



OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM
1801 L STREET, NW, 4TH FLOOR
WASHINGTON, D.C. 20220

September 21, 2016

The Honorable David L. Hunt
Inspector General
Office of the Inspector General
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Subject: System Review Report on the Federal Communications Commission Office of the Inspector General Audit Organization

Dear Mr. Hunt:

Attached is the final System Review Report of the Federal Communications Commission Office of the Inspector General audit organization conducted in accordance with *Government Auditing Standards* and Council of the Inspectors General on Integrity and Efficiency guidelines.

We thank you and your staff for your assistance and cooperation during the review.

Sincerely,

Christy Goldsmith Romero
Special Inspector General

Enclosure



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System Review Report

September 21, 2016

The Honorable David L. Hunt
Inspector General
Office of the Inspector General
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Mr. Hunt:

We have reviewed the system of quality control for the audit organization of the Federal Communications Commission Office of the Inspector General (“FCC OIG”) in effect for the period ended March 31, 2016. A system of quality control encompasses FCC 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*. FCC OIG is responsible for establishing and maintaining a system of quality control that is designed to provide FCC 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 FCC 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 FCC OIG personnel and obtained an understanding of the nature of the FCC OIG audit organization, and the design of FCC 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 FCC OIG’s system of quality control. The engagements selected represented a reasonable cross-section of the FCC OIG audit organization, with emphasis on higher-risk engagements, including 2 audit engagements performed by the FCC OIG and 3 monitoring files by FCC OIG of engagements performed by Independent Public Accountants (“IPAs”). Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with FCC 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 FCC OIG audit organization. In addition, we tested compliance with FCC OIG’s quality control

policies and procedures to the extent we considered appropriate. These tests covered the application of FCC 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 FCC OIG offices we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of the FCC OIG in effect for the period ended March 31, 2016, has been suitably designed and complied with to provide FCC 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*. FCC OIG has received a peer review rating of *pass*.

We have issued a letter dated September 21, 2016 that sets forth findings that were not considered to be of sufficient significance to affect our opinion expressed in this report.

In addition to reviewing the FCC OIG 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 FCC OIG's monitoring of engagements performed by IPAs under contract where the IPA served as the 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 FCC 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 FCC OIG's monitoring of work performed by IPAs.

We made certain comments related to FCC OIG's monitoring of engagements performed by IPAs that are included in the above-referenced letter dated September 21, 2016.

Sincerely,



Christy Goldsmith Romero
Special Inspector General

Enclosure

Scope and Methodology

We tested compliance with FCC OIG audit organization’s system of quality control to the extent we considered appropriate. These tests included a review of 5 of 17 audit reports issued during the period April 1, 2014, through March 31, 2016. We also reviewed the internal quality control reviews performed by FCC OIG.

In addition, we reviewed FCC OIG’s monitoring of audits performed by IPAs where the IPA served as the auditor during the period October 1, 2013, through September 30, 2015. During the period, FCC OIG contracted for the audit of its agency’s fiscal year 2015 financial statements. FCC OIG also contracted for certain other audits that were to be performed in accordance with *Government Auditing Standards*.

We also visited FCC OIG office located in Washington, District of Columbia.

Reviewed Audit Engagements Performed by the FCC OIG

Performance Audits		
Report Number	Report Date	Report Title
12-AUD-01-02	September 25, 2014	Compliance with FCC’s USF Low Income Program Rules Budget PrePay, Inc.
12-AUD-01-14	December 22, 2015	Compliance with FCC’s USF Lifeline Program Rules Mextel Corporation, LLC dba LifeTel

Reviewed Monitoring Files of FCC OIG for Contracted (IPA) Audits

Performance Audits		
Report Number	Report Date	Report Title
14-AUD-12-04	May 14, 2015	Audit of the Federal Communications Commission Improper Payments Elimination and Recovery Improvement Act FY 2014
13-AUD-12-29	June 3, 2015	Performance Audit of The Federal Communications Commission Wireline Competition Bureau For Fiscal Year 2014
15-AUD-07-08	November 13, 2015	Federal Communications Commission Fiscal Year 2015 Agency Financial Report