

**OFFICE OF
INSPECTOR GENERAL**

Peer Review Report

**Peer Review of the National
Credit Union Administration
Office of Inspector General's
Audit Organization**

Issued January 24, 2019



FARM CREDIT ADMINISTRATION

Table of Contents

System Review Report.....	1
Enclosure 1	3

January 24, 2019

James Hagen
Inspector General
National Credit Union Administration
1775 Duke Street, Suite 4206
Alexandria, VA 22314



System Review Report

Rating

In our opinion, the system of quality control for the audit organization of the NCUA OIG in effect for the year ended September 30, 2018, has been suitably designed and complied with to provide the NCUA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive rating of *pass*, *pass with deficiencies*, or *fail*. The NCUA OIG has received an External Peer Review rating of *pass*.

We conducted this review in accordance with the objective, standards, testing, and limitations set forth below.

Objective

We have reviewed the system of quality control for the audit organization of the National Credit Union Administration (NCUA) Office of Inspector General (OIG) in effect for the year ended September 30, 2018. A system of quality of control encompasses the NCUA 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*. The NCUA OIG is responsible for establishing and maintaining a system of quality control that is designed to provide the NCUA 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 NCUA OIG's compliance therewith based on our review.

Standards and Guidance

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 NCUA OIG personnel and obtained an understanding of the nature of the NCUA OIG audit organization, and the design of the NCUA OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and

administrative files to test for conformity with professional standards and compliance with the NCUA OIG's system of quality control. We selected the only performance audit conducted within the scope and the monitoring file of the most recently issued report within the scope. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with the NCUA OIG's management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

Independent Public Accountant Monitoring

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 NCUA OIG's monitoring of audits performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of audits 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 NCUA 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 NCUA OIG's monitoring of work performed by IPAs.

Testing and Limitations

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

Enclosure 1 to this report identifies the NCUA OIG office that we visited and the audits we reviewed.



Wendy R. Laguarda
Inspector General
Farm Credit Administration

Enclosure

Scope and Methodology

We tested compliance with the NCUA OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of the audit report issued during the period October 1, 2015 through September 30, 2018. We also reviewed the internal quality control reviews performed by the NCUA OIG. In addition, we reviewed the NCUA OIG's monitoring of audits performed by Independent Public Accounting Firms (IPAs) where the IPA served as the auditor for the review.

We visited the Alexandria, VA office of the NCUA OIG.

Reviewed Audits performed by the NCUA OIG:

Report Title	Report Date
Audit of the NCUA's Comprehensive Records Management Process	March 2018
Audit of NCUA's Procurement Program	June 2017

Reviewed Monitoring Files of the NCUA OIG for Contracted Audits:

Report Title	Report Date
NCUA's 2017 Financial Statement Audits for the Share Insurance Fund, Operating Fund, Central Liquidity Facility, and Community Development Revolving Loan Fund	February 2018
FY 2017 Independent Evaluation of the NCUA's Compliance with the Federal Information Security Modernizations Act of 2014	November 2017