
FEDERAL TRADE COMMISSION

Office of Inspector General



**System Review Report
of the
Postal Regulatory Commission's
Office of Inspector General Audit Organization**

March 2012



OFFICE OF
INSPECTOR GENERAL

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

System Review Report

March 16, 2012

Jack Callender
Inspector General
Postal Regulatory Commission

We have reviewed the system of quality control for the audit organization of the Postal Regulatory Commission Office of Inspector General (PRC OIG) in effect for the two years ended September 30, 2011. A system of quality control encompasses the PRC 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 Standards*. The PRC OIG is responsible for designing a system of quality control and complying with it to provide the PRC 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 the PRC 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 PRC OIG personnel and obtained an understanding of the nature of the PRC OIG audit organization, and the design of the PRC OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audit engagements and administrative files to test for conformity with professional standards and compliance with the PRC OIG's system of quality control. The audit engagements selected represented a reasonable cross-section of the PRC OIG's audit organization. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with PRC 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 PRC OIG's audit organization. In addition, we tested compliance with the PRC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the PRC 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.

Enclosure 1 to this report identifies the offices that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of the PRC OIG in effect for the two years ended September 30, 2011, has been suitably designed and complied with to provide the PRC 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*. The PRC OIG has received a peer review rating of *pass*.

In response to the draft report, the PRC OIG's management provided written comments on March 23, 2012. Their response is included as Enclosure 2 in this report.

As is customary, we have issued a letter dated March 26 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.



John M. Seeba
Inspector General

Enclosure

SCOPE AND METHODOLOGY

Scope and Methodology

We tested compliance with the PRC OIG's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 2 audit reports issued during the period October 1, 2009, through September 30, 2011 and the semiannual reporting periods ended March 31, 2010 through September 30, 2011. During that period, the Postal Regulatory Commission did not prepare audited financial statements; accordingly the PRC OIG did not prepare or contract for any financial audits.

We visited and performed our review at the Postal Regulatory Commission's Office of Inspector General, located in Washington, DC. We also visited the United States Postal Service Office of Inspector General in Arlington, Virginia to review supporting documentation maintained by the USPS OIG.

Reviewed Audits Performed by the PRC OIG

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
09-2-A02	02/02/2010	Compensation Changes and Performance Awards
10-02-A01	12/22/2010	Information Security management and Access Control Policies Audit Report



OFFICE OF INSPECTOR GENERAL

March 23, 2012

Mr. John Seeba
Inspector General
Office of Inspector General
Federal Trade Commission
Washington, D.C. 20580

Subject: System Review Report on the Postal Regulatory Commission Office of Inspector General Audit Organization

Dear Mr. Seeba:

Thank you for the opportunity to comment on the draft *System Review Report* on the Postal Regulatory Commission Office of Inspector General's system of quality controls.

We are very pleased that your office concluded that our audit organization system of quality controls was suitably designed and provided reasonable assurances that our audit organization conducted and reported audits in conformity with the applicable professional standards in all material respects. We are very pleased to receive a peer review rating of "pass."

The external peer review is an important aspect to our quality control system. We are committed to maintaining an effective system of quality controls and strive to continuously improve our audit operations.

We appreciate the professionalism and cooperation extended by your staff during our review. If you have any questions, please contact me at (202) 789-6817.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "J. Callender", written over a horizontal line.

Jack Callender
Inspector General
Postal Regulatory Commission