



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



September 26, 2018

The Honorable Carol F. Ochoa
Inspector General
General Services Administration
Office of Inspector General
1800 F Street, NW
Washington, D.C. 20405

SUBJECT: External Peer Review Report on the General Services Administration Office of Inspector General Audit Organization

Dear Ms. Ochoa:

Attached is the External Peer Review Report of the General Services Administration Office of Inspector General audit organization 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 draft report, dated September 18, 2018, is included as Enclosure 2.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Phyllis K. Fong".

Phyllis K. Fong
Inspector General

Attachment



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



System Review Report

September 26, 2018

The Honorable Carol F. Ochoa
Inspector General
General Services Administration
Office of Inspector General
1800 F Street, NW
Washington, D.C. 20405

Dear Ms. Ochoa:

We have reviewed the system of quality control for the audit organization of General Services Administration (GSA) Office of Inspector General (OIG) in effect for the year ended March 31, 2018. A system of quality control encompasses GSA OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming to the elements of quality control described in *Government Auditing Standards*.

GSA OIG is responsible for establishing and maintaining a system of quality control that is designed to provide GSA 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 GSA 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 GSA OIG personnel and obtained an understanding of the nature of the GSA OIG audit organization, and the design of GSA OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and attestation engagements, collectively referred to as "audits," and administrative files to test for conformity with professional standards and compliance with GSA OIG's system of quality control. The audits selected represented a reasonable cross-section of GSA OIG's 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 GSA 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 GSA OIG audit organization. In addition, we tested compliance with GSA OIG's quality control

policies and procedures to the extent we considered appropriate. These tests covered the application of GSA 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 the GSA OIG audits included in our review.

In our opinion, the system of quality control for the audit organization of GSA OIG in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide GSA 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*. GSA OIG has received an External Peer Review rating of *pass*.

As is customary, we have issued a letter, dated September 26, 2018, that sets forth a finding that was not considered to be of sufficient significance to affect the opinion expressed in this report.

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 CIGIE related to GSA 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 GSA 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 and, accordingly, we do not express an opinion on GSA OIG's monitoring of work performed by IPAs.

The Honorable Carol F. Ochoa
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We appreciate the cooperation and assistance provided by your staff. The timeliness of responses to questions and access to requested documentation was extremely helpful in completing our review.

Sincerely,

A handwritten signature in black ink, appearing to read "Phyllis K. Fong". The signature is written in a cursive style with a large, stylized initial "P".

Phyllis K. Fong
Inspector General

Enclosures

Scope and Methodology

We tested compliance with GSA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 11 of 71 audit reports issued during the period April 1, 2017, through March 31, 2018. We also examined the internal quality control reviews performed by GSA OIG.

In addition, we reviewed GSA'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, GSA contracted for the audit of its agency's fiscal year 2017 financial statements. GSA also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We selected and reviewed the following audit reports (and work papers) issued by the GSA OIG:

Reviewed Audits Performed by GSA OIG

Report Number	Report Date	Report Title
A160106/1	9/13/2017	<i>Examination of a Claim: RK Mechanical, Inc., Subcontractor to M.A. Mortenson Company, Contract Number GS-08P-09-JFC-0010</i>
A170067/1	9/7/2017	<i>Preaward Examination of Multiple Award Schedule Contract Extension: Catapult Technology LTD., Contract Number GS-35F-0401N</i>
A160114/1	2/16/2018	<i>Preaward Examination of Multiple Award Schedule Contract Extension: Northrop Grumman Systems Corporation Contract Number GS-35F-0165Y</i>
A170099/1	3/23/2018	<i>Preaward Examination of Multiple Award Schedule Contract Extension: DHA Group, Inc., Contract Number GS-00F-0003W</i>
A170065/1	9/28/2017	<i>Preaward Examination of Multiple Award Schedule Contract Extension: National Government Services, Inc., Contract Number GS-35F-0674T</i>
A170015/1	6/8/2017	<i>Limited Scope Postaward Examination of Multiple Award Schedule Contract: NCS Technologies, Inc., Contract Number GS-35F-4677G</i>
A170075	N/A ¹	<i>Review of PBS Service Center Contract Administration in the Pacific Rim Region</i>

¹ We selected one terminated audit. The audit was terminated on March 1, 2018.

A160057/1	4/11/2017	<i>Preaward Examination of Multiple Award Schedule Contract Extension - Lexmark International, Inc., Contract Number GS-25F-0059M</i>
A170019/1	9/20/2017	<i>Audit of GSA's Fiscal Year 2016 Travel Card Program</i>
A170024/1	1/19/2018	<i>Limited Scope Audit of the Technical Security Controls for the FAS Sales Reporting Portal</i>

Reviewed Monitoring Files of GSA OIG for Contracted Audits

Report Number	Report Date	Report Title
A170072/1	11/9/2017	<i>Oversight of FY 2017 Financial Statements Audit Contract</i>

**AGENCY'S RESPONSE
TO
SYSTEM REVIEW REPORT**



**Office of Audits
Office of Inspector General
U.S. General Services Administration**

September 18, 2018

Gil H. Harden
Assistant Inspector General for Audit
Department of Agriculture
1400 Independence Ave., SW
Room 430-E
Washington, D.C. 20250-2311

Subject: System Review Report on the General Services Administration's Office of Inspector General Audit Organization

Dear Mr. Harden:

Thank you for providing the formal draft System Review Report on the General Services Administration's Office of Inspector General audit organization. We are pleased with the rating of pass and the opinion that our system of quality control has been suitably designed and complied with to provide reasonable assurance of performing and reporting, in conformity with applicable professional standards in all material respects.

I would like to take this opportunity to thank your staff for their professionalism during the course of this review. We appreciated their diligent efforts to analyze our system of quality control and offer constructive suggestions for improvements.

If you have any questions, please contact Lisa Blanchard at (202) 501-4865 or me at (202) 501-2322.

Sincerely,

R. Nicholas Goco
Assistant Inspector General for Auditing