AMTRAK
NATIONAL RAILROAD
PASSENGER CORPORATION

Office of Inspector General

March 30, 2015

Ms. Allison Lerner
Inspector General
National Science Foundation Office of Inspector General
4201 Wilson Boulevard
Arlington, VA 22230

Subject: External Peer Review Report on the National Science Foundation Office of Inspector General's Audit Organization

Dear Ms. Lerner:

This letter provides you with the External Peer Review Report of the National Science Foundation Office of Inspector General audit organization conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*.

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

Tom Howard

Tom Howard
Inspector General

Attachment

10 G Street, NE, 3W-300, Washington, D.C. 20002
202.906.4600 / Fraud Hotline 800.468.5469

AMTRAK
NATIONAL RAILROAD
PASSENGER CORPORATION

Office of Inspector General

External Peer Review Report

March 30, 2015

To: Allison Lerner, Inspector General
National Science Foundation Office of Inspector General

We have reviewed the system of quality control for the audit organization of the Office of Inspector General for the National Science Foundation (NSF OIG) in effect for the year ended September 30, 2014. A system of quality control encompasses an OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming to *Government Auditing Standards.* The elements of quality control are described in *Government Auditing Standards*. The NSF OIG is responsible for establishing and maintaining a system of quality control that is designed to provide the it with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the NSF OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General.* During our review, we interviewed NSF OIG personnel and obtained an understanding of the nature of the NSF OIG audit organization, and the design of the NSF OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with the NSF OIG's system of quality control. The audits selected represented a reasonable cross-section of the NSF OIG audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with the NSF OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we also obtained an understanding of the system of quality control for the NSF OIG audit organization. In addition, we tested compliance with the NSF OIG's quality control policies and procedures to the extent we considered

appropriate. These tests covered the application of the NSF OIG's policies and procedures on selected audits. 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.

There are inherent limitations in the effectiveness of any system of quality control and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any review 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.

The enclosure to this report provides our scope and methodology.

In our opinion, the system of quality control for the audit organization of the NSF OIG in effect for the year ended September 30, 2014, has been suitably designed and complied with to provide the NSF OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass, pass with deficiencies,* or *fail*. The NSF OIG has received an External Peer Review rating of *pass*.

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 CIGIE related to the NSF OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPAs served as the auditor. It should be noted that monitoring of audits 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 the NSF OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and, accordingly, we do not express an opinion on the NSF OIG's monitoring of work performed by IPAs.

Tom Howard

Tom Howard
Inspector General

Enclosure

SCOPE AND METHODOLOGY

Scope and Methodology

In accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General,* we tested compliance with the National Science Foundation Office of Inspector General (NSF OIG) audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 4 of the 12 audit and Independent Public Accountant (IPA) monitoring reports issued during the period October 1, 2013, through September 30, 2014. We also reviewed the internal quality control reviews performed by the NSF OIG.

During the period, the NSF OIG contracted for the audit of NSF's fiscal years 2012 and 2013 financial statements. The NSF OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We visited the NSF OIG's headquarters in Arlington, VA, interviewed various audit staff, and reviewed documentation associated with the two performance audits and two IPA monitoring activities selected for testing.

Reviewed Audits Performed by NSF OIG

Report No.	Report Date	Report Title
14-2-006	January 27, 2014	*Audit of NSF's Purchase Card Program*
14-2-008	September 10, 2014	*Audit of NSF's Management and Oversight of the R/V Sikuliaq Construction Project*

Reviewed Monitoring Files of NSF OIG for Contracted Audits

Report No.	Report Date	Report Title
14-2-001	December 12, 2013	*Audit of the National Science Foundation's Fiscal Years 2013 and 2012 Financial Statements*
14-1-004	August 14, 2014	*University of California, Los Angeles*