies of the Official Joint Seal as the independent verifier; affixing his or her wax seal on the Official Joint Seal; affixing his or her wax seal on the signature card; initialing the master Griplock Register; and issuing a final report attesting to the results of the verification.

8. CRITICAL REQUIREMENTS

a. METHODOLOGY FOR DOCUMENTING A VERIFICATION:

- (1) The following are the acceptable scenarios under which a Seal is removed and the related method of verification to be followed in each case. The appropriate scenario must be documented on the Official Joint Seal using a sentence similar to, "Under Method 5 of the United States Mint-wide Policy Memo XXX, Official Joint Seals, Official Joint Seal 1234, dated January 01, 2001, was (removed, posted, etc)."
 1. METHOD 1. For bars of refined gold, coin gold and refined silver bullion: The Director's Representative, Plant Manager/OIC or his/her representative and OIG Representative must witness the sample weighing of bars, individually or in melts, checking the actual weight against the weight recorded on the schedule. The schedule must bear the Assayer's certification of fineness.
 2. METHOD 2. For bars of unrefined bullion: Weigh and assay as described in method 1.
 3. METHOD 3. For coins: Count all bags of coins, determine coin denominations and weights, and compute the resulting value. One or more bags may be opened and counted to verify that the dollar amount and/or corresponding weight represented on the bag is true and correct.
 4. METHOD 4. For the acceptance of values already under Official Joint Seal in a compartment to be resealed: If bullion, check removed bullion against supporting schedules; weigh samples to ensure accuracy of the Certified Schedule. If coins, count coin bags removed; determine coin denominations and/or weights; calculate the resulting value; enter value and description of assets on the Seal as appropriate.
 5. METHOD 5. For the acceptance of values removed from a compartment under Official Joint Seal and relocated to another compartment to be placed under Official Joint Seal: After validation of the Seal, check bullion against Certified Schedules both in the outgoing and incoming compartments.
 6. METHOD 6. For the acceptance of values resulting from purchases of newly mined gold to replace gold bullion sales: Values may be accepted by verification of hallmark, bar number, weight and assay as stated by the vendor. Assay sampling may be conducted at the request of the OIG Representative.

b. ACCEPTANCE OF SEALED COMPARTMENTS:

- (1) Once a compartment has been verified and placed under Official Joint Seal, and the integrity of the Seal has been determined, the Seal itself shall be accepted for verification. Inspections will be performed annually and documented on the Official Joint Seal Inspection Report, SF977.
- (2) Seals showing signs of deterioration or compromise will be immediately reported to the Director of the United States Mint and the Office of Protection.
- (3) All compartments must have combination locks for both the Plant Manager/OIC and Director's Representative. These locks or their combinations will be changed annually. The lock or combination change will occur concurrently with inspections unless already changed within the one-year timeframe for a reason other than inspection.

9. AUTHORITY

- a. United States Code, Title 31, Sections 5133 and 5136
- b. Treasury Directive 51-02, "Processing Losses Resulting from Gold and Silver Programs", dated January 6, 1989
- c. United States Mint Directive 10A-12, "Vault and Safe Security Procedures", dated July 1989
- d. United States Mint Delegation of Authority Number 7, "Authority to Assign, Approve or Disapprove Settlement and Gold Verification Staffing, Recommendations, and Corrective Actions", dated August 1993
- e. United States Mint Delegation of Authority Number 8, "Authority to Approve or Authorize Promotional Write-Offs", dated August 1993

10. REFERENCES

- a. United States Mint-wide Policy Memo FIN-08 (Assay Sampling Procedures), dated July 2005
- b. United States Mint-wide Policy Memo FIN-09 (Deep Storage Asset Verification), dated July 2005
- c. United States Mint-wide Policy Memo FIN-10 (Official Joint Seals), dated July 2005
- d. United States Mint-wide Policy Memo FIN-11 (Rules of Conduct During Deep Storage Asset Verifications or Official Joint Seal Inspections), dated July 2005
- e. United States Mint-wide Policy Memo FIN-12 (Documentation Requirements for Deep Storage Verifications and Official Joint Seal Inspections), dated July 2005

11. SUNSET REVIEW DATE.

July 2008

12. RESPONSIBLE OFFICE.

Office of the Chief Financial Officer, Office of Management Support and Internal Control,
Internal Control Division