



September 16, 2021

Sandra D. Bruce
Deputy Inspector General Delegated the Duties of Inspector General
U.S. Department of Education Office of Inspector General
550 12th Street, SW
Washington, DC 20202

Subject: System Review Report of the U.S. Department of Education Office of Inspector
General Audit Organization

Dear Ms. Bruce:

Attached is the System Review Report of the U.S. Department of Education Office of Inspector General Office of Audit conducted in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Joe Wolski, Director, Audit Operations, at 703-248-2391.

Sincerely,

Tammy L. Whitcomb
Inspector General

Enclosure



System Review Report

September 16, 2021

Sandra D. Bruce
Deputy Inspector General Delegated the Duties of Inspector General
U.S. Department of Education Office of Inspector General
550 12th Street, SW
Washington, DC 20202

Dear Ms. Bruce:

We have reviewed the system of quality control for the U.S. Department of Education Office of Inspector General (ED OIG) in effect for the period ended March 31, 2021. A system of quality control encompasses ED OIG's organizational structure and the policies adopted and the procedures established to provide it with reasonable assurance of conforming in all material respects with Generally Accepted Government Auditing Standards (GAGAS)¹ and applicable legal and regulatory requirements. The elements of quality control are described in GAGAS.

In our opinion, the system of quality control for the ED OIG's audit organization in effect for the period ended March 31, 2021, has been suitably designed and complied with to provide ED 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*. ED OIG has received an External Peer Review rating of *pass*.

In addition to reviewing its system of quality control to ensure adherence with GAGAS, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to ED OIG's monitoring of audits conducted in accordance with GAGAS by Independent Public Accountants (IPA) under contract where the IPA served as the auditor. It should be noted that monitoring IPA-performed GAGAS engagements is not an audit and, therefore, not subject to the requirements of GAGAS. The purpose of our limited procedures was to determine whether ED 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 ED OIG's monitoring of work performed by IPAs.

¹ *Government Auditing Standards* (GAO-18-568G), dated July 2018. We used *Government Auditing Standards* (GAO-12-331G), dated December 2011, for one project started June 4, 2018.

We conducted our review in accordance with GAGAS and CIGIE guidance.² In performing our review, we obtained an understanding of the system of quality control for the ED OIG audit organization and tested compliance with ED OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of ED OIG's policies and procedures on selected GAGAS engagements. We based our review on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

During our review, we coordinated with ED OIG personnel and obtained an understanding of the nature of the ED OIG audit organization and the design of the ED OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessment, we selected audits, a Federal Information Security Modernization Act (FISMA) of 2014 project, an audit performed by IPAs, and quality assurance reviews to test for conformity with professional standards and compliance with ED OIG's system of quality control. Enclosure 1 of this report identifies the projects selected for review.

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

The ED OIG is responsible for establishing and maintaining a system of quality control designed to provide ED 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 ED 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 and procedures may deteriorate.

Sincerely,

Tammy L. Whitcomb
Inspector General

Enclosures

² *CIGIE Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, dated March 2020. We also used *CIGIE Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, dated September 2014, for one project started on June 4, 2018.

Scope and Methodology

We tested compliance with ED OIG’s audit organization system of quality control to the extent that we considered appropriate. These tests included a review of three audits, and one FISMA compliance project, and its corresponding reports, conducted in accordance with GAGAS and issued between April 1, 2020, through March 31, 2021.

In addition, we reviewed ED OIG’s monitoring of GAGAS engagements performed by IPAs, where the IPA served as the auditor from April 1, 2020, through March 31, 2021. During this period, ED OIG contracted for the audit of its agency’s fiscal year 2020 financial statements.

We reviewed nine quality assurance review projects and its corresponding reports, issued between April 1, 2018, and March 31, 2021. We expanded the review period for the quality assurance review projects to three years according to *CIGIE Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*.³

We performed our external peer review between April and August 2021. Throughout the review period, we met with ED OIG personnel virtually due to the novel coronavirus disease outbreak (COVID-19).

Table 1. ED OIG Audits Selected for Review

	Audit Number	Audit Title	Report Issued
1	A03S0006	Ohio Department of Education's and Selected Local Educational Agencies' Oversight of Virtual Charter Schools' Implementation of the Individuals with Disabilities Education Act	3/1/2021
2	A02T0006	Florida Department of Education's Administration of the EIA Program	1/28/2021
3	A19U0003	The Department’s Compliance with the Geospatial Data Act	9/24/2020

³ *CIGIE Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, Section 19.d.

Table 2. FISMA Report Selected for Review

	Audit Number	Audit Title	Report Issued
4	A11U000 1	The U.S. Department of Education's Federal Information Security Modernization Act of 2014 Report for Fiscal Year 2020	10/30/2020

Table 3. Contracted Audit Performed by IPAs Selected for Review

	Audit Number	Audit Title	Report Issued
5	A17U000 2	Final Independent Auditors' Report for Fiscal Years 2020 and 2019 Financial Statements, Federal Student Aid	11/16/2020

Table 4. Quality Assurance Projects Selected for Review

	Audit Number	Audit Title	Report Issued
6	QIG-2020-012	Fiscal Year 2020 Quality Assurance Review of the Office of Inspector General's Audit Function - Atlanta/Puerto Rico Audit Region	1/26/2021
7	QIG-2020-010	Fiscal Year 2020 Quality Assurance Review of the Office of Inspector General's Audit Function – Internal Operations/Philadelphia Audit Region	1/19/2021
8	QIG-2020-011	Fiscal Year 2020 Quality Assurance Review of the Office of Inspector General's Audit Function – New York/Dallas Audit Region	1/19/2021
9	QIG-2020-009	Fiscal Year 2020 Quality Assurance Review of the Office of Inspector General's Audit Function - Information Technology Audit Division	12/2/2020
10	QIG-2020-013	Fiscal Year 2020 Quality Assurance Review of the Office of Inspector General's Audit Function - Chicago/Kansas City Audit Region	11/5/2020
11	N/A	Review of Audit Services' Project and Staff Allocation Framework	9/30/2020
12	N/A	Review of the Consistency of Audit Teams' Communication with the Department	9/30/2019
13	N/A	Review of Requested Milestone Extensions and the Impact on Audit Services' Performance Measures	9/30/2019
14	N/A	Review of Audit Teams' Documentation of Identification and Understanding of Internal Control	5/9/2018