

## **System Review Report**

September 8, 2023

To Joan Mockeridge, Acting Inspector General  
Smithsonian Institution

We have reviewed the system of quality control for the audit organization of the Smithsonian Institution's (Smithsonian) Office of the Inspector General (OIG) in effect for the year ended March 31, 2023. A system of quality control encompasses Smithsonian OIG's organizational structure and the policies adopted and procedures established to provide 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*.

In our opinion, the system of quality control for the audit organization of the Smithsonian OIG in effect for the year ended March 31, 2023, has been suitably designed and complied with to provide Smithsonian 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. Smithsonian OIG has received an External Peer Review rating of pass.

### **Monitoring of GAGAS Engagements Performed by Independent Public Accountants**

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 Smithsonian 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 Smithsonian 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 Smithsonian OIG's monitoring of work performed by IPAs.

## **Letter of Comment**

We have issued a letter dated September 8, 2023, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

## **Basis of Opinion**

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 interviewed Smithsonian OIG personnel and obtained an understanding of the nature of the Smithsonian OIG audit organization, and the design of Smithsonian 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 Smithsonian OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of Smithsonian OIG audit organization, with an emphasis on higher-risk engagements.

In performing our review, we obtained an understanding of the system of quality control for the Smithsonian OIG audit organization. In addition, we tested compliance with Smithsonian OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of Smithsonian OIG's policies and procedures on selected GAGAS 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.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with Smithsonian OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the Smithsonian OIG offices that we visited and the engagements we reviewed.

## **Responsibilities and Limitation**

The Smithsonian OIG is responsible for establishing and maintaining a system of quality control designed to provide Smithsonian 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 Smithsonian OIG's compliance based on our review.

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.

Sincerely,

A handwritten signature in blue ink that reads "Glenda B. Arrington". The signature is written in a cursive style with a distinct dot over the letter 'i' in "Arrington".

Dr. Glenda B. Arrington, Inspector General

## Scope and Methodology

We tested compliance with the Smithsonian OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 12 engagements reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from April 1, 2020, through March 31, 2023. We also reviewed the internal quality control reviews performed by Smithsonian OIG.

In addition, we reviewed Smithsonian OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from April 1, 2020, through March 31, 2023. During the period, the Smithsonian OIG contracted for the audit of its agency's fiscal year 2022 financial statements. The Smithsonian OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We visited Smithsonian OIG offices located in Washington, D.C.

## Reviewed GAGAS Engagements Performed by Smithsonian OIG

Report No.	Report Date	Report Title
OIG-A-23-05	3/31/2023	Information Security: Enhancements Needed to Improve <sup>1</sup>
OIG-23-01	11/18/2022	Acquisition Management: Improvements Needed in Monitoring and Oversight of Purchase Card Use

## Reviewed Monitoring Files of Smithsonian for Contracted Engagements

Report No.	Report Date	Report Title
OIG-23-04	1/27/2023	Independent Auditor's Report on the Smithsonian Institution's Fiscal Year 2022 Financial Statements

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<sup>1</sup> Due to the sensitive nature of information in this report, the full title of this report was redacted.