



Homeland  
Security

JUL 10 2009

Bill A. Roderick  
Deputy Inspector General  
U.S. Environmental Protection Agency  
USEPA West Building – Room 3114  
1301 Constitution Avenue, NW  
Washington, D.C. 20004

Subject: *System Review Report on the External Peer Review of the U.S. Environmental Protection Agency's Office of Inspector General Audit Organization*

Dear Mr. Roderick:

Attached is the final System Review Report of the Environmental Protection Agency's Office of Inspector General audit organization. We conducted this review in accordance with *Government Auditing Standards* and Council of the Inspectors General on Integrity and Efficiency guidelines. Your office did not have any comments on the draft report, as indicated at enclosure 2.

Should you have any questions, please call me, or your staff may contact Anne Richards, Assistant Inspector General for Audits, at (202) 254-4100.

Sincerely,

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner  
Inspector General

cc: Carolyn Hicks  
Auditor/Special Assistant  
U.S. Environmental Protection Agency

Enclosures

## System Review Report

Bill A. Roderick  
Deputy Inspector General  
U.S. Environmental Protection Agency  
USEPA West Building – Room 3114  
1301 Constitution Avenue, NW  
Washington, D.C. 20004

Dear Mr. Roderick:

We have reviewed the system of quality control for the U.S. Environmental Protection Agency (EPA) OIG audit organization in effect for the year ended September 30, 2008. A system of quality control encompasses EPA 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*. EPA OIG is responsible for designing a system of quality control and complying with it to provide EPA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and EPA OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. During our review, we interviewed EPA OIG personnel and obtained an understanding of the nature of the EPA OIG audit organization, and the design of the EPA OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the EPA OIG's system of quality control. The engagements selected represented a reasonable cross-section of the EPA OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with EPA 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 control for the EPA OIG's audit organization. In addition, we tested compliance with the EPA OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the EPA OIG's policies and procedures on selected 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.

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.

Enclosure 1 to this report identifies the offices of the EPA OIG that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the EPA OIG audit organization in effect for the year ended September 30, 2008 has been suitably designed and complied with to provide EPA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. EPA OIG has received a peer review rating of *pass*.

As is customary, we will issue a letter within 60 days that describes other matters that were not considered to be of sufficient significance to affect our opinion as expressed in this report.



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Richard L. Skinner  
Inspector General  
Department of Homeland Security

Enclosure

## SCOPE AND METHODOLOGY (Enclosure 1)

We tested compliance with the EPA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 8 of 53 audit and attestation reports issued during the period October 1, 2007, through September 30, 2008, and semiannual reporting periods March and September 2008.

We visited the Atlanta, GA; Boston, MA; Chicago, IL; Cincinnati, OH; Dallas, TX; Denver, CO; Kansas City, KS; New York, NY; Philadelphia, PA; RTP, NC; San Francisco, CA; Seattle, WA; and Washington, DC offices of EPA OIG.

### EPA OIG Engagements Reviewed

| <u>Report No.</u> | <u>Report Date</u> | <u>Report Title</u>   |
|-------------------|--------------------|---|
| 08-1-0032         | 11/15/2007         | 2007 AGENCY F/S – ACP General (Master)  |
| 08-2-0062         | 01/23/2008         | AA-SAAP City of Elizabeth NJ  |
| 08-P-0102         | 03/17/2008         | Making Better Use of Superfund Special Accounts in Region 8   |
| 08-P-0121         | 03/31/2008         | Improvements Needed to Ensure Grant Funds for U.S. - Mexico Border Water Infrastructure Program Are Spent More Timely |
| 08-2-0142         | 04/28/2008         | Agreed Upon Procedures – FY 2008 First Qtr. Financial Statements  |
| 08-4-0156         | 05/19/2008         | AA-Canaan Valley Institute  |
| 08-P-0186         | 06/30/008          | Award of Non-Competitive Contracts  |
| 08-P-0200         | 07/14/2008         | Follow-up Review of Progress at Escambia Treating Company Superfund Site, Pensacola, Florida                          |

**EPA OIG RESPONSE (Enclosure 2)**



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**  
WASHINGTON, D.C. 20460

OFFICE OF  
INSPECTOR GENERAL

**July 8, 2009**

Ms. Anne L. Richards  
Assistant Inspector General, Office of Audits  
Department of Homeland Security  
245 Murray Drive, S.W., Building 410  
Washington, D.C. 20528

Dear Ms. Richards:

Thank you for the opportunity to comment on the official *Draft system Review Report on the External Peer Review of U.S. Environmental Protection Agency's Office of Inspector General Audit Organization*. We have no comments.

If you have any questions regarding the response, please contact Carolyn J. Hicks, Special Assistant at (202) 566-1238 or [hicks.carolynj@epa.gov](mailto:hicks.carolynj@epa.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Bill A. Roderick".

Bill A. Roderick  
Acting Inspector General