



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

System Review Report

March 31, 2021

The Honorable Joseph V. Cuffari
Inspector General
U.S. Department of Homeland Security
Office of Inspector General
245 Murray Lane SW
Mail Stop 0305
Washington, DC 20528-0305

Dear Mr. Cuffari:

We have reviewed the system of quality control for the audit organization of the U.S. Department of Homeland Security Office of Inspector General (DHS OIG) in effect for the year ended September 30, 2020. A system of quality control encompasses DHS 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 DHS OIG in effect for the year ended September 30, 2020, has been suitably designed and complied with to provide DHS 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*. DHS 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 DHS 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 DHS 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 DHS OIG's monitoring of work performed by IPAs.

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 DHS OIG personnel and obtained an understanding of the nature of the DHS OIG audit organization, and the design of DHS 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 DHS OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of DHS OIG audit organization.

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

Responsibilities and Limitation

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

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra D. Bruce". The signature is written in a cursive style with a large, looped initial "S".

Sandra D. Bruce
Acting Inspector General

Enclosure

Scope and Methodology

We tested compliance with DHS OIG audit organization’s system of quality control to the extent we considered appropriate. These tests included a review of 4 of 39 engagements reports performed by DHS OIG and conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from October 1, 2019, through September 30, 2020. We also reviewed the internal quality control reviews performed by DHS OIG.

In addition, we reviewed DHS OIG’s monitoring of 1 of 14 GAGAS engagement performed by IPAs where the IPA served as the auditor from October 1, 2019, through September 30, 2020.

Due to the impact of COVID-19, we performed this external peer review remotely. We invited all DHS OIG staff within the Office of Audits to complete a staff survey designed to determine the extent to which DHS OIG’s quality control policies and procedures were effectively communicated to staff and obtain staff views about several factors related to DHS 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 DHS OIG

Report No.	Report Date	Report Title
OIG-20-12	2/18/2020	Aransas County, Texas, Needs Continued Assistance and Monitoring to Ensure Proper Management of Its FEMA Grant
OIG-20-15	2/26/2020	FEMA Purchased More Manufactured Housing Units Than It Needed in Texas After Hurricane Harvey
OIG-20-33	5/8/2020	TSA Needs to Improve Monitoring of the Deployed Advanced Imaging Technology System
OIG-20-61	8/10/2020	Progress and Challenges in Modernizing DHS’ IT Systems and Infrastructure

Reviewed Monitoring Files of DHS OIG for Contracted GAGAS Engagements

Report No.	Report Date	Report Title
OIG-20-03	11/15/2019	Independent Auditors’ Report on DHS’ FY 2019 Financial Statements and Internal Control over Financial Reporting



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

March 26, 2021

The Honorable Sandra D. Bruce
Acting Inspector General
Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

Dear Ms. Bruce:

Thank you for the opportunity to comment on your draft fiscal year 2020 (FY20) System Review Report on the Department of Homeland Security, Office of Inspector General (DHS OIG) audit external peer review. We are pleased to receive a “pass” rating.

In your review you determined that in FY20, our Office of Audit designed and complied with a suitable system of quality control. You also determined that the quality control system provided DHS OIG reasonable assurance of performing and reporting in conformity with legal and regulatory requirements, and applicable professional standards, in all material respects.

The peer review team offered observations to help ensure DHS OIG will continue to conduct high quality audits in a sound quality control environment. We appreciate the professionalism the peer review team demonstrated during its review.

Please call me with any questions, or your staff may contact Thomas C. Kait, Acting Assistant Inspector General for Audits, at (202) 981-6000.

Sincerely,

JOSEPH V CUFFARI Digitally signed by JOSEPH V
CUFFARI
Date: 2021.03.26 15:52:35 -0400

Joseph V. Cuffari, Ph.D.
Inspector General