



U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Washington, D.C. 20507

Office of
Inspector General

System of Quality Control Review Report

April 18, 2016

Mr. Philip M. Heneghan
Inspector General
United States International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Mr. Heneghan:

We have reviewed the system of quality control for the audit organization of the United States International Trade Commission's (USITC) Office of Inspector General (OIG) in effect for the year ended September 30, 2015. A system of quality control encompasses USITC 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*. USITC OIG is responsible for establishing and maintaining a system of quality control that is designed to provide USITC 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 USITC 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 USITC OIG personnel and obtained an understanding of the nature of the USITC OIG audit organization, and the design of USITC 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 USITC OIG's system of



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quality control. The audits selected represented a reasonable cross-section of USITC 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 USITC 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 USITC OIG audit organization. In addition, we tested compliance with USITC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of USITC 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 USITC OIG offices that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of USITC OIG in effect for the year ended September 30, 2015, has been suitably designed and complied with to provide USITC 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*. USITC 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 USITC OIG's monitoring



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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 the USITC 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 USITC's monitoring of work performed by IPAs.

Sincerely,

A handwritten signature in cursive script, appearing to read "Milton Mayo, Jr.", followed by a horizontal line extending to the right.

Milton A. Mayo, Jr.
Inspector General

Enclosures



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Enclosure 1

Scope and Methodology

We tested compliance with USITC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 4 audit reports issued during the period October 1, 2014, through September 30, 2015. We also reviewed the internal quality control reviews performed by USITC OIG.

In addition, we reviewed USITC OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the October 1, 2014, through September 30, 2015. During the period, USITC OIG contracted for the audit of its agency's fiscal year 2014 financial statements.

We visited USITC OIG offices located in Washington D.C.

Reviewed Audits Performed by USITC OIG:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AR-15-11	07/22/2015	Audit of Hardware Inventory
OIG-AR-15-12	08/11/2015	Audit of Software Inventory
OIG-AR-15-14	09/02/2015	Audit of Directives Management

Reviewed Monitoring Files of USITC OIG for Contracted Audits:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AR-15-03	11/12/2014	Audit of 2014 Financial Statement