



U.S. CONSUMER PRODUCT SAFETY COMMISSION
WASHINGTON, DC 20207

Christopher W. Dentel
Inspector General

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Date: September 28, 2007

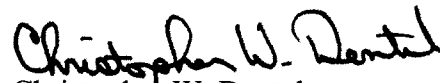
TO : Mr. Sheldon Bernstein, Inspector General
National Endowment for the Humanities

FROM : Christopher W. Dentel
Inspector General

SUBJECT: Report on the External Quality Control Review of the National Endowment for the
Humanities' Inspector General Audit Organization

This report represents the results of our External Quality Control Review of the National
Endowment for the Humanities' Inspector General Audit Organization. Your decision to not
submit a response is included as exhibit C.

We thank you and all of your staff that we dealt with for your assistance and cooperation during
the conduct of the review.


Christopher W. Dentel
Inspector General

Attachment



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Christopher W. Dentel
Inspector General

Tel: 301 504-7644
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Email: cdentel@cpsc.gov

Date: September 28, 2007

TO : Sheldon Berstein, Inspector General
National Endowment for the Humanities

FROM : Christopher W. Dentel
Inspector General

SUBJECT : External Quality Control Review

We have reviewed the system of quality control for the audit function of your office in effect for the year ended March 31, 2007. 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 your office. 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.

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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 appears as Exhibit A. General comments appear as Exhibit B. The NEH/OIG decision to not respond to our discussion draft report is found at Exhibit C.

In our opinion, the system of quality control for the audit function of your office in effect for the year ended March 31, 2007, 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.


CHRISTOPHER W. DENTEL
Inspector General
Consumer Product Safety Commission

Peer Review Scope and Methodology (Exhibit A)

Scope and Methodology

We tested compliance with the Office of Inspector General’s system of quality control to the extent we considered appropriate. These tests included a review of 2 audit reports issued during the September 30, 2006 to March 31, 2007 semiannual reporting period. One of the two was the financial statement audit covering the FY 2006 financial statements for NEH that was performed under contract by Leon Snead and Company, P.C., Certified Public Accountants and Management Consultants.

OIG Offices Reviewed

We visited the Headquarters of the National Endowment for the Humanities, which is also the location of the Office of the Inspector General.

Audit Reports Reviewed

Report Number	Report Date	Report Title
OIG-06-02	July 19, 2006	Audit of the NEH Selection, Purchase, and Implementation of the Oracle Accounting System, Internal Audit Report,
NA (Contracted Out)	Nov, 2007	NEH Financial Statement Audit

General Comments (Exhibit B)

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 a thorough knowledge during discussions with us concerning the audits we reviewed and the audit organization's policies and procedures.

We note that due to the size of the audit staff the OIG was unable to fully implement the internal quality assurance program described at GAGAS 3.49-3.51. However, as authorized under these same provisions of GAGAS, by working closely with staff and personally supervising the work of the OIG, the IG was able to provide reasonable assurance of compliance with professional standards and applicable legal and regulatory requirements. Due to the size of the OIG, the fact that all audit staff work in the same physical location as the Inspector General, the knowledge and experience of the personnel involved, and other factors we determined that the alternate system employed is satisfactory and in compliance with GAGAS.

Although the system of close IG involvement and review of staff independence, given the size of the staff, meets GAGAS standards for assuring the independence of audit staff, we would still recommend the adoption of a system requiring audit staff to certify in writing their independence annually.

We also noted noteworthy practices and controls instituted to help ensure audits were performed in accordance with professional standards. In particular, the checklist entitled "Audit Planning Quality Assurance Checklist" appears to be an invaluable job-planning tool.

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NEH/OIG Response to Discussion Draft (Exhibit C)

From: Davis, Laura [<mailto:LDavis@neh.gov>]
Sent: Friday, September 07, 2007 9:44 AM
To: Dentel, Christopher
Subject: RE: Peer Review

Good Morning Mr. Dentel,

We have reviewed the discussion draft of the report and we do not wish to schedule a formal exit conference. However, I have a couple of technical questions/comments concerning the report.

1. Re: The date referenced in the first paragraph of the report ~ August 31, 2007 - What does this date represent?
2. Re: The "Report Number" referenced in Exhibit A for the NEH Financial Statement Audit ~ OIG-06-07 (IR): This "Report Number" was assigned to the Consolidated review performed in accordance with FMFIA.
An OIG "Report Number" was not assigned to the NEH Financial Statement Audit since it was contracted out.

Thanks.....

Laura

-----Original Message-----

From: Dentel, Christopher [<mailto:CDentel@cpsc.gov>]
Sent: Thursday, September 06, 2007 9:38 AM
To: Davis, Laura
Subject: RE: Peer Review

Attached is the discussion draft of the report of our review of your audit organization conducted in accordance with the President's Council on Integrity and Efficiency guidelines. After reviewing it, please let us know if you would like to schedule an exit conference.

If you have any questions, please have your staff contact me at cdentel@cpsc.gov or 301-504-7644 or Ms. Lori Howard at lhoward@cpsc.gov or 301-504-7685. If you do not desire a formal exit conference, let us know and we will issue the final report.

Christopher W. Dentel
Inspector General

Attachment