

**FEDERAL LABOR RELATIONS AUTHORITY (FLRA)
OFFICE OF INSPECTOR GENERAL (OIG)**

**QUALITY ASSURANCE REVIEW OF THE FLRA OIG AUDIT
OPERATIONS FOR THE PERIOD APRIL 1, 2024 THROUGH
MARCH 31, 2025**

REPORT NUMBER MAR-25-07

May 19, 2025

Quality Assurance Review of the FLRA OIG Audit Operations

Table of Contents

| | Page |
|---|-------|
| Quality Assurance Review Report..... | 1 |
| Section 1: | |
| ➤ Executive Summary | 2 |
| Section 2: | |
| ➤ Introduction..... | 2 |
| ➤ 2.1 Background..... | 3 |
| ➤ 2.2 Objectives, Scope, and Methodology..... | 3 - 5 |
| Section 3: | |
| ➤ Quality Monitoring Procedures..... | 5 |
| ➤ 3.1 Monitoring Procedures..... | 5 |
| Section 4: | |
| ➤ Approach: Quality Assurance Review..... | 5 |
| ➤ 4.1 Obtain Engagement Universe..... | 5 |
| ➤ 4.2 Selected Engagements..... | 6 |
| ➤ 4.3 Obtain Engagement Work Papers and Supporting Documentation..... | 6 |
| ➤ 4.4 Conduct Review..... | 6 |
| ➤ 4.5 Result and Conclusion..... | 6 - 7 |

Quality Assurance Review Report

To: Dana Rooney, Inspector General
Federal Labor Relations Authority, Office of Inspector General

We have reviewed the system of quality control for the audit function of the Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) in effect for the period April 1, 2024 – March 31, 2025. A system of quality control encompasses an OIG’s organizational structure, as well as the policies adopted and procedures established to provide it with reasonable assurance of conforming with Government Accountability Office *Government Auditing Standards* (GAS). The elements of quality control are described in the GAS. It is the responsibility of the FLRA OIG to establish and maintain policies and procedures for the audit function to provide 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 assess whether the FLRA OIG policies and procedures, if submitted for review, were current and consistent with applicable professional standards.

In addition to reviewing established policies and procedures for the audit function of the FLRA OIG, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) “Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General.” 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.

Our review was conducted in accordance with GAS and the CIGIE “Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General” (March 2020). During our review, we (1) obtained an understanding of the nature of the FLRA OIG’s audit function, (2) assessed established audit policies and procedures as well as the FLRA OIG’s Independent Public Accountant (IPA) monitoring process. In addition, we evaluated staff surveys, visited the FLRA OIG office in Washington, D.C. and reviewed the monitoring of IPA audit AR-25-01, Financial Statement Audit of the FLRA for Fiscal Year 2024.

It should be noted that monitoring of Generally Accepted Government Auditing Standards engagements performed by IPAs is not an audit; therefore, it is not subject to the requirements of GAS. The purpose of our limited procedures was to determine whether the FLRA OIG had controls to ensure that 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 the FLRA OIG’s monitoring of work performed by IPAs.

Based on our review, the established policies and procedures for the audit function for the period April 1, 2024 – March 31, 2025, were current and consistent with applicable professional standards as stated. On May 12, 2025, Inspector General Dana Rooney provided comments on the draft report. She agreed with the conclusion of our review, the FLRA OIG’s comments are included as Enclosure 1 to this report.



Rocha & Company, PC

Gaithersburg, Maryland
May 19, 2025

Section 1: Executive Summary

Dembo Jones, PC was awarded a contract to perform a quality assurance review of the Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) to determine whether the audit organization's system of quality control was suitably designed, and the audit organization was complying with its quality control system in order to provide the FLRA OIG with reasonable assurance of conforming with applicable professional standards.

The FLRA OIG is required, under Government Accountability Office (GAO) *Government Auditing Standards* (GAS) to have in place a system of quality control designed to provide reasonable assurance of compliance with professional standards, applicable rules and regulatory requirements. The FLRA OIG is required to establish, implement, and maintain a system of quality control for its audits and attestation engagements. Since Dembo Jones, PC conducts all of the Independent Public Accountant (IPA) services for the FLRA OIG, it was determined that subcontracting the quality assurance review to Rocha & Company, PC (ROCHA & COMPANY) would eliminate any independence issues.

To accomplish our objectives, we obtained an understanding of the quality control system in place at the FLRA OIG. We reviewed the 2018 issue of the GAO GAS for quality controls of audit organizations within the Federal Government, as well as the FLRA OIG's Audit Manual and Guidance for Other Engagements. We also reviewed any applicable statutory requirements, Office of Management and Budget (OMB) guidelines, laws and regulations; and designed our review procedures to identify any gaps in the FLRA OIG's quality control system and determined if any deficiencies exist.

We held discussions with FLRA OIG officials. During the entrance conference meeting, we advised the Inspector General (IG) of our review commencement date, timelines for fieldwork, and deliverables. During our review, we also held follow-up discussion and meetings with the IG on the schedule of accomplishments as deemed appropriate.

In carrying out this methodology, we primarily applied review techniques, such as inquiry and observations, review of policies, and examination of engagements to obtain sufficient, appropriate evidence to provide reasonable basis for our conclusion, related to our review objectives.

Based on the results of the procedures performed, the FLRA OIG's established quality control policies and procedures for the audit function for the period April 1, 2024 – March 31, 2025, were current and consistent with applicable professional standards as stated.

Section 2: Introduction

This review report is presented by ROCHA & COMPANY to the FLRA OIG on the review of the FLRA OIG's Quality Control and Assurance for the period April 1, 2024 through March 31, 2025. This report on quality control and assurance includes the overall approach to conducting our review of the FLRA OIG's system of quality control and assurance in accordance with the GAO GAS and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) "Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General," and any additional required procedures contained in guidance issued by the OMB guidance, and statutory provisions applicable to OIG audits.

2.1 Background

The FLRA is the Federal agency responsible for establishing policies and guidance regarding the labor-management relations program for non-postal, Federal employees worldwide, and including employees represented in approximately 2,200 bargaining units. The FLRA was created by Title VII of the Civil Service Reform Act of 1978. The Statute protects the rights of Federal employees to form, join, or assist a labor organization or to refrain from such activity freely and without fear of penalty or reprisal. FLRA's mission is to promote stable, constructive labor-management relations in the Federal Government by resolving and assisting in the prevention of labor disputes in a manner that gives full effect to collective bargaining rights of employees, unions, and agencies.

The FLRA OIG is an independent office within FLRA that oversees the audits, program evaluations, investigations, and supervision of IPAs and outside consultants that are contracted to perform assignments for FLRA. Although the office is part of FLRA, the office reports directly to the Chairman and Authority Members.

The FLRA OIG was created pursuant to the Inspector General Act of 1978 (the IG Act). The IG Act, as amended, establishes an OIG's fundamental responsibilities, and its processes are designed to ensure that OIGs comply with the Act, as amended. The IG Act, as amended, requires OIGs to:

- conduct and supervise audits and investigations relating to the programs and operations of the establishments;
- provide leadership, coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud and abuse in, such programs and operations; and
- provide a means for keeping the Chairman, Members, and the Congress fully informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

The FLRA OIG is responsible for designing a system of quality control and complying with it to provide the audit organization with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

For the one-year period ending March 31, 2025, the FLRA OIG conducted compliance reviews of FLRA programs and operations; however, it did not perform any audit or attestation engagements. Although FLRA did not directly perform any such engagements, it was responsible for overseeing an audit engagement executed by IPAs.

2.2 Objectives, Scope, and Methodology

Objectives:

The purpose of the engagement was to conduct an independent quality assessment review of the FLRA OIG in accordance with the GAO GAS (the "*Yellow Book*"), 2018, and the CIGIE "Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General" (March 2020).

The specific objectives of the quality assessment review were to determine:

- Whether the FLRA OIG's system of quality control was suitably designed; and
- Whether the FLRA OIG's is complying with its quality control system in order to provide reasonable assurance of conforming to applicable professional standards.

Scope:

The scope of the engagement was to perform a quality assessment review of the FLRA OIG for the period April 1, 2024 through March 31, 2025. The GAO's GAS requires an external peer review of Federal audit organizations at least once every 3 years. Annual quality assurance reviews are conducted annually. This quality assurance review considered any audits or other attestation engagements conducted by the OIG or by IPAs, during the period covered by the review. Although the FLRA OIG conducted compliance reviews during the scope period, it did not directly perform any audit or review engagements under Generally Accepted Government Auditing Standards (GAGAS). The FLRA OIG relies on IPAs to conduct all GAGAS audits and attestation engagements.

The scope of our review covered one (1) engagement performed during the fiscal period ended March 31, 2025, noted below:

- FLRA Financial Statement Audit.

The Financial Statement Audit was performed by an IPA firm and supervised by the FLRA OIG. The Financial Statement Audit was for FLRA's financial statements for the Fiscal Year ended September 30, 2024.

Methodology

ROCHA & COMPANY reviewed the system of quality control of the FLRA OIG in effect and reviewed the audit and attestation engagements performed during the period April 1, 2024 to March 31, 2025. The objective of the review was to determine whether the FLRA OIG's internal quality control system was adequate and in compliance with GAS (the Yellow Book) in order to provide reasonable assurance that applicable auditing standards, policies, and procedures are met.

In reviewing the FLRA OIG's quality control and practices, we evaluated its policies and procedures for the audit and attestation operations and assessed the following functional elements of the system of quality control for the engagements reviewed:

- Leadership and Management;
- Independence, Legal, and Ethical Requirements;
- Initiation, Acceptance and Continuance of IPA Relationship and specific Engagements;
- Human Resource Management;
- Engagement Performance; and
- Monitoring Quality.

To accomplish our objectives, we obtained an understanding of the FLRA OIG quality controls in place for performing and supervising IPA audits. We also obtained an understanding of its monitoring procedures for ensuring quality work is performed by contractors and program consultants for audit and attestation engagements. We reviewed GAS, CIGIE guides and checklists, applicable OMB guidance, and established policies and procedures. Based on this review, we designed our review procedures to identify any non-compliance and/or non-conformed engagements. In carrying out this methodology, we primarily applied review techniques, such as inquiry and observation, review of work papers and documentation to obtain sufficient, appropriate evidence to provide a reasonable basis for our review objectives.

In examining the engagements supervised by the FLRA OIG, ROCHA & COMPANY worked with the FLRA OIG office and reviewed engagements performed by an IPA firm. We reviewed the reports, engagement performance and related work paper documentation. Specifically, we reviewed and evaluated the reports for compliance with GAS performance and reporting standards; reviewed independence, audit planning, supervision and review, professional judgment, audit team competence, audit evidence, engagement documentation, quality control process and monitoring procedures.

We reviewed the FLRA OIG’s documented internal policies and procedures, performed tests of the FLRA OIG’s adherence to general standards, and reviewed its oversight and monitoring responsibility of audit work performed by IPA firms. We reviewed selected engagements and performed tests of the FLRA OIG compliance with GAS and its established quality policies and procedures. We used the following CIGIE documents and checklists to review and assess the FLRA OIG system of quality control:

- Appendix A - Policies and Procedures;
- Appendix B - Checklist for the Standards of Independence, Competence and Continuing Professional Education, and Quality Control and Peer Review;
- Appendix F - Checklist for the Monitoring of GAGAS Engagements Performed by and an Independent Public Accounting Firm; and
- Appendix G – Optional Audit Staff Survey.

Section 3: Quality Monitoring Procedures

3.1 Monitoring Procedures

The purpose of monitoring procedures and its compliance with quality control policies is to determine: (1) adherence to professional standards, legal and regulatory requirements; (2) whether the quality control system has been appropriately designed; and (3) whether quality control policies and procedures are operating effectively and complied with in practice. The monitoring program includes quality assessment, internal quality review and external peer review of audit functions and operations. The FLRA OIG policies and procedures with respect to this element of the quality control provide the auditees and users of the FLRA OIG reports with reasonable assurance that the FLRA OIG is complying with professional standards and has periodic assessment of audit quality and peer review of its audit functions and operations.

Monitoring quality encompasses an ongoing and periodic assessment of reporting engagements performed by an OIG, supervision of audits and attestation engagements performed by a contractor, or outside consultants. The monitoring procedures are designed to provide management of the audit organization with reasonable assurance that the policies and procedures related to the system of quality control are suitably designed and operating effectively in practice. Monitoring procedures will vary based on the audit organization’s facts and circumstances. The audit organization should perform monitoring procedures that enable it to assess compliance with applicable professional standards and quality control policies and procedures for GAS audits and attestation engagements. The audit organization should analyze and summarize the results of its monitoring procedures at least annually, with identification of any systemic issues that need improvement, along with recommendations for corrective action.

Section 4: Approach: Quality Assurance Review

ROCHA & COMPANY’s review approach involves a five (5) step approach to reviewing the FLRA OIG quality control system:

4.1 Obtain Engagement Universe

ROCHA & COMPANY requested from the FLRA OIG, the population of reporting engagements performed by the FLRA OIG and contractors during the scope period April 1, 2024 through March 31, 2025. It was determined that eight engagements were issued during the scope period; however, only one was an audit conducted under GAGAS.

4.2 Selected Engagements

The details of the audit engagement selected for testing is noted below:

| Project Number | Report Type | Report Date | Report Title |
|---------------------|-------------|-------------------|--|
| Report No. AR-25-01 | Audit | November 15, 2024 | Financial Statement Audit of the FLRA for Fiscal Year 2024 |

4.3 Obtain Engagement Work Papers and Supporting Documentation

ROCHA & COMPANY obtained and reviewed the following documentation for the engagements selected for testing:

- Report for the Financial Statement Audit of the FLRA for Fiscal Year 2024 - Report Number AR-25-01;
- Prior period peer review reports and internal quality control review/monitoring;
- Audit planning and evidence;
- Audit risk assessment for the entity;
- Fraud risk inquiry and documentation,
- Audit completion documentation and checklists; and
- FLRA OIG monitoring reports.

4.4 Conduct Review

In conducting our review, we applied a risk-based approach to review quality control elements and engagements documentation and analysis. ROCHA & COMPANY reviewed the one (1) audit engagement issued during the scope period and the related supporting documentation obtained from the FLRA OIG to determine whether the engagement was properly performed and professionally completed; whether applicable professional standards have been applied and complied with; and whether effective supervision and review were properly executed. Specifically, we performed the following procedures:

- performed risk assessment and identified the engagements to be reviewed;
- reviewed the FLRA OIG's quality control policies and procedures and the functional elements;
- reviewed reports in conformity with standards and guidelines established by CIGIE and GAS;
- tested compliance with the FLRA OIG system of quality control and GAS;
- reviewed the elements of quality control system to ensure the FLRA OIG complies with the established policies, procedures, practices and other applicable professional standards; and
- verified that the FLRA OIG implements and maintains appropriate supervision and review over the audit performed by the IPA.

4.5 Result and Conclusion

During our review, we examined one audit engagement performed by an IPA firm. This was the only GAGAS engagement issued during the scope period, and the performance was supervised by the OIG. The result of our review did not disclose instances of non-compliance or non-conformity with professional standards that could result in a finding, deficiency or significant deficiency.

Based on the tests and assessment of audit functions and review operations at the FLRA OIG, we concluded that the quality control policies and procedures at the FLRA OIG is adequate and complied with during the period April 1, 2024 through March 31, 2025.



UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY
WASHINGTON, D.C. 20424-0001

INSPECTOR GENERAL

May 12, 2025

Chris Toht
Rocha & Company, PC

Dear Mr. Toht:

Thank you for the opportunity to review and comment on the draft Quality Assurance Review Report on the Federal Labor Relations Authority (FLRA), Office of Inspector General (OIG) audit function. Based on your review of the FLRA OIG's audit policies and procedures, your report concludes that the FLRA OIG's established policies and procedures for its audit function on March 31, 2025, were current and consistent with applicable professional standards as stated. I've reviewed the draft Quality Assurance Review Report in its entirety, and I agree with your conclusion.

We appreciate your professionalism throughout the review. If you have any questions or comments related to my response, please contact me at (771) 444-5713.

Sincerely,

Dana A. Rooney
Inspector General

Enclosure 1