



INSPECTOR GENERAL

DENALI COMMISSION
OFFICE OF INSPECTOR GENERAL
ANCHORAGE, ALASKA 99501

March 27, 2023

Joaquin Ferrao, Acting Inspector General
Peace Corps
Office of Inspector General
1275 First Street, NE
Washington, D.C. 20526

Subject: System Peer Review – Peace Corps Office of Inspector General Audit Organization

Dear Mr. Ferrao:

Attached is the System Review Report of Peace Corps Office of Inspector General Office of Audit conducted in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Your response to the report is included as an enclosure to the report.

We appreciate the cooperation and courtesies extended to our staff during the review.

Sincerely,

Roderick H. Fillinger
Inspector General

Enclosure(s)



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System Review Report

March 24, 2023

Joaquin Ferrao, Acting Inspector General
Peace Corps

We have reviewed the system of quality control for the Peace Corps Office of Inspector General (OIG) in effect for the year ended September 30, 2022. A system of quality control encompasses Peace Corps OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with Generally Accepted Government Auditing Standards (GAGAS)¹ and applicable legal and regulatory requirements. The elements of quality control are described in GAGAS.

In our opinion, the system of quality control for the Peace Corps OIG's audit organization in effect for the year ended September 30, 2022, has been suitably designed and complied with to provide Peace Corps 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. Peace Corps OIG has received an External Peer Review rating of pass.

In addition to reviewing its system of quality control to ensure adherence with GAGAS, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to Peace Corps 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 GAGAS engagements performed by IPAs is not an audit, therefore, is not subject to the requirements of GAGAS. The purpose of our limited procedures was to determine whether Peace Corps OIG had controls in place 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 Peace Corps OIG's monitoring of work performed by IPAs.

We have issued a letter dated March 21, 2023, that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report.

We conducted our review in accordance with GAGAS and CIGIE guidance.²

¹ *Government Auditing Standards* (GAO-21-368G, dated April 2021).

² *CIGIE Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices*, dated March 2020.

During our review, we coordinated with Peace Corps OIG personnel and obtained an understanding of the nature of the Peace Corps OIG audit organization, and the design of Peace Corps OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessment, we selected two performance audits, an audit performed by IPAs, and an annual quality assurance review to test for conformity with professional standards and compliance with Peace Corps OIG's system of quality control.

In performing our review, we obtained an understanding of the system of quality control for Peace Corps OIG's audit organization and tested compliance with Peace Corps OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of Peace Corps OIG's policies and procedures on selected GAGAS engagements. We based our review 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 Peace Corps OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 of this report identifies the projects selected for review.

Peace Corps OIG is responsible for establishing and maintaining a system of quality control designed to provide Peace Corps 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 Peace Corps 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 and procedures may deteriorate.

The Peace Corps OIG's comments to this review are included as Enclosure 2.



Roderick H. Fillinger
Inspector General

Enclosures

Scope and Methodology

We tested compliance with Peace Corps OIG's audit organization system of quality control to the extent that we considered appropriate. These tests included a review of two engagements reports conducted in accordance with GAGAS and issued between October 1, 2021, through September 30, 2022, fiscal year (FY) 2022.

In addition, we reviewed a Peace Corps OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2021, through September 30, 2022. During FY 2022, Peace Corps OIG contracted for the audit of its agency's fiscal year 2021 financial statements.

We performed our external peer review from October 1, 2022, through March 31, 2023. We reviewed the following engagements.

Table 1. GAGAS Audits Selected for Review

	Audit Number	Audit Title	Report Issued
1	IG-22-01-A	Audit of the Peace Corps' Compliance with the Digital Accountability and Transparency Act	11/8/2021
2	IG-22-02-A	Audit of the Peace Corps' Compliance with the CARES Act Supplemental Funding Requirements	11/23/2021

Table 2. Contracted Audit Performed by IPAs Selected for Review

	Audit Number	Audit Title	Report Issued
3	98-AUD-21	Audit of the Peace Corps' Financial Statements FY 2021	11/12/2021

Table 3. Annual Quality Assurance Memo Selected for Review

	Audit Number	Audit Title	Report Issued
4	NA	2022 Quality Assurance Review	09/15/2022



Enclosure 2

March 23, 2023

Inspector General Roderick H. Fillinger
Denali Commission
Office of Inspector General
Anchorage, Alaska 99501

Dear Mr. Fillinger:

Thank you for the opportunity to comment on the external quality control process for the audit function at the Peace Corps Office of Inspector General. We agree with the results, and we are pleased that our system of quality control in effect for the period ended September 30, 2022, conforms to the quality control standards established by the Comptroller General of the United States for Federal audit organization.

Thank you for your efforts in completing this review. We greatly appreciate your team's timeliness, professionalism, and effective communications throughout the peer review process.

Sincerely,

Joaquin Ferrao
Acting Inspector General