



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

System Review Report

March 29, 2016

The Honorable Scott S. Dahl  
Inspector General  
U.S. Department of Labor  
Office of Inspector General  
200 Constitution Avenue, NW  
Room S-5502  
Washington, DC 20210

Dear Mr. Dahl:

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, 2015. A system of quality control encompasses DOL OIG's organizational structure and 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*. DOL OIG is responsible for establishing and maintaining a system of quality control that is designed to provide DOL 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 DOL 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 DOL OIG personnel and obtained an understanding of the nature of the DOL OIG 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 audits 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 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 DOL 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 DOL OIG 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.

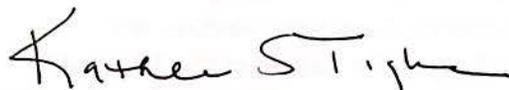
There are inherent limitations in the effectiveness of any system of quality control, and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of 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 the DOL OIG office that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of DOL OIG in effect for the year ended September 30, 2015, has been suitably designed and complied with to provide DOL 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*. DOL 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 DOL 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 DOL 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 DOL OIG's monitoring of work performed by IPAs.

Sincerely,



Kathleen S. Tighe  
Inspector General

Enclosures

## Enclosure 1

### 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 6 of 13 audit reports issued during the period October 1, 2014, through September 30, 2015. We also reviewed the internal quality assurance reviews performed by DOL OIG.

In addition, we reviewed DOL OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period October 1, 2014, through September 30, 2015. During the period, DOL OIG contracted for the audit of the agency's fiscal year 2014 financial statements. DOL OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We visited the DOL OIG office located in Washington, DC. We invited all DOL OIG staff within the Office of Audit to complete a staff questionnaire designed to determine the extent to which DOL OIG's quality control policies and procedures were effectively communicated to staff and obtain staff views about a number of factors related to DOL OIG's adherence to those policies and procedures. We also reviewed the training records of selected employees to determine whether they had obtained the required continuing professional education credits.

**Table 1: Reviewed Audits Performed by DOL OIG**

Report No.	Report Date	Date Issued
02-15-205-03-390	ETA Needs to Improve Awarding of Year-End National Emergency Grants	9/30/2015
04-15-001-04-420	Wage and Hour Division Needs to Strengthen Management Controls for Back Wage Distribution	3/31/2015
05-15-002-12-121	Small Pension Plans Receiving Audit Waivers Need More Frequent Review	3/31/2015
06-15-001-02-001	DOL Could Have Done More to Improve Controls Over Its Veterans Retraining Assistance Program Responsibilities	9/2/2015
17-15-003-07-001	OASAM Needs to Strengthen Controls Over the Purchase Card Program	9/29/2015
23-15-001-07-725	Cyber Security Program Improvements Are Needed to Better Secure DOL's Major Information Systems	3/31/2015

**Table 2: Reviewed Monitoring Files of DOL OIG for Contracted Audits**

Report No.	Report Date	Date Issued
22-15-002-13-001	Independent Auditors' Report on the U.S. Department of Labor's FY 2014 Consolidated Financial Statements	11/17/2014