



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

System Review Report

OIG-CA-20-019

Ann Calvaresi Barr
Inspector General
U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523

Subject: System Review Report on the U.S. Agency for International Development,
Office of Inspector General

Dear Ms. Calvaresi Barr:

We reviewed the system of quality control for the audit organization of the U.S. Agency for International Development Office of Inspector General (USAID OIG) in effect for the year ended September 30, 2019. A system of quality control encompasses USAID 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*. USAID OIG is responsible for establishing and maintaining a system of quality control that is designed to provide USAID 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 USAID 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 USAID OIG personnel and obtained an understanding of the nature of USAID OIG's audit organization, and the design of USAID OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our risk assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with USAID OIG's system of quality control. The audits selected

represented a reasonable cross-section of USAID OIG's audit organization. Prior to concluding the review, we met with USAID OIG's 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 USAID OIG's audit organization. In addition, we tested compliance with USAID OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of USAID 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.

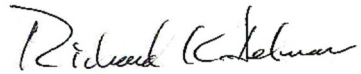
There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality 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 USAID OIG in effect for the year ended September 30, 2019, has been suitably designed and complied with to provide USAID 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*. USAID 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 CIGIE related to USAID 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 USAID 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 USAID OIG's monitoring of work performed by IPAs.

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

A handwritten signature in black ink, appearing to read "Richard Delmar". The signature is written in a cursive style with a large initial "R".

Rich Delmar, Deputy Inspector General
May 27, 2020

Enclosure

SCOPE AND METHODOLOGY

We tested compliance with the U.S. Agency for International Development Office of Inspector General (USAID OIG) audit organization’s system of quality control to the extent we considered appropriate. Our tests included a review of 12 of 23 audit reports issued during the period October 1, 2018, through September 30, 2019 that were performed in accordance with *Government Auditing Standards*. Two of the audits reviewed included USAID OIG’s monitoring of audits performed by Independent Public Accountants (IPA) where the IPA served as the auditor during the period October 1, 2018, through September 30, 2019. Additionally, one of the audits reviewed included the audit of USAID’s FY 2018 and 2017 Financial Statements which was performed by USAID auditors.

We visited USAID OIG’s Washington, DC office, and held phone interviews and corresponded via email with USAID OIG staff to clarify information during our review. We invited 20 USAID OIG audit staff from a wide range of levels, offices and regions to complete a staff questionnaire designed to determine the extent to which USAID OIG’s quality control procedures were effectively communicated to staff and obtain staff views about a number of factors related to USAID OIG’s adherence to those policies and procedures. We also reviewed the training records of selected employees to determine whether they had obtained the required continuing professional education credits.

Table 1: Reviewed Engagements

Reviewed Engagements Performed by USAID OIG

Report Number	Report Title	Report Date
9-521-19-001-P	Audit of USAID/Haiti Electricity	11/13/2018
0-000-19-001-C	Audit of USAID’s FY 2018 and 2017 Financial Statements	12/17/2018
9-OPC-19-002-P	Audit of OPIC’s Energy Portfolio	2/1/2019
9-000-19-003-P	Audit of USAID Construction Activities	2/11/2019
4-698-19-001P	Audit of Power Africa	3/7/2019
5-000-19-001-P	Audit of USAID Local Solutions	3/21/2019
9-000-19-004-P	Audit of Private Capital	5/3/2019
9-OPC-19-005-P	Audit of OPIC Compliance with FY 2018 Consolidated Appropriations Act	7/9/2019
8-306-19-001-P	Audit of USAID/Afghanistan’s New Development Partnership	7/24/2019
9-000-19-006-P	Audit of USAID Award Management	9/25/2019

SCOPE AND METHODOLOGY

Reviewed Monitoring Files of USAID OIG for Contracted Audits

Report Number	Report Title	Report Date
O-IAF-19-001-C	Audit of IAF's FY 2018 and 2017 Financial Statements	11/15/2018
A-OPC-19-006-C	Audit of OPIC's FY 2018 FISMA	1/30/2019