



Office of Inspector General

**System Review Report**

September 5, 2018

To Adam Trzeciak, Inspector General  
U.S. Government Accountability Office

We have reviewed the system of quality control for the audit organization of GAO OIG in effect for the year ended March 31, 2018. A system of quality control encompasses GAO OIG's organizational structure, the policies adopted, and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. GAO OIG is responsible for establishing and maintaining a system of quality control that is designed to provide GAO OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and GAO OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed GAO OIG personnel and obtained an understanding of the nature of the GAO OIG audit organization, and the design of GAO OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and attestation engagements, collectively referred to as "audits", and administrative files to test for conformity with professional standards and compliance with GAO OIG's system of quality control. The audits selected represented a reasonable cross-section of GAO OIG audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with GAO OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the GAO OIG audit organization. In addition, we tested compliance with GAO OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of GAO OIG's policies and procedures on selected audits. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

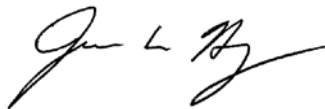
There are inherent limitations in the effectiveness of any system of quality control, and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the

risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Enclosure 1 to this report identifies GAO OIG offices that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of GAO OIG in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide GAO OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. GAO OIG has received an External Peer Review rating of *pass*.

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the CIGIE related to GAO OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of audits performed by IPAs is not an audit and, therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether GAO OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and accordingly, we do not express an opinion, on GAO OIG's monitoring of work performed by IPAs.



James W. Hagen  
Inspector General

Enclosures

## Scope and Methodology

We tested compliance with GAO OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 4 of 12 audit reports issued during the period April 1, 2015, through March 31, 2018. We also reviewed the internal quality control reviews performed by GAO OIG.

In addition, we reviewed GAO OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period April 1, 2015, through March 31, 2018. During the period, GAO OIG contracted for one audit that was to be performed in accordance with *Government Auditing Standards*.

We visited the GAO OIG office located in Washington, D.C.

### Reviewed Audit Engagements Performed by the GAO OIG:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-16-1	03/01/2016	Student Loan Repayment Program
OIG-17-1	11/02/2016	Media Sanitization
OIG-18-2	03/26/2018	LEAP II

### Reviewed Monitoring Files of the GAO OIG for Contracted Engagements:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-18-1	11/08/2017	DATA Act, 2 <sup>nd</sup> Qtr. 2017 Submission



O I G  
Office of Inspector General

United States Government Accountability Office

441 G Street NW, Room 1808  
Washington, DC 20548

September 5, 2018

SENT BY EMAIL

Mr. James Hagen, Inspector General  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314-3428

Dear Mr. Hagen:

We reviewed the external peer review report summarizing the results of your review of our system of quality control in effect for the year ended March 31, 2018. We are pleased that your independent review of our audit organization's operations resulted in a "pass" rating, thereby concluding that the GAO OIG's quality control system was suitably designed and operating effectively in ensuring the reliability of our audit reports. We remain committed to maintaining an effective system of quality controls and improving our operations.

We appreciate the professionalism and competent manner in which the review was conducted, and wish to commend your team for its efforts on this important engagement.

Sincerely,

A handwritten signature in black ink that reads "Ad-R. Trzeciak".

Adam R. Trzeciak  
Inspector General

Enclosure

cc: Evelyn Logue, GAO OIG AIGA  
William Bruns, Deputy Inspector General NCUA OIG  
Candace Matthews, NCUA Auditor/Review Team Captain  
Bridgette Hicks, Senior Auditor