TO: Roderick H. Fillinger, Inspector General

FROM: Miguel A Castillo, Assistant Inspector General for Auditing

DATE: February 3, 2022

SUBJECT: Modified Peer Review Report


It is the responsibility of each OIG to establish and maintain policies and procedures for its audit function in conformance with Generally Accepted Government Auditing Standards (GAGAS). Established policies and procedures are one of the components of a system of quality control to provide an OIG with reasonable assurance of conforming with applicable professional standards. Our responsibility is to assess whether policies and procedures, if submitted for review, are current and consistent with applicable professional standards.

Denali OIG has not established audit policies and procedures because Denali OIG operates without audit employees and relies on independent public accountants (IPA) to conduct all GAGAS audits. In this case, not having audit policies and procedures is not considered a weakness,\(^1\) and we did not review any policies and procedures as part of this review.

We applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency\(^2\) related to the Denali OIG’s monitoring of GAGAS engagements conducted by IPAs under contract where the IPA served as the auditor.

The purpose of our limited procedures was to determine whether Denali OIG, in monitoring selected GAGAS engagements performed by IPAs, ensured that 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 Denali OIG’s monitoring of work performed by IPAs. We conclude that Denali OIG, evidenced through the retention of documentation, monitored IPAs’ work that was planned in accordance GAGAS.

\(^1\) It should be noted that the monitoring of GAGAS engagements performed by IPAs are not GAGAS engagements, and are therefore not subject to these requirements.

During our review, we (1) obtained an understanding of the nature of the Denali OIG’s monitoring and (2) assessed the Denali OIG’s IPA monitoring process. We reviewed the following IPA monitoring projects:

1. Audit of the Commission’s FY 2020 Financial Statements Audit, SB&Co.

We have issued a letter dated January 10, 2022 with one comment on Denali OIG’s monitoring of GAGAS engagements performed by IPAs. Our comment does not alter our conclusion here. Denali Inspector General’s response to our report and letter follows.

Miguel A Castillo, Assistant Inspector General for Auditing

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3 We are aware that the IPAs employed, as well as Denali records, were not located in proximity to the agency in Alaska, and instead were local to Washington D.C. and surrounding area. We do note that the statement of work for the master contract covering the Denali OIG financial audits and other mandated audits allows for travel to “the Commission’s Anchorage, Alaska office to conduct interviews and other audit procedures.” We understand travel was curtailed due to the Corona virus pandemic beginning in 2020.

February 2, 2022

A. Roy Lavik, Inspector General
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Subject: Modified Peer Review Report

Dear Inspector General Lavik,

Thank you for the opportunity to comment on the draft Modified Peer Review Report on the Denali Commission Office of Inspector General’s system of quality controls.

We are very pleased that your office concluded that our monitoring of the work performed for us by an independent public accounting contractor for the review period ending September 30, 2020, was consistent with the applicable professional standards.

We appreciate the professionalism and cooperation extended by your staff during our review. If you have any questions, please contact me at (907) 271-3500.

Sincerely,

Roderick H. Fillinger
Inspector General
Denali Commission