February 27, 2013

The Honorable Deborah J. Jeffrey  
Inspector General  
Corporation for National and Community Service  
1201 New York Ave., NW, Suite 830  
Washington, D.C. 20525

Subject: System Review Report on the Corporation for National and Community Service's Office of Inspector General Audit Organization

Dear Ms. Jeffrey:

Attached is the final System Review Report for the Corporation for National and Community Service's Office of Inspector General audit organization. We conducted this review in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency guidelines.

We thank you and your staff for their assistance and cooperation during the conduct of the review.

Sincerely,

Scott S. Dahl  
Inspector General  
Smithsonian Institution

Attachment
SYSTEM REVIEW REPORT OF THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE’S OFFICE OF INSPECTOR GENERAL AUDIT ORGANIZATION

We have reviewed the system of quality control for the Corporation for National and Community Service’s Office of Inspector General (CNCS OIG) in effect for the year ended September 30, 2012. A system of quality control encompasses the CNCS OIG’s organizational structure and its policies and procedures that provide it with reasonable assurance of conforming to Government Auditing Standards. The elements of quality control are described in Government Auditing Standards. The CNCS OIG is responsible for designing a system of quality control and complying with it to provide the CNCS 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 the CNCS 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 CNCS OIG’s personnel and obtained an understanding of the nature of the CNCS OIG’s audit organization, and the design of the CNCS OIG’s system of quality control sufficient 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 the CNCS OIG’s system of quality control. The engagements we selected represented a reasonable cross-section of the CNCS OIG’s audit organization. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with the CNCS OIG’s management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system 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 may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate. Attachment 1 to this report describes the scope and methodology of the review, as well as the engagements we reviewed.
In our opinion, the system of quality control for the CNCS OIG in effect for the year ended September 30, 2012, has been suitably designed and complied with to provide the CNCS 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. We give the CNCS OIG a peer review rating of pass. Attachment 2 contains your response to the draft report.

In addition to reviewing its system of quality control, we applied certain limited procedures in accordance with guidance established by the CIGIE related to CNCS 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 the CNCS 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 the CNCS OIG’s monitoring of work performed by IPAs.

Attachments
Scope and Methodology

We tested compliance with the Corporation for National and Community Service, Office of Inspector General’s (CNCS OIG) system of quality control to the extent we considered appropriate. These tests included a review of five of thirteen audit and agreed upon procedure (AUP) reports issued during the period October 1, 2011 through September 30, 2012. We also reviewed the four internal quality control reviews performed by the CNCS OIG.

In addition, we reviewed the CNCS OIG’s monitoring of engagements performed by Independent Public Accountants (IPA) where the IPA served as the principal auditor during the period October 1, 2011 through September 30, 2012. During the period, the CNCS OIG contracted for the audit of its agency’s Fiscal Year 2011 financial statements. The CNCS OIG also contracted for certain other engagements that were to be performed in accordance with Government Auditing Standards.

We visited the Washington, D.C. office of the CNCS-OIG which serves as their only location.

### Reviewed Engagements Performed by the CNCS OIG

<table>
<thead>
<tr>
<th>Report Number</th>
<th>Report Date</th>
<th>Report Title</th>
</tr>
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<tbody>
<tr>
<td>12-03</td>
<td>2/10/12</td>
<td>Audit of the U.S. Soccer Foundation’s Grant Financial Management System</td>
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<tr>
<td>12-07</td>
<td>12/23/11</td>
<td>Audit of Wayne County Action Program</td>
</tr>
<tr>
<td>12-08</td>
<td>4/03/12</td>
<td>Audit of National Service Trust Payments to Financial and Educational Institutions</td>
</tr>
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### Reviewed Monitoring Files of the CNCS OIG Contracted Engagements

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<tbody>
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<td>12-01</td>
<td>11/15/11</td>
<td>Audit of the CNCS’s FY 2011 Financial Statements and Management Letter</td>
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<tr>
<td>12-13</td>
<td>8/15/12</td>
<td>AUP Oregon Volunteers</td>
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</tbody>
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February 22, 2013

Mr. Scott S. Dahl
Inspector General
Smithsonian Institution
MRC 524
PO Box 37012
Washington, DC 20013-7012

Re: Response to Report on the System of Quality Control of the Audit Section of the Office of Inspector General for the Corporation for National and Community Service

Dear Mr. Dahl:

My audit staff and I have reviewed the results of your office’s review of the system of quality control for this office’s Audit Section.

I would like to extend my appreciation to you and your staff for their excellent work in conducting the recent external quality control review of this office’s Audit Section. I am pleased with the positive outcome of the peer review, which is crucial to maintaining credibility with our stakeholders.

If you have any questions, please contact me or have your staff contact AIGA Stuart Axenfeld at (202) 606-9360.

Sincerely,

Deborah Jeffrey

1201 New York Avenue, NW ★ Suite 830 ★ Washington, DC 20525
SeniorCorps ★ AmeriCorps ★ VISTA ★ NCCC