



System Review Report

September 22, 2011

TO: Paul Brachfeld, Inspector General
National Archives and Records Administration

We have reviewed the system of quality control for the audit organization of the National Archives and Records Administration, Office of Inspector General (NARA OIG) in effect for the year ended September 30, 2010. A system of quality control encompasses NARA 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 *Government Auditing Standards, July 2007 revision* (GAO 8.30), issued by the Comptroller General of the United States. NARA OIG is responsible for designing a system of quality control and complying with it to provide NARA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and NARA OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). During our review, we interviewed NARA OIG personnel and obtained an understanding of the nature of the NARA OIG audit organization, and the design of the NARA OIG system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected a sample of audit and review engagements to test for conformity with professional standards and compliance with the NARA OIG's system of quality control. The engagements selected represented a reasonable cross-section of the NARA OIG 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 NARA OIG 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 NARA OIG audit organization. In addition, we tested compliance with the NARA OIG quality control policies and procedures to the extent we considered

appropriate. These tests covered the application of the NARA OIG policies and procedures on selected 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 non-compliance with it.

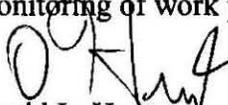
There are inherent limitations in the effectiveness of any system of quality control, and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies and procedures may deteriorate.

The enclosure to this report identifies the audit scope and methodology; engagements that we reviewed; and the NARA OIG site we visited in order to review the engagements.

In our opinion, the system of quality control for the audit organization of NARA OIG in effect for the year ended September 30, 2010, has been suitably designed and complied with to provide NARA 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*. NARA OIG has received a peer review rating of *pass*.

As is customary, we have issued a Letter of Comment dated September 22, 2011 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report. We believe the findings will help to further enhance your quality control system. The letter follows this report.

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 NARA 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 NARA 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 NARA OIG's monitoring of work performed by IPAs.


David L. Hunt
Inspector General

Enclosure:
Scope and Methodology

SCOPE AND METHODOLOGY

We tested compliance with the NARA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of one financial statement audit and four performance audits issued during the period October 1, 2009 through September 30, 2010, and semiannual reporting periods of March 31, 2010 and September 30, 2010.

We visited the NARA OIG office in College Park, Maryland.

Reviewed Engagements Performed by NARA OIG:

Audit Report No.	Report Title	Issue Date
10-01	National Historical Publications and Records Commission Grant No. 2004-026 Supreme Court Historical Society	10/26/2009
10-04	Audit NARA's Oversight of Electronic Records Management in the Federal Government	4/2/2010
10-05	Review of NARA's Contract for Information Technology and Telecommunication Support Services	8/17/2010
10-16	Advisory Report: No Alternative Back-up Site for the ERA System	8/18/2010

Reviewed Monitoring File of NARA OIG for Contracted Engagements:

Audit Report No.	Report Title	Issue Date
10-02	Cotton & Company LLP Audit of NARA's FY 2009 Financial Statements	12/10/2009



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September 20, 2011

David L. Hunt, Inspector General
Federal Communications Commission
Office of Inspector General (OIG)
Room 2-C762
445 12th Street, SW
Washington, DC 20554

Dear Mr. Hunt

I have reviewed the draft System Review Report summarizing the results of your review of our Office's system of quality control for the year ended September 30, 2010 and concur with the report's conclusions.

We believe that the intent of the peer review process is to improve the audit function within the subject agency. Certainly the feedback you provided us is viewed as having been constructive and useful in helping us strengthen and maximize our audit activities and resources.

I appreciate the professional manner in which the audit was conducted and wish to commend Randal Skalski, Brenda Clark, Sharon Spencer and Larry Rufai for their efforts. I look forward to receiving the final report on this matter and I look forward to working with you and your Office in the future.

Respectfully,

Paul Brachfeld
Inspector General

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