



Corporation
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Office of Inspector General

System Review Report

February 3, 2015

David P. Berry
Inspector General
National Labor Relations Board
1099 14th Street N.W., Suite 9820
Washington, D.C. 20573

Dear Mr Berry:

We have reviewed the system of quality control for the audit organization of National Labor Relations Board (NLRB) Office of the Inspector General (OIG) in effect for the year ended September 30, 2014. A system of quality control encompasses NLRB 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 the *Government Auditing Standards*. NLRB OIG is responsible for establishing and maintaining a system of quality control that is designed to provide NLRB OIG 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 NLRB 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*, dated September 2014. During our review, we interviewed NLRB OIG's personnel and obtained an understanding of the nature of the NLRB OIG's audit organization and the design of NLRB OIG's 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 NLRB OIG's system of quality control. The audits selected represented a reasonable cross-section of NLRB 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 NLRB 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 NLRB OIG audit organization. In addition, we tested compliance with NLRB OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of NLRB OIG'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 NLRB OIG audits that we reviewed.

In our opinion, the system of quality control for the audit organization of NLRB OIG in effect for the year ended September 30, 2014, has been suitably designed and complied with to provide NLRB 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*. NLRB OIG has received an external peer review rating of *pass*.

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 CIGIE related to NLRB 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 NLRB 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 NLRB OIG's monitoring of work performed by IPAs.

Enclosure 2 to this report is NLRB OIG's response to our draft report.

Very truly yours,



Mary Mitchelson

Enclosures (2)

Scope and Methodology

We tested compliance with NLRB OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 4 audit reports issued during the period October 1, 2013, through September 30, 2014. We also reviewed the internal quality control reviews performed by NLRB OIG.

In addition, we reviewed NLRB OIG's monitoring of its financial statement audit performed by an IPA.

We reviewed the following two audits performed by NLRB OIG.

Report No	Report Date	Report Title
OIG AMR-71-14-01	01/06/2014	Division of Administration Pilot Employee Recognition Program
OIG-AMR-72-14-02	06/26/2014	FY 2013 Sequestration-Preparation Implementation Impact

We reviewed the monitoring of the audit performed by an IPA.

Report No	Report Date	Report Title
OIG-F-18-14-01	06/29/2014	Audit of the NLRB Fiscal Year 2013 Financial Statements



United States Government
NATIONAL LABOR RELATIONS BOARD
OFFICE OF INSPECTOR GENERAL
Washington, DC 20570-0001

January 14, 2015

Mary Mitchelson
Inspector General
Corporation for Public Broadcasting
401 Ninth Street, NW
Washington, DC 20004-2129

Dear Ms. Mitchelson:

Thank you for your efforts and those of your staff in conducting the System Review of the National Labor Relations Board's Office of Inspector General Audit Organization. During this process, I was impressed with the expertise and professionalism of your staff. We have no comments on the draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "David Berry".

David Berry
Inspector General