



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



MAR 18 2013

The Honorable Michael E. Horowitz
Inspector General
U.S. Department of Justice
950 Pennsylvania Avenue NW., Suite 4712
Washington, D.C. 20530

Subject: System Review Report of the U.S. Department of Justice's Office of Inspector General
Audit Organization

Dear Mr. Horowitz:

Attached is the final System Review Report of the U.S. Department of Justice's Office of Inspector General audit organization, conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency guidelines. Your organization has received a peer review rating of *pass*.

We discussed the draft System Review Report with members of your staff at an exit conference on February 27, 2013. Your staff considered the report to be accurate and elected not to provide written comments. We thank you and your staff for your assistance and cooperation during the conduct of the review.

Sincerely,

A handwritten signature in blue ink that reads "Phyllis K. Fong". The signature is written in a cursive, flowing style.

Phyllis K. Fong
Inspector General

Attachment



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SYSTEM REVIEW REPORT

MAR 18 2013

The Honorable Michael E. Horowitz
Inspector General
U.S. Department of Justice
950 Pennsylvania Avenue NW., Suite 4712
Washington, D.C. 20530

Dear Mr. Horowitz:

We have reviewed the system of quality control for the audit organization of the U.S. Department of Justice, Office of Inspector General (USDOJ OIG) in effect for fiscal year (FY) 2012. A system of quality control encompasses USDOJ OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming to *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. USDOJ OIG is responsible for designing a system of quality control and complying with it to provide USDOJ OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and USDOJ OIG's compliance therewith, based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed USDOJ OIG personnel and obtained an understanding of the nature of USDOJ OIG's audit organization and the design of USDOJ OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with USDOJ OIG's system of quality control. The engagements selected represented a reasonable cross-section of USDOJ OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with USDOJ 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 USDOJ OIG's audit organization. In addition, we tested compliance with USDOJ OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered

the application of USDOJ OIG's policies and procedures on selected 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.

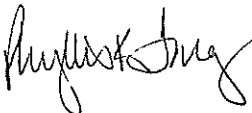
There are inherent limitations in the effectiveness of any system of quality control, and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

The enclosure to this report identifies the scope and methodology of our review, including the engagements that we sampled.

In our opinion, the system of quality control for the audit organization of USDOJ OIG in effect for FY 2012 has been suitably designed and complied with to provide USDOJ OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. USDOJ OIG has received a peer review rating of *pass*.

In addition to reviewing USDOJ OIG's 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 Inspectors General for Integrity and Efficiency related to USDOJ OIG's monitoring of engagements performed by Independent Public Accountants (IPAs) under contract, where the IPA served as the principal auditor. It should be noted that monitoring of 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 USDOJ 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 USDOJ OIG's monitoring of work performed by IPAs.

Sincerely,



Phyllis K. Fong
Inspector General

Enclosure

SCOPE AND METHODOLOGY

We tested compliance with the U.S. Department of Justice, Office of Inspector General's (USDOJ OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 12 of 88 audit and attestation reports issued during fiscal year (FY) 2012, and the corresponding semiannual reporting periods (March 31, 2012, and September 30, 2012). We also reviewed the internal quality control reviews performed by USDOJ OIG.

For the reports, we reviewed USDOJ OIG's monitoring of two engagements performed by Independent Public Accountants (IPAs), where the IPA served as the principal auditor during FY 2012. During the period, USDOJ contracted for the audit of its agencies' FY 2012 financial statements. USDOJ OIG also contracted for certain other engagements that were to be performed in accordance with *Government Auditing Standards*.

We contacted staff in Headquarters and, when necessary, regional audit offices in Atlanta, Georgia; Chicago, Illinois; Denver, Colorado; Philadelphia, Pennsylvania; San Francisco, California; and Washington, D.C. We also contacted the Computer Security and Information Technology Audit Office. We visited the San Francisco Regional Office to conduct our review of a classified audit, and we visited the Financial Statement Audit Office to review documentation not available electronically. USDOJ OIG provided all other audit documentation electronically for the audits we reviewed. Any additional audit documentation needed was provided via electronic mail by Headquarters and regional offices.

Reviewed Engagements Performed by USDOJ OIG

<u>Report No.</u>	<u>Issue Date</u>	<u>Title</u>
GR-40-12-001	3/29/12	Grant – Virgin Islands
12-02	12/8/11	DEA Resource Management
12-04	3/30/12	OPDAT/ICITAP
12-01	10/13/11	DOJ Administrative Suspension and Debarment
12-20	3/13/12	BOP Residential Reentry Ctrs.
12-10	1/18/12	IWN Follow-on
GR-70-12-002	11/29/11	NY Agency Community Affairs
12-21	3/14/12	FBI Aviation Operations
GR-30-12-004	8/28/12	Grant – Baltimore Dept. of Health
GR-30-12-03	7/20/12	Grant – Experience Corps, D.C.

Reviewed Monitoring Files of USDOJ OIG for Contracted Engagements

<u>Report No.</u>	<u>Issue Date</u>	<u>Title</u>
12-31	7/23/12	FY 2011 FISMA BOP Information Security Program
12-03	12/8/11	FY 2011 AFS of the DOJ