



Office of the Inspector General

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

Jill M. Matthews

Deputy Inspector General Performing the Duties of the Inspector General

System Review Report

July 8, 2021

Mr. Norbert E. Vint
Deputy Inspector General Performing the
Duties of the Inspector General
U.S. Office of Personnel Management
Office of the Inspector General
1900 E Street, NW; Room 6400
Washington, DC 20415-1100

Dear Mr. Vint:

We have reviewed the system of quality control for the audit organization of the Office of the Inspector General for the U.S. Office of Personnel Management (OPM OIG) in effect for the year ended March 31, 2021. A system of quality control encompasses OPM 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*. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of OPM OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide OPM 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*. OPM 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 OPM 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 OPM 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 OPM OIG's monitoring of work performed by IPAs.

Letter of Comment

We have issued a letter dated July 8, 2021, 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 *CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.

During our review, we interviewed OPM OIG personnel and obtained an understanding of the nature of the OPM OIG audit organization and the design of OPM 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 OPM OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of OPM 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 OPM OIG audit organization. In addition, we tested compliance with OPM OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of OPM 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 OPM OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. The enclosure to this report identifies the engagements we reviewed. Due to the COVID-19 pandemic, our review was performed remotely and no offices were visited.

Responsibilities and Limitation

OPM OIG is responsible for establishing and maintaining a system of quality control designed to provide OPM OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal

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and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and OPM 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 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.

Sincerely,

A handwritten signature in black ink that reads "Jill M. Matthews". The signature is written in a cursive style with a large initial "J" and "M".

Jill M. Matthews
Deputy Inspector General Performing the Duties of the Inspector General

Enclosure

SCOPE AND METHODOLOGY

We tested compliance with the Office of the Inspector General for the U.S. Office of Personnel Management (OPM OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 7 of the 39 audit reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) and issued from April 1, 2020, through March 31, 2021. We also reviewed internal quality control reviews performed by OPM OIG.

In addition, we reviewed OPM OIG's monitoring of GAGAS engagements performed by independent public accountants (IPA) where the IPA served as the principal auditor during the period April 1, 2020, through March 31, 2021. During the period, OPM OIG contracted for the audit of its agency's fiscal year 2020 financial statements.

We reviewed OPM OIG audit policies and procedures, continuing professional education and independence documentation; interviewed management and staff; and completed the following checklists from the CIGIE *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*:

- Appendix A – Policies and Procedures
- Appendix B – Checklist for the Standards of Independence, Competence and Continuing Professional Education, and Quality Control and Peer Review
- Appendix E – Checklist for Performance Audits Performed by the Office of Inspector General
- Appendix F – Checklist for the Monitoring of GAGAS Engagements Performed by an Independent Public Accounting Firm

We received electronic work papers and reviewed documentation necessary to complete our testing during May and June 2021. GAGAS engagements reviewed in the peer review are listed in the tables on the following page.

OPM OIG GAGAS ENGAGEMENTS REVIEWED

Report Number	Report Date	Report Title
1C-EA-00-19-024	May 13, 2020	Audit of the Federal Employees Health Benefits Program Operations at Capital Health Plan
1A-10-49-19-036	September 8, 2020	Audit of Horizon BlueCross BlueShield of New Jersey
4A-CI-00-20-009	September 18, 2020	Audit of the U.S. Office of Personnel Management's Security Assessment and Authorization Methodology
4A-RS-00-19-038	October 30, 2020	Audit of the U.S. Office of Personnel Management's Retirement Services Disability Process
1A-10-13-20-006	December 14, 2020	Audit of Claims Processing and Payment Operations at Highmark BlueCross BlueShield for the period January 1, 2017, through August 31, 2019
1N-0A-00-20-023	February 21, 2021	Audit of the Federal Flexible Spending Account Program as Administered by WageWorks, Inc., from September 1, 2016, through December 31, 2018
1A-10-36-20-032	February 21, 2021	Audit of the Information Systems General and Application Controls at Capital BlueCross

OPM OIG MONITORING FILE FOR CONTRACTED GAGAS ENGAGEMENT REVIEWED

Report Number	Report Date	Report Title
4A-CF-00-20-024	November 13, 2020	Audit of the U.S. Office of Personnel Management's Fiscal Year 2020 Consolidated Financial Statements