



Office of Inspector General

September 27, 2022

Transmittal Letter

David L. Hunt
Inspector General
Federal Communications Commission
45 L Street NE
Washington, DC 20554

Subject: *Modified Peer* Review Report on the Federal Communications Commission's Office of Inspector General Audit Organization

Dear Mr. Hunt:

Attached is the *Modified Peer* Review Report of the Federal Communications Commission's Office of Inspector General conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*. Your response to the report is included as an exhibit with excerpts and our comments incorporated into the relevant sections of the report.

We appreciate the cooperation and courtesies extended to our staff during the review.

Sincerely,

NICHOLAS NOVAK Digitally signed by NICHOLAS
NOVAK
Date: 2022.09.27 08:14:10 -04'00'

Nicholas J. Novak
Inspector General
Enclosure



September 27, 2022

Modified Peer Review Report

David L. Hunt
Inspector General
Federal Communications Commission
45 L Street NE
Washington, DC 20554

Dear Mr. Hunt:

We reviewed established policies and procedures for the audit function of the Federal Communications Commission Office of Inspector General (FCC OIG) in effect as of March 31, 2022. Established policies and procedures are one of the components of a system of quality control to provide the FCC 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* (July 2018 Revision Technical Update April 2021).

Based on our review, the established policies and procedures for the audit function as of March 31, 2022, were not current and consistent with applicable professional standards as stated. We have identified an area where the FCC OIG could improve the established policies and procedures.

Finding and Recommendation

Finding: FCC OIG Audit Manual Has Not Been Updated to Reflect Current Government Auditing Standards

We determined that the FCC OIG Audit Manual had not been updated to reflect the current version of *Government Audit Standards* that became effective for financial audits, attestation engagements and reviews of financial statements for periods ending on or after June 30, 2020, and for performance audits beginning on or after July 1, 2019. The FCC OIG Audit Manual represents an important component of the agency's quality control system. The document states "This manual consolidates the policies, procedures, standards, technical guidance and other techniques to be followed

by the Office of Audit (OA) staff in planning and conducting audit work and preparing related reports on behalf of the Office of Inspector General (OIG)." We observed FCC OIG had prepared an updated Audit Manual that had been revised to reflect the current version of *Government Auditing Standards*. This version remained under management review at the end of our field work for this peer review.

Recommendation

The FCC OIG should update its Audit Manual to reflect current *Government Auditing Standards*.

Views of Responsible Official

The FCC OIG concurred with the peer review finding and recommendation and stated that they have implemented the recommended corrective actions. Specifically, the FCC OIG completed a comprehensive review of their policies and procedures and revised its Audit Manual, where needed, to ensure compliance with Government Accountability Office *Government Auditing Standards 2018 Revision*, Technical Update April 2021, and Council for Inspectors General on Integrity and Efficiency Quality Standards for Inspection and Evaluation, dated December 2020. The FCC OIG made additional revisions based on lessons learned during the peer review and issued an updated version of the Audit Manual on September 1, 2022. We received an electronic copy of the revised Audit Manual.

The FCC OIG did not conduct GAGAS engagements during the peer review period. Thus, in addition to reviewing established policies and procedures for the audit function of FCC OIG, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* related to FCC OIG's monitoring of GAGAS engagements performed by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor.

It should be noted that monitoring of GAGAS engagements performed by IPAs is not an audit; therefore, it 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 that IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on FCC OIG's monitoring of work performed by IPAs.

Basis of Results

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

During our review, we (1) obtained an understanding of the nature of the FCC OIG's audit function and (2) assessed established audit policies and procedures, and FCC OIG's IPA monitoring process.

We corresponded with the FCC OIG office located in Washington DC. We reviewed the following IPA projects.

Report No.	Report Date	Report Title
21-AUD-06-01	11/15/2021	FY 2021 Consolidated Financial Statement Audit
21-AUD-01-01	05/17/2021	FY 2020 Payment Integrity Information
19-AUD-10-07	08/19/2021	Performance Audit Colbert County School District 128029
18-AUD-12-09	06/08/2020	Redacted Audit Report Tempo Telecom

We appreciate the cooperation and courtesies extended to our staff during the review.

Sincerely,

NICHOLAS NOVAK Digitally signed by NICHOLAS
NOVAK
Date: 2022.09.27 08:14:10 -04'00'

Nicholas J. Novak
Inspector General

EXHIBIT



**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF INSPECTOR GENERAL**

45 L Street NE
Washington, D.C. 20002

September 17, 2022

Nicholas J. Novack
Inspector General
Pension Benefit Guaranty Corporation
1200 K St. NW
Washington, D.C. 20005


Dear Mr. Novack:

Thank you for the opportunity to respond to the draft Modified Peer Review Report summarizing the results of your review of policies and procedures for the audit function of the Federal Communications Commission Office of Inspector General in effect as of March 31, 2022. We are mindful that any organization's policies and procedures can be improved upon and appreciate your work identifying and communicating areas for improvement. We concur with the peer review finding and recommendation and have implemented the recommended corrective actions.

Specifically, we completed a comprehensive review of our policies and procedures and revised our Audit Manual, where needed, to ensure compliance with *Government Accountability Office Government Auditing Standards 2018 Revision*, Technical Update April 2021, and *Council for Inspectors General on Integrity and Efficiency Quality Standards for Inspection and Evaluation*, dated December 2020. We made additional revisions based on lessons learned during the peer review and issued an updated version of our Audit Manual on September 1, 2022.

I appreciate the professional courtesies extended to our office and commend the peer review team for their professionalism and competent work. If you have any questions, please call me at 202-418-1522.

Respectfully,

FOR  AIGA

David L. Hunt
Inspector General