



## System Review Report

September 24, 2021

Carl W. Hoecker  
Inspector General  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Dear Mr. Hoecker:

We reviewed the system of quality control for the audit organization of the U.S. Securities and Exchange Commission (SEC) Office of Inspector General (OIG) in effect for the year ended March 31, 2021. A system of quality control encompasses the SEC OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with the *Government Auditing Standards* and applicable legal and regulatory requirements. The elements of quality control are described in the *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of the SEC OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide the SEC 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*. The SEC OIG has received an External Peer Review rating of *Pass*. We have issued a letter dated September 24, 2021 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

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 Audit Organizations of Federal Offices of Inspector General*.

During our review, we interviewed SEC OIG personnel and obtained an understanding of the nature of the SEC OIG audit organization, and the design of the SEC OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements conducted in accordance with generally accepted government auditing standards (GAGAS) and related administrative files to test for conformity with professional standards and compliance with the SEC OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the SEC 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 SEC OIG audit organization. In addition, we tested compliance with the SEC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the SEC 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 SEC OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure I to this report identifies the SEC OIG engagements we reviewed.

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

A handwritten signature in cursive script, reading "Jay N. Lerner".

Jay N. Lerner  
Inspector General

Enclosures

## Scope and Methodology

We tested compliance with the SEC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of three of nine reports conducted in accordance with generally accepted government auditing standards (GAGAS) issued during the period April 1, 2018 through March 31, 2021.<sup>1</sup> We also reviewed the internal quality control reviews performed by the SEC OIG. The table below identifies the audit reports reviewed.

**Table 1: Reviewed GAGAS Engagements Performed by the SEC OIG**

<b>Report Number</b>	<b>Report Date</b>	<b>Report Title</b>
560	03/30/2020	<i>Controls Over the SEC's Travel Charge Card Program Could Be Strengthened To More Fully Comply With Requirements and Maximize Benefits</i>
562	09/30/2020	<i>Opportunities Exist To Improve the SEC's Management of Mobile Devices and Services</i>
565	02/24/2021	<i>The SEC Has Taken Steps To Strengthen Its Monitoring of ISS Contractor's Performance, But Additional Actions Are Needed</i>

<sup>1</sup> The SEC OIG issued only two reports within the last year of the peer review period. We decided to expand the scope of testing to provide adequate coverage of GAGAS engagements performed by the SEC OIG.



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

September 21, 2021

Jay N. Lerner  
Inspector General  
Federal Deposit Insurance Corporation  
Office of Inspector General  
3501 Fairfax Drive  
Arlington, VA 22226

Dear Mr. Lerner:

Thank you for the opportunity to comment on the draft System Review Report, transmitted August 30, 2021, on the U.S. Securities and Exchange Commission's Office of Inspector General's audit organization for the period ended March 31, 2021. We are pleased that your independent review of our audit operations resulted in a rating of *pass* and concluded that our system of quality control was suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

In the draft Letter of Comment, also transmitted on August 30, 2021, you identified issues and made recommendations that are not considered to be of sufficient significance to affect our peer review rating. We have provided a separate response to your recommendations, including planned actions and estimated completion dates.

We appreciate your efforts in conducting this review. Should you have questions, please contact me or Rebecca Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects, at (202) 551-6061.

Sincerely,

A handwritten signature in blue ink that reads "Carl W. Hoecker".

Carl W. Hoecker  
Inspector General