



UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
BETHESDA, MD 20814

Memorandum

March 30, 2017


TO : Ann Marie Buerkle, Acting Chairman
Robert S. Adler, Commissioner
Marietta S. Robinson, Commissioner
Elliot F. Kaye, Commissioner
Joseph P. Mohorovic, Commissioner

FROM : Christopher W. Dentel, Inspector General

SUBJECT : Transmittal of the Results of the Peer Review of the Audit Operations of the CPSC OIG

I hereby submit the Peer Review performed on my office by the National Endowment for the Humanities Office of Inspector General. In accordance with the Inspectors General Act, all Federal Office of Inspector General are required to undergo a peer review of their audit operations every three years to ensure that they are operating in compliance with Government Audit Standards promulgated by the Government Accountability Office. This review covered the system of quality control for the audit organization of the Consumer Product Safety Commission (CPSC) Office of Inspector General (OIG) in effect for the year ended September 30, 2016. 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 Government Auditing Standards. Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail. The CPSC OIG has received a peer review rating of pass. If you have any questions, please feel free to contact me.

Sincerely,


Christopher W. Dentel
Inspector General



NATIONAL ENDOWMENT FOR THE

Humanities

OFFICE OF INSPECTOR GENERAL

System Review Report

March 29, 2017

Mr. Christopher W. Dentel, Inspector General
U.S. Consumer Product Safety Commission
Office of Inspector General
4330 East West Highway
Bethesda, MD 20814

Dear Mr. Dentel,

We have reviewed the system of quality control for the audit organization of the U.S. Consumer Product Safety Commission (CPSC) Office of Inspector General (OIG) in effect for the year ended September 30, 2016. A system of quality control encompasses CPSC 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*. CPSC OIG is responsible for establishing and maintaining a system of quality control that is designed to provide CPSC 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 CPSC 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 CPSC OIG personnel and obtained an understanding of the nature of the CPSC OIG audit organization, and the design of CPSC 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 CPSC OIG's system of quality control. The audits selected represented a reasonable cross-section of the CPSC 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 CPSC 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 CPSC OIG audit organization. In addition, we tested compliance with CPSC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of CPSC 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.

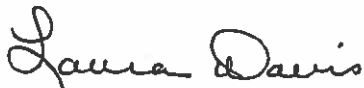
Enclosure 1 to this report identifies the CPSC OIG office that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of CPSC OIG in effect for the year ended September 30, 2016, has been suitably designed and complied with to provide CPSC 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*. CPSC OIG has received an External Peer Review rating of *pass*.

In addition to reviewing the 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 CPSC OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the principal 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 CPSC 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 CPSC OIG's monitoring of work performed by IPAs.

Enclosure 2 to this report includes your response to the draft report.

Sincerely,



Laura Davis
Inspector General

Enclosures

Scope and Methodology

We tested compliance with the U.S. Consumer Product Safety Commission (CPSC) Office of Inspector General (OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of two audit reports issued during the period April 1, 2015 through September 30, 2016. We also reviewed the annual internal quality control reviews performed by CPSC OIG related to fiscal years 2014, 2015, and 2016.

In addition, we reviewed CPSC OIG's monitoring of audits performed by IPAs where the IPA served as the principal auditor during the period October 1, 2015 through September 30, 2016. During this period, CPSC OIG contracted for the audit of its agency's fiscal year 2016 financial statements. CPSC OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We visited the CPSC OIG office located in Bethesda, MD.

Reviewed Audits Performed by CPSC OIG:

<u>Report Date</u>	<u>Report Title</u>
August 3, 2015	Audit of the Collection of Civil Penalties
September 30, 2015	Audit of the Freedom of Information Act Program

Reviewed Monitoring Files of CPSC OIG for Contracted Audits:

<u>Report Date</u>	<u>Report Title</u>
May 4, 2016	FY 2014 Travel Program Audit Report



U.S. CONSUMER PRODUCT SAFETY COMMISSION

Christopher W. Dentel
Inspector General

Tel: 301 504-7501
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March 28, 2017

**TO : Laura Davis
Inspector General**

**FROM : Christopher W. Dentel
Inspector General**

SUBJECT: Response to Formal Draft Peer Review

I am writing to thank you for all of your hard work and to inform you that we have reviewed your formal draft report dated March 27, 2017. We do not have any formal comments to make regarding its findings or conclusions. We appreciate the opportunity you gave us to review and respond to your preliminary draft findings and conclusions. As I expressed at our exit conference, we have appreciated your candor and the opportunity to discuss with you both your observations regarding our office and how your office deals with similar issues.

If you have any questions please feel free to contact me at (301) 504-7644.


CHRISTOPHER W. DENTEL
Inspector General