



National Credit Union Administration

Office of Inspector General

November 21, 2006

The Honorable Adam R. Trzeciak
Inspector General
Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, D. C. 20573

Subject: Report on the External Quality Control Review of the Federal Maritime Commission's Inspector General Audit Organization.

Adam:

Attached is the final report on the Report on External Quality Control Review of the Federal Maritime Commission's Inspector General Audit Organization conducted in accordance with the President's Council on Integrity and Efficiency guidelines. This review was discussed with you and your staff at our exit briefing on November 2, 2006.

If you have any questions, please contact me or Assistant Inspector general for Audits Jim Hagen at 703-518-6354 or JHagen@NCUA.gov

A handwritten signature in black ink, appearing to read "William DeSarno".

William DeSarno
Inspector General
National Credit Union Administration
703-518-6351
WDeSarno@NCUA.gov

Attachment



National Credit Union Administration

Office of Inspector General

November 21, 2006

Mr. Adam R. Trzeciak
Inspector General
Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, D. C. 20573

We have reviewed the system of quality control for the audit function of the Federal Maritime Commission Office of Inspector General (OIG) in effect for the year ended September 30, 2006. A system of quality control encompasses the OIG's organizational structure, and the policies adopted and procedures established to provide it with reasonable assurance of conforming with generally accepted government auditing standards (GAGAS). The elements of quality control are described in GAGAS, promulgated by the Comptroller General of the United States. The design of the system, and compliance with it in all material respects, are the responsibility of the OIG. Our objective was to determine whether the internal quality control system was adequate as designed and complied with to provide reasonable assurance that applicable auditing standards, policies, and procedures were met. Our responsibility is to express an opinion on the design of the system and the OIG's compliance with the system based on our review.

Our review was conducted in accordance with the guidelines established by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency. In performing our review, we obtained an understanding of the system of quality control for the OIG. In addition, we tested compliance with the OIG's quality control policies and procedures to the extent we considered appropriate. These tests included the application of the OIG's policies and procedures on selected audits. Because our review was based on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Nevertheless, we believe that the procedures we performed provide a reasonable basis for our opinion.

Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to 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.

Our scope and methodology appears as Exhibit A. We provided our observations and suggestions for operational improvements to you at our exit briefing on November 2, 2006.

In our opinion, the system of quality control for the audit function of the Federal Maritime Commission Office of Inspector General in effect for the year ended September 30, 2006, has been designed to meet the requirements of the quality control standards established by the Comptroller General of the United States for a Federal Government audit organization and was complied with during the year ended to provide the OIG with reasonable assurance of conforming with applicable auditing standards, policies, and procedures.

A handwritten signature in black ink, appearing to read "William DeSarno", with a long horizontal flourish extending to the right.

William DeSarno
Inspector General
National Credit Union Administration

Peer Review Scope and Methodology

Scope and Methodology

We tested compliance with the Federal Maritime Commission Office of Inspector General's system of quality control to the extent we considered appropriate. These tests included a review of 3 of 7 audit reports issued during the March 31, 2006, and September 30, 2006, semiannual reporting periods. In addition, we reviewed the FY 2006 Federal Information Security Management Act evaluation for the Federal Maritime Commission that was performed under contract, monitored by the OIG, and issued in October 2006.

OIG Offices Reviewed

We visited and performed our review at the Federal Maritime Commission, Office of Inspector General located in Washington, D. C, during October 30-31, 2006, and November 1-2, 2006.

Audit Reports Reviewed

<u>Report Number</u>	<u>Report Date</u>	<u>Report Title</u>
A05-03	November 2005	FY 2005 Financial Statements (IPA, monitored by OIG)
A05-03A	November 2005	FY 2005 Management Letter to the Financial Statements (Letter prepared by IPA)
A06-01	March 2006	Audit of Data Accuracy of Bureau of Enforcement's Tracking Systems (Performance audit performed by OIG)
A06-04	October 2006	FISMA FY2006 (Review performed by contractor, monitored by OIG)