



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

System Review Report

OIG-CA-23-022

The Honorable Mark Lee Greenblatt
Inspector General
U.S. Department of the Interior
1849 C Street NW
Washington, D.C. 20240

Subject: System Review Report on the U.S. Department of the Interior, Office of Inspector General

Inspector General Greenblatt:

We have reviewed the system of quality control for the audit organization of the U.S. Department of the Interior (DOI) Office of Inspector General (OIG) in effect for the year ended September 30, 2022. A system of quality control encompasses DOI OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards*¹ and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of DOI OIG in effect for the year ended September 30, 2022, has been suitably designed and complied with to provide DOI OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. DOI 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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to DOI OIG's monitoring of engagements

¹ Government Accountability Office, *Government Auditing Standards, 2018 Revision Technical Update April 2021*, (GAO 21-368G)

conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS 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 DOI OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on DOI OIG's monitoring of work performed by IPAs.

Letter of Comment

We have issued a letter dated June 27, 2023 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

Basis of Opinion

Our review was conducted in accordance with *Government Auditing Standards* and the CIGIE *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.

During our review, we interviewed DOI OIG personnel and obtained an understanding of the nature of the DOI OIG's audit organization, and the design of DOI OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected GAGAS engagements and administrative files to test for conformity with professional standards and compliance with DOI OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of DOI OIG's audit organization, with an emphasis on higher-risk engagements.

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

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with DOI OIG management to discuss the results of our review. We believe that the procedures we performed provide a

reasonable basis for our opinion. Enclosure 1 identifies the engagements that we reviewed, as well as our scope and methodology.

Responsibilities and Limitation

DOI OIG is responsible for establishing and maintaining a system of quality control designed to provide DOI OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and DOI OIG's compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may 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.

A handwritten signature in black ink, reading "Richard K. Delmar". The signature is written in a cursive, flowing style.

Richard K. Delmar, Acting Inspector General
June 27, 2023

Enclosure

SCOPE AND METHODOLOGY

We tested compliance with the U.S. Department of the Interior (DOI) Office of Inspector General (OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 7 of 21 engagement reports conducted in accordance with generally accepted government auditing standards issued from October 1, 2021, through September 30, 2022. We also reviewed an internal quality control review performed by DOI OIG.

In addition, we reviewed DOI OIG's monitoring of one GAGAS engagement performed by an Independent Public Accountant (IPA) where the IPA served as the auditor from October 1, 2021, through September 30, 2022. During the period, DOI OIG contracted for the audit of its agency's fiscal year 2021 and 2020 financial statements. DOI OIG also contracted for other GAGAS engagements that were performed in accordance with Government Auditing Standards.

We held interviews and corresponded via email with DOI OIG staff to clarify information during our review. We invited 20 DOI OIG audit staff from a wide range of levels and regions to complete a staff questionnaire designed to determine the extent to which DOI OIG's quality control procedures were effectively communicated to staff and obtain staff views about a number of factors related to DOI OIG's adherence to those policies and procedures. We also reviewed the training records of selected employees to determine whether they had obtained the required continuing professional education credits.

Reviewed GAGAS Engagements Performed by DOI OIG

1. The Bureau of Indian Education, the Bureau of Indian Affairs, and the Turtle Mountain Band of Chippewa Indians Need To Improve Accountability for Federal Funds, Report No. 2020-CGD-001, September 29, 2022.
2. Stronger Controls Needed Over the Udall Foundation's Invoicing Processes and Contract Oversight for the John S. McCain III National Center for Environmental Conflict Resolution, Report No. 2020-CR-069, May 19, 2022.

SCOPE AND METHODOLOGY

3. U.S. Fish and Wildlife Service Grants Awarded to the State of South Carolina, Department of Natural Resources, From July 1, 2017, Through June 30, 2019, Under the Wildlife and Sport Fish Restoration Program, Report No. 2020-ER-062, December 20, 2021.
4. U.S. Fish and Wildlife Service Grants Awarded to the Commonwealth of the Northern Mariana Islands, Department of Lands and Natural Resources, From October 1, 2017, Through September 30, 2019, Under the Wildlife and Sport Fish Restoration Program, Report No. 2020-WR-054, August 16, 2022.
5. The U.S. Department of the Interior's DATA Act Submission for the First Quarter of Fiscal Year 2021, Report No. 2021-FIN-025, November 8, 2021.
6. The Lower Brule Sioux Tribe Did Not Account for CARES Act Funds Appropriately, Report No. 2021-FIN-032-A, September 19, 2022.
7. The Three Affiliated Tribes Did Not Account for CARES Act Funds Appropriately, Report No. 2021-FIN-032-C, September 28, 2022.

Reviewed Monitoring Files of DOI OIG for Contracted GAGAS Engagements

1. Independent Auditors' Report on the U.S. Department of the Interior's Financial Statements for Fiscal Years 2021 and 2020, Report No. 2021-FIN-036, November 15, 2021.