

APPALACHIAN REGIONAL COMMISSION

Office of Inspector General



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

June 8, 2015

May 8, 2015

Mr. Jack Callender
Inspector General
Postal Regulatory Commission

We reviewed the system of quality control, including established policies and procedures, for the audit organization of the Postal Regulatory Commission, Office of Inspector General (PRC OIG) in effect for the year ending September 30, 2014. The review was conducted in accordance with Modified Review Guidelines in the guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General. These guidelines highlight assessing the policies and procedures for those OIGs with limited staff that performed other reviews including inspections and evaluations based on the Quality Standards for Inspections and Evaluations, and the monitoring of GAGAS audits conducted for the OIG by another organization.

Established policies and procedures is one component of a system of quality control to provide PRC OIG with reasonable assurance of conforming to applicable standards. The components of a quality control system are described in the Government Auditing Standards. PRC OIG is responsible for establishing and maintaining a system of quality control that is designed to provide PRC OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements. Our responsibility is to assess whether policies and procedures submitted for review were suitably designed consistent with applicable professional standards in all material respects and assess the monitoring of audits performed for the OIG by other organizations.

In addition to reviewing established policies and procedures for the audit organization of PRC OIG, we applied certain limited procedures in accordance with guidance established by the CIGIE related to PRC OIG's monitoring of audits in accordance with Government Auditing Standards performed by the USPS OIG where the USPS OIG served as the principal auditor.

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 (1) interviewed PRC OIG personnel, (2) obtained an understanding of the nature of the PRC OIG audit organization, and (3) assessed established policies and procedures and the PRC OIG's monitoring process.

In our opinion, the system of quality control for the audit organization of the PRC OIG in effect for the year ended September 30, 2014, 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. Although a modified review does not include a pass/fail opinion our testing determined that PRC OIG implementation of standards in relation to reviews conducted or monitored resulted in an equivalent pass rating.

In response to the draft report PRC OIG management provided written comments that are considered part of the report.

Also, we issued a letter dated May 8, 2015 that identified two issues that were not considered to be of sufficient significance to effect the conclusions expressed in this report.

A handwritten signature in cursive script, reading "Hubert Sparks". The signature is written in dark ink and is positioned above the printed name and title.

Hubert Sparks
Appalachian Regional Commission
Inspector General

OFFICE OF INSPECTOR GENERAL



May 27, 2015

Mr. Hubert Sparks
Inspector General
Office of Inspector General
Appalachian Regional Commission
Washington, D.C. 20009

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

Dear Mr. Sparks:

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 know that implementation of standards in relation to reviews conducted or monitored is equivalent to a pass rating.

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 dark ink, appearing to read "J. Callender", is written over a light blue horizontal line.

Jack Callender
Inspector General
Postal Regulatory Commission