



Office of Inspector General

System Review Report

November 17, 2020

To David Berry, Inspector General
National Labor Relations Board

We have reviewed the system of quality control for the National Labor Relations Board (NLRB) Office of Inspector General (OIG) in effect for the year ended September 30, 2020. 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 in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*. NLRB OIG is responsible for establishing and maintaining a system of quality control designed to provide NLRB OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and NLRB OIG's compliance based on our review.

In our opinion, the system of quality control for the audit organization of NLRB OIG in effect for the year ended September 30, 2020, has been suitably designed and complied with to provide NLRB OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements 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*.

Our review was conducted in accordance with *Government Auditing Standards* and the CIGIE *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. During our review, we obtained an understanding of the nature of the NLRB OIG 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 GAGAS engagements and administrative files to test for conformity with professional standards and compliance with NLRB OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the NLRB OIG audit organization, with an emphasis on higher-risk engagements. 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 GAGAS

November 17, 2020

Page 2

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; therefore, noncompliance with the system of quality control may occur and may 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 engagements we reviewed.

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 Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to NLRB OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements 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; 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 review.

/s/

James Hagen, Inspector General

Enclosures

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 3 of 14 engagements reports issued from October 1, 2017 through September 30, 2020. We also reviewed the internal quality control reviews performed by NLRB OIG.

In addition, we reviewed NLRB OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2017, through September 30, 2020. During the period, NLRB OIG contracted for five audits that were to be performed in accordance with *Government Auditing Standards*.

Reviewed Audit Engagements Performed by the NLRB OIG:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-AMR-88-20-03	12/10/2019	Backpay Accounting
OIG-AMR-91-20-04	09/16/2020	Fiscal Year 2019 Budget Execution

Reviewed Monitoring Files of the NLRB OIG for Contracted Engagements:

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-F-24-20-01	11/15/2019	Fiscal Year 2019 Financial Statements



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

November 16, 2020

James W. Hagen
Inspector General
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Mr. Hagen:

Thank you for the opportunity to comment on the Draft System Review Report, dated November 16, 2020, on the National Labor Relations Board's Office of Inspector General's audit organization for the period ended September 30, 2020. We are pleased that your independent review of our audit organization resulted in a rating of *pass* and concluded that our system of quality control was suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

We appreciate the efforts of your office in conducting this review.

Sincerely,

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

David Berry
Inspector General