



**Department of Veterans Affairs
Office of Inspector General
Washington, DC 20420**

October 29, 2015

The Honorable Carol Fortine Ochoa
Inspector General
U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405

Dear Ms. Fortine Ochoa:

Attached is the External Peer Review Report of the U.S. General Services Administration Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. Your response to the draft report is included as Enclosure 2.

We appreciate the cooperation and courtesies extended to our staff during the review.

Linda A. Halliday
LINDA A. HALLIDAY
Deputy Inspector General

Enclosure



**Department of Veterans Affairs
Office of Inspector General
Washington, DC 20420**

System Review Report

October 29, 2015

The Honorable Carol Fortine Ochoa
Inspector General
U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405

We have reviewed the system of quality controls for the audit organization of General Services Administration Office of Inspector General (GSA OIG) in effect for the year ending March 31, 2015. A system of quality controls encompasses GSA 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*. GSA OIG is responsible for establishing and maintaining a system of quality controls that is designed to provide GSA 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 controls and GSA OIG's compliance with it, 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's (CIGIE) *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed GSA OIG personnel and obtained an understanding of the nature of the GSA OIG audit organization, and the design of GSA OIG's system of quality controls 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 GSA OIG's system of quality controls. The audits selected represented a reasonable cross section of GSA OIG audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with GSA OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

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

There are inherent limitations in the effectiveness of any system of quality controls, and therefore, noncompliance with the system of quality controls may occur and not be detected. Projection of any evaluation of a system of quality controls to future periods is subject to the risk that the system of quality controls may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate. Enclosure 1 to this report identifies GSA OIG audits that we reviewed.

In our opinion, the system of quality controls for the audit organization of GSA OIG in effect for the year ending March 31, 2015, has been suitably designed and complied with to provide GSA 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*. GSA OIG has received an External Peer Review rating of *pass*. As is customary, we have issued a letter dated October 20, 2015, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

In addition to reviewing its system of quality controls to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by CIGIE related to GSA OIG's monitoring of audits performed by Independent Public Accountants (IPAs) 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 GSA 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 GSA OIG's monitoring of work performed by IPAs.

We appreciate the cooperation and courtesies extended to us by members of your staff during the conduct of this review.

Sincerely,


LINDA A. HALLIDAY
Deputy Inspector General

Enclosures

SCOPE AND METHODOLOGY

We tested compliance with the GSA OIG audit organization’s system of quality control to the extent we considered appropriate. These tests included a review of 10 of 90 audit reports issued during the period from April 1, 2014, through March 31, 2015, and semiannual reporting periods from April 1, 2014, through September 30, 2014, and October 1, 2014, through March 31, 2015. GSA OIG issued 68 of 90 Attestation Engagement – Examination Level reports (42 percent) and 22 of 90 Performance Audit reports (24 percent). We also reviewed the internal quality control reviews performed by GSA OIG for the reports we reviewed.

We reviewed the GSA OIG’s monitoring of these engagements where the IPA served as the principal auditor during the period from April 1, 2014, through March 31, 2015. During the period, the GSA OIG contracted for the audit of its agency’s fiscal year 2014 financial statements. We also administered a survey to the 63 GSA OIG employees who worked on the selected reports and received a 100 percent response rate.

GSA OIG Reviewed Engagements and Audits

We selected seven attestation engagement (contract audits) and three performance audit reports (internal audits) to review. At least one report was selected to review from each of GSA OIG’s audit offices. The following three tables identify those reports selected along with the responsible audit office.

Table 1 identifies the seven GSA OIG attestations engagements conducted at the examination level that we reviewed.

Table 1: GSA OIG Attestation Engagement – Examination

Responsible Audit Office	Report Number	Report Issuance Date	Report Title
Atlanta, GA	A140116	01/30/2015	Examination of a Claim: City Lights Electrical Company, Inc., Subcontractor to Suffolk Construction Company, Inc., Contract Number GS-01P-05-BZ-C-3010
San Francisco, CA	A140136	01/20/2015	Preaward Examination of Multiple Award Schedule Contract Extension: Kearney and Company, PC, Contract Number GS-23F-0092J
New York, NY	A140124	12/24/2014	Examination of a Credit Change Order Proposal: Tocci/Driscoll, A Joint Venture, Contract Number GS-02P-09-DTC-0018
Chicago, IL	A140122	09/29/2014	Examination of Administrative Labor Rates, Employee Qualifications, and Change Order Markups: Swinerton Builders, Contract Number GS-09P-09-KTC-0103
Kansas City, MO	A130106	07/23/2014	Preaward Audit of Multiple Award Schedule Contract Extension: CSI Aviation, Inc., Contract Number GS-33F-0025V
Fort Worth, TX	A100205	05/13/2014	Postaward Examination of Multiple Award Schedule Contracts: Nuance Communications, Inc., Contract Number GS-35F-0442L, GS-35F-0668T, GS-25F-0107M, GS-35F-0295M, and GS-03F-4040B
Philadelphia, PA	A130136	04/14/2014	Preaward Examination of Multiple Award Schedule Contract: Fisher Scientific Company LLC, Solicitation Number 7FCB-C4-070066-B

Table 2 identifies the three GSA OIG performance audits we reviewed.

Table 2: GSA OIG Performance Audits

Responsible Audit Office	Report Number	Report Issuance Date	Report Title
Atlanta, GA	A130110	09/30/2014	Reimbursable Work Authorizations for the Peachtree Summit Building Violated Appropriations Law and GSA Policy
Washington, DC	A110217	06/17/2014	Procurement Errors, Financial Losses, and Deficient Contract Administration Demonstrate Ineffective Management of the Ronald Reagan Building and International Trade Center
Chicago, IL	A090172	04/18/2014	PBS Did Not Follow Internal Guidance for Congressional Notification When Supplementing Funding for the Recovery Act Project at 10 W. Jackson

GSA OIG Reviewed Monitoring Files for Contracted Audits

Table 3 identifies the one audit performed by an IPA for which we reviewed the GSA OIG’s monitoring activities.

Table 3: GSA OIG Monitoring Files for Contracted Audits

Responsible Audit Office	Assignment Number	Report Issuance Date	Report Title
Washington, DC	A140020	11/14/2014	Audit of U.S. General Services Administration’s Fiscal Year 2014 Financial Statements



U.S. General Services Administration
Office of Inspector General

October 16, 2015

Gary Abe
Acting Assistant Inspector General for Audits and Evaluations
Department of Veterans Affairs
Office of Inspector General
810 Vermont Avenue, NW
Washington, DC 20420

Subject: System Review Report on the General Services Administration's Office of Inspector General
Audit Organization

Dear Mr. Abe:

Thank you for providing the official draft System Review Report on the General Services Administration's Office of Inspector General Audit Organization conducted in accordance with the *Government Audit Standards* and the Council of the Inspectors General on Integrity and Efficiency guidelines.

We are pleased with the rating of pass and the opinion that our system of quality control has been suitably designed and complied with to provide responsible assurance of performing and reporting, in conformity with applicable professional standards in all material aspects. We appreciate the cooperation and courtesies with which your staff conducted this review. If you have any questions, please contact Lisa Blanchard at (202) 501-4865 or me at (202) 501-0374.

Sincerely,

A handwritten signature in cursive script that reads "Theodore R. Stehney".

Theodore R. Stehney
Assistant Inspector General for Auditing