



Office of Inspector General
Legal Services Corporation

Inspector General
Jeffrey E. Schanz

3333 K Street, NW, 3rd Floor
Washington, DC 20007-3558
202.295.1660 (p) 202.337.6616 (f)
www.oig.lsc.gov

December 7, 2021

The Honorable Paul K. Martin, Inspector General
National Aeronautics and Space Administration
Office of Inspector General
300 E Street, SW
Washington, DC 20546

Subject: System Review Report on the National Aeronautics and Space Administration Office of Inspector General Audit Organization

Dear Mr. Martin:

Attached is the System Review Report of the National Aeronautics and Space Administration's Office of Inspector General audit organization 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*.

The Letter of Comment provided in conjunction with the System Review Report summarizes your response to the draft report, and your entire response is included as an attachment to the document.

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

Sincerely,

Jeffrey E. Schanz
Inspector General
Enclosures



Office of Inspector General
Legal Services Corporation

Inspector General
Jeffrey E. Schanz

SYSTEM REVIEW REPORT

3333 K Street, NW, 3rd Floor
Washington, DC 20007-3558
202.295.1660 (p) 202.337.6616 (f)
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December 7, 2021

The Honorable Paul K. Martin, Inspector General
National Aeronautics and Space Administration

We have reviewed the system of quality control for the audit organization of the National Aeronautics and Space Administration (NASA) Office of Inspector General (OIG) in effect for the year ended March 31, 2021. A system of quality control encompasses NASA 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*¹ 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 NASA OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide NASA 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*. NASA 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 NASA 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 NASA OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our

¹ NASA OIG policies and procedures were reviewed using the 2018 version of the Government Auditing Standards. See, Government Accountability Office, *Government Audit Standards 2018 Revision* (GAO-18-568G), July 2018.

objective was not to express an opinion; accordingly, we do not express an opinion on NASA OIG's monitoring of work performed by IPAs.

Letter of Comment

We have issued a letter dated December 7, 2021, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

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*.²

During our review, we interviewed NASA OIG personnel and obtained an understanding of the nature of the NASA OIG audit organization, and the design of NASA 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 NASA OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the NASA 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 NASA OIG audit organization. In addition, we tested compliance with NASA OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of NASA 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 NASA 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 engagements we reviewed.

Responsibilities and Limitations

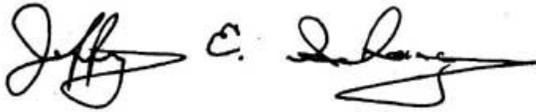
Our review was conducted entirely during the coronavirus pandemic and was completed virtually. As a result, we were unable to visit NASA OIG offices to review records in person.³

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

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

³ We did not visit NASA OIG's headquarters in Washington, D.C. to review GAGAS engagements due to coronavirus pandemic quarantine and safety restrictions that were in place at the time of our peer review. We obtained electronic files from NASA OIG to conduct our review of GAGAS engagements.

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.

A handwritten signature in black ink, appearing to read "Jeffrey C. Schanz". The signature is stylized with a large initial "J" and a long horizontal stroke at the end.

Jeffrey Schanz, Inspector General
Enclosures

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 6 of 17 engagements reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from April 1, 2020, through March 31, 2021. We also reviewed the internal quality control reviews performed by NASA OIG.

In addition, we reviewed NASA OIG's monitoring of GAGAS engagements performed by IPAs where the IPA served as the auditor from April 1, 2020, through March 31, 2021. During the period, NASA OIG contracted for the audit of its agency's fiscal year 2020 financial statements.

Our review was conducted entirely during the coronavirus pandemic and was completed virtually. We used CIGIE guidance⁴ to conduct our review. We reviewed NASA OIG's audit policies and procedures, continuing professional education and independence documents; interviewed management; surveyed staff; and completed checklists from CIGIE's guide.⁵

We reviewed the following GAGAS engagements performed by NASA OIG:

Report Number	Report Date	Report Title
IG-20-016	5/15/2020	NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2019
IG-20-023	9/16/2020	NASA's Planetary Science Portfolio
IG-21-001	10/2/2020	Final Memorandum, Audit of NASA's Compliance with the Geospatial Data Act
IG-21-004	11/10/2020	NASA's Management of the Gateway Program for Artemis Missions
IG-21-011	1/27/2021	NASA's Efforts to Mitigate the Risks Posed by Orbital Debris
IG-21-016	3/31/2021	Final Memorandum, COVID-19 Impacts on NASA's Major Programs and Projects

We reviewed the following monitoring file of NASA OIG for contracted GAGAS engagements:

Report Number	Report Date	Report Title
IG-21-005	11/16/2020	Audit of NASA's Fiscal Year 2020 Financial Statements

⁴ *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*, March 2020.

⁵ We completed the following checklists: Appendix A Policies and Procedures (March 2020); Appendix B Checklist for the Standards of Independence, Competence and Continuing Professional Education, and Quality Control and Peer Review (March 2020); Appendix E Checklist for Review of Performance Audits Performed by the Office of Inspector General (September 2014); and Appendix F Checklist for Review of Monitoring of Audit Work Performed by an Independent Public Accounting Firm (September 2020).



NASA OFFICE OF INSPECTOR GENERAL

OFFICE OF AUDITS

SUITE 8U71, 300 E ST SW
WASHINGTON, D.C. 20546-0001

November 29, 2021

TO: Jeffrey E. Schanz
Inspector General
Legal Services Corporation
3333 K Street, NW, 3rd Floor
Washington, D.C. 20007

SUBJECT: Response to Peer Review draft Letter of Comment

Dear Inspector General Schanz:

Thank you for the opportunity to comment on your office's draft Letter of Comment, provided November 18, 2021, regarding the peer review of the NASA Office of Inspector General's Office of Audits. We appreciate your independent review of our office's system of internal control and your conclusion that we complied with relevant quality control standards for the period under review.

Enclosed is our response to the specific peer review findings included in the draft Letter of Comment. We concur with the findings and recommendations and have already begun implementation of corrective action.

Please express my appreciation to your staff for their time, dedication, and professionalism in conducting this peer review. If you have any questions about our response, please contact Kim Benoit, Assistant Inspector General for Audits, at 202-358-0378 or kimberly.f.benoit@nasa.gov.

Sincerely,

PAUL
MARTIN

Paul K. Martin
Inspector General

Digitally signed by PAUL
MARTIN
Date: 2021.11.29
09:42:15 -05'00'

Enclosure - 1