



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

System Review Report

October 30, 2018

The Honorable Christy Goldsmith Romero
Special Inspector General
Troubled Asset Relief Program
1801 L Street, NW, 4th Floor
Washington, DC 20220

Dear Ms. Goldsmith Romero:

We have reviewed the system of quality control for the audit organization of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) in effect for the year ended March 31, 2018. A system of quality control encompasses SIGTARP'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*. SIGTARP is responsible for establishing and maintaining a system of quality control that is designed to provide SIGTARP 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 SIGTARP'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*. During our review, we interviewed SIGTARP personnel and obtained an understanding of the nature of SIGTARP's audit organization and the design of SIGTARP's system of quality control sufficient to assess the risks implicit in its audit organization. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with SIGTARP's system of quality control. The audits selected represented a reasonable cross-section of SIGTARP'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 SIGTARP 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 SIGTARP's audit organization. In addition, we tested compliance with SIGTARP's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of SIGTARP's policies and procedures on selected 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 SIGTARP offices that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of SIGTARP in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide SIGTARP 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*. SIGTARP has received an External Peer Review rating of *pass*.

Sincerely,

A handwritten signature in black ink that reads "Martin J. Dickman". The signature is written in a cursive style with a long horizontal flourish at the end.

Martin J. Dickman
Inspector General

Enclosures

Scope and Methodology

We tested compliance with SIGTARP audit organization's system of quality control to the extent we considered appropriate. These tests included a review of all three audit reports issued during the period April 1, 2017, through March 31, 2018, and quarterly reporting periods corresponding to that timeframe. We also reviewed internal quality control reviews performed by SIGTARP.

We visited the SIGTARP's office located in Washington, D.C.

Reviewed Audits Performed by SIGTARP:

Report No.	Report Date	Report Title
17-002	August 25, 2017	Unnecessary Expenses Charged to the Hardest Hit Fund
18-001	October 13, 2017	Mismanagement of the Hardest Hit Fund in Georgia
18-003	March 8, 2018	The Hardest Hit Fund Lacks Standard Federal Requirements for Completion



OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM
1801 L STREET, NW
WASHINGTON, D.C. 20220

OCT 25 2018

The Honorable Martin J. Dickman
Inspector General
Office of Inspector General
U.S. Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611

Dear Inspector General Dickman:

Thank you for the opportunity to respond to the draft System Review Report that we received for the Audit and Evaluation Division of the Office of the Special Inspector General for the Troubled Asset Relief Program ("SIGTARP"). First I would like to thank you and your peer review team for your professionalism. The peer review process is an important facet of an audit organization's quality control efforts. I am pleased that your independent review of our audit operations resulted in a "pass" rating and concluded that the system of quality control for SIGTARP for the year ended March 31, 2018, was suitably designed and complied with to provide SIGTARP with reasonable assurance of reporting in conformity with applicable professional standards in all material respects. Therefore, we have no additional comments to your draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "Christy Goldsmith Romero".

Christy Goldsmith Romero
Special Inspector General