



OFFICE OF INSPECTOR GENERAL
Federal Housing Finance Agency

400 7th Street SW, Washington, DC 20219

February 1, 2018

David P. Berry
Inspector General
National Labor Relations Board
1015 Half Street, S.E.
Washington, DC 20570

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

Dear Mr. Berry:

Enclosed is the System Review Report on our external peer review of the National Labor Relations Board Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Your response to the draft report is included as Enclosure 2.

We appreciate the cooperation and courtesies extended to our staff during the review.

A handwritten signature in blue ink that reads "Laura S. Wertheimer".

Laura S. Wertheimer
Inspector General

Enclosures



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System Review Report

February 1, 2018

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 (NLRB) Office of Inspector General (OIG) in effect for the 18-month period ended September 30, 2017. The system of quality control encompasses 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*. NLRB OIG is responsible for establishing and maintaining a system of quality control that is designed to provide NLRB OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and NLRB OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. 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 NLRB OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with NLRB OIG's system of quality control. The audits selected represented a reasonable cross-section of NLRB OIG audit organization, with emphasis on higher-risk audits. Prior to concluding the peer 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 audit organization. In addition, we tested compliance with NLRB OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of NLRB OIG's policies and procedures on selected audits. 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.

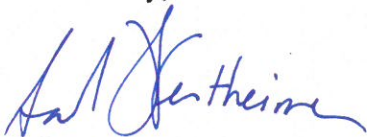
Enclosure 1 to this report identifies the NLRB OIG audits that we reviewed.

In our opinion, the system of quality control for the audit organization of NLRB OIG in effect for the 18-month period ended September 30, 2017, has been suitably designed and complied with to provide NLRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. NLRB OIG has received an External 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 NLRB OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of audits 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 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 NLRB OIG's monitoring of work performed by IPAs.

Enclosure 2 to this report includes NLRB OIG's comments to this report.

Sincerely,



Laura S. Wertheimer
Inspector General

Enclosures

Scope and Methodology

We tested compliance with NLRB OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of all three audit reports issued by NLRB OIG during the period April 1, 2016, through September 30, 2017. Additionally, we reviewed one terminated audit and internal quality control reviews performed by NLRB OIG.

Reviewed Audits Performed by NLRB OIG:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AMR-79-17-01	5/16/2017	Backpay Payments
OIG-AMR-77-16-02	9/27/2016	Training and Conferences
OIG-AMR-78-16-01	5/12/2016	Freedom of Information Act

In addition, we reviewed NLRB OIG's monitoring of the following contracted audit performed by an IPA during the period April 1, 2016, through September 30, 2017.

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-F-21-17-01	11/3/2016	Audit of the National Labor Relations Board Fiscal Year 2016 Financial Statements

We visited NLRB OIG's office located in Washington, DC.

NLRB OIG Comments



United States Government
NATIONAL LABOR RELATIONS BOARD
OFFICE OF INSPECTOR GENERAL
Washington, DC 20570-0001

January 26, 2018

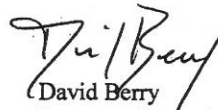
The Honorable Laura S. Wertheimer
Inspector General
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

Dear Ms. Wertheimer:

Thank you for the opportunity to comment on the draft System Review Report on the External Peer Review conducted by the Federal Housing Finance Agency Office of Inspector General of the National Labor Relations Board Office of Inspector General Audit Organization. We have no comment on the draft System Review Report.

The Council of the Inspectors General on Integrity and Efficiency peer review process is an integral part of ensuring that each Office of Inspector General fulfills its oversight responsibility in compliance with the statutory requirements, professional standards, and established policies and procedures. We appreciate the time and effort expended by your office on the system review of our audit organization.

Sincerely,


David Berry
Inspector General