



DEPARTMENT OF VETERANS AFFAIRS
INSPECTOR GENERAL
WASHINGTON DC 20420

August 8, 2018

Gale Stallworth Stone
Acting Inspector General
Social Security Administration
6300 Security Blvd
Baltimore, MD 21235

Subject: External Peer Review on the Social Security Administration Office of
Inspector General Audit Organization

Dear Acting Inspector General Stallworth Stone,

Attached is the External Peer Review Report of the Social Security Administration Office of Inspector General audit organization. This review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. Your response to the draft report is included as Enclosure 2.

We appreciate the cooperation and courtesies extended to our staff during the review.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael J. Missal", is positioned above the typed name.

MICHAEL J. MISSAL
Enclosure



DEPARTMENT OF VETERANS AFFAIRS
INSPECTOR GENERAL
WASHINGTON DC 20420

System Review Report

August 8, 2018

Gale Stallworth Stone
Acting Inspector General
Social Security Administration
6300 Security Blvd
Baltimore, MD 21235

The Veterans Affairs Office of Inspector General (VA OIG) has reviewed the system of quality control for the audit organization of Social Security Administration Office of Inspector General (SSA OIG) in effect for the year ended March 31, 2018. A system of quality control encompasses SSA 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*. SSA OIG is responsible for establishing and maintaining a system of quality control. The system is designed to provide SSA OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. VA OIG is responsible for expressing an opinion on the design of the system of quality control and SSA OIG's compliance therewith, based on our review.

This 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 the review, we interviewed SSA OIG personnel and obtained an understanding of the nature of the SSA OIG audit organization and the design of SSA OIG's system of quality control. This understanding was 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 SSA OIG's system of quality control. The audits selected represented a reasonable cross-section of SSA 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 SSA OIG management to discuss the review results. I believe that the procedures we performed provide a reasonable basis for our opinion.

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

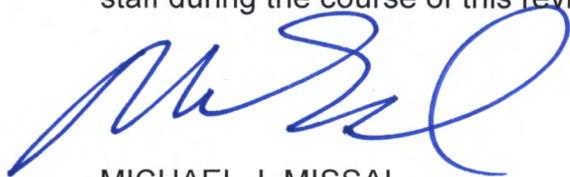
policies and procedures on selected audits. The review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

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 SSA OIG audits that were reviewed.

In our opinion, the system of quality control for the audit organization of SSA OIG in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide SSA 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. SSA OIG has received an External Peer Review rating of pass. We issued a letter dated August 8, 2018 that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report.

In addition to reviewing SSA OIG's system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the CIGIE related to SSA OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of audits performed by IPAs is not an audit; therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether SSA OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and accordingly, we do not express an opinion on SSA OIG's monitoring of work performed by IPAs.

We appreciate the cooperation and courtesies extended by members of your staff during the course of this review.



MICHAEL J. MISSAL
Enclosures

SCOPE AND METHODOLOGY

The VA OIG tested compliance with the SSA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 10 of 62 audit reports issued during the period April 1, 2017, through March 31, 2018. The review also included semiannual reporting periods April 1, 2017, through September 30, 2017, and October 1, 2017, through March 31, 2018. We reviewed SSA OIG's internal quality control reviews performed for those selected audit reports.

The VA OIG reviewed the SSA OIG's monitoring of engagements where the IPA served as the principal auditor during the period April 1, 2017, through March 31, 2018. During the period, the SSA OIG contracted for the audit of its agency's Fiscal Year 2017 financial statements and Fiscal Year 2017 Federal Information Security Modernization Act (FISMA).

We also administered an electronic questionnaire to survey the 114 SSA OIG's Office of Audit employees who perform audits and received a 97 percent response rate.

SSA OIG Reviewed Audits

We selected eight performance audit reports to review. Two reports were selected for review from four of the 10 SSA OIG's audit field offices. In addition, two contract audits that were performed by an IPA were selected for review. Tables 1 and 2 identify those reports selected, along with the responsible audit office.

Table 1 identifies the eight SSA OIG performance audits we reviewed.

Table 1: SSA OIG Performance Audits

Responsible Audit Office	Report Number	Report Issuance Date	Report Title
Dallas, TX	A-06-13-23091	07/17/2017	Cross-Referred Social Security Numbers
Dallas, TX	A-06-17-50225	07/05/2017	Manually Reduced Cross-Program Recovery Overpayments
Birmingham, AL	A-08-16-50053	09/05/2017	The Social Security Administration's Manual Award Process for Initial Retirement and Survivors Insurance Claims
Birmingham, AL	A-08-17-50237	09/12/2017	Supplement Security Income Payments to Confined Juveniles
Philadelphia, PA	A-03-16-50156	08/03/2017	Individuals barred from Serving as Representative Payees

Responsible Audit Office	Report Number	Report Issuance Date	Report Title
Philadelphia, PA	A-03-16-50102	2/22/2018	Removal of Self-Employment Income and the Impact on Social Security Benefits
Kansas City, MO	A-07-16-50082	5/03/2017	Overpayments Collected through Long-Term Repayment Plan
Kansas City, MO	A-07-17-50153	4/21/2017	Manual Actions to Issue Old-Age, Survivors and Disability Insurance Underpayments Less Than \$6,000

Table 2 identifies the two audits performed by IPA for which we reviewed the SSA OIG's monitoring activities.

Table 2: SSA OIG Monitoring Files for Contracted Audits

Responsible Audit Office	Report Number	Report Issuance Date	Report Title
Financial Audit	A-15-18-50273	11/09/2017	The Social Security Administration's Financial Report for Fiscal Year 2017
Information Technology	A-14-18-50258	10/27/2017	The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2017



August 3, 2018

Mr. Larry Reinkemeyer
Assistant Inspector General for Audits and Evaluations
Department of Veterans Affairs
Office of Inspector General
810 Vermont Ave, NW
Washington, D.C. 20420

Dear Mr. Reinkemeyer:

We reviewed your draft report on our quality control system. We are pleased with your conclusion that we designed our quality control system in a manner to provide reasonable assurance of performing and reporting audits in conformity with applicable professional standards in all material respects. We have no comments on the System Review Report.

We appreciate the efforts of your staff in completing this review in a thorough fashion.

If you have any questions, please contact me at 410-965-9700. I look forward to receiving your final report.

Sincerely,

A handwritten signature in black ink that reads "Rona Lawson". The signature is written in a cursive, flowing style.

Rona Lawson
Assistant Inspector General
for Audit

Attachment