



## Modified Peer Review Report

September 14, 2021

Philip M. Heneghan  
Inspector General  
Appalachian Regional Commission  
Office of Inspector General  
1666 Connecticut Avenue, NW  
Suite 700  
Washington, DC 20009

Dear Mr. Heneghan:

We reviewed established policies and procedures for the audit function of the Appalachian Regional Commission (ARC) Office of Inspector General (OIG) in effect on March 31, 2021. Established policies and procedures are one of the components of a system of quality control to provide ARC OIG with reasonable assurance of conforming with applicable professional standards. The components of a system of quality control are described in the Government Auditing Standards.<sup>1</sup>

Based on our review, the established policies and procedures for the audit function on March 31, 2021 were current and consistent with applicable professional standards as stated.

In addition to reviewing established policies and procedures for the audit function of ARC OIG, we applied certain limited procedures in accordance with guidance established by 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 related to ARC OIG's monitoring of GAGAS engagements performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor.

The act of monitoring a GAGAS engagement, conducted by an IPA, is not considered an audit and is therefore not subject to the requirements of Government Auditing Standards. The purpose of our limited procedures was to determine whether ARC OIG had controls to ensure 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 ARC.

---

<sup>1</sup> *Government Auditing Standards*, GAO-18-568G, issued July 2018.

Our review was conducted in accordance with the CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General for assessing established audit policies and procedures. During our review, we (1) obtained an understanding of the nature of the ARC OIG's audit function and (2) assessed established audit policies and procedures as well as ARC OIG's IPA monitoring process.

ARC OIG agreed with our conclusion. ARC OIG's management response to a draft of this report is included in this report as Enclosure 1.

We appreciate the cooperation provided by your staff. If you have any questions or need additional information, please do not hesitate to contact Lori Lau Dillard, Assistant Inspector General for Audit at (202) 288-4458 or me at (202) 512-0039.

MICHAEL P. LEARY  
Inspector General

Enclosure

## Enclosure 1



## Office of Inspector General

September 10, 2021

Michael P. Leary  
Inspector General  
U.S. Government Publishing Office  
732 North Capital St., NW  
Washington, DC 20401

Inspector General Leary:

Thank you for providing the opportunity to respond to the Draft Modified Peer Review Report for the Appalachian Regional Commission, Office of Inspector General. Your report concluded that the established policies and procedures for the audit function of our office were current and consistent with applicable standards. We concur with your conclusion.

We appreciate the professionalism of your staff in their conduct of this review.

Sincerely,

A handwritten signature in blue ink that reads "Philip M. Heneghan".

Philip M. Heneghan  
Inspector General