
Office of Inspector General

REPORT ON EXTERNAL QUALITY CONTROL REVIEW

***U.S. Department of Health and Human Services
Office of Inspector General
Audit Organization***

May 20, 2015

**Prepared by the
Office of Inspector General
U. S. Department of Transportation**





**U.S. Department of
Transportation**
Office of the Secretary
of Transportation

The Inspector General

Office of Inspector General
Washington, D.C. 20590

May 20, 2015

The Honorable Daniel R. Levinson
Inspector General
United States Department of Health and Human Services
330 Independence Avenue, S.W., Room 5250
Washington, DC 20201

Subject: Peer Review Results

Dear Mr. Levinson:

We have reviewed the system of quality control for the United States Department of Health and Human Services, Office of Inspector General (HHS-OIG) audit organization for the 12-month period ended September 30, 2014. HHS-OIG is responsible for designing a system of quality control that encompasses its organizational structure, the policies adopted, and the procedures established to provide HHS-OIG with reasonable assurance that it conforms to *Government Auditing Standards* in all material respects. The elements of quality control are described in *Government Auditing Standards*. Our responsibility is to express an opinion on the design of the system of quality control and HHS-OIG's compliance 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's (CIGIE) *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed HHS-OIG personnel to obtain an understanding of the nature of HHS-OIG's audit organization and to determine whether the design of HHS-OIG's system of quality control is sufficient to assess the risks implicit in its audit function.

We selected from audits and attestation engagements, collectively referred to as audits, and administrative files to test for conformity with professional standards and compliance with HHS-OIG's system of quality control. The engagements selected represented a reasonable cross-section of HHS-OIG's audit organization, with emphasis on higher-risk engagements. However, our selective tests would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance. In fact, there are inherent limitations in the effectiveness of any system of quality control. Therefore, noncompliance may occur and may not be detected. For example, projection of any evaluation of a system of quality control is subject to the risk that the system may become inadequate due to changes in conditions or deterioration of compliance with the policies or procedures.

Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with HHS-OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. The exhibit to this report identifies the audit reports we reviewed.

In our opinion, the system of quality control for HHS-OIG's audit organization in effect for 12-month period ended September 30, 2014, has been suitably designed and complied with to provide HHS-OIG 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. HHS-OIG has received a peer review rating of pass.

HHS-OIG agreed with this conclusion. A copy of the response is included as an appendix to this report.

In addition to reviewing HHS-OIG's system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with CIGIE's guidance to review HHS-OIG's monitoring of contracted work performed by independent public accountants (IPA)—for which an IPA served as the principal auditor—and to determine whether HHS-OIG had controls to ensure the IPA performed its work in accordance with professional standards. Monitoring IPA engagements, however, is not an audit and therefore is not subject to the requirements of *Government Auditing Standards*. Since it was not our objective to express an opinion on HHS-OIG's monitoring of work performed by IPAs, we accordingly do not express such an opinion.

I want to express our appreciation for the courtesies extended by your office to the peer review team during this review.

Sincerely,

A handwritten signature in black ink that reads "Calvin L. Scovel III". The signature is written in a cursive style with a horizontal line at the end.

Calvin L. Scovel III
Inspector General

EXHIBIT A. SCOPE AND METHODOLOGY

We tested compliance with HHS-OIG's system of quality control to the extent we considered appropriate. These tests included a review of 12 of 292 audit reports issued during October 1, 2013 through September 30, 2014, and semiannual reporting periods ended March 31, 2014, and September 30, 2014. We also examined the annual internal quality control reviews performed by HHS-OIG for fiscal years 2012, 2013 and 2014.

In addition, we reviewed HHS-OIG's monitoring of contracted work performed by IPAs for which an IPA served as the principal auditor during the period October 1, 2013 through September 30, 2014. During this period, HHS-OIG contracted for the audit of its Agency's fiscal year 2013 financial statements and oversaw 9 other engagements that were to be performed in accordance with *Government Auditing Standards*.

We performed our review between October 2014 and April 2015. We visited HHS-OIG's office in Washington DC. (Headquarters)

Audit Reports Reviewed

Report Number	Title	Issue Date
A-07-12-05023	<i>Medicare Compliance Review of the University of Iowa Hospital for Calendar Years 2009 and 2010</i>	11/13/2012
A-06-12-00051	<i>Maryland Withdrew Excessive Federal Medicaid Funds for Fiscal Years 2009 Through 2011</i>	12/20/2013
A-07-12-05024	<i>Medicare Payments for Vacuum Erection Systems Are More Than Twice as Much as Much as the Amounts Paid for the Same or Similar Devices by Non-Medicare Payers</i>	12/30/2013
A-18-13-30100	<i>Review of Medicare Contractor Information Security Program Evaluations for Fiscal Year 2011</i>	1/9/2014
A-03-14-00356	<i>Indian Health Service Fiscal Year 2013 Performance Summary Report for National Drug Control Activities and Accompanying Required Assertions (Attestation Report)</i>	1/14/2014
A-04-11-05028	<i>The SSI Group, Inc., Did Not Fully Implement Security Rule Requirements</i>	3/6/2014

Report Number	Title	Issue Date
A-01-12-00508	<i>Medicare Often Made Overpayments to New England Home Health Agencies for Claims Without Required Outcome and Assessment Information Set Data</i>	3/11/2014
A-02-13-01008	<i>Medicaid Rates for Residential Habilitation Services Provided at New York State-Operated Residences Are Excessive</i>	3/11/2014
A-05-12-00020	<i>Medicare and Beneficiaries Could Save Billions If CMS Reduces Hospital Outpatient Department Payment Rates for Ambulatory Surgical Center-Approved Procedures to Ambulatory Surgical Center Payment Rates</i>	4/16/2014
A-09-13-02036	<i>Medicare Inappropriately Paid Hospitals' Inpatient Claims Subject to the Postacute Care Transfer Policy</i>	5/28/2014
A-04-14-05057	<i>Kentucky Generally Protected Personally Identifiable Information on Its Health Insurance Exchange Web Site but Could Improve Certain Information Security Controls</i>	7/24/2014
A-01-13-00003	<i>Massachusetts Did Not Always Make Correct Medicaid Claim Adjustments</i>	9/29/2014

Reviewed Monitoring Files of Contracted Audits Performed by IPAs

Report Number	Title	Issue Date
A-17-13-00001	<i>OIG Report on the Financial Statement Audit of the Department of Health and Human Services for Fiscal Year 2013</i>	12/16/2013
A-18-12-30080	<i>Review of the National Institutes of Health's Compliance with the Federal Information Security Management Act of 2002 for Fiscal Year 2012</i>	1/16/2013

APPENDIX. AGENCY COMMENTS



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL
WASHINGTON, DC 20201



May 13, 2015

Ann Calvaresi Barr
Deputy Inspector General
Office of Inspector General
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Ms. Calvaresi Barr:

I was pleased to receive your draft report on the external quality control review of my office, which concluded that our system of quality controls met the standards established by the Comptroller General of the United States.

My office has benefited from the interaction with your staff. Please let the review team know that we appreciated their professionalism and thank them for their participation in this review.

Sincerely,

/Gloria L. Jarmon/
Deputy Inspector General
for Audit Services