



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

March 18, 2025

Mr. Nicholas J. Novak  
Inspector General  
Office of Inspector General  
Pension Benefit Guaranty Corporation  
445 12th Street, SW  
Washington, D.C. 20024-2101

Subject: System Review Report on the Pension Benefit Guaranty Corporation's Office of  
Inspector General Audit Organization

Dear Mr. Novak:

Enclosed is the System Review Report of the Pension Benefit Guaranty Corporation's Office of  
Inspector General conducted in accordance with *Government Auditing Standards* and the  
Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews  
of Audit Organizations of Federal Offices of Inspector General*. Your response to the report is  
included as Enclosure 2.

We appreciate the cooperation and courtesies extended to our staff during the review.

Sincerely,

Shanon E. Holman  
Principal Deputy Performing the Duties of the Inspector General  
Assistant Inspector General for Audit

Enclosure



# UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

## System Review Report

March 18, 2025

Mr. Nicholas J. Novak  
Inspector General  
Office of Inspector General  
Pension Benefit Guaranty Corporation  
445 12th Street, SW  
Washington, D.C. 20024-2101

Dear Mr. Novak:

We have reviewed the system of quality control for the audit organization of the Pension Benefit Guaranty Corporation (PBGC) Office of Inspector General (OIG) in effect for the year ended September 30, 2024. A system of quality control encompasses PBGC 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 PBGC OIG in effect for the year ended September 30, 2024, has been suitably designed and complied with to provide PBGC 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*. PBGC 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 PBGC 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 PBGC 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 PBGC OIG's monitoring of work performed by IPAs.

## **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*.

During our review, we interviewed PBGC OIG personnel and obtained an understanding of the nature of the PBGC OIG audit organization, and the design of PBGC 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 PBGC OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the PBGC OIG audit organization, with an emphasis on higher-risk engagements.

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

We visited PBGC OIG offices in Washington, D.C.

## **Responsibilities and Limitation**

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

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.

Enclosure 1 to this report identifies the PBGC OIG audits we reviewed.

Sincerely,

Shanon E. Holman  
Principal Deputy Performing the Duties of the Inspector General  
Assistant Inspector General for Audit

Enclosures

## Scope and Methodology

We tested compliance with the PBGC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of the two engagements conducted in accordance with GAGAS issued from October 1, 2021 through September 30, 2024. The peer review generally covers one year, and the scope typically covers the reviewed OIG's two most recent semiannual reports to the Congress. However, we expanded the peer review from one year to three years to ensure we selected a reasonable cross-section of the PBGC OIG audit organization. We also reviewed the internal quality control reviews performed by PBGC OIG.

In addition, we reviewed PBGC OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2021 through September 30, 2024. During the period, PBGC OIG contracted for the audit of its agency's fiscal year 2023 and 2022 financial statements. PBGC OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We visited PBGC OIG offices in Washington, D.C.

### Reviewed GAGAS Engagements Performed by PBGC OIG:

Report Number	Report Date	Report Title
AUD-2022-01	October 14, 2021	PBGC's Compliance with the DATA Act
AUD-2023-11	June 30, 2023	Audit of PBGC's Review of Initial Special Financial Assistance Applications

### Reviewed Monitoring Files of PBGC OIG for Contracted GAGAS Engagements:

Report Number	Report Date	Report Title
AUD-2024-02	November 15, 2023	Audit of the Pension Benefit Guaranty Corporation's Fiscal Year 2023 and 2022 Financial Statements
AUD-2024-06	January 31, 2024	Pension Benefit Guaranty Corporation FY 2023 Federal Information Security Modernization Act of 2014 Report



Office of Inspector General

March 18, 2025

Shanon Holman  
Principal Deputy Performing the Duties of the Inspector General  
Office of Inspector General  
Railroad Retirement Board  
844 North Rush Street  
Chicago, IL 60611-1275

SUBJECT: Management's Response to Peer Review System Review Report

Dear Ms. Holman:

We have reviewed the Peer Review System Review Report provided to our office on March 17, 2025.

We are pleased that your peer review team determined that the system of quality control for the PBGC OIG in effect for the year ended September 30, 2024, has been suitably designed and complied with to provide the PBGC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

We have no comments on the Peer Review System Review Report, and again we thank your team for its work and observations.

Sincerely,

NICHOLAS  
NOVAK

Nicholas J. Novak  
Inspector General

Digitally signed by NICHOLAS  
NOVAK  
Date: 2025.03.18 08:37:49  
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