



Department of Energy

Washington, DC 20585

February 26, 2010

The Honorable Glenn A. Fine
Inspector General
U.S. Department of Justice
950 Pennsylvania Avenue, NW, Suite 4706
Washington, DC 20530

Dear Mr. Fine:

We have reviewed the system of quality control for the Audit Division of the Office of Inspector General in effect for the year ended September 30, 2009. A system of quality control encompasses the Audit Division'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*. The Audit Division is responsible for designing a system of quality control and complying with it to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Audit Division's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed Audit Division personnel and obtained an understanding of the nature of the organization, and the design of the system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits, engagements, and administrative files to test for conformity with professional standards and compliance with the system of quality control. The audits and engagements selected represented a reasonable cross-section of the Audit Division. Prior to concluding the review, we met with Audit Division 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 Audit Division. In addition, we tested compliance with the quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the Audit Division's policies and procedures on selected audits and engagements. 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 enclosure to this report identifies the offices we visited and the audits/engagements that we reviewed.

In our opinion, the system of quality control for the Audit Division in effect for the year ended September 30, 2009, 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. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The Audit Division has received a peer review rating of *pass*. As is customary, we have issued a letter dated February 26, 2010, 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 the CIGIE related to the monitoring of engagements performed by Independent Public Accountants (IPA) under contract where the IPA served as the principal auditor. It should be noted that monitoring of engagements 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 Audit Division 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 the Audit Division's monitoring of work performed by IPAs. We made certain comments related to Department of Justice's monitoring of engagements performed by IPAs that are included in the above referenced letter dated February 26, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", written in a cursive style.

Gregory H. Friedman
Inspector General

Enclosure

SCOPE AND METHODOLOGY

Scope and Methodology

We tested compliance with the Audit Division's system of quality control to the extent we considered appropriate. These tests included a review of 16 of 94 audit and attestation reports issued during the period October 1, 2008, through September 30, 2009, and semiannual reporting periods of October 1, 2008 – March 31, 2009, and April 1, 2009 – September 20, 2009. We also reviewed the internal quality control reviews performed by the Office of Policy and Planning during Fiscal Year 2009.

In addition, we reviewed the Audit Division's monitoring of engagements performed by Independent Public Accountants (IPA) where the IPA served as the principal auditor during the period October 1, 2008, through September 30, 2009. During the period, the Audit Division contracted for the audit of its agency's Fiscal Year 2008 financial statements and for certain other engagements that were to be performed in accordance with *Government Auditing Standards*.

We visited the Atlanta, Georgia; Dallas, Texas; Denver, Colorado; Philadelphia, Pennsylvania; and Washington, DC (Financial Statement Audit) offices.

Reviewed Audit Engagements

<u>Report No</u>	<u>Report Date</u>	<u>Report Title</u>
GR-70-09-001	October 2008	Community Capacity Development Office Grants to the Community Agencies Corporation of New Jersey for the Clinton Hill Weed and Seed Site, Newark, New Jersey
GR-60-09-007	December 2008	Office of Justice Programs Southwest Border Prosecution Initiative Funding Received by Mendocino County, California
09-05	December 2008	Sentinel IV: Status of the Federal Bureau of Investigation's Case Management System
GR-40-09-001	March 2009	Use of Equitable Sharing Revenues by the Camden County, Georgia, Sheriff's Office, Woodbine, Georgia

GR-70-09-003	March 2009	Compliance with Standards Governing Combined DNA Index System Activities at the Maine State Police Crime Laboratory, Augusta, Maine
09-23	March 2009	Department of Justice's Audit of the Convicted Offender DNA Backlog Reduction Program
GR-80-09-003	April 2009	Compliance with Standards Governing Combined DNA Index System Activities at the North Louisiana Criminalistics Laboratory, Shreveport, Louisiana
SR-80-09-004	May 2009	Limited Scope Audit of the Texas Department of Public Safety, Austin, Texas, Convicted Offender DNA Backlog Reduction Program
GR-40-09-003	June 2009	Compliance with Standards Governing Combined DNA Index System Activities at the Tennessee Bureau of Investigation Knoxville Crime Laboratory, Knoxville, Tennessee
09-34	August 2009	The Department of Justice's Management of the Federal Employees' Compensation Act Program
SR-60-09-007	September 2009	Limited Scope Audit of the Colorado Division of Criminal Justice, Denver, Colorado

Reviewed Monitoring Files of Contracted Engagements

<u>Report No</u>	<u>Report Date</u>	<u>Report Title</u>
09-06	January 2009	U.S. Department of Justice Annual Financial Statement – Fiscal Year 2008
09-09	January 2009	Annual Accounting and Authentication of Drug Control Funds and Related Performance – Fiscal Year 2008

09-10	January 2009	Federal Prison Industries, Inc., Annual Financial Statement – Fiscal Year 2008
09-11	January 2009	Federal Prison Industries, Inc., Annual Management Report – Fiscal Year 2008
09-13	February 2009	United States Marshals Service Annual Financial Statement – Fiscal Year 2008