



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

September 25, 2006

OFFICE OF THE
INSPECTOR GENERAL

The Honorable Martin Dickman
Inspector General
Railroad Retirement Board
844 North Rush Street
Chicago, IL 60611-2092

Dear Mr. Dickman:

We have reviewed the system of quality control for the audit function of the Railroad Retirement Board's (RRB) Office of the Inspector General (OIG) in effect for the period April 1, 2005, through March 31, 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 RRB's 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.

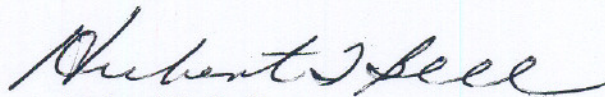
Our review was conducted in accordance with the guidelines established by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency. In performing our review, we obtained an understanding of the system of quality control for the OIG. In addition, we tested 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. General comments appear as Exhibit B. RRB OIG's written response to the draft report appears as Exhibit C.

In our opinion, the system of quality control for the audit function of the RRB's OIG in effect for the period April 1, 2005, through March 31, 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 12 months ended March 31, 2006, to provide the OIG with reasonable assurance of conforming with applicable auditing standards, policies, and procedures.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hubert T. Bell".

Hubert T. Bell
Inspector General

Peer Review Scope and Methodology

We tested compliance with the OIG's system of quality control to the extent we considered appropriate. These tests included a review of 4 of the 14 audit reports issued during the semiannual reporting periods ended on September 30, 2005, and March 31, 2006. One of the four audits reviewed was the financial statement audit covering the FY 2005 financial statements for the RRB. We also reviewed the internal quality control reviews performed by the RRB's OIG.

OIG Office Reviewed

We visited the RRB's OIG located in Chicago, IL.

Audit Reports Reviewed

<u>Report Number</u>	<u>Report Date</u>	<u>Report Title</u>
06-03	01/30/2006	<i>Accuracy and Reliability of GPRA Performance Measures: Timeliness of Non-Disability Survivor Annuity Payments</i>
None	10/27/2005	<i>Fiscal Year 2005 Financial Statement Audit</i>
05-11	09/28/2005	<i>Fiscal Year 2005 Evaluation of Information Security at the Railroad Retirement Board</i>
05-06	06/15/2005	<i>Review of Compliance with the Prompt Payment Act</i>

General Comments

We observed numerous positive audit practices in the OIG's audit organization. Most importantly, the audit staff showed a high level of professionalism and expertise. The audit staff displayed a thorough knowledge during discussions with us concerning the audits we reviewed and the audit organization's policies and procedures.



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

September 11, 2006

The Honorable Hubert T. Bell
Inspector General
Nuclear Regulatory Commission
Mail Stop: T5-D28
Washington, D.C. 20555-0001

Hubert
Dear ~~Mr. Bell~~:

I want to take this opportunity to compliment the very professional staff who conducted the peer review of our system of quality control for the audit function as required by the President's Council on Integrity and Efficiency standards and guidelines. I am pleased to note you concluded that our system of quality control has been designed to meet the requirements of the quality control standards established by the Comptroller General of the United States and was complied with during the period under review.

Please pass along my sincere thanks to Steven Zane, the Team Leader, and his team members, Debra Lipkey and Terri Cooper, for their professional expertise. They did an excellent job of keeping my staff informed of the audit results as they worked through the process. Because of their planning and organization, they were able to complete the peer review tasks in the quickest and most efficient manner.

Thank you for a job well done.

Sincerely,

A handwritten signature in black ink that reads "Martin J. Dickman".

Martin J. Dickman
Inspector General