



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

Office of the
Inspector General

August 13, 2018

System Review Report

The Honorable Paul K. Martin
Inspector General
NASA
300 E Street, S.W.
Suite 8V39
Washington, DC 20546-0001

We have reviewed the system of quality control for the audit organization of the NASA Office of Inspector General (OIG) in effect for the year ended March 31, 2018. A system of quality control encompasses the NASA OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in the *Government Auditing Standards*. The NASA OIG is responsible for establishing and maintaining a system of quality control that is designed to provide the NASA OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the NASA OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*. During our review, we interviewed the NASA OIG's personnel and obtained an understanding of the nature of the NASA OIG audit organization, and the design of the NASA OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the NASA OIG's system of quality control. The engagements selected represented a reasonable cross-section of the NASA OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with the NASA OIG's management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the NASA OIG's audit organization. In addition, we tested compliance with the NASA OIG's quality control policies and procedures to the extent we considered appropriate. These tests

covered the application of the NASA OIG's policies and procedures on the audits we reviewed. 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.

There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and 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.

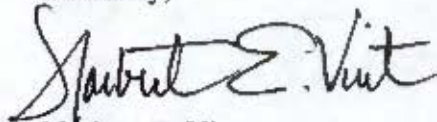
In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the CIGIE related to the NASA OIG's monitoring of engagements performed by Independent Public Accountants (IPA) under contract where the IPA served as the principal auditor. It should be noted that monitoring of 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 the NASA OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion and accordingly, we do not express an opinion, on the NASA OIG's monitoring of work performed by IPAs.

Enclosure 1 is a Scope and Methodology section that identifies the NASA OIG offices that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of the NASA OIG in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide the NASA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. The NASA OIG has received a peer review rating of *pass*.

As is customary, we have attached a Letter of Comment that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report.

Sincerely,



Norbert E. Vint
Acting Inspector General

Scope and Methodology

We tested compliance with the NASA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of five audit reports issued during the period April 1, 2017, through March 31, 2018. We obtained electronic assignment documentation files from the NASA OIG. We also reviewed the NASA OIG's internal quality control system.

In addition, we reviewed the NASA OIG's monitoring of audits performed by IPAs where the IPA served as the principal auditor. During the period of our review, the NASA OIG contracted for the audit of its agency's Fiscal Year 2017 financial statements; the NASA OIG served as the primary party responsible for monitoring the IPA's work.

We performed our review work from April 2018 to June 2018 at the NASA OIG headquarters office in Washington, D.C. and reviewed the following audit reports:

Report Number	Report Date	Report Title
IG-18-014	February 28, 2018	Review of NASA's Purchase and Travel Card Program
IG-18-012	February 1, 2018	National Space Biomedical Research Institute
IG-17-025	September 18, 2017	NASA's Research Efforts and Management of Unmanned Aircraft Systems
IG-17-021	May 17, 2017	Construction of Test Stands 4693 and 4697 at Marshall Space Flight Center
IG-17-018	April 26, 2017	NASA's Management and Development of Space Suits

We reviewed the monitoring files for the following financial audit conducted by IPAs:

Report Number	Report Date	Report Title
IG-18-005	November 15, 2017	NASA's Fiscal Year 2017 Financial Statements