



UNITED STATES DEPARTMENT OF COMMERCE
Office of Inspector General
Washington, D.C. 20230

September 20, 2021

The Honorable Martin J. Dickman
Inspector General
U.S. Railroad Retirement Board
William O. Lipinski Federal Building
844 North Rush Street, Room 450
Chicago, Illinois 60611-1275

SUBJECT: *System Review Report on the U.S. Railroad Retirement Board Office of Inspector General Audit Organization*

Dear Mr. Dickman:

Attached is the System Review Report of the U.S. Railroad Retirement 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 Audit Organizations of Federal Offices of Inspector General*. Your response to the report is included as an exhibit with excerpts and our comments incorporated into the relevant sections of the report.

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

Peggy E. Gustafson
Inspector General

Enclosure



System Review Report

September 20, 2021

Martin J. Dickman, Inspector General
U.S. Railroad Retirement Board

We have reviewed the system of quality control for the audit organization of U.S. Railroad Retirement Board Office of Inspector General (OIG) in effect for the year ended March 31, 2021. A system of quality control encompasses U.S. Railroad Retirement Board OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards*¹ and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of U.S. Railroad Retirement Board OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide U.S. Railroad Retirement Board OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. U.S. Railroad Retirement Board OIG has received an External Peer Review rating of *pass*.

Enclosure 2 to this report includes the response by U.S. Railroad Retirement Board OIG to the rating.

Monitoring of GAGAS Engagements Performed by Independent Public Accountants

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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to U.S. Railroad Retirement Board OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements 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 U.S. Railroad Retirement Board OIG had controls to ensure IPAs performed contracted work in accordance with professional standards.

¹ The Comptroller General of the United States issued the applicable version of *Government Auditing Standards* in July 2018. See U.S. GAO, July 2018. *Government Auditing Standards*, GAO-18-568G, Washington, DC: GAO. Available online at <https://www.gao.gov/assets/files.gao.gov/assets/gao-18-568g.pdf> (accessed August 19, 2021).

However, our objective was not to express an opinion; accordingly, we do not express an opinion on U.S. Railroad Retirement Board OIG's monitoring of work performed by IPAs.

Letter of Comment

We have issued a letter dated September 20, 2021, that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report.

Basis of Opinion

Our review was conducted in accordance with *Government Auditing Standards* and the CIGIE *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.²

During our review, we interviewed U.S. Railroad Retirement Board OIG personnel. We obtained an understanding of the nature of the U.S. Railroad Retirement Board OIG audit organization and the design of U.S. Railroad Retirement Board OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected GAGAS engagements and administrative files to test for conformity with professional standards and compliance with U.S. Railroad Retirement Board OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the U.S. Railroad Retirement Board OIG audit organization.

We tested compliance with U.S. Railroad Retirement Board OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of U.S. Railroad Retirement Board OIG's policies and procedures on selected GAGAS 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.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with U.S. Railroad Retirement Board OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure I to this report details the engagements we reviewed.

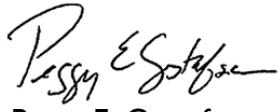
Responsibilities and Limitation

U.S. Railroad Retirement Board OIG is responsible for establishing and maintaining a system of quality control designed to provide U.S. Railroad Retirement Board OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and U.S. Railroad Retirement Board OIG's compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the

² CIGIE issued the applicable version of the *Guide for Conducting Peer Reviews of Audit Organization of Federal Offices of Inspector General* in March 2020.

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.

A handwritten signature in black ink, appearing to read "Peggy E. Gustafson". The signature is written in a cursive style with a large initial "P" and a long horizontal stroke at the end.

Peggy E. Gustafson
Inspector General

Enclosures

Scope and Methodology

We tested compliance with U.S. Railroad Retirement Board OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of three of four reports issued from April 1, 2020, through March 31, 2021, in accordance with GAGAS. We also reviewed the internal quality control reviews performed by U.S. Railroad Retirement Board OIG.

In addition, we reviewed U.S. Railroad Retirement Board OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from April 1, 2020, through March 31, 2021. U.S. Railroad Retirement Board OIG contracted for GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We did not visit U.S. Railroad Retirement Board OIG offices located in Chicago, Illinois, because of COVID-19 protocol.

Table 1. Reviewed GAGAS Engagements Performed by U.S. Railroad Retirement Board

Report No.	Report Date	Report Title
21-01	11/16/2020	Report on the RRB's Financial Statements
20-06	5/12/2020	Audit of RRB's Compliance with Improper Payments Reporting in the FY 2019 PAR
20-07	6/4/2020	Controls over Medicare Premium Penalties and Refunds Can Be Improved ^a

^a Our review of this report used (1) The Comptroller General of the United States-issued applicable version of *Government Auditing Standards*, dated December 2011, and (2) the CIGIE-issued applicable version of the *Guide for Conducting Peer Reviews of Audit Organization of Federal Offices of Inspector General*, appendix E, dated September 2014.

Table 2. Reviewed Monitoring Files of U.S. Railroad Retirement Board for Contracted GAGAS Engagements

Report No.	Report Date	Report Title
21-03	1/14/2021	Performance Audit of RRB's Compliance with the Federal Information Security Modernization Act of 2014 for FY 2020

Response by U.S. Railroad Retirement Board OIG to the Rating



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 3, 2021

The Honorable Peggy E. Gustafson
Inspector General
U.S. Department of Commerce
1401 Constitution Avenue N.W.
Washington, DC 20230

Dear Ms. Gustafson:

Thank you for the opportunity to comment on the draft *System Review Report*, dated September 1, 2021, of the Railroad Retirement Board Office of Inspector General's (RRB OIG) audit organization. We acknowledge the results of your review. I am very pleased that your independent review of our system of quality control for the period ended March 31, 2021, resulted in a peer review rating of pass. We have no comments on the draft *System Review Report*.

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. We appreciate the dedication and efforts of your staff during this peer review.

Sincerely,

MARTIN
DICKMAN

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MARTIN DICKMAN
Date: 2021.09.03
14:25:32 -05'00'

Martin J. Dickman
Inspector General