



Office of Inspector General

UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION  
WASHINGTON, D.C. 20580

System Review Report

September 7, 2018

Patricia L. Layfield, Inspector General  
U. S. Election Assistance Commission  
1335 East-West Highway, Suite 4300  
Silver Spring, MD 20910

We have reviewed the system of quality control for the audit organization of the U.S. Election Assistance Commission (EAC) Office of Inspector General (OIG) in effect for the year ended March 31, 2018. A system of quality control encompasses the EAC 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*. EAC OIG is responsible for establishing and maintaining a system of quality control that is designed to provide EAC OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and EAC OIG's compliance therewith based on our review.

Our review was conducted in accordance with *Government Auditing Standards* and 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*. During our review, we interviewed EAC OIG personnel and obtained an understanding of the nature of the EAC OIG audit organization, and the design of EAC OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and attestation engagements, collectively referred to as "audits," and administrative files to test for conformity with professional standards and compliance with EAC OIG's system of quality control. The audits selected represented a reasonable cross-section of the work conducted by EAC OIG's audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with EAC 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 EAC OIG audit organization. In addition, we tested compliance with EAC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of EAC OIG's policies and procedures on selected audits. 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.

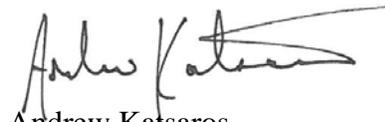
There are inherent limitations in the effectiveness of any system of quality control, and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of 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 of this report identifies the locations where our work was conducted and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of EAC OIG in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide EAC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. EAC OIG has received an External 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 CIGIE related to EAC OIG's monitoring of 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 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 EAC OIG's monitoring of work performed by IPAs.

Enclosure 2 of this report includes the EAC OIG response to the draft report.



Andrew Katsaros  
Acting Inspector General

Enclosures

## System Review Report

Enclosure 1

### **Scope and Methodology**

We tested compliance with the EAC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of one report issued during the period April 1, 2015 through March 31, 2018. We also reviewed the internal quality control reviews performed by EAC OIG.

In addition, we reviewed EAC OIG's monitoring of audits performed by IPAs where the IPA served as the auditor during the period April 1, 2015 through March 31, 2018. During the period, EAC OIG contracted for the audit of its agency's fiscal year 2017 financial statements. EAC OIG also contracted for certain other audits, not selected in our review, that were to be performed in accordance with *Government Auditing Standards*.

We conducted our work at the EAC OIG office in Silver Spring, MD and the FTC OIG office in Washington, DC.

**Table 1. Reviewed Audit Performed by EAC OIG**

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
I-PA-EAC-04-17	11/08/2017	EAC Performance Under the Digital Accountability and Transparency Act (DATA Act)

**Table 2. Reviewed Monitoring Files of EAC OIG for Contracted Audits**

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
I-PA-EAC-02A-16	11/10/2016	U.S. Election Assistance Commission's Compliance with the Requirements of the Federal Information Security Modernization Act
E-HP-VT-03-16	8/1/2017	Administration of Payments Received Under the Help America Vote Act by the Vermont Secretary of State, Elections Division
I-PA-EAC-01-17	11/14/2017	U.S. Election Assistance Commission's Financial Statements for Fiscal Years 2017 and 2016



U.S. ELECTION ASSISTANCE COMMISSION  
1335 EAST-WEST HIGHWAY, SUITE 4300  
SILVER SPRING, M.D. 20910  
OFFICE OF THE INSPECTOR GENERAL

August 31, 2018

Mr. Andrew Katsaros  
Acting Inspector General  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Dear Mr. Katsaros:

Thank you for the opportunity to respond to your draft peer review report on the U.S. Election Assistance Commission (EAC), Office of Inspector General (OIG) audit function. I agree with your conclusion that the system of quality control for the EAC OIG audit organization in effect for the year ended March 31, 2018, was suitably designed and complied with to provide EAC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

I appreciate the professional manner in which Ms. Jessica Hill of your staff conducted the review. Her technical knowledge and professionalism contributed greatly to the successful and timely completion of this peer review.

If you have any questions or comments relating to my response to the draft letter, please contact me at 301-734-3104.

Sincerely,

A handwritten signature in cursive script that reads "Patricia L. Layfield".

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