



Department of Energy
Washington, DC 20585

June 13, 2019

MEMORANDUM FOR THE SECRETARY

FROM:

Handwritten signature of Teri L. Donaldson in black ink.

Teri L. Donaldson
Inspector General

SUBJECT:

INFORMATION: External Peer Review Report on the Audit Organization
of the Office of Inspector General

The *Government Auditing Standards*, issued by the Comptroller General of the United States, prescribe that all audit organizations must have an external peer review performed by an independent organization once every 3 years. The Social Security Administration's Office of Inspector General conducted the required peer review of our audit organization. It is our responsibility, under the *Government Auditing Standards*, to circulate the results of the peer review to the responsible agency head and to the members of Congress.

Attached for your information is a copy of the recently completed peer review. I am pleased to report that the Social Security Administration's Office of Inspector General found that the system of quality control for our audit organization had been designed in accordance with professional standards and that it provided reasonable assurance that those standards were adhered to in all material respects.

Please contact me if you have any questions about this report.

Attachment

cc: Deputy Secretary
Chief of Staff

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

June 10, 2019

The Honorable Teri L. Donaldson
Inspector General
U.S. Department of Energy
Office of Inspector General
1000 Independence Avenue, SW
Washington, DC 20585

Dear Ms. Donaldson:

Enclosed is the External Peer Review Report of the U.S. Department of Energy, Office of Inspector General audit organization conducted in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Your response is included in Enclosure 2 of the report.

We appreciate the cooperation and assistance from your staff during the review.

Sincerely,



Gail S. Ennis
Inspector General
Social Security Administration

Enclosures:
System Review Report
Letter of Comment

SYSTEM REVIEW REPORT

June 10, 2019

The Honorable Teri L. Donaldson
Inspector General
U.S. Department of Energy
Office of Inspector General
1000 Independence Avenue, SW
Washington, DC 20585

Dear Ms. Donaldson:

We have reviewed the U.S. Department of Energy (DOE) audit organization's system of quality control in effect for the fiscal year ended September 30, 2018. A system of quality control encompasses the DOE Office of Inspector General's (OIG) organizational structure as well as policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. DOE OIG is responsible for establishing and maintaining a system of quality control that is designed to provide DOE OIG with reasonable assurance the organization and its personnel are complying with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and DOE OIG's compliance therewith.

We conducted our review in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General. During our review, we interviewed DOE OIG personnel and obtained an understanding of the nature of the DOE OIG audit organization and the design of DOE OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and attestation engagements, collectively referred to as "audits," and administrative files to test for conformity with professional standards and compliance with DOE OIG's system of quality control. The audits selected represented a reasonable cross-section of DOE OIG's audit organization, with emphasis on higher-risk audits. Before concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with DOE OIG management to discuss the results of our review. We believe our procedures provide a reasonable basis for our opinion.

In conducting our review, we obtained an understanding of the system of quality control for the DOE OIG's audit organization. In addition, we tested compliance with DOE OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of DOE OIG's policies and procedures on selected audits. 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.

There are inherent limitations in the effectiveness of any system of quality control, and therefore, noncompliance with the system of quality control may occur and not be detected. Projecting any evaluation of a system of quality control to future periods is subject to the risk 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.

Enclosure 1 identifies the DOE OIG audits we reviewed. Enclosure 2 contains your response to the formal draft report.

In our opinion, the DOE OIG audit organization's system of quality control in effect for the fiscal year ended September 30, 2018 was suitably designed and complied with to provide DOE OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. DOE OIG has received an External Peer Review rating of *pass*. As is customary, we have issued a letter that sets forth findings we did not consider to be of sufficient significance to affect our opinion expressed in this report.

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 CIGIE related to DOE OIG's monitoring of audits performed by Independent Public Accountants (IPA) under contract where the IPA served as the auditor. It should be noted that monitoring audits 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 DOE OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion, and accordingly, we do not express an opinion, on DOE OIG's monitoring of work performed by IPAs. We made certain comments related to DOE OIG's monitoring of audits performed by IPAs that are included in the above referenced letter.

Sincerely,



Gail S. Ennis
Inspector General
Social Security Administration

Enclosures

SCOPE AND METHODOLOGY

We tested compliance with the U.S. Department of Energy (DOE) Office of Inspector General (OIG) audit organization’s system of quality control to the extent we considered appropriate. These tests included a review of 6 of the 35 audit reports issued from October 1, 2017 through September 30, 2018. We also reviewed the internal quality control reviews conducted by DOE OIG for the audit reports we selected.

Our review included DOE OIG’s monitoring of audits performed by Independent Public Accountants (IPA) where the IPA served as the auditor during the period October 1, 2017 through September 30, 2018. During the period, DOE OIG contracted for the audit of its agency’s fiscal year 2017 financial statements. DOE OIG also contracted for certain other audits that were to be performed in accordance with Government Auditing Standards.

We invited DOE OIG staff within the Office of Audits and Inspections to participate in a questionnaire designed to determine the extent to which DOE OIG’s quality control and assurance policies and procedures were effectively communicated and obtain staff views about the agency’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. We determined the training data received from DOE OIG were sufficiently reliable given our objective and intended use of the data.

Table 1 identifies the five DOE OIG performance audits and attestation engagements that we reviewed.

Table 1: DOE OIG Audits and Attestation Engagements

Report No.	Report Date	Report Title
DOE-OIG-18-07	November 6, 2017	National Nuclear Security Administration’s Energy Savings Performance Contracts
DOE-OIG-18-08	November 8, 2017	Department of Energy’s Implementation of the Digital Accountability and Transparency Act of 2014
DOE-OIG-18-17	February 8, 2018	The Office of Fossil Energy’s Oversight of the Texas Clean Energy Project Under the Clean Coal Power Initiative
DOE-OIG-18-25	March 14, 2018	Audit Coverage of Cost Allowability for Oak Ridge Associated Universities, Inc. During Fiscal Years 2012-2015 Under DOE Contract No. DE-AC05-06OR23
DOE-OIG-18-44	August 20, 2018	Management of the Workers’ Compensation Program at the Hanford Site

Table 2 identifies the one audit performed by an IPA for which we reviewed DOE OIG's monitoring activities.

Table 2: DOE OIG Monitoring of Contracted Audits

Report No.	Report Date	Report Title
DOE-OIG-18-30	May 21, 2018	The Department of Energy's Fiscal Year 2017 Consolidated Financial Statements

RESPONSE FROM THE U.S. DEPARTMENT OF ENERGY'S OFFICE OF INSPECTOR GENERAL



Department of Energy
Washington, DC 20585

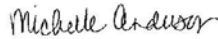
May 31, 2019

Ms. Rona Lawson
Assistant Inspector General for Audit
Office of Inspector General
Social Security Administration
6401 Security Boulevard
Baltimore, MD 21235-0001

SUBJECT: Draft Report on the "Department of Energy Peer Review for the Fiscal Year
Ending September 30, 2018"

Dear Ms. Lawson:

Thank you for the opportunity to respond to the subject report. We are pleased that our audit organization received a rating of *pass*. Therefore, we have no specific comments to offer relating to the report. We appreciated the professionalism and diligent work of the team conducting the engagement. If you have questions relating to our response, you may contact me at (202) 586-1807 or Jennifer L. Quinones, Assistant Inspector General for Eastern Audits and Inspections, and Administration at (202) 586-6168.


Michelle L. Anderson
Deputy Inspector General
for Audits and Inspections
Office of Inspector General

cc: The Honorable Teri L. Donaldson, Inspector General
Jennifer L. Quinones, AIG for Eastern Audits and Inspections, and Administration