



NATIONAL ENDOWMENT FOR THE HUMANITIES

OFFICE OF INSPECTOR GENERAL

System Review Report

September 29, 2020

Ms. Dana A. Rooney, Inspector General
Federal Labor Relations Authority
Office of Inspector General
1400 K Street, NW; Room 250
Washington, DC 20424

Dear Ms. Rooney,

We have reviewed the system of quality control for the audit organization of Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) in effect for the year ended March 31, 2020. A system of quality control encompasses FLRA 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* 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 FLRA OIG in effect for the year ended March 31, 2020, has been suitably designed and complied with to provide FLRA 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*. FLRA OIG has received an External Peer Review rating of *pass*.

Monitoring of GAGAS Engagements Performed by Independent Public Accountants

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 FLRA OIG's monitoring of engagements 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 FLRA 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 FLRA OIG's monitoring of work performed by IPAs.

Letter of Comment

We have issued a letter dated September 29, 2020 that sets forth a finding that was 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*¹.

During our review, we interviewed FLRA OIG personnel and obtained an understanding of the nature of the FLRA OIG audit organization, and the design of FLRA 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 FLRA OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of FLRA OIG 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 FLRA OIG audit organization. In addition, we tested compliance with FLRA OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of FLRA 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 FLRA 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 to this report identifies the FLRA OIG office that we visited and the engagements we reviewed.

Responsibilities and Limitation

FLRA OIG is responsible for establishing and maintaining a system of quality control designed to provide FLRA 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 FLRA 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

¹ We primarily used the March 2020 *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. However, since the GAGAS engagement that we tested during the peer review was completed prior to the effective date of the July 2018 revision to *Government Auditing Standards*, we used the Appendix E Checklist included with the September 2014 *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.

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.

Sincerely,

A handwritten signature in black ink that reads "Laura Davis".

Laura Davis
Inspector General

Enclosures

Enclosure 1**Scope and Methodology**

We tested compliance with FLRA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of one (1) engagement report issued in accordance with generally accepted government auditing standards (GAGAS engagement) during the period October 1, 2018 through March 31, 2020. We also reviewed the internal quality control reviews performed concerning FLRA OIG.

In addition, we reviewed FLRA OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from April 1, 2019 through March 31, 2020. During the period, FLRA OIG contracted for the audit of its agency's fiscal year 2019 financial statements. FLRA OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We visited the FLRA OIG office located in Washington, DC.

Reviewed GAGAS Engagement Performed by FLRA OIG:

Report Number	Report Date	Report Title
AR-19-04	March 5, 2019	Audit of the Federal Labor Relations Authority's Federal Transit Benefit Program

Reviewed Monitoring Files of FLRA OIG for Contracted GAGAS Engagements:

Report Number	Report Date	Report Title
AR-20-01	November 19, 2019	Audit of the FLRA's Financial Statements for the Year Ended September 30, 2019
AR-20-04	October 29, 2019	Audit of the Digital Accountability and Transparency Act
AR-20-05	January 29, 2020	Audit of the Federal Labor Relations Authority Charge Card Program and Risk Assessment for Fiscal Year 2019



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

INSPECTOR GENERAL

September 25, 2020

Laura Davis
Inspector General
National Endowment for the Humanities
Office of Inspector General
400 7th Street, SW
Washington, DC 20506

Dear Ms. Davis:

Thank you for the opportunity to respond to your draft System Review Report on the Federal Labor Relations Authority (FLRA), Office of Inspector General (OIG) audit function. I agree with your conclusion that the system of quality control for the FLRA OIG in effect for the year ended March 31, 2020, has been suitably designed and complied with to provide FLRA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Your professionalism and technical knowledge contributed greatly to the successful and timely completion of this peer review.

If you have any questions or comments, please contact me at (202)218-7744.

Sincerely,

A handwritten signature in blue ink that reads "Dana A. Rooney". The signature is fluid and cursive, with "Dana" and "Rooney" being more distinct and "A." being smaller.

Dana A. Rooney
Inspector General