

DEPARTMENT OF THE TREASURY WASHINGTON, D.C. 20220

System Review Report

OIG-CA-19-018

The Honorable Scott S. Dahl Inspector General U.S. Department of Labor 200 Constitution Avenue, NW Room S-5502 Washington, DC 20210

Dear Mr. Dahl:

We reviewed the system of quality control for the audit organization of the U.S. Department of Labor Office of Inspector General (Labor OIG) in effect for the year ended September 30, 2018. A system of quality control encompasses Labor OIG's organizational structure and the 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*. Labor OIG is responsible for establishing and maintaining a system of quality control that is designed to provide Labor OIG with 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 express an opinion on the design of the system of quality control and Labor OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed Labor OIG personnel and obtained an understanding of the nature of Labor OIG's audit organization, and the design of Labor OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with Labor OIG's system of quality control. The audits selected represented a reasonable cross-section of Labor OIG's audit organization. We believe that the procedures we performed provide a reasonable basis for our opinion.

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

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. 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.

In our opinion, the system of quality control for the audit organization of Labor OIG in effect for the year ended September 30, 2018, has been suitably designed and complied with to provide Labor OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive an External Peer Review rating of *pass*, *pass with deficiencies*, or *fail*. Labor OIG has received an External Peer Review rating of *pass*.

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 Labor 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 of 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 Labor 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 Labor OIG's monitoring of work performed by IPAs.

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The Enclosure to this report identifies audits performed by Labor OIG and monitoring files of Labor OIG's contracted audits that we reviewed.

Eric M. Thorson, Inspector General /s/ June 6, 2019

Enclosure

SCOPE AND METHODOLOGY

We tested compliance with the U.S. Department of Labor Office of Inspector General (Labor OIG) audit organization's system of quality control to the extent we considered appropriate. Our tests included a review of 10 of 18 audit reports issued during the period October 1, 2017, through September 30, 2018. We also reviewed one Quality Control Review as part of our review of the internal quality control reviews performed by Labor OIG.

Two of the audits reviewed included Labor 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, Labor OIG contracted for the audit of its agency's fiscal year 2016 and 2017 financial statements. Labor OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

Table 1: Reviewed Engagements

Reviewed Engagements Performed by Labor OIG

Report Number	Report Title	Report Date
06-18-001-02-	VETS Processing of USERRA Claims	10/30/2017
001		
17-18-002-07-	OASAM Could Improve Oversight of Purchase	3/23/2018
001	Card Transactions	
04-18-001-03-	Job Corps Could Not Demonstrate Beneficial	3/30/2018
370	Job Training Outcomes	
04-18-002-03-	DOL Could Improve Exit Requirements and	3/30/2018
001	Participant Outcomes for the Youthbuild	
	Program	
02-18-201-03-	Trade Adjustment Assistance Community	7/26/2018
330	College and Career Training: ETA Spent	
	\$1.5 Billion and Met Its Stated Capacity	
	Development Goals, But Is Challenged to	
	Determine if the Investment Improved	
	Employment Outcomes	
17-18-003-50-	DOL Did Not Effectively Manage Mobile Devices	9/26/2018
598	and Related Telecommunication Services	

SCOPE AND METHODOLOGY

06-18-002-03-	ETA's Lack of Key Controls Over the H-2B	9/28/2018
321	Application Process Jeopardy Businesses That	
	Depend on H-2B Workers	
26-18-002-03-	Experience Works, Inc. Misused More Than	9/28/2018
360	\$4 Million in SCSEP Grant Funds	

Reviewed Monitoring Files of Labor OIG for Contracted Audits

Report Number	Report Title	Report Date
22-18-002- 04-432	FY 2016 District of Columbia Workmen's Compensation Act Special Fund Financial Statements and Independent Auditors' Report	10/30/2017
22-18-004- 13-001	FY 2017 Independent Auditors' Report on DOL Consolidated Financial Statements	11/15/2017