

OFFICE OF THE INSPECTOR GENERAL



March 27, 2025

James W. Hagen
Inspector General
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Subject: System Review Report on the Peer Review of National Credit Union Administration's
Office of the Inspector General

Dear Mr. Hagen:

Attached is the *System Peer Review Report* of the National Credit Union Administration Office of the 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 an enclosure.

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

If you any questions, please contact me or Joan Mockeridge, Assistant Inspector General for Audits.

Sincerely yours,

Signed by:

A handwritten signature in black ink that reads "Nicole L. Angarella". The signature is enclosed in a blue rounded rectangular box. Below the signature, the alphanumeric string "6E3A9C42718646B..." is visible.

Nicole L. Angarella
Inspector General

Enclosures

MRC 524
PO Box 37012
Washington DC 20013-7012
202.633.7050 Telephone
202.633.7079 Fax
<https://oig.si.edu>

OFFICE OF THE INSPECTOR GENERAL



System Review Report

March 27, 2025

James W. Hagen
Inspector General
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Dear Mr. Hagen:

We have reviewed the system of quality control for the audit organization of the National Credit Union Administration Office of the Inspector General (NCUA OIG) in effect for the year ending September 30, 2024. A system of quality control encompasses NCUA OIG's organizational structure and the policies adopted and procedures established to provide reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements.¹ The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of NCUA OIG in effect for the year ending September 30, 2024, has been suitably designed to provide NCUA 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. NCUA 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 NCUA 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 NCUA OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. Our objective was not to express an opinion; accordingly, we do not express an opinion on NCUA OIG's monitoring of work performed by IPAs.

¹ *Government Auditing Standards*, 2018 Revision (July 2018).

Letter of Comment

We have issued a letter dated March 27, 2025, that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report. We also made a comment related to NCUA OIG's monitoring of GAGAS engagements performed by IPAs, which we included in the above-referenced letter.

Basis of Opinion

Our review was conducted in accordance with *Government Auditing Standards* and CIGIE's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.²

During our review, we interviewed NCUA OIG personnel and obtained an understanding of the nature of NCUA OIG audit organization, and the design of NCUA 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 NCUA OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of NCUA OIG's 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 NCUA OIG audit organization. In addition, we tested compliance with NCUA OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of NCUA 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 NCUA OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the NCUA OIG engagements we reviewed.

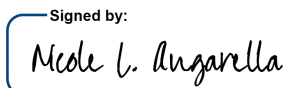
Responsibilities and Limitation

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

² CIGIE, *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* (March 2020).

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.

Sincerely yours,

Signed by:

6E3A9C42718646B...
Nicole L. Angarella
Inspector General

Enclosures - 2

Scope and Methodology

We tested compliance with the NCUA OIG audit organization’s system of quality control to the extent we considered appropriate. These tests included a review of 4 of 11 engagement reports conducted in accordance with generally accepted government auditing standards (GAGAS) issued from October 1, 2021, through September 30, 2024, as shown in Table 1. We also reviewed the internal quality control reviews performed by NCUA OIG.

Table 1. GAGAS Engagements Performed by NCUA OIG That Were Reviewed

Report Number	Report Date	Report Title
OIG-24-01	February 12, 2024	Audit of the NCUA's Cloud Computing Services
OIG-24-06	May 30, 2024	Audit of the NCUA's Bank Secrecy Act Enforcement Program
OIG-24-07	June 18, 2024	Audit of the NCUA's Examination Hours
OIG-23-06	May 16, 2023	Audit of the NCUA's Contracting Officer's Representative Program

In addition, we reviewed NCUA OIG’s monitoring of GAGAS engagements performed by independent public accountants (IPA) where the IPA served as the auditor from October 1, 2021, through September 30, 2024, as shown in Table 2. During the period, NCUA OIG contracted for the audit of its agency’s fiscal year 2023 financial statements. NCUA OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

Table 2. NCUA OIG’s Monitoring File for Contracted GAGAS Engagement That Was Reviewed

Report Number	Report Date	Report Title
OIG-24-02/03/04/05	February 13, 2024	FY 2023 Financial Statement Audits (SIF, OF, CLF, CDRLF)

We visited NCUA OIG's headquarters located in Alexandria, VA.



National Credit Union Administration

Enclosure 2

Office of Inspector General

March 26, 2025

Nicole L. Angarella
Inspector General
Smithsonian Office of Inspector General
Washington, D.C. 20013

Subject: System Review Report of the National Credit Union Administration Office of Inspector General Audit Organization

Dear Ms. Angarella:

We appreciate the work conducted by your staff in reviewing the quality control process for the audit function at the National Credit Union Administration Office of Inspector General. We agree with your opinion that the system of quality control for the audit function has been suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material aspects. We have no additional comments on the final System Review draft report provided. Thank you for your efforts in completing this review.

Sincerely,

A handwritten signature in black ink, appearing to read "James W. Hagen", is written over a horizontal line.

James W. Hagen
Inspector General