



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 4, 2012

The Honorable Christy L. Romero
Special Inspector General
Office of the Special Inspector General
for the Troubled Asset Relief Program
1801 L Street, N.W., 4th Floor
Washington, D.C. 20220

Dear Ms. Romero:

We have reviewed the system of quality control for the audit organization of the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) in effect for the year ended March 31, 2012. A system of quality control encompasses SIGTARP'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*. SIGTARP is responsible for designing a system of quality control and complying with it to provide SIGTARP with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and SIGTARP's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed SIGTARP personnel and obtained an understanding of the nature of SIGTARP's audit organization, and the design of SIGTARP's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with SIGTARP's system of quality control. The engagements selected represented a reasonable cross-section of SIGTARP's audit organization. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with SIGTARP's 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 SIGTARP's audit organization. In addition, we tested compliance with SIGTARP's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of SIGTARP's policies and procedures on selected 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.

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 the offices of SIGTARP that we visited and the engagements we reviewed.

In our opinion, the system of quality control for SIGTARP in effect for the year ended March 31, 2012, has been suitably designed and complied with to provide SIGTARP with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. SIGTARP has received a peer review rating of *pass*.

As is customary, we have issued a letter dated September 4, 2012 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

Sincerely,



Martin J. Dickman
Inspector General

Enclosure

SCOPE AND METHODOLOGY (Enclosure 1)

Scope

We tested compliance with SIGTARP's system of quality control to the extent we considered appropriate. These tests included a review of the three audit reports issued during the period April 1, 2011 through March 31, 2012. We also reviewed another completed audit where no report was issued that SIGTARP had categorized as terminated. We also reviewed the internal quality control reviews performed by SIGTARP.

SIGTARP did not have any attestation reports, financial statement audits or monitoring of engagements performed by independent public accountants (IPAs) where the IPA served as the principal auditor during the period April 1, 2011 through March 31, 2012.

Methodology

The Council of the Inspectors General on Integrity and Efficiency's *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General (Guide)*, dated March 2009, was used to conduct the review.

The Railroad Retirement Board-Office of Inspector General (RRB-OIG) reviewed SIGTARP's documents, interviewed management and staff, and completed the following checklists as provided for in the *Guide*:

- Policies and Procedures,
- Checklist for Review of Adherence to General Standards, and
- Checklist for Review of Performance Audits Performed by the Office of Inspector General.

We visited SIGTARP's Washington D.C. office.

Reviewed Engagements Performed by SIGTARP:

Report No.	Report Date	Report Title
SIGTARP 11-003	April 14, 2011	Treasury's Process for Contracting for Professional Services under TARP
SIGTARP 11-004	September 28, 2011	Legal Fees Paid Under the Troubled Asset Relief Program: An Expanded Report
SIGTARP 11-005	September 29, 2011	Exiting TARP: Repayments by the Largest Financial Institutions

We also reviewed the following audit that was conducted in accordance with *Government Auditing Standards* for which no audit report was issued for the subject area:

Audit Project No.	Closeout E-mail Date	Project Title
SIGTARP 008	February 21, 2012	Erroneous Reporting of HAMP Redefault Rates