



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

April 26, 2001

Honorable Luise S. Jordan  
Inspector General  
Corporation for National Service  
1201 New York Avenue, NW - Suite 8100  
Washington, DC 20525

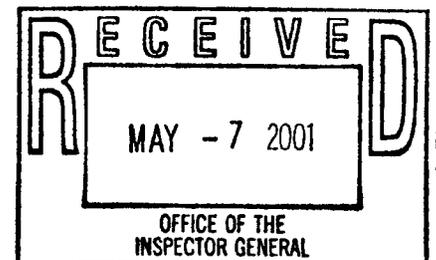
Dear Ms. Jordan:

The enclosed report presents the results of the External Peer Review completed in March 2001.

Sincerely,

Martin J. Dickman  
Inspector General

Enclosure





UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

April 26, 2001

Honorable Luise S. Jordan  
Inspector General  
Corporation for National Service  
1201 New York Avenue, NW - Suite 8100  
Washington, DC 20525

Dear Ms. Jordan:

We conducted an external quality control review of the Corporation for National Service (CNS) Office of Inspector General (OIG) audit function for the year ended September 30, 2000. Our review was conducted in conformity with standards and guidelines established by the President's Council on Integrity and Efficiency (PCIE).

In performing our review, we gave consideration to the PCIE policy statement on quality control and external reviews dated April 1997. That statement indicates that an OIG's quality control policies and procedures should be appropriately comprehensive and suitably designed to provide reasonable assurance that the objectives of quality control will be met. It also recognizes that the nature, extent and formality of an OIG's system of quality control depends on various factors such as the size of the OIG, the location of its offices, the nature of the work and its organizational structure. We performed a limited scope review focusing our primary emphasis on the quality of individual audits.

The review covered a sample of the 38 reports issued between October 1, 1999 and September 30, 2000. CNS auditors performed one of these reviews. Independent Public Accountants (IPA's) performed the remaining 37 reviews under contract to the CNS-OIG. We reviewed reports and working papers for seven reviews performed by IPA's and the one audit performed by the OIG audit staff. We also reviewed independence and qualifications of the audit staff. The reviews were performed for the purpose of determining whether the OIG had policies and procedures to assure the work of IPA's met *Government Auditing Standards* (GAS) and the OIG followed applicable standards in conducting its own audit work.

In our opinion, CNS-OIG has complied with generally accepted government auditing standards in monitoring the work of IPA's and in performing its own work for the year ended September 30, 2000. CNS-OIG's policies and procedures have been designed to provide the OIG with reasonable assurance of conformance with professional standards in monitoring IPA work and in the conduct of its own audits.

Please express my appreciation for the cooperation and courtesies extended to the review team by your office.

Sincerely,

A handwritten signature in black ink that reads "Martin J. Dickman". The signature is written in a cursive style with a long horizontal flourish at the end.

Martin J. Dickman  
Inspector General

**EXTERNAL QUALITY ASSURANCE  
REVIEW OF  
CORPORATION FOR NATIONAL SERVICE  
OFFICE OF INSPECTOR GENERAL**

**Audit Report No. 01-05  
April 26, 2001**



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

April 26, 2001

LETTER OF COMMENTS

Honorable Luise S. Jordan  
Inspector General  
Corporation for National Service  
1201 New York Avenue, NW – Suite 8100  
Washington, DC 20525

Dear Ms. Jordan:

We reviewed the audit function of the Corporation for National Service (CNS), Office of Inspector General (OIG) for the year ended September 30, 2000, and have issued our report thereon dated April 26, 2001. This letter should be read in conjunction with that report.

Your office issued 38 audit and survey reports between October 1, 1999 and September 30, 2000. The OIG audit staff performed one of these audits. Independent Public Accountants (IPA's) performed the remaining 37 reviews. We reviewed reports and working papers for seven reviews performed by IPA's and the one audit performed by the OIG audit staff. The review was conducted in accordance with standards and guidelines established by the President's Council on Integrity and Efficiency (PCIE).

We determined that the CNS-OIG has complied with *Government Auditing Standards* (GAS) in monitoring the work of IPA's and in performing its own audit work for the year ended September 30, 2000. CNS-OIG's policies and procedures provide the OIG with reasonable assurance of conformance with professional standards in monitoring the work of IPA's and in the conduct of its own audits.

As a result of the review, we identified a couple of opportunities for improvement which are summarized below and were discussed during the course of the review and at the exit conference. We have considered your comments to the draft report in preparing this final report. This letter does not change the final report or our opinion on the overall operations of the audit function.

**Audit Follow-up**

The prior peer review noted several minor opportunities for improvement in a *Letter of Comments*. CNS-OIG implemented all but one of the recommended changes. The prior peer review noted that CNS-OIG policies and procedures did not address reviewing the IPA's staff qualifications. The peer review recommended the development of written policies.

During our peer review, we noted that the IPA's generally provided resumes on key personnel. Resumes or other staff qualifications were not always provided for managers and senior auditors. The OIG staff indicated that the qualifications of the IPA staff members are often discussed during planning and other phases of the assignment. In addition, the IPA's provided statements and certifications to the effect that the audit staff members assigned to reviews were adequately qualified to perform the audits.

Recommendation – The OIG can enhance its controls over IPA monitoring by establishing written policies for reviewing IPA staff qualifications.

CNS-OIG Comments:

The OIG concurred with the recommendation and implemented a policy change to require that resumes for contractor personnel be obtained, reviewed and approved before a contractor begins work on an engagement.

Management Disagreement to Draft Reports

CNS-OIG reports included management responses as appendices. In some cases, the responses opposed findings, conclusions, or recommendations presented in the reports. The OIG did not always present rebuttals to management disagreement. In addition, CNS-OIG working papers did not always state reasons for rejecting management comments. GAS 7.42 provides that auditors may choose to state their reasons for rejecting the responsible official's comments.

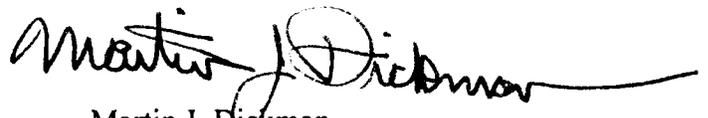
Recommendation - The OIG can improve its controls by establishing procedures to document consideration of management disagreement that is not rebutted in the OIG's final reports.

CNS-OIG Comments:

The OIG report processing checklist requires that responses to audit reports be addressed in the reports as required by GAS 7.38. The OIG will reemphasize to the audit staff that explanations of acceptance or disagreement with an auditee's comments should be appropriately documented in the workpapers as well as discussed in the report.

Your response to the draft report is attached as an Appendix to this Letter of Comments.

Sincerely,

A handwritten signature in black ink that reads "Martin J. Dickman". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Martin J. Dickman  
Inspector General

Attachment

Office of Inspector General  
1201 New York Avenue, NW  
Washington, DC 20525

CORPORATION  
FOR NATIONAL  
SERVICE

April 11 2001

Honorable Martin J. Dickman  
Inspector General  
Office of Inspector General  
Railroad Retirement Board  
844 North Rush Street  
Chicago, IL 60611

Dear Mr. Dickman:

We have reviewed your reports dated March 29, 2001, describing the results of your review of the system of quality control for the audit function of our office for the year ended September 30, 2000. We are pleased that you found that our audits were performed in accordance with applicable auditing standards. Moreover, we concur with the findings presented in the letter of comments and have taken actions to correct the conditions reported.

The first finding in the letter of comments discusses obtaining and reviewing contractors' resumes for managers and senior auditors assigned to an engagement. While this often occurred, it was not always documented in OIG's files. The recommendation asks for establishing written policies for reviewing contractor staff qualifications. OIG has already implemented a policy change to require that resumes for contractor personnel be obtained, reviewed and approved before a contractor begins work on an engagement.

The second finding discussed that OIG does not always present rebuttals to CNS Management's disagreements with findings or conclusions in OIG reports. Also, the peer review team found that working papers did not always state the reason for rejecting management comments. The peer review team recommended that OIG establish procedures to document consideration of management's disagreement. Our report processing checklist requires that responses to audit reports be addressed in the reports as required by GAS 7.38. We will reemphasize to our audit staff that explanations of acceptance or disagreement with an auditee's comments should be appropriately documented in the workpapers as well as discussed in the report.

We appreciate the professionalism and efforts of your staff to complete this review.

Sincerely,



Luise Jordan  
Inspector General

