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Office of Inspector General

United States Government Accountability Office

441 G Street NW, Room 1808
Washington, DC 20548

System Review Report

December 17, 2018

The Honorable Deborah J. Jeffrey
Inspector General
Corporation for National and Community Service
250 E St. S.W., Suite 4100
Washington, D.C. 20525

We have reviewed the system of quality control for the audit organization of the Corporation for National and Community Service (CNCS) Office of Inspector General (OIG) in effect for the year ended September 30, 2018. A system of quality control encompasses CNCS 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*. CNCS OIG is responsible for establishing and maintaining a system of quality control that is designed to provide CNCS 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 CNCS 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* (September 2014). During our review, we interviewed CNCS OIG personnel and obtained an understanding of the nature of the CNCS OIG audit organization, and the design of CNCS 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 CNCS OIG's system of quality control. The audits selected represented a reasonable cross-section of CNCS 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. 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 CNCS OIG audit organization. In addition, we tested compliance with CNCS OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of CNCS 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 audits that we reviewed.

In our opinion, the system of quality control for the audit organization of CNCS OIG in effect for the year ended September 30, 2018, has been suitably designed and complied with to provide CNCS 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. CNCS OIG has received an External Peer Review rating of *pass*.

As is customary, we have issued a letter (dated December 17, 2018) 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 *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by CIGIE related to CNCS OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. 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 CNCS 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 CNCS OIG's monitoring of work performed by IPAs.

Sincerely,

A handwritten signature in black ink that reads "A.R. Trzeciak" with a stylized flourish at the end.

Adam R. Trzeciak
Inspector General
Government Accountability Office

Enclosure

Scope and Methodology

We tested compliance with the Corporation for National and Community Service (CNCS) Office of Inspector General (OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of the one audit performed and issued by CNCS OIG during the period October 1, 2017, through September 30, 2018. We also reviewed the internal quality control reviews performed by CNCS OIG.

In addition, we reviewed CNCS OIG's monitoring of audits performed by independent public accountants (IPAs) where the IPA served as the auditor during the period October 1, 2017, through September 30, 2018. During the period reviewed, CNCS OIG contracted for the audit of its agency's fiscal year 2017 financial statements. CNCS OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We visited CNCS OIG's office located in Washington, D.C.

Reviewed Audit Performed by CNCS OIG

<u>Report Number</u>	<u>Report Date</u>	<u>Report Title</u>
18-07	March 29, 2018	Audit of Corporation for National and Community Service Grants Awarded to Mayor's Fund to Advance New York City (Performance Audit)

Reviewed Monitoring Files of CNCS OIG for Contracted Audits

<u>Report Number</u>	<u>Report Date</u>	<u>Report Title</u>
18-01	November 15, 2017	Audit of the Corporation for National and Community Services' Fiscal Year 2017 Consolidated Financial Statements
18-11	June 5, 2018	Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to New Mexico Commission for Community Volunteerism



Deborah J. Jeffrey
Inspector General

December 14, 2018

Mr. Adam R. Trzeciak, Inspector General
Government Accountability Office
441 G Street NW, Room 1808
Washington, DC 20548

SUBJECT: Comment on the Draft System Review Report on the Corporation for National and Community Service, Office of Inspector General's Audit Section

Dear Mr. Trzeciak:

Thank you for the opportunity to comment on the draft System Review Report on the Corporation for National and Community Service, Office of Inspector General's (CNCS-OIG) Audit Section. My audit staff and I have reviewed the results of your office's review of the system of quality control for this office's Audit Section. I am pleased with the positive outcome of the peer review, which is crucial to maintaining credibility with our stakeholders.

I would like to extend my appreciation to you and your staff for their excellent work in conducting the recent external quality control review of this office's Audit Section. Without doubt, this was the most extensive peer review that our office has undergone in my years as Inspector General, and I am grateful that your Office was willing to invest so many resources in it. If you have any questions please contact me or have your staff contact Assistant Inspector General for Audit, Monique P. Colter at (202-606-9360).

Sincerely,

Deborah J. Jeffrey