



OFFICE OF INSPECTOR GENERAL U.S. SMALL BUSINESS ADMINISTRATION

June 18, 2025

Luiz A. Santos
Acting Inspector General
U.S. Department of Labor Office of Inspector General
200 Constitution Avenue NW
Washington, DC 20210

Subject: System Review Report

Dear Acting Inspector General Santos,

We have reviewed the system of quality control for the audit organization of the U.S. Department of Labor Office of Inspector General (DOL OIG) in effect for the year ended September 30, 2024. A system of quality control encompasses the DOL OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards*¹ and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

Opinion. In our opinion, the system of quality control for the audit organization of DOL OIG in effect for the year ended September 30, 2024 has been suitably designed and complied with to provide DOL OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. DOL OIG has received an external peer review rating of *pass*.

Monitoring of GAGAS Engagements Performed by Independent Public Accountants

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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to DOL OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPA) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements 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 DOL OIG had controls to ensure IPAs performed contracted

¹ We reviewed DOL OIG policies and procedures using the 2018 version of the *Government Auditing Standards*. See: Government Accountability Office, *Government Audit Standards 2018 Revision* (GAO-18-568G), July 2018. We reviewed the engagements DOL OIG conducted in accordance with generally accepted government auditing standards using the 2021 Technical Update to the 2018 version of the *Government Auditing Standards*. See GAO, *Government Audit Standards 2018 Revision Technical Update April 2021* (GAO-21-368G), April 2021.

work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on DOL OIG's monitoring of work performed by IPAs.

Basis of Opinion

Our review was conducted in accordance with *Government Auditing Standards* and the *CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed DOL OIG personnel and obtained an understanding of the nature of DOL OIG's audit organization, and the design of DOL OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected GAGAS engagements and administrative files to test for conformity with professional standards and compliance with DOL OIG's system of quality control. The audits selected represented a reasonable cross section of DOL OIG's audit organization, with emphasis on higher-risk engagements.

In performing our review, we obtained an understanding of the system of quality control for DOL OIG's audit organization. In addition, we tested compliance with DOL OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of DOL 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.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with DOL OIG's management to discuss the results of our review. We believe the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report provides the scope and methodology and identifies the engagements we reviewed. DOL OIG's response to the report is included in Enclosure 2.

Responsibilities and Limitations Pertaining to Our Opinion

DOL OIG is responsible for establishing and maintaining a system of quality control designed to provide DOL OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and DOL OIG's compliance based on our review.

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.

Sincerely,



Sheldon R. Shoemaker
Deputy Inspector General

Enclosures

Scope and Methodology

We tested compliance with the DOL OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of five reports issued from October 1, 2023 through September 30, 2024. We also reviewed the internal quality control reviews performed by DOL OIG.

In addition, we reviewed DOL OIG's monitoring of a GAGAS engagement performed by IPAs where the IPA served as the auditor from October 1, 2023 through September 30, 2024. During the period, DOL OIG contracted for the audit of its agency's fiscal year 2023 financial statements, a GAGAS engagement.

We conducted this audit at DOL's Washington, D.C. Headquarters.

Table 1: DOL OIG GAGAS Engagements Reviewed

Report Number	Report Date	Report Title
09-24-001-04-437	05/02/2024	OWCP Could Improve its Existing Guidelines for Processing DEEOIC Claims
17-24-001-11-001	10/26/2023	BLS Could Do More to Identify Data Limitations and Increase Transparency
17-P24-001-03-321	09/25/2024	Permanent Labor Certification Program – Application Processing Time
19-24-004-06-001	09/12/2024	MSHA Generally Provided Adequate Oversight of Miner Training, Though Opportunities to Strengthen Controls Exist

Table 2: Reviewed Monitoring File of DOL OIG for Contracted GAGAS Engagement

Report Number	Report Date	Report Title
22-24-004-13-001	11/14/2023	FY 2023 Independent Auditors' Report on DOL's Consolidated Financial Statements

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



June 5, 2025

Sheldon R. Shoemaker
Deputy Inspector General
Small Business Administration
409 3rd Street SW
Washington, DC 20416

Dear Deputy Inspector General Shoemaker:

Thank you for the opportunity to comment on the draft *System Review Report* of the U.S. Department of Labor Office of Inspector General audit organization. We are pleased that your review concluded the system of quality control for our audit organization was suitably designed and complied with applicable professional standards and applicable legal and regulatory requirements in all material respects.

We would like to thank you and your team for the thorough and professional review.

Sincerely,

A handwritten signature in black ink, appearing to read "Luiz A. Santos". The signature is stylized with a long, sweeping horizontal line extending to the right.

Luiz A. Santos
Acting Inspector General