



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

System Review Report

OIG-CA-25-046

May 22, 2025

Nicole N. Murley
Acting Inspector General
U.S. Environmental Protection Agency
Office of Inspector General

We have reviewed the system of quality control for the audit organization of the U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) in effect for the year ended September 30, 2023. 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 in all material respects with *Government Auditing Standards*¹ (GAS) 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 EPA OIG in effect for the year ended September 30, 2023, has been suitably designed and complied with to provide EPA OIG with reasonable assurance of performing and reporting in conformity in all material respects with applicable professional standards and applicable legal and regulatory requirements.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. EPA OIG has received an External Peer Review rating of *pass*.

Monitoring of GAGAS Engagement Performed by Independent Public Accountants

In addition to reviewing its system of quality control to ensure adherence with GAS, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to EPA OIG's monitoring of an engagement conducted in accordance with GAGAS (GAGAS engagement) by Independent Public Accountants (IPA) under contract where the IPA served as the auditor. It should be noted that monitoring of a GAGAS engagement performed by an IPA is not an audit

¹ Government Accountability Office, *Government Auditing Standards, 2018 Revision* (GAO-21-368G, Technical Update April 2021)

and, therefore, is not subject to the requirements of GAS. The purpose of our limited procedures was to determine whether EPA 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 EPA OIG's monitoring of work performed by IPAs.

Letter of Comment

We have issued a letter dated May 22, 2025, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

Basis of Opinion

Our review was conducted in accordance with GAS and the CIGIE *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.²

Prior to concluding the peer 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.

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 EPA 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 EPA OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the engagements conducted by the EPA OIG audit organization, with an emphasis on higher-risk GAGAS engagements.

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

² CIGIE, *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* (March 2020)

We believe that the procedures we performed provide a reasonable basis for our opinion.

Responsibilities and Limitation

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

A handwritten signature in black ink, appearing to read "LJ Sciurba".

Loren J. Sciurba
Deputy Inspector General

Enclosures

Scope and Methodology

We tested compliance with EPA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 5 of 14 engagement reports conducted in accordance with GAGAS (GAGAS engagement) issued from October 1, 2022, through September 30, 2023. We also reviewed the internal quality control review performed by EPA OIG.

In addition, we reviewed EPA OIG's monitoring of a GAGAS engagement performed by an IPA where the IPA served as the auditor from October 1, 2022, through September 30, 2023. During the period, EPA OIG contracted for the audit of its U.S. Chemical Safety and Hazard Investigation Board fiscal year 2022 and 2021 financial statements.

Reviewed GAGAS Engagements Performed by EPA OIG:

Report No.	Report Date	Report Title
23-F-0002	11/15/2022	The EPA's Fiscal Years 2022 and 2021 Consolidated Financial Statements
23-P-0003	11/21/2022	The EPA Met 2018 Water Security Requirements but Needs to Improve Oversight to Support Water System Compliance
23-P-0022	07/11/2023	The EPA Could Improve Its Review of Drinking Water State Revolving Fund Programs to Help States Assist Disadvantaged Communities
23-P-0030	09/06/2023	The EPA Should Enhance Oversight to Ensure that All Refineries Comply with the Benzene Fenceline Monitoring Regulations
23-P-0034	09/26/2023	The EPA Should Improve Management of Great Lakes Restoration Initiative Grants

Reviewed Monitoring File of EPA OIG for Contracted GAGAS Engagement:

Report No.	Report Date	Report Title
23-F-0001	11/15/2022	U.S. Chemical Safety and Hazard Investigation Board Fiscal Years 2022 and 2021 Financial Statement Audit

**U.S. ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF THE INSPECTOR GENERAL
RESPONSE TO THE SYSTEM REVIEW REPORT**



OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

May 12, 2025

Mr. Loren J. Sciurba
Deputy Inspector General
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Room 4436, Main Treasury Building
Washington, D.C. 20220

Dear Mr. Sciurba:

Thank you for the opportunity to review and comment on the draft System Review Report on the U.S. Environmental Protection Agency Office of Inspector General's audit organization for the period ending September 30, 2023.

We are pleased with the external peer review rating of *pass*, and the opinion that our system of quality control for our audit organization has been suitably designed and complied with to provide the U.S. Department of the Treasury Office of Inspector General with reasonable assurance of performing and reporting in conformity with *Government Auditing Standards* and applicable legal and regulatory requirements in all material respects.

The EPA OIG Office of Audit is committed to maintaining an effective system of quality control and continuously working to improve our operations. As such, we appreciate the role of the peer review in helping strengthen our processes. Please express my appreciation to your staff for their time, dedication, and professionalism during their diligent efforts to analyze our system of quality control.

Sincerely,

A handwritten signature in blue ink that reads "Nicole N. Murley".

Nicole N. Murley
Acting Inspector General

To report potential fraud, waste, abuse, misconduct, or mismanagement, contact the OIG Hotline at (888) 546-8740 or OIG.Hotline@epa.gov.