



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

March 22, 2021

Allison C. Lerner
Inspector General
Office of Inspector General
National Science Foundation
2415 Eisenhower Avenue
Alexandria, VA 22314

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

Dear Ms. Lerner:

Enclosed is the System Review Report of the National Science Foundation's Office of 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 Enclosure 2.

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

Sincerely,

Martin J. Dickman
Inspector General

Enclosure



UNITED STATES RAILROAD RETIREMENT BOARD

OFFICE OF INSPECTOR GENERAL

System Review Report

March 22, 2021

Allison C. Lerner
Inspector General
Office of Inspector General
National Science Foundation
2415 Eisenhower Avenue
Alexandria, VA 22314

Dear Ms. Lerner:

We have reviewed the system of quality control for the audit organization of the National Science Foundation (NSF) Office of Inspector General (OIG) in effect for the year ended September 30, 2020. A system of quality control encompasses NSF OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of NSF OIG in effect for the year ended September 30, 2020, has been suitably designed and complied with to provide NSF 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*. NSF 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 NSF 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 NSF OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on NSF OIG's monitoring of work performed by IPAs.

Basis of Opinion

Our review was conducted in accordance with *Government Auditing Standards* and the CIGIE *Guide for Conducting Peer Reviews of 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 NSF 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 NSF OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of NSF OIG 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 NSF OIG audit organization. In addition, we tested compliance with NSF OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of NSF 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 NSF OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

We did not visit any NSF OIG offices due to the coronavirus disease 2019 (COVID-19) pandemic.

Responsibilities and Limitation

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

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.

Enclosure 1 to this report identifies the NSF OIG audits we reviewed.

Sincerely,

Martin J. Dickman
Inspector General

Enclosures

Scope and Methodology

We tested compliance with NSF OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of four of nine engagements conducted in accordance with generally accepted government auditing standards issued from October 1, 2018, through September 30, 2020. The peer review generally covers one year, and the scope typically covers the OIG's two most recent semiannual reports to the Congress. However, we expanded the peer review from one year to two years to ensure we selected a reasonable cross-section of the NSF OIG audit organization. We also reviewed the internal quality control reviews performed by NSF OIG.

In addition, we reviewed NSF OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2017, through September 30, 2020. During the period, NSF OIG contracted for the audit of its agency's fiscal year 2019 and 2018 financial statements. NSF OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We did not visit any NSF OIG offices due to the coronavirus disease 2019 (COVID-19) pandemic.

Reviewed GAGAS Engagements Performed by NSF OIG:

Report Number	Report Date	Report Title
19-2-003	December 21, 2018	NSF Could Improve its Controls to Prevent Inappropriate Use of Electronic Devices
20-2-004	April 14, 2020	Audit of NSF's Process for Evaluating the Operations and Maintenance Cost Proposal for the Ocean Observatories Initiative
20-2-005	March 23, 2020	Audit of NSF's Evaluation and Assessment Capability Section's Use and Oversight of Contracts
20-2-007	August 26, 2020	Audit of NSF's Monitoring of Government-Owned Equipment Purchased on NSF Awards

Reviewed Monitoring Files of NSF OIG for Contracted GAGAS Engagements:

Report Number	Report Date	Report Title
20-1-008	August 31, 2020	Performance Audit of Incurred Costs - Duke University
20-2-001	November 14, 2019	Audit of the NSF's Fiscal Years 2019 and 2018 Financial Statements



National Science Foundation • Office of Inspector General
2415 Eisenhower Avenue, Alexandria, Virginia 22314

March 9, 2021

The Honorable Martin J. Dickman
Inspector General
Railroad Retirement Board
844 North Rush Street
Room 450
Chicago, IL 60611

Dear Mr. Dickman:

Thank you for the opportunity to comment on the draft *System Review Report* of the National Science Foundation's Office of Inspector General Audit Organization. We acknowledge your conclusion that our office received a rating of pass and have no comments on the report.

We appreciate the dedication and efforts of your staff during this peer review. If you have any questions regarding this letter, please contact Mark Bell, Assistant Inspector General for Audits, at 703-292-2985 or via e-mail at mbell@nsf.gov, or Karen Scott, Senior Advisor, at 703-292-7966 or via e-mail at kscott@nsf.gov.

Sincerely,

A handwritten signature in cursive script that reads "Allison C. Lerner".

Allison C. Lerner
Inspector General