


Memo



Date April 12, 2010
To All OIG Audit Staff

From Ted Alves 
Department Office of Inspector General
Subject Most Recent Peer Review
cc Bret Coulson
Colin Carriere
Cal Evans

Message

In September 2009 the Amtrak OIG received our most recent peer review results. While we received a passing rating it was with deficiencies. A deficiency is one or more findings that due to the nature, causes, pattern or pervasiveness could create a situation in which the Amtrak OIG would not have reasonable assurance of performing or reporting in conformity with professional standards in one or more aspects. Specifically the peer review team found that (1) our quality control system requirements need to be followed and all quality control requirements need to be made mandatory for limited scope audits, and (2) our system for monitoring continuing professional education (CPE) did not ensure that all audit staff obtained the appropriate CPE credits to meet the Government Auditing Standards.

In response to the report, the Amtrak OIG agreed to completely revise the Audit Policy Manual as well as revising training policies. These actions were to be completed by March 31, 2010. As they have not, this memorandum implements changes in our quality control, audit processes and training procedures until such time as the revised manual can be completed. It is the policy of the Amtrak OIG that our audit work will comply with the Government Auditing Standards, 2007 revision.

Limited Scope Audits

Effective immediately Section II-23 on Limited Scope Audits and Consulting Projects is rescinded. No new limited scope audits may be initiated. There are a number of limited scope audits in process including some that are in the report stage. On all of these

projects, the responsible senior director should ensure that all quality control requirements of a full audit are met. No exceptions are permitted. Government Auditing Standards (1.11) requires that all applicable standards be followed when audits are represented as following the Government Auditing Standards. We will not permit a modified statement of compliance with the standards.

Any project that is currently underway that would have been classified as consulting projects or non-audit services must be formally presented to the acting Assistant IG for audit prior to any further work being conducted on them. Additionally, each audit office should submit a list of all consulting projects or non audit services they have performed in the past 3 years to the acting Deputy IG for audit no later than April 30, 2010. Negative replies are required.

Quality Control System

The peer review found problems with the reports reviewed including:

- Inadequate or no independent referencing,
- Findings lacking the required elements of a finding,
- Insufficient supporting evidence,
- Lack of fully cross indexed reports, and
- Failure to cross index substantive changes to the report.

Until the audit policy manual is revised, the following quality control procedures are in effect for all projects. The following documents should be added to teammate workpapers for each audit.

1. a work paper clearly identifying for each report finding the condition, cause, criteria, effect, and recommendation
2. a statement of independence and a statement of qualifications for all auditors that worked on the project
3. a completed report review checklist
4. a completed work paper review checklist
5. a completed independent review checklist
6. a fully cross-index report for each version submitted to the IG or AIG for Audits for signature
7. a certification by the senior director for all reports submitted to the IG or AIG for Audits for signature that all of the above items were completed and that they personally have reviewed these documents and the submitted report

CPE Reporting and Tracking

The peer review found that 2 of 12 auditors reviewed did not meet the 2-year CPE requirements established by the Government Auditing Standards. According to the standards, failure to meet the CPE requirements would prohibit the auditor from participating in audits conducted under the yellow book.

Each auditor should provide to their senior director a listing of all training taken for the 2-year period ending September 2009 as well as all training taken through February 2010. This information should be provided by 4/30 to the acting Deputy IG for Audits. Additionally, for any staff that did not meet the 80 hour requirements by 2/28/10, the senior director should include a plan of action.

Audit Manual Revisions

We will shortly be issuing a plan for completing the revisions to the audit policy manual. We hope to have staff members participate in this process. More details will be provided soon.

Thank you for your cooperation in this most significant matter. If you have any questions, please call or email Acting AIG for Audits Nick Pinto at ATS 777-4296 or dominic.pinto@amtrak.com.