



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

March 29, 2019

SYSTEM REVIEW REPORT

The Honorable Tammy Whitcomb
Inspector General
United States Postal Service
1735 North Lynn Street
Arlington, VA 22209-2020

Ms. Whitcomb:

We have reviewed the system of quality control for the audit organization of United States Postal Service Office of Inspector General (USPS OIG) in effect for the year ended March 31, 2018. A system of quality control encompasses USPS 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*. USPS OIG is responsible for establishing and maintaining a system of quality control that is designed to provide USPS 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 USPS 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 USPS OIG's personnel and obtained an understanding of the nature of the USPS OIG audit organization, and the design of U.S. Postal Service's OIG system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with USPS OIG's system of quality control. The audits selected represented a reasonable cross-section of USPS OIG's 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 USPS OIG



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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 USPS OIG's audit organization. In addition, we tested compliance with USPS OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of USPS 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; 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 USPS OIG's audits that we reviewed. Enclosure 2 is USPS OIG's response to this report.

In our opinion, the system of quality control for the audit organization of USPS OIG in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide USPS 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. United States Postal Service's Office of Inspector General has received an External Peer Review rating of pass.

As is customary, we have issued a letter dated March 29, 2019 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

Sincerely,

A handwritten signature in blue ink, which appears to read "John V. Kelly".

John V. Kelly
Acting Inspector General

Enclosures



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Enclosure 1

SCOPE AND METHODOLOGY

We tested USPS OIG’s compliance with *Government Auditing Standards* and their system of quality control. These tests included reviews of 14 audit reports issued from April 1, 2017, through March 31, 2018, and semiannual reporting periods from September 30, 2017, and March 31, 2018. We also reviewed the USPS OIG’s policies and procedures, Quality Control Program, their process for terminating GAGAS audits, the effectiveness of corrective actions implemented to address prior peer review findings, and their monitoring controls over Continuing Professional Education.

USPS OIG officials informed us that they did not contract with any Independent Public Accountants (IPA) to perform audits and attestation engagements. Therefore, our review did not include an assessment of USPS monitoring controls over IPAs.

We performed our review between March 2018 and November 2018. We visited the USPS OIG offices in Arlington, VA (Headquarters); Raleigh, NC; and Denver CO.

Audit Reports Reviewed

Report Number	Report Title	Issue Date
CP-AR-17-008	<i>Mobile Delivery Device Program</i>	April 28, 2017
MS-AR-17-008	<i>Prohibited Inbound International Mailings</i>	July 18, 2017
SM-AR-18-001	<i>Oversight of Contract Extensions</i>	March 20, 2018
DR-AR-18-001	<i>Package Delivery Scanning – Nationwide</i>	October 27, 2017
NL-AR-18-004	<i>Terminal Handling Services – Capital Metro Area</i>	February 2, 2018
IT-AR-18-001	<i>Review of Mobile Applications</i>	December 20, 2017
NO-AR-18-004	<i>Mail Processing Facilities Staffing</i>	March 30, 2018



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Report Number	Report Title	Issue Date
MS-AR-17-004	<i>Congressional Inquiries – Gateway District</i>	March 14, 2017
NL-AR-17-006	<i>Highway Contract Route Survey Compliance – Southern Transportation Category Management Team</i>	March 10, 2017

Terminated Audit Projects Reviewed

Project Title
<i>Cross Border Shipping Programs</i>
<i>BMEU Service & Efficiency in the Northland District</i>
<i>Compliance with Safety Policies & Procedures at Michigan Metroplex</i>



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Enclosure 2

United States Postal Service Office of Inspector General Comments



OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

March 20, 2019

The Honorable John V. Kelly
Acting Inspector General
Department of Homeland Security
245 Murray Drive SW
Washington, DC 20528-0305

Dear Mr. Kelly:

We appreciate the opportunity to respond to the Department of Homeland Security, Office of Inspector General's draft of the *External Peer Review Report of the United States Postal Service's Office of Inspector General Audit Organization*. We are pleased that your review has confirmed that our system of quality control was designed to provide reasonable assurance of conforming with Government Auditing Standards and has earned a pass rating. We have no further comments on the External Peer Review Report.

The U.S. Postal Service Office of Inspector General is committed to maintaining an effective system of quality controls. Please express my appreciation to the members of your staff for their time, dedication, and professionalism. Should you or your staff have any questions, please contact Mark W. Duda, Assistant Inspector General for Audit, at (703) 248-4546.

Sincerely,

Tammy L. Whitcomb
Inspector General