



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MAR 28 2016

The Honorable Michael E. Horowitz
Inspector General
U.S. Department of Justice
Office of Inspector General
1425 New York Avenue, NW
Washington, DC 20530

Dear Mr. Horowitz:

Enclosed is our report on the system of quality control for your audit organization.

On behalf of my office, I would like to extend my thanks to your staff for their courtesies and cooperation during our review.

Eric M. Thorson
Inspector General

Enclosure



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System Review Report

OIG-CA-16-011

To the Honorable Michael E. Horowitz, Inspector General
U.S. Department of Justice

We reviewed the system of quality control for the audit organization of the U.S. Department of Justice Office of the Inspector General (Justice OIG) in effect for the year ended September 30, 2015. 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 Justice 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 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 (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 Justice OIG's audit organization, and the design of 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 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 Justice OIG's audit organization, with emphasis on higher-risk audits. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with Justice OIG's 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 Justice OIG's audit organization. In addition, we tested compliance with Justice OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of 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.

In our opinion, the system of quality control for the audit organization of Justice OIG in effect for the year ended September 30, 2015, has been suitably designed and complied with to provide Justice OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive an External Peer Review rating of *pass*, *pass with deficiencies*, or *fail*. 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 in accordance with guidance established by the CIGIE related to Justice OIG's monitoring of audits performed by Independent Public Accountants (IPA) 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.

The Enclosure to this report identifies audits performed by Justice OIG and monitoring files of Justice OIG's contracted audits that we reviewed.

A handwritten signature in black ink, appearing to read 'Eric M. Thorson', with a long horizontal line extending to the right.

Eric M. Thorson, Inspector General

Enclosure

SCOPE AND METHODOLOGY

We tested compliance with the U.S. Department of Justice Office of Inspector General (Justice OIG) audit organization's system of quality control to the extent we considered appropriate. Our tests included a review of 15 of 79 audit reports issued during the period October 1, 2014, through September 30, 2015. We also reviewed one Quality Control Review issued on September 29, 2015, as part of our review of the internal quality control reviews performed by Justice OIG.

In addition, we reviewed Justice OIG's monitoring of audits performed by Independent Public Accountants (IPA) where the IPA served as the auditor during the period October 1, 2014, through September 30, 2015. During the period, Justice OIG contracted for the audit of its agency's fiscal year 2014 financial statements. Justice OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

Table 1: Reviewed Engagements Performed by Justice OIG

Report Number	Report Title	Report Date
15-01	Audit of the Department of Justice's Management of International Fugitive Removal Activities	11/12/2014
GR-40-15-003	Audit of the City of Sunrise Police Department's Equitable Sharing Program Activities, Sunrise, Florida	11/19/2014
GR-60-15-006	Audit of the Office of Justice Programs Bureau of Justice Assistance Developing and Enhancing Statewide Automated Victim Information and Notification Program Grants Awarded to the County Sheriffs of Colorado, Littleton, Colorado	2/11/2015
GR-90-15-002	Audit of Compliance with Standards Governing Combined DNA Index System Activities at the Honolulu Police Department Scientific Investigation Section Forensic Laboratory Honolulu, Hawaii	3/17/2015
15-11	Audit of the Department of Justice's Use and Support of Unmanned Aircraft Systems	3/25/2015
15-15	Audit of the Federal Bureau of Prisons Contract No. DJB1PC007 Awarded to Reeves County, Texas to Operate the Reeves County Detention Center I/II, Pecos, Texas	4/22/2015

SCOPE AND METHODOLOGY

GR-60-15-012	Audit of the Office of Justice Programs Services for Victims of Human Trafficking Grant Awarded to Catholic Charities, Archdiocese of San Antonio, Inc., Texas	6/2/2015
15-21	Audit of the Office of Justice Programs' Processing of Public Safety Officers' Benefit Programs Claims	7/6/2015
15-28	Audit of the Drug Enforcement Administration's Confidential Source Policies And Oversight of Higher-Risk Confidential Sources	7/21/2015
15-29	Audit of the Federal Bureau of Investigation's Implementation of Its Next Generation Cyber Initiative	7/29/2015
GR-70-15-007	Audit of the Office of Justice Programs and Office on Violence Against Women Grants Awarded to the Penobscot Indian Nation, Indian Island, Maine	9/30/2015

Reviewed Monitoring Files of Justice OIG for Contracted Audits

Report Number	Report Title	Report Date
15-02	Audit of the U.S. Department of Justice Annual Financial Statements Fiscal Year 2014	12/9/2014
15-12	Audit of the Justice Management Division's Information Security Program Pursuant to the Federal Information Security Management Act Fiscal Year 2014	3/31/2015
15-13	Audit of the Justice Management Division's Justice Communication System Pursuant to the Federal Information Security Management Act Fiscal Year 2014	3/31/2015