



Department of Energy
Washington, DC 20585

Cover Letter

November 27, 2024

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

Dear Mr. Delmar:

Enclosed is the *External Peer Review Report* of the audit organization of the Treasury Office of Inspector General. The review was conducted in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. Your response is included in Enclosure 2 of the report.

We appreciated the cooperation and assistance from your staff during the review.

A handwritten signature in cursive script, appearing to read "Teri L. Donaldson".

Teri L. Donaldson
Inspector General

Enclosures:

System Review Report
Letter of Comment
Scope and Methodology
Treasury Office of Inspector General Response



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Washington, DC 20585

System Review Report

November 27, 2024

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

Dear Mr. Delmar:

We have reviewed the system of quality control for the audit organization of the Treasury Office of Inspector General (TOIG) in effect for the year ended March 31, 2024. A system of quality control encompasses TOIG'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 TOIG in effect for the year ended March 31, 2024, has been suitably designed and complied with to provide TOIG 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." TOIG 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 related to TOIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS) by Independent Public Accountants (IPAs) under contract where the IPAs 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 TOIG 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 TOIG's monitoring of work performed by IPAs.

Letter of Comment

We have issued a letter dated November 27, 2024, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

Basis of Opinion

Our review was conducted in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.

During our review, we interviewed TOIG personnel and obtained an understanding of the nature of the TOIG audit organization, and the design of TOIG's system of quality control is 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 TOIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the TOIG 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 TOIG audit organization. In addition, we tested compliance with TOIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of TOIG'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.

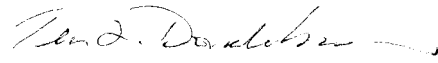
Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with TOIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the GAGAS engagements and administrative files we reviewed. Enclosure 2 contains your response to the formal draft.

Responsibilities and Limitation

TOIG is responsible for establishing and maintaining a system of quality control designed to provide TOIG 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 TOIG'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 may 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.

A handwritten signature in black ink, appearing to read "Teri L. Donaldson", with a decorative flourish at the end.

Teri L. Donaldson
Inspector General

Enclosures

Scope and Methodology

We tested compliance with the Treasury Office of Inspector General (TOIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of seven engagement reports conducted in accordance with generally accepted government auditing standards (GAGAS) issued from April 1, 2021, through March 31, 2024. We also reviewed the internal quality control reviews performed by TOIG.

In addition, we reviewed TOIG's monitoring of GAGAS engagements performed by independent public accountants where the independent public accountants served as the auditor from April 1, 2023, through March 31, 2024. During the period, TOIG contracted for the audit of its agency's fiscal year 2022 and fiscal year 2023 financial statements. TOIG also contracted for other GAGAS engagements that were performed in accordance with Government Auditing Standards.

We invited TOIG staff to participate in a questionnaire designed to determine the extent to which TOIG's quality control and assurance policies were effectively communicated and to obtain staff views about the agency'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. We determined the training data received from TOIG was sufficiently reliable given our objective and intended use of the data.

Table 1 identifies the five reviewed audit engagements performed by TOIG from April 1, 2023, through March 31, 2024.

Table 1: TOIG Audit Engagements From April 1, 2023, Through March 31, 2024

Reference Number	Report Date	Report Title
OIG-23-025	May 18, 2023	<i>Financial Management: Audit of the Gulf Coast Ecosystem Restoration Council's Compliance with PIIA of 2019 for Fiscal Year 2022</i>
OIG-23-031	September 12, 2023	<i>Interim Audit Update – Audit of American Samoa's Uses of Coronavirus Relief Fund Payment</i>
OIG-23-032	September 13, 2023	<i>Coronavirus Disease 2019 Pandemic Relief Programs: Audit of the Community Development Financial Institutions Fund's Award and Post-Award Administration of the CDFI Rapid Response Program</i>
OIG-24-025	March 6, 2024	<i>Anti-Money Laundering/Terrorist Financing: TFI's Ukraine-/Russia-related Sanctions Program Complied With Requirements But Designation Decision Records Were Not Consistently Complete and Closed Timely</i>
OIG-24-026	March 26, 2024	<i>Revenue Collection: CBP Needs to Enhance its Monitoring and Tracking of the Outcomes of Investigations into the Underpayment of Duties</i>

Table 2 identifies the one reviewed terminated audit engagement performed by TOIG from April 1, 2021, through March 31, 2024.

**Table 2: Terminated Audit Engagement Before Fieldwork Completed
From April 1, 2021, Through March 31, 2024**

Reference Number	Report Date	Report Title
OIG-CA-22-021	September 20, 2022	<i>Termination Memorandum – Audit of the Department of the Treasury’s Implementation of the State Small Business Credit Initiative (SSBCI) Program</i>

Table 3 identifies the one reviewed audit engagement performed by TOIG from April 1, 2021, through March 31, 2024, that was included in its internal quality assurance review.

**Table 3: Audit Engagement to Assess Sufficiency of TOIG’s Internal Quality Assurance Review
From April 1, 2021, Through March 31, 2024**

Reference Number	Report Date	Report Title
OIG-22-040	September 26, 2022	<i>Department of the Treasury’s Compliance with the Geospatial Data Act of 2018</i>

Table 4 identifies the two reviewed monitoring files of TOIG for Contracted GAGAS engagements from April 1, 2023, through March 31, 2024.

**Table 4: Monitoring Report Files of TOIG for Contracted GAGAS Engagements
From April 1, 2023, Through March 31, 2024**

Reference Number	Report Date	Report Title
OIG-24-007	November 15, 2023	<i>Financial Management: Department of the Treasury’s Consolidated Financial Statements for Fiscal Years 2023 and 2022</i>
OIG-24-022	January 16, 2024	<i>Cybersecurity/Information Technology: Department of the Treasury Federal Information Security Modernization Act Fiscal Year 2023 Performance Audit for the Unclassified Systems (Sensitive But Unclassified)</i>



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

November 8, 2024

The Honorable Teri L. Donaldson
Inspector General
U.S. Department of Energy
Office of Inspector General
1000 Independence Avenue, SW
Washington, DC 20585

Dear Ms. Donaldson:

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 courtesy and professionalism of your staff in the conduct of this important external peer review.

Sincerely,

Richard K. Delmar
Acting Inspector General