



**Department of Energy**  
Washington, DC 20585

March 31, 2016

The Honorable Calvin L. Scovel III  
Inspector General  
U.S. Department of Transportation  
1200 New Jersey Avenue, SE  
West Building, Seventh Floor  
Washington, DC 20590

Dear Mr. Scovel,

We have reviewed the system of quality control for the audit organization of Department of Transportation Office of Inspector General (DOT OIG) in effect for the year ended September 30, 2015. A system of quality control encompasses DOT 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. DOT OIG is responsible for establishing and maintaining a system of quality control that is designed to provide DOT 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 DOT 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. During our review, we interviewed DOT OIG personnel and obtained an understanding of the nature of the DOT OIG audit organization, and the design of DOT OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and attestation engagements, collectively referred to as "audits", and administrative files to test for conformity with professional standards and compliance with DOT OIG's system of quality control. The audits selected represented a reasonable cross-section of the DOT OIG 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 DOT 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 DOT OIG audit organization. In addition, we tested compliance with DOT OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of DOT 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 DOT OIG offices that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of DOT OIG in effect for the year ended September 30, 2015, has been suitably designed and complied with to provide DOT 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. DOT OIG has received an External Peer Review rating of pass.

As is customary, we have issued a letter dated March 31, 2016 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 DOT 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 DOT 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 DOT OIG's monitoring of work performed by IPAs.



Rickey R. Hass  
Acting Inspector General  
U.S. Department of Energy

Enclosure

## SCOPE AND METHODOLOGY

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We tested compliance with Department of Transportation Office of Inspector General (DOT OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 14 of 62 audit reports issued during the period October 1, 2014, through September 30, 2015. We also reviewed the internal quality control reviews performed by DOT OIG.

In addition, we reviewed DOT OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period October 1, 2014, through September 30, 2015. During the period, DOT OIG contracted for the audit of its agency's fiscal year 2014 financial statements. DOT OIG also contracted for certain other audits that were to be performed in accordance with Government Auditing Standards.

We visited DOT OIG offices located in San Francisco, California; Baltimore, Maryland; Atlanta, Georgia; and Washington, DC.

### REVIEWED AUDITS PERFORMED BY DOT OIG

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
AV-2015-079	August 20, 2015	<i>FAA Delays in Establishing a Pilot Records Database Limit Air Carriers' Access to Background Information</i>
AV-2015-034	March 13, 2015	<i>Program and Data Limitations Impede the Effectiveness of FAA's hazardous Materials Voluntary Disclosure Reporting Program</i>
AV-2015-001	October 9, 2014	<i>Oversight Weaknesses Limit DOT's Ability To Ensure Passenger Protections During Long, On-Board Flight Delays</i>
FI-2015-065	July 9, 2015	<i>Weak Internal Controls for Collecting Delinquent Debt Put Millions of DOT Dollars at Risk</i>
FI-2015-043	May 15, 2015	<i>DOT's FY 2014 Improper Payment Reporting Generally Complies with IPERA Requirements</i>
FI-2015-020	January 29, 2015	<i>Inspector General Review of Fiscal</i>

*Year 2014 Drug Control Funds and Performance Summary Reporting*

ST-2015-080	August 20, 2015	<i>Efficiency of FAA's Air Traffic Control Towers Ranges Widely</i>
ST-2015-046	June 12, 2015	<i>FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts</i>
ST-2015-038	April 1, 2015	<i>FRA Improved Its Guidance on High Speed Rail Grant Agreements, but Policies and Procedures for Amending and Monitoring Grants Remain Incomplete</i>
ST-2015-029	March 2, 2015	<i>Most FHWA ARRA Projects Will Be Closed Out Before Funds Expire, but Weaknesses in the Project Close-Out Process Persist</i>
ZA-2015-041	April 9, 2015	<i>Some Deficiencies Exit in DOT's Enforcement and Oversight of Certification and Warrant Authority for Its Contracting Officers</i>
ZA-2015-003	October 15, 2014	<i>DOT's Suspension and Debarment Program Continues To Have Insufficient Controls</i>
ZA-2015-002	October 9, 2014	<i>FHWA's Federal Lands Highway Program Lacks Adequate Processes for Thoroughly Evaluating Contract Bid Prices</i>

**REVIEWED MONITORING FILES OF DOT OIG FOR CONTRACTED AUDITS**

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
QC-2015-011	November 17, 2014	<i>Quality Control Review of Audited Consolidated Financial Statements for Fiscal Years 2014 and 2013</i>