



At a Glance

Catalyst for Improving the Environment

FY 2005 Quality Assurance Report

Why We Did This Review

We conducted the QAR of sampled EPA OIG audit, evaluation and public liaison operations to determine whether overall product quality was consistent and in compliance with Government Auditing Standards, OIG policies and procedures, and other applicable guidance.

Background

Government Auditing Standards require, "Each audit organization performing audits and/or attestation engagements in accordance with GAGAS should have an appropriate internal quality control system in place..." Part of EPA OIG's Quality Assurance System includes conducting Quality Assurance Reviews of its work products. EPA OIG's Quality Assurance System encompasses its organizational structure and the policies and procedures established to provide it with reasonable assurance of complying with *Government Auditing Standards*. EPA OIG is responsible for the design of its quality assurance system and compliance with it, including the quality of its products.

What We Found

Our Quality Assurance Review (QAR) judgmentally sampled 13 assignments from a total of 48 work products issued by the Office of Inspector General (OIG) during fiscal 2004. We did not include single audit reports or DCAA contract reports. Our sample represented different types of OIG work including performance audits, evaluations, an attestation engagement, financial-related audits, and special reviews. This QAR did not include the "Audit of EPA's Fiscal 2004 and 2003 Financial Statements" which will be reviewed and reported on separately. Our field work was conducted between January and August 2005.

The QAR of OIG work products found that the work performed generally complied with applicable Government Auditing Standards, OIG policies and procedures, and other guidance. We found no personal impairments to independence; staff met professional education requirements and continuing professional education is being documented in the OIG's Training Information System II. However, we identified the following opportunities for improving quality within the OIG. Although none of these issues affected our overall conclusion, we believe they should receive vigilant management attention.

- Sufficient information needs to be available in the working papers to determine whether or not significant facts, conclusions and judgments are supported in the report.
- Managers should verify and certify that management control reviews are specifically addressed and documented when these controls are relevant to assignment objectives.
- Some elements of the OIG Internal Control System should be improved.
- The requirements for collecting information from non-federal respondents should be consistently applied in compliance with the Paperwork Reduction Act.

What We Recommend

- Issue detailed written guidance on evidence, working paper format and cross-referencing procedures while providing additional training.
- Emphasize the importance of reviewing management controls and documenting the review when controls are relevant to assignment objectives.
- Implement annual quality assurance reviews as required by OIG policy and changes to OMB Circular A-123.
- Inform or train staff about the Paperwork Reduction Act and requirements for Information Collection Requests.

The Offices of Audit, Program Evaluation and Congressional and Public Liaison generally agreed with the recommendations. We made revisions when appropriate.