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## UNITED STATES INTERNATIONAL TRADE COMMISSION

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WASHINGTON, DC 20436

February 11, 2014

### **System Review Report**

To: Lynne A. McFarland, Inspector General,

Federal Election Commission

We have reviewed the system of quality control for the audit organization of FEC OIG in effect for the year ended September 30, 2013. A system of quality control encompasses FEC 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*. FEC OIG is responsible for designing a system of quality control and complying with it to provide FEC 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 FEC 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 FEC OIG personnel and obtained an understanding of the nature of the FEC OIG audit organization, and the design of the FEC 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 FEC OIG's system of quality control. The engagements selected represented a reasonable cross-section of the FEC OIG's audit organization, with emphasis on higher-risk engagements. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with FEC OIG management to

discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

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

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 office of the FEC OIG that we visited and the engagements that we reviewed.

In our opinion, the system of quality control for the audit organization of FEC OIG in effect for the year ended September 30, 2013, has been suitably designed and complied with to provide FEC 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*. FEC OIG has received a peer review rating of *pass*.

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 FEC 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 FEC 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 FEC OIG's monitoring of work performed by IPAs.



Philip M. Heneghan  
Inspector General, USITC

## **Enclosure 1:**

### **Office Locations:**

999 E Street, NW  
Washington, DC 20463

### **Engagements Reviewed:**

Audit of the Federal Election Commission's Office of Human Resources, July, 2013  
IPA Oversight, FY2013 Financial Audit