



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

System Review Report

March 15, 2024

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

Dear Inspector General 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, 2023. 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 the *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, 2023, 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 surveyed 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 the NSF OIG audit organization.

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. Enclosure 1 to this report identifies the engagements we reviewed.

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.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra D. Bruce". The signature is written in a cursive style with a large, prominent initial "S".

Sandra D. Bruce
Inspector General

Enclosures

Scope and Methodology

We tested compliance with the NSF OIG audit organization’s system of quality control to the extent we considered appropriate. These tests included a review of two of two engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from October 1, 2022, through September 30, 2023. We also reviewed the internal quality control reviews performed by NSF OIG.

In addition, we reviewed NSF OIG’s monitoring for 3 of 12 GAGAS engagements performed by IPAs where the IPA served as the auditor from October 1, 2022, through September 30, 2023. During the period, NSF OIG contracted for the audit of its agency’s fiscal years 2022 and 2021 financial statements. NSF OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

We conducted the peer review remotely.

Reviewed GAGAS Engagements Performed by NSF OIG:

Report No.	Report Date	Report Title
23-2-003	1/9/2023	Audit of NSF’s Vetting Process for Individuals Assigned Under the Intergovernmental Personnel Act
23-2-004	3/30/2023	Audit of NSF’s Controls over Graduate Research Fellowship Program Funding

Reviewed Monitoring Files of NSF OIG for Contracted GAGAS Engagements:

Report No.	Report Date	Report Title
23-2-001	11/4/2022	Performance Audit of the National Science Foundation’s Information Security Program for Fiscal Year 2022
23-2-002	11/14/2022	Audit of the National Science Foundation’s Fiscal Years 2022 and 2021 Financial Statements
23-1-009	8/4/2023	Performance Audit of Mid-Scale Research Infrastructure Incurred Costs – Monterey Bay Aquarium Research Institute



NATIONAL SCIENCE FOUNDATION
Office of Inspector General

March 1, 2024

The Honorable Sandra D. Bruce
Inspector General
Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

Dear Inspector General Bruce:

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 Theresa Hull, Assistant Inspector General for Audits, at 703-292-2116 or via e-mail at thull@nsf.gov, or Karen Scott, Senior Advisor, at 703-292-7966 or via e-mail at kscott@nsf.gov.

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

Sincerely,
Allison C. Lerner
Inspector General