



System Review Report
On the
Equal Employment
Opportunity Commission
Office of Inspector General
Audit Organization

September 2011



UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General

System Review Report

September 9, 2011

To: Milton A. Maye, Jr.
Inspector General
Equal Employment Opportunity Commission

We have reviewed the system of quality control for the audit organization of the Equal Employment Opportunity Commission's Office of Inspector General (EEOC OIG) in effect for the 3-year period ended March 31, 2011. A system of quality control encompasses EEOC 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 *Government Auditing Standards*. EEOC OIG is responsible for designing a system of quality control and complying with it to provide EEOC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and EEOC OIG's compliance therewith based on our review.

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

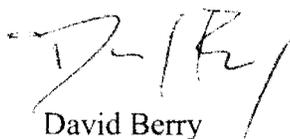
There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the

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.

An enclosure to this report identifies the offices of the EEOC OIG that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of EEOC OIG in effect for the 3-year period ended March 31, 2011, has been suitably designed and complied with to provide EEOC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. EEOC OIG has received a peer review rating of *pass*. As is customary, we have issued a letter dated September 9, 2011, 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 EEOC OIG's monitoring of engagements performed by Independent Public Accountants (IPA) under contract where the IPA served as the principal auditor. It should be noted that monitoring of 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 EEOC 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 EEOC OIG's monitoring of work performed by IPAs.



David Berry
Inspector General

Enclosure

SCOPE AND METHODOLOGY (Enclosure)

Scope and Methodology

We tested compliance with the EEOC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 4 audit and attestation reports issued during the period April 1, 2008 through March 31, 2011. We also reviewed the internal quality control reviews performed by EEOC OIG.

In addition, we reviewed the EEOC OIG's monitoring of engagements performed by IPAs where the IPA served as the principal auditor during the period April 1, 2008 through March 31, 2011. During the period, EEOC OIG contracted for the audit of its agency's Fiscal Year 2010 financial statements. EEOC OIG also contracted for certain other engagements that were to be performed in accordance with *Government Auditing Standards*.

We visited the Headquarters Office of the EEOC OIG in Washington, D.C.

Reviewed Engagements Performed by EEOC OIG

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
2007-07-ADV	April 29, 2009	Strategic Management of Human Capital: Succession Planning
2008-14-ATL	September 14, 2009	Management Advisory on Internal Controls

Reviewed Monitoring Files of EEOC OIG for Contracted Engagements

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
2010-03-FIN / 2010-04-FIN	November 12, 2010 / February 11, 2011	Audit of the Equal Employment Opportunity Commission's Fiscal Year 2010 Financial Statements / Management Letter for Fiscal Year 2010 Financial Statement Audit



U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION
Washington, D.C. 20507

Office of
Inspector General

September 1, 2011

Mr. David Berry
Inspector General
National Labor Relations Board
1099 14th St. N.W.
Washington, DC 20570-0001

Subject: System Review Report on the U.S. Equal Employment Opportunity Commission Office
of Inspector General Audit Organization

Mr. Berry:

Thank you for the opportunity to comment on the draft System Review Report on the U.S. Equal Employment Opportunity Commission Office of Inspector General's system of quality controls.

We are pleased that your office concluded that our audit organization's system of quality controls was suitably designed and provided reasonable assurance that our audit organization conducted and reported in conformity with applicable professional standards in all material respects. We are pleased to receive a peer review rating of "Pass".

Please extend our appreciation to the peer review team for their professionalism in conducting the review. If you have any questions, please contact me or Joyce Willoughby, Acting Deputy Inspector General, at (202) 663-4397.

Sincerely,

A handwritten signature in black ink, appearing to read "Milton A. Mayo, Jr.", written in a cursive style.

Milton A. Mayo, Jr.
Inspector General