



INSPECTOR GENERAL
SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C.

March 30, 2007

The Honorable Gerald Walpin
Inspector General
Corporation for National and Community Service
1201 New York Avenue, NW
Suite 830
Washington, DC 20525

Subject: Report on the External Quality Control Review of the Corporation for National and Community Service's Inspector General audit organization

Dear Mr. Walpin:

This report presents the results of our External Quality Control Review of the Corporation for National and Community Service's Inspector General audit organization. Your response to the draft report is included as Exhibit B.

We thank you and all of your staff for the assistance and cooperation extended during the review. If you have any questions about this review, please contact Debra Ritt, Assistant Inspector General for Auditing, at (202) 205-7203, or me, at (202) 205-6586.

Sincerely,

Eric Thorson
Inspector General

Enclosures



U.S. Small Business Administration
Washington, D.C. 20416

**OFFICE OF
INSPECTOR GENERAL**

March 30, 2007

The Honorable Gerald Walpin
Inspector General
Corporation for National and Community Service
1201 New York Avenue, NW
Suite 830
Washington, DC 20525

Dear Mr. Walpin:

We have reviewed the quality control system for the audit function of the Corporation for National and Community Service (Corporation) Office of Inspector General (OIG) in effect for the year ended September 30, 2006. A quality control system encompasses the OIG's organizational structure, policies adopted, and procedures established to provide it with reasonable assurance of conforming to generally accepted government auditing standards (GAGAS) prescribed by the Comptroller General of the United States. The design of the system, and compliance with it in all material respects, are the responsibility of the Corporation's OIG. Our objective was to determine whether the internal quality control system was adequately designed and implemented to provide reasonable assurance that applicable auditing standards, policies, and procedures were met.

Our review was conducted in accordance with the guidelines established by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency. In performing our review, we obtained an understanding of the system of quality control for the OIG and tested compliance with the OIG's quality control policies and procedures on selected audits. Because our review was based on selective tests, it would not necessarily disclose all weaknesses in the system of quality control or all instances of noncompliance. Departures from the system may occur and not be detected as there are inherent limitations in the effectiveness of any system of quality control. Nevertheless, we believe that the procedures we performed provide a reasonable basis for our opinion. A more detailed description of our scope and methodology is provided in Exhibit A.

In our opinion, the design of the OIG's quality control system for the audit function in effect for the year ended September 30, 2006, meets the requirements of the quality control standards established by the Comptroller General of the United States for a Federal audit organization. Further, based on the audits we reviewed, we are reasonably sure that the audit function complied with applicable auditing standards, policies, and procedures during the review period.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric Thorson', with a long horizontal flourish extending to the right.

Eric Thorson
Inspector General

Enclosures

Peer Review Scope and Methodology (Exhibit A)

Scope and Methodology

We tested compliance with the OIG's system of quality control to the extent we considered appropriate. These tests included a review of 8 of 40 audit reports issued during the two semiannual reporting periods ending March 31, 2006 and September 30, 2006, as well as related checklists and supervisory reviews. The reviewed audit reports included the OIG's monitoring activities related to the audit of the Corporation's FY 2005 financial statements that was performed under contract by Cotton and Company LLP.

We performed our review in February 2007 at the OIG's offices in Washington, D.C. Our work was performed in accordance with the guidelines established by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency.

Audit Reports Reviewed

<u>Report Number</u>	<u>Report Date</u>	<u>Report Title</u>
06-43	09/25/06	Agreed-upon Procedures Review of the Corporation for National and Community Service FEMA Hurricane Relief Mission Assignments
06-25	02/22/06	Audit of Corporation for National and Community Service Grants Awarded to the Illinois Commission on Volunteerism and Community Service
06-03	11/14/05	Audit of the Corporation for National and Community Service's National Service Trust Schedule of Fiscal Year 2005 Budgetary Resources and Obligations
06-02	12/23/05	Independent Audit of the Corporation for National and Community Service's Fiscal Year 2005 Financial Statements – Management Letter
06-01	11/14/05	Audit of the Corporation for National and Community Service's Fiscal Year 2005 Financial Statements
06-10	02/15/06	Audit of Corporation for National and Community Service Grants Awarded to YouthBuild USA, Inc.
06-12	04/03/06	Audit of Corporation for National and Community Service Grants Awarded to EducationWorks
06-14	06/30/06	Audit of Corporation for National and Community Service Grants Awarded to New York State Office of National and Community Service

OFFICE OF INSPECTOR GENERAL

February 28, 2007

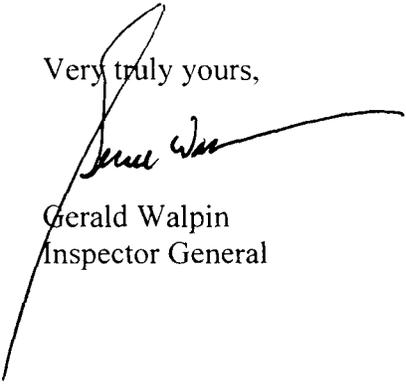
The Honorable Eric Thorson
Inspector General
Small Business Administration
409 3rd Street, SW
Suite 5600
Washington, DC 20416

Dear Mr. Thorson:

I want to thank you and your staff for their excellent work in conducting the recent External Quality Control Review of the Office of Inspector General Audit Section. I am pleased with the positive outcome of your peer review, which is crucial in assuring the quality of our work and our full compliance with auditing standards.

We are all faced with limited resources in the Inspector General community and I appreciate your lending your staff to the completion of this important task. Both I and my audit staff found the review to be helpful and instructive. Given that I only recently assumed my position at the Corporation, I was particularly pleased to have your review and report to provide this degree of confidence. I look forward to receiving your final report, as well as to greeting you at one of the PCIE meetings.

Very truly yours,


Gerald Walpin
Inspector General

