



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



September 27, 2021

Report Number: A-07-21-01203

Richard K. Delmar, J.D.
Acting Inspector General
Department of the Treasury
1500 Pennsylvania Avenue, NW
Room 4436, Main Treasury Building
Washington, DC 20220

Dear Acting Inspector General Delmar:

Enclosed is the Department of Health and Human Services, Office of Inspector General, final *System Review Report: External Quality Control Review of the Audit Organization of the U.S. Department of the Treasury, Office of Inspector General*. We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency guidelines and discussed the review with you and members of your staff on August 9, 2021. Your response to the draft report is included as Appendix B.

If you have any questions or comments about this report, please do not hesitate to call me. Otherwise, your staff may contact Amy J. Frontz, Deputy Inspector General for Audit Services, at (202) 619-1156 or by email at Amy.Frontz@oig.hhs.gov.

Sincerely,

CHRISTI GRIMM

Digitally signed by CHRISTI
GRIMM
Date: 2021.09.27 12:04:22 -04'00'

Christi A. Grimm
Principal Deputy Inspector General

Enclosure

**SYSTEM REVIEW REPORT: EXTERNAL QUALITY CONTROL REVIEW
OF THE AUDIT ORGANIZATION OF THE
U.S. DEPARTMENT OF THE TREASURY,
OFFICE OF INSPECTOR GENERAL**

We have reviewed the system of quality control for the audit organization of the U.S. Department of the Treasury (Treasury), Office of Inspector General (OIG), in effect for the year ended March 31, 2021. A system of quality control encompasses Treasury 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* and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of Treasury OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide Treasury 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*. Treasury OIG has received a 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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to Treasury OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) 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 Treasury OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on Treasury 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 Treasury OIG personnel and obtained an understanding of the nature of the Treasury OIG audit organization, and the design of Treasury 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 Treasury OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of Treasury OIG's audit organization, with an emphasis on higher-risk engagements.

In performing our review, we obtained an understanding of the system of quality control for the Treasury OIG audit organization. In addition, we tested compliance with Treasury OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of Treasury OIG's policies and procedures on selected GAGAS engagements. 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 Treasury OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

Responsibilities and Limitation

Treasury OIG is responsible for establishing and maintaining a system of quality control designed to provide Treasury 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 Treasury OIG's compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; 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.

Appendix A identifies the audits that we reviewed, as well as our scope and methodology. We issued our draft System Review Report to Treasury OIG on August 31, 2021. Treasury OIG's comments, acknowledging our assignment of a peer review rating of *Pass* to its system of quality control, appear in their entirety as Appendix B.

APPENDIX A: SCOPE AND METHODOLOGY

We tested compliance with the Treasury OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 6 of 14 engagement reports conducted in accordance with GAGAS issued from April 1, 2020, through March 31, 2021. We also reviewed a terminated GAGAS engagement and a report included in an internal quality control review performed by Treasury OIG.

In addition, we reviewed Treasury OIG's monitoring of two GAGAS engagements performed by IPAs where the IPA served as the auditor from April 1, 2020, through March 31, 2021. During the period, Treasury OIG contracted for GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We interviewed staff members to determine whether Treasury OIG's quality control and assurance policies and procedures were effectively communicated to staff. We also reviewed the training records of selected employees to determine whether they had obtained the required continuing professional education credits and whether they collectively possessed the knowledge and skills needed to conduct audits.

REVIEWED GAGAS ENGAGEMENTS PERFORMED BY THE U.S. DEPARTMENT OF THE TREASURY, OFFICE OF INSPECTOR GENERAL

1. *Audit of Treasury's Compliance With the IPERA Requirements for Fiscal Year 2019*, Report No. OIG-20-034, May 15, 2020.
2. *Interim Audit Update—Coronavirus Relief Fund Recipient Reporting*, Report No. OIG-20-036, May 27, 2020.
3. *Improvements Are Needed in the CDFI Fund's Administration of Technical Assistance Awards*, Report No. OIG-20-037, June 12, 2020.
4. *Audit of Bureau of Engraving and Printing's Implementation of Security Features and Meaningful Access for the Blind and Visually Impaired into New Note Design*, Report No. OIG-20-040, June 30, 2020.
5. *Mint Controls Over Raw Materials and Coin Exchange Programs Need Improvement*, Report No. OIG-20-042, August 18, 2020.
6. *Audit of the Department of the Treasury's Schedules of United States Gold Reserves Held by Federal Reserve Banks as of September 30, 2020 and 2019*, Report No. OIG-21-004, November 2, 2020.

**REVIEWED GAGAS ENGAGEMENT TERMINATED BY THE U.S. DEPARTMENT OF THE TREASURY,
OFFICE OF INSPECTOR GENERAL**

Termination Memorandum–Audit of the Department of the Treasury’s Use of Permanent and Indefinite Appropriations Funds, Report No. OIG-CA-20-020, June 16, 2020.

**REVIEWED MONITORING FILES OF THE U.S. DEPARTMENT OF THE TREASURY, OFFICE OF
INSPECTOR GENERAL, FOR CONTRACTED GAGAS ENGAGEMENTS**

1. *Audit of the Bureau of Engraving and Printing’s Financial Statements for Fiscal Years 2020 and 2019, Report No. OIG-21-022, February 12, 2021.*
2. *Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2020 Performance Audit, Report No. OIG-21-009, November 30, 2020.*

**REVIEWED INTERNAL QUALITY CONTROL REVIEW PERFORMED BY THE U.S. DEPARTMENT OF
THE TREASURY, OFFICE OF INSPECTOR GENERAL**

1. *2020 Quality Control Review–Anti-Money Laundering/Terrorist Financing/Intelligence Programs Directorate, Report No. OIG-QA-21-001, February 8, 2021.*

APPENDIX B: DEPARTMENT OF THE TREASURY, OFFICE OF INSPECTOR GENERAL, COMMENTS



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

September 17, 2021

Christi A. Grimm
Principal Deputy Inspector General
U.S. Department of Health & Human Services
Office of Inspector General
Cohen Building, Suite 5250
330 Independence Avenue, SW
Washington, DC 20201

Dear Ms. Grimm:

Thank you for the opportunity to review and comment on the draft System Review Report on the Department of the Treasury Office of Inspector General's audit organization. We acknowledge that your office assigned a peer review rating of *Pass* to our system of quality control. We have no other comments on the draft report.

We appreciate the feedback provided during this review and the courtesy and professionalism of your staff in the conduct of this important external peer review.

Sincerely,

A handwritten signature in black ink that reads "Richard K. Delmar". The signature is written in a cursive style.

Richard K. Delmar
Acting Inspector General