



OFFICE OF INSPECTOR GENERAL

December 27, 2016

Laura Davis
Inspector General
National Endowment for the Humanities

We have reviewed the system of quality control for the audit organization of the National Endowment for the Humanities Office of Inspector General (NEH OIG) in effect for the year ended March 31, 2016. A system of quality control encompasses NEH 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*. The NEH OIG is responsible for establishing and maintaining a system of quality control that is designed to provide NEH OIG reviewed 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 NEH 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*. During our review, we interviewed NEH OIG personnel and obtained an understanding of the nature of the NEH OIG audit organization, and the design NEH OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected one audit and administrative files to test for conformity with professional standards and compliance with NEH OIG's system of quality control. The audit selected represented a reasonable cross-section of NEH OIG 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 NEH OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

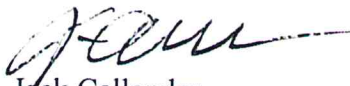
In performing our review, we obtained an understanding of the system of quality control for the NEH OIG audit organization. In addition, we tested compliance with NEH OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of NEH OIG's 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, and, 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 NEH OIG office that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of NEH OIG in effect for the year ended March 31, 2016, has been suitably designed and complied with to provide NEH 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*. NEH OIG has received an External Peer Review rating of *pass*.

As is customary, we have issued a letter dated December 16, 2016 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.



Jack Callender
Inspector General
Postal Regulatory Commission

Enclosures

SCOPE AND METHODOLOGY (Enclosure I)

We tested compliance with NEH OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 1 of 3 audit reports issued during the period April 1, 2015, through March 31, 2016.

In addition, we reviewed NEH OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period April 1, 2015, through March 31, 2016. During the period, NEH OIG contracted for the audit of its agency's Fiscal Years 2014-2015 Financial Statements that were performed in accordance with *Government Auditing Standards*.

We visited the headquarters of NEH OIG in Washington, DC.

Reviewed Audits Performed by NEH OIG

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
OIG-16-01(EA)	02/22/2016	Limited Audit Report – Harvard University (the “University”) NEH Challenge Grant CZ-50178-08

Reviewed Monitoring Files of NEH OIG for Contracted Audits

<u>Report No.</u>	<u>Report Date</u>	<u>Report Title</u>
N/A (Contract Audit)	11/10/2015	National Endowment for the Humanities Audit of Financial Statements As of for the Years Ended September 30, 2015 and 2014



NATIONAL ENDOWMENT FOR THE
Humanities

OFFICE OF INSPECTOR GENERAL

Via Electronic Transmission

December 23, 2016

Mr. Jack Callender
Inspector General
Postal Regulatory Commission
P.O. Box 50264
Washington, DC 20091

Dear Mr. Callender:

I have reviewed the draft report on the system of quality control for the audit organization of the National Endowment for the Humanities (NEH) Office of Inspector General (OIG) in effect for the year ended March 31, 2016. In your opinion, the system of quality control has been suitably designed and complied with to provide NEH OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects, warranting the issuance of an External Peer Review rating of *pass*.

I do not have any formal comments to make concerning the draft report on the system of quality control.

I wish to express my appreciation to you and your staff for the professionalism exhibited during the performance of this peer review.

Respectfully submitted,

Laura Davis
Inspector General