



Office of Inspector General

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

System Review Report

March 4, 2020

James Springs, Inspector General
National Archives and Records Administration, Office of Inspector General

We have reviewed the system of quality control for the audit organization of National Archives and Records Administration (NARA) Office of Inspector General (OIG) in effect for the year ended September 30, 2019. A system of quality control encompasses NARA 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* 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 NARA OIG in effect for the year ended September 30, 2019, has been suitably designed and complied with to provide NARA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

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

Monitoring of GAGAS Engagements Performed by Independent Public Accountants

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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to NARA OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements 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 NARA 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 NARA OIG's monitoring of work performed by IPAs.

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

During our review, we interviewed NARA OIG personnel and obtained an understanding of the nature of the NARA OIG audit organization, and the design of NARA 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 NARA OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of NARA OIG audit organization activities, with an emphasis on higher-risk engagements.

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

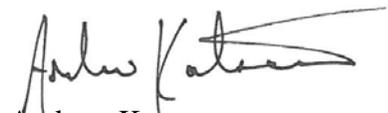
Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with NARA OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the scope and methodology of our review.

Responsibilities and Limitation

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

Enclosure 2 of this report includes the NARA OIG response to the draft report.



Andrew Katsaros
Inspector General

Enclosures

Scope and Methodology

We tested compliance with NARA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 5 audit reports issued during the period October 1, 2018, through September 30, 2019. We also reviewed the internal quality control reviews performed by NARA OIG.

In addition, we reviewed NARA OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period October 1, 2018, through September 30, 2019. During the period, NARA OIG contracted for the audit of its agency's fiscal year 2018 financial statements. NARA OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We conducted our work primarily at the FTC OIG office in Washington, DC.

Table 1. Reviewed Audit Performed by NARA OIG

Report No.	Report Date	Report Title
19-AUD-03	December 20, 2018	Audit of Presidential Libraries' Analog Processing
19-AUD-10	June 11, 2019	Audit of NARA's Oversight of Electronic Records Management in the Federal Government

Table 2. Reviewed Monitoring Files of NARA OIG for Contracted Audits

Report No.	Report Date	Report Title
19-AUD-01	November 15, 2018	Audit of National Archives and Records Administration's FY2018 Consolidated Financial Statements
19-AUD-02	December 21, 2018	Audit of the National Archives and Records Administration's Compliance with the Federal Information Security Modernization Act FY2018



March 3, 2020

Andrew Katsaros
Inspector General
Federal Trade Commission
Room CC-5206
600 Pennsylvania Ave., NW
Washington, DC 20580

Dear Mr. Katsaros:

Thank you for the opportunity to comment on the draft System Review Report summarizing the results of the external peer review for the National Archives and Records Administration's Office of Inspector General (NARA OIG), Office of Audits.

We are pleased with the rating of pass, and the opinion that our system of quality control for the audit organization of the NARA OIG in effect for the year ended September 30, 2019, has been suitably designed and complied with to provide NARA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects. We have no further comments on the draft document.

We appreciate the professionalism with which your staff conducted this review. If you have any questions, please contact Jewel Butler, Assistant Inspector General for Audits.

Respectfully,

James Springs
Inspector General