



Office of Inspector General Pension Benefit Guaranty Corporation

August 29, 2018

System Review Report

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

Dear Inspector General Dickman:

We have reviewed the system of quality control for the audit organization of Railroad Retirement Board Office of Inspector General (RRB OIG) in effect for the review period ended March 31, 2018. A system of quality control encompasses RRB 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*. RRB OIG is responsible for establishing and maintaining a system of quality control that is designed to provide RRB 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 RRB 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 RRB OIG personnel and obtained an understanding of the nature of the RRB OIG audit organization, and the design of RRB 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 RRB OIG's system of quality control. The audits selected represented a reasonable cross-section of RRB 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 RRB 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 RRB OIG audit organization. In addition, we tested compliance with RRB OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered

the application of RRB 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 RRB OIG office that we visited and the audits that we reviewed. Enclosure 2 to this report identifies the RRB OIG position to the final report.

In our opinion, the system of quality control for the audit organization of RRB OIG in effect for the period ended March 31, 2018 has been suitably designed and complied with to provide RRB 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*. RRB OIG has received an External Peer Review rating of *pass*.

Robert A. Westbrook

Robert A. Westbrook
Inspector General
Pension Benefit Guaranty Corporation

Enclosure

Enclosure 1

Scope and Methodology

We tested compliance with RRB OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 4 of 21 audit reports issued during the period April 1, 2015, through March 31, 2018. We also reviewed the internal quality control reviews performed by RRB OIG.

We visited the RRB OIG office located in Chicago, IL to interview staff and obtain information.

We reviewed the following Audits performed by RRB OIG:

<u>Report No.</u> 16-10	<u>Report Date</u> 08/22/2016	<u>Report Title</u> Railroad Retirement Board did not Calculate Reimbursed Medicare Costs in Accordance with Federal Requirements
<u>Report No.</u> 17-04	<u>Report Date</u> 04/11/2017	<u>Report Title</u> Railroad Retirement Board did not Always Comply with the Federal Travel Regulation
<u>Report No.</u> 17-08	<u>Report Date</u> 09/28/2017	<u>Report Title</u> Railroad Retirement Board Must Take Further Action to be Compliant with Federal Records Management Directives
<u>Report No.</u> 18-02	<u>Report Date</u> 11/15/2017	<u>Report Title</u> Report on the Railroad Retirement Board's Financial Statements



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

August 29, 2018

The Honorable Robert A. Westbrook
Inspector General
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington, DC 20005-4026

Dear Mr. Westbrook:

Thank you for the opportunity to respond to the draft report dated August 28, 2018, on the results of your review of the system of quality control for the audit organization 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 period ended March 31, 2018, resulted in a peer review rating of "pass" and concluded that the system of quality control for the audit organization of RRB OIG was suitably designed and complied with, to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

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 blue ink that reads "Martin J. Dickman".

Martin J. Dickman
Inspector General