



U.S. GOVERNMENT PRINTING OFFICE
OFFICE OF INSPECTOR GENERAL

732 North Capitol Street NW
Washington, DC 20401-0050

June 27, 2011

Ms. Kathy A. Buller
Inspector General
Peace Corps
1111 20th Street, N.W.
Washington, D.C. 20526

Subject: System Review Report on the Peace Corps' Office of Inspector
General Audit Organization

Dear Ms. Buller:

Attached is the final System Review Report of the Peace Corps' Office of
Inspector General audit organization conducted in accordance with
generally accepted government auditing standards and Council of the
Inspectors General on Integrity and Efficiency guidelines.

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

A handwritten signature in black ink, appearing to read 'Rodolfo Ramirez, Jr.', with a stylized flourish at the end.

Rodolfo Ramirez, Jr.
Inspector General

Attachment



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Washington, DC 20401-0050

June 27, 2011

Ms. Kathy A. Buller
Inspector General
Peace Corps Office of Inspector General
1111 20th Street, N.W.
Washington, D.C. 20526

We have reviewed the system of quality control for the audit organization of the Peace Corps Office of Inspector General (OIG), in effect for the year ended September 30, 2010. A system of quality control encompasses the Peace Corps 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) July 2007 Revision (GAO-07-731G). The elements of quality control are described in GAGAS. The Peace Corps OIG is responsible for designing a system of quality control and complying with it to provide the Peace Corps 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 Peace Corps OIG's compliance therewith based on our review.

Our review was conducted in accordance with GAGAS and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed Peace Corps OIG personnel and obtained an understanding of the nature of the Peace Corps OIG audit organization, and the design of the Peace Corps OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the Peace Corps OIG's system of quality control. The engagements selected represented a reasonable cross-section of the Peace Corps OIG's audit organization, with emphasis on high-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with the Peace Corps 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 Peace Corps OIG's audit organization. In addition, we tested compliance with the Peace Corps OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the Peace Corps 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.

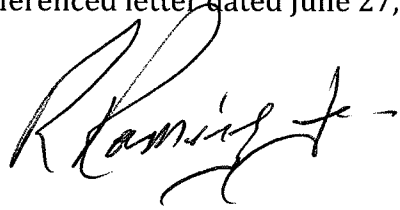
There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality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

The Enclosure to this report identifies the offices of the Peace Corps OIG that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of the Peace Corps OIG in effect for the year ended September 30, 2010, has been suitably designed and complied with to provide the Peace Corps 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 Peace Corps OIG has received a peer review rating of *pass*. As is customary, we have issued a letter dated June 27, 2011, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

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 Peace Corps 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 Peace Corps 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 Peace Corps OIG's monitoring of work performed by IPAs. We made certain comments related to the Peace Corps

OIG's monitoring of engagements performed by IPAs that are included in the above referenced letter dated June 27, 2011.

A handwritten signature in black ink, appearing to read "R Ramirez Jr.", with a stylized flourish at the end.

Rodolfo Ramirez, Jr.
Inspector General

Enclosure

SCOPE AND METHODOLOGY

Scope and Methodology

We tested compliance with the Peace Corps OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 5 of 11 performance audit reports issued during the period October 1, 2009 through September 30, 2010, and semiannual reporting for the same period.

In addition, we reviewed the Peace Corps OIG's monitoring of engagements performed by IPAs where the IPA served as the principal auditor during the period October 1, 2009 through September 30, 2010. During the period, the Peace Corps OIG contracted for its fiscal year 2009 financial statements and Federal Information Security Management Act (FISMA) audits that were to be performed in accordance with generally accepted government auditing standards (GAGAS).

We visited the Washington, D.C. office of the Peace Corps OIG.

Reviewed Engagements Performed by the Peace Corps OIG

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
IG-10-03-A	December 2009	Peace Corps OIG/Cape Verde
IG-10-04-A	January 2010	Peace Corps OIG/Tanzania
IG-10-05-A	January 2010	Peace Corps OIG/Office of the Chief Information Officer Budget Formulation and Management
IG-10-06-A	March 2010	Peace Corps Process for Soliciting, Awarding, and Administering Contracts
IG-10-11-A	May 2010	Peace Corps OIG/Moldova

Reviewed Monitoring Files of the Peace Corps OIG for Contracted Engagements

<u>Report Date</u>	<u>Report Title</u>
N/A	Annual Review of Peace Corps Fiscal Year 2009 Information Security Program
November 12, 2009	Audit of Peace Corps' Fiscal Year 2009 Financial Statements