

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



***Report on the
External Quality Control Review of the
Social Security Administration,
Office of the Inspector General
Office of Audit***

Final Audit Report No. DEN-18153-7-001/December 2006

Office of Audits, Denver Regional Office



JAN 4 2007



UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

Steve Schaeffer
Assistant Inspector General for Audit
Social Security Administration
Altmeyer Building, Suite 300
6401 Security Blvd.
Baltimore, Maryland 21235

Subject: Report on the External Quality Control Review of the Social Security Administration
Inspector General Audit Organization

Dear Mr. Schaeffer:

This report presents the results of our External Quality Control Review of the Social Security Administration Inspector General Audit Organization. Your response to the draft report is included as Appendix C.

We thank you and all of your staff that we dealt with for your assistance and cooperation during the conduct of the review. If you have any questions or would like to further discuss the enclosed document, please contact me at (202) 482-1934 or John Bunting, Regional Inspector General for Audits, Denver Regional Office, at (303)-312-7663.

Sincerely,

John M. Seeba
Assistant Inspector General for Auditing

Attachment



UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

JAN 14 2007

The Honorable Patrick P. O'Carroll, Jr.,
Inspector General
Social Security Administration
Altmeyer Building, Suite 300
6401 Security Blvd.
Baltimore, Maryland 21235

Dear Mr. O'Carroll:

We have reviewed the system of quality control for the audit function of the Social Security Administration, OIG in effect for the year ended March 31, 2006. A system of quality control encompasses the OIG's organizational structure, and the policies adopted and procedures established to provide it with reasonable assurance of conforming with generally accepted government auditing standards (GAGAS). The elements of quality control are described in GAGAS, promulgated by the Comptroller General of the United States. The design of the system, and compliance with it in all material respects, are the responsibility of the Social Security Administration, OIG. Our objective was to determine whether the internal quality control system was adequate as designed and complied with to provide reasonable assurance that applicable auditing standards, policies, and procedures were met. Our responsibility is to express an opinion on the design of the system and the OIG's compliance with the system based on our review.

Our review was conducted in accordance with the guidelines established by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency. In performing our review, we obtained an understanding of the system of quality control for the OIG. In addition, we tested compliance with the OIG's quality control policies and procedures to the extent we considered appropriate. These tests included the application of the OIG's policies and procedures on selected audits. Because our review was based on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Nevertheless, we believe that the procedures we performed provide a reasonable basis for our opinion.

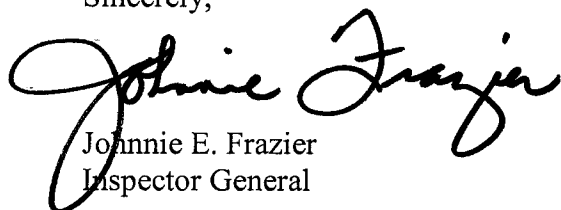
Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Our Scope and Methodology appear as Appendix A. General comments appear as Appendix B. Your response to the draft report is included as Appendix C.



In our opinion, the system of quality control for the audit function of the Social Security Administration, Office of the Inspector General, in effect for the year ended March 31, 2006, has been designed to meet the requirements of the quality control standards established by the Comptroller General of the United States for a Federal Government audit organization and was complied with during the year ended to provide the OIG with reasonable assurance of conforming with applicable auditing standards, policies, and procedures.

Sincerely,

A handwritten signature in black ink, reading "Johnnie E. Frazier". The signature is written in a cursive, flowing style with a large initial "J".

Johnnie E. Frazier
Inspector General

Peer Review Scope and Methodology

Scope and Methodology

We tested compliance with the Social Security Administration Office of the Inspector General system of quality control to the extent we considered appropriate. These tests included a review of 13 of 98 reports issued during the April 1, 2005 through March 31, 2006, reporting periods. In addition, we reviewed the financial statement audit covering FY 2005, performed under contract by PricewaterhouseCoopers, LLP, Certified Public Accountants. Appendix B includes a listing of audits reviewed. We also reviewed the OIG's internal quality control reviews and other relevant policies, procedures, and activities.

OIG Offices Reviewed

We reviewed audits conducted from April 1, 2005 through March 31, 2006 by the Chicago, San Francisco and New York field offices, and the SSA-OIG Headquarters Office in Baltimore.

Appendix B details the audit reports selected for review.

General Comments

We observed numerous positive audit practices in the OIG's audit organization. Most importantly, the audit staff showed a high level of professionalism and expertise. The audit staff displayed extensive knowledge about audits we reviewed as well as your audit organization's policies and procedures. We also noted noteworthy practices and controls instituted to help ensure audits were performed in accordance with professional standards. In particular, we observed that OIG's implementation of Teammate at Headquarters and its regional offices has been very successful.

Listing of Audits Reviewed

Report Number	Report Title	Report Date
	Baltimore, MD	
A-14-05-15063	State Disability Determination Services' Removal of Sensitive Information from Excessed Computers	8/4/2005
A-14-05-15064	Assessing the Application Controls for the Social Security Administration's Integrated Disability Management System	3/23/2006
A-15-05-15043	Analysis of Undeliverable Social Security Number Cards (Limited Distribution)	7/26/2006
A-13-05-15029	The Social Security Administration's Decisions to Terminate Collection Efforts for Old-Age, Survivors and Disability Insurance Overpayments	3/22/2006
A-15-05-15130	Oversight of the Fiscal Year 2005 Financial Statement Audit	11/9/2005
	Chicago, IL	
A-05-04-13058	Social Security Administration's Controls for Concurrently Entitled Beneficiaries with Representative Payees	4/11/2005
A-05-05-15081	Universities' Use of Social Security Numbers as Student Identifiers in Region V	6/7/2005
A-05-05-15082	Access to secured Areas in Region V Hearing Offices	8/5/2005
	San Francisco, CA	
A-09-05-15025	Administrative Costs Claimed by the Alaska Disability Determination Services	7/7/2005
A-09-05-15099	Universities' Use of Social Security Numbers as Student Identifiers in Region IX	11/30/2005
	New York, NY	
A-02-05-25089	Access to Secured Areas in Region II Hearing Offices	4/11/2005
A-02-05-45097	Representative Payee Audit of the Rescue Mission of Utica (Limited Distribution)	8/12/2005
A-02-05-15125	The Social Security Administration's Ticket to Work-Ticket Assignments	1/24/2006



SOCIAL SECURITY

December 8, 2006

Mr. John M. Seeba
Assistant Inspector General for Auditing
Office of Inspector General
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

Dear Mr. Seeba:

We reviewed your draft report on our quality control system. We are pleased with your conclusion that our quality control system has been designed to meet the requirements of the quality control standards established by the Comptroller General of the United States and was complied with during your review period to provide reasonable assurance of conforming with applicable auditing standards, policies, and procedures.

We appreciate the efforts of your staff in completing this review in a thorough fashion, with minimal interference to our normal work flows. My staff also appreciated the description in your draft report of our implementation of automated working papers as very successful.

If you have any questions, please contact me at (410) 965-9700. I look forward to reviewing your final report.

Sincerely,

A handwritten signature in cursive script that reads "Steven L. Schaeffer".

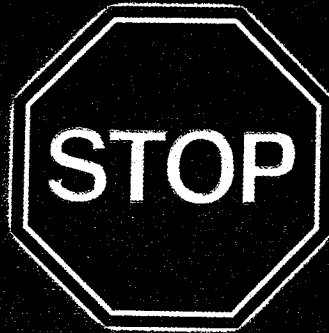
Steven L. Schaeffer
Assistant Inspector General
for Audit



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Office of Inspector General

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