

Quality Control Review Report on [a Company's] Reviews of Headquarters Exchange Financial Statements for Fiscal Years Ended September 30, 2003, and September 30, 2004 (IG-06-015, September 22, 2006)

The NASA Office of Inspector General (OIG) conducted a quality control review (QCR) to determine whether the company that performed reviews of the NASA Headquarters Exchange financial statements for the fiscal years ended September 30, 2003 (FY 2003), and September 30, 2004 (FY 2004), did so in accordance with generally accepted government auditing standards (GAGAS) for attestation engagements. GAGAS allows for the use of professional standards issued by other authoritative bodies, such as the American Institute of Certified Public Accountants (AICPA). Accordingly, we based our review on the AICPA Statements on Standards for Accounting and Review Services.

The Exchange sells NASA-related items, including patches, glasses and mugs, key chains, and clothing, to NASA personnel and visitors. Headquarters Exchange revenues totaled about \$350,000 in FY 2004. The Headquarters Exchange Council, chartered by the Director for Headquarters Operations, operates the Exchange primarily for the benefit of NASA Headquarters employees. The Council uses revenues generated from Exchange sales to fund various NASA Headquarters-related activities and events, including book fairs, holiday parties, picnics, ice cream socials, and discounts on amusement park tickets.

Our QCR found that a partner of the company that performed the FY 2003 and FY 2004 reviews of the Headquarters Exchange financial statements held an expired certified public accountant (CPA) license at that time. In addition, the Maryland-based company did not hold a permit from the Maryland State Board of Public Accountancy (the Board), as required, when providing CPA services to the Headquarters Exchange in FY 2005. Because the company and one of its partners appear to have violated professional auditing standards, we referred them to the AICPA and the Board to determine what, if any, penalties should be imposed. The partner disagreed with our conclusion that he appeared to have violated professional auditing standards and disagreed that he and the company should be referred to the AICPA and the Board. We have requested that the AICPA and the Board notify us of their decisions in this matter.

The company's review work generally met applicable AICPA Statements on Standards for Accounting and Review Services with minor exceptions. We made recommendations that, if implemented, would preclude the recurrence of the deficiencies we identified. In response to a draft of the report, the partner nonconcurrent with two of our three findings and, therefore, did not comment on the three recommendations associated with those findings. He agreed to implement the recommendation associated with the third finding. We requested additional comments in response to the final report.

*The report contains Personnel Information and is exempt from public release under the Freedom of Information Act by Exemption (b)(6). To submit a FOIA request, see the [online guide](#).*