

U.S. International Trade Commission

Peer Review of National Endowment for the Humanities OIG



August 2, 2019



Office of Inspector General

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UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

August 2, 2019

IG-RR-021

Laura Davis
Inspector General
National Endowment for the Humanities
400 7th Street, SW
Washington, DC 20506

Subject: External Peer Review Report on the National Endowment for the Humanities Office of Inspector General Audit Organization

Dear Ms. Davis:

Attached is the External Peer Review Report of the National Endowment for the Humanities 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*.

In finalizing the report, we reviewed your response to our draft report and have included your response in its entirety as Enclosure 2.

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

Sincerely,

Philip M. Heneghan
Inspector General

Attachment



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC 20436

August 2, 2019

Laura Davis
Inspector General
National Endowment for the Humanities
400 7th Street, SW
Washington, DC 20506

Subject: System Review Report

We have reviewed the system of quality control for the audit organization of the National Endowment for the Humanities, Office of Inspector General (NEH/OIG) in effect for the year ended March 31, 2019. A system of quality control encompasses NEH/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*. NEH/OIG is responsible for establishing and maintaining a system of quality control that is designed to provide the NEH/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 NEH/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 NEH/OIG personnel and obtained an understanding of the nature of the NEH/OIG audit organization, and the design of NEH/OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and attestation engagements, collectively referred to as "audits", and administrative files to test for conformity with professional standards and compliance with NEH/OIG's system of quality control. The audits selected represented a reasonable cross-section of NEH/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 NEH/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 NEH/OIG audit organization. In addition, we tested compliance with NEH/OIG's quality control

policies and procedures to the extent we considered appropriate. These tests covered the application of NEH/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 NEH/OIG offices that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of NEH/OIG in effect for the year ended March 31, 2019, has been suitably designed and complied with to provide NEH/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*. NEH/OIG has received an External Peer Review rating of *pass*. As is customary, we have issued a letter dated August 2, 2019 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

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 NEH/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 NEH/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 NEH/OIG's monitoring of work performed by IPAs.

Sincerely,



Philip M. Heneghan
Inspector General

Enclosures

Enclosure 1

Scope and Methodology

We tested compliance with NEH/OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 1 of 2 audit reports issued during the period April 1, 2016, through March 31, 2019.

In addition, we reviewed NEH/OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period April 1, 2016, through March 31, 2019. During the period, NEH/OIG contracted for the audit of its agency's financial statements.

Location

We visited the NEH/OIG, which is located in Washington, DC.

Reports Reviewed

Report Number	Report Date	Report Title	Report Type
OIG-17-01 (EA)	06/21/2017	Limited Audit Report – Pacific Symphony	Performance Audit
Not Applicable	11/14/2018	Audit of NEH Financial Statements, As of and for the Year Ended September 30, 2018	Contracted Audit

Enclosure 2



NATIONAL ENDOWMENT FOR THE
Humanities

OFFICE OF INSPECTOR GENERAL

Via Electronic Transmission

August 1, 2019

Mr. Philip Heneghan
Inspector General
United States International Trade Commission
Washington, DC 20436

Dear Mr. Heneghan:

I have reviewed the draft report on the system of quality control for the audit organization of the National Endowment for the Humanities (NEH) Office of Inspector General (OIG) in effect for the year ended March 31, 2019. In your opinion, the system of quality control has been suitably designed and complied with to provide NEH/OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects, warranting the issuance of an External Peer Review rating of *pass*.

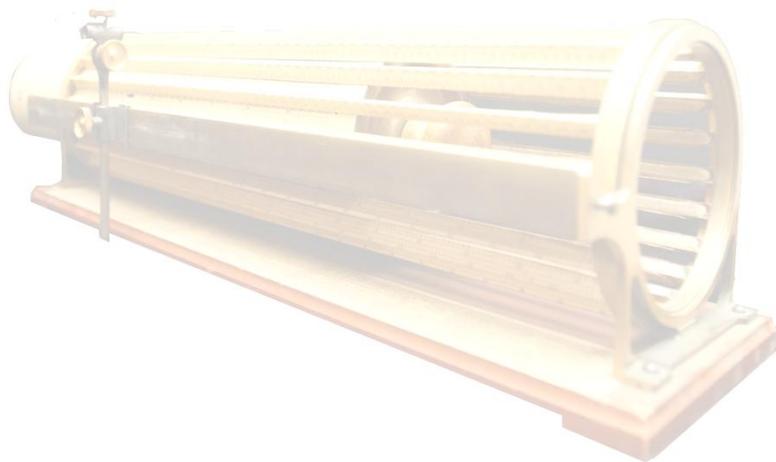
I do not have any formal comments concerning the draft report on the system of quality control.

I wish to express my appreciation to you and your staff for the professionalism exhibited during the performance of this peer review.

Respectfully submitted,



Laura Davis
Inspector General



“Thacher’s Calculating Instrument” developed by Edwin Thacher in the late 1870s. It is a cylindrical, rotating slide rule able to quickly perform complex mathematical calculations involving roots and powers quickly. The instrument was used by architects, engineers, and actuaries as a measuring device.

To Promote and Preserve the Efficiency, Effectiveness, and Integrity of the U.S. International Trade Commission



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