

NATIONAL SCIENCE FOUNDATION

4201 Wilson Boulevard  
ARLINGTON, VIRGINIA 22230



OFFICE OF  
INSPECTOR GENERAL

NOV 25 2009

The Honorable Stuart W. Bowen, Jr.  
Inspector General  
Special Inspector General for Iraq Reconstruction  
Office of the Special Inspector General for Iraq Reconstruction  
400 Army Navy Drive  
Arlington, VA 22202

Subject: System Review Report on the Office of the Special Inspector General  
for Iraq Reconstruction, Report Number 10-6-003

Dear Mr. Bowen:

Attached is the final System Review Report and Letter of Comment conducted in accordance with *Government Auditing Standards* and Council of the Inspectors General on Integrity and Efficiency guidelines. Your response to the draft report is included in Attachment 3 with your position incorporated in the Letter of Comment after each recommendation.

We agree with your proposed corrective action to the recommendations. We thank you and all of your staff that we dealt with for your assistance and cooperation during the conduct of the review.

A handwritten signature in blue ink that reads "Allison C. Lerner". The signature is written in a cursive, flowing style.

Allison C. Lerner  
Inspector General

Attachments

**System Review Report**  
**Office of the Special Inspector General for Iraq Reconstruction**  
**For the Year Ending July 31, 2009**

November 20, 2009

The Honorable Stuart W. Bowen, Jr., Inspector General

We have reviewed the system of quality control for the Office of the Special Inspector General for Iraq Reconstruction (SIGIR) in effect for the year ended July 31, 2009. A system of quality control encompasses SIGIR's organizational structure and the policies adopted and procedures established to provide it reasonable assurance of conforming with *Government Auditing Standards*. The elements of quality control are described in *Government Auditing Standards* issued by the Comptroller General of the United States. SIGIR is responsible for designing a system of quality control and complying with the controls to provide 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 SIGIR'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 SIGIR personnel and obtained an understanding of both the nature of the audit organization and the design of SIGIR's system of quality control, in order 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 SIGIR's system of quality control. The engagements selected represented a reasonable cross-section of SIGIR's 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 SIGIR 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 SIGIR's audit organization. In addition, we tested compliance with its quality control policies and procedures to the extent we considered appropriate. These tests covered the application of SIGIR 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 noncompliance.

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.

Enclosure 1 to this report identifies the SIGIR offices visited and the four engagements we reviewed of the total 27 audits completed in FY 2009.

In our opinion, the system of quality control for the SIGIR audit organization in effect for the year ended July 31, 2009, has been suitably designed and complied with to provide SIGIR 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*. SIGIR has received a peer review rating of *pass*. As is customary, we have issued a letter of comment, dated November 20, 2009, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

A handwritten signature in blue ink that reads "Allison C. Lerner". The signature is fluid and cursive, with a checkmark-like flourish at the end.

Allison C. Lerner, Inspector General  
National Science Foundation

Enclosure

## SCOPE AND METHODOLOGY

### Scope and Methodology

We tested compliance with SIGIR's system of quality control to the extent we considered appropriate. These tests included a review of 4 of 27 performance audit reports issued during the period from August 1, 2008 through July 31, 2009 and reported to Congress in SIGIR's Quarterly Reports. Two of the audits reviewed were performed by the Arlington office and other two audits by the Baghdad office, of which one had been subject to an internal quality control review. We also reviewed the overall administration of SIGIR's internal quality control review program.

We performed our onsite work at the SIGIR Arlington office and interviewed cognizant Baghdad audit staff by telephone. The onsite audit work was performed from August 24 to September 11, 2009, with additional request for information via email and telephone through October 23, 2009.

### SIGIR Engagements Reviewed

Report No.	Report Date	Issuing Office	Report Title
09-010	1/13/09	Arlington (SIGIR QCR completed)	Oversight of Aegis' Performance on Security Services Contracts in Iraq with the Department of Defense
09-015	4/29/09	Arlington	Construction of Primary Healthcare Centers Reported Essentially Complete, but Operational Issues Remain
09-026	7/26/09	Baghdad	Commander's Emergency Response Program: Hotel Construction Completed, But Project Management Issues Remain
09-027	7/30/09	Baghdad	Developing a Depot Maintenance Capability at Taji Hampered by Numerous Problems