Background

OMB Circular A-50 provides the policies and procedures for use by all executive branch agencies, when considering reports issued by the Inspectors General (IGs), the Government Accountability Office, and non-Federal auditors where follow-up is necessary. In response, the Inspector General requested, on February 24, 1993, that the Commission designate an audit follow-up official who would be responsible for ensuring that audit findings and recommendations are acted upon by agency management. On March 8, 1993, the Commission voted to select the Chairman of the FEC as the senior official to serve as the agency’s audit follow-up official. Since then, the Commission has approved the duties and title of Chief Financial Officer (CFO) in the Deputy Staff Director for Management’s position. The responsibilities inherent in that position more closely fit the skills necessary to implement any audit recommendations. Therefore, the Commission is now designating that individual as the follow-up individual for audits conducted of the Commission’s financial statements, and the Staff Director will retain responsibility for informing the Commission of any implementation plan and progress toward completion of that plan.

The Accountability of Tax Dollars Act of 2002 (ATD) required the Federal Election Commission to prepare and submit audited financial statements on an annual basis. In addition, the ATD requires the Inspector General of the FEC, or an independent external auditor selected by the FEC’s Inspector General, to conduct the audit of the financial statements.

OMB Circular A-50, Audit Follow-Up, details the roles of those responsible for audit follow-up and actions that need to be taken. The audit of the financial records conducted
pursuant to the aforementioned regulations is different than the processes taken under OMB Circular A-123. Please see Directive 53 for details on A-123.

Audit Follow-Up

All management officials are responsible for receiving and analyzing audit reports, providing timely responses, and taking corrective action, if needed.

The Deputy shall give high priority to resolving any outstanding financial audit recommendations. The Deputy shall also maintain accurate reports of all audit processes. Any disagreement(s) with an audit finding or recommendation, shall detail the basis for such disagreement.

The Deputy Staff Director for Management and CFO (Deputy) shall serve as the audit follow-up official for the annual audit of the FEC’s financial statements. The audit follow-up official shall:

1. Develop a written corrective action plan, including specific steps and/or tasks to be taken to implement the corrective action plan and a projected time frame for completion of each step or task, to be presented to the Commission within thirty days of receiving an audit report;
2. The written corrective action plan shall be presented to the Commission through the Staff Director, including any comments the Staff Director may add, for information, tally vote or for discussion at a Commission meeting;
3. Conduct regular meetings with the Inspector General throughout the year to follow-up on outstanding findings and recommendations, and include reports of these meetings in the written corrective action plan and the semi-annual reports required to be presented to the Commission;
4. Respond in a timely manner to all audit reports;
5. Engage in a good faith effort to resolve all disagreements; and
6. Produce semi-annual reports that are submitted to the agency head. One report shall be submitted in May of each year and one report shall be submitted in November as part of the Performance and Accountability Report. These reports shall include the status of all unresolved audit reports, the outstanding steps or tasks required to be completed in order to resolve the recommendations raised in the audit report, and a timetable for resolution of those steps or tasks; the number of reports or recommendations resolved during the period; the amount of disallowed costs; and collections, offsets, write-offs, demands for payment and other monetary benefits resulting from audits. The report may also include a discussion of trends, system-wide problems, or any other issues relevant to the agency’s handling of the audits.

The Inspector General is responsible for:

1. Conducting independent audits and investigations of programs, operations, activities, and functions;
(2) Overseeing the work of any independent external auditors;
(3) Reviewing responses to audit reports and reporting significant disagreements to
the audit follow-up official; and
(4) Reporting any significant disagreements with the audit follow-up official to the
Commission.

Other audits
For any other audits conducted by the Inspector General or other agencies (e.g., GAO),
the Staff Director will recommend and the Commission shall approve, the follow-up
official. This person shall:

(1) Develop a written corrective action plan, including specific steps and/or tasks to
be taken to implement the corrective action plan and a projected time frame for
completion of each step or task, to be presented to the Commission within thirty
days of receiving an audit report;
(2) The written corrective action plan shall be presented to the Commission through
the Staff Director, including any comments the Staff Director may add, for
information, tally vote or for discussion at a Commission meeting;
(3) Conduct regular meetings with the Inspector General or other audit officials
throughout the year to follow-up on outstanding findings and recommendations,
and include reports of these meetings in the written corrective action plan and the
semi-annual reports required to be presented to the Commission;
(4) Respond in a timely manner to all requests;
(5) Engage in a good faith effort to resolve all disagreements; and
(6) Produce semi-annual reports to the agency head. These reports shall include the
status of all unresolved audit reports, the outstanding steps or tasks required to be
completed in order to resolve the recommendations raised in the audit report, and
a timetable for resolution of those steps or tasks; and the number of reports or
recommendations resolved during the period.

[Signature]
Robert J. Costa
Acting Staff Director