

**FEDERAL LABOR RELATIONS AUTHORITY (FLRA)  
OFFICE OF INSPECTOR GENERAL (OIG)**

**QUALITY ASSURANCE REVIEW OF FLRA OIG AUDIT  
OPERATIONS FOR THE PERIOD APRIL 1, 2023 THROUGH  
MARCH 31, 2024**

**REPORT NUMBER MAR-24-04**

**June 10, 2024**

# Quality Review of FLRA OIG Audit Operations

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## **External Modified Review Report**

To: Dana Rooney, Inspector General  
**Federal Labor Relations Authority, Office of Inspector General**

We reviewed established policies and procedures for the audit function of the Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) in effect for the period April 1, 2023 – March 31, 2024. Established policies and procedures are one of the components of a system of quality control designed to provide FLRA OIG with reasonable assurance of conforming with applicable professional standards. The components of a system of quality control are described in the Government Auditing Standards.

It is the responsibility of the FLRA OIG to establish and maintain policies and procedures for the audit function. Our responsibility is to assess whether policies and procedures, if submitted for review, were current and consistent with applicable professional standards.

In addition to reviewing established policies and procedures for the audit function of FLRA OIG, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General related to FLRA OIG's monitoring of Generally Accepted Government Auditing Standards (GAGAS) engagements performed 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; therefore, it is not subject to the requirements of Government Auditing Standards. The purpose of our limited procedures was to determine whether FLRA OIG had controls to ensure that 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 FLRA OIG's monitoring of work performed by IPAs.

Based on our review, the established policies and procedures for the audit function for the period April 1, 2023 – March 31, 2024, were current and consistent with applicable professional standards as stated.

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 Audit Organizations of Federal Offices of Inspector General. (March 2020). During our review, we (1) obtained an understanding of the nature of the FLRA OIG's audit function, (2) assessed established audit policies and procedures as well as FLRA OIG's IPA monitoring process. In addition, we evaluated staff surveys, visited the FLRA OIG office in Washington, D.C. and reviewed the following IPA monitoring projects:

1. AR-24-01, Financial Statement Audit of the FLRA for Fiscal Year 2023
2. AR-24-04, Audit of the FLRA Charge Card Program and Risk Assessment for Fiscal Year 2023

On June 10, 2024, Inspector General Dana Rooney provided comments on the draft report. She agreed with the conclusions of our review; the FLRA OIG's comments are included as Enclosure 1 to this report.

*Rocha & Company, PC*

**Rocha & Company, PC**

Gaithersburg, Maryland  
June 10, 2024

## Section 1: Executive Summary

Dembo Jones, PC was awarded a contract to perform a quality assurance review of the Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) to determine whether the audit organization's system of quality control was suitably designed, and the audit organization is complying with its quality control system in order to provide FLRA OIG with reasonable assurance of conforming with applicable professional standards. The Office of Inspectors General is required, under Government Auditing Standards to have in place a system of quality control designed to provide reasonable assurance of compliance with professional standards, applicable rules and regulatory requirements. The FLRA OIG is required to establish, implement, and maintain a system of quality control for its audits and attestation engagements. Since Dembo Jones, PC conducts all of the IPA services for FLRA OIG, it was determined that subcontracting the quality assurance review to Rocha & Company, PC (ROCHA & COMPANY) would eliminate any independence issues.

To accomplish our objectives, we obtained an understanding of the quality control system in place at FLRA OIG. We reviewed the 2018 issue of the Government Accountability Office *Government Auditing Standards* for quality controls of audit organizations within the Federal government, as well as FLRA OIG's Audit Manual and Guidance for Other Engagements. We also reviewed any applicable statutory requirements, Office of Management and Budget guidelines, laws and regulations; and designed our review procedures to identify any gaps in FLRA OIG's quality control system and determined if any deficiencies exist.

We held discussions with FLRA OIG officials. During the entrance conference meeting, we advised the Inspector General (IG) of our review commencement date, timelines for fieldwork, and deliverables after the exit conference. During our review of the engagements, we also held follow-up discussion and meetings with the IG on the schedule of accomplishments as deemed appropriate.

In carrying out this methodology, we primarily applied review techniques, such as inquiry and observations, review of policies, and examination of engagements to obtain sufficient, appropriate evidence to provide reasonable basis for our conclusion, related to our review objectives. We obtained and reviewed audit work papers and supporting documentation.

Based on the results of the procedures performed, FLRA OIG's quality control policies and procedures are adequately designed and complied its quality control system in all material respects for the period April 1, 2023 through March 31, 2024.

## **Section 2: Introduction**

### **Introduction**

This review report is presented by ROCHA & COMPANY to the United States of America Federal Labor Relations Authority (FLRA) Office of Inspector General (OIG) on the review of FLRA OIG's Quality Control and Assurance for the period April 1, 2023 through March 31, 2024. This report on the quality control and assurance includes the overall approach to conducting our review of FLRA OIG's system of quality control in accordance with the Government Accountability Office (GAO) *Government Auditing Standards* (GAS) and the Guide for "Conducting External Peer Reviews of the Audit Organizations of the Federal Office of Inspector General", and any additional required procedures contained in guidance issued by the Office of Management and Budget guidance, and statutory provisions applicable to OIG audits.

### **2.1 Background**

The FLRA is the Federal agency responsible for establishing policies and guidance regarding the labor-management relations program for non-postal, federal employees worldwide, and including employees represented in approximately 2,200 bargaining units. The FLRA was created by Title VII of the Civil Service Reform Act of 1978. The Statute protects the rights of federal employees to form, join, or assist a labor organization or to refrain from such activity freely and without fear of penalty or reprisal. FLRA's mission is to promote stable, constructive labor-management relations in the federal government by resolving and assisting in the prevention of labor disputes in a manner that gives full effect to collective bargaining rights of employees, unions, and agencies.

The OIG is an independent office within FLRA that oversees the audits, program evaluation, investigation, and supervision of independent public accountants and outside consultants that are contracted to perform assignments for FLRA. Although the office is part of FLRA, the office reports directly to the chairman and authority members.

The FLRA OIG was created pursuant to the Inspector General Act of 1978 (the IG Act). The IG Act, as amended, establishes OIG's fundamental responsibilities, and its process is designed to ensure that the OIG complies with the Act, as amended. The IG Act, as amended, requires the Inspector General to:

- conduct and supervise audits and investigations relating to the programs and operations of the establishments;
- provide leadership, coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud and abuse in, such programs and operations; and
- provide a means for keeping the Chairman, Members, and the Congress fully informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

The OIG of the FLRA conducts and supervises the audits and compliance reviews of FLRA programs and operations. The OIG is also responsible for overseeing the agency's annual financial statements audit, review of the Federal Information Security Modernization Act of 2014, evaluation of preparedness against cyber security attacks, Charge Card audits, review of internal control, and conducting performance audits of individual FLRA divisions as needed.

The OIG follows the quality standards of the GAO *Government Auditing Standards* to conduct audits, review of programs and operations. The FLRA OIG is responsible for designing a system of quality control and complying with it to provide the audit organization with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

## 2.2 Objective, Scope, and Methodology

### Objectives:

The purpose of the engagement was to conduct an independent quality assessment review of FLRA OIG in accordance with the GAO *Government Auditing Standards* (the “Yellow Book”), 2018, the President’s Council on Integrity and Efficiency, and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) under the Inspector General Reform Act 2008.

The specific objectives of the quality assessment review were to determine:

- Whether the reviewed OIG audit organization’s system of quality control was suitably designed; and
- Whether the audit organization is complying with its quality control system in order to provide the OIG with reasonable assurance of conforming to applicable professional standards.

The IG Act of 1978 requires that external peer reviews be performed by audit entities of the Federal Government, including the GAO. The IG Reform Act of 2008 established the CIGIE as the unified council of all statutory IGs with the mission to address integrity, economy, and effectiveness issues that transcend individual Government agencies; and increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General. All OIGs and federal government agencies and departments are exclusively required to have external peer review performed by an independent organization.

### Scope:

The scope of the engagement was to perform a quality assessment review of audits performed or supervised by FLRA OIG for the period April 1, 2023 through March 31, 2024. The GAO’s *Government Auditing Standards* require external peer review of federal audit organizations at least once every 3 years. Annual quality inspections are conducted annually. This quality assurance review considered selected audits, compliance and performance reviews, program evaluation, inspections, and investigations conducted by the OIG or by Independent Public Accountants, during the period covered by the review.

The scope of the review covered two (2) engagements performed for the fiscal period ended:

1. Financial Statement Audit
2. Government Charge Card (GCC) Compliance Review

The Financial Statement Audit and GCC Compliance Review, were performed by an independent public accounting firm and supervised by FLRA OIG. The Financial Statement Audit was for FLRA’s financial statements for the fiscal year ended September 30, 2023. The GCC Compliance Review was to review for compliance with the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act) and applicable OMB Requirements. Those requirements include OMB Circular A-123 Appendix B (Improving the Management of Government Charge Card Programs). The Charge Card Act requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts for the fiscal year under review.

The FLRA OIG relies on independent public accountants (IPA) to conduct all GAGAS audits.

## Methodology

ROCHA & COMPANY reviewed the system of quality control of FLRA OIG in effect and reviewed the audit and attestation engagements performed during the period April 1, 2023 to March 31, 2024. The objective of the review was to determine whether FLRA OIG internal quality control system was adequate and in compliance with *Government Auditing Standards* (the Yellow Book) in order to provide reasonable assurance that applicable auditing standards, policies, and procedures are met.

In reviewing OIG's quality control and practices, we evaluated its policies and procedures for the audit and attestation operations and assessed the following functional elements of the system of quality control for the engagements reviewed:

- Leadership and Management;
- Independence, Legal, and Ethical Requirements;
- Initiation, Acceptance and Continuance of IPA Relationship and specific Engagements;
- Human Resource Management;
- Engagement Performance; and
- Monitoring Quality.

In examining the engagements supervised by OIG, ROCHA & COMPANY worked with the FLRA OIG office and reviewed audits and attestation engagements performed by an independent public accounting firm. We reviewed the reports, engagement performance and related work paper documentation. Specifically, we reviewed and evaluated the reports on financial and performance audits for compliance with GAS performance and reporting standards; reviewed independence, audit planning, supervision and review, professional judgment, audit team competence, audit evidence, engagement documentation, quality control process and monitoring procedures during the audits.

ROCHA & COMPANY conducted the review of FLRA OIG's quality control and assurance in accordance with GAO *Government Auditing Standards* and the Guide for Conducting External Peer Reviews of the Audit Organizations of the Federal Office of Inspector General. We reviewed FLRA OIG's documented internal policies and procedures, performed tests of OIG's adherence to general standards, reviewed its oversight and monitoring responsibility of audit work performed by independent public accounting (IPA) firms. We reviewed the engagements and performed tests of OIG compliance with GAS and its established quality policies and procedures. We used the following documents and checklists to review and assess FLRA OIG system of quality control:

- Appendix A - Policies and Procedures;
- Appendix B - Checklist for Review of Adherence to General Standards;
- Appendix F - Checklist for Review of Monitoring of Audit Work by an Independent Public Accounting Firm; and
- Appendix G - Optional Audit Staff Questionnaire.

To accomplish our objectives, we obtained an understanding of the OIG quality controls in place for performing its audits. We also obtained an understanding of its monitoring procedures for ensuring quality work is performed by contractors and program consultants for audit and attestation engagements. We reviewed GAS, CIGIE guide, applicable OMB guidance, and established policies and procedures. Based on this review, we designed our review procedures to identify any non-compliance and/or non-conformed engagements. We performed detailed review of audit procedures and review program as identified in the audit and attestation engagements; identified control vulnerabilities and compliance issues with *Government Auditing Standards*.

In carrying out this methodology, we primarily applied review techniques, such as inquiry and observation, review of audit work papers and documentation to obtain sufficient, appropriate evidence to provide reasonable basis for our review, related to our audit objectives.

## **Section 3: Quality Monitoring Procedures**

### **3.1 Monitoring Procedures**

The purpose of monitoring procedures and its compliance with quality control policies is to provide an evaluation of: (1) adherence to professional standards, legal and regulatory requirements; (2) whether the quality control system has been appropriately designed; and (3) whether quality control policies and procedures are operating effectively and complied with in practice. The monitoring program includes quality assessment, internal quality review and external peer review of audit functions and operations. The FLRA OIG policies and procedures with respect to this element of the quality control provide the auditees and users of the OIG products with reasonable assurance that the OIG is complying with professional standards and has periodic assessment of audit quality and peer review of its audit functions and operations.

Monitoring quality encompasses an ongoing and periodic assessment of audits performed by OIG, supervision of audits and attestation engagements performed by contractors and outside consultants. The monitoring procedure is designed to provide management of the audit organization with reasonable assurance that the policies and procedures related to the system of quality control are suitably designed and operating effectively in practice. Monitoring procedures will vary based on the audit organization's facts and circumstances. The audit organization should perform monitoring procedures that enable it to assess compliance with applicable professional standards and quality control policies and procedures for GAS audits and attestation engagements. The audit organization should analyze and summarize the results of its monitoring procedures at least annually, with identification of any systemic issues that need improvement, along with recommendations for corrective action.

## **Section 4: Approach: Quality Assurance Review**

ROCHA & COMPANY's review approach involves a five (5) step approach to reviewing FLRA OIG quality control system:

### **4.1 Obtain Audit Universe**

ROCHA & COMPANY requested from FLRA OIG, the population of audits and attestation engagements performed by the FLRA OIG and contractors during the fiscal year April 1, 2023 through March 31, 2024. It was determined that five audit or review engagements were issued during the fiscal year. We obtained paper and electronic files from the FLRA OIG office located in Washington, D.C. and performed procedures in our office.

### **4.2 Determine the Audit and Review Engagements (2 representative sample engagements)**

To ensure coverage of review procedures and tests of the two (2) engagements selected for the period under review, ROCHA & COMPANY determined that testing should be applied to all functional quality areas, significant audit areas, audit functions and operations, and engagement activities to further reduce review risks.

The following engagements were chosen for testing:

No.	Project Number	Report Type	Report Date	Report Title
1.	Report No. AR-24-01	Audit	November 15, 2023	Financial Statement Audit of the FLRA for Fiscal Year 2023
2.	Report No. AR-24-04	Audit	January 23, 2024	Audit of the FLRA Charge Card Program and Risk Assessment for Fiscal Year 2023

### 4.3 Obtain Engagement Work Papers and Supporting Documentation

ROCHA & COMPANY obtained and reviewed the following documentation for the financial and compliance engagements:

- Report for the Financial Statement Audit of the FLRA for Fiscal Year 2023 - Report Number AR-24-01;
- Report for the Audit of FLRA Charge Card Program and Risk Assessment for Fiscal Year 2023 – Report Number AR-24-04;
- Prior period peer review reports and internal quality control review/monitoring;
- Engagement work papers for financial audit;
- Engagement work papers for compliance review;
- Audit planning and evidence;
- Audit risk assessment for the entity;
- Fraud risk inquiry and documentation; and
- Audit completion documentation and checklists.

### 4.4 Conduct Review

In conducting our review, we applied a risk-based approach to review quality control elements and engagements documentation and analysis. ROCHA & COMPANY reviewed the two (2) selected engagements and related supporting documentation obtained from FLRA OIG to determine whether engagements were properly performed and professionally completed; whether applicable professional standards have been applied and complied with; and whether effective supervision and review were properly executed. Specifically, we performed the following procedures:

- performed risk assessment and identified the engagements to be reviewed;
- reviewed the OIG’s quality control policies and procedures and the functional elements;
- reviewed reports in conformity with standards and guidelines established by CIGIE and GAS;
- reviewed, examined and compared information from the published reports to the copy on files and to the supporting work papers; reviewed planning, supervision, audit evidence, documentation, and reporting;
- tested compliance with FLRA OIG system of quality control and GAS;
- reviewed the elements of quality control system to ensure FLRA OIG complies with the established policies, procedures, practices and other applicable professional standards;
- verified that the FLRA OIG implements and maintains appropriate supervision and review over the audit and review performed by independent public accountant (IPA) and other contractors or outside consultants; and
- inspected the audit files, and verified that completion memo, forms, and audit checklists were completed and included in the audit documentation, properly supported, referenced and cross-referenced.

#### **4.5 Result and Conclusion**

During our review, we examined a total of two (2) engagements performed by an independent public accounting firm. The engagement performance was supervised by the OIG. The result of our review did not disclose instances of non-compliance or non-conformity with professional standards that could result in a finding, deficiency or significant deficiency.

Based on the tests and assessment of audit functions and review operations at FLRA OIG, we concluded that the quality control policies and procedures at FLRA OIG is adequate and complied with during the period April 1, 2023 through March 31, 2024.



UNITED STATES OF AMERICA  
**FEDERAL LABOR RELATIONS AUTHORITY**  
WASHINGTON, D.C. 20424-0001

**INSPECTOR GENERAL**

June 10, 2024

Chris Toht  
Rocha & Company PC

Dear Mr. Toht:

Thank you for the opportunity to review and comment on the External Modified Review Draft Report on the Federal Labor Relations Authority (FLRA), Office of Inspector General (OIG) audit function. Based on your review of the FLRA OIG's audit policies and procedures, your report concludes that the FLRA OIG's established policies and procedures for its audit function on March 31, 2024, were current and consistent with applicable professional standards as stated. Additionally, Rocha & Company PC reported no significant findings based on its review. I've reviewed the draft external modified review report in its entirety, and I agree with your conclusion.

We appreciate your professionalism throughout the review. If you have any questions or comments related to my response, please contact me at (771)444-5713.

Sincerely,

A handwritten signature in blue ink that reads "Dana A. Rooney".

Dana A. Rooney  
Inspector General

ENCLOSURE 1