



## System Review Report

March 24, 2021

Ms. Christi A. Grimm  
Principal Deputy Inspector General  
U.S. Department of Health and Human Services

We have reviewed the system of quality control for the audit organization of U.S. Department of Health and Human Services, Office of Inspector General (HHS OIG) in effect for the year ended September 30, 2020. A system of quality control encompasses HHS OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of HHS OIG in effect for the year ended September 30, 2020, has been suitably designed and complied with to provide HHS 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*. HHS OIG has received an External Peer Review rating of *pass*.

### **Monitoring of GAGAS Engagements Performed by Independent Public Accountants**

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

## **Letter of Comment**

We have issued a letter dated March 24, 2021, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

## **Basis of Opinion**

Our review was conducted in accordance with *Government Auditing Standards* and the *CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.<sup>1</sup>

During our review, we interviewed HHS OIG personnel and obtained an understanding of the nature of the HHS OIG audit organization, and the design of HHS OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected GAGAS engagements and administrative files to test for conformity with professional standards and compliance with HHS OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the HHS OIG audit organization.

In performing our review, we obtained an understanding of the system of quality control for the HHS OIG audit organization. In addition, we tested compliance with HHS OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of HHS 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 HHS OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the HHS OIG engagements we reviewed.

## **Responsibilities and Limitation**

HHS OIG is responsible for establishing and maintaining a system of quality control designed to provide HHS 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 HHS OIG's compliance based on our review.

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<sup>1</sup> March 2020.

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.



Carol F. Ochoa  
Inspector General  
General Services Administration

Enclosures

### Scope and Methodology

We tested compliance with the HHS OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 10 of 178 engagement reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from October 1, 2019, through September 30, 2020.

In addition, we reviewed HHS OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2019, through September 30, 2020. During the period, HHS OIG contracted for the audit of its agency's Fiscal Year 2019 financial statements. HHS OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We performed our review remotely due to travel restrictions related to the COVID-19 pandemic.

#### Reviewed GAGAS Engagements Performed by HHS OIG:

HHS OIG Region	Report Number	Report Date	Report Title
1	A-01-18-02504	04/03/2020	<i>New Hampshire's Monitoring Did Not Ensure Childcare Provider Compliance With State Criminal Background Check Requirements at 21 of 30 Providers Reviewed</i>
2	A-02-18-01003	01/09/2020	<i>New York Improperly Claimed Medicaid Reimbursement for Some Bridges to Health Waiver Program Services That Were Not in Accordance with an Approved Plan of Care and Did Not Meet Documentation Requirements</i>
3	A-03-17-00010	07/13/2020	<i>Hospitals Overbilled Medicare \$1 Billion by Incorrectly Assigning Severe Malnutrition Diagnosis Codes to Inpatient Hospital Claims</i>
4	A-04-19-04072	04/01/2020	<i>The National Institutes of Health Administered Superfund Appropriations During Fiscal Year 2018 in Accordance With Federal Requirements</i>
5	A-05-17-00017	08/25/2020	<i>Michigan Did Not Bill Manufacturers for Some Rebates for Drugs Dispensed to Enrollees of Medicaid Managed-Care Organizations</i>
7	A-07-19-03240	Terminated	<i>Survey of Missouri Personal Care Services</i>
7	A-07-19-00580	09/11/2020	<i>Group Health Incorporated Overstated its Local 153 Pension Plan Medicare Segment Assets and Understated Medicare's Share of Medicare Segment Pension Assets as of August 31, 2016</i>
9	A-09-18-03033	09/22/2020	<i>CMS's Monitoring Activities for Ensuring That Medicare Accountable Care Organizations Report Complete and Accurate Data on Quality Measures Were Generally Effective, but There Were Weaknesses That Could Be Improved</i>

**Reviewed Monitoring Files of HHS OIG for Contracted GAGAS Engagements:**

<b>HHS OIG Region</b>	<b>Report Number</b>	<b>Report Date</b>	<b>Report Title</b>
<b>17</b>	A-17-19-00001	11/13/2019	FY 2019 HHS Consolidated Financial Statement Audit
<b>18</b>	A-18-19-11200	04/01/2020	<i>Review of the Department of Health and Human Services' Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2019</i>