



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

September 28, 2018

The Honorable Kathleen Tighe
Inspector General
U.S. Department of Education
550 12th Street, S.W.
Washington, DC 20202

Subject: Final System Review Report

Dear Ms. Tighe:

Enclosed is the final System Review Report for the audit organization of the U.S. Department of Education's Office of Inspector General. We conducted this review in accordance with Generally Accepted Government Auditing Standards and Council of Inspectors General on Integrity and Efficiency guidelines.

We thank you and your staff for your assistance and cooperation during the review.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mary L. Kendall".

Mary L. Kendall
Deputy Inspector General

Enclosure



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

September 28, 2018

The Honorable Kathleen Tighe
Inspector General
U.S. Department of Education
550 12th Street, S.W.
Washington, DC 20202

Subject: Final System Review Report

Dear Ms. Tighe:

We have reviewed the system of quality control for the audit organization of U.S. Department of Education Office of Inspector General (ED OIG) in effect for the year ended March 31, 2018. A system of quality control encompasses ED OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with Government Auditing Standards. The elements of quality control are described in Government Auditing Standards. ED OIG is responsible for establishing and maintaining a system of quality control that is designed to provide ED 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 ED OIG's compliance therewith based on our review.

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

Enclosure 1 to this report identifies ED OIG offices that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of ED OIG in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide ED OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of pass, pass with deficiencies, or fail. ED OIG has received an External 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 CIGIE related to ED 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 audits 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 ED 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 ED OIG's monitoring of work performed by IPAs.

Sincerely,



Mary L. Kendall
Deputy Inspector General

Enclosure

Scope and Methodology

We tested compliance with ED OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 5 of 18 audit reports issued during the period April 1, 2017, through March 31, 2018. We also reviewed the internal quality control reviews performed by ED OIG and an audit report included in one of ED OIG's internal quality control reviews.

In addition, we reviewed ED OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period April 1, 2017, through March 31, 2018. During the period, ED OIG contracted for the audit of its agency's fiscal year 2017 financial statements. ED OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We visited ED OIG offices located in Washington, DC.

Reviewed Audits Performed by ED OIG		
Report No.	Report Date	Report Title
A09P0005	8/26/2016	North Carolina Department of Public Instruction's Oversight of Local Educational Agency Single Audit Resolution
A05M0009	9/20/2017	Western Governors University Was Not Eligible to Participate in the Title IV Programs
A11R0001	10/31/2017	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report For Fiscal Year 2017
A19R0005	11/7/2017	The Department's Compliance Under the DATA Act
A02Q0005	1/11/2018	Calculating and Reporting Graduation Rates in California
A04O0004	2/22/2018	Puerto Rico Department of Education's Reliability of Program Performance Data and Use of Adult Education Program Funds

Reviewed Monitoring Files of ED OIG for Contracted Audits		
Report No.	Report Date	Report Title
A17R0001	11/13/2017	Audit Report on Department of Education's Financial Statements for Fiscal Year 2017