



## UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the  
Inspector General

January 30, 2025

### **System Review Report**

Sandra J. Lewis  
Acting Inspector General  
U.S. Department of State  
Office of Inspector General  
1700 North Moore Street (SA-39)  
Arlington, VA 22209

Dear Ms. Lewis:

We have reviewed the system of quality control for the audit organization of the U.S. Department of State (State) Office of Inspector General (OIG) in effect for the year ended September 30, 2024. The system of quality control encompasses State 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*.

In our opinion, the system of quality control for the audit organization of State OIG in effect for the year ended September 30, 2024, has been suitably designed and complied with to provide State 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*. State 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 State 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 State 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 State OIG's monitoring of work performed by IPAs.

### **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 obtained an understanding of the nature of the State OIG audit organization, and the design of State 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 State OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the State 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 State OIG audit organization. In addition, we tested compliance with State OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of State 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 communicated to State OIG management the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. The enclosure to this report identifies the engagements we reviewed. We did not visit any State OIG offices during our review.

### **Responsibilities and Limitation**

State OIG is responsible for establishing and maintaining a system of quality control designed to provide it 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 State 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,

Norbert E. Vint  
Deputy Inspector General Performing  
the Duties of the Inspector General  
U.S. Office of Personnel Management

Enclosures

## **Scope and Methodology**

We tested compliance with the State OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of four reports conducted in accordance with generally accepted government auditing standards (GAGAS engagements) issued from October 1, 2023, through September 30, 2024. We also reviewed the internal quality control reviews performed by State OIG.

In addition, we reviewed State OIG's monitoring of two GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2023, through September 30, 2024. During the period, State OIG contracted for the audit of its agency's fiscal year (FY) 2023 and FY 2022 financial statements. State OIG also contracted for the audit of the U.S. Agency for Global Media FY 2024 information security program.

We reviewed State OIG's audit policies and procedures and continuing professional education and independence documentation and completed the following checklists from the CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General:

- Appendix A – Policies and Procedures
- Appendix B – Checklist for the Standards of Independence, Competence and Continuing Professional Education, and Quality Control and Peer Review
- Appendix E – Checklist for Performance Audits Performed by the Office of Inspector General
- Appendix F – Checklist for the Monitoring of GAGAS Engagements Performed by an Independent Public Accounting Firm

We performed our review work from October 2024 to December 2024 in the Washington, D.C. area.

We reviewed the following GAGAS engagements performed by State OIG:

Report Number	Report Date	Report Title
AUD-GEER-24-02	November 2023	Audit of the Planning, Design, Construction, and Commissioning of the Central Power Plant at U.S. Embassy Baghdad, Iraq
AUD-CGI-24-09	January 2023	Audit of Select Contract Administration Processes Related to the Construction of New Embassy Compound Mexico City, Mexico
AUD-GEER-24-14	March 2024	Audit of Bureau of International Security and Nonproliferation Assistance to Ukraine
AUD-SI-24-20	August 2024	Audit of the Department of State's Program Design Plan Related to the Creating Helpful Incentives To Produce Semiconductors Act of 2022

We reviewed the monitoring files of the State OIG for the following contracted GAGAS engagements:

Report Number	Report Date	Report Title
AUD-FM-24-07	November 2023	Independent Auditor's Report on the U.S. Department of State FY 2023 and FY 2022 Financial Statements
AUD-IT-IB-24-25	July 2024	Audit of the U.S. Agency for Global Media FY 2024 Information Security Program



Office of Inspector General  
United States Department of State

Enclosure 2

December 31, 2024

Mr. Michael R. Esser  
Assistant Inspector General for Audits  
U.S. Office of Personnel Management  
Office of Inspector General  
1900 E Street NW, Room 6400  
Washington, DC 20415-1100

Dear Mr. Esser:

Thank you for the opportunity to comment on the draft *System Review Report* related to the external peer review of the U.S. Department of State and the U.S. Agency for Global Media, Office of Inspector General, Office of Audits. We appreciate your independent review of our office's system of quality control and concur with your conclusion that our system of quality control has been suitably designed and complied with applicable professional standards in all material respects.

Please convey my appreciation to your staff for their time, dedication, and professionalism in conducting this peer review. If you have any questions, please contact Director Stephanie Hwang, Audit Operations, Quality, and Compliance Division, at [Stephanie.A.Hwang@stateoig.gov](mailto:Stephanie.A.Hwang@stateoig.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Norman P. Brown".

Norman P. Brown  
Assistant Inspector General for Audits