

**OFFICE OF THE
INSPECTOR GENERAL**



September 30, 2021

The Honorable Robert J. Feitel
Inspector General
U.S. Nuclear Regulatory Commission (NRC) and Defense Nuclear Facilities Safety Board
11555 Rockville Pike
Rockville MD 20852

Subject: System Review Report on the Peer Review of NRC's Office of the Inspector General


Dear Mr. Feitel:

Attached is the System Peer Review Report of the NRC Office of the Inspector General conducted in accordance with *Government Auditing Standards* and the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. Your response to the report is included as an enclosure.

We appreciate the cooperation and courtesies extended to our staff during the review.

If you any questions, please contact Bruce Gallus, Supervisory Auditor, at 240-595-2656.

Sincerely yours,

DocuSigned by:

FA013041C5054A3...
Cathy L. Helm
Inspector General

Enclosure

OFFICE OF THE INSPECTOR GENERAL



System Review Report

September 30, 2021

The Honorable Robert J. Feitel
Inspector General
U.S. Nuclear Regulatory Commission and Defense Nuclear Facilities Safety Board
11555 Rockville Pike,
Rockville MD 20852

Dear Mr. Feitel:

We have reviewed the system of quality control for the audit organization of the U.S. Nuclear Regulatory Commission Office of the Inspector General (NRC OIG) in effect for the year ended March 31, 2021. A system of quality control encompasses NRC 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.¹ The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of the NRC OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide the NRC 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*. Your audit organization 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 the NRC OIG's monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS) 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 the NRC 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 the NRC OIG's monitoring of work performed by IPAs.

¹ *Government Auditing Standards*, 2018 Revision (July 2018).

Letter of Comment

We have issued a letter dated September 30, 2021, that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

Basis of Opinion

Our review was conducted in accordance with *Government Auditing Standards* and CIGIE's *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.² During our review, we interviewed NRC OIG personnel and obtained an understanding of the nature of the NRC OIG audit organization, and the design of the NRC 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 the NRC OIG's system of quality control. The GAGAS engagements selected represented a reasonable cross-section of the NRC OIG's audit organization, with an emphasis on higher-risk engagements.

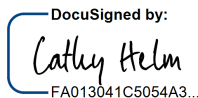
In performing our review, we obtained an understanding of the system of quality control for the NRC OIG audit organization. In addition, we tested compliance with the NRC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the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

Responsibilities and Limitation

The NRC OIG is responsible for establishing and maintaining a system of quality control designed to provide the NRC 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 NRC 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 yours,

DocuSigned by:

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Cathy L. Helm
Inspector General

Enclosures - 2

² CIGIE, *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* (March 2020).

Scope and Methodology

We tested compliance with the NRC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of 2 of 10 engagement reports conducted in accordance with generally accepted government auditing standards (GAGAS) issued from April 1, 2020, through March 31, 2021, as shown in Table 1. We also reviewed the internal quality control reviews performed by NRC OIG.

Table 1. NRC OIG's GAGAS Engagements That Were Reviewed

Report Number	Report Date	Report Title
OIG-21-A-04	March 9, 2021	Audit of NRC's Material Control and Accounting Inspection Program for Special Nuclear Material
DNFSB-20-A-04	January 27, 2020	Audit of DNFSB's Human Resources Program

In addition, we reviewed the NRC OIG's monitoring of GAGAS engagements performed by independent public accountants (IPA) where the IPA served as the auditor from April 1, 2020, through March 31, 2021, as shown in Table 2. During the period, NRC OIG contracted for the audit of its agency's fiscal year 2020 financial statements. NRC OIG also contracted for other GAGAS engagements that were performed in accordance with *Government Auditing Standards*.

Table 2. NRC OIG's Monitoring File for Contracted GAGAS Engagement That Was Reviewed

Report Number	Report Date	Report Title
OIG-21-A-02	November 16, 2020	Results of the Audit of the United States Nuclear Regulatory Financial Statements for the Fiscal Year 2020

Due to the COVID-19 pandemic, we performed external peer review remotely.



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

OFFICE OF THE
INSPECTOR GENERAL

September 23, 2021

Dear Inspector General Helm:

Thank you for the opportunity to comment on the draft System Review Report of the U.S. Nuclear Regulatory Commission's Office of the Inspector General, Office of Audit. We acknowledge your conclusion that our office received a rating of pass, and have no comments on the report.

We appreciate the professionalism and efforts of your staff during this peer review. If you have any questions regarding this letter, please contact Eric Rivera, Acting Assistant Inspector General for Audit, at (301) 415-5915, or via e-mail at Eric.Rivera@nrc.gov.

Best regards,

Robert J. Feitel Digitally signed by Robert J. Feitel
Date: 2021.09.23 13:04:51 -0400

Robert J. Feitel
Inspector General