



## System Review Report

March 27, 2019

The Honorable Michael E. Horowitz  
Inspector General  
U.S. Department of Justice  
Office of the Inspector General  
950 Pennsylvania Avenue, N.W.  
Suite 4706  
Washington, D.C. 20530-0001

We reviewed the system of quality control for the audit organization of the U.S. Department of Justice, Office of the Inspector General, in effect for the year ended September 30, 2018. A system of quality control encompasses Justice 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*.

Justice OIG is responsible for establishing and maintaining a system of quality control that is designed to provide it with reasonable assurance 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 the Justice 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's (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed Justice OIG personnel and obtained an understanding of the nature of the Justice OIG audit organization, and the design of the Justice 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 Justice OIG's system of quality control. The audits selected represented a reasonable cross-section of the Justice 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 Justice OIG management to discuss the results of our review. We believe 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 Justice OIG audit organization. In addition, we tested compliance with the Justice OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the Justice 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. 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 Justice OIG office that we visited and the audits we reviewed. Enclosure 2 is your Assistant Inspector General for Audit's response to the draft report in its entirety.

In our opinion, the system of quality control for the audit organization of the Justice OIG, in effect for the year ended September 30, 2018, has been suitably designed, and complied with, to provide the Justice 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*. The Justice 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 per guidance established by CIGIE related to the Justice 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 Justice 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 Justice OIG's monitoring of work performed by IPAs.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dahl".

Scott S. Dahl  
Inspector General

Enclosures

**Enclosure 1**

**Scope and Methodology**

We tested compliance with the Justice OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 11 of 72 audit reports issued during the period October 1, 2017, through September 30, 2018. We also reviewed the internal quality control reviews performed by the Justice OIG.

In addition, we reviewed the Justice OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period October 1, 2017, through September 30, 2018. During the period, the Justice OIG contracted for the audit of its Department's Fiscal Year 2017 financial statements. Justice OIG also contracted for certain FISMA audits that were to be performed in accordance with *Government Auditing Standards*.

We visited the Justice OIG headquarters in Washington, DC.

**Table 1: Reviewed Audits Performed by Justice OIG**

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
18-14	02/14/2018	Audit of the Department of Justice's Effort to Address Patterns or Practices of Police Misconduct and Provide Technical Assistance on Accountability Reform to Police Departments
18-18	03/13/2018	Audit of the Department of Justice Grant Award Closeout Process
GR-50-18-004	03/26/2018	Audit of the Office of Justice Programs Office of Victims of Crime Victim Assistance Grants Awarded to the Missouri Department of Public Safety, Jefferson City, Missouri
18-19	03/28/2018	Audit of the Drug Enforcement Administration's Aviation Support Services Contract with L3 Vertex Aerospace
18-20	03/29/2018	Audit of the United States Marshals Service Judicial Security Division's Court Security Officers Procurement Process

18-29	05/11/2018	Examination of the U.S. Department of Justice's Fiscal Year Compliance under the Improper Payments Elimination and Recovery Act of 2010
GR-90-18-004	08/22/2018	Audit of the Compliance with Standards Governing Combined DNA Index System Activities at the San Diego Sheriff's Department Regional Crime Laboratory, San Diego, California
18-30	09/13/2018	Audit of the Federal Bureau of Prisons' Residential Reentry Center Contracts Awarded to Reynolds & Associates, Inc., Washington, D.C.
18-33	09/25/2018	Audit of the United States Marshal Service's Controls over Weapons, Munitions, and Explosives

**Table 2: Reviewed Monitoring Files of Justice OIG  
for Contracted Audits**

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
18-02	12/19/2017	Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2017
18-09	01/29/2018	Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Information Security Program Pursuant to the Federal Information Security Modernization Act of 2014 Fiscal Year 2017

Justice OIG's Response to the Report



U.S. Department of Justice  
Office of the Inspector General

March 21, 2019

Mr. Elliot P. Lewis  
Assistant Inspector General  
for Audit  
U. S. Department of Labor  
Office of Inspector General  
Room S-5512  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210

Dear Mr. Lewis,

Thank you for the opportunity to review the draft *System Review Report on the U. S. Department of Justice's Office of the Inspector General Audit Organization for the Year Ended September 30, 2018*. We acknowledge that your office assigned a peer review rating of *pass* to our system of quality control, and have no comments to offer on the draft report.

We appreciate the courtesy and professionalism of your staff in the conduct of this important system review. Their observations and suggestions were insightful and helpful, and we are grateful for their efforts to successfully complete the review on-time, despite the challenges posed by the recent furlough.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason R. Malmstrom".

Jason R. Malmstrom  
Assistant Inspector General  
for Audit  
U. S. Department of Justice  
Office of the Inspector General

cc: Mark L. Hayes  
Deputy Assistant  
Inspector General for Audit  
U. S. Department of Justice  
Office of the Inspector General

Laura B. Nicolosi  
Deputy Assistant  
Inspector General for Audit  
U. S. Department of Labor  
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Ruth-Ami Klein  
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Office of Audit Quality Assurance  
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Scott A. Spaulding  
Director  
Office of Policy and Planning  
U. S. Department of Justice  
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