

OFFICE OF INSPECTOR GENERAL

U.S. Election Assistance Commission

SYSTEM REPORT ON THE NATIONAL ENDOWMENT FOR THE HUMANITIES OFFICE OF INSPECTOR GENERAL AUDIT ORGANIZATION

Report No. O22HQ0017-22-05
September 16, 2022





OFFICE OF THE INSPECTOR GENERAL

US Election Assistance Commission
633 3rd Street, NW, Suite 200
Washington, DC 20001

September 16, 2022

TO: NEH OIG Inspector General, Laura Davis

FROM: EAC OIG Inspector General, Brianna Schletz

SUBJECT: System Report on the National Endowment for the Humanities Office of Inspector General Audit Organization (Report No. O22HQ0017-22-05)

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 3-year period ended March 31, 2022. 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* and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of the NEH OIG in effect for the 3-year period ended March 31, 2022, has been suitably designed and complied with to provide the NEH OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements 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*.

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 NEH 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 NEH 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 NEH OIG's monitoring of work performed by IPAs.

Letter of Comment

We have issued a letter dated September 16, 2022, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

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 interviewed NEH OIG personnel and obtained an understanding of the nature of the NEH OIG audit organization, and the design of NEH 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 NEH OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the NEH 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 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 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 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. Appendix A describes these procedures.

Responsibilities and Limitation

NEH OIG is responsible for establishing and maintaining a system of quality control designed to provide NEH OIG 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 NEH 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.

Appendix A

Scope and Methodology

We tested compliance with the NEH OIG audit organization’s system of quality control to the extent we considered appropriate. These tests included a review of the only engagement conducted in accordance with generally accepted government auditing standards issued from April 1, 2019, through March 31, 2022.

In addition, we reviewed NEH OIG’s monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from April 1, 2021, through March 31, 2022. During the period, NEH OIG contracted for the audit of its agency’s fiscal year 2021 financial statements.

Location

We visited the NEH OIG office, which is in Washington, D.C.

Reports Reviewed

Report Number	Report Date	Report Title	Audit Type
OIG-19-01 (EA)	08/08/2019	Limited Audit Report – NEH Grant Award to Virginia Union University	Performance Audit
Not Applicable	11/12/2021	Audit of NEH Financial Statements, Fiscal Year 2021	IPA Audit



NATIONAL ENDOWMENT FOR THE HUMANITIES

OFFICE OF INSPECTOR GENERAL

September 13, 2022

Ms. Brianna Schletz, Inspector General
Office of the Inspector General
U.S. Election Assistance Commission
633 3rd Street, NW; Suite 200
Washington, DC 20001

Dear Inspector General Schletz:

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 3-year period ended March 31, 2022. In your opinion, the system of quality control has been suitably designed and complied with to provide the NEH OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects, warranting the issuance of an External Peer Review rating of *pass*.

I do not have any formal comments 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,

A handwritten signature in cursive script that reads "Laura Davis".

Laura Davis
Inspector General



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