



# UNITED STATES CAPITOL POLICE

WASHINGTON, DC 20003

March 12, 2010

## *INSPECTOR GENERAL*

Mr. Adam R. Trzeciak  
Inspector General  
Federal Maritime Commission  
800 North Capitol Street, N.W.  
Washington, D.C. 20573

Subject: System Review Report of the Federal Maritime Commission's Office of Inspector General Audit Organization

Dear Mr. Trzeciak:

Attached is the final System Review Report of the Federal Maritime Commission's Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and Council of the Inspectors General on Integrity and Efficiency guidelines. Your response to the draft report is included as an Exhibit with excerpts incorporated into the relevant sections of the report. We agree with your proposed corrective action to the recommendations.

As we stated at the exit conference, we did note that your audit organization has some best practices, such as independent referencing by another federal agency and tracking of recommendations to ensure full implementation. These practices are ones that a small OIG can utilize to better ensure compliance with applicable standards.

We thank you and your staff for your assistance and cooperation during the conduct of the review.

Carl W. Hoecker  
Inspector General  
United States Capitol Police

Attachment



UNITED STATES CAPITOL POLICE  
WASHINGTON, DC 20003

OFFICE OF INSPECTOR GENERAL

## System Review Report

March 12, 2010

To: Mr. Adam R. Trzeciak, Inspector General  
Federal Maritime Commission

The United States Capitol Police (USCP), Office of Inspector General (OIG) reviewed the system of quality control for the audit function of the Federal Maritime Commission, Office of Inspector General (FMC OIG) in effect for the year ended September 30, 2009. A system of quality control encompasses the organizational structure and the policies adopted and procedures established to provide an OIG with reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards*. FMC OIG is responsible for designing a system of quality control and complying with it to provide the OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and FMC OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed FMC OIG personnel and obtained an understanding of the nature of FMC OIG's audit organization and the design of FMC OIG's system of quality control sufficient to assess the risks implicit in FMC OIG's audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with FMC OIG's system of quality control. The engagements selected represented a reasonable cross-section of OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with FMC 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 FMC OIG's audit organization. In addition, we tested compliance with FMC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of FMC OIG's policies and procedures on selected 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.

There are inherent limitations in the effectiveness of any system of quality control; 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 and procedures may deteriorate.

The enclosure to this report identifies the FMC OIG office visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of FMC OIG in effect for the year ended September 30, 2009, has been suitably designed and complied with to provide FMC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. FMC OIG has received a peer review rating of *pass*. As is customary, we have issued a letter dated March 12, 2010, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report. Your response to the draft report is included as an Exhibit, and excerpts are incorporated into the relevant sections of the letter.

In addition to reviewing FMC OIG's system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by CIGIE related to FMC OIG's monitoring of engagements performed by Independent Public Accountants (IPA) under contract where the IPA served as the principal auditor. It should be noted that monitoring of 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 FMC OIG had controls to ensure that 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 FMC OIG's monitoring of work performed by IPAs.

/Carl W. Hoecker/, Inspector General

Enclosure

## SCOPE AND METHODOLOGY (Enclosure 1)

We tested compliance with the Federal Maritime Commission Office of Inspector General (FMC OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 3 of 7 audit and attestation reports issued during the period October 1, 2008, through September 30, 2009, and semiannual reporting periods of April 1, 2009, and September 30, 2009, as shown in Tables 1 and 2.

In addition, we reviewed FMC OIG's monitoring of engagements performed by IPAs where the IPA served as the principal auditor during October 1, 2008, through September 30, 2009. During the period, FMC OIG contracted for the audit of its agency's 2008 financial statements.

We visited FMC OIG's Washington, D.C. office.

***Table 1: Reviewed Engagements Performed by FMC OIG***

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
A09-03	July 2009	Review of the Office of General Counsel Time and Attendance Practices
A09-07	August 2009	Review of Office of Consumer Affairs & Dispute Resolution Services Time and Attendance Practices

***Table 2: Reviewed Monitoring Files of FMC OIG for Contracted Engagements***

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
A09-01	November 2008	FY 2008 FMC Audited Financial Statements
A09-01A	January 2009	FY 2008 Financial Statement Management Letter