



FEDERAL MARITIME COMMISSION
800 North Capitol Street, N.W.
Washington, DC 20573

Modified Peer Review Report

Inspector General

July 20, 2016

To Patricia Layfield, Inspector General
Election Assistance Commission

At the request of the Election Assistance Commission's (EAC) Office of Inspector General (OIG), we reviewed established policies and procedures for the audit function of the EAC OIG in effect at March 31, 2015. Established policies and procedures are one of the components of a system of quality control to provide the EAC OIG with reasonable assurance of conforming with applicable professional standards. The components of a system of quality control are described in the *Government Auditing Standards*. The EAC OIG is responsible for establishing and maintaining policies and procedures for the audit function. Our responsibility is to assess whether policies and procedures submitted for review were current and consistent with applicable professional standards.

Our review was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General* for assessing established audit policies and procedures.

In addition to reviewing established policies and procedures for the audit function of the EAC OIG, we applied certain limited procedures in accordance with guidance established by the CIGIE related to the EAC OIG's monitoring of audits and attestation engagements, collectively referred to as "audits", performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor. It should be noted that monitoring of audits 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 EAC 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 the EAC OIG's monitoring of work performed by IPAs.

During our review, we (1) obtained an understanding of the nature of the EAC OIG, (2) assessed established audit policies and procedures and EAC OIG's IPA monitoring process, and (3) interviewed the IG. We also visited the EAC OIG office in Silver Spring, Maryland, and reviewed the following IPA monitoring projects:

1. Independent Auditors' Report, U.S. Election Assistance Commission Financial Statements for FY 2013 and FY 2012, Report No. I-PA-EAC-01-13, December 2013.
2. Compliance with the Requirements of the Federal Information Security Management Act, Fiscal Year 2014, Report No. I-PA-EAC-02-14, November 2014.
3. Administration of Payments Received Under the Help America Vote Act by the District of Columbia Board of Elections and Ethics, Report No. E-HP-DC-01-14, March 2015.

Based on our review, the established policies and procedures for the audit function at March 31, 2015, were current and consistent with applicable professional standards as stated.

As is customary, we have issued a letter dated July 20, 2016 that sets forth one finding that was not considered to be of sufficient significance to affect our conclusions on the established policies and procedures.

Sincerely,

A handwritten signature in black ink that reads "Jon Hatfield". The signature is written in a cursive, flowing style.

Jon Hatfield
Inspector General



FEDERAL MARITIME COMMISSION
800 North Capitol Street, N.W.
Washington, DC 20573

Letter of Comment

Inspector General

July 20, 2016

To Patricia Layfield, Inspector General
Election Assistance Commission

We have reviewed the established audit policies and procedures of the Election Assistance Commission (EAC) OIG in effect for the year ended March 31, 2015, including monitoring of work conducted by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor, and have issued our report thereon dated July 20, 2016, in which we determined that the OIG's policies and procedures for the audit function were current and consistent with applicable professional standards. That report should be read in conjunction with the comment in this letter, which were considered in determining our results. The finding described below was not considered to be of sufficient significance to impact the determination made on the established policies and procedures described in that report.

Finding and Recommendation

Finding 1. Peer Review Not Performed Within Three Years of Prior Peer Review.

Generally Accepted Government Auditing Standards (GAGAS) requires audit organizations that perform audits or attestation engagements in accordance with GAGAS to establish and maintain a system of quality control and to undergo an external peer review at least once every three years. The EAC OIG's most recent peer review period covered the three-year period from April 1, 2012 to March 31, 2015. However, the EAC OIG did not complete this current peer review in a timely manner based on the timeframe established by GAGAS. The report should be issued within six months after the end of the period under review.

The peer review team believes the delay for the completion of the peer review was caused by two primary issues. First, it is our understanding that the prior IG believed a conflict may have existed between the EAC OIG and the OIG assigned to conduct the peer review. However, the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the entity that administers the peer program, later determined that a conflict did not exist and the assigned peer review team could perform the EAC OIG peer review. The other cause for the delay was due to the retirement of the prior IG, and the passage of time until a new, permanent IG was in place.

Recommendation – The EAC OIG should ensure that, in the future, it follows the Peer Review Schedule organized by CIGIE’s Audit Committee and complies with the GAGAS and CIGIE’s requirements for the timely completion of a peer review, including issuance of a peer review report within six months of the end of the period under review.

Views of Responsible Official – The EAC OIG concurred with the finding and recommendation. The EAC OIG plans to complete the next peer review for the period ending March 31, 2018, on schedule and without delay.

Sincerely,

A handwritten signature in black ink that reads "Jon Hatfield". The signature is written in a cursive, slightly slanted style.

Jon Hatfield
Inspector General



*U.S. ELECTION ASSISTANCE COMMISSION
OFFICE OF INSPECTOR GENERAL
1335 East-West Highway
Suite 4300
Silver Spring, Maryland 20910*

July 21, 2016

Mr. Jonathan Hatfield
Inspector General
Federal Maritime Commission
800 North Capitol Street, N.W.
Washington, DC 20573

Re: 2016 Peer Review Report and Letter of Comment on the U.S. Election Assistance
Commission Office of Inspector General

Dear Mr. Hatfield:

Thank you for the opportunity to respond to your July 19, 2016 draft peer review report and letter of comment on of the U.S. Election Assistance Commission (EAC), Office of Inspector General (OIG) audit function. I agree with your conclusion that the established policies and procedures for the audit function at March 31, 2015, were current and consistent with applicable professional standards.

The draft letter of comment discusses one issue regarding the lack of timeliness of the peer review. I concur with the finding and recommendation in the draft letter. I expect to obtain the next peer review for the period ending March 31, 2018, on schedule and without delay.

I am committed to maintaining an effective system of quality controls and to working continuously to improve the EAC OIG operations. Further, I appreciate the professional manner in which you conducted the review and your willingness to share best practices between our organizations. If you have any questions or comments relating to my response to the draft letter, please contact me at 301-734-3104.

Sincerely,

Patricia L. Layfield
Inspector General
U.S. Election Assistance Commission