



December 11, 2006

Bill A. Roderick
Acting Inspector General,
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

SUBJECT: Transmittal of Final Report – Report on the External Quality Control
Review of the Environmental Protection Agency's Inspector General
Audit Organization (Report Number QA-PR-07-001)

Dear Mr. Roderick:

The enclosed final report presents the results of our External Quality Control Review of the Environmental Protection Agency's Inspector General Audit Organization. This review was conducted in accordance with the standards and guidelines established by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency.

Management concurred with our findings and recommendations and has taken or is taking corrective actions to address the observations in this report. Management's response to the draft report is included as an appendix to this report with excerpts incorporated into the relevant sections of the report.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions, please contact me or have your staff contact Gordon C. Milbourn III, Assistant Inspector General for Audit, at (703) 248-2100.

Sincerely,

David C. Williams

David C. Williams
Inspector General

Enclosure

Final Report
External Quality Control Review of the Environmental Protection Agency's
Office of Inspector General Audit Organization

December 11, 2006

BILL A. RODERICK
ACTING INSPECTOR GENERAL,
ENVIRONMENTAL PROTECTION AGENCY

SUBJECT: Report on the External Quality Control Review of the Environmental
Protection Agency's Audit Organization

Dear Mr. Roderick:

We have reviewed the system of quality control for the audit function of Environmental Protection Agency (EPA) Office of Inspector General (OIG) in effect for the year ending September 30, 2005. A system of quality control encompasses the EPA OIG's organizational structure and the policies it has adopted and procedures it has established to provide reasonable assurance of conforming with Government Auditing Standards (GAS). The elements of quality control are described in GAS, promulgated by the Comptroller General of the United States. The design of the system, and compliance with it in all material respects, are the responsibility of the EPA OIG. Our objective was to determine whether the internal quality control system was adequate as designed and whether employees complied with it to reasonably assure us they met applicable auditing standards, policies, and procedures. Our responsibility is to express an opinion on the design of the system and the EPA OIG's compliance with the system based on our review.

We conducted our review in accordance with the guidelines established by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency. In performing our review, we obtained an understanding of the system of quality control for the OIG. In addition, we tested compliance with the OIG's quality control policies and procedures to the extent we considered appropriate. These tests included application of the OIG's policies and procedures on selected audits. Because we based our review on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Nevertheless, we believe the procedures we performed provide a reasonable basis for our opinion.

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Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and go undetected. Also, 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.

Our scope and methodology appear as Exhibit A and general comments appear as Exhibit B.

In our opinion, the system of quality control for the audit function of the EPA OIG in effect for the year ended September 30, 2005, has been designed to meet the requirements of the quality control standards established by the Comptroller General of the United States for a federal government audit organization and was complied with during the year ended to provide the OIG with reasonable assurance of conforming with applicable auditing standards, policies, and procedures.

We noted, however, conditions that warrant your attention though they did not impact our opinion. We describe these matters in the Findings and Recommendations that follow.

Findings and Recommendations

Finding 1. Evidence of Supervision Not Always Documented

In 8 of the 12 audits reviewed, monitoring work for quality and adherence to Government Auditing Standards (GAS) was not always documented. In some cases, evidence in the working papers of supervisory review was minimal. Although, supervisors and managers usually signed and dated approvals in AutoAudit¹, there was often an absence of working paper review comments when they appeared warranted. The EPA OIG's internal quality assurance team also identified this issue.

GAS require that staff be properly supervised. Supervision involves directing the efforts of auditors and others who are involved in the audit to determine whether they are accomplishing the audit objectives. Elements of supervision include instructing staff members, keeping informed of significant problems encountered, reviewing the work performed, and providing effective on-the-job training. Paragraph 7.47 of GAS states reviews of audit work should be documented. The nature and extent of the review of audit work may vary depending on a number of

¹ AutoAudit is the software used by EPA OIG to automate its working papers.

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factors, such as the size of the audit organization, the significance of the work, and the experience of the staff.

In addition, the EPA OIG *Project Management Handbook* states a member of the audit team who did not prepare the working papers must review them. The Project or Assignment Managers will conduct a review of working papers to the extent necessary for the manager to ensure compliance with standards. An experienced team member or respective Product Line Director should review working papers the Project or Assignment Manager prepares and record evidence of the review in the working papers.

Team members and team leaders stated that in most instances coaching notes or supervisory instructions were given verbally or via email because it was more convenient. As a result, there was no documentation in the working papers to support the supervisory instructions.

Recommendation:

We recommend the Acting Inspector General require supervisors to document their comments in the working papers.

Summary of Management's Comments

Management agreed they need to do a better job of documenting supervisory review of working papers. Management stated that on July 27, 2006, the Acting Inspector General issued *Inspector General Statement No. 1, Documenting Supervisory Review of Working Papers for Audit, Evaluation and Public Liaison Assignments*, which became effective immediately. This guidance assigns responsibility for conducting reviews, provides timeframes for conducting reviews, and requires the reviews to be documented in AutoAudit.

Finding 2. Audit Software Not Properly Used for Review and Approval of Some Working Papers

Audit teams did not prepare and review working papers for 5 of the 12 audits in accordance with AutoAudit requirements. Instead, auditors typed in their initials as the preparer or the reviewer. Specifically, we noted in two audits that typed initials in a Word document constituted approval of working papers. In three audits, we noted some working papers contained approval boxes at the top of the page with typewritten approvals.

The review and approval process section of the *AutoAudit Manual* states that when granting approval, all working papers and reporting documents must have an approval section. Individuals in the approval role (either as a grant level 1 or level 2) must grant approval. The EPA OIG's *Project Management Handbook* states that AutoAudit is the required application for electronic working papers and

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teams must record evidence of review in the working papers. Team members are required to use AutoAudit for all program evaluations, audits, public liaison reviews, and other projects. For those occasions when teams must supplement AutoAudit working papers with hard copies, they are to follow applicable standards for physical working papers.

Not always documenting reviews in AutoAudit occurred mainly because team members felt the software was not user friendly (for example, it locks working papers for edits after supervisory approval). However, signing off on working papers as a reviewer by simply typing initials in the document provides the opportunity for anyone with access to do this, including the original preparer.

Recommendation:

We recommend the Acting Inspector General require supervisors to ensure working papers are approved in AutoAudit in accordance with the *AutoAudit Manual*.

Summary of Management's Comments

Management agreed that supervisory review needs improvement. Management stated that since access for editing working papers is limited to team members and the AutoAudit history includes the editor's name and date of edit, there is not a high risk of the approval process being circumvented. To help improve the process, however, on July 27, 2006, the Acting Inspector General issued *Inspector General Statement No. 1, Documenting Supervisory Review of Working Papers for Audit, Evaluation and Public Liaison Assignments*, which became effective immediately. This guidance requires documentation of reviews in AutoAudit.

Finding 3. Internal Controls Not Always Assessed

Overall, the teams documented their reviews of internal controls in the working papers and noted the reviews in the report. However, in three audits, the teams did not assess internal controls or document the reasons why in the working papers.

The EPA OIG's *Project Management Handbook* requires compliance with GAS, which state that auditors should obtain an understanding of internal controls significant to the audit objectives and consider whether specific internal control procedures have been properly designed and placed in operation. Auditors also need to consider whether they should modify the nature, timing, or extent of their audit procedures based on the effectiveness of internal controls. If so, auditors should include specific tests of the effectiveness of internal controls and consider the results in designing audit procedures. Officials of the audited entity are responsible for establishing effective internal controls.

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The EPA OIG's *Project Management Handbook* also requires the project guide to include information on the internal and management controls to be reviewed.

Audit teams performing the first two audits did not review internal controls because an internal control assessment step was either not included in the assignment guide, or was overlooked due to changes in the audit staff. In the third audit, the team leader explained he did not believe an assessment of internal controls was not necessary because the OIG had performed an audit of the subject matter 2 years earlier which included an assessment of internal controls.

When teams do not assess internal controls there is no assurance that management has processes in place to ensure appropriate goals and objectives are met; resources are used efficiently, economically, and effectively; laws and regulations are followed; and reliable data are obtained, maintained, and fairly disclosed. Relying on internal controls assessments performed during previous audits may be reasonable if those audits were recent and the internal controls have not significantly changed. However, we do not believe the passage of 2 years is sufficiently recent because the state of internal controls could change substantially. In this case a new assessment was warranted.

Recommendation:

We recommend the Acting Inspector General ensure that audit teams include steps in audit guides to assess internal controls during the performance of audits, or explain why the steps are not necessary.

Summary of Management's Comments

Management stated they will revise the *Project Management Handbook* to include a separate section on the assignment team's responsibility to plan and conduct work related to management controls, given the assignment objectives. In addition, the Office of Congressional and Public Liaison enhanced the *Report Writing and Format Guide* in June 2006 to provide additional guidance related to management controls.

Finding 4. Some Audit Findings Did Not Include All Elements

During the review of the financial statement audit, we noted that three audit findings reported did not have all the elements of findings necessary to ensure an effective and persuasive presentation to management. Specifically, we noted there was no effect for one finding, no criteria or cause for a second finding, and no recommendation for a third finding.

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Paragraph 5.15 of GAS states that, to the extent possible, when presenting audit findings auditors should develop the elements of criteria, condition, cause, and effect to assist management or oversight officials of the audited entity in understanding the need for taking corrective action. In addition, if auditors are able to sufficiently develop the findings, they should provide recommendations for corrective action.

Although the supervisor agreed the finding elements were missing, he provided no explanation as to why. As a result, there is no assurance that adequate actions are recommended to prevent recurrence, or that report readers will clearly understand what should be occurring or the impact of a problem.

Recommendation:

We recommend the Acting Inspector General require supervisors to ensure all audit findings in reports contain the four elements - condition, criteria, cause, and effect.

Summary of Management's Comments

Management stated the *Project Management Handbook* requires teams to establish and update finding outlines throughout assignments. Management stated they will issue a memorandum reminding OIG personnel of this requirement.

Finding 5. Override of Independent Referencer's Comment Not Documented

We noted in the financial statement audit the independent referencer made a comment, taking exception to a statement pertaining to criteria in the draft report. The team addressed the comment, citing disagreement with the referencer. However, we found no documentation to support that the issue had been raised to a higher level for resolution.

The EPA OIG's *Project Management Handbook* states, "The Project Manager should provide a brief explanation on the Independent Referencing Form for any rejected points and the word PASS should be recorded in the RESPONSE column. If agreement cannot be reached between the referencer and the project manager or assignment manager, the open reference point(s) will be submitted to the person signing the final report for final disposition."

The independent referencer and the team never resolved the issue and the director who signed the report stated he was not aware of the disagreement between the auditor and independent referencer.

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Not resolving all independent referencing issues can allow incorrect information to be reported.

Recommendation:

We recommend that the Acting Inspector General require disagreements between the teams and independent referencers to be properly resolved prior to the issuance of reports.

Summary of Management's Comments

Management stated the *Project Management Handbook* directs the Project Manager and Assignment Manager to work with the referencer to resolve all comments. The handbook also provides guidance for resolving disagreements the parties cannot resolve. The report certification form in the *Project Management Handbook* requires the Project Manager, Assignment Manager, and Product Line Director to certify that all referencing comments have been addressed and cleared. Management stated they will issue a memorandum reminding OIG personnel of that requirement.

Finding 6. Quality Assurance Reviews

The EPA OIG's quality assurance program does not provide for timely completion of reviews and reporting of results. The EPA OIG has only conducted two quality assurance reviews in the past 4 years. This issue was also identified in the internal quality assurance review, dated November 9, 2005. However, due to the significance of this issue, we felt that it merited being reported as a finding during this review.

The EPA OIG's Policy No. 20, *The Quality Assurance Program*, requires reviews to be completed on an ongoing basis and states that each key function must be reviewed annually.

The EPA OIG did not conduct quality assurance reviews on an ongoing basis because full-time equivalents (FTEs) for performing quality assurance reviews were reduced from 2.8 FTEs in 2002 to approximately 1.2 FTEs² in 2005.

This integral element of the EPA OIG's internal control system is not functioning as intended and, as a result, internal quality control system problems may not be detected in a timely manner.

² Includes additional staff from outside the Office of Planning, Analysis and Reporting.

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Recommendation:

We recommend the Acting Inspector General ensure that quality assurance reviews are conducted on an ongoing basis in accordance with OIG policy.

Summary of Management's Comments

Management stated they have developed a policy which requires annual quality assurance reviews. In addition, the Acting Inspector General developed a process to measure quality as part of the OIG's overall quality control system through the use of two scorecards. The Project Quality Scorecard mainly evaluates the activities from preliminary research to when the draft report is submitted to the Office of Congressional and Public Liaison (OCPL) for editing. The Report Quality Score sheet for Draft Submissions is used by OCPL to measure the readability, completeness, conciseness, and presentation of draft reports. As a result, OIG will have an ongoing effort to improve the timeliness, responsiveness, and value of products and services provided.

Sincerely,

David C. Williams

David C. Williams
Inspector General

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Exhibit A.

Peer Review Scope and Methodology

Scope and Methodology

We tested compliance with the Office of Inspector General's system of quality control to the extent we considered appropriate. These tests included a review of 11 of 60 performance audit reports issued during the March 31, 2005, and September 30, 2005, semiannual reporting periods. In addition, we reviewed the financial statement audit for the fiscal years 2003 and 2004 financial statements. We also reviewed the internal quality control reviews performed by the EPA OIG.

We conducted our review from April through December 2006 in accordance with the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency, *Guide for Conducting External Quality Control Reviews of the Audit Operations of the Inspector General* dated April 1997 (revised April 2005).

OIG Offices Reviewed

We performed our reviews at EPA OIG Audit Headquarters in Washington, D.C., and the field office in Philadelphia, PA. We also visited the Las Vegas, NV, office to review personnel files.

Audit Reports Reviewed

<u>Report Number</u>	<u>Report Date</u>	<u>Report Title</u>
2005-P-00001	12/06/2004	<i>Response Action Contracts: Structure and Administration Need Improvement</i>
2005-P-00004	02/07/2005	<i>EPA Needs to Direct More Attention, Efforts, and Funding to Enhance its Speciation Monitoring Program for Measuring Fine Particulate Matter</i>

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2005-P-00010	03/09/2005	<i>Substantial Changes Needed in Implementation and Oversight of Title V Permits if Program Goals are to be Fully Realized</i>
2005-P-00012	03/23/2005	<i>EPA Needs to Fulfill Its Designated Responsibilities to Ensure Effective BioWatch Program</i>
2005-P-00015	06/16/2005	<i>Region 10's Grant for Alaska Village Safe Water Program Did Not Meet EPA Guidelines</i>
2005-P-00017	06/07/2005	<i>EPA Can Better Manage Brownfields Administrative Resources</i>
2005-P-00018	06/13/2005	<i>Efforts to Manage Backlog of Water Discharge Permits Need to be Accompanied by Greater Program Implementation</i>
2005-P-00021	08/22/2005	<i>Progress Report on Drinking Water Protection Efforts and Supplemental: Additional Details in Support of Progress Report on Drinking Water Protection Efforts</i>
2005-P-00022	09/26/2005	<i>Appropriate Testing and Timely Reporting are Needed at the Hercules 009 Landfill Superfund Site, Brunswick, Georgia</i>
2005-P-00023	09/14/2005	<i>EPA Needs to Improve Oversight of Its Information Technology Projects</i>

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2005-P-00026	09/26/2005	<i>Continued EPA Leadership Will Support State Needs for Information and Guidance on RCRA Financial Assurance</i>
2005-1-00021	11/15/2004	<i>Audit of EPA's Fiscal Year 2004 and 2003 Financial Statements</i>

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Exhibit B.

General Comments

We observed numerous positive audit practices in the EPA OIG's audit organization. Most importantly, the audit staff showed a high level of professionalism and expertise. The audit staff displayed a thorough knowledge during discussions with us concerning the audits we reviewed and the audit organization's policies and procedures.

We also noted noteworthy practices and controls instituted to help ensure audits were performed in accordance with professional standards. The internal quality assurance report we reviewed was insightful and contained in-depth coverage of the organizational element assessed.

During our review, we noted several issues that were not significant enough to include in the findings and recommendations, but we felt that they should be brought to management's attention.

Previous Peer Review Findings. Overall, the EPA OIG has taken steps to adequately address findings from the previous peer review. However, the timeliness of background investigations still needs improvement. When reviewing personnel folders for a sample of EPA OIG employees we noted several employees were due or past due for an updated background investigation. An EPA OIG official informed us that many of those background investigations had been initiated and that notifications were being sent to those employees whose background investigations had not been initiated.

Quality Assurance Reviews. We reviewed three reports which had been reviewed by the EPA OIG's internal quality assurance team to see if we reached the same conclusions that they did. We noted two items which were not identified by the team during their review. One working paper was prepared and approved by the same person. This document was a summary of meetings he attended related to the project. In addition, we identified one set of working papers which, although it appears the project manager reviewed in a timely manner, were not approved using the automated signoff in AutoAudit until 1 1/2 years after the report issuance date.

Audits vs. Evaluations. During the course of our review the question arose as to whether the assignments conducted by the EPA OIG called "evaluations" were, in effect, performance audits, and consequently, whether they should follow GAS or, instead, the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency, *Quality Standards for*

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Inspections. Our research determined that the difference between a performance audit and an evaluation has not been clearly defined. For example, the GAS definition of performance audits includes "program evaluation." It is a matter of professional judgment and is evaluated based upon the standards cited. However, an agency must follow the standards they cite. Therefore, it appears to be up to the EPA OIG to determine which standards they want to follow for conducting evaluations and thus whether they refer to them as audits or evaluations.

Auditors Did Not Test For Violations/Noncompliance With Legal/Regulatory Requirements. In one audit, there was no evidence in the working papers that auditors tested for violations and noncompliance with legal and regulatory requirements. The assignment manager and team members stated they felt such testing was not in context with the audit objectives and therefore did not include tests in the assignment guide. As a result, auditors cannot provide reasonable assurance of detecting violations that could have a significant effect on the audit results.

Impairment Forms. Overall there were no findings of the EPA OIG audit staff having impairments that would have prevented the auditor or team member from performing any particular audit. However, there were several instances where the Personal Impairment Forms, which the EPA OIG requires every audit employee to sign each year, were not produced because they could not be found. Because there were no instances of impairment based on our follow-up discussions with the team members we did not take exception, however, we do suggest that the EPA OIG make an effort to better control the filing and custody of independence documentation.

Working Papers Placed Inside Incorrect File. We noted the fiscal year 2004 financial statement audit working papers included a working paper which contained fiscal year 2005 data. This occurred because the fiscal year 2004 AutoAudit file was re-opened to allow working papers to be copied and brought forward to the fiscal year 2005 audit file. The file was not re-closed and the fiscal year 2005 working paper containing position papers issued during the fiscal year 2005 financial statement audit was erroneously included in the fiscal year 2004 audit file.

Timeliness of Reports. Overall the timeliness of reports issued was sufficient to ensure teams met reporting standards. However, we found two audit final reports were not reported in a timely manner and there was nothing in the working papers to support that milestone dates had been revised. Specifically, we found the actual milestone dates exceeded the projected milestone dates by approximately 4 months on one audit and 6 months on another. Teams exceeded milestone dates on the projects because they did not complete their

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work on time and referencing took longer than expected. In addition, obtaining the sample took more time than anticipated for one team.

As a result, the data and information contained in the audit report may have been outdated or invalid, and recommendations may have been obsolete.

Supervisory Review Comment Not Addressed. In one audit, a supervisor did not follow up to ensure that review comments were addressed. The supervisor instructed an auditor to address a material weakness in the controls over inputting journal entry data into the accounting system. However, the auditor did not address the supervisor's comment.

The supervisor offered no reason for not following up on his unaddressed comment. However, because he did not ensure the team addressed his comment, the weakness was not identified in the final report and we cannot be certain there are no material weaknesses in controls as stated by the auditor.

Summary of Management's Comments

Management stated they generally agree with these observations. In May 2006, they revised OIG Procedure 102 to require each Assistant Inspector General to maintain personal impairment forms in a central location. Management stated they will also remind OIG personnel that tests for compliance with legal and regulatory requirements must be completed.

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APPENDIX. MANAGEMENT'S COMMENTS



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

NOV 28 2006

INSPECTOR GENERAL

The Honorable David C. Williams
Inspector General
U.S. Postal Service
1735 N. Lynn Street
Arlington, VA 22209-2020

Dear Mr. Williams,

Thank you for the opportunity to comment on the draft *Report on External Quality Control Review of the Environmental Protection Agency's Inspector General Organization*, dated November 13, 2006. The report recognizes that our system of internal quality control was designed to meet the quality control standards established by the Comptroller General of the United States for a federal government audit organization and that we complied with those standards for the year under review.

Attached is our response to the specific audit findings and recommendations made in the report. We generally concur with all the recommendations and have already started implementing corrective actions.

Please express my appreciation to your staff for their time, dedication and professionalism. Your recommendations will improve the overall quality of our audits, evaluations and reviews. Should you or your staff have any questions, please contact Howard Cantor, Assistant Inspector General for Planning, Analysis and Results at (202) 566-2649.

Sincerely,


Bill A. Roserick

Enclosure

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Response to Report on External Quality Control Review of the Environmental Protection Agency's Inspector General Organization

USPS OIG Recommendation #1

We recommend that the Acting Inspector General require supervisory comments be documented in the working papers.

EPA OIG Response

We agree that we need to do a better job of documenting supervisory review of working papers. Documenting supervisory review is important. Therefore, on July 27, 2006, the Acting Inspector General issued *Inspector General Statement No. 1, Documenting Supervisory Review of Working Papers for Audit, Evaluation and Public Liaison Assignments*, which became effective immediately. This guidance assigns responsibility for conducting reviews, provides timeframes for conducting the reviews, and requires that reviews be documented in AutoAudit®. The IG statement will be incorporated into the next revision of the Project Management Handbook.

USPS OIG Recommendation #2

We recommend that the Acting Inspector General require supervisors to ensure working papers are approved in AutoAudit® in accordance with the AutoAudit® reference manual.

EPA OIG Response

As noted in Finding 1, documentation of supervisory review needs improvement. However, the functionality of our software should not drive our audit process. As noted in your finding, there was evidence of supervisory review, "we noted in two audits that typed initials in a Word document constituted approval of working papers. In three audits we noted, some working papers contained approval boxes that were created at the top of them with typewritten approvals." The report concluded that "signing off on working papers by simply typing initials in the document provides the opportunity for anyone with access to do this, including the original preparer." We believe this is not at high risk of occurring. Access in AutoAudit® for editing working papers is limited to team members, and the AutoAudit® history includes the editor's name and the date of the edit.

USPS OIG Recommendation #3

We recommend that the Acting Inspector General ensure that audit teams include steps in audit guides to assess internal controls during the performance of audits, or explain why the step is not necessary.

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EPA OIG Response

We will revise the Project Management Handbook to include a separate section on the assignment team's responsibility to plan and conduct work related to management controls, given the assignment objectives. We will provide references to Yellow Book sections on management controls and other sources of guidance. We will also add a line to the Quality Assurance Checklist regarding the appropriateness of work done concerning management controls. Our Office of Congressional and Public Liaison (OCPL) enhanced the Report Writing and Format Guide in June 2006 to provide additional guidance related to management controls and if such work is not germane to the assignment, we will say so in the scope and methodology section of the report.

USPS OIG Recommendation #4

We recommend that the Acting Inspector General require supervisors to ensure all audit findings in reports contain the four elements - condition, criteria, cause, and effect.

EPA OIG Response

The Project Management Handbook requires that finding outlines be established and updated throughout the assignment. We will issue a memorandum reminding OIG personnel of this requirement. In addition, our report scoring process, described in the response to Recommendation #6 below, includes a determination of whether complete finding outlines were prepared prior to the message agreement meeting.

USPS OIG Recommendation #5

We recommend that the Acting Inspector General require that disagreements between the teams and independent referencers be properly resolved prior to the issuance of reports.

EPA OIG Response

The Project Management Handbook directs the Project Manager and Assignment Manager to work with the referencer to resolve all comments. If there is a disagreement that cannot be resolved by these parties, the Handbook directs that the issue be referred to the person signing the report for final disposition. The report certification form in the Project Management Handbook requires that the Project Manager, Assignment Manager, and Product Line Director certify that all referencing comments have been addressed and cleared. We will issue a memorandum reminding OIG personnel of that requirement.

USPS OIG Recommendation #6

We recommend that the Acting Inspector General ensure that quality assurance reviews are conducted on an ongoing basis in accordance with OIG policy.

EPA OIG Response

EPA OIG has developed policy which requires annual quality assurance reviews. In addition, the Acting Inspector General developed a process to measure quality as part of

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the OIG's overall quality control system. The specific manner in which the OIG will measure quality consists of two scorecards. The "*Project Quality Scorecard*" mainly encompasses an evaluation of the activities from preliminary research to the point the team submits a draft report to the OCPL for editing. The "Report Quality Score sheet for Draft Submissions" is used by the OCPL Publications Unit to measure the readability, completeness, conciseness, and presentation of draft reports submitted to OCPL. As a result, OIG will have an ongoing effort to improve the timeliness, responsiveness, and value of products and services provided.

General Comments

We generally agree with these observations. In May 2006, we revised OIG Procedure 102-1 to require that each Assistant Inspector General maintain personal impairment forms in a central location. We will also modify the Project Management Handbook to remind OIG personnel that tests for compliance with legal and regulatory requirements must be completed.