



Office of Inspector General
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September 24, 2019

Mr. Kurt W. Hyde
Inspector General
Library of Congress, Office of Inspector General
101 Independence Avenue SE
Washington, DC 20540

Subject: External Peer Review Report on the Library of Congress Office of Inspector General Audit Organization

Dear Mr. Hyde:

Attached is the External Peer Review Report of the Library of Congress 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 with excerpts and our position incorporated into the relevant sections of the report.

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

Sincerely,

Christopher P. Failla, CIG
Inspector General

Enclosure



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System Review Report

September 24, 2019

Mr. Kurt W. Hyde, Inspector General
Library of Congress, Office of Inspector General

We have reviewed the system of quality control for the audit organization of Library of Congress Office of Inspector General (OIG) in effect for the year ended March 31, 2019. A system of quality control encompasses the Library of Congress OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*.¹ The elements of quality control are described in *Government Auditing Standards*. The Library of Congress OIG is responsible for establishing and maintaining a system of quality control that is designed to provide the Library of Congress 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 the Library of Congress 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*.² During our review, we interviewed the Library of Congress OIG personnel and obtained an understanding of the nature of the Library of Congress OIG audit organization, and the design of the Library of Congress OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected an audit and administrative files to test for conformity with professional standards and compliance with the Library of Congress OIG's system of quality control. The audit selected represented a reasonable cross-section of the Library of Congress 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 the Library of Congress 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 Library of Congress OIG audit organization. In addition, we tested compliance with Library of Congress OIG's quality control policies and procedures to the extent we considered appropriate.

¹ GAS is issued by the Comptroller General of the United States, July 2018.

² CIGIE Guide for Conducting Peer Reviews Federal OIG Audit Organizations, September 2014.



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These tests covered the application of Library of Congress OIG’s policies and procedures on the selected audit. 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 Library of Congress OIG office that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of Library of Congress OIG in effect for the year which ended March 31, 2019, has been suitably designed and complied with to provide the Library of Congress 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*. The Library of Congress 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 the Library of Congress 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 Library of Congress 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 the Library of Congress OIG’s monitoring of work performed by IPAs.

Sincerely

Christopher Failla, CIG
Inspector General

Enclosures



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Enclosure 1

Scope and Methodology

We tested compliance with the Library of Congress OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of one of five audit reports issued during the period from April 1, 2016, through March 31, 2019. We also reviewed the internal quality control reviews performed by the Library of Congress OIG.

In addition, we reviewed the Library of Congress OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period from April 1, 2016, through March 31, 2019. During the period, the Library of Congress OIG contracted for the audit of its agency's fiscal year 2018 financial statements. Library of Congress OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We visited Library of Congress OIG office located in Washington, DC.

Reviewed Audits Performed by Library of Congress OIG

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
2016-PA-102	9/29/2017	The Library's Controls for Three Gift Funds Are Generally Working but Need to Be Enhanced

Reviewed Monitoring Files of Library of Congress OIG for Contracted Audits

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
2017-FN-101	6/18/2018	Results of the Library of Congress' FY 2017 Financial Statements Audit

September 10, 2019

Christopher P. Failla
Inspector General
Architect of the Capitol, Office of the Inspector General
499 South Capitol Street, SW, Suite 518
Washington, DC 20515

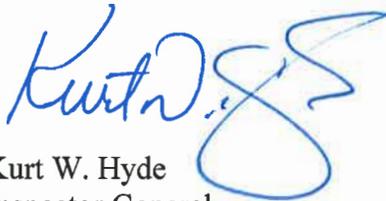
Subject: Response to the External Peer Review Discussion Draft Report on the Library of Congress Office of the Inspector General Audit Organization (Project #2019-AUD-002-O)

Dear Mr. Failla:

We have received and reviewed the draft report for the external peer review of our audit organization.

We have no comments on the report, but wish to express our appreciation for the work completed and suggestions made by the peer reviewers representing the Architect of the Capital's Office of the Inspector General.

Kind Regards,



Kurt W. Hyde
Inspector General