



March 23, 2022

Jon Hatfield  
Inspector General  
Federal Maritime Commission  
800 North Capitol Street, N.W.  
Room 1054  
Washington, D.C. 20573

Re: System Review Report

Dear Mr. Hatfield:

We have reviewed the system of quality control for the audit organization of the Federal Maritime Commission (FMC) in effect for the three years ended September 30, 2021. A system of quality control encompasses the FMC OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of FMC OIG in effect for the year ended September 30, 2021, has been suitably designed and complied with to provide FMC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. FMC OIG has received an External Peer Review rating of *pass*.

### **Monitoring of GAGAS Engagements Performed by Independent Public Accountants**

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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to FMC OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS 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; accordingly, we do not express an opinion on FMC OIG's monitoring of work performed by IPAs.

## **Basis of Opinion**

Our review was conducted in accordance with *Government Auditing Standards* and the *CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* (March 2020).

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 FMC OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected the one GAGAS engagement performed by OIG staff during our review period and administrative files to test for conformity with professional standards and compliance with FMC OIG's system of quality control.

In performing our review, we obtained an understanding of the system of quality control for the FMC OIG 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 GAGAS 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.

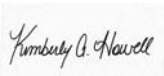
Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with FMC OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the engagements we reviewed.

## **Responsibilities and Limitations**

FMC OIG is responsible for establishing and maintaining a system of quality control designed to provide FMC OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and FMC OIG's compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may 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.

Sincerely,



Digitally signed by  
Kimberly Howell  
Date: 2022.03.23  
13:22:53 -04'00'

Kimberly A. Howell  
Inspector General

Enclosures

### Scope and Methodology

We tested compliance with the FMC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of one of one audit reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from October 1, 2018, through September 30, 2021. We also reviewed the internal quality control reviews performed by FMC OIG.

In addition, we reviewed FMC OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2018, through September 30, 2021. During the period, FMC OIG contracted for the audit of its agency's fiscal year 2019, 2020, and 2021 financial statements. FMC OIG also contracted for four other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We conducted this review remotely.

#### Reviewed GAGAS Engagements Performed by FMC OIG

Report No.	Report Date	Report Title
A20-01	November 7, 2019	DATA Act Audit, 2019

#### Reviewed Monitoring Files of FMC OIG for Contracted GAGAS Engagements

Report No.	Report Date	Report Title
A21-01	November 16, 2020	Independent Auditors' Report of the FMC's FY 2020 Financial Statements



FEDERAL MARITIME COMMISSION  
Washington, DC 20573

*Office of Inspector General*

March 15, 2022

SENT BY EMAIL

Kimberly A. Howell  
Inspector General  
Corporation for Public Broadcasting  
401 9<sup>th</sup> Street NW  
Washington, D.C. 20004

Dear Ms. Howell:

Thank you for the opportunity to review and comment on the draft System Review Report on the Federal Maritime Commission (FMC) Office of Inspector General (OIG) audit function. Your draft report determined that the system of quality control for the FMC OIG audit organization in effect for the period ended September 30, 2021, has been suitably designed and complied with to provide the FMC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. My office is pleased to have received an External Peer Review rating of *pass*.

Please extend my appreciation to peer review team members Mr. William Richardson III and Ms. Julia Stancil for their professionalism throughout the review. We sincerely appreciate their efforts.

Sincerely,

Jon Hatfield  
Inspector General