OFFICE OF INSPECTOR GENERAL

March 28, 2013

Dana Rooney-Fisher
Inspector General, Interim
Federal Maritime Commission
800 North Capitol Street, N.W., Room 1054
Washington, D.C. 20573

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

Dear Ms. Rooney-Fisher:

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 and our position incorporated into the relevant sections of the report.

We agree with your proposed corrective action to the recommendations. We thank you and your staff that we dealt with for your assistance and cooperation during the conduct of the review.

Yours sincerely,

/Jack Callender/
Inspector General
Postal Regulatory Commission

Attachment

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OFFICE OF INSPECTOR GENERAL

System Review Report

March 28, 2013

To: Dana Rooney-Fisher, Interim Inspector General
Federal Maritime Commission Office of Inspector General

We have reviewed the system of quality control for the audit organization of Federal Maritime Commission Office of Inspector General (FMC OIG) in effect for the year ended

September 30, 2012. A system of quality control encompasses FMC 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 Standard*s. FMC OIG is responsible for designing a system of quality control and complying with it to provide FMC 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 the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed FMC OIG personnel and obtained an understanding of the nature of the FMC OIG audit organization, and the design of the FMC OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the FMC OIG's system of quality control. The engagements selected represented a reasonable cross-section of the FMC 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 the FMC OIG's audit organization. In addition, we tested compliance with the FMC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the 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, 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.

The enclosure to this report identifies the FMC 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, 2012, 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 20, 2013 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 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 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.

/Jack Callender/, Inspector General
Postal Regulatory Commission

Enclosures

SCOPE AND METHODOLOGY (Enclosure 1)

Scope and Methodology

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 reports issued during the period October 1, 2009, through September 30, 2012, and semiannual reporting periods. We also reviewed the internal quality control reviews performed by FMC OIG.

In addition, we reviewed FMC OIG's monitoring of engagements performed by IPAs where the IPA served as the principal auditor during the period October 1, 2010, through September 30, 2011. During the period, FMC OIG contracted for the audit of its agency's Fiscal Year 2011 Financial Statements.

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

Table1: Reviewed Engagements Performed by FMC OIG

Report No.	Report Date	Report Title
A10-03	March 1, 2010	Audit of the Office of the Secretary's Oversight of Document Scanning Services

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

Report No.	Report Date	Report Title
A12-01	November 9, 2011	FY 2011 Federal Maritime Commission Audited Financial Statements
A12-01A	March 2, 2012	FY 2011 Financial Statements Management Letter