



October 4, 2018

Norbert Vint  
Acting Inspector General  
U.S. Office of Personnel Management  
Office of Inspector General  
Room 6400  
1900 E Street NW  
Washington, DC 20415-1100

**SUBJECT:** *System Review Report on the Audit Organization of the Office of Inspector General for the U.S. Office of Personnel Management*

Dear Acting Inspector General Vint:

We have reviewed the system of quality control for the audit organization of the Office of Inspector General (OIG) for the U.S. Office of Personnel Management (OPM) in effect for the year ended March 31, 2018. A system of quality control encompasses the OPM OIG's organizational structure, the policies adopted, and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*.<sup>1</sup> The elements of quality control are described in *Government Auditing Standards*. The OPM OIG is responsible for establishing and maintaining a system of quality control that is designed to provide it 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 the OPM 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 *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.<sup>2</sup> During our review, we interviewed OPM OIG personnel and obtained an understanding of the nature of the OPM OIG audit organization and the design of its system of quality control sufficient to assess the risks implicit in its audit functions. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with the OPM OIG's system of quality control. The audits selected represented a reasonable cross-section of the OPM 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 OPM OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

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<sup>1</sup> The Comptroller General of the United States issued the applicable version of *Government Auditing Standards* in December 2011.

<sup>2</sup> CIGIE issued the applicable version of the *Guide for Conducting Peer Reviews of Audit Organization of Federal Offices of Inspector General* in September 2014.

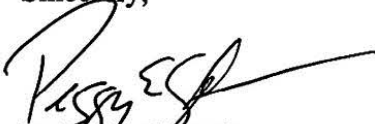
In performing our review, we obtained an understanding of the system of quality control for the OPM OIG audit organization. In addition, we tested compliance with the OPM OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the OPM 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.

The attachment to this report identifies the OPM OIG audits that we reviewed and presents our scope and methodology. In our opinion, the system of quality control for the audit organization of the OPM OIG in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide the OPM 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*. The OPM OIG has received a rating of *pass*.

As is customary, we issued a letter, dated October 4, 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 the OPM OIG's system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency related to the OPM OIG's monitoring of an audit performed by an Independent Public Accountant (IPA) under contract, where the IPA served as the auditor. It should be noted that the monitoring of an audit performed by an IPA 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 OPM OIG had controls to ensure that the IPA performed the 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 OPM OIG's monitoring of work performed by the IPA.

Sincerely,



Peggy E. Gustafson  
Inspector General

Attachment

## Attachment

### Scope and Methodology

We tested compliance with the OPM OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 7 of 43 audit reports conducted by OPM OIG and issued during the period April 1, 2017, through March 31, 2018. We also reviewed the internal quality control review reports, issued from April 2015 through March 2018, that were prepared by OPM OIG's Quality Assurance Group.

In addition, we reviewed the OPM OIG's monitoring of audits performed by an IPA where the IPA served as the auditor for the audit of its agency's fiscal year 2017 financial statements.

### OPM OIG Performance Audits Reviewed

Report no.	Report date	Report title
1C-8W-00-16-041	5/3/2017	<i>Audit of the Federal Employees Health Benefits Program Operations at UPMC Health Plan</i>
4A-CI-00-17-030	9/29/2017	<i>Audit of the Information Technology Security Controls of the U.S. Office of Personnel Management's Sharepoint Implementation</i>
1H-01-00-16-044	10/2/2017	<i>Audit of the Mail Handlers Benefit Plan's Pharmacy Operations as Administered by CaremarkPCS Health, L.L.C. for Contract Years 2012 through 2014</i>
4A-OO-00-17-046	11/27/2017	<i>Limited Scope Audit of the U.S. Office of Personnel Management's Purchase Card Transactions</i>
1C-51-00-16-057	12/13/2017	<i>Audit of the Federal Employees Health Benefits Program Operations at Health Insurance Plan of New York</i>
1B-42-00-17-006	1/16/2018	<i>Audit of Compass Rose Benefits Group Reston, Virginia</i>
1D-SI-00-17-022	2/28/2018	<i>Audit of BlueShield of California Access+ HMO San Francisco, California</i>

### OPM OIG Monitoring File of Contracted Audit Reviewed

Report no.	Report date	Report title
4A-CF-00-17-028	11/13/2017	<i>Independent Auditor's Report on the U.S. Office of Personnel Management's Fiscal Year 2017 Consolidated Financial Statements</i>