



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

SYSTEM REVIEW REPORT

Office of Personnel Management Office of Inspector General

For the Year Ending March 31, 2015

September 22, 2015

Mr. Patrick McFarland, Inspector General
Office of Personnel Management
Office of Inspector General

We have reviewed the system of quality control for the Office of Personnel Management Office of Inspector General (OPM-OIG) in effect for the year ended March 31, 2015. A system of quality control encompasses OPM-OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance that it conforms to *Generally Accepted Government Auditing Standards* (GAGAS). The element of quality control is described in *Government Auditing Standards 2011 Revision*. OPM-OIG is responsible for establishing and maintaining a system of quality control that is designed to provide OPM-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 OPM-OIG's compliance therewith based on our review.

Our review was conducted in accordance with GAGAS and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) September 2014 *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we received questionnaires from ten OPM-OIG personnel and obtained an understanding of the nature of OPM-OIG's audit organization, and the design of its system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected six audits to test for conformity with professional standards and compliance with OPM-OIG's system of quality control. The audits selected represented a reasonable cross-section of assignments to test OPM-OIG's system of quality control. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with OPM-OIG management. 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 OPM-OIG audit organization. In addition, we tested compliance with its quality control policies and procedures to the extent we considered appropriate. These tests covered the application of OPM-OIG's policies and procedures on the audits we reviewed. 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 Scope and Methodology section of this report identifies the OPM-OIG offices that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the OPM-OIG audit organization in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide OPM-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*, and *fail*. OPM-OIG has received an External Peer Review rating of *pass*.

As is customary, we have issued a letter dated September 22, 2015, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

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 CIGIE related to OPM-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 GAGAS. The purpose of our limited procedures was to determine whether OPM-OIG had controls to ensure that the IPAs performed its work in accordance with professional standards. We found that OPM-OIG controls were sufficient for this purpose. However, we did not observe OPM-OIG monitoring of work performed by IPAs or the performance of the IPAs in conducting the contracted audits. Accordingly, we do not express an opinion on these matters.

Sincerely,

A handwritten signature in blue ink that reads "John F. Sopko". The signature is written in a cursive, flowing style.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

SCOPE AND METHODOLGY

We tested compliance with OPM-OIG's system of quality control to the extent we considered appropriate. These tests included a review of six audit reports issued from April 1, 2014, through March 31, 2015. We obtained electronic assignment documentation files from OPM-OIG. We also reviewed OPM-OIG's internal quality control system.

In addition, we reviewed OPM-OIG's monitoring of audits performed by IPAs where the IPA served as the auditor. During the period of our review, OPM contracted for the audit of its agency's fiscal year 2014 financial statements; OPM-OIG served as the primary party responsible for monitoring the IPA's work. OPM-OIG also contracted for certain other audits that were to be performed in accordance with GAGAS.

We used the CIGIE *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, dated September 2014, to conduct of our review. We performed our review work from May 2015 to August 2015 at OPM-OIG's office in Washington, D.C. and reviewed the following reports:

Report Number	Report Date	Report Title
4A-CI-00-14-016	November 12, 2014	Federal Information Security Management Act FY14
1A-10-13-14-003	August 22, 2014	Highmark Inc. Camp Hill, Pennsylvania
1C-2C-00-13-056	July 9, 2014	Federal Employees Health Benefits Program Operations at Piedmont Community
4A-IS-00-13-062	June 4, 2014	Federal Investigative Services' Case Review Process Over Background Investigations
4A-IS-00-13-052	May 7, 2014	Federal Employees Health Benefits Program Operations at Blue Choice
1B-32-00-13-017	June 4, 2014	National Association of Letter Carriers Health Benefit Plan Ashburn, Virginia

We reviewed the monitoring files for the following financial audits conducted by IPAs:

Report Number	Report Date	Report Title
4A-CF-00-14-039	November 17, 2014	OPMs FY 2014 Consolidated Financial Statements
4A-CF-00-14-040	November 17, 2014	OPMs FY 2014 Closing Package Financial Statements