



National Credit Union Administration

February 23, 2009

Office of Inspector General

Thomas C. Cross
Inspector General
National Science Foundation
4201 Wilson Blvd.
Arlington, Virginia

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

Dear Mr. Cross:

This report presents the results of our External Quality Control Review of the National Science Foundation's Inspector General Audit Organization. Your response to the draft report is included as exhibit B.

We thank you and all of your staff that we dealt with for your assistance and cooperation during the conduct of the review.

Regards,

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

William A. DeSarno
Inspector General
National Credit Union Administration



National Credit Union Administration

Office of Inspector General

February 5, 2009

Interim Inspector General Thomas C. Cross
National Science Foundation

We have reviewed the system of quality control for the audit function of the National Science Foundation Office of Inspector General (NSF OIG) in effect for the year ended September 30, 2008. 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 NSF 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. Our scope and methodology appears as Exhibit A.

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 that 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.

In our opinion, the system of quality control for the audit function of the NSF OIG in effect for the year ended September 30, 2008 has been designed to meet the requirement 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 a reasonable assurance of conforming with applicable auditing standards, policies and procedures.

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

William DeSarno, Inspector General
National Credit Union Administration

PEER REVIEW SCOPE AND METHODOLOGY (Exhibit A)

We tested compliance with the Office of Inspector General's system of quality control to the extent we considered appropriate. These tests included a review of six of 23 engagement reports issued during the March 31, 2008 and September 30, 2008 semiannual reporting periods. One of these reviews included a review of the National Science Foundation 2007 fiscal year financial statement audit and monitoring activities of the contracted Certified Public Accounting firm of Clifton Gunderson. In addition, we reviewed all four of the internal quality control review reports performed by the National Science Foundation Office of Inspector General.

Engagement Reports Reviewed:

<u>Report Number</u>	<u>Report Title</u>
08-2-003	NSF FY2007 Financial Statement Audit
08-2-002	NSF's Oversight of Centers
08-2-008	FISMA 2008 Independent Evaluation Report
08-2-005	Audit of Large Facility Operation Agreements
08-6-001	OIG Assessment of Joint Statement of Understanding
08-1-003	UCAR – University Corporation for Atmospheric Research

Internal Quality Control Review Reports Reviewed:

<u>Report Number</u>	<u>Report Title</u>
07-3-001	Internal Quality Control Review OIG Monitoring of IPA Audit of University of Arizona SAHRA Center
07-3-002	Internal Quality Control Review of OIG Monitoring of IPA Audit of the University of Hawaii
08-3-001	Internal Quality Control Review of Audit of Payroll Distribution System of California Institute of Technology
08-3-002	Internal Quality Control Review of Audit of NSF Practices to Oversee and Manage Its Research Center Programs

NATIONAL SCIENCE FOUNDATION
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FEB 19 2009



OFFICE OF
INSPECTOR GENERAL

Mr. William A. DeSarno
Inspector General
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Dear Mr. DeSarno:

Thank you for the February 12, 2009, draft of the *Report on the External Quality Control Review of the National Science Foundation's Inspector General Audit Organization*. We appreciate the opportunity to comment and we concur with the reported results.

We also wish to express our thanks to you and your staff for conducting this review in a timely and professional manner. Your observations are thoughtful and constructive.

Sincerely,

A handwritten signature in cursive script that reads "Deborah H. Curéton". The signature is written in dark ink and is positioned above the printed name and title.

Deborah H. Curéton
Associate Inspector General
for Audit