



**Office of the Inspector General**

Tennessee Valley Authority, 400 West Summit Hill Drive, Knoxville, Tennessee 37902-1401

Richard W. Moore  
Inspector General

August 24, 2009

The Honorable Martin J. Dickman  
Inspector General  
U.S. Railroad Retirement Board  
844 North Rush Street  
Chicago, Illinois 60611-2092

Dear Mr. Dickman:

**SYSTEM REVIEW REPORT ON THE RAILROAD RETIREMENT BOARD OFFICE OF  
INSPECTOR GENERAL AUDIT ORGANIZATION**

Enclosed is the final report of the system review of the Railroad Retirement Board's Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and Council of the Inspectors General on Integrity and Efficiency guidelines. Your response to the draft report is included in the final report as Enclosure B.

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

Very truly yours,

Richard W. Moore

Enclosure



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August 24, 2009

The Honorable Martin J. Dickman  
Inspector General  
U.S. Railroad Retirement Board  
844 North Rush Street  
Chicago, Illinois 60611-2092

Dear Mr. Dickman:

We have reviewed the system of quality control for the audit organization of the Railroad Retirement Board Office of the Inspector General (RRB OIG) in effect for the year ended March 31, 2009. This system encompasses the RRB OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conformity with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. The RRB OIG is responsible for designing a system of quality control and complying with it to provide the organization 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 RRB 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. During our review, we interviewed and made inquiry of RRB OIG personnel and obtained an understanding of the nature of the RRB OIG audit organization and the design of the RRB OIG's system of quality control sufficient to assess the risks implicit in the RRB OIG's audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the RRB OIG's system of quality control. The engagements selected represented a reasonable cross-section of reports issued by the RRB OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with RRB OIG management to discuss the preliminary 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 RRB OIG's audit organization. In addition, we tested compliance with the RRB OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the RRB 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. Enclosure A to this report identifies the location of the RRB OIG that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of the RRB OIG in effect for the year ended March 31, 2009, was suitably designed and complied with and therefore provides the RRB 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 RRB OIG has received a peer review rating of pass. Your comment on this report is included in its entirety in Enclosure B.

Very truly yours,

A handwritten signature in black ink that reads "Richard W. Moore". The signature is written in a cursive style with a large, stylized initial "R".

Richard W. Moore

Enclosures

## SCOPE AND METHODOLOGY

### SCOPE

We tested compliance with the Railroad Retirement Board Office of the Inspector General (RRB OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of three of the seven audit reports issued during the period April 1, 2008, through March 31, 2009, and semiannual reporting periods ended September 30, 2008, and March 31, 2009. We also reviewed the internal quality control reviews which were completed by the RRB OIG for the engagements selected for review. The quality assurance review for the fiscal year 2008 financial statement audit, which was selected for testing, was not completed at the time of our review.

### METHODOLOGY

The Council of the Inspector General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Offices of Federal Inspector General*, dated March 2009, was used in the conduct of the review. In performing the review, we:

- Gained an understanding of the RRB OIG's audit operations and its internal quality control system through inquiry and observation.
- Evaluated the RRB OIG's policies and procedures designed to provide reasonable assurance that generally accepted government auditing standards (GAGAS) and other pertinent requirements were met.
- Made inquiry of various levels of the RRB OIG's professional audit staff to assess their understanding of and compliance with relevant quality control policies and procedures.
- Gained an understanding of the RRB OIG's internal quality assurance program, including review of the most recent quality assurance report issued by the Quality Assurance Officer.
- Assessed review risk and selected the audits to be reviewed and the nature and extent of tests to be performed.
- Reviewed a sample of individual audits to determine adherence to GAGAS.
- Reviewed other documents necessary for assessing compliance with standards, including independence documentation, continuing education records, and relevant human resource management files.
- Maintained open and frequent communication with the Assistant Inspector General for Audits to ensure a complete understanding of any matters identified and to keep her fully informed of the status of the review and preliminary results of our testing.

**LOCATION VISITED AND ENGAGEMENTS REVIEWED**

We visited the Chicago, Illinois, office of the RRB OIG June 15-19, 2009, and reviewed the documentation for three audits, including any quality assurance review documentation associated with these engagements. The quality assurance review for report number 09-01, Report on the Railroad Retirement Board's Fiscal Year 2008 Financial Statements, was not completed at the time of our review. Below are the audits we tested.

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
08-02	May 14, 2008	Implementation of Selected Requirements for Government Charge Card Programs at the Railroad Retirement Board
08-05	September 30, 2008	Fiscal Year 2008 Evaluation of Information Security at the Railroad Retirement Board
09-01	November 17, 2008	Report on the Railroad Retirement Board's Fiscal Year 2008 Financial Statements



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

August 12, 2009

The Honorable Richard W. Moore  
Inspector General  
Tennessee Valley Authority  
400 West Summit Hill Drive  
Knoxville, Tennessee 37902-1401

Dear <sup>RICHARD</sup> Mr. Moore:

Thank you for the opportunity to comment on the draft report presenting the results of your review of our audit organization's system of quality control.

I was very pleased that you were able to conclude that our system of quality control provides reasonable assurance of performing and reporting audits in conformity with applicable professional standards, in all material respects.

I would like to express my appreciation to the peer review team leader, Louise B. Beck and team members Phyllis R. Bryan and Amy R. Rush. Their outstanding professionalism and expertise facilitated an efficient and meaningful process. We particularly appreciate the timeliness of their comments throughout the engagement.

Sincerely,

A handwritten signature in cursive script, appearing to read "Martin J. Dickman".

Martin J. Dickman  
Inspector General