



June 9, 2011

To: Dana Rooney-Fisher, Inspector General
Federal Labor Relations Authority

OIG Report 11-04

We have reviewed the system of quality control for the Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) audit organization in effect for the period August 2010 through May 2011. This coincides with your tenure as Inspector General (IG). We determined that assessing the period prior to the start of your tenure would serve no useful purpose.

In our opinion, the system of quality control for the audit organization of FLRA OIG in effect for the period August 2010 through May 2011 has been suitably designed to provide FLRA OIG with reasonable assurance of performing and reporting in conformity with applicable standards in all material aspects. Therefore, based on our work, FLRA OIG has received a peer review rating of pass.

A system of quality control encompasses FLRA OIG's organizational structure, the policies adopted, and procedures established to provide it with reasonable assurance of conforming to Government Auditing Standards. The elements of quality control are described in Government Auditing Standards. FLRA OIG is responsible for designing a system of quality control and complying with it to provide FLRA OIG with 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 FLRA OIG's compliance therewith based on our review.

The FLRA OIG consists of one professional, the IG, who informed us that due to this staff limitation; and the need to focus efforts on satisfying mandatory audit work as required by statute (i.e., Accountability of Tax Dollars Act of 2002, and Federal Information Security Management Act of 2002) her efforts were dedicated on ensuring those mandatory requirements were met in a timely and professional manner. The FLRA OIG is responsible for ensuring those required are completed timely and in accordance with applicable standards, regardless of whether the IG personally performs the audits or whether the engagement is commissioned by a contract. During the review period the FLRA OIG contracted with independent public accounting firms to conduct the annual Financial Statement Audit and FISMA evaluation. The FLRA IG served as the Contracting Officer's Technical Representative and monitored the performance of an Independent Public Accountant (IPA) to ensure the FLRA OIG fulfilled its responsibility for completing mandated audits. During this period the FLRA OIG did not conduct any other attest engagements subject to GAGAS. As a result, our review was conducted in accordance with Government Auditing Standards and guidelines established by the Council of the Inspector General on Integrity and Efficiency (CIGIE), which encompassed the monitoring of IPA audit work and the availability of a quality control system for use in connection with any audits performed in accordance with GAGAS. Thus, since no other attest engagements were performed during the period under review, we did not test compliance with certain GAGAS requirements that are only applicable to attest engagements performed by the IG or OIG staff.

During our review, we interviewed the FLRA IG and obtained an understanding of the FLRA OIG audit organization, and the design of the FLRA OIG's system of quality control sufficient to assess the risks implicit in its audit function. We tested the availability of FLRA OIG's quality control policies and procedures and the files relative to monitoring the IPA audits. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure (1) to this report identifies the office of the FLRA OIG that we visited and the engagements we reviewed.

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

Hubert Sparks
Inspector General

Enclosure
SCOPE AND METHODOLOGY (Enclosure 1)

Scope and Methodology

We tested compliance with the FLRA OIG audit organization's system of quality control for the period August 2010 through May 2011 to the extent we considered appropriate. During this time the FLRA OIG did not perform audit or attestation engagements subject to GAGAS other than those performed under contracts with IPA firms to conduct audits or other GAGAS engagements. Therefore, we did not test compliance with certain FLRA OIG's system of quality control.

We reviewed the FLRA OIG's monitoring of engagements performed by IPAs where the IPA served as the principal auditor during the period August 2010 through May 2011. During the period, FLRA OIG contracted for the audit of its agency's Fiscal Year 2010 financial statements and FLRA OIG monitored the IPAs work.

We visited the Washington, D.C. Office of FLRA OIG.

Reviewed applicable policies and procedures.

Reviewed monitoring files of FLRA OIG for the following contracted engagements:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
AR-11-01	11/15/10	Audit Report on FLRAs Financial Statement For Fiscal Year 2010
ER-11-01	11/12/10	Evaluation of FLRAs Compliance with Federal Information Security Management Act Fiscal Year 2010