



U.S. SMALL BUSINESS ADMINISTRATION  
OFFICE OF INSPECTOR GENERAL  
WASHINGTON, D.C. 20416

November 21, 2012

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

We have reviewed the system of quality control for the audit organization of the U.S. Railroad Retirement Board Office of Inspector General (OIG) in effect for the year ended March 31, 2012. 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*. The elements of quality control are described in *Government Auditing Standards*. The OIG is responsible for designing a system of quality control and complying with it to provide the 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 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 OIG personnel and obtained an understanding of the nature of the OIG audit organization, and the design of the 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 OIG's system of quality control. The engagements selected represented a reasonable cross-section of the 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 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 OIG's audit organization. In addition, we tested compliance with the OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the 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.

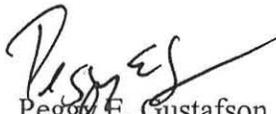
There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality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

Enclosure 1 to this report identifies the offices of the OIG that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of the OIG in effect for the year ended March 31, 2012, has been suitably designed, and complied with to provide the 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 OIG has received a peer review rating of *pass*.

As is customary, we have issued a letter dated October 18, 2012, that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report.

Sincerely,

  
Peggy E. Gustafson  
Inspector General

Enclosure(s)

## SCOPE AND METHODOLOGY (Enclosure 1)

We tested compliance with the OIG audit organization's system of quality control to the extent we considered appropriate. The tests included a review of 5 of 13 audit and attestation reports issued during the period April 1, 2011 through March 31, 2012..All audit reports issued during the semiannual reporting periods ending on September 30, 2009 and March 31, 2012 were within the scope of this Peer Review. We also reviewed the internal quality control reviews performed by the OIG.

### OIG Office Visited

We performed on-site reviews and assessed OIG audits completed at the following location:

U.S. Railroad Retirement Board  
Office of Inspector General  
844 North Rush Street  
Chicago, Illinois 60611-2092

### Reviewed Engagements Performed by the OIG

Report Number	Report Date	Report Title
11-06	04/20/2011	Audit of Controls Over Railroad Medicare Contract Costs
12-02	01/05/2012	FY 2011 Evaluation of Information Security at the RRB
12-06	03/30/2012	Audit of the APPLE System's Date of Death Reliability
12-01	11/15/2011	Report on RRB's FY 2011 Financial Statements
12-04	01/13/2012	FY 2011 Financial Statement Audit Letter to Management



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

November 16, 2012

The Honorable Peggy E. Gustafson  
Inspector General  
U.S. Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Washington, D.C. 20416

Dear Ms. Gustafson:

Thank you for the opportunity to respond to the draft report dated November 8, 2012, on the results of your review of the system of quality control for the audit function of the Railroad Retirement Board, Office of Inspector General (RRB-OIG). I am very pleased that your independent review of our system of quality control for the year ended March 31, 2012 resulted in a "pass" rating and concluded that the system of quality control for RRB-OIG was suitably designed and complied with, to provide reasonable assurance of performing and reporting in conformity with applicable professional standards.

On behalf of RRB-OIG, I would like to thank you and your peer review team for the professionalism demonstrated in conducting the external peer review.

Sincerely,

A handwritten signature in cursive script, reading "Martin J. Dickman", followed by a long horizontal flourish.

Martin J. Dickman  
Inspector General