

**FEDERAL TRADE COMMISSION
OFFICE OF INSPECTOR GENERAL**



**System Review Report
on the
National Labor Relations Board
Office of Inspector General**

February 6, 2009



Office of Inspector General

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

February 6, 2009

David P. Berry
Inspector General
National Labor Relations Board
1099 14th Street NW, Room 9820
Washington, DC 20570

Subject: System Review Report on the National Labor Relations Board Office of Inspector General Audit Organization

Dear Mr. Berry:

Attached is the final System Review Report on the National Labor Relations Board Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and Council of the Inspectors General on Integrity and Efficiency guidelines.

We thank you and your staff for their assistance and cooperation during the conduct of the review.

A handwritten signature in black ink, reading "John M. Seeba".

John M. Seeba
Inspector General



Office of Inspector General

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

System Review Report

February 6, 2009

David P. Berry
Inspector General
National Labor Relations Board

We have reviewed the system of quality control for the audit organization of the National Labor Relations Board Office of Inspector General (NLRB OIG) in effect for the year ended September 30, 2008. A system of quality control encompasses the NLRB 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*. The NLRB OIG is responsible for designing a system of quality control and complying with it to provide the NLRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the NLRB OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed NLRB OIG personnel and obtained an understanding of the nature of the NLRB OIG audit organization, and the design of the NLRB OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audit engagements and administrative files to test for conformity with professional standards and compliance with the NLRB OIG's system of quality control. The audit engagements selected included all audits performed during Fiscal Year 2008. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with NLRB OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

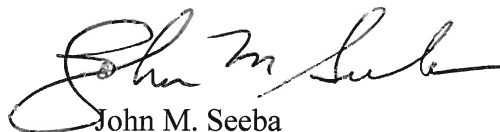
In performing our review, we obtained an understanding of the system of quality control for the NLRB OIG's audit organization. In addition, we tested compliance with the NLRB OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of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

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.

This report identifies the NLRB OIG office that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of the NLRB OIG in effect for the year ended September 30, 2009, has been suitably designed and complied with to provide the NLRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The NLRB OIG has received a 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 the CIGIE related to the NLRB OIG's monitoring of engagements performed by Independent Public Accountants (IPA) under contract where the IPA served as the principal auditor. It should be noted that monitoring of 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 the NLRB 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 the NLRB OIG's monitoring of work performed by IPAs.



John M. Seeba
Inspector General

SCOPE AND METHODOLOGY

Scope and Methodology

We tested compliance with the NLRB OIG's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 2 audit reports issued during the semiannual reporting periods October 1, 2007 through September 30, 2008. There were no attestation reports issued during that period. We also reviewed the internal quality control reviews performed by the NLRB OIG.

In addition, we reviewed the NLRB OIG's monitoring of engagements performed by IPAs during the period October 1, 2007 through September 30, 2008. During the period, the NLRB OIG contracted for the audit of its agency's Fiscal Year 2007 financial statements that were to be performed in accordance with *Government Auditing Standards*.

The NLRB OIG did not provide written comments on this report.

Our work was performed at the Washington, DC office of the NLRB OIG.

Reviewed Audits Performed by the NLRB OIG

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AMR-57-08-01	03/14/2008	Office of the Chief Information Officer Procurement Functions
OIG-AMR-58-08-02	09/03/2008	Budget Submission Case Processing Data

Reviewed Monitoring Files of the NLRB OIG for Contracted Engagements

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-F-12-08-01	12/17/2007	Audit of the NLRB Fiscal Year 2007 Financial Statements