



U.S. General Services Administration
Office of Inspector General

September 30, 2015

The Honorable Patrick P. O'Carroll, Jr.
Inspector General
Social Security Administration
6401 Security Boulevard, 3ME2
Baltimore, MD 21235

Subject: External Peer Review Report on the Social Security Administration, Office of Inspector General Audit Organization

Dear Inspector General O'Carroll:

Attached is the External Peer Review Report and associated Letter of Comment of the Social Security Administration, Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Your response to the draft report is included as Enclosure 2.

We appreciate the cooperation and courtesies extended to our staff during the review.

A handwritten signature in blue ink that reads "Carol F. Ochoa".

Carol F. Ochoa
Inspector General

Attachments



U.S. General Services Administration
Office of Inspector General

System Review Report

September 30, 2015

The Honorable Patrick P. O'Carroll, Jr.
Inspector General
Social Security Administration

We have reviewed the system of quality control for the audit organization of the Social Security Administration, Office of Inspector General (SSA OIG) in effect for the year ended March 31, 2015. A system of quality control encompasses the SSA OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*.¹ The elements of quality control are described in *Government Auditing Standards*. The SSA OIG is responsible for establishing and maintaining a system of quality control that is designed to provide it with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the SSA OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*.² During our review, we interviewed SSA OIG personnel and obtained an understanding of the nature of the SSA OIG's audit organization, and the design of its system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with the SSA OIG's system of quality control. The audits selected represented a reasonable cross-section of the SSA OIG's audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with SSA 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 SSA OIG audit organization. In addition, we tested compliance with the SSA OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of SSA OIG's policies and procedures on selected

¹ Government Auditing Standards as issued by the Comptroller General in December 2011.

² Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General, dated September 2014.

audits. 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 SSA OIG offices that we visited and the audits that we reviewed. Enclosure 2 provides the SSA OIG's response to the draft report.

In our opinion, the system of quality control for the audit organization of the SSA OIG in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the SSA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The SSA OIG has received an External Peer Review rating of *pass*. As is customary, we have issued a letter dated September 30, 2015 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 the SSA OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of audits 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 the SSA 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 the SSA OIG's monitoring of work performed by IPAs.



Carol F. Ochoa
Inspector General

Enclosures

Scope and Methodology

We tested compliance with the SSA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 8 of 54 audit reports issued during the period April 1, 2014, through March 31, 2015. We also reviewed the internal quality control reviews performed by the SSA OIG.

In addition, we reviewed the SSA OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period April 1, 2014, through March 31, 2015. During the period, the SSA OIG contracted for the audit of its agency's fiscal year 2014 financial statements. The SSA OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We visited SSA OIG offices located in Woodlawn, MD; New York, NY; Kansas City, MO; and Atlanta, GA.

Reviewed Audits Performed by the SSA OIG:

SSA OIG Audit Div	Report Number	Report Date	Report Title
Atlanta	A-04-14-24136	12/01/2014	<i>Congressional Response Report: The Social Security Administration's Field Office Benefit Verification Process</i>
Evaluation	A-13-11-21100	05/12/2014	<i>Accuracy of Auxiliary Payments to Children after Divorce</i>
Evaluation	A-13-13-13035	01/30/2015	<i>The Social Security Administration's Interim Assistance Reimbursement Program</i>
Financial	A-15-13-13101	04/03/2014	<i>MDRC Contract Close Out on Contract Number SS00-06-60075</i>
Kansas City	A-07-14-24001	04/28/2014	<i>Integrated Life Choices, an Organizational Representative Payee for the Social Security Administration</i>
Kansas City	A-07-12-11206	05/20/2014	<i>Supplemental Security Income Recipients with Excess Unstated Income</i>
New York	A-02-13-23004	05/13/2014	<i>Non-receipt of Social Security Benefits Due to Unauthorized Direct Deposit Changes</i>
New York	A-02-13-13052	03/11/2015	<i>Payments Deposited into Bank Accounts After Beneficiaries Are Deceased</i>

Reviewed Monitoring Files of the SSA OIG for Contracted Audits:

SSA OIG Audit Div	Report Number	Report Date	Report Title
Financial	A-15-14-14084	11/10/2014	<i>The Social Security Administration's Financial Report for Fiscal Year 2014</i>
Information Systems	A-14-14-24083	10/31/2014	<i>SSA's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2014</i>

Enclosure 2



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

September 21, 2015

Mr. Theodore R. Stehney
Assistant Inspector General for Auditing
General Services Administration
Office of Inspector General
1800 F Street, NW
Washington, D.C. 20405-0002

Dear Mr. Stehney:

We reviewed your draft report on our quality control system. We are pleased with your conclusion that we designed our quality control system in a manner to provide reasonable assurance of performing and reporting audits in conformity with applicable professional standards in all material respects. We have no comments on the System Review Report.

We appreciate the efforts of your staff in completing this review in a thorough fashion, with minimal interference to our normal work.

If you have any questions, please contact me at 410-965-9700. I look forward to receiving your final report.

Sincerely,

A handwritten signature in black ink that reads "Steven L. Schaeffer".

Steven L. Schaeffer
Assistant Inspector
General for Audit

Attachment

WEB: OIG.SSA.GOV | FACEBOOK: OIGSSA | TWITTER: @THESSAOIG | YOUTUBE: THESSAOIG

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