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Federal Election Commission
Attn: FOIA Requester Service Center
Room 408
999 E Street, NW
Washington, DC 20463
Fax: (202) 219-1043
Email: FOIA@fec.gov

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From: FOIA
Date: Jan 17, 2017 10:18:43 PM
Subject: Your Freedom of Information Act Request to the FEC, No. 2017-024
Cc: Lynne McFarland <lmcfarland@fec.gov>

This email is in response to your request for information from the Federal Election Commission (FEC) under the Freedom of Information Act (FOIA), dated and received on December 26, 2016. You requested the following records:

1. A digital/electronic copy of the FEC Inspector General Investigations Manual
2. A digital/electronic copy of the FEC Inspector General Audit (Policies and Procedures) Manual
3. A digital/electronic copy of the FEC OIG Telework Policy

We have searched the Agency's records and located the requested documents. Your request has been granted in part subject to an applicable FOIA exemption. Please find attached the FEC Inspector General Audit Manual and the FEC Office of Inspector General Telework Policy.

We are denying your request as to the FEC Inspector General Investigations Manual pursuant to FOIA Exemption 7(E). Exemption 7(E) protects from disclosure law enforcement information that "would disclose techniques and procedures for law enforcement investigations or prosecutions, or would disclose guidelines for law enforcement investigations or prosecutions if such disclosure could reasonably be expected to risk circumvention of the law." 5 U.S.C. § 552(b)(7)(E). The Investigations Manual includes administrative and operational procedures that are used by the OIG to investigate alleged violations of criminal and civil law, as well as administrative claims. Accordingly, pursuant to Exemption 7(E), we have withheld from disclosure all 91 pages of the manual.

You may contact our FOIA Public Liaison, Kate Higginbotham, at (202) 694-1650 for any further assistance and to discuss any aspect of your request. Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows: Office of Government Information Services, National Archives and Records Administration, 8601 Adelphi Road-OGIS, College Park, Maryland 20740-6001, e-mail at ogis@nara.gov; telephone at 202-741-5770; toll free at 1-877-684-6448; or facsimile at 202-741-5769.

If you are not satisfied with the response to this request, you may administratively appeal by writing to the Chief FOIA Officer, Federal Election Commission, 999 E Street, N.W., Washington, DC 20463, or sending an e-mail to foia@fec.gov. Any such appeal should follow the guidelines set forth in the Commission's FOIA regulations at 11 C.F.R. § 4.8. Thank you for contacting the FEC.

Sincerely,
Hina Z. Hussain
FOIA Service Center

Hina Z. Hussain
Attorney
OGC - Administrative Law
Federal Election Commission

FEDERAL ELECTION COMMISSION

OFFICE OF INSPECTOR GENERAL



AUDIT MANUAL

July 2016

Approved: *Lynne A. McDaniel*

Date: 8/11/16

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL**

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**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL**

Revisions Table

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**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Purpose and Mission:****1-00 Purpose**

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Section 1-00: Purpose

The purpose of this chapter is to discuss the Office of Inspector General's (OIG) vision, mission, and organizational structure. This audit manual applies to audits, reviews, and evaluation engagements conducted by or contracted by the Federal Election Commission (FEC) OIG.

Section 1-10: Inspector General Vision and Mission

OIG's vision is to be an agent of positive change striving for continuous improvement in our agency's management and program operations and in our own office.

OIG's mission is to be an independent and objective voice that:

- Conducts and supervises independent and objective audits relating to agency programs and operations;
- Promotes economy, effectiveness and efficiency within the agency;
- Prevents and detects fraud, waste, and abuse in agency programs and operations; and
- Keeps Congress and the Commission fully and currently informed of problems in agency programs and operations.

Section 1-20: Inspector General Authority and Responsibility

The Inspector General Act of 1978 (IG Act), Public Law 95-452, as amended, established the Offices of Inspector General to create independent and objective units to promote economy, efficiency, and effectiveness through the detection and prevention of fraud, waste, abuse, and mismanagement.

To ensure objectivity, the IG Act empowers IGs with:

- Independence to determine what reviews to perform;
- Access to all information necessary for reviews; and
- Authority to publish findings and recommendations based on the reviews.

The IG Act mandates that in carrying out audit responsibilities, the OIG will comply with the *Generally Accepted Government Auditing Standards* (GAGAS), and take appropriate steps to assure that the work performed by contracted non-federal auditors complies with GAGAS. GAGAS is commonly referred to as the “Yellow Book.” FEC OIG will comply with the requirements of the IG Act of 1978, as amended, and conduct assignments in accordance with the standards set forth in GAGAS.

Section 1-30: Inspector General Activities

To further this mission, the OIG engages in the following activities:

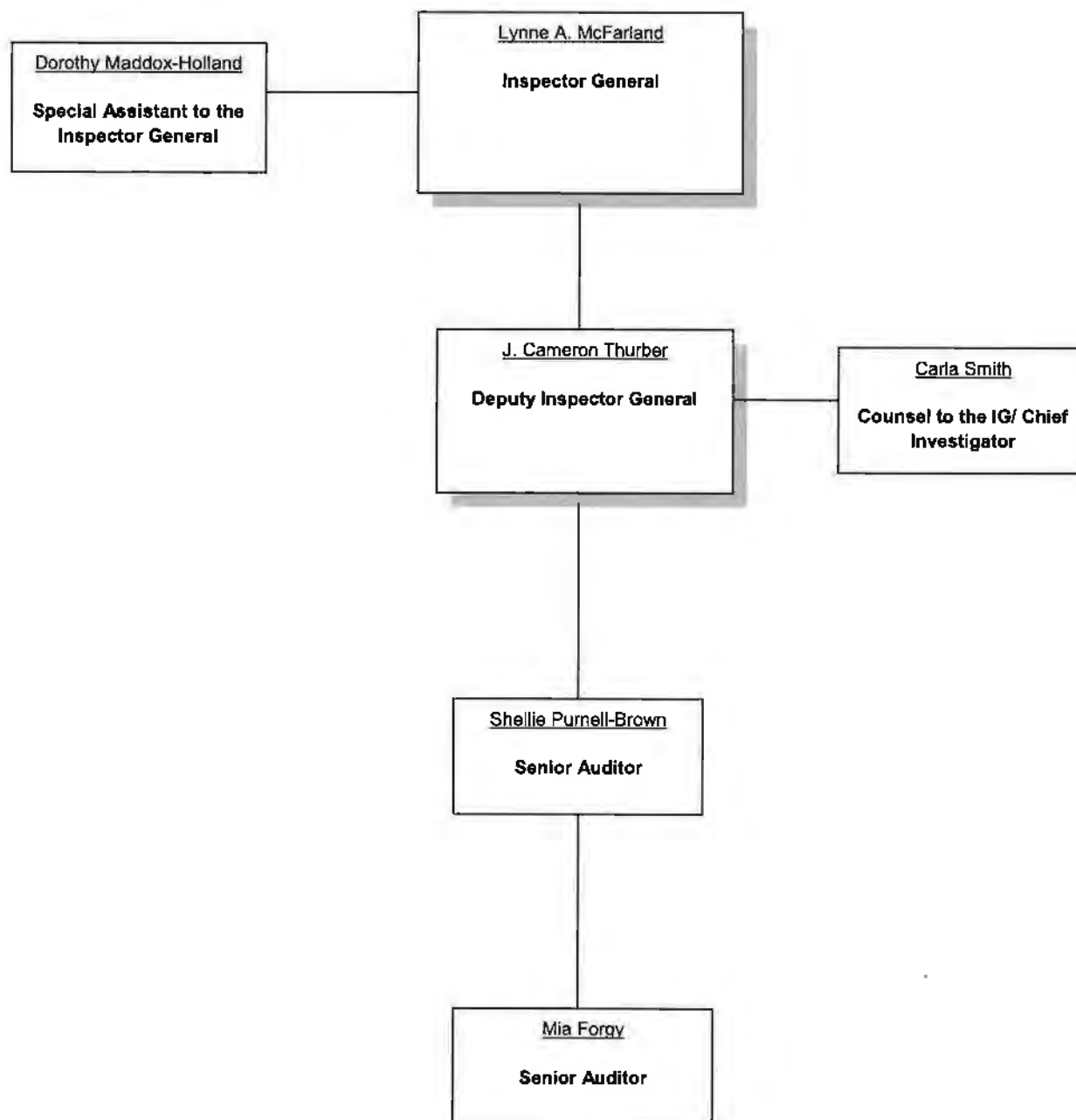
- Conducts and supervises audits (reviews and evaluations) and investigations relating to FEC programs and operations.
- Provides leadership and coordinates policies for activities designed to promote economy, efficiency, and effectiveness in the administration of FEC programs and operations.
- Provides recommendations for FEC programs and operations to aid in detecting and preventing fraud, waste, abuse, and mismanagement.
- Provides a means for keeping the Commission and Congress informed about issues and deficiencies relating to the administration of FEC programs and operations, and the necessity for, and progress of, implementing corrective actions.

Section 1-40: OIG Organizational Structure

The IG establishes the organization's structure and manages all OIG functions and activities, in accordance with the provisions of the IG Act. The IG is responsible for the overall direction and operation of the office; and reports directly to the FEC Commissioners and Congress. Whenever the Inspector General is unable for any reason to perform assigned duties, he/she may designate an individual who is authorized to serve on behalf of the Inspector General. The designated individual will serve as “Acting Inspector General.”

Audit activities are a major component of the OIG. The OIG audit function is comprised of auditors that operate under the supervision of the Deputy Inspector General (DIG) who reports directly to the Inspector General (IG). The DIG is responsible for the overall management and direction of all audits. Specifically, the DIG directly supervises financial, performance, program, and information technology audits, as well as special purpose reviews and evaluation engagements conducted by OIG or contract auditors.

The auditor(s) are responsible for planning and conducting audits and reviews of FEC operations and programs. The auditor(s) shall report audit results to management and recommend improvements and monitor and report on the status of open audit recommendations.

FEC OIG Organizational Chart

Section 1-50: FEC OIG Responsibilities and Duties

FEC OIG performs comprehensive and independent audits of FEC programs and operations. All audits are conducted in accordance with GAGAS, applicable Office of Management and Budget (OMB) circulars and bulletins, and other legal, regulatory, and administrative requirements.

Furthermore, audits (reviews and evaluations) are conducted to detect and prevent fraud, waste, abuse, and mismanagement in FEC programs and operations. OIG also identifies opportunities for improvements to **efficiency, effectiveness and economy** through cost/benefit analysis, effective disbursement of funds, and improved program management through the implementation of regulatory policy changes and recommendations for corrective actions, including recovery of funds.

OIG maintains an organizational structure that makes optimum use of available resources. The organizational structure fosters a coordinated balance and integration of OIG mission, goals, and objectives.

FEC OIG conducts comprehensive audits (reviews and evaluations) of FEC programs, operations, and non-governmental organizations, such as FEC contractors. In addition, the OIG has inherent responsibility for the comprehensive audit of the FEC's financial statements.

Finally, OIG provides policy direction and coordination within the context of an annual audit strategy.

Section 1-60: Audit Functions

OIG's major audit functions are to:

- Provide service by performing financial, performance, program, and information technology audits, as well as special purpose reviews and evaluation engagements.
- Develop policies, procedures, standards, and criteria for auditing and evaluating FEC activities.
- Work with other federal agencies on special or joint projects.
- Review legislative and regulatory proposals to determine audit or evaluation implications.
- Participate in interagency cooperative efforts, such as the Council of Inspectors General on Integrity and Efficiency (CIGIE) and other initiatives that impact our understanding and management of the detection and prevention of fraud, waste, abuse, and mismanagement.
- Evaluate audits performed by contracted independent accounting firms.
- Prepare and disseminate audit and evaluation reports or special purpose reviews to FEC management, Commissioners, and Congress.
- Provide technical assistance to FEC operating personnel.
- Accumulate data on unresolved audit findings.
- Report audit results in semiannual reports to Congress.
- Conduct follow-up audits to determine completeness and propriety of actions taken in response to reported findings and audit recommendations.

Section 1-70: Maintaining External Liaisons

In accordance with the IG Act, as amended, the primary responsibility for auditing the FEC rests with the IG. Inspector Generals are to avoid duplication of effort to ensure effective coordination and cooperation with the Government Accountability Office (GAO). FEC OIG personnel should maintain liaisons with external representatives and stakeholders, such as CIGIE, OMB, and others.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Audit Policy and Standards:****2-00 Purpose**

10 Audit Standards, Definitions, and Requirements

20 Audit Policy

Section 2-00: Purpose

This chapter identifies the policies, procedures, standards, and technical guidance the FEC OIG will follow in planning and conducting government audits (reviews and evaluations).

The standards, definitions, and requirements contained herein, are designed to assist the OIG to achieve its vision and mission goals. This chapter is intended to be consistent with the provisions of the Generally Accepted Government Auditing Standards (GAGAS) or “Yellow Book” and to ensure that audit services conducted by or on behalf of the OIG are performed with competence, integrity, objectivity and independence.¹

Section 2-10: Audit Standards, Definitions, and Requirements

All audits will be conducted in accordance with the provisions of GAGAS. These standards are designed to set the tone for the use of professional judgment towards the auditors’ objectivity in performing work on a wide variety of assignments. See Audit Manual, Chapter 3, General Standards, and Chapter 7, Supervising Engagements, regarding additional GAGAS requirements regarding audit standards, definitions, and requirements. The Government Accountability Office (GAO) establishes the provisions of GAGAS. The Yellow Book, as revised, applies to all audits of government activities, whether performed by federal, state, or local government auditors, independent public accountants, or others qualified to perform such work.

By reference, GAGAS incorporates the auditing standards for fieldwork and reporting for financial audits, issued by the American Institute of Certified Public Accountants (AICPA), and provides the basic criteria upon which the OIG audit coverage and operations are based.

¹ See GAGAS, December 2011 revision, Chapter 1, Section 1.04 at <http://www.gao.gov/assets/590/587281.pdf>

Chapter 2 in the Yellow Book classifies audits as financial, attestation engagements, and performance. The FEC OIG conducts financial and performance audits. Financial audits include financial statements and other services covered by the AICPA's *Statement of Auditing*

Standards. The FEC OIG monitors independent public accountants to perform the FEC's annual financial statement audit. Performance audits include an objective and systematic examination of evidence to provide an independent assessment of performance and management. These audits consist of program effectiveness and results; economy and efficiency; internal control; compliance; and program audits.

FEC OIG is guided by the:

- Inspector General Act of 1978 (IG Act), as amended, which requires that audits comply with standards established by the Comptroller General of the United States (Yellow Book) for audits of Federal establishments, organizations, programs, activities, and functions.
- Financial Audit Manual's provisions issued and revised by GAO/CIGIE for financial statement audits, which are performed in accordance with the Chief Financial Officers Act of 1990.
- Office of Management and Budget (OMB) has issued various circulars that require audits to be conducted in accordance with GAGAS, or otherwise affect how audits of FEC programs and operations are to be conducted. Where the FEC is specifically exempt from OMB direction, the OIG will consider whether it is in the best interest of the organization to comply with OMB guidance.

Section 2-20: Audit Policy

FEC OIG will stay abreast of the procedures and practices that are followed in audits of FEC programs and operations. OIG will initiate the necessary action as needed to ensure compliance with governing standards.

OIG will maintain an internal quality control and assurance system that is designed to provide reasonable assurance that applicable laws, regulations, policies, procedures, standards, and other requirements are followed, when conducting audits (reviews and evaluations) by, or on behalf of, the OIG. See Audit Manual, Chapter 19, Quality Control and Assurance Program.

**FEDERAL ELECTION COMMISSION
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AUDIT MANUAL****General Standards:****3-00 Purpose****10 Audit Standards****20 Office of Inspector General Audit Policy****30 Independence General Standard and Policy****40 Impairments to Independence****50 Scope Impairments****60 Procedures for Denial of Access to Records****70 Delays to Access to Records****80 Professional Judgment Standard and Policy****90 Competence Standard and Policy****100 Technical Knowledge and Competence****110 Financial Audit Qualifications****120 Quality Control and Assurance Standards and Policy**

Section 3-00: Purpose

This chapter identifies the general standards applicable to the OIG in conducting audits, reviews, and evaluation engagements. The chapter also provides guidance on the audit staff's criteria relating to personal impairments, recruitment, staff development, and continuing professional education.

Section 3-10: Audit Standards

The U.S. Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS), as revised in December 2011 define general standards.

General standards concern the fundamental requirements to ensure the credibility of the auditors' work results. General standards encompass the:

- Independence of the audit organization and its individual auditors;
- Exercise of professional judgment in the performance of work and the preparation of related reports;
- Competence of audit staff, including the need for their continuing professional education; and
- Existence of quality control and assurance systems and external peer reviews.

Section 3-20: Office of Inspector General Audit Policy

The Inspector General Act of 1978 (IG Act) requires Inspectors General (IGs) to adhere to GAGAS. Consistent with the requirements, FEC OIG policy requires auditors to know the Yellow Book standards and apply them consistently in performing audit work. Title 4, Sec. 5(b)(1) of the Act requires IGs to:

- (A) *Comply with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions;...[and]*
- (C) *Take appropriate steps to ensure that any work performed by non-Federal auditors complies with the standards established by the Comptroller General as described in paragraph (1).*

Section 3-30: Independence General Standard and Policy

This section sets forth the policies and procedures relative to independence. To be effective, FEC OIG must be independent, both in mind and appearance, from knowledgeable third parties. OIG opinions, conclusions, judgments, and recommendations must be presented and viewed as impartial. Impairments should be identified and explained in the scope section of the audit program and report, which should address their impact on the audit or evaluation results.

GAGAS, December 2011, Chapter 3.02, provides guidance on the standard of independence. It states that:

In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be independent.

OIG staff involved in performing or supervising audit (review and evaluation) assignments must be free from all impairments to their independence. They must consistently maintain independence, both in mind and appearance, and strive to avoid situations that could lead knowledgeable third parties to doubt their independence.

The Deputy Inspector General (DIG) and audit staff is responsible for scheduling audits. Hence, they must avoid assigning staff, specialists, and contractors to assignments, where there is any indication that the individuals may have a personal impairment to independence. To ensure that all assigned staff are independent of each assignment, the OIG staff must complete an *Independence Form* (See attachment #1) for each audit. This form will be included as a workpaper in the planning section of each audit.

In situations where the Federal auditor, because of legislative requirements, or for other reasons, cannot decline to perform the work, the impairment(s) will be reported in the scope section of the report.

When using the work of a specialist or a contractor, they are considered an OIG representative. Accordingly, the DIG or audit staff will assess the specialist's or contractor's ability to perform the work and report the results impartially. In conducting this assessment, OIG will obtain assurance of independence; the specialists and contractors must sign an *Independence Form* (See attachment #1) certifying that they are free from all personal impairments to independence.

If the specialist's or contractor's independence is impaired, they will not be allowed to do the work.

Section 3-40: Impairments to Independence

Auditors should apply the conceptual framework approach to Independence identified in GAS 3.20 -3.26 at the audit organization, audit, and individual auditor level to determine if there is an impairment to independence. Government audit organizations are presumed to be free from impairments to independence for the purpose of external and internal reporting. The FEC OIG reports directly to the Commissioners. Thus, OIG is considered organizationally independent as required under the IG Act.

According to GAGAS, December 2011, Chapter 3.07:

Many different circumstances, or combination of circumstances, are relevant in evaluation threats to independence. Therefore, GAGAS establishes a conceptual framework that auditors use to identify, evaluate, and apply safeguards to address threats to independence. The conceptual framework assists auditors in maintaining both independence of mind and in appearance. It can be applied to many variations in circumstances that create threats to independence and allows auditors to address threats to independence that result from activities that are not specifically prohibited by GAGAS.

If, at the start of an audit or any time during audit fieldwork, impairment to an auditor's or contractor's independence occurs, or there is a threat to independence, staff must notify the DIG or IG immediately. Auditors, in consultation with the DIG or IG, will take the necessary steps to apply the conceptual framework. The auditor should evaluate the threats in accordance with GAS 3.14 individually and in aggregate to apply the appropriate safeguard (GAS 3.16 – 3.19) to eliminate or reduce the threat to an acceptable level. In the event no safeguards are available to eliminate or reduce the threat to an acceptable level, independence is considered impaired. The IG or DIG is responsible for taking appropriate corrective actions when a contractor's or staff's independence is deemed impaired.

In the event an impairment to independence is realized after the release of an audit report, and the impairment would have an impact on the results presented in the audit report, the DIG/IG should communicate the impairment to those charged with governance, the auditee, and any other users of the audit report. Publicly released reports should be removed and replaced with a public notification that the report was removed, citing the reason. The auditor should then determine if additional work is necessary to issue a revised report or repost the original report if the additional work does not result in a change to the report's findings or conclusions.

Section 3-50: Scope Impairments

Scope impairments are factors external to the organization that restrict audit work or interfere with the auditor's ability to form objective opinions and conclusions.

An impairment example might be the refusal to access information, such as books, records, supporting documentation, and the denial to interview key officials or employees, provided this

information is needed to meet the audit or evaluation objectives. All reasonable means available, including serving a writ of subpoena, should be used to remove such scope impairments.

Section 3-60: Procedures for Denial of Access to Records

Overall, if access to information needed to perform the audit (review and evaluation) is denied, auditors requesting the information should immediately notify the DIG. The DIG will notify the IG and IG Legal Counsel for resolution and legal counsel.

Audit staff that is refused access to needed records will prepare a summary workpaper to describe the circumstances surrounding the refusal of access. The summary should include the following:

- Date and time the records were requested;
- Description of the records requested;
- Date and time of refusal;
- Title and name of the official refusing the access and his/her justification for the refusal, if known; and
- Specific impact the refusal to access has on the findings, results, and conclusions being developed.

Auditors should attempt to resolve the issue by meeting with the person in charge of the office that refused the access, and advising them of the OIG's authority to access needed records. Auditors will document results of the meeting in the workpapers, indicating whether access to records is still denied and describing the reasons for the continued denial, if applicable. Additionally, the auditors must inform the DIG of the problem and resolution.

If access continues to be denied, the DIG will meet with the auditor(s) to obtain a full understanding of what information was requested and why it is needed to complete the assignment. The DIG should then first communicate by telephone, or in person, then follow with a written memorandum to the next highest official in the office that denied the access, advising the official of the importance for the OIG to access the records.

If the problem is not resolved, the DIG will consult with the IG and OIG Legal Counsel to advise them of the denial of access to records and to coordinate the next steps in resolving the problem. If the problem cannot be resolved, the IG will determine whether to advance the matter to the Commission. The IG may issue a letter to the Commission informing them of the denial of access to records. The letter will include a complete description of the actions taken to date to resolve the problem and the relevancy of the records denied to the auditors' meeting the objectives of the assignment.

Section 3-70: Delays in Access to Records

Inordinate delays in obtaining access to records may also negatively affect the continuity of an audit, evaluation, and review engagement. For records that should be readily accessible, delays exceeding 10 calendar days may be considered excessive. Further, in all delays, auditors should use their experience, knowledge, and audit expertise to determine the reasonableness of the delay. When delays in obtaining records, documents, or other material

are unreasonable, auditors will follow the process described in Section 3-60, Procedures for Denial of Access to Records.

Section 3-80: Professional Judgment Standard and Policy

This section sets forth the policies and procedures relative to professional judgment. Professional judgment requires auditors to exercise professional skepticism, which is an attitude that includes a questioning mind and a critical assessment of evidence. The general standard related to professional judgment is GAGAS, December 2011, Chapter 3.60:

Auditors must use professional judgment in planning and performing audits and attestation engagements and in reporting the results.

GAGAS, December 2011, Chapter 3.61, provides guidance on the standard of professional judgment. The standard requires auditors to exercise reasonable care and professional skepticism.

In accordance with the referenced standards for professional judgment, auditors performing work under GAGAS will adhere to the outlined standards. Auditors that perform work in accordance with GAGAS standards must justify departures from the standards in the scope and methodology section of the audit program and report and obtain approval from the IG or DIG.

Auditors will use professional judgment in:

- Determining the type of assignment to be performed and the standards that apply to their work;
- Defining the scope of their work;
- Selecting the methodology for their work;
- Determining the type and amount of evidence to be gathered; and
- Choosing the tests and procedures for their work.

Auditors will apply professional judgment in performing tests and procedures when evaluating and reporting the audit or evaluation results. Auditors will gather and evaluate evidence throughout the assignment. Thus, auditors must exercise professional skepticism throughout the assignment.

The FEC OIG will use professional judgment in determining whether a non-audit service would impair the OIG's independence. Prior to conducting a non-audit service, the FEC OIG will assess if the requested non-audit service will:

- Involve performing management functions or making management decisions;
- Cause the OIG to audit work produced by the OIG; or
- Cause the OIG to perform services significant or material to the subject matter.

Section 3-90: Competence Standard and Policy

This section sets forth policies and procedures relative to the standard of competence. The general standard related to competence is:

The staff assigned to perform the audit or attestation engagement must collectively possess adequate professional competence needed to address the audit objectives and perform the work in accordance with GAGAS. (GAGAS, December 2011 revision, Chapter 3.69)

GAGAS, December 2011, Chapters 3.69 – 3.71, provide guidance on competence. This standard places responsibility on audit organizations to ensure that each audit or attestation engagement is performed by staff that *collectively* have the technical knowledge, skills, and experience necessary for the assignment. OIG will adhere to the competence standard by establishing and maintaining an effective program of professional development, continuing professional education, and training for all auditors. See Audit Manual, Chapter 4, Staff Qualifications and Continuing Professional Education.

The IG or DIG will assign newly recruited staff to a project based on the needs of the office; and training attended, experience, and the special skills of the new auditor. In addition to the auditor's experience and qualifications, when possible, the IG or DIG will obtain and document a list of previously attended training by the newly hired auditor.

Section 3-100: Technical Knowledge and Competence

Audit management should ensure that staff members assigned to conduct an audit engagement under GAGAS collectively possess the technical knowledge, skills, abilities, and experience necessary to be competent for the type of work being performed before beginning work on that assignment.

FEC OIG 511 series auditors are required to have at least 24 semester hours in accounting (may include up to 6 hours in business law), or meet requirements for the 511 series as stipulated by the Office of Personnel Management. All audits are staffed with an experienced auditor and/or adequate supervision to monitor the work product of the auditors to ensure that the audit team is competent to perform the audit assignment.

Refer to GAGAS, December 2011, Chapter 3.72, for additional information on the technical knowledge, skills, and experience necessary to be competent for the type of working being performed.

Section 3-110: Financial Audit Engagement Qualifications

Staff performing financial audits should be:

Knowledgeable in U.S. Generally Accepted Accounting Principles (GAAP), or with applicable financial reporting framework being used, and the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards (SAS) and they should be competent in applying these SASs to the audit work. (GAGAS, December 2011 revision, Chapter 3.73)

The FEC OIG contracts with an independent public accounting firm (IPA) to conduct the FEC's annual financial statement audit, and may enter into contracts for other financial audits. The IPA, under contract with the OIG, is required to conduct the audit in accordance with GAGAS.

The OIG ensures the IPA's compliance of GAGAS throughout the audit process. The FEC OIG completes the *Audit Quality Assurance Checklist*. (See attachment #2)

Section 3-120: Quality Control and Assurance Standards

GAGAS, December 2011, Chapter 3.82, is the general standard related to quality control and assurance and states that:

Each audit organization performing audits in accordance with GAGAS must:

- a. establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements; and*
- b. have an external peer review performed by reviewers independent of the audit organization being reviewed at least once every 3 years.*

In accordance with the referenced standards for quality control and assurance, the FEC OIG has established an internal quality control and assurance system and will undergo an external peer review at least once every 3 years. See Audit Manual, Chapter 19, Quality Control and Assurance Program.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Staff Qualifications and Continuing Professional Education:****4-00 Purpose**

10 Standards

20 Policy

30 Staff Qualifications

40 Criteria for Continuing Professional Education

50 Training Responsibilities

Section 4-00: Purpose

This chapter sets forth the policies and procedures relating to the OIG's staff qualifications and continuing professional education (CPE) requirements.

Section 4-10: Standards

Staff qualifications and continuing professional education requirements are contained in the Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS) and *Guidance on GAGAS Requirements for Continuing Professional Education*.

Section 4-20: Policy

The OIG staff members who are responsible for planning, directing, conducting, or reporting on the results of audits (reviews and evaluations) will comply with GAGAS CPE requirements.

All auditors will adhere to the standard of competence. FEC OIG will establish procedures for professional development and continuing professional education for all auditors. The primary objectives of the policy and procedures are to maintain professional proficiency and ensure compliance with the CPE requirements as prescribed by GAGAS.

Auditors will complete at least 80 hours of CPE credits in a two year period that directly enhance the auditor's professional proficiency to perform audit engagements.

At least 24 of the 80 CPE hours will be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

FEC OIG has adopted a 2-year period that follows the calendar year, and starts on even years (for example, 2010-2011). Auditors employed with OIG for less than the 2-year reporting period are required to meet a pro-rata share of CPE hours.

Section 4-30: Staff Qualifications

During the hiring process, the OIG must verify that all qualified auditors have obtained a minimum of 24 college credit hours of accounting/auditing as required by OPM's 511 series. In addition to the minimum credit hours, the OIG will in some instances require a writing sample regarding an audit issue to assess the level of audit knowledge and writing ability.

Auditors will possess the necessary knowledge, skills, and abilities (KSAs) to successfully carry out auditing responsibilities. KSAs are obtained through on-the-job training (OJT) and experience, formal in-house training, training obtained from outside sources, and other professional development activities.

The level of proficiency required for each qualification of KSAs is dependent upon an individual's grade and specific job responsibilities.

In the event the OIG staff does not possess the necessary KSAs to conduct a specific GAGAS audit, the FEC OIG will contract with a vendor or enter an agreement with another OIG possessing the necessary skill set and knowledge to assist or participate in the audit to ensure the staff assigned to conduct the audit collectively possess the technical knowledge to be competent in performing the audit work.

Section 4-40: Criteria for Continuing Professional Education

OIG's professional development, CPE, and OJT training and procedures are designed to maintain and enhance OIG staff's knowledge, skills, and abilities in areas applicable to the discipline where they are assigned. GAO's *Guidance on GAGAS Requirements for Continuing Professional Education*, April 2005, provides specific guidance on:

- What qualifies as acceptable CPE credits (paragraphs 15 – 23; 25-26).
- What does not qualify as acceptable CPE credits (paragraph 24).
- Measuring CPE hours (paragraphs 27 – 32).

For the purpose of meeting GAGAS standards, it is important to note that OJT training does not qualify for CPE credits. However, some mandatory agency training (i.e., Security Awareness, Hatch Act, etc.) and Office of Information Technology (IT) monthly IT training can qualify for CPE credits if they meet the qualification categories identified in the GAO's *Guidance on GAGAS Requirements for Continuing Professional Education*, April 2005.

A more comprehensive listing of subjects that satisfy the 80 hour CPE requirement can be found in paragraphs 18 and 19 of GAO's *Guidance on GAGAS Requirements for Continuing Professional Education*. This guidance can be found on GAO's website.¹

Section 4-50: Training Responsibilities

Managers and staff have a joint responsibility for ensuring conformity with the CPE requirements. In seeking CPE opportunities, auditors are responsible, in conjunction with the organization, for successfully completing CPE programs and activities, and providing documentation of the CPE hours completed.

<http://www.gao.gov/govaud/ybcpe2005.pdf>

The Special Assistant to the IG is responsible for recording and maintaining appropriate documentation of training for auditors. The OIG staff is responsible for tracking their progress toward meeting CPE requirements.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Annual Audit Planning:****5-00 Purpose****10 Standards****20 Policy****30 Audit Planning Process****40 Flexibility and the Audit Plan**

Section 5-00: Purpose

Audit planning is the first phase of the audit engagement process. The OIG should continuously strive to better understand the audit environment and assess risks. Planning should focus resources on high risk areas, while satisfying statutory and regulatory requirements and stakeholder requests. Planning is critical to accomplishing the mission of the OIG, as envisioned in the Inspector General Act of 1978 (IG Act), as amended. This chapter sets forth the policies and procedures used by the FEC OIG to properly conduct the audit planning process, to include appropriate audit coverage, consistency, and quality.

Section 5-10: Standards

GAGAS requires the OIG to adhere to the overall standard for assessing risk (GAS 6.05) and adequately planning an audit (GAS 6.06). The OIG conducts an annual all day brainstorming and planning session to identify and assess the audit universe. The OIG conducts a risk analysis by taking the audit segments of the audit universe and rating the risk factors for each to identify high risk areas. The identified ratings and other factors (previous audits, management corrective action of prior findings, etc.) then help the OIG determine what to include in the annual work plan.

Section 5-20: Policy

The OIG will develop a flexible annual audit plan that focuses on the agency's risk areas identified during the annual OIG brainstorming session. The annual planning session will result in a list of potential audits, inspections/reviews, projects, and investigative projects based on a risk assessment that considers risk factors.

Section 5-30: Audit Planning Process

The development of the annual audit/work plan is as follow:

- Request input from the agency's staff for audit ideas and suggestions, and areas of potential risk for fraud, waste, and/or abuse to include as audit segments to the OIG's audit universe

- Identify any hotline complaints that can be included as an audit segment for review.
 - Conduct the OIG's annual brainstorming/planning session with the entire OIG staff.
 - Update the audit universe (if needed) and identify the priority levels of the audit segments based on the following risk factors*:
 - agency goals and mission
 - materiality to agency budget
 - management/Congressional Interest
 - previous audits conducted (internal and external);
 - adequacy of internal controls systems;
 - Congressional/Legal requirements (i.e. annual financial statement audit);
 - fraud risk
 - program characteristics
 - observations of program management;
- * Risk factors are subject to change.
- Collaborate with the OIG's Chief Investigator to leverage work, ensure adequate coverage, and avoid duplication of efforts.
 - Identify mandatory OIG projects/task throughout the year to ensure adequate timing for planned audits, inspections/reviews, projects, and investigations.
 - The IG and Deputy IG identify resource requirements for ongoing and planned audits, including staffing availability, scheduling, etc., necessary to accomplish the assignments included in the audit plan.
 - The formal plan is developed by the Deputy IG and prepared before the start of the new fiscal year and may be revised, as necessary, during the year. The IG and the Deputy IG finalize the audit/work plan. The plan is issued to the Commission, posted to the OIG's FECNet intranet page accessible to FEC employees, posted to the OIG's Web site, and included in the Semiannual Report to Congress.
 - Planned audits, inspections/reviews, and projects are included in each individual auditor's performance plan based on their level of risk, OIG priorities, and available resources.

Section 5-40: Flexibility and the Audit Plan

Factors will likely arise that result in revisions to the OIG's annual audit/work plan. Hence, the annual audit plan is designed to be flexible and can be changed to provide for unforeseen audit priorities, while ensuring the plan's relevance, timeliness, and purpose.

Requests for the revisions or additions to the audit/work plan should be coordinated with the Deputy IG and discussed with the IG. Documentation should be maintained to include a detailed explanation of the reason(s) why the change is needed.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Engagement Planning:**

- 6-00 Purpose
 - 10 Standards
 - 20 Policy
 - 30 External Stakeholders
 - 40 Planning
 - 50 Entrance Conference
 - 60 Audit Survey
 - 70 Audit Program
 - 80 Fieldwork, Data Collection, and Analysis
 - 90 Meetings
 - 100 Reporting

Section 6-00: Purpose

Planning is critical to the success of the OIG's audits, reviews, and evaluations, because it allows auditors to obtain an understanding of an organization's programs and operations and develop an overall strategy to conduct the audit. This chapter sets forth the OIG's policies and procedures for planning audits.

Section 6-10: Standards

OIG engagements are conducted in accordance with the Government Audit Standards issued by the Comptroller General of the U.S. (the "Yellow Book"). These standards are referred to as the Generally Accepted Government Auditing Standards (GAGAS). These standards provide the guidance and standards for audit and attestation engagements of government entities, programs, operations, activities, and functions and of government assistance administered by contractors, nonprofit entities, and other nongovernmental entities. GAGAS standards incorporate professional auditing standards issued by the American Institute of Certified Public Accountants (AICPA).

Section 6-20: Policy

The OIG plans audit engagements in compliance with GAGAS requirements and standards and the OIG's internal audit process. All work will be coordinated, researched, designed, and conducted to achieve the stated objectives.

Section 6-30: External Stakeholders

Stakeholders are both internal and external to the OIG. Stakeholders consist of Congress, the Commission, key FEC management, and any other persons within the FEC that are impacted by OIG's work.

Section 6-40: Planning

The GAGAS fieldwork standards related to audit planning are found in GAGAS, Chapter 6, "Field Work Standards for Performance Audits."

Regardless of the type of audit that is preformed, the following general procedures should be followed:

- *Auditor Verification of Independence:* Auditors will each sign an *Independence Form* to attest their independence from personal impairment. Please refer to GAGAS, Chapter 3, General Standards, for detailed guidance on independence standards.¹ Also, please refer to Attachment #1 for copy of the independence form.
- *Audit Program:* The auditors will develop an audit program based on identified audit risk, policies and procedures, applicable laws and regulations, and any additional research or survey work conducted by the auditors.
- *Notification Memorandum:* Provides official notification that OIG will begin in-depth audit work. The auditor-in-charge must ensure a notification memorandum is sent to the auditee at the beginning of each assignment.

The announcement memorandum identifies the key auditor(s), and clearly identifies the objectives and scope of the assignment. The notification memorandum is prepared for each audit in conformance with GAGAS. The notification memorandum's format will include the following items:

- Origin of audit issue.
 - Audit project title, objectives, scope, and methodology.
 - General description of the audit project, such as the nature, timing, and extent of planned testing and reporting.
 - Names of the auditor(s) conducting the audit.
- *Planning Phase Documentation:* Throughout the planning phase of the engagement, the audit team will document the planning process in the OIG electronic workpaper application (TeamMate). The audit documentation should consist of:
 - The *Independence Form* signed and dated by all auditors;
 - *Notification memorandum* sent to the auditee management officials;
 - *Entrance conference* agenda w/ minutes (if any); and
 - *Audit program* w/ supervisory approval.

¹ <http://www.gao.gov/assets/590/587281.pdf>

Section 6-50: Entrance Conference

The auditors will conduct an entrance conference meeting with FEC management officials and appropriate staff. Entrance conference meetings enable the audit team to discuss:

- OIG's role and responsibilities;
- Audit issue(s), objectives, and milestones; and
- Key resources, such as personnel, supporting documentation, or data requirements.

The auditor-in-charge will arrange the date and time of the entrance conference with the auditee's designated point of contact and/or with management officials.

In the financial statement audit or other contracted audit, the entrance conference meeting would be with the IPA contractors, FEC management, and the OIG.

Section 6-60: Audit Survey

Prior to some audits, the FEC OIG will perform an audit survey. An *audit survey* or *preliminary survey* is the process of gathering information without detailed verification of the auditee's organization, program, operation, activity, functions, etc. The survey is conducted at the beginning of a project, in a relatively short period of time and is used to determine the nature and purpose of the auditee's programs, operations, activities, and/or functions, and also to gain an understanding of its management or internal controls, etc.

The audit survey is directed to identify areas of materiality or sensitivity, known problems, key operational features that are difficult to control, and areas that may be subject to possible fraud, waste, abuse, or mismanagement. Survey results are used to develop the audit program, estimate the time needed to complete the fieldwork, and plan the scope of subsequent work. A survey that is conducted as part of an audit engagement must comply with GAGAS and OIG policy and procedures.

During the audit survey, the audit team also conducts research, coordinates with internal and external organizations, obtains documentation, and reviews regulations, laws, and policy, etc. The audit team will use the survey results to gain an understanding of the audit issue, and assist in the depth and direction of the audit test steps. In some instances, the survey results could determine whether to conduct a full audit, management review, program evaluation, or whether to issue a white paper report or a memorandum letter to management.

In some instances, audit surveys may be conducted during fieldwork by the audit team. The audit team may conduct audit surveys during fieldwork to verify the accuracy of documentation provided by management; or compile testing data that is not recorded or adequately maintained by management.

Section 6-70: Audit Program

An audit program is prepared for all audits. The audit program documents and describes procedures an audit team will use to accomplish the engagement objectives, and summarizes the work to be performed.

The procedures and steps included in the audit program are merely a guide and are not intended to be an all inclusive program for completion of an audit. During an engagement, the

audit program is updated to reflect *significant* changes that arise in regards to audit objectives and steps. All audit programs will be approved by the IG or Deputy IG. The audit program will be maintained with the planning workpapers in TeamMate.

Auditors should develop specific audit steps and procedures based on:

- Auditee programs, operations, activities and/or functions.
- Audit objectives, scope, and methodology.
- Special circumstances encountered during the survey.
- Governing laws and regulations.

As appropriate, the auditor-in-charge shall consult with the IG Counsel/Chief Investigator during the planning phase of the audit for legal guidance, and to ensure the Chief Investigator is made aware of all planned audits.

Section 6-80: Fieldwork, Data Collection, and Analysis

The data collection and analysis phase of the audit focuses on conducting fieldwork to collect documentation the audit team needs to achieve the audit objectives, and to support findings, results, conclusions, and recommendations, in accordance with the Audit Manual, Chapter 14, Electronic Working Papers and Documentation. The team will analyze and verify gathered data, and where possible will identify the root cause and effect of the findings. The team will fully develop findings identified during the survey and fieldwork phase of the project

Section 6-90: Meetings

Prior to conducting the exit conference and drafting the audit report, the audit team and IG or Deputy IG will meet with management officials to discuss the identified issues and clarify the tone and message of the draft report. The status meeting helps with the focus on the draft report's message development. The primary purpose of the status meeting is to confirm that management understands all the audit findings and receive any feedback from management regarding inconsistent or inaccurate audit information that may need to be adjusted for the development of the draft report.

The use of the status meeting should improve the timeliness of the OIG's work product and result in fewer changes to the draft report, because all the audit participants will have had a chance to review and discuss all the issues that the OIG has identified during the audit and that will be presented in the audit report. One or more formal status meetings shall be held during the audit, and the auditor-in-charge should ensure informal communications are held with the auditee throughout the audit to ensure the auditee is kept informed about the progress and findings of the audit.

Before the status meeting, the audit team will submit to the DIG and/or IG the detailed audit exceptions OR the developed Notice of Findings and Recommendations (NFRs) that include the condition, cause, effect, criteria, and OIG recommendations for all issues identified during the audit.

Section 6-100: Reporting

The reporting phase of an audit consists of the audit team holding periodic informal meetings, conducting an exit conference with management, preparing the draft report, receiving management's comments, and finalizing the audit report, in accordance with GAGAS and OIG's Audit Manual. See the Audit Manual, Chapter 17, Reporting Audit Results.

OIG reports are cohesive and comprehensive documents that are written *after* fieldwork is completed and workpapers have been prepared with supervisory review and sign-off. Team members may begin to write section summaries for the draft report, once audit steps and the summary workpapers are completed.

Upon the completion of fieldwork and the status meeting(s), the audit team will hold a formal exit conference (mandatory for audits only) with the auditee. Typically, prior to, or at the exit conference, the OIG will provide management with a draft report for review. At the exit conference, the audit team and management will discuss the content of the draft report. However, the audit team should emphasize that the OIG's draft report is subject to change, based on the results of the exit conference and any further analysis and research conducted by the audit team based on the exit conference.

AUDIT REPORT FORMAT

The OIG's audit reports consist of a standard structure that should be contained on all audit reports issued. The Deputy IG, or IG may decide on deviation(s) from the prescribed report format, depending on the type of report that is issued, i.e., memorandum report, standard report, etc. Below are the typical headings and subheading(s) that will be used to develop the audit reports and comply with GAGAS standards:

- Executive Summary
- Background
- Objectives, Scope, and Methodology
- Audit Findings and Recommendations
- Conclusions
- Summary Table of Findings and Recommendations with Management Response
- Views of Responsible Management Officials
- Appendix/Exhibits (if applicable)

A transmittal letter will be attached with each audit report. The first page of all reports will be the OIG's coversheet which includes the name of the audit, audit assignment number, and the month and year the audit report was released. The page following the coversheet will always be the table of contents. The last page of the report will be the OIG's standard back-coversheet that lists the OIG's contact information.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Supervising Engagements:**

- 7-00 Purpose
 - 10 Standards
 - 20 Policy
 - 30 Overview
 - 40 Responsibilities
 - 50 Inspector General/Deputy Inspector General
 - 60 Auditor-in-Charge

Section 7-00: Purpose

This chapter sets forth the OIG's policies and procedures for supervisory responsibilities.

Section 7-10: Standards

The GAGAS standards require audit staff to be properly supervised. Supervision involves directing the efforts of auditors and others that are involved in the audit, including internal and external consultants and specialists, to ascertain whether the audit objectives are being accomplished. Elements of supervision include providing sufficient guidance to staff members, keeping informed of significant problems encountered, reviewing the work performed, and providing effective on-the-job training.

Section 7-20: Policy

Auditors will fully comply with the supervisory requirements contained in GAGAS. OIG operates under an integrated audit concept, in which all levels of supervision are involved in ongoing audit activities. This concept, known as the team approach, requires timely communications, full cooperation, and professional due diligence at each supervisory level.

Section 7-30: Overview

Properly supervising the job from the planning phase to reporting phase is the most effective way to ensure the quality of an engagement and to expedite its progress. Supervision adds guidance to the work performed by the audit staff and facilitates on-the-job training.

Timely and complete two-way communication is the cornerstone of proper supervision. Accordingly, supervisors must clearly convey their expectations to their audit staff. Similarly, the audit staff must keep supervisors currently and fully informed of significant audit activities. Also, supervisors should deal with changing priorities of audit matters in a timely manner, and ensure the audit staff is kept apprised of these changes.

Supervisory review of workpapers should be timely and thorough to ensure:

- Objectives are established at the start of the assignment, communicated to the audit team, and adjusted based on new developments.
- Engagements are staffed by qualified personnel, who collectively have the knowledge, skills, and abilities to perform the audit.
- An audit program is prepared and approved.
- The audit program is followed, unless deviation(s) to the audit program is justified and authorized.
- Audit sampling plans are prepared and documented.
- Audits are performed in accordance with GAGAS standards. If during the work, the audit team determines it is unable to follow GAGAS, the workpapers must contain the:
 - (1) Reasons for not following GAGAS, and
 - (2) Approval of the Deputy IG or IG.
- Workpapers must contain sufficient information to enable an experienced auditor, who has no connection with the audit, to ascertain that the evidence reasonably supports the auditors' significant judgments and opinions.
- Workpapers must provide reasonable basis to support the findings, results, conclusions, and recommendations.

Section 7-40: Responsibilities

Supervisory duties and responsibilities are covered in detail within the applicable audit staff and management position descriptions. The position descriptions delineate specific duties at each audit staff and management level: Deputy IG, Senior Auditor, and Staff Auditor.

Section 7-50: Inspector General/Deputy Inspector General

The Inspector General (IG) is responsible for the overall management and direction of audits conducted by the OIG. The IG approves the planned audits and reviews the draft and final audit products. Further, the IG is kept abreast of all audit issues via status meetings or updates from the Deputy IG and/or audit staff.

The Deputy IG is responsible for audits and other engagement work performed by the audit staff. This responsibility includes planning, managing, directing, and monitoring the performance of audits and engagements from start to end (e.g., issuance of a report).

This responsibility requires ensuring the effective, efficient, and economic utilization of audit staff, as well as the proper supervision of the staff conducting audits or other engagements.

The Deputy IG:

- Monitors audits and other engagements in progress to ensure that the audit staff maintain professional standards and are properly supervised, including resolving differences of opinion concerning accounting and auditing issues among the audit staff.
- Deals with priority matters on an ongoing basis.

- Ensures that the engagement has met the supervision standards of GAGAS. Evidence of supervisory review should be in the workpapers, see the Audit Manual, Chapter 14, Working Papers Documentation.
- Ensures that all documentation has been reviewed before the report is provided to the independent referencer.
- Verifies that the audit workpapers have been indexed by the audit staff and cross referenced by an independent referencer.
- Reviews draft and final audit reports for accuracy, completeness, clarity, and conformance to OIG's technical requirements.

Section 7-60: Auditor-in-Charge

The Auditor-in-Charge (AIC) is responsible for the day-to-day conduct of the audit or other engagement through direct oversight and personal involvement. This responsibility includes providing guidance, instructions, and assistance to assigned staff auditors, and serving as a point-of-contact for individual audit assignments. The AIC plays a key role in the overall completeness, accuracy, and timeliness of the onsite work, as well as conformance with GAGAS.

The AIC's responsibilities include:

- Providing on-the-job training, ensuring proper preparation of the audit workpapers; and preparing, reviewing and amending work in progress, and reviewing written summaries.
- Preparing, reviewing and revising the draft audit report sections of each audit team member and consolidating them into one draft audit report for review by the Deputy IG and IG.
- Ensuring the OIG's Quality Assurance Checklist (See Attachment #2) is adequate and complete.
- Preparing the final audit report for the appropriate signature(s).

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Internal Controls:****8-00 Purpose**

10 Standards

20 Policy

30 Definitions

40 Internal Controls

50 Internal Controls Review

60 Reporting on Internal Controls

Section 8-00: Purpose

This chapter sets forth the policies and procedures for the OIG to follow, when reviewing internal controls, in order to assist the FEC in meeting their responsibilities, as required by the *Federal Managers' Financial Integrity Act of 1982 (FMFIA)*¹; the Office of Management and Budget (OMB) Circulars A-123, *Management Accountability and Control*, A-127, *Financial Management Systems*, and A-130, *Management of Federal Information Resources*.

Section 8-10: Standards

The GAGAS provides the guidance and standards the OIG adheres to in conducting internal control assessments. The American Institute of Certified Public Accountants (AICPA) also provides internal controls assessment guidance and standards through the promulgation of the Statement of Auditing Standard (SAS) #55, "Consideration of Internal Control in a Financial Statement Audit" (1988), the supplemental Audit Guide (to applying SAS #55) (1990), and SAS #78, "Consideration of Internal Control in a Financial Statement Audit: An Amendment on Auditing Standard #55 (2007 – Codification of Statements on Auditing Standards).

Additionally, in prescribing the policies and standards for establishing and maintaining proper internal controls in a department's or agency's programs and administration, OMB Circular A-123 incorporated the guidance and requirements from FMFIA, the OMB's *Guidelines for the Evaluation and Improvement of and Reporting on Internal Control Systems in the Federal Government*, and the Government Accountability Office's (GAO) *Standard for Internal Control in the Federal Government*.²

With regard to the role of the OIG, OMB's Circular A-123 states that:

The Inspector General...is encouraged to provide technical assistance in the agency's effort to evaluate and improve internal controls.... In addition, the [Inspector General] may advise the agency's head whether the

¹ FMFIA, Pub. L. No. 97-255

² Green Book, GAO/AIMD-00-21.3.1, November 1999 <http://www.gao.gov/special.pubs/ai00021p.pdf>

agency's internal control evaluation process has been conducted in accordance with the Internal Control Guidelines.

Each agency is required to maintain a financial management system featuring reasonable internal controls designed, operated, and evaluated, in accordance with OMB Circular A-123. OMB Circular A-127 prescribes the policies and standards to be followed, when developing, operating, evaluating, and reporting on financial management systems. OIG is responsible for providing technical assistance and advice in the review and improvement of FEC's financial management systems. OMB Circular A-130 establishes guidance for the management of federal information resources. Guidance for the implementation and maintenance of effective internal controls is provided in GAO's *Standards for Internal Control Management and Evaluation Tool*³, which is based on GAO's *Standards for Internal Control in the Federal Government*.

OMB Bulletin 14-02, *Audit Requirements for Federal Financial Statements*, establishes the minimum requirements for conducting federal financial statements audits, and prescribes the policies and procedures that are followed when performing internal controls testing.

Section 8-20: Policy

OIG conducts internal controls reviews, in accordance with GAGAS. Auditors are to gain sufficient understanding of the entity's internal controls structure, in order to design the applicable tests to meet the audit objectives, to provide a basis for determining the adequacy of internal controls, and/or to determine the nature, timing, and extent of substantive tests.

Section 8-30: Definitions

A *financial audit* of an entity's internal controls structure consists of implementing established audit policies and procedures that provide reasonable assurance that the audit objectives will be achieved. An entity's internal controls structure consists of the:

- *Internal Controls Environment:* The entity's senior management must set an appropriate "tone at the top" that positively influences and encompasses the consciousness of the entity's personnel towards implementing, operating, and maintaining proper internal controls. The internal controls environment essentially becomes the foundation influencing the placement and adequacy of all other components of internal controls, including discipline and organizational structure.
- *Risk Assessment:* The entity must be aware of and deal with the risks it faces within its internal controls structure. It must set operational, management, and controls objectives, integrated throughout all relevant activities, so that the organization is properly operating in concert. Once these objectives are set, the entity must then identify the risks it may encounter to achieve those objectives, analyze them, and develop ways to manage them.
- *Internal Controls Activities:* Internal controls policies and procedures must be properly established and executed to help ensure that the actions, identified by management as necessary to address and manage risks, are effectively performed.

³ GAO-01-1008G, August 2001. <http://www.gao.gov/new.items/d011008g.pdf>

- **Information and Communications:** Encompassing the internal controls activities are information and communication systems, including the accounting systems. These systems enable the entity's personnel to capture and exchange the information needed to conduct, manage, and control the entity's overall operations.
- **Monitoring:** Internal controls processes must be properly monitored for compliance to policies and procedures. Assessments must be performed to determine and ensure quality of performance and to ascertain implementation of corrective actions/changes, as a result of findings.

For *performance audits*, internal controls are defined as the strategic planning of the entity's mission and goals and the methods and procedures adopted by management to ensure that the use of all resources is consistent with applicable laws, regulations, and policies; that these resources are safeguarded against fraud, waste, abuse, and mismanagement; and that complete, accurate, and reliable data is obtained, maintained, and fairly disclosed in reports.

Section 8-40: Internal Controls

Internal controls are defined as established organizational policies and procedures adhered to by the entity, in its endeavor to properly perform (methods and measures) its programs, operations, activities, and functions, in order to achieve its mission and goals. Inherent to internal controls is compliance with laws, regulations, and provisions applied in the process of utilizing resources, in order to safeguard them from fraud, waste, abuse, and mismanagement. Specifically, proper data processing and management become paramount, as complete, accurate, available, and reliable data must be obtained, maintained, and fairly disclosed in reports.

GAO's *Standards for Internal Control in the Federal Government* provides a framework for evaluating an organization's internal controls structure. Reviewers should refer to this publication, as well as OMB Circulars A-123, A-127, and A-130 for internal controls standards.

Section 8-50: Internal Controls Review

An evaluation of the internal controls structure or internal controls requires knowledge of the entity's reported policies and procedures, an understanding of their purposes, functions, and limitations, and a reasonable degree of assurance that these policies and procedures are properly implemented and operating, as represented.

In planning an internal controls audit, auditors should consider characteristics related to internal controls features that are managerially significant. For example, in financial audits, the internal controls affecting accounting operations are reviewed, in order to determine the extent of testing the accounting data. In performance audits, the internal controls affecting significant program output are reviewed to determine the extent of detailed verification of program results.

When reviewing the auditee's internal controls structure or internal controls, as part of a financial audit, auditors should refer to GAGAS chapter 4, Standards for Financial Audits. When reviewing the internal controls structure or internal controls, as part of a performance audit, auditors should refer to GAGAS chapter 6, Fieldwork Standards for Performance Audits, GAO's

Standards for Internal Control in the Federal Government and Assessing Internal Controls in Performance Audits.

Section 8-60: Reporting on Internal Controls

OIG auditors will report all significant internal controls weaknesses, in accordance with GAGAS for financial and performance audits. The scope section of the audit program and report will contain details specifying the extent of internal controls tests performed.

Auditors should perform due diligence in identifying weaknesses that, in their judgment, warrant the designation of material weaknesses, which are deemed significant deficiency.

The definition of material weakness under OMB Circular A-123 and FMFIA is:

A deficiency that the agency head determines to be significant enough to be reported outside the agency (i.e., included in the annual Integrity Act report to the President and the Congress) shall be considered a “material weakness.”

OMB Circular A-123 clearly states that the term “material weakness” should not be confused with the same term federal auditors use to identify weaknesses, which, in their opinion, pose a risk or threat to the internal controls components of an audited entity, such as a program or operation. The circular states that “auditors are required to identify and report those types of weaknesses at any level of the operation or organization, even if the management of the audited entity would not report the weaknesses outside the agency.”

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Accessing Data Reliability:**

- 9-00 Purpose
- 10 Standards
- 20 Policy
- 30 Preliminary Assessment
- 40 Additional Tests
- 50 Final Assessment
- 60 Reporting Data Reliability

Section 9-00: Purpose

This chapter sets forth the policies and procedures for the FEC OIG in assessing the reliability of data that auditors use to support their findings, results, conclusions, and recommendations. The purpose of assessing data reliability is to ensure that the available data is complete, accurate, relevant, consistent, and reliable, and can be used to meet audit objectives.

Section 9-10: Standards

Auditors use data as evidence to support the findings, results, conclusions, and recommendations of an audit, attestation engagement, or evaluation. GAGAS requires the use of sufficient, competent evidential matter, hence, auditors need reliable data that are complete, accurate, and relevant for the specific purposes of a review. To be reliable, the data should:

- Contain all the data elements and records needed for meeting the objective(s) of a review (completeness);
- Reflect the information entered at the source or, if available, in the source documents (accuracy); or
- Yield similar results in similar analyses (consistency).

Reliable data may contain errors, as long as they are not significant enough to cause a reasonable person, who is aware of the errors, to doubt a finding, result, conclusion, or recommendation based on the result(s) of data analysis.

GAGAS provides guidance on assessing the reliability of computer-processed data for performance audits, attestation engagements, and evaluations. However, GAGAS provides only limited guidance on assessing data reliability for financial audits. Therefore, the Government Accountability Office's (GAO) guide, *Assessing the Reliability of Computer-Processed Data*¹, supplements GAGAS and provides guidance on implementing the data reliability requirements. It provides a risk-based framework for data reliability assessments that can be geared to specific circumstances.

¹ GAO-03-273G, October 2002, <http://www.gao.gov/new.items/d03273g.pdf>

For financial audits and information systems review, auditors will not use GAO's *Assessing the Reliability of Computer-Processed Data*. Instead, auditors will use GAO's *Federal Information System Controls Audit Manual*² for guidance in assessing data reliability.

Section 9-20: Policy

Auditors should not assess data reliability, if the data is only used to support the background of a report, and the data is not to be used to support the findings, results, conclusions, and recommendations. However, audit staff must reveal the data source and disclose in the scope section of the report that data reliability was not assessed.

Auditors should assess data reliability, when it is used to support their findings, results, conclusions, and recommendations. Even when a finding describes only a single condition, auditors should assess the data supporting that finding. Auditors should assess the reliability of the data by considering the source and the conditions under which it was gathered. The following factors significantly influence an auditor's consideration on the reliability of data for the purpose of achieving audit objectives:

- Data was obtained from independent sources outside the entity or from sources within the entity, independent of sources who are responsible for the data (being audited);
- The data was developed under a reliable information system monitored by adequate controls; and
- The data was subjected to audit testing in the current or prior year.

Ultimately, audit expectations were developed, as a result of using data from a variety of sources.

In assessing data reliability, first assess the risk that the data is not complete, consistent, or accurate, or does not satisfy the evidence requirements of an audit. To accomplish this, auditors should:

- Use existing information about the data and employ a minimal level of testing required to ensure that the data can reliably support the audit findings, results, conclusions, and recommendations.
- Review prior audit reports that relied on the data, assessed its reliability, or evaluated the effectiveness of general and application controls over systems that helped produce the data. For additional information see Audit Manual, Chapter 17, Considering the Work of Others.
- Use computer software to analyze data files for adequate controls, which include missing data fields, unrealistic values or dates, and illogical relationships among data fields.
- Assess the strength of evidence corroborating data reliability and the impact that inaccurate data would have on an audit.

² GAO-AIMD-12.19.6, January 1999, <http://www.gao.gov/special.pubs/ai12.19.6.pdf>

Section 9-30: Preliminary Assessment

If preliminary testing shows that the corroborating evidence is strong and inaccurate data will have a minimal effect on the audit, then treat the data as reliable. There is a minimal effect on the audit, when the risk of crucial errors in using the data is minimal and will not lead to incorrect or misleading conclusions.

If preliminary testing shows data as too unreliable to support the findings, results, conclusions, or recommendations of the audit, then the corroborating evidence is deemed weak and unreliable. If the inaccurate data will have a significant impact on the audit, then consider one of the following:

- Use other, more reliable sources for the data;
- Redefine the audit objective(s) to eliminate the need to use the data;
- Cease the audit; or
- Use the data with appropriate statements of disclaimers.

If the auditors determine that the data is unreliable, they should consider including this finding in the report and recommend that the data be corrected.

Section 9-40: Additional Test

If the preliminary assessment is inconclusive because limited resources did not permit extensive data testing or test results raised additional questions about data reliability, then more extensive testing is needed. Some additional tests are described below:

- *Tracing from Source Documents:* To assess completeness of the data, trace a sample selection of source documents to the records in the file or the journal entries. Each sample should be random and large enough to estimate an error rate with reasonable precision. See Audit Manual, Chapter 15, Sampling and Estimation Techniques.
- *Vouching to Source Documents:* To assess the existence and accuracy of the data, take a sample selection of the records in the file or the journal entries and vouch to the source documents. Each sample should be random and large enough to estimate an error rate with reasonable precision. See Audit Manual, Chapter 15, Sampling and Estimation Techniques.
- *Advanced Electronic Testing:* Consider this type of testing when preliminary data testing shows unexpected anomalies or large variances in the data. Use it to measure variations in the data, assess trends, and evaluate relationships among data elements. If necessary, replicate the software procedures to make certain that test transactions were processed accurately and completely.
- *Review System Controls:* Only test system controls, when preliminary testing shows system controls weaknesses or source documents are not available. With information technology (IT) assistance, test system controls that directly affect the reliability of the data. If possible, have IT review applicable software source programs to document existing system controls and noted weaknesses.

Section 9-50: Final Assessment

After receiving the results of all preliminary and advanced tests, reassess the reliability of the data intended for use during the audit.

Consider the data:

- *Reliable*, when assessments show that they would not weaken audit analysis nor lead to misleading or unintentional conclusion(s).
- *Unreliable*, when assessments show that they are inadequate for the intended use and could lead to misleading or unintentional conclusion(s).
- *Of undetermined reliability*, if all original data files, software programs, and source documents were deleted or were otherwise unavailable for assessment.

If the auditor decides to use unreliable data or data of undetermined reliability, it should be clearly disclosed in the survey/audit program. The disclosure language should describe significant limitations surrounding the use and discussion of the data, so as not to mislead or cause unintentional conclusions. The audit staff must secure approval from the Deputy Inspector General (DIG) or Inspector General (IG) before using data deemed unreliable or of undetermined reliability.

Section 9-60: Reporting Data Reliability

If data reliability is important for meeting the objectives of the audit or it is used to support findings, results, conclusions, or recommendations, then an assessment of data reliability should be included in the scope and methodology section of the report. In doing this, the auditor should describe the audit tests and procedures used to support the audit position, disclose applicable problems with the data, render a final assessment on data reliability, and provide a rationale for the final assessment.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Compliance with Laws and Regulations:**

- 10-00 Purpose
 - 10 Standards
 - 20 Policy
 - 30 Planning
 - 40 Assessing Risk of Illegal Acts
 - 50 Testing
 - 60 Reporting

Section 10-00: Purpose

This chapter sets forth the policies and procedures for assessing an entity's (e.g., program, operation, activity, or function) compliance with laws and regulations during an audit (review and evaluation).

Section 10-10: Standards

The GAGAS, Chapters 4, 5, 6, and 7, provide guidance for financial audits, attestation engagements, and performance audits. Additional guidance for financial statements audits is available in the American Institute of Certified Public Accountants' (AICPA) *Codification of Statements on Auditing Standards*, AU Section 800, Compliance Auditing.

In addition, the Office of Management and Budget (OMB) Bulletin No. 14-02¹ provides guidance for reporting on compliance with laws and regulations for financial statements audits, as required by OMB.

Section 10-20: Policy

Auditors will identify relevant laws and regulations that have a direct and material impact on audit objectives. They will assess compliance with laws and regulations in accordance with GAGAS, and report instances of noncompliance. Auditors will consult with the IG Counsel, when appropriate, for legal guidance.

Section 10-30: Planning

One standard of fieldwork for audits, reviews, and evaluations, requires that work be adequately planned and documented. Auditors must plan work in a manner that will accomplish the audit objectives. In addition, auditors should be alert to circumstances or transactions that could be

¹ <https://www.whitehouse.gov/sites/default/files/omb/bulletins/2014/b-14-02.pdf>

indicative of illegal acts. Auditors should exercise due diligence in pursuing indications of possible illegal acts, so as not to interfere with potential investigations.

For *financial audits*, auditors need to identify the relevant laws and regulations that could have a direct and material effect on the financial statements in accordance with AICPA requirements. Auditors should design the audit to provide reasonable assurance of detecting material misstatements of financial statements or other financial data, resulting from noncompliance with the provisions of contracts or grant agreements that have a direct and material impact on the financial statements results. (See GAGAS 4.06 – 4.09)²

AICPA AU-C Section 240, *Consideration of Fraud in a Financial Statement Audit*, .05, states, “An auditor conducting an audit in accordance with GAAS is responsible for obtaining reasonable assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.” Further, auditors should:

- a. identify and assess the risks of material misstatement of the financial statements due to fraud;
- b. obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- c. respond appropriately to fraud or suspected fraud identified during the audit.

When *performance audits* are conducted, planning should include obtaining an understanding of the program or aspect of the program to be audited and the needs of the users of the report. It should also include designing the audit methodology and procedures to test compliance with legal and regulatory requirements of the program to be audited that are significant within the context of the audit objectives. (See GAGAS 6.06 – 6.12) Also, auditors should assess risks of fraud occurring that is significant within the context of the audit objectives. Audit team members should discuss among the team fraud risks, including factors such as individuals’ incentives or pressures to commit fraud, the opportunity for fraud to occur, and rationalizations or attitudes that could allow individuals to commit fraud. Auditors should gather and assess information to identify risks of fraud that are significant within the scope of the audit objectives or that could affect the findings and conclusions. (See GAGAS 6.30)

Section 10-40: Additional Test

If the preliminary assessment is inconclusive because limited resources did not permit extensive data testing or test results raised additional questions about data reliability, then more extensive testing is needed. Some additional tests are described below:

- *Tracing from Source Documents:* To assess completeness of the data, trace a sample selection of source documents to the records in the file or the journal entries. Each sample should be random and large enough to estimate an error rate with reasonable precision. See Audit Manual, Chapter 15, Sampling and Estimation Techniques.
- *Vouching to Source Documents:* To assess the existence and accuracy of the data, take a sample selection of the records in the file or the journal entries and vouch to the source documents. Each sample should be random and large enough to estimate an

² <http://www.gao.gov/assets/590/587281.pdf>

error rate with reasonable precision. See Audit Manual, Chapter 15, Sampling and Estimation Techniques.

- *Advanced Electronic Testing:* Consider this type of testing when preliminary data testing shows unexpected anomalies or large variances in the data. Use it to measure variations in the data, assess trends, and evaluate relationships among data elements. If necessary, replicate the software procedures to make certain that test transactions were processed accurately and completely.
- *Review System Controls:* Only test system controls, when preliminary testing shows system controls weaknesses or source documents are not available. With information technology (IT) assistance, test system controls that directly affect the reliability of the data. If possible, have IT review applicable software source programs to document existing system controls and noted weaknesses.

Section 10-50: Final Assessment

After receiving the results of all preliminary and advanced tests, reassess the reliability of the data intended for use during the audit.

Consider the data:

- *Reliable*, when assessments show that they would not weaken audit analysis nor lead to misleading or unintentional conclusion(s).
- *Unreliable*, when assessments show that they are inadequate for the intended use and could lead to misleading or unintentional conclusion(s).
- *Of undetermined reliability*, if all original data files, software programs, and source documents were deleted or were otherwise unavailable for assessment.

If the auditor decides to use unreliable data or data of undetermined reliability, it should be clearly disclosed in the survey/audit program. The disclosure language should describe significant limitations surrounding the use and discussion of the data, so as not to mislead or cause unintentional conclusions. The audit staff must secure approval from the Deputy Inspector General (DIG) or Inspector General (IG) before using data deemed unreliable or of undetermined reliability.

Section 10-60: Reporting Data Reliability

If data reliability is important for meeting the objectives of the audit or it is used to support findings, results, conclusions, or recommendations, then an assessment of data reliability should be included in the scope and methodology section of the report. In doing this, the auditor should describe the audit tests and procedures used to support the audit position, disclose applicable problems with the data, render a final assessment on data reliability, and provide a rationale for the final assessment.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL**

Evidence:

- 11-00 Purpose
 - 10 Standards
 - 20 Policy
 - 30 Access to Records
 - 40 Types of Evidence
 - 50 Rules of Evidence
 - 60 Substandard Records
 - 70 Sources of Information
 - 80 Reliability of Computer-Based Data

Section 11-00: Purpose

This chapter sets forth the OIG's policies and procedures for obtaining evidence to support the findings, results, conclusions, and recommendations in audit reports.

Section 11-10: Standards

GAGAS provides the following standard: Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions. (GAGAS 6.56)

Section 11-20: Policy

Audit staff will obtain evidence for all audits, in accordance with GAGAS.

Section 11-30: Access to Records

Right of access to records is set forth in the *Inspector General Act* of 1978 (Section 6 (a)(1))¹, as amended, which authorizes the Inspector General to have access to all records, reports, audits, reviews, documents, papers, recommendations, or other materials that relate to an entity's programs or operations. For additional guidance, see the Audit Manual, Chapter 2, *Audit Policy and Standards*, and Chapter 3, *General Standards*.

¹ <http://www.oig.lsc.gov/lscpages/igact.pdf>

Section 11-40: Types of Evidence

Evidence may be categorized as physical, documentary, or testimonial. (GAGAS A6.04)².

- Physical evidence is obtained by auditors' direct inspection or observation of people, property, or events. Such evidence may be documented in summary memos, photographs, videos, drawings, charts, maps, or physical samples.
- Documentary evidence consists of already existing information, such as letters, contracts, accounting records, invoices, spreadsheets, database extracts, electronically stored information, and management information on performance.

By way of explanation, the reliability of documentary forms of evidence to support findings must constantly be considered. The important factor is its purpose (as primary evidence or as preliminary or corroborating evidence), for which the evidence will be used. Any significant alterations on a document should be properly investigated.

- Testimonial evidence is obtained through inquiries, interviews, focus groups, public forums, or questionnaires.

By way of explanation, records of interviews usually consist of memoranda based on the notes taken during each interview. All documented interviews by the OIG will be a memorandum to the "Audit File".

A department or service official's verbal or written statement standing alone, without other corroborating evidence, has limited value as evidence. If the auditor determines that such statements are an important part of the audit finding(s) and will be included in the report, the auditor should consider obtaining a written statement or clarification from the interviewee that confirms the documented evidence. The auditor should consider some general questions when measuring the reliability of testimonial evidence:

Why would the person misinform the auditor? If the person has a vested interest in what is being discussed or if the person is expressing opinions, then he or she may not be providing the auditor with objective evidence. Accordingly, the reliability of the evidence could be impaired.

What is the person's responsibility? Testimonial evidence regarding events to which the person has no responsibility carries less weight than if the person was the responsible official. In most instances, testimonial evidence obtained from a person with no responsibility for the subject matter, operation, or event should be used as a lead to obtain other, more reliable forms of evidence.

What is the person's position? It is appropriate to interview heads of departments and sections regarding broad, overall issues or views. When details are needed on a specific work process or procedure, then a first line supervisor or the staff worker should be interviewed as well.

² <http://www.gao.gov/assets/590/587281.pdf>

Auditors frequently use analytical processes, including computations, comparisons, separation of information into components, and rational arguments to analyze any evidence gathered, in order to determine whether it is sufficient and appropriate. (GAGAS A6.04)

Section 11-50: Rules of Evidence

Evidence should be sufficient, competent, relevant, valid, and reliable to afford a reasonable basis for the auditor's findings, results, and conclusions.

The amount and types of evidence required to support the auditor's findings are subject to the auditor's professional judgment, after careful consideration of the circumstances surrounding the engagement. However, in the majority of cases, the auditor has to rely on evidence that is persuasive rather than convincing. In determining the sufficiency of evidence, auditors should ensure that enough evidence exists to persuade a knowledgeable person of the rationale and validity of the findings.

Auditors should consider such factors as to whether the evidence is accurate, complete, authoritative, timely, and authentic. The following presumptions are useful in judging the competence of evidence (GAGAS 6.60-6.61)³:

- Evidence obtained from independent sources outside the audited entity provides greater assurance of reliability than evidence secured solely within the entity.
- The more effective the internal controls, the greater the assurance it provides about the reliability of the data obtained.
- The auditor's direct personal knowledge, obtained through physical examination, observation, computation, and inspection is more persuasive than information obtained indirectly.

Evidence is relevant, if it has a logical relationship with, and importance to, the issue being addressed.

³ <http://www.gao.gov/assets/590/587281.pdf>

Section 11-60: Substandard Records

When an auditee's or evaluated entity's records are essential to complete an audit, but are inadequate or not auditable, the auditor should consider alternative procedures or techniques to accomplish the objectives of the engagement. Some examples include reconstructing records; reviewing other sources of information; and interviewing program officials, employees, or participants. The use of alternative procedures or techniques should be based, in whole or in part, on the relationship between the cost to obtain the evidence and the benefit of the information.

If inadequate or unauditable records persist after attempts to conduct the alternative procedures or techniques, then the auditor, in consultation with the Deputy Inspector General or Inspector General, should consider modifying the audit program.

Section 11-70: Sources of Information

Sources of information to be used as evidence may include original data gathered by the auditors and current data gathered by the auditees, evaluated entities, or third parties, including computer-based data.

Section 11-80: Reliability of Computer-Based Data

The validity and reliability of computer-based data should be determined early in the planning phase, especially if the engagement is expected to rely on the data as evidence to support the findings. This step is important, regardless of whether the data is provided by the auditee or evaluated entity or are independently extracted by the auditor. If the data is not sufficiently reliable to accomplish the objectives, alternative procedures or techniques must be used. See the Audit Manual, Chapter 8, Internal Controls, and Chapter 9, Assessing Data Reliability.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Developing Elements of a Finding:****12-00 Purpose**

10 Standards

20 Policy

30 Responsibilities

40 Fully Developed Findings

50 Finding Attributes

60 Condition

70 Criteria

80 Cause

90 Effect

Exhibit 12-A: Finding Synopsis Sheet

Section 12-00: Purpose

The purpose of this chapter is to describe the attributes and characteristics of findings and the need for the findings to be fully developed and presented in a clear, concise, and convincing format.

Section 12-10: Standards

The GAGAS chapters 4, 5, 6, and 7 provide guidance for financial and performance audits and attestation engagements. The standards state that audit findings have often been regarded as containing the elements of condition, criteria, cause, and effect, to describe the problem(s) found in the audits. However, the actual elements needed to determine a finding depend entirely on the objective(s) of the audit. The finding or set of findings is complete to the extent that the audit objectives are satisfied (GAGAS 4.10 – 4.14)¹. Conclusions and recommendations are added, as appropriate, in reporting the finding(s).

Section 12-20: Policy

The OIG audit staff will prepare and present audit findings in notice of findings and recommendations (NFRs) and audit reports, in accordance with GAGAS. NFRs shall be issued to the auditee during the audit, in order to verify the accuracy of weaknesses identified, or allow the auditee the opportunity to provide clarity. All OIG audit staff are expected to know and apply the policies, procedures, and standards discussed in this chapter.

¹ <http://www.gao.gov/assets/590/587281.pdf>

Section 12-30: Responsibilities

OIG audit staff is responsible for ensuring that a finding or set of findings is complete to the extent that the audit objective(s) are satisfied, and the audit report clearly relates the elements of the finding(s) to the audit objectives. This is accomplished by ensuring that a finding:

- Describes the **condition** - what situation exists? The condition is determined and documented during the audit.
- Identifies the **criteria** - what are the laws, regulations, contract requirements, grant agreements, standards, measures, and expectations of what should exist?
- Describes the **cause** - why did the condition occur? Cause explains the gap between the condition (existing situation) and criteria (desired situation) and serves as the basis to describe the impact of the gap (effect) and, thereby, assists develop proper recommendations to resolve the gap.
- Describes and quantifies the **effect** - what is the result of the condition? Effect is described as an impact of the difference between the condition (existing situation) and the criteria (desired situation), in which the outcomes or consequences are identified and measured. Measures of effect serve as the basis in developing the proper recommendations to resolve the gap.

To assist the auditors in the development, review, and communication of potential audit findings, a finding synopsis sheet may be used. This sheet will help focus the auditor's attention on the clarification and refinement of the finding attributes. See the Audit Manual, Exhibit 12-A, for the suggested *Finding Synopsis Sheet*. The finding synopsis sheet should be prepared, if applicable, as soon as sufficient information is available to identify the audit finding(s) attributes.

Section 12-40: Fully Developed Finding(s)

Fully developed finding attributes provide management with sufficient, factual information to take prompt corrective action(s). Sufficient, factual, and appropriate evidence must provide adequate support, as the basis for the development of finding attributes, results, conclusions, and recommendations. Evidence to support the finding may be physical, testimonial, documentary, or analytical. See the Audit Manual, Chapter 11, Evidence.

Regardless of the type of evidence used to develop a finding, the evidence must meet the basic tests of sufficiency, competence, and relevance.

- **Sufficiency** is the presence of adequate, factual, and convincing evidence to persuade a knowledgeable person, external to the audit, of the validity of the finding(s). Determining the sufficiency of evidence requires judgment, because evidence gathered during an audit can be conflicting between various evidentiary matter. The auditor must, to the extent practical, resolve conflicting evidence or make an impartial judgment as to what position is supported by the weight of the evidence.
- **Competent** evidence is valid, reliable, and consistent with fact(s). It is best attained through the use of acceptable audit methodology. Auditors must evaluate the accuracy,

completeness, authoritativeness, timeliness, and authenticity of the evidence and carefully consider whether there is any reason to doubt the validity or completeness of the evidence.

- **Relevance** refers to the relationship of the evidence to its use in developing audit findings, results, conclusions, and recommendations. Facts and opinions used to prove or disprove an issue must have a logical and relevant relationship to the issue. Information that does not have this relationship becomes irrelevant and should not be used as evidence or to prove or disprove points being made in the finding(s).

Section 12-50: Finding Attributes

The development and refinement of the finding(s) attributes, however, is not an exact science, and the order in which the development of the attributes is pursued depends on the nature of the audit objectives. In general, condition should be the first attribute developed, in order to demonstrate that a reportable problem exists. If any actions or noteworthy accomplishments have been taken by management to improve the reportable condition during the audit, this should also be captured by the auditor in this section. Criteria should then be identified. Next, the cause (of the condition) should be identified to provide the basis for the development of corrective actions to close the gap between the condition and criteria. Finally, the effect (as a result of the cause) should be measured and quantified to show the sufficiency and materiality of the finding(s).

Section 12-60: Condition

Condition is a description of a situation that exists. Condition asks, "what was found?" Condition is measured against criteria. Conditions can be consistent with the applicable criteria or they can deviate positively or negatively from the criteria. The extent of the condition must be fully demonstrated to prove factually that a problem (deficiency or achievement) does or does not exist. The potential condition discovered during the audit survey may only be a part of the underlying problem. Accordingly, the audit techniques used during the detailed audit should be directed toward identifying and describing the full extent of the deficiency or achievement.

Section 12-70: Criteria

Criteria identify the standards and guidelines against which the condition is to be measured. Criteria are established by laws; regulations; agency policies and procedures; contracts, grant agreements; Office of Management and Budget (OMB) circulars; Government Accountability Office (GAO) mandates; professional standards and practices; and industry standards and practices, etc. In most cases, sufficient criteria exist to establish "what should be," that is, the desired state. In developing the finding, the auditor must identify and document the specific criteria, as applicable to the condition. The criteria identified in a finding should specifically cite the authority used, that is, the law, regulation, contract, standard, etc. The citation should also describe what is required to reinstate the situation to the desired state, in compliance to the applicable criteria.

Section 12-80: Cause

When the auditor's objectives include explaining why a condition identified in the audit occurred, the reasons for that condition are referred to as the "cause."

Precise identification of the cause is necessary for the development of a constructive recommendation(s) to avoid a recurrence of the condition. Identifying the precise cause is often difficult; also, multiple causes may exist. In the latter case, the auditors should attempt to distinguish the principal causes from the attendant causes. The principal or root cause is usually a management system weakness that, unless corrected, can allow similar deficiencies to be prevalent.

For example, an individual simultaneously ordering, receiving, and paying for goods does not provide reasonable assurance that the assets are being properly ordered, received, and adequately safeguarded. Accordingly, the performance of these disparate set of duties violates the internal control principle of separation of duties and renders the performance of the critical elements of an operational function oblivious to the prevention/detection of errors and at high risk for fraud, waste, abuse, and mismanagement.

Consequently, the auditor finds that this lack of internal controls requirement contributes to a management system weakness. The exploration of all potential causes is important and sharpens the focus of the development of proper audit recommendations to correct the management system weakness. In all cases, auditors should clearly and logically establish the relationship between the stated cause(s) and their related recommendation(s).

Section 12-90: Effect

Effect identifies the actual or potential consequences/outcomes of a condition that varies (either positively or negatively) from the criteria identified in the audit, as well as their impact. Auditors often use the measured results of effect to demonstrate the need for corrective action(s).

Effect is directly related to condition, because it measures the impact of the difference/gap between the **condition** (existing situation) and **criteria** (desired situation). The measured difference can be either positive (an achievement) or negative (a problem).

Effect is usually measured in quantitative terms, such as dollars, number of transactions, or units of time. Often, auditors have difficulty identifying the significance of the impact of the difference(s) between the condition and criteria. The quantitative nature of the measurement of effect can assist the auditors in making this distinction. However, certain conditions may be reportable with, or without, an effect. For example, the lockbox for the stock certificates were consistently left unlocked/open, whether or not stock certificates were stolen. Nevertheless, the potential effect (stolen stock certificates) establishes the significance of the finding and can convince management to properly implement corrective action(s).

Measuring Effect: To demonstrate the significance of a deficiency and to encourage management to properly implement corrective action(s), audit tests should be sufficient and adequate to show whether the condition is isolated or prevalent. Statistical sampling is an example of an adequate audit technique to use in estimating the nature and frequency of occurrence. Even though a specific type of deficiency is not frequent nor prevalent, an

individual instance may be deemed significant enough to warrant full development of an audit finding and reporting it. For example, an adverse condition in a relatively new program may not be prevalent, but it could have far-reaching implications and consequences, if not brought to management's attention.

Costs/Benefits: To the extent practical, auditors should measure effect in measured terms of costs/benefits, such as cost-avoided, cost-recovered, etc. See the Audit Manual, Chapter 13, Monetary Benefits. This type of measurement is not only important in providing management with an incentive to implement corrective action(s), but it also provides sufficient data for the summary of costs/benefits that are to be reported in the OIG Semiannual Report (SAR) to Congress.

EXHIBIT 12-A: Finding Synopsis Sheet**Finding Title:**

Condition: (What is happening) Describe the existing situation.

Criteria: (What should be happening) Identify and describe the standards and guidelines the condition is being measured against.

Cause: (Why it happened) Describe why the condition, which is not consistent with the criteria, occurred.

Effect: (Actual or potential consequences/outcomes and the impact of the difference(s) between what exists and what should be) Describe the actual result from the cause of the condition and its underlying impact and the desired result, if the condition had been consistent with the criteria.

Conclusions: Conclusions are logical inferences about the entity or program based on the reviewers' findings and provide the basis for the establishment of recommendations to convince the entity's or program's management to properly implement corrective actions.

Recommendations: Effective recommendations encourage improvements in the conduct of government programs and operations. Recommendations are effective, when they are addressed to parties that have the authority to act and, when the recommended actions are specific, are practical, cost-effective, and measurable. (GAGAS 8.29)²

Views of Responsible Officials: Reviewers should report the views of responsible officials concerning the findings, conclusions, recommendations, and any planned corrective actions. Any disagreements should be fully and constructively explained in the report.

Costs/Benefits (if applicable): Computation and recording of costs/benefits data, including cost-avoidances and cost-recoveries resulting from recommendations.

² <http://www.gao.gov/assets/590/587281.pdf>

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Monetary Benefit:****13-00 Purpose**

10 Standards

20 Policy

30 Monetary Benefits Terms Defined

40 Process

50 Responsibilities

EXHIBIT 13-A: WORKSHEET I, SIDE 1& 2

EXHIBIT 13-B: WORKSHEET II

Section 13-00: Purpose

The purpose of this chapter is to describe the method and process for identifying and recording monetary benefits derived from the OIG's audits, inspections and evaluations.

Section 13-10: Standards

The Semiannual Report to Congress provides for reporting cost-savings, cost-avoidances, questioned costs, and cost-recoveries, the results of OIG audit reports.

Section 13-20: Policy

The auditors should evaluate reports to determine if they have potential cost/benefit impact. Savings identified should be measurable, supportable, and attributable to the OIG's work.

Section 13-30: Monetary Benefits Terms Defined

Auditors should report all cost/benefit results, even though management officials responding to the report may disagree with the findings and recommendations.

Offsets are all readily identifiable costs associated with implementing the recommendation, and offsetting the savings is to be considered when computing the net monetary impact. For example, if a recommendation calls for the elimination of two clerks, whose work is now automated, the savings in salaries, benefits, and allowances would have to be offset by the costs of the technology and any annual maintenance contracts associated with it. Also, the total savings figure(s) in the monetary report should properly reflect the corresponding results of the computation of the savings.

Reportable savings are only those savings that can be reasonably determined and supported. Potential savings reported should align to a finding in the audit report, and the justification for

those savings described in the workpapers. Savings that benefit the federal government should be reported, with the portion specifically attributed to the FEC identified separately.

One-time savings are amounts applicable to only one year.

Recurring savings occur when the recommendation results in savings that can be extended for more than one year. The number of years determined for a recurring savings depends on the nature of the finding. If the number of years is known, it should be reported. If the number of years cannot be determined, the number of savings years should be reported as "unknown" and the annual amount of the recurring savings reported.

Section 13-40: Process

To assist reporting savings and cost-avoidances, auditors may use the Semiannual Data Worksheet I, shown in the Audit Manual, Chapter 13, Exhibit 13-A or 13-B. This sheet is intended to help focus the auditor's attention on the recommendations to which the questioned costs, unsupported costs, and funds put to better use relate. For audit reports that do not demonstrate any reportable savings, the worksheet should not be completed. The Deputy Inspector General or IG will approve the Semiannual Data Worksheet I and II. These worksheets will be retained in the audit documentation for applicable audits.

Section 13-50: Responsibilities

Although the full impact of OIG reports, particularly those resulting in enhanced effectiveness and efficiency, cannot always be measured in terms of cost/benefit impact, audit recommendations can produce a monetary impact that can be measured and supported. In this regard, auditors have a responsibility to identify monetary benefits that impact the FEC.

The auditor-in-charge is responsible for ensuring that the monetary impact report is prepared. In the case of cost/benefit-related audits performed by private contractors, the contractors should identify and develop all findings that resulted in a monetary impact. Based on the contractor's information, the auditor-in-charge is responsible for processing and preparing a monetary impact statement. The auditor-in-charge will ensure that the savings reported are reasonable, supportable, and attributable to the audit effort. The statement must be signed by the Deputy Inspector General or IG and be retained in the administrative audit documentation.

EXHIBIT 13-A: WORKSHEET I

Semiannual Data - Worksheet I**(Side 1)****Audit Title** _____**Report Number** _____

This form should be completed when recommendations have identified questioned costs, unsupported costs, or funds put to better use.

Enter recommendation number and dollar amounts in the appropriate columns below. Provide the information requested on side 2 of this form when management's response are received and analyzed for each recommendation.

Changes in the status of the individual recommendations should be tracked. This information is required by the Inspector General Act of 1978, as amended, section 5 (a)(8) and (9) and section 5 (b)(2) and (3).

Recommendation No.	Questioned Costs(a)	Unsupported Costs(b)	Funds Put To Better Use(c)
Total			

Approved by _____

Date _____

(a) Questioned costs are costs that are questioned by the OIG, because of an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or document governing the expenditure of funds. It is a finding that, at the time of the audit, asserts such costs are not supported by adequate documentation or it is a finding that asserts the expenditure of funds for the intended purpose is unnecessary or unreasonable.

(b) Unsupported costs are costs which the OIG questioned because the cost was not supported by adequate documentation at the time of the audit.

(c) Funds put to better use are funds that could be applied more efficiently, if the Federal election Commission (FEC) management took action to implement and complete the recommendation, including: reductions in outlays; de-obligation of funds from programs or operations, insurance, or bonds; savings incurred by implementing recommended improvements related to the FEC's operations; and avoidance of unnecessary expenditures noted in the pre-award reviews of contract agreements, etc.

Note: This worksheet has 2 parts. Retain a copy of this form in the workpapers for each recommendation that has questioned costs, unsupported costs, or funds put to better use.

EXHIBIT 13-A: WORKSHEET I

Semiannual Data - Worksheet I

(Side 2)

Audit Title _____

Report Number _____

This form should be completed when recommendations have identified questioned costs, unsupported costs, or funds put to better use. When final action is completed on the related recommendations listed below, please complete Worksheet II.

Recommendation No.	If Questioned Cost or Unsupported Cost (see side 1)		If Funds Put to Better Use (see side 1)			
			Value Agreed to by Management Based on Proposed Recommendation			Value Not Agreed to by Management
	Disallowed Costs	Costs Not Disallowed	Total	Management Action	Legislative Action	
Total						

Approved by: _____ Date: _____

EXHIBIT 13-B: WORKSHEET I

Semiannual Data - Worksheet II

This form should be completed when final action has been taken on the audit recommendation(s) identified on both sides of WORKSHEET I. This information is required by the Inspector General Act of 1978, as amended, Section 5 (b)(3)(C)(i) and (ii).

Number		Disallowed Costs					Funds Put to Better Use	
		Value Recovered Via:				Written Off by Management	Value	
Audit	Rec.	Collection	Offset	Property in Lieu of Cash	Other		Completed Rec.	Should Not or Would Not be Completed

Approved by: _____ Date: _____

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Electronic Workpapers:**

- 14-00 Purpose
 - 10 Standards
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 - 50 Elements of Workpaper Documentation
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Section 14-00: Purpose

This chapter sets forth the OIG's policies and procedures for the preparation, review, and retention of audit documentation, also known as workpapers. The FEC OIG prepares, reviews, and maintains workpapers in an electronic format using TeamMate. The OIG maintains TeamMate project files for each individual audit (as well as inspections and evaluations) and any other special projects that may require supporting documentation.

Section 14-10: Standards

GAGAS, issued by the Comptroller General of the United States, provides audit documentation guidance for financial and performance audits engagements.

Financial Audits:

In addition to the AICPA requirements for audit documentation, auditors should comply with the following additional requirements when performing GAGAS financial audits.

- *Document supervisory review, before the report release date, of the evidence that supports the findings, conclusions, and recommendations contained in the auditors' report.*

Document any departures from the GAGAS requirements and the impact on the audit and on the auditors' conclusions when the audit is not in compliance with applicable GAGAS requirements due to the law, regulation, scope limitations, restrictions on access to records, or other issues impacting the audit. (GAGAS 4.15)

Performance Audits:

- *Auditors should prepare audit documentation that contains evidence that supports the findings, conclusions, and recommendations before they issue their report. (GAGAS 6.80)*

Section 14-20: Policy

The preparation of acceptable audit workpapers is the duty and responsibility of the audit staff members. The OIG will prepare workpapers and maintain documentation in TeamMate project files for all audits, reviews, attestation engagements, inspections and evaluations, unless otherwise approved by the Deputy Inspector General (Deputy IG) or IG. The approval by the Deputy IG or IG should be written and maintained in the OIG documentation files.

The audit staff is expected to know and apply the policies, procedures, and standards discussed in this chapter. The auditor-in-charge and Deputy IG are responsible for ensuring the requirements for the preparation of the workpapers are consistently followed and the related on-the-job training is provided, when necessary.

Section 14-30: Teammate Project Files

The TeamMate Administrator (or project owner) will create the project in TeamMate. The TeamMate Administrator will add the team members to the project. Auditors will maintain TeamMate project files that consist of workpapers and supporting evidence gathered by the auditor(s) to testify to the completion of the audit steps.

Teammate project files will consist of:

OIG Audits-Inspections-Reviews

- Project name, OIG assignment number, and the audited entity
- Audit notification letter identifying the purpose, scope, objective, and anticipated timeframe of the audit
- Independence statements from auditors performing audit
- Audit program
- Entrance conference documentation (mandatory for audits only)
- Detailed testing workpapers to include
 - supporting documentation
 - meetings/interviews
- Testing summary workpapers
- Status meetings (if necessary)

- Notice of findings and recommendations
- Exit conference documentation (mandatory for audits only)
- Quality Assurance Checklist
- Draft report and independent referencing documentation
- Final report, transmittal memoranda, and management comments

Contract Audits (COR Monitoring)

- Project name, OIG assignment number, and the audited entity
- Statement of Work and award letter identifying the purpose, scope, objective, and anticipated timeframe of the audit
- Independence statements
- Approval of audit program(s)
- Entrance Conference
- OIG review of required deliverables
- Status meetings
- OIG review of notice of findings and recommendations
- Draft report
- Exit conference
- Quality Assurance Checklist
- Completion checklist/forms (if necessary)
- Final report, transmittal memoranda, and management comments

If a TeamMate project file is used for any special projects or evaluations, the project will include the appropriate documentation listed above related to the selected work. Otherwise, a folder saved on the OIG server will be used to record the work performed and/or oversight of the project.

Section 14-40: Workpaper Documentation

Workpapers are the permanent records of the work performed during an audit (to include inspections and reviews/evaluations). This documentation is the connecting link among the different phases of the audit process: planning (survey, data collection and analysis), fieldwork (audit testing, walkthroughs, etc), and reporting. Workpaper documentation provides the support for findings, conclusions, and recommendations.

Workpaper documentation is defined as the documents that support the work performed and the conclusions reached during the engagement. Workpaper documentation may consist of papers prepared by the auditor or obtained from the auditee or other sources. The preparation of workpapers is necessary to illustrate the completion of the audit steps in the survey or audit program. Types of workpaper documentation include manual, automated, and summary.

The type of supporting evidence gathered by an auditor varies according to the audit. Types of evidence, can include observation, documentary, inquiry, and testimonial, include laws, regulations, policies, procedures, queries, database information, reports, forms, documents, correspondence, interviews, memos, schedules, analyses, observations, videos, and photographs. When gathering evidence, auditors should not guarantee confidentiality, either orally or in writing, without first obtaining permission from the Chief Investigator/Counsel to the IG and/or the Deputy IG.

When documenting an interview as evidence, all documented interviews should be a memorandum to the audit file and include the following information:

- Date, time, and place of interview;
- Name, position, and office of the official interviewed;
- Names of audit staff members present; and
- Subject discussed in the interview.

Workpaper documentation should be complete, accurate, understandable, legible, and restricted to matters that are significant and relevant to the objectives of the audit. If other matters or issues are discovered during that audit that are not directly related to the purpose and/or objective of the present audit, the auditor should document this matter and provide the information to the Deputy IG or Inspector General. At a minimum, workpapers for detailed testing steps should contain the required elements for proper audit documentation and should be properly cross-referenced to supporting documentation. The required elements are:

- purpose, source, scope, (as applicable)
- methodology, and
- results .

In addition, supporting documents and detailed testing workpapers may require additional elements to explain the detailed testing performed and/or audit testing results such as:

- *Legends* - A legend of all tickmarks, symbols, and abbreviations used in the audit documentation or supporting evidence should be prepared. Adding machine tapes or copies of spreadsheet formulas may also be attached to support the computations, footings, and cross-footings.

- **Footnotes** - A listing of all footnotes used in the audit documentation or supporting evidence should be prepared. Footnotes should be consecutively numbered or lettered. Where footnotes are added to photocopies of original documents, they should be initialed and dated by the auditor.

The appropriate OIG staff should sign-off in Teammate as the preparer or reviewer of the workpapers. Audit documentation should be complete and final without requiring further revision or oral explanation once reviewed. In addition, it should contain evidence of supervisory review. See the Audit Manual, Chapter 7, *Supervising Engagements*, and Chapter 11, *Evidence*, for additional guidance.

Workpaper documentation may also be in the form of data stored on tapes, diskettes, or other media. The use of electronic spreadsheets, database systems, software programs, and automated processes (e.g., computer matching and downloading) should be demonstrated in the audit documentation. The data should also be validated for reliability, in accordance with Chapter 9, *Assessing Data Reliability*. Where practical, automated audit documentation should be saved and downloaded to the TeamMate project file. Diskettes, tapes, or other media may be filed in an audit binder at the conclusion of the audit along with the finalized TeamMate file. All media filed in audit binders should contain the required elements (See section 14-50). However, it is generally not feasible to maintain copies of voluminous databases from which samples were selected. In such instances, the database should be clearly identified, including the date, location, data elements, and number of records.

Section 14-50: Elements of Workpaper Documentation

The audit documentation elements given below are required to be on all workpaper summaries covering major subject areas:

- **Title** - The title should present a concise, descriptive caption for the information contained in the paper. The title should be a synopsis of the purpose of the paper. (Required)
- **Purpose** - The purpose for the workpaper should be stated. It should generally correspond with the applicable procedural step in the audit program or evaluation design. (Required)
- **Source** - The source of all information contained in the workpapers should be clearly identified. This applies to data furnished by the auditee, as well as data compiled by the auditor. The source should be cited in sufficient detail to provide for the independent verification of the data. (Required)
- **Scope** - The scope should describe the volume of transactions, number examined, percentage tested, geographic locations, period under review, and sampling methodology. When external factors impose constraints, such as data limitations or scope impairments, these factors should also be disclosed. (Required)
- **Methodology** - Identify the steps that were implemented in the work. (Required)

- **Conclusion** - The conclusion should wrap up the results of work performed in a clear and concise manner. It should identify any findings, including data related to condition, criteria, cause, and effect (actual, possible, or potential/probable). The conclusion must address the purpose of the paper. (Required)

Workpaper summaries should be prepared to summarize detailed audit testing results of significant work performed and identify and consolidate common reportable issues after the completion of fieldwork. The audit summary generally facilitates the preparation of the notice of findings and recommendations and draft audit report. At a minimum, the notice of findings and recommendations should contain the required attributes (i.e., condition, criteria, cause, effect, and recommendation) and be cross-referenced to the supporting evidence. See the Audit Manual, Chapter 12, *Developing Elements of a Finding*. Where quantitative data is involved, schedules or tables may be prepared to summarize the results of the review.

Section 14-60: Supervisory Review

Supervisory review is essential to ensure that the work was properly completed and the objectives were properly accomplished. The workpapers prepared by an individual auditor should be reviewed by the Deputy IG or IG.

The workpaper documentation must contain evidence of supervisory review throughout the course of an audit, review, or evaluation. The depth and frequency of the supervisory review will vary based on the complexity of the project. Supervisory review is reflected in TeamMate through coaching notes and reviewer sign-offs. The reviewer is not required to provide a coaching note for each supporting document, detailed testing workpaper, or workpaper summary. If the reviewer concludes the document or workpaper is accurate and sufficient, only a reviewer sign-off is required. Only if the reviewer is providing comments, requesting further details/explanations, and/or suggesting changes is when a coaching note is required.

The Deputy IG should review the workpaper documentation throughout the audit process. At a minimum, this review should be performed after the full completion of an audit step. All *major* documentation pertaining to the notice of findings and recommendations or draft report must be reviewed and signed by the Deputy IG or designated reviewer, before it is issued for comment to management.

Section 14-70: Indexing and Cross Referencing System

Indexing: a workpaper numbering system.

TeamMate automatically generates a chronological numbering system (ARCs) for all workpapers in the project file according to their particular audit section.

Cross-Referencing: a method of tracing the audit work performed from the detailed testing or source documents to the audit summaries and then to the audit report. Cross-referencing is an important tool to ensure that (1) all pertinent facts and conclusions have been considered and (2) adequate support exists for the findings and recommendations.

Cross-Referencing Workpapers

Cross-referencing workpapers (as applicable) is required for each audit. Cross-referencing should be performed on an ongoing basis throughout the audit to facilitate the collection of evidence and the preparation of workpaper documentation.

Cross-referencing consists of inserting a hyperlink in the body of the work to a supporting or source document in the detailed testing workpaper, summary workpaper, or memorandums to the audit file to allow a reviewer to view the supporting documentation of the audit work performed.

The auditors' referenced workpapers reflect the documents that support the results, fact statements, and conclusions in a workpaper(s).

At a minimum, the following items should be cross-referenced during an audit:

- Audit (includes review and evaluation) programs to the audit workpapers;
- Source documents to the workpaper summary/detailed testing;
- Detailed testing to summary workpaper;
- Summary workpaper to the notice of findings and recommendations; and
- Draft reports provided to the independent referencer(s).

Cross-Referencing the Draft Report

The purpose of cross-referencing the draft report is to trace all facts, dates, figures, and assess critical audit assertions to the workpapers. The references in the draft report must always provide a link to the strongest evidence in the project file (i.e. PBC document, detailed testing results, etc.). The auditor should clearly note the data that supports the information in the report by placing a comment next to the report statement, and where possible, inserting a hyperlink to the source document or supporting workpaper.

If the hyperlinked workpaper is supporting a figure (dollar amount, total count, etc.), date, quoted statement (report must reflect the statement in quotations), or auditing standard, the report information and supporting workpaper should reflect identical information. For all other information in the report (summaries, background information, etc.) the workpaper is not required to be the "verbatim" language in the report; however, the message of the content in the report and the workpaper should be the same. In instances where the report contains the auditors conclusion based on the work performed, the auditor should insert "Auditors Opinion" in the comment field next to the appropriate statement. In addition, any references in the report to laws, audit standards, federal regulations, etc., an electronic copy of the supporting document should be inserted in the Teammate project for referencing. In the event the electronic copy is not available and/or too large of a file for the project, the report should reference the hard copy that will be filed in an audit binder.

Further, the Executive Summary should be referenced to the appropriate sections in the body of the report to ensure that the content is the same. Any statements in the Executive Summary that are not reflected in the body of the report, or considered a conclusion of the auditor, the auditor must identify a WP reference to support the statement.

Section 14-80: Required Forms and Checklists

During OIG audits and OIG contract audits, there are forms and checklists that become a part of the project workpapers that are required to provide quality control assurance over the engagement. These documents should be retained in the audit files to document that the engagement was conducted in accordance with GAGAS.

The forms and checklists are as follows:

Contract Audit

Independence Certification (See attachment #1)

OIG Contractor Security Standards (See attachment #4)

Organizational Conflict of Interest Statement (See attachment #3)

Non-Disclosure Form (See attachment #6)

Quality Assurance Checklist (See attachment #2)

OIG Audit

Independence Certification (See attachment #1)

Quality Assurance Checklist (See attachment #2)

Section 14-90: Independent Reference

The OIG has a Memorandum of Understanding (MOU) with another agency's Office of Inspector General who has agreed to perform independent referencing for audit work performed by the OIG. The independent referencer's review provides a verification of the accuracy of the draft report, the workpaper documentation, and supporting evidence.

The independent referencer typically receives an electronic copy of the indexed draft report with the associated workpapers in Teammate to verify whether the facts, figures, and statements are all accurately documented in the draft report in accordance with the OIG's indexing policy, section 14-70. The independent referencer's comments are inserted in an Independent Referencer Comment Sheet (See Attachment #8). Any responses, adjustments, or clarifications needed from the auditor, are added to the sheet in the appropriate column. The independent referencer will clear the comment by inserting their initials and the date the comment was cleared. In the event that the auditor disagrees with the referencer's comment (s) and/or the referencer does not agree that the auditor's response is sufficient to address the comments, the Deputy IG or IG will provide the final decision regarding how the comment will be cleared. Further, once all comments have been cleared, the referencer must sign and date the comment sheet to certify that they have independently referenced the draft report. The independent reference review must be completed before the issuance of the final report.

Section 14-100: Data Controls and Safeguards

Workpaper documentation and supporting evidence are the property of the OIG. Therefore, audit staff will exercise reasonable care and maintain adequate safeguards over the audit documentation files at all times, during and after the engagement. Such precautions are necessary to prevent the improper use of confidential information by unauthorized personnel. Special safeguards should be used for the storage and protection of confidential information; Privacy Act information; and other particularly sensitive information, such as proprietary data,

plans for future operations, and information obtained or developed to support investigations of fraud or special Congressional requests.

To protect the confidentiality of the information, workpaper documentation is not to be left unattended or accessible to unauthorized personnel. Audit documentation files are to be protected from scrutiny, theft, tampering, damage, or loss at all times. This protection may require the use of file cabinets, desk drawers, or briefcases with secure locks.

Under the Privacy Act, confidential information, such as personal identifiers (i.e., names and social security numbers) are protected from disclosure. The Privacy Act provides penalties for any federal employee, who divulges personal information, unless that information is exempt from the Act. The auditor should take the necessary measures to avoid receiving personally identifiable information (PII) that is not necessary for audit testing for all workpapers. If the PII is necessary to conduct audit testing, the OIG auditor should follow the guidelines documented in this section to safeguard the PII. If the auditor is a contractor for the OIG, in addition to the procedures outlined in this section, the contractor must read and complete the *FEC OIG Contractor Security Standards Form* (See attachment #4) prior to the start of fieldwork. Further, the contractor must also complete the *FEC OIG Contractor Engagement Completion Checklist* (See attachment #5) at the conclusion of the audit if any non-FEC equipment (laptop, flash drives, etc.) are used during the audit to verify that all equipment has been sanitized to remove all FEC data.

Access to workpaper documentation by outside parties, either during or after the audit, will be determined by the Counsel to the IG, in coordination with the Deputy IG on a case-by-case basis. In some instances, it may be necessary to provide copies of the audit documentation to program officials, so that they may respond to the findings and recommendations or implement corrective actions. In other instances, outside parties may request access to the workpaper documentation through the Freedom of Information Act (FOIA). The Counsel to the IG is responsible for processing the FOIA requests and releasing confidential information under the Privacy Act.

Section 14-110: Records Retention

At the completion of the audit, the OIG will finalize the TeamMate project file and export the file to the OIG server. The audit file will then be loaded to a disc and stored in an audit binder in the OIG file room. Audit files are retained for a minimum of 5 years, after the end of the fiscal year in which the report was issued. Thereafter, the workpaper documentation may be transferred to the Federal Records Center for storage, and marked for destruction 10 years after the fiscal year in which the engagement was considered closed.

Workpaper documentation should be stored in a cool and dry environment. Heat and humidity may result in a loss of information stored on tapes, diskettes, or other media. When workpaper documentation is exported and stored on diskettes, they should be write-protected and labeled to identify the OIG assignment number, project title, description of data, and retention schedule using the *Cover Sheet for Exported TeamMate Audit Files*. (See attachment #7) For critical data, back-up copies of the tapes, diskettes, or other media should be reproduced and stored in a separate location.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Sampling and Estimation Plans and Techniques:****15-00 Purpose**

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EXHIBIT 15-A: SAMPLING PLANS

EXHIBIT 15-B: ESTIMATION PLANS

Section 15-00: Purpose

This chapter establishes the OIG's policies on calculating and reporting estimates based on (1) statistical samples, (2) non-statistical samples, and (3) analyses of existing information that does not involve OIG sampling procedure(s). This policy applies to all audits, attestation engagements, and evaluations, for which OIG issues a report.

Section 15-10: Audit Standards

For financial audits, relevant guidance for the use of sampling techniques by auditors is contained in the Government Accountability Office's (GAO's)/President's Council on Integrity and Efficiency's (PCIE's) *Financial Audit Manual*.¹ For performance audits and attestation engagements, relevant guidance for the use of sampling techniques by auditors is contained in Generally Accepted Government Auditing Standards (GAGAS) and GAO's *Using Statistical Sampling*.²

¹ <http://www.gao.gov/special.pubs/gaopcie/>

² <http://archive.gao.gov/t2pbat6/146859.pdf>

These publications discuss the use of statistical sampling techniques to satisfy the need to obtain sufficient, competent, and relevant evidence, as well as the requirements for reporting estimation methods and results.

Section 15-20: Policy

This policy addresses OIG's procedures used in sampling, and the estimates and conclusions that are either derived from sampling or from calculations that do not involve sampling, such as the analysis of existing information or data. The auditor-in-charge (AIC) shall consult with a statistician and/or an auditor trained in statistical sampling whenever the AIC decides a statistical sample is necessary to achieve the objective(s) of the audit.

Section 15-30: Sampling Plans and Estimation Plans

An approved sampling plan (statistical) is required for audits; an approved plan for non-statistical sampling or an approved estimation plan is recommended, but not required for audits. Sampling plans are approved by the Deputy Inspector General (DIG) or IG, as soon as possible. A sampling plan may be required, even if the possibility of finding zero errors in a sample will lead to a conclusion that the segment under examination has no reportable condition.

If a non-statistical sample is the source of the evidence, then a non-statistical sampling plan is required, even though only the sample results are reported without the corresponding projections made to the population. The purpose of this plan is to document the DIG's or IG's agreement that a statistical sample will not be needed to provide sufficient, competent evidence. For example, a decision to restrict the scope to all transactions above a certain dollar threshold should be contained in a non-statistical sampling plan. A statistical sample is not a requirement for a financial statement audit.

There are exceptions to requiring a non-statistical sampling plan. For example, a sampling plan is not needed if a few select items are reviewed to gain an understanding of an internal controls system. Similarly, checking arithmetic calculations or tracing journal entries into ledger accounts may be done on a non-statistical basis, as long as no overall opinion is inferred from the sample results. Exceptions to a non-statistical sampling plan are based primarily on the auditor's judgment, in consultation with the DIG or IG.

The auditor-in-charge conducting an audit should meet with the DIG or IG, before the survey phase, to discuss sampling or estimation plans. If sampling is needed to test internal controls, a sampling plan for estimating the rates of occurrence is prepared, once key management controls have been identified. The plan is approved by the DIG or IG during the survey phase.

The DIG or IG will approve a *Sampling Plan* (Audit Manual, Chapter 15, Exhibit 15-A) or *Estimation Plan* (Audit Manual, Chapter 15, Exhibit 15-B), when estimating sampling variables (e.g., dollar effects of some condition) are used. The approval certifies that the estimation methodology is technically sound and that the plan should result in sufficient evidence to meet the audit objectives.

Electronic generated signatures may be used as a substitute for the manual approval signatures. Approval by all parties will be obtained before testing the sample items.

Section 15-40: Probe Sampling

For statistical samples, during the survey phase, the audit team may take an initial probe sample to estimate the mean, standard deviation, or rate of occurrence of error, in order to determine the appropriate sample size for a variable or attribute sample. A probe sample is also useful in determining whether additional substantive sampling is necessary. The sampling plan format is used to document and obtain approval of the probe sample. By using the sampling plan format, a modification based on the results of the probe sample can be submitted for approval. A probe sample of 45 items for financial risk assessments and 50 items for other probe sampling(s) is generally recommended.

Section 15-50: Sample Sizes

After establishing the objective of an audit test, defining the universe (population), and determining the sampling unit, an adequate sample size is then determined to ensure the audit objective is met. Statistical sampling techniques provide a method, in which appropriate sample sizes can be estimated by applying statistical sampling formulas or tables.

To establish the proper sample size, consider the following factors:

- The population size the sample will be drawn from.
- The desired sample precision. This is a determination of the close precision necessary to estimate the characteristic being tested (as stated within the plus or minus margin of a specified percentage).
- The desired level of confidence. This relates to the probability or assurance that the projected sample findings will actually fall within the required sample precision.
- The estimated sample standard deviation or probability of the occurrence of an error within the population.

OIG's policy is to report findings at a confidence level of 90 percent or higher. In consultation with the DIG or IG, the audit team determines an appropriate level of precision necessary to meet the audit objective.

Section 15-60: Statistical Reporting and Documentation

The following documentation may be included in the audit report:

- The sample design, the reason for the selection of the design, and the method of estimation to apply.
- The relationship between the target population and the sampled data.
- The time periods covered by the sampled data.

- *Simple random samples:* contains the population size, sample size, number of errors, and dollar value of errors. When available, include the dollar value of the population and the dollar value of the sample.
- *Stratified samples:* contains the population size, sample size, description of each stratum, stratum population size, stratum sample size, number of errors per stratum, and dollar value of errors per stratum. When available, include the dollar value of the population per stratum and the dollar value of the sample per stratum.
- *Multi-stage samples:* contains the description of stages, number of primary units, number of transactions or units in population for each stage, number of transactions or units in population selected at each stage, number of errors, and dollar value of errors. When available, include the dollar value of the transactions and the dollar value of the population reviewed.
- *Other sample designs:* should contain sufficient detail, so that the methodology selected and applied can be reviewed and understood.

If a detailed explanation of the methodology is needed, include it as an appendix to the report. It may be appropriate to describe, in the body of the report, the details of the sample design, if the information is integral to the finding. For example, if the sample included evidence that helped identify the cause of a finding or included other relevant evidence, the description of the sample results, related to the finding, should be explained in more detail in the body of the report.

When the description of the sample design does not enhance the persuasiveness of a finding, but is necessary to explain how the data were accumulated and analyzed, it is appropriate to use it as an appendix. In some instances, a report may need a detailed description in both the body and the appendix of the report.

Section 15-70: Reporting Generalizations

When reporting estimates, the following conventions are followed:

- Rounding, if used, is always conducted against one or two decimal positions, and the actual figure should be stated in the body of the report or the appendix.
- When reporting a rounded number to the higher limit, it must be preceded with the terms "about" or "approximately." A phrase such as "under \$3.7 million" should not be used.
- When reporting a rounded number to the lower limit, it must be preceded with the term "at least." A phrase such as "over \$3.7 million" should not be used.
- When reporting averages other than the point estimate, state the type of average used (median, mean, or mode), the number of items averaged, and the lowest and highest values included in the calculation.

Section 15-80: Required Audit Documentation

The auditors should include the random numbers used to select the sample and their source in the audit documentation. Also include the details of sample selection, handling of missing items, and use of replacement items (if approved) in the audit documentation.

The audit documentation should include the computer output, copies of the data files processed by the computer programs, and other supporting materials.

Section 15-90: Sampling Definitions

Sampling is the process of examining or measuring a smaller group of items, called a sample, to make estimates about a larger group of items, called a universe or population. There are two types of sampling: statistical and non-statistical.

Statistical sampling or probability sampling: The selection of a sample by a method based on the theory of probability. At any stage in selecting the sample units, the probability of selecting any set of sample units must be known. However, the probability of selection does not have to be equal. Statistical sampling is the only general method known that can measure the precision of an estimate. This chapter discusses statistical sampling and estimates, stratified statistical sampling, multi-stage sampling, and post-stratified statistical sampling.

Non-statistical sampling or judgmental sampling: The selection of a sample by a method not based on the theory of probability.

Section 15-100: Stratification for Statistical Sampling

One method commonly used to improve sampling efficiency is to stratify the population (i.e. separate it into sub-populations or stratum). The possibilities of stratification should be explored, when choosing an appropriate sampling plan.

There are various methods for allocating sample items among the strata, including proportional and optimal allocation. The sample sizes for the strata do not have to be identical or multiples of each other.

Section 15-110: Post Stratification

An auditor may decide to stratify the sample items after selecting an unrestricted random sample. This is referred to as post-stratification. If a decision to use post-stratification is made, a modification to the sample plan will be prepared and approved.

Section 15-120: Multi-Stage Sampling

Multi-stage sampling can reduce the expense of reviewing transactions by reducing the number of locations that are to be visited by the auditors. Multi-stage sampling involves breaking the population into subgroups called primary sampling units. In the first stage of the sample design, a random sample is taken of the primary sampling units. In subsequent stages, random sub-samples of the preceding samples are selected.

When using multi-stage sampling designs, the number of stages should be as few as possible. Variability among sampling units can greatly affect the precision of multi-stage sampling estimates. Multi-stage sampling should only be used if the resulting precision will be acceptable and no other sampling technique is possible or practical. Multi-stage sampling should be avoided, if possible, in audits for monetary recovery. If precision is poor, the recommended monetary recovery could be small.

Section 15-130: Sampling and Estimation Plans Methods and Formats

The sampling and estimation plans both summarize a team's selected methodology related to sampling or estimation. The completion of the format of the sampling plan depends on whether sampling or estimation is used. Statistical sampling depends on the principle of random selection. By selecting a sample randomly, personal bias and subjective considerations are eliminated from the selection process.

Section 15-140: Statistical Sampling Plans

The format for the statistical sampling plan document is provided in the Audit Manual, Chapter 15, Exhibit 15-A. The key elements to be included in the sampling plan are the following.

- **Audit Objectives:** The auditors describe the specific audit objective(s) to be achieved and referenced to the audit program, and also discuss the basis for determining the need for sampling to meet the audit objective(s).
- **Population:** The population is the group about which information is desired. There can be two populations: the target population and the test population. Often the target and test populations are the same. However, they may be different. For example, when we take a sample from a subset of a large master file, the master file is the target population, while the subset (1 percent, 5 percent, etc.) is the test population.
- **Sampling Frame:** The sampling frame is the totality of the sampling units, from which the sample will be selected. The auditors determine and document whether the population of interest differs from the sampling frame and, if so, document what effect it will have on the conclusions drawn from the testing.

One concern is when the sampling frame does not reconcile with the audit objective. In these situations, a certain percentage of the sampling units will not meet the audit objective. When this happens, the undesired units cannot be replaced. Consequently, any resulting projection(s) will be understated, as the undesired units must be treated as correct for sample projection purposes. This situation can occur when one of the master files does not contain all the necessary identifying characteristics, and the auditor cannot tell whether a selection will meet the scope, until other information is examined.

- **Sampling Unit:** A sampling unit is a group of any of the designated elements that comprise the population of interest.
- **Background Information:** The auditor can either summarize the background section of the audit program or reference the attached workpapers containing this information.
- **Survey Information:** The auditors describe information gathered during the survey that is relevant to the sample. This includes the expected rate of occurrence, average error amount, standard deviation, extent of efforts required to develop and process sample cases, basis for stratification, and results of preliminary samples.

It is important to select the proper sampling unit relative to the objectives of the audit, so that the information from the initial sampling probe can be used in developing the sampling plan modification.

- **Description of Sample Design:** The auditors identify the type of sampling design to be used. The most common designs are simple random sampling, stratified sampling, and multi-stage sampling. Details about the strata, stages, and clusters are not required to obtain initial approval. However, once details about these items are obtained, a sampling plan modification is prepared to document these data for approval.
- **Sample Size:** The sample size is discussed. The actual sample size is not needed for approval of the initial sampling plan; however, once details are sufficient to quantify the desired sample size, a modification of the sampling plan should be submitted for approval, before the selection of the sample.
- **Source of Random Numbers and Sample Selection:** The source for the random numbers used to select sample items will be shown in the sampling plan. The random numbers used for selecting the sample items must be documented. The method for selecting the sample items will also be explained.
- **Review Time per Sampling Unit:** This is the estimated time required to review a sampled unit chosen from the population.
- **Defining Characteristics to be Measured by the Sample:** The purpose of a sample is to determine the extent of a characteristic, or combination of characteristics, existing in a given population. Characteristics used for testing each sample item will be identified in the sampling plan. This section will also include the rules of decision in the plan applied to determine whether a sample item partially or entirely meets the criteria for having the desired characteristic(s).

For example, a sample may be taken to estimate the number (X) and value in dollars (Y) of overpayments caused by duplicate payments. The characteristics under consideration are the conditions that must exist for a sample item to be classified as a duplicate payment and a description of the sampling technique used to measure the amount of the duplicate payments for the scope.

- **Discussion of the Treatment of Missing Sample Items:** At times, sample items cannot be located. How "missing sample items" are handled depends on the audit objective and the characteristics of the sample items being analyzed. The sampling plan will include a discussion of how the "missing sample items" will be handled and the corresponding rationale. Depending on the situation, substituting a replacement item may or may not be allowable; audit steps developed to ensure that the "missing item" does not occur must be properly followed.
- **Estimation Methodology:** The audit objective and the sample design influence the selection of the sampling methodology and the proper calculation of estimates. Sampling for attributes is used to estimate the rate or proportion of a characteristic, or group of characteristics, in a population. Variable sampling is used to estimate quantitative characteristics, usually dollar amounts, in a population.

A variable amount, as well as the total number of items having the same characteristic, can be estimated using one sample set. The same sample set may be used to estimate both proportions and variables, if the size of the audit population of interest is known and the sample has been selected from a sampling frame that accurately represents the audit population of interest.

The plan must include a description of the estimates to be reported, the rationale for using the sampling methodology, and the proper calculation of the estimates.

- *Other Evidence:* Although sample results should stand on their own in terms of completeness and validity, they may be combined with other evidence to arrive at specific audit conclusions. The auditor must indicate and identify the other substantial or corroborating evidence that will be developed to be combined with the sample results.
- *Description of How the Results are Reported:* The auditors should be able to envision how the results of the sample testing are to be used and reported. For each characteristic being measured, the auditors will provide an example of how the results will be reported. For example, "We estimate that X transactions totaling \$Y were duplicated." The example must describe all estimates derived by the sample. There should be an entry in the "Characteristics to be Measured" section of the plan for every estimate listed.

Section 15-150: Non-Statistical Sampling Plans

Non-statistical sampling involves the auditor's judgment in the selection of sample items and removes the process of random selection from the sampling plan. Statistical sampling methods are usually preferred, because they are more likely to result in obtaining sufficient, competent evidence.

Under certain conditions, it may be appropriate to use non-statistical sampling. Additional substantiating information, besides testing transactions, is important to help support findings. For audits involving non-statistical sampling, the additional information may be more complex and the conclusions may be somewhat less persuasive.

The format for the non-statistical sampling plan is the same as for a statistical sampling plan. See Exhibit 13-A. Usually random numbers are not used for non-statistical samples. A description of the non-statistical design and the method for selecting the sample items must be provided.

Section 15-160: Estimation Plans

Depending on the objectives of the audit, it may be appropriate to develop estimates using existing information or data other than the audit sampling results. See the OIG policy in the Audit Manual, Chapter 17, *Considering the Work of Others*.

If estimates are calculated using data or information other than the audit sampling results, an estimation plan is required. The format for the estimation plan, to be used when auditors do not perform any standard sampling techniques/methods, is provided in the Audit Manual, Chapter 15, Exhibit 15-B.

The key elements to be included in the estimation plan are:

- ***Audit Objectives:*** Describe the audit objective(s) to be achieved.
- ***Description of Estimates to be Calculated:*** Give a brief narrative of each estimate to be calculated.
- ***Estimation Methodology:*** Briefly describe the mathematics that will be used in determining the estimate.
- ***Source of Data:*** State the source of data to be used in the estimation.
- ***Validation of Data Sources:*** Briefly describe the data validation work performed by the auditors. Reports generated by nationally known organizations, such as the Bureau of the Census, can be accepted at face value. Reports generated by the auditee may require some additional validation work by the auditors.

The impact of the estimate reported should dictate the extent of the validation. An estimate for background purposes will require less validation effort than an estimate used to make a recommendation.

- ***Reasons for Using Data:*** Describe why the estimate is needed and why statistical sampling is not used to develop the estimate.

EXHIBIT 15-A: SAMPLING PLANS

SAMPLE PLANNING DOCUMENT FOR AUDIT NUMBER: _____

1. Audit Objectives:
2. Population:
3. Sampling Frame:
4. Sample Unit:
5. Background Information:
6. Survey Information:
 - Probe sample size:
 - Estimated error rate:
 - Estimated error amount:
 - Estimated standard deviation:
7. Sample Design:
8. Sample Size:
9. Source of Random Numbers:
10. Method of Selecting Sample Items:
11. Review Time per Sampling Unit:
12. Characteristics to be Measured:
13. Treatment of Missing Sample Items:
14. Estimation Methodology:
15. Other Evidence:
16. Description of How the Results are to be Reported:

Submitted by_____
Approved by

EXHIBIT 15B: ESTIMATION PLANS

ESTIMATE PLANNING DOCUMENT FOR AUDIT NUMBER: _____

1. **Audit Objectives:**
2. **Description of Estimates to be Calculated:**
3. **Estimation Methodology:**
4. **Sources of Data:**
5. **Validation of Data Sources:**
6. **Reasons for Using Data:**

Note: This form should be used when estimates are calculated using data and information other than the audit sampling results.

Submitted by

Approved by

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Considering the Work of Others:**

- 16-00 Purpose
 - 10 Standards
 - 20 Policy
 - 30 Responsibilities
 - 40 Assessing the Work of Others
 - 50 Assessing Competency
 - 60 Assessing Objectivity
 - 70 Assessing the Effects of the Work of Others
 - 80 Evaluating and Testing the Work of Others
 - 90 Reporting

Section 16-00: Purpose

This chapter sets forth the FEC OIG's policies and procedures for relying on the work of other federal auditors, external auditors, internal auditors, and non-auditors (consultants, experts, specialists, etc.), when conducting audits and attestation engagements of federal organizations, programs, operations, activities, and functions. Cooperation of efforts or the reliance on the work of others in audits of common interest can reduce the amount of audit and attestation planning and fieldwork and avoid duplication of efforts. This chapter is not intended to provide guidance for relying on the work performed by independent public accountants under contract with OIG.

Section 16-10: Standards

The GAGAS, December 2011, Revision, sections, 6.11c, 6.22, 6.41, 6.42, 6.46, provides guidance for relying on the work of others.¹

Section 16-20: Policy

OIG auditors make maximum use of the results of financial and performance audits of agency programs performed by other auditors and evaluators. OIG auditors will evaluate the sufficiency, completeness, relevance, and validity of others' evidence by reviewing the audit program, audit documentation, and report, and performing testing procedures when necessary that provide sufficient basis for that reliance. In relying on the work of others, OIG auditors will obtain evidence concerning the other auditors' competency, qualifications, and independence.

¹ <http://www.gao.gov/govaud/d07162g.pdf>

Section 16-30: Responsibilities

Auditors are responsible for determining whether other entities have performed work that could be used to assist OIG in accomplishing the engagement objective(s). These entities include other federal auditors, external auditors, other internal or program auditors, and non-auditors, who are considered experts in their professional field.

Before initiating new audit/attestation work, subject to applicable laws and regulations, the OIG should contact organizations that may have performed the related work and request information on any recently completed, ongoing, or planned work that relates to the engagement objective(s) of the new audit/attestation work.

The AICPA Auditing Standards Board issued the *Statement on Auditing Standards (SAS) No. 65, "The Auditor's Consideration of the Internal Audit Function in an Audit of Financial Statements."*² This publication provides guidance in determining the relevance of the internal auditors' activities to the independent audit, and the extent to which the work of internal auditors may affect the independent auditor's procedures. Under SAS No. 65, the work of internal auditors may be relevant to the independent auditor's responsibility to understand internal controls, assess risk, and perform substantive tests.

In determining whether the work of the internal auditors can be relied upon, five steps must be taken as follows: (1) understanding the internal audit function; (2) evaluating the internal auditors' competency, independence, and objectivity; (3) considering the extent of the effects of internal auditors' work on OIG's overall audit procedures; (4) considering the effects of the internal auditors' work on OIG's specific audit procedures; and (5) evaluating and testing any work in relation to the audit objectives.

Section 16-40: Assessing the Work of Others

The following guidance is available for use in assessing the work of others. When it is appropriate to assess the work of others, then the form in the Audit Manual, Chapter 17, Exhibit 17-A, *Determination of Other Audit/Attestation Coverage*, must be completed and maintained in the audit documentation file.

Section 16-50: Assessing Competency

Auditors will assess the competence of the auditors/specialists by obtaining information about their education, audit experience, professional certification, and continuing education requirements.

Additional insight into the management practices of the audit organization can be obtained by reviewing the quality of audit programs, documentation, and reports; the assignment of internal auditors to specific reviews; and the supervision and review of the audit activities. Finally, auditors who plan to rely on another audit organization's work will request a copy of the most recent peer review report for that organization.

² <http://www.aicpa.org/Research/Standards/AuditAttest/Pages/SAS.aspx#SAS62>

The factors and requirements related to the education, work experience, professional certification, and continuing education for Information Technology (IT) auditors may deviate slightly from those for non-IT auditors. The review of IT audit policy, procedures, practices, programs, documentation, reports, as well as the competency of the IT auditors, may be a new territory for OIG auditors to experience and chart.

Section 16-60: Assessing Objectivity

In assessing objectivity, auditors will be concerned with the organizational status of the audit function and the proper presence of organizational policies that promotes objectivity on the part of the auditor. In terms of organizational status, auditors should consider whether the head of the audit function properly reports to an officer of sufficient stature to support organizational objectivity and independence (separation of duties) and whether the head of the audit function has direct regular access to the Board of Directors, entity head, or an external body. Work produced by external auditors or evaluators from the Government Accountability Office (GAO) can be considered independent and objective.

Consideration must also be given to organizational policies that promote objectivity. The auditor should determine the presence of any person or group responsible for the oversight of employment decisions regarding the position of the head of the audit function. The auditor should also determine if the agency's policies could improperly inhibit the auditor's objectivity and, thus, impact his performance on the job. For instance, auditors need to determine whether any material weaknesses were improperly omitted from a final report after being presented in a draft report.

Finally, auditors should consider the policy and procedures followed by the auditors in the attempt to (1) gain an understanding of the internal control structure of the entity; (2) assess the risk of material misstatement at both the financial statements level and the accounts balance level; and (3) evaluate the substantive tests performed by the auditors.

Section 16-70: Assessing the Effects of the Work of Others

Auditors will consider the extent of the effects of the work of others on OIG procedures by:

- reviewing the scope of the systems being audited or attested and listing the system, in which the financial statements line item is material and the risk of error is high. Where such cases exist, determining the extent of the reliance on the work of others, if at all;
- determining whether audit risk can be reduced to an acceptable level, so that direct testing is not necessary;
- reviewing the work of others to determine whether the extent of OIG's substantive testing should be adjusted; and
- determining whether any work of others may be utilized, as part of OIG's review, including audit programs, SAS No. 65 reviews, identification and assessment of critical internal controls points, and required reports.

In cases where material financial statements amounts are involved and the risks of misstatement are high or the related audit evidence is subjective, auditors cannot rely on the

work of auditors alone to reduce audit risk to an acceptable level or to eliminate the necessity of additional direct testing. In cases where less material financial statements amounts are involved and the risks of material misstatement are low or the related audit evidence is objective, auditors may determine that audit risk can be reduced to an acceptable level by using the auditors' work, thus eliminating the need to perform additional direct testing.

Section 16-80: Evaluating and Testing the Work of Others

If the work of others is determined to be relevant, valid, and objective, then the auditors will evaluate its quality and effectiveness. The testing and evaluation may involve an examination of the same internal controls, transactions, or balances that were examined by the other auditors to determine the appropriateness of the findings. Alternatively, the auditors may examine internal controls, transactions, or balances similar to those examined by the other auditors and compare the results.

Auditors will evaluate and test the effectiveness of the auditors' work and consider it in relation to OIG's review by determining whether the:

- scope of the work is appropriate;
- audit program is adequate and recommends any additional steps, as necessary;
- conclusions reached are appropriate and rational;
- report results are consistent with the results of the work performed; and
- audit documentation properly documents the work performed and properly contains evidence of supervisory review.

Section 16-90: Reporting

When auditors decide to assume responsibility for the work of other auditors, they are not to refer to the other auditors' work in their audit work results. However, if auditors decide not to assume responsibility, the scope section of the report should indicate the division of responsibility between that portion of the work conducted by OIG and that portion conducted by the others. Refer to SAS No. 64, Section 543, "Part of Audit Performed by Other Independent Auditors."³

In reporting the results of single audits, auditors should rely entirely on the internal controls and compliance work performed by independent external auditors and the reviews performed by cognizant other federal agencies. See the Audit Manual, Chapter 17, Exhibit 17-A. Furthermore, SAS No. 64 provides guidance for relying on the work of external auditors, when it is impractical to review the other auditors' work.

³ <http://www.aicpa.org/Research/Standards/AuditAttest/Pages/SAS.aspx#SAS62>

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Reporting Audit Results:**

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Section 17-00: Purpose

This chapter sets forth the OIG's policies and procedures for reporting the results of audits. A general framework of reporting that includes the essential elements and guidelines for the proper development of reports is described in this chapter.

Section 17-10: Standards

The GAGAS provides the overall guidance on the reporting standards, requirements, and process for all audits.

Section 17-20: Policy

In general, OIG audit reports will fully comply with GAGAS. In the event a report is not in full compliance with GAGAS, the scope section of the report will include a statement of nonconformity.

Section 17-30: Types of Reports

OIG produces engagement (audit, review, or evaluation) reports, Congressional reports, and memoranda. Engagement reports are generally addressed to the appropriate agency officials and contain the conclusive results of a financial or performance audit.

Financial audits' primary purpose:

To provide an opinion about whether an entity's financial statements are presented fairly in all material respects in conformity with an applicable financial reporting framework. Reporting on financial audits performed in accordance with GAGAS also includes reporting on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

(GAGAS, Chapter 2207.(a))

Performance audits are defined:

Audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. The term "program" is used in GAGAS to include government entities, organizations, programs, activities, and functions. (GAGAS, Chapter 2.10)

Performance audits report:

- Internal control weaknesses.
- Program economy, effectiveness, and efficiency.
- Issues of noncompliance to established criteria.
- Prospective analyses of future events.

Congressional reports are written for members of Congress and provide Congress with critical objective information related to FEC programs. These reports include the results of financial audits, performance audits, or inspection/review engagements.

Memoranda are written on an ad hoc basis to address critical management issues, as they arise, and may be addressed to FEC, Congress, or other interested parties. Examples may include Audit Alert Memos and Management Advisory Reports (White Papers).

Section 17-40: Seven-Day Letter

Under Section 5(d) of the Inspector General Act of 1978, as amended, the Inspector General shall issue a "Seven-Day Letter" to the Commission for particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs and operations. The Commission shall transmit the report to the Congress within 7 days, along with a report containing any comments the Commission deems appropriate.

Section 17-50: Terminated/Deferred Audits

When the decision is made to cease or defer an audit, before all the fieldwork is completed, OIG will issue a written notification to the auditee. The memorandum will summarize the results of the work already completed and explain why the engagement was deferred or terminated.

Section 17-60: Required Attributes for Reports

Generally, fully developed audit findings have four elements:

- Condition – describes the situation as it is
- Criteria – describes the situation as it should be, as measured
 - against prescribed standards
- Cause – explains the gap between the condition and criteria
- Effect – describes the impact of the difference between the
 - condition and criteria, in which the outcomes are
 - identified and measured

The table below illustrates:

- the four required finding elements, as defined for different audits or evaluations
- how the meaning of the four finding elements, as defined, may change, depending on the type of engagement and the objectives

Type of Objective	Criteria	Condition	Cause	Effect
Retrospective	Situation as it should be	Situation as it is	Explanation of the gap between condition and criteria	Result/impact of the difference between condition and criteria
Economy or efficiency	Situation as it should be	Situation as it is	Explanation of the gap between condition and criteria	Result/impact of the difference between condition and criteria
Descriptive	N/A	Situation as it is	N/A	N/A
Compliance	Situation as it should be	Situation as it is	Explanation of the gap between condition and	Result/impact of the difference between condition and

			criteria*	criteria*
Program change/impact	Direction or size of intended change	Situation as it is or would have been (without the program intended direction or size)	Assert program change or lack thereof as the cause	Difference between the situation as it is and what would have been
Prospective analysis	Direction or size of intended change, future event, policy, etc.	Situation as it will be if no change occurred and, also, if an option(s) of change is selected	Assert no change or one or more options selected as cause	Future event result with or without selected option(s)

* Optional. Depends on the objectives.

Section 17-70: Report Format

OIG generally uses one standard reporting format. Contract audit reports generally follow this format and include applicable schedules.

The standard reporting format includes:

- a transmittal letter signed by the Inspector General or Deputy IG;
- report cover sheet
- a table of contents
- five sections of the report: executive summary; background; objectives, scope, and methodology; audit findings and recommendations; and conclusions;
- attachments and exhibits, including management comments, examples of best practice standards, glossary of abbreviations and acronyms, etc.

In addition, another reporting format used is the memorandum, a short, condensed document. It may include recommendations or it may just provide an opinion from an audit or review. A table of contents and a glossary of abbreviations and acronyms are generally not required for memorandum reporting.

Section 17-80: Standardized Report Content

Any audit (review/evaluation) that is conducted in accordance with GAGAS, must contain the entire GAGAS compliance statement, (GAS 7.30). Both the standard report and the memorandum must contain certain basic information, although the memorandum is not always broken down into formatted sections. The following five sections comprise the body of a standard report.

Executive Summary

The executive summary is a brief synopsis of the report results. It should be concise and no more than a few pages. The executive summary consists of brief sections that mirror the report as follows:

- *Purpose:* Provides the reason(s) for the audit/review and the corresponding objectives that are needed to be satisfied. This module addresses the subject matter of the audit/review and emphasizes the significance of the report.
- *Background:* Provides information to enhance the overall understanding of the subject matter under audit/review.
- *Results in Brief:* Provides the resultant conclusions to the objectives addressed in the Purpose section. It is the nucleus of the report.
- *Principal Findings:* Presents highlights of the conclusions outlined in the Results in Brief section and lays the foundation for the recommendations.

Objective, Scope and Methodology

This section should cover in detail the objectives, scope, and methodology of the audit/review; the location where the fieldwork was performed; the GAGAS statement; disclaimers; limitations; and any other specific information on the audit.

Background

The background section should cover in detail the information needed to understand the subject matter and the purpose and results of the audit/review, as reported.

Findings

The findings section provides the substance of the audit reports. The findings section should consist of three components: detailed finding attributes or elements (ex: 7 exceptions out of 10 noted), conclusions, and recommendations. A finding should be capable of standing alone, when presented in an audit report.

Appendices

The appendices will consist of supplemental sections that provide support and additional information for the main report. At a minimum, appendix should include management

comments; and may also include glossary of abbreviations and acronyms, exhibits, and tables, etc.

Section 17-90: Editorial Guidance

The audit staff is to ensure that the reports reflect proper grammar and syntax, including proper sentence structure and punctuation. Reports must be properly formatted and include the proper report sections. Finally, reports must be written in a clear, concise, and convincing manner.

Discussion drafts and draft reports are to be clearly marked as “*Discussion Draft*” and “*Draft Reports*,” respectively.

Section 17-100: Report Review Process

The auditor-in-charge will send an electronic draft report to the Deputy Inspector General (DIG) and/or Inspector General, who, in turn, will review, and provide comments and revisions and submit the report back to the auditor-in-charge. The auditor-in-charge will make the appropriate changes. Copies of the revised draft are then given to the DIG and the IG for final review.

To expedite the review process, when resubmitting a draft report that has incorporated the reviewers’ comments, the auditor should include a highlighted copy of the report that indicates where changes were made.

Section 17-110: Final Report Processing

Audit Assignment Numbers

The audit assignment numbers are assigned by the Special Assistant to the IG at the start of each audit. The number is assigned according to the fiscal year in which the audit was started and the number of audits conducted in that fiscal year. The assignment number will be placed on the front cover of the report along with the month and year the report was released.

Report Review

Draft reports should be properly reviewed, in detail, before being transmitted to the auditee for management comments or before being issued as a final report. The AIC performs the initial review of the discussion drafts, draft reports, and final reports, which are then reviewed by DIG and IG.

Final Report

Final reports are forwarded to the IG for review. The complete report will include a transmittal letter, front and back OIG report covers, and the original management comments. If the report is deemed unrestricted, a copy of the audit report will be posted to the OIG Internet and FEC Intranet websites.

If necessary, the AIC may need to consult with the IG Counsel when the report may contain sensitive information not deemed for public release, such as information technology security matters. In this case, portions of the report may need to be redacted.

Transmittal Letter for the Final Report

The Special Assistant to the IG is responsible for ensuring that the final reports and transmittals are duplicated, bound, and properly disseminated and filed. The Special Assistant will transmit the final report to the six Commissioners, the agency officials responsible for the corrective actions of the audit findings and recommendations, and other agency officials. Typically, a copy of all audit reports are transmitted to the Staff Director, General Counsel (GC) and Deputy GC.

The transmittal letter will document that management will need to:

- Identify an audit follow-up official (AFO) ;
- Provide a corrective action plan to the OIG for review; and
- Provide a final corrective action plan to the Commission.

In some cases, in the transmittal letter, the OIG will suggest an AFO for the audit. However, management is responsible for recommending to the Commission the assignment of the AFO for each audit.

Section 17-120: Report Restrictions

All reports containing restricted information or are subject to restricted disclosure should be clearly marked for restriction of access. These notices should appear on both the draft and the final copies of the report.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Audit Follow-up:****18-00 Purpose**

10 Standards

20 Policy

30 Definitions and Terminology

40 Recommendation Resolution Process

50 Reporting

60 Auditee's Response to Audit Reports

70 OIG's Evaluation of Management's Response

80 Follow-up Procedures

Section 18-00: Purpose

This chapter sets forth the OIG policies and procedures for follow-up and resolution of audit findings and recommendations. This chapter also describes the process and terminology used in defining the status of the resolution of audit findings and recommendations.

Section 18-10: Standards

Standards for follow-up and resolution of audit findings and recommendations are established in Office of Management and Budget (OMB) Circular A-50, and in FEC Directive 50, Audit Follow-Up. Audit follow-up is an integral part of good management and is a shared responsibility of agency management and auditors. Corrective action taken by management on resolved findings and recommendations is essential to improving the effectiveness and efficiency of government operations. OIG will work with FEC management to promptly resolve and implement audit recommendations. OIG will maintain a complete record of actions taken by management on significant findings and recommendations (both monetary and non-monetary).

Auditors should consider the results of the previous audits that are relevant to the objectives of current audits. Recommendations that were previously not considered significant may be significant on a subsequent audit, if the audit objectives are different or the control environment changes.

OIG's auditors will keep FEC management informed of findings and recommendations throughout the audit process and attempt to resolve disagreements through informal and formal meetings.

Section 18-20: Policy

The OIG will identify, track, and monitor audit recommendations, including recommendations for material weaknesses, significant deficiencies in financial audit reports, control weaknesses in performance audits or inspections, and potential monetary benefits.

The OIG will monitor and report on the status of corrective actions for audit recommendations in its Semiannual Report to Congress and Semiannual Report on Outstanding Audit Recommendations report to the Commission (February & August). FEC management will be informed, in writing, when the OIG closes recommendations. Disagreements between the OIG and management on the status of corrective actions will be resolved through the audit resolution process.

FEC Directive 50 designates the Chief Financial Officer as the audit follow-up official (AFO) for the annual financial statement audit. The AFO duties include:

- responding to and coordinating comments on draft audit reports;
- coordinating a written corrective action plan (CAP) within 30 days of the final report which includes specific tasks and a timeframe for completion. The CAP shall be submitted to the Commission,¹
- conducting regular meetings with the OIG throughout the year to follow-up on outstanding findings and recommendations, and include reports of the meetings in the written CAP and semiannual reports required to be presented to the Commission;
- submitting documentation to OIG supporting the closure of significant recommendations;
- engaging in good faith efforts to resolve all disagreements;
- Producing a semiannual report to the agency head in May and November. The report shall include:
 - status of unresolved audit reports;
 - outstanding steps or tasks required to resolve the recommendations raised in audit reports;
 - a timetable for resolution of those steps or tasks;
 - the number of reports or recommendations resolved during the period;
 - the amount of disallowed, not disallowed but questioned costs, unsupported costs, and funds put to better use, for which management has or has not made a decision; and
 - collections, offsets, write-offs, demands for payment and other monetary benefits resulting from the audits.
- For other audits, inspections, attestation engagements or agreed upon procedures, the Staff Director will recommend and the Commission shall approve the AFO. This person shall:
 - develop a written CAP, including specific steps and/or tasks to be taken to implement the corrective action 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;
 - present the CAP 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;

¹ FEC Directive 50 does not specifically require the audit follow-up official to provide the CAP directly to the OIG for comment. However, to facilitate timely audit resolution, the AFO provides the CAP to the OIG for comment prior to submission to the Commission.

- conduct regular meetings with the OIG 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 semiannual reports required to be presented to the Commission;
- respond in a timely manner to all requests;
- engage in good faith effort to resolve all disagreements; and
- produce semiannual reports to the agency head in May and November. 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 reports;
 - a timetable for resolution of those steps or tasks; and
 - the number of reports or recommendations resolved during the period.

Notwithstanding the Staff Director's recommendation and Commission approval of an AFO, the OIG will recommend an AFO based on the nature of audit findings, organizational structure, and assessment of official most likely to effectively monitor implementation. The OIG recommendation will be detailed in the transmittal letter included with the final report.

Section 18-30: Definitions and Terminology

The OIG provides the following terminology, definitions, responsibilities, and procedures related to the audit follow-up and recommendation resolution concept to ensure consistency and compliance:

Auditee: Agency officials who are responsible for receiving and analyzing audit reports, providing responses on the findings and recommendations to the OIG, and developing and implementing corrective action plans to resolve the findings and recommendations.

Audit Follow-up Official (AFO): Staff Director nominated management official responsible for ensuring audit findings and recommendations are acted upon by agency management. In the case of the annual financial statement audit, the AFO is the CFO.

Audit Resolution Process: Formal process for resolving disagreements between OIG and the auditee by meeting with successively higher levels of officials in the organization within established timeframe.

Corrective Action: The specific measures taken by an auditee to implement the audit recommendations provided in the audit report in order to resolve audit findings.

Corrective Action Plan (CAP): Document prepared by management in response to audit report recommendations which includes a description of specific actions to be taken, responsible management officials, timetable/proposed completion date for each corrective action, and a description of how management will demonstrate implementation.

Date of Recommendation: For recordkeeping, tracking, and reporting purposes, the date of the final report is the date of the recommendation.

Disagreement: A disagreement between FEC officials and OIG with a finding, recommendation, or status of corrective action.

Resolved: OIG considers a recommendation resolved, or closed, when the OIG accepts the auditee's position on the recommendation and the OIG verifies the finding, or underlying weakness, has been addressed.

Unresolved: A recommendation is considered unresolved, or open, when OIG determines that FEC management **has not**:

- responded to the recommendation within established timeframes;
- provided a reply that is responsive to the intent of the recommendation;
- implemented corrective actions that resolve the underlying cause of the recommendation;
- agreed with an OIG finding or recommendation, in whole or in part; or
- agreed with potential monetary benefits in an OIG report.

Section 18-40: Recommendation Resolution Process

A formal recommendation resolution process is initiated after audit follow-up has been performed for a minimum of 3 years from the audit report date, and the auditee continues to:

- disagree with an OIG finding and/or recommendation;
- provides a reply to a recommendation that OIG considers non-responsive to the intent of the recommendation; or
- accepts the recommendation, but OIG determines that planned corrective actions will not satisfy the intent of the recommendation.

The planned resolution process is chosen at the discretion of the OIG and can consist of:

- 1) Requesting management sign a *Risk Acceptance Memorandum* prepared by the OIG which details the specific areas of disagreement and the risk to the agency if the recommendation is not implemented. The management official's signature will certify that management is willing to accept the risk(s) of not implementing the recommendation, and the recommendation will be closed by the OIG with the support of this memorandum; or
- 2) Present the issue to the Commission to provide a final decision on whether management will be required to implement the OIG's recommendation, or corrective action by management is not required.

Note: Although the OIG may close a recommendation based on management's decision to accept the risk or a Commission decision that determines management is not required to implement corrective actions, the OIG may conduct a detailed review/inspection of any particular closed finding/recommendation and its associated risks if the OIG feels the level of risk acceptance presents a high likelihood of fraud, waste, or abuse to agency programs; violates any federal laws or regulations, or presents a conflict of interest that negatively effects the FEC's business processes or overall agency mission.

Section 18-50: Reporting

OIG reports the status of corrective actions implemented for significant recommendations in its Semiannual Report to Congress and Semiannual Report on Outstanding Audit Recommendations. The monetary amounts associated with "Questioned Costs," "Unsupported Costs," and "Funds Put to Better Use" is also reported when applicable.

Section 18-60: Auditee's Response to Audit Report

Financial Audits: FEC management is to respond to the draft financial audit report with a memorandum signed by the CFO (or designee) presenting the agency's position on material weaknesses and reportable conditions. Management's comments are presented verbatim in an appendix to the report and summarized in the body of the report. In addition, management must submit the corrective action plan for the material weaknesses and reportable conditions within 30 days of the final financial audit report issuance for the OIG's review.

Performance Audits: The auditee's responses to the OIG's draft performance audit reports are due within 10 business days of the draft report's issuance. The 10 day deadline can be extended if circumstances warrant additional time for management to respond. OIG's final report will contain verbatim management comments and an OIG evaluation of management's response in the report. The auditee should explicitly state whether the agency agrees or disagrees with the OIG's recommendations and/or findings.

Section 18-70: OIG's Evaluation of Management's Response

OIG will evaluate the reasonableness of the auditee's responses to the draft audit report findings and recommendations. An OIG evaluation will be included in the final audit report that characterizes FEC management's responses as either "responsive" or "not responsive."

- *Responsive:* In OIG's opinion, the auditee's planned corrective actions should resolve the finding(s) identified in the report.
- *Not Responsive:* In OIG's opinion, the auditee's corrective action plan(s) will not correct the finding(s) identified in the report. OIG will publish in the final audit report the reasons for their disagreement. The matter will also be resolved through a resolution process if necessary.

The OIG will carefully analyze any written comments received in response to the draft report and determine if audit findings and recommendations should be maintained as written in the draft report, modified or deleted.

Section 18-80: Follow-up Procedures

FEC management is responsible for addressing the reported findings and recommendations and resolving them. FEC management has tasked the Office of the Staff Director with coordinating with the nominated audit follow-up officials to ensure management reports semiannually to the Commission the status of outstanding recommendations. In addition, the CFO reports to the Commission monthly regarding the outstanding recommendations for the FEC's annual financial statement audit.

To facilitate the tracking of audit recommendations, the OIG will utilize the TeamCentral module included with the TeamMate application, to electronically capture and update the status of recommendations.

To facilitate timely resolution of audit findings, the OIG will meet with management on a semiannual basis prior to their reporting cycle to the Commission, to receive updates on the progress of implementing audit recommendations. Where appropriate, audit follow-up verification activities will be performed to validate the recommendation status and determine whether findings may be closed. Where verification activities support completed implementation and finding closure, the OIG will update the recommendation status in TeamCentral and notify the AFO in writing of the status change. In addition, the OIG will provide a report, *Review of Outstanding Recommendations*, to the Commission semiannually providing a status update on the OIG's follow-up review.

OIG will use the annual financial statement audit planning process to manage the status of outstanding financial related recommendations. A portion of the annual financial statement audit planning process includes identifying the status of the prior years' recommendations and their impact in the current year's audit planning.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Quality Control and Assurance Program:****19-00 Purpose**

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100 External Quality Control and Assurance Reviews

Section 19-00: Purpose

This chapter sets forth the OIG policies and procedures for the internal quality control system and the external quality control reviews.

Section 19-10: Standards

The GAGAS provides guidance for audits and stipulates that:

Each audit organization performing audits in accordance with GAGAS must:

- a. Establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements, and*
- b. Have an external peer review performed by reviewers independent of the audit organization being reviewed at least once every three years. [GAGAS, January 2011, Revision, Chapter 3.82]¹*

The following references provide guidance for quality control systems:

- *Federal Manager's Financial Integrity Act (FMFIA)*
- *Office of Management and Budget (OMB) Circular A-123*
- *Council of the Inspectors General on Integrity and Efficiency (CIGIE) Audit Committee Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General (Peer Review Guide, and accompanying checklists).*

¹<http://www.gao.gov/assets/590/587281.pdf>

Section 19-20: Policy

The FEC OIG, through its quality control and assurance program, will have an internal quality control system and will undergo an external quality control review, in accordance with GAGAS standards.

The quality control and assurance program is designed to provide reasonable assurance, on an ongoing basis, that the OIG is in compliance with GAGAS Quality Control and Assurance standards. The quality control and assurance program includes the following elements:

- Ongoing supervision of assignments,
- Annual internal quality control reviews, and
- Periodic external (peer) quality control reviews.

The FEC OIG internal control policies and procedures will be subject to external peer review by the appropriate external agency's OIG or peer review teams. It is important for the FEC OIG to ensure that the audits properly meet GAGAS standards pertaining to internal quality control and assurance.

The IG or DIG will verify, on an ongoing basis, that appropriate standards and policies pertaining to internal quality control and assurance have been followed during the conduct of audits.

This verification process will include a review of:

- audit programs;
- workpapers;
- reports;
- cross-referenced supporting evidence to report findings, results, conclusions, and recommendations; and
- completion of the OIG Audit Quality Assurance Checklist (See attachment #2).

The IG or DIG will sign-off on the completed internal quality control and assurance checklists.

Section 19-30: Internal Quality Control and Assurance Systems

According to GAGAS, an audit organization's internal quality control and assurance system should include procedures for monitoring, on an ongoing basis, the proper design and effective application of the policies and procedures related to internal quality control and assurance.

CIGIE also states that an internal quality control and assurance system should be comprehensive and suitably designed to provide reasonable assurance that the audit organization has:

- adopted and is following applicable standards; and
- established and is following adequate policies and procedures.

The audit organization's internal quality control and assurance policies and procedures should, at a minimum, encompass the elements of staffing qualifications, independence, audit performance, internal controls review, data reliability, and independent referencing.

The internal quality controls and assurance system will ensure that all audits were properly completed, in conformance with applicable quality control and assurance standards. The cornerstone of the internal quality control and assurance system for the FEC OIG is the Audit Manual and the Yellow Book, which address the required elements for quality control and assurance. Specifically, the Audit Manual addressing quality control is contained in the following chapters as follows:

- Independence, Chapter 3, "General Standards"
- Staffing qualifications, Chapter 4, "Staff Qualifications and Continued Professional Education"
- Audit performance:
 - Chapters 6, "Planning for Audits, Reviews, Evaluations, and Attestation Engagements"
 - Chapter 7, "Supervising Audits"
 - Chapter 10, "Compliance with Laws and Regulations"
 - Chapter 11, "Evidence"
 - Chapter 12, "Developing Elements of a Finding"
- Internal controls reviews, Chapter 8, "Internal Controls"
- Data reliability, Chapter 9, "Assessing Data Reliability"
- Independent reference, Chapter 14 section 14-90, "Independent Reference"

Section 19-40: Internal Quality Control and Assurance Reviews

The IG and DIG will ensure that internal quality control and assurance reviews are performed annually to provide reasonable assurance that OIG auditors properly complied with applicable standards and established policies and procedures in the performance of their work. Such periodic reviews are necessary to evaluate and ensure the quality of the audits, reviews, evaluations, and attestation engagements.

Internal quality control and assurance reviews require the exercise of considerable professional judgment and should be positive and constructive in nature. These reviews are supplementary to the application of OIG internal quality controls policies and procedures and are intended to provide assurance of their proper application.

Section 19-50: Review Cycle

The IG and DIG are responsible for ensuring that audits adhere to GAGAS standards and meet the requirements detailed in OIG's policies, as documented in the Audit Manual. The IG and DIG will verify, on an ongoing basis, that the appropriate standards and policies have been properly followed during the audits (reviews and evaluations). This will include tracking and ensuring that follow-up actions are taken to address the recommendations made in the latest

external peer review report, as well as those recommendations in the internal quality control and assurance review.

In addition, at the beginning of each calendar year the OIG will review and update their audit manual to ensure any changes made to audit processes throughout the previous fiscal year or identified during the OIG's annual internal control review is captured in the audit manual for consistency and quality control.

Section 19-60: Review Team

The IG or nominated staff will annually conduct an internal quality control and assurance review of the OIG's policies and procedures in accordance with GAGAS 3.85. This process is conducted during the annual A-123 internal control review for the agency. The results of the annual quality control review are documented in the internal control review report. The IG may assign audit staff to perform external quality control and assurance reviews of other agencies' OIG.

OIG team members are to possess the necessary knowledge, skills, and experience to perform the internal and external quality control and assurance reviews and must be independent of the audit reports under review.

Section 19-70: Scope and Approach

The audit staff and appropriate auditor-in-charge (AIC) of each audit engagement will exercise due professional care in their work to ensure conformance with GAGAS standards and OIG's policy and procedures. The exercise of due professional care involves ensuring that the:

- Audit is properly planned and conducted with quality of effort.
- Scope of the audit is appropriate in relation to the overall audit objectives.
- Resources for the audit are properly assigned and utilized to reflect effectiveness, efficiency, and economy.
- Findings are properly supported by substantive evidence.
- Reports properly, completely, and accurately reflect the results of the audit.

AICs will review the completed internal quality control and assurance checklists prepared to provide assurance that all work complied with applicable standards, policies, and procedures.

Section 19-80: Workpaper Documentation

All workpapers, audit reports, and internal quality control and assurance checklists will be properly filed and made available for review by an external peer review team. FEC OIG will use the Peer Review Guide Checklists to document the completion of their review of another agency's OIG.

Section 19-90: Reporting

Findings on the FEC OIG internal controls standards, policies, and procedures resulting from an external peer review will be reported directly to the Inspector General (IG). When FEC OIG performs external peer reviews on other agencies' OIG, audit staff will also report their findings directly to the DIG and the IG. When presenting findings of noncompliance with internal quality controls standards, policies, and procedures of the other agency's OIG, the external peer review team is to place the findings in proper perspective by relating the nature, timing, and extent of the noncompliance to the number of cases reviewed. Isolated instances of noncompliance are generally not reported, unless the significance of the findings raises concerns about the internal quality control and assurance system, as a whole. At which point, the external peer review team provides recommendations to correct/resolve the findings and improve the internal quality control and assurance system.

Section 19-100: External Quality Control and Assurance Reviews

External quality control reviews, also known as peer reviews, are performed by federal auditors outside of FEC OIG. These reviews address the general standard for internal quality control and assurance under GAGAS. They are to be conducted at least once every three years. Within the Inspector General community, the external quality control and assurance review program is administered by the CIGIE.

The objective of an external quality control and assurance review is to ensure and enhance the quality of audits conducted by all federal agencies' OIG through an independent assessment of the effectiveness of their internal quality control and assurance systems in providing reasonable assurance that applicable standards and established policies and procedures are properly being followed.

The DIG will appoint a trained auditor to lead the external peer review team. Audit staff will be rotated to provide a variety of insight, experience, and perspective in their performance and to reduce the impact of the review on any particular audit staff. Team members should possess the necessary knowledge, skills, and experience to perform the external peer review. The results of the FEC OIG's external peer review of another OIG will be reported in the FEC OIG semiannual report(s), until such time that all recommendations (if applicable) have been implemented by the reviewed OIG.

The report on the external (peer) review of FEC's OIG's internal quality control and assurance system will be made available to FEC OIG auditors and the Commission. The report will also be made available to the public via the FEC internet website.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL**

Coordination with the IG Counsel/Chief Investigator:

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Section 20-00: Purpose

This chapter sets forth policies and procedures for coordinating possible investigative matters, including planning and executing joint projects with the Counsel to the Inspector General/Chief Investigator.

Audits, attestation engagements, and evaluations sometimes disclose indications of illegal acts, violations of provisions of contracts, and abuse involving the FEC programs and personnel that may require an inquiry by the Chief Investigator. Complaints and allegations may also be made directly to the audit staff. Such matters are to be immediately brought to the attention of the Chief Investigator and handled in a uniform manner. Conversely, investigations of FEC's programs may require direct audit assistance or may disclose administrative controls and operational deficiencies that require audit or evaluation attention. The Audit manual, Chapter 10, Compliance with Laws and Regulations, discusses the Generally Accepted Government Auditing Standards (GAGAS) guidance with respect to the coordination of audit and investigative work.

Section 20-10: Standards

Section 4(a)(3) of the Inspector General Act of 1978 (IG Act), as amended, provides the following:

It shall be the duty and responsibility of each Inspector General, with respect to the establishment within which his office is established...to recommend policies for, and to conduct, supervise, or coordinate other activities carried out or financed by such establishment for the purpose of...preventing and detecting fraud and abuse in, its programs and operations.

Section 20-20: Policy

OIG policy is for the audit staff and Chief Investigator to effectively work together, as necessary, in the exchange of information vital to the operations of the Office of Inspector General (OIG) by:

- referring to the Chief Investigator matters involving possible criminal, civil, or administrative violations, as disclosed by audits, attestation engagements, reviews, or evaluations, or otherwise brought to OIG's attention.
- providing direct audit or other assistance to the Chief Investigator, when requested.
- providing audit, review, or other appropriate coverage of administrative controls and operational deficiencies, as requested by, or otherwise disclosed as, a result of investigative efforts.

This chapter contains guidance to auditors, in addition to the requirements in GAGAS, when information comes to their attention, which indicates that violations of federal law or regulation may have occurred. In any situation where there is doubt as to what procedures are to be followed, the audit staff shall consult with the IG, Deputy IG, or Counsel to the IG/Chief Investigator.

Section 20-30: Chief Investigator Authority

The Chief Investigator provides OIG with criminal and civil investigative expertise and has the authority to investigate matters involving fraud, waste, abuse, and mismanagement affecting FEC's programs and personnel.

The following list, which is not all inclusive, is indicative of matters that require referral to the Chief Investigator:

- Submission of false claims, false or fraudulent statements, concealments by vendors, contractors, employees, applicants for, or recipients of, benefits, or other payments or services.
- Conspiracy to defraud the government.
- Theft, damage, or conversion of government property.
- Concealment, removal, obliteration, falsification, forgery, alteration, or destruction of official documents.
- Misappropriation or embezzlement of federal funds.
- Bribery or attempted bribery of federal employees.
- Conflict of interest or kickbacks.

Section 20-40: Actions upon Receipt of Allegations

Allegations and complaints that OIG receives from various sources may cover a wide array of concerns over the administration of FEC's programs. Many matters disclosed in these situations are unique and without precedent. Thus, rigid guidelines cannot be the appropriate measures of action(s) to apply to resolve these matters. This section sets forth the general procedures to apply for ensuring that allegations and complaints are handled properly.

Procedures to be followed, when indications of fraud and illegal acts are discovered during an audit (review and evaluation) are discussed in Section 22-70 of this chapter.

Auditors receiving allegations of fraud, waste, abuse, and mismanagement must immediately notify the auditor-in-charge (AIC) and Chief Investigator. The Chief Investigator will immediately inform the IG and DIG of the allegation. Auditors should also prepare an investigative referral memorandum to be signed by the AIC. The Chief Investigator will make a recommendation on whether the allegation or complaint has investigative merit.

Section 20-50: Interchange of Information on Planned Work

To prevent conflicts that could adversely affect audits, attestation engagements, reviews, or investigations, the IG or DIG will be informed about ongoing significant and sensitive investigations. The IG or DIG will also be apprised of investigations in progress or completed. Conversely, the Chief Investigator will be informed of the planned audit work.

Care will be taken to avoid any action that might compromise an investigation. Auditors will not conduct entrance conferences or interview potential witnesses or subjects, until the Chief Investigator has decided whether to accept a referral for investigation from the audit staff for particular matters with investigative interest.

During investigations, the Chief Investigator sometimes obtains information that may be helpful in correcting program weaknesses. In those cases where a policy, procedure, or other safeguard fails to prevent a program deficiency, the Chief Investigator will prepare an memorandum or a management advisory letter to briefly identify the problem (condition) and related program issue(s) (cause). These written items may be given to the audit staff to identify audit leads or additional information pertaining to ongoing audits.

Section 20-60: Request for Assistance on Investigative Matters

The Chief Investigator may ask the audit staff to provide audit type assistance for OIG investigations. Every effort will be made to provide assistance to the Chief Investigator, when audit expertise is needed to complete an investigation or conduct special joint projects designed to uncover criminal activity.

Section 20-70: Indications of Fraud and Illegal Acts

Indications of possible fraud, illegal acts, violations of provisions of contract agreements, or abuse discovered during an audit, attestation engagement, review, or evaluation are to be reported immediately to the Chief Investigator by the auditor-in-charge.

The investigative referral memorandum should explain the indication of possible wrongdoing and include the following information, as applicable:

- Background information.
- Brief description of problem found.
- Individuals and departments involved.
- Contractor address (if applicable), phone number, and point of contact.
- Estimated amount of misappropriated funds (if applicable).

The auditor-in-charge will meet with the Chief Investigator, when they are not sure whether a matter warrants referral for investigation or how far the auditor should pursue a matter.

When the OIG determines that additional audit or review steps must be performed, auditors should obtain sufficient evidence to determine whether fraud, illegal acts, violations of contract provisions, or abuse has, in fact, occurred. If so, the possible impact/effect is to be disclosed in the report following GAGAS guidelines.

Section 20-80: Investigative Data in Reports

Disclosures in audit reports of information that might compromise an ongoing or contemplated investigation or result in an unwarranted invasion of privacy are to be avoided. The Audit Manual, Chapter 10, Compliance with Laws and Regulations, discusses GAGAS reporting standards, applied concurrently with investigative actions. Hence, communication with the Counsel to the IG/Chief Investigator is essential. Generally, the following guidelines and procedures are applicable, when OIG learns that the auditee, evaluated entity, related entity, or associated individuals are under investigation by the OIG or another investigative agency or that such investigation is contemplated:

- Reference to an ongoing or contemplated investigation is to be excluded from audit reports, unless such reference is critical to the findings and recommendations in the reports, in which case, consultation with the Chief Investigator is critical.
- When it is deemed critical to make reference to an ongoing or contemplated investigation in a report, all personal identifiers, names of organizations, and any other information that may serve as a basis for identification of the subject of investigation are to be excluded.

Information obtained by grand jury process, defense classified information, tax information from the Internal Revenue Service, social security numbers, and information subject to a court seal or protective order are **never** included in audit reports. All requests for grand jury process or other restricted information will be referred to the Chief Investigator.

Section 20-90: Distribution of Reports

Requests for copies of OIG reports covering investigative matters, such as those disclosed during routine audits, should be referred to the Chief Investigator.

Auditors are not to release any information, including reports, involving investigative matters, without the clearance of the Chief Investigator.

**FEDERAL ELECTION COMMISSION
OFFICE OF INSPECTOR GENERAL
AUDIT MANUAL****Financial Statement Audit Monitoring:****21-00 Purpose**

10 Standards

20 Contracting Officer Representative Responsibilities

30 Audit Planning

40 Audit Communications

50 Workpaper Documentation

60 Deliverables

Section 21-00: Purpose

This chapter sets forth the policies and procedures for a contracting officer representative (COR) monitoring the agency's annual financial statement audit conducted by an independent public accountant (IPA). The COR's responsibility is to monitor the contract to ensure the audit is performed in accordance with Generally Accepted Government Audit Standards (GAGAS) and all deliverables and contract terms are met by the contractor. These policies and procedures should also be followed for any another contracted audit that is conducted in accordance with government auditing standards.

Section 21-10: Standards

GAGAS 4.02:

GAGAS establishes requirements for performing financial audits in addition to the requirements contained in the American Institute of Certified Public Accountants (AICPA) standards. Auditors should comply with the additional requirements, along with the incorporated Statement of Auditing Standards (SASs), when citing GAGAS in their reports. The additional requirements for performing financial audits relate to:

- a. Auditor communication;*
- b. Previous audits and attestation engagements;*
- c. Fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse; and*
- d. Developing elements of a finding; and audit documentation.*

Section 21-20: Contracting Officer Representative Responsibilities

The Contracting Officer Representative (COR) is responsible for all the logistical and administrative tasks in getting the IPA cleared for background checks through Human Resources, and set-up onsite at the FEC headquarters to perform their contractual duties.

In addition, the COR will ensure that the IPA has complied with all applicable GAGAS requirements during the audit by adequately monitoring the audit timeline, reviewing all required deliverables, and completing the OIG's Audit Quality Assurance Checklist (see attachment 3).

COR Continuing Professional Education Requirements:

The COR responsible for oversight of the FEC's annual financial statement audit contract must obtain certification as a COR level 1, and ensure recertification every two years by earning 8 applicable CPE credits.

Section 21-30: Audit Planning

During the planning phase of the audit, the COR must ensure that all applicable information and forms are completed and provided by the IPA to ensure all assigned audit team members can perform work on the audit:

- Continuing Professional Education Credits
- Organization Peer Review Report
- Independence Forms
- Organizational Conflict of Interest Forms
- FEC OIG Computer Security Form

Section 21-40: Audit Communications

The IPA is required to provide an engagement letter explaining their understanding of the engagement, their responsibilities, and the expected responsibilities of management during the audit. In addition, the contractor will hold a planning briefing with the COR to discuss their planning approach to meet the contract requirements and audit standards.

During audit fieldwork, the COR is required to conduct regular status meetings with the contractor and management to ensure management is being responsive to the IPA and the audit is progressing on schedule.

Section 21-50: Workpaper Documentation

The COR is responsible for reviewing significant audit workpapers, specifically those workpapers related to audit findings identified by the IPA, and any miscellaneous issues that may arise during the audit and documented by the IPA.

In addition, any workpaper review comments by the COR should be documented and provided by to the IPA for response. The responses by the IPA should also be documented and provided to the COR for review. If responses are sufficient, the COR should document that the responses provided by the IPA are acceptable.

Section 21-60: Deliverables

All contractual deliverables must be reviewed by the COR prior to the IPA finalizing and providing to management. The COR must ensure that all comments and edits made by the Office of Inspector General to any draft and/or final documents are incorporated prior to finalization and distribution. This includes, but is not limited to:

- Engagement Letter
- Planning Documents (Audit Plans)
- Notice of Findings and Recommendations
- Draft Audit Reports
- Management Letters
- Audit Workpapers

ATTACHMENTS

1-8

Independence Certification

FEC OIG-XX-XX

[Audit Title]

Name

Job Title:

Attest to the following:

Yes No

Government Auditing Standards (GAS) 3.07

		a. Immediate family or close family member who is a director or officer of the audited entity, or as an employee of the audited entity, is in a position to exert direct and significant influence over the entity or the program under audit (see footnote ¹)
		b. Financial interest that is direct, or is significant/material though indirect, in the audited entity or program) (see footnote ²)
		c. Responsibility for managing an entity or making decisions that could affect operations of the entity or program being audited, for example as a director, officer, or other senior position of the entity, activity, or program being audited, or as a member of management in any decision-making, supervisory, or ongoing monitoring function for the entity, activity, or program under audit
		d. Concurrent or subsequent performance of an audit by the same individual who maintained the official accounting records when such services involved preparing source documents or originating data, in electronic or other form; posting transactions (whether coded by management or not coded); authorizing, executing, or consummating transactions (for example, approving invoices, payrolls, claims, or other payments of the entity or program being audited), maintaining an entity's bank account or otherwise having custody of the audited entity's funds; or otherwise exercising authority on behalf of the entity, or having authority to do so
		e. Preconceived ideas toward individuals, groups, organizations, or objectives of a particular program that could bias the audit
		f. Biases, including those induced by political, ideological, or social convictions that result from membership or employment in, or loyalty to, a particular group, organization, or level of government
		g. Seeking employment during the conduct of the audit with an audited organization

If 'YES' was selected for any of the statements above, please notify the Inspector General IMMEDIATELY and refer to the policy for *Impairments to Independence* in Chapter 3 of the FEC OIG's audit manual.

If "NO" was selected for all statements above, please certify below.

¹ Immediate family member is a spouse, spouse equivalent, or dependent (whether or not related). A close family member is a parent, sibling, or nondependent child.

² Auditors are not precluded from auditing pension plans that they participate in if (1) the auditor has no control over the investment strategy, benefits, or other management issues associated with the pension plan and (2) the auditor belongs to such pension plan as part of his/her employment with the audit organization, provided that the plan is normally offered to all employees in equivalent employment positions.

I certify that I am free of any personal, external, and/or organizational impairments to my independence on this assignment³.

Signature: _____

Date: _____

Threats to Independence GAS 3.13 – 3.19

Auditors must also be cognizant of the broad categories of threats to independence when conducting audit work. Threats may not necessarily impair independence, but should be evaluated using the conceptual framework identified in GAS 3.20 – 3.26. Auditors should evaluate the following potential threats to independence:

- Self-interest
- Self-review
- Bias
- Familiarity
- Undue influence
- Management participation
- Structural

Please complete either sections **A OR B** regarding threats to independence, as both cannot apply.

Section A

I certify that I am free from any threats of independence in accordance with GAS 3.14

Signature: _____

Date: _____

Section B:

I certify that I have identified my threat(s) to independence to the Inspector General and/or Deputy Inspector General and applied the appropriate safeguard(s) in accordance with GAS 3.16 to adequately eliminate or reduce my identified threat to independence. In addition, a detailed description of my threat to independence and the applied safeguards are attached with this form, including an approval signature from the IG/Deputy IG.

Signature: _____

Date: _____

³ This includes those who review the work or the report, and all others within the audit organization who can directly influence the outcome of the audit. The period covered includes the period covered by the audit and the period in which the audit is being performed and reported



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Office of Inspector General

Updated: July 2015

AUDIT QUALITY ASSURANCE CHECKLIST

The following checklist should be completed for each audit and documented in the audit workpapers to ensure that the audit is in compliance with Generally Accepted Government Auditing Standards (GAGAS) and/or the Office of Inspector General's policies and procedures.

AUDIT TITLE:

AUDIT ORGANIZATION:

Quality Assurance Items	Yes	No	Comments
1. Planning			
a. Are there completed independence forms for all audit staff conducting fieldwork documented in the workpapers? (<i>GAS 3.02</i>)			
b. Did the audit staff collectively have the knowledge, skills, and abilities needed, in order to meet the objective(s) and scope of the audit work conducted? (<i>GAS 3.69, 6.45</i>)			
c. Does the audit planning documentation contain evidence of adequate preliminary work (i.e. research, survey, prior audit workpapers, etc.) prior to the start of the audit? (<i>GAS 6.06, 6.13</i>)			

d. Was the audit program properly approved and prepared (i.e. includes methodology, tasks, procedures, and/or sampling plans) to meet the objective(s) and scope of the audit work conducted? <i>(OIG AM Ch. 6)</i>			
e. Did the notification letter to management regarding the start of the audit clearly state the purpose, objective, and scope of the audit? <i>(GAS 6.47)</i>			
f. Conduct an entrance conference <i>(OIG AM Ch. 6)</i>			
g. Did all contractors complete the OIG Contractor Security Standards Form <i>(OIG AM Ch. 14)</i>			
h. Did the Partner/Manager of the contracting firm complete the Organizational Conflict of Interest Form <i>(OIG AM Ch. 14)</i>			
i. Did all contracting personnel complete the Non-disclosure Agreement Form <i>(OIG AM Ch. 14)</i>			
j. Did all contracting personnel meet the continuing professional education requirements <i>(GAS 3.76 – 3.81)</i>			
k. Document the firm's latest Peer Review Report and any related letter of comment. <i>(GAS 3.82)</i>			
l. A kick-off meeting held and/or engagement letter provided by the contractor. <i>(OIG AM Ch. 6 & 21)</i>			
m. Submission of an audit timeline <i>(OIG AM Ch. 21)</i>			

2. Audit Program (GAS 6.51 a-e)			
a. Were all the applicable steps identified in the audit program performed?			
b. If an audit step was omitted, was the reason for the omission explained in the workpapers?			
c. Was the reason for omitting an audit step rational and logical?			
d. Was the audit program modified to include or eliminate the applicable audit steps, in order to meet the audit objectives?			
e. Did the audit program include the audit steps needed to test additional areas of concern, uncovered during the audit?			
3. Supervision (GAS 6.53 {a-d})			
a. Is there evidence of supervisory involvement in the audit planning process?			
b. Is there evidence of adequate supervision of the auditors?			
c. Are supervisory review notes maintained?			
d. Were workpapers reviewed in a timely manner?			
Contract Audits Only (E through J)			
e. OIG monitored and revised milestones as needed.			
f. Site visits, if warranted, were performed and in a timely manner.			
g. OIG performed supplemental audit test (if warranted).			
h. Deliverables were reviewed and issues cleared in a timely manner.			

i. OIG monitored other significant audit results.			
j. Maintained any workpaper review comments.			
4. Workpapers			
a. Does the audit documentation include: (OIG AM Ch. 14)			
• A cross-referenced copy of the audit program?			
• Documentation of the notification letter/memorandum?			
• Documentation of the audit status report and/or meeting?			
• Documentation of the exit conference?			
• A copy of the cross-referenced draft report?			
• A copy of the final audit report?			
b. Do the audit workpapers:			
• Contain the objectives, scope, methodology and criteria of the audit conducted? (GAS 6.83a)			
• Contain the conclusions that clearly address the audit objectives? (GAS 6.83b)			
• Explain the audit findings and results that lead to the conclusions? (GAS 7.16)			
• Identify the source of the data gathered for the audit? (OIG AM Ch. 14)			
• Contain the initials and date of the workpapers' preparer? (OIG AM Ch. 14)			
• Contain the appropriate cross-references to the source document(s) or related detailed testing workpapers? (OIG AM Ch. 14)			

<ul style="list-style-type: none">• Appear complete, clear, and concise? (GAS A7.02)			
<ul style="list-style-type: none">• Show evidence of supervisory review? (GAS 6.83c)			
<ul style="list-style-type: none">• Contain proper indexing? (OIG AM Ch. 14)			
c. Are the findings adequately supported in the workpapers? (GAS 7.14)			
d. Are the recommendations appropriate for the related circumstances described in the findings (conclusions)? (GAS 7.28)			
e. Are legends used to explain all audit symbols or tickmarks used on the workpapers? (OIG AM Ch. 14)			
f. If statistical sampling was used, was the sample size and methodology properly documented? (GAS 6.64)			
g. Do the workpapers contain evidence that internal controls were evaluated? (GAS 7.19)			
h. Do the audit workpapers restrict themselves to matters that are significant and relevant to the objectives of the audit? (GAS 6.60 a-c)			
5. Audit Reports			
Internal OIG Audit Only (A through B)			
a. Was the draft audit report properly referenced to the audit documentation by an independent referencer, prior to its issuance for review to the auditee? (GAS 6.79 & OIG AM Ch. 14)			
b. Were all of the independent referencer's notes and comments properly cleared, before dissemination of			

the final audit report? <i>(GAS 6.79 & OIG AM Ch. 14)</i>			
c. If the audit was terminated prior to completion: <i>(GAS 6.50)</i>			
<ul style="list-style-type: none"> Was the notice of termination communicated in writing to the appropriate management level? 			
<ul style="list-style-type: none"> Was an explanation of why the audit was terminated included in the workpapers? 			
d. Does the report include the complete GAGAS compliance statement “We conducted this audit in accordance with Generally Accepted Government Auditing Standards...”? <i>(GAGAS 7.30)</i>			
e. If conditions were present, which prevented the audit to be conducted in accordance with GAGAS requirements, was an appropriate statement prepared explaining the nature of conditions that required a deviation from the applicable guidelines? <i>(GAGAS 7.31)</i>			
f. Does the report include a description of the audit objectives, scope, and methodology? <i>(GAS 7.09)</i>			
g. Does the report contain appropriate background information that readers need to understand the findings? <i>(GAS 7.17)</i>			
h. Does the report include a full discussion of the audit findings, the cause of the problem areas noted in the audit, and recommendations to correct the problem areas and/or improve operations? <i>(GAS 7.16)</i>			
i. Does the report identify the significant internal			

controls that were assessed, the scope of the assessment work, and any significant weaknesses found during the audit? <i>(GAS 7.19)</i>			
j. Does the report include comments of the agency officials responsible for the organization, program, activity, or function audited concerning the report's findings, conclusions, and recommendations, and what corrective actions are planned? <i>(GAS 7.33)</i>			
k. Does the report include appropriate recognition of any actions already taken to improve the situation or identify any areas of noteworthy accomplishments? <i>(OIG AM Ch. 12)</i>			
l. Does the audit report include a transmittal letter addressed to the head of the agency and/or the management officials of the auditee? <i>(GAS 7.44)</i>			
m. Does the transmittal letter include a suggested Audit follow-up official? <i>(OIG AM Ch. 18)</i>			

FEDERAL ELECTION COMMISSION – OFFICE OF INSPECTOR GENERAL**ORGANIZATIONAL CONFLICT OF INTEREST (OCI)
REPRESENTATION/DISCLOSURE STATEMENT**

(FIRMS MUST COMPLETE A OR B, BUT NOT BOTH)

Solicitation/Contract Number: _____

Year: _____

Title of Audit/Assignment: _____

A. OCI REPRESENTATION STATEMENT

As a representative of my organization, I hereby certify that, to the best of my knowledge and belief, no facts exist relevant to any organizational interests or activities which relate to the proposed work and bear on whether the organization has a possible conflict of interest with respect to being able to be independent and render impartial, technically sound and objective assistance or advice. Further, I agree to remain independent throughout the assignment; agree to immediately disclose any independence issues discovered; and agree to immediately notify the COTR if the firm considers submitting a proposal on any contract(s) involving the FEC to permit evaluation of whether independence could be impaired.

Signature: _____

Date: _____

Name: _____

Organization: _____

Title: _____

B. OCI DISCLOSURE STATEMENT

As a representative of my organization, I hereby certify that, to the best of my knowledge and belief, all relevant facts concerning any organizational interests or activities which relate to the proposed work and bear on whether the organization has a possible conflict of interest with respect to being able to be independent and render impartial, technically sound and objective assistance or advice, are fully disclosed in a separate document attached to this disclosure statement, along with proposed avoidance measures (e.g., exclude portions of the work, teaming arrangements, etc.) for possible organizational conflicts of interest, if applicable. Further, in addition to the attached disclosure, I agree to remain independent throughout the assignment; agree to immediately disclose any independence issues discovered; and agree to immediately notify the COTR if the firm considers submitting a proposal on any contract(s) involving the FEC to permit evaluation of whether independence could be impaired.

Signature: _____

Date: _____

Name: _____

Organization: _____

Title: _____

FEDERAL ELECTION COMMISSION

OFFICE OF INSPECTOR GENERAL

FEC OIG Contractor Security Standards

June 2010

These Federal Election Commission (FEC) Office of Inspector General (OIG) Contractor Security Standards identify the minimum security standards and procedures that must be followed when accessing or storing FEC information using either FEC or contractor systems or networks. These OIG standards are intended to supplement FEC standards; where differences exist between the FEC and the OIG's standards, the highest level of security standards shall prevail. The contractor is responsible for compliance with the terms of these Standards by its employees or agents.

1. Definitions

The following definitions apply to these Standards:

“agreement” means an agreement between the FEC OIG and a contractor under which (i) the contractor performs services for the Office of the Inspector General (e.g., service provided under contract or task order from GSA schedule), or (ii) is otherwise provided access to data, confidential information, network, environment system and/or file back-up.

“computer” means any desktop or laptop computer, mobile device (e.g., cellular phone, BlackBerry), server and/or storage device that (i) may be used to access a network or environment, or (ii) may access or store data or other confidential information.

“confidential information” includes all environments, passwords, personally identifiable information (PII), and other non-public data or sensitive data.

“contractor” means any entity (including its employees and agents) that (i) performs services for the FEC OIG or as a subcontractor to a prime contractor, or (ii) is granted access to a network, FEC data or environment.

“data” means any information that resides on a network, in environments or on computers and includes any PII or other confidential information about the FEC, FEC vendors, suppliers, and employees.

“environment” means any development, test, stage and/or production computing environments to which a contractor is provided access under an agreement.

“network” means any computer network to which contractor is provided access in connection with an agreement and/or any contractor's computer networks used to provide services to the FEC OIG.

“personally identifiable information” or “PII” means information which can be used to distinguish or trace an individual's identity either directly (such as their name, social security number, biometric records, etc.) or indirectly when combined with other personal or identifying information which is linked or linkable to a specific individual (such as date and place of birth, mother's maiden name, etc.).

2. Use of Networks, Computers and Environments

Minimum System Security Standards

The following are the minimum security standards accepted by the FEC with respect to computers and other mobile computing devices.

- All laptops that access the FEC Local Area Network (LAN) will be required to employ a two-factor authentication mechanism where one of the factors is a device separate from the computer gaining access.
- All laptops that access the FEC LAN will be required to employ whole hard drive encryption.
- All mobile computing devices used to provide service under this agreement (i.e. BlackBerries and Palm Pilots) must be encrypted and/or password protected.
- All mobile computing devices must use a “time-out” function for remote access and require user re-authentication after a minimum of 30 minutes inactivity.

If the contractor is unable to supply its staff with computers or mobile computing devices that meet the minimum security standards above:

- The contractor may not use the computers or other devices to access FEC systems or data.
- The contractor may not transport, process or store *any* FEC data on the computers.
- The FEC may supply computers that comply with the minimum security standards above.

Network Protocols

Contractor is required to take the following steps to protect its own network/computers containing FEC data or when accessing an FEC network or environments, to include the following:

- Employ an industry standard Network Intrusion Detection System (NIDS) to monitor and proactively block suspicious network traffic from reaching Contractor’s network or environments.
- Manage and monitor all routers and firewall logs for unauthorized access to contractor’s network.
- Use router rules, access control lists and segmentation on any networks from which the environments or other confidential information are accessed.
- When accessing the FEC’s network over the internet, contractor may use only encrypted network traffic via industry standard Virtual Private Network (VPN).

- Contractor will use only authorized access methods such as VPN and the minimum authentication and security measures described above at all times for logical connection to the FEC networks.
- Contractor may not permit wireless access to FEC networks, computers or environments at any time.
- Contractor may transmit or make available confidential information over the internet only in an encrypted format (e.g., using https or ftps).

Access to Networks and Environments

FEC networks and the environments may be accessed only:

- if expressly permitted under the contractor's agreement with the FEC OIG;
- by contractor's employees and agents providing services under the agreement; and
- on a least-privilege basis for performance of services.

Contractor will implement physical, administrative and technical measures that restrict the ability to download, copy and/or export data only to those authorized users who are required to process the data for the performance of the services. Upon termination of service, the contractor will also implement appropriate measures to restrict the ability to download, copy and/or export the one copy of FEC data retained as required by professional standards or other legal requirements regarding the service performed; access to the data, such as audit files and workpapers, must be limited to Audit Partner or other senior management personnel.

Passwords

Contractor must maintain the following password standards for all computers, networks and environments:

- Passwords must conform to strong password standards that include length, complexity, and expiration. Passwords must not be written down or stored on-line unencrypted. Any password stored on-line must be stored using a minimum of 128-bit encryption.
- Passwords may not be shared. Each contractor employee or agent to whom access is granted must be provided a unique identifier and password.
- Contractor will abide by any further requirements for passwords as described in the *Federal Election Commission Password Standards*.

Terminating Access

Within 24 hours of termination, separation or resignation of any contractor employee or agent, the contractor must take appropriate actions to terminate his or her access to computers, networks, and environments, as well as physical access to service locations (contractor office

environments). If termination, separation or resignation occurs during the agreement period of performance, the contractor must also notify within 24 hours the FEC OIG to ensure access to FEC systems is terminated. Further, the contractor is responsible for retrieving from the employee or agent any FEC supplied property such as: security badge, building access key (Kastle Key or other keys to rooms or storage areas), computers, and/or any other issued equipment.

Logging

Contractor will retain security related logs for its computers and networks (including without limitation firewall, NIDS, operating system, VPN, and application logs) for at least 30 days.

3. Physical Security

Contractor is required to maintain the following physical security standards to prohibit unauthorized physical access at its offices at which confidential FEC information may be stored or from which FEC information, networks or environments may be accessed:

- Access must be limited to contractor employees and authorized visitors.
- Visitors must be required to sign a visitor's register and be escorted or observed when on the premises.
- Contractor must monitor and properly manage the possession of keys and access cards and the ability to access the location of FEC data (i.e. computer data center).
- When visiting or working at the FEC, contractor is required to abide by FEC building security requirements and any direction provided by FEC security staff.
- Any after-hours access to contractor premises is monitored and controlled by security.

4. Computer protection

Physical Security

During the normal workday, whether working in a FEC office or at an off-site location, a security cable should be used to fasten FEC laptop computers to a desk, chair or other fixed object. All portable computing devices should be locked in a secured area at the end of the workday. Portable computing devices should not be left unattended while traveling unless stored in secure location where not visible (e.g. airport terminal locker or trunk of a locked car). Portable computing devices must not be checked with other baggage when traveling.

Secure Key Management

In order to meet FEC IT security standards, contractors may be assigned FEC laptop computers that use secure key protection. Contractors should remove the secure key from the laptop when leaving the work area. The secure key ***should not*** be stored with the laptop when not in use.

Computer Virus Controls

Contractor will employ the following computer virus controls for all computers used to provide services under its agreement with the FEC OIG:

- Scan all e-mail sent both to and from any recipient for malicious code and delete email attachments that are infected with known malicious code prior to delivery.
- Use industry-standard virus protection software. Virus definitions must be updated regularly (in no event to exceed 7 days).
- Use automated virus updates, which may not be disabled.

Patches

Operating system security patches and software security patches must be applied promptly, when issued, on all computers. Computers should be configured to automatically receive security patches when issued.

5. Storage, Return and Deletion of Information***Storage***

The contractor may not store PII, data, confidential information or environments on its computers unless required for the performance of services under an agreement. When considering whether the information is required to be stored on its computers, even on a temporary basis, the contractor should first determine whether the information can be accessed, reviewed and stored at the FEC under secure conditions. Any such information stored on computers must be permanently deleted (i.e. wiped) from a computer, in a manner that ensures that it cannot be accessed or read, as such storage is no longer required for the performance of services. All FEC data must be wiped from portable laptops and devices no later than 60 days after contract termination and contractor shall provide written certification when data removal is completed.

Removable Media and Encryption

Contractor may not store PII, passwords, data or confidential information on removable media unless required for the performance of services under an agreement. Any such information on removable media must be stored using a minimum 128-bit encryption. Information must be permanently deleted from removable media, in a manner that ensures that it cannot be accessed or read, as soon as such storage is no longer required for performance of the services.

Return and Deletion

Upon termination of services or upon request by the FEC OIG, contractor must promptly (i) return to the FEC all PII, data, environments, and (ii) delete all PII, passwords, data and environments in its possession or control (on computers or in whatever other form or media) in a

manner that ensures that they cannot be accessed or read. Contractor may retain a copy of the foregoing materials for so long as required by professional standards or legal requirements, provided that any such copy is kept in an encrypted and secure format and is not used or accessed for any other purpose.

Contractor will dispose of documents containing PII, passwords, data or other confidential information only in secure shredding bins designated for sensitive or confidential information, with appropriate processes to assure that the documents are destroyed in a manner that ensures they cannot be re-created, accessed or read.

6. Business Continuity and Disaster Planning/Response

Back-up and Retention of Data

Contractor agrees to complete back-up and retention of all data as required for the performance of the services. Rules for frequency of back-ups and retention cycles shall be made available to the FEC OIG upon request. All back-ups must be stored securely.

Incident Notification and Support

Contractor shall notify the FEC OIG promptly of any incident that requires execution of the business continuity program and affects the function of computers and/or the availability or integrity of the data. Contractor will resume operations promptly after such an incident.

7. Confidentiality

The passwords for the networks and the environments, and all PII and other data are FEC confidential information. Contractor will provide its employees and agents access to the networks, environments and any confidential information only on a need to know basis, and may not disclose any confidential information to any third party without the FEC OIG's prior written consent.

8. Privacy and Data Protection

Unless required to provide the agreed services to the FEC OIG, the contractor will take reasonable steps to ensure it does not accept and retain PII and confidential data in any form. Contractor agrees that it will take the following measures to assure protection of PII and/or confidential data obtained in performing the agreed service for the FEC OIG:

- Access, use and process PII and other data only on behalf of the FEC OIG and only for the purpose specified in the Contractor's agreement with the FEC OIG, in compliance with these Standards and such further instruction as the FEC may provide regarding the processing of such PII or other data.
- Inform the FEC OIG promptly if contractor has reason to believe that legislation applicable to contractor (or changes in legislation applicable to contractor) prevent it

from fulfilling the obligations related to the treatment of PII or other data under these Standards and/or contractor's agreement with the FEC.

- To the extent permitted by law, notify the FEC OIG promptly and act upon instruction concerning:
 - Any request for disclosure of the PII or other data by law enforcement or other governmental authority;
 - Any request by law enforcement or other governmental authority for information concerning processing of PII or other data in connection with the agreement between the contractor and the FEC OIG; and
 - Any request received directly from an individual concerning his/her PII.
- Abide by all federal data privacy laws and regulations applicable to the contractor's access to PII, including FEC policies and procedures on protecting PII.

9. Reporting and Responding to Security Incidents and Breaches

Contractor must immediately report to the FEC OIG (i) any security breach or other event that creates reasonable suspicion of unauthorized access to PII, data, confidential information or an environment and/or misappropriation or alteration of any PII, data or confidential information, and/or (ii) the loss or theft of any computer, whether issued by the FEC or belonging to the contractor but containing FEC data. Contractor will take appropriate steps to immediately address such incident, and will follow any additional instructions the FEC provides with respect to such incident and/or remediation identified in the response to such incident.

10. Personnel

All contractor employees and agents must be required to execute written confidentiality agreements that are consistent with the confidentiality obligations in these Standards and to comply with policies designed to prevent the disclosure of confidential information. Contractor is also responsible for assuring that its employee's and agent's access, use, and protect the security of service locations, computers, networks, PII, data, environments and other confidential information in a manner consistent with the terms of its agreement with the FEC and these Standards.

Contractor will employ clean desk and clear screen policies (i.e., policies and practices designed to restrict physical and logical access to confidential information on a need to know basis) to protect all data and other sensitive information.

11. Training

Pursuant to the Public Law 100-235, the Computer Security Act, *"Each agency shall provide mandatory periodic training in computer security awareness and accepted computer practices of all employees who are involved with the management, use, or operation of each Federal computer system within or under the supervision of that agency."* The FEC applies this same security standard to its contractors. All contractor staff must complete FEC security awareness and privacy awareness training before being granted access to FEC systems and data.

Depending on the duration of the contracted services, contractor staff may also be required to attend periodic refresher training.

12. Verification, Monitoring and Audit

Contractor will maintain a complete list of all individuals with permission to access the FEC and contractor network, environments and/or data. If requested, contractor will provide written response to any questions that the FEC OIG submits regarding the contractor's security practices.

The FEC OIG may monitor the contractor's access to and use of the environment and networks. The FEC OIG may also have security audits performed upon reasonable notice to confirm compliance with these Standards.

I have read the "FEC OIG Contractor Security Standards" attached hereto. I understand and agree to comply with them. The computer equipment proposed to perform the agreed service does/does not meet the *Minimum System Security Standards* described in section 2 above.

Contractor Name (Typed or Printed)

Name of Company (Typed or Printed)

Signature

Date

FEC OIG Contractor Engagement Completion Checklist

Process				
Fixed and mobile computing devices used to provide the service to the FEC OIG are known and have been reviewed and sanitized in accordance with the FEC OIG Contractor Security Standards. A listing of the equipment by contractor staff member is included below.				
Contractor staff listing #	FEC or Contractor Supplied Equipment?	Item description/ serial number	Performed by/date	Reviewed by/date
Contractor systems and networks have been reviewed and contain only one copy of final deliverable and associated engagement work papers in consolidated network and file room locations. The records will be maintained in accordance with the FEC OIG Contractor Security Standards. A listing of staff members with ongoing access to the records is included below:				
Contractor staff listing #	Read only		Download	

Note: Be sure to include Engagement Partner or other contractor quality assurance staff who may not have been physically present at the FEC at any time during the engagement but who may have access to all data.

I, _____ (name/title/organization) certify that the paper records and electronic files associated with the _____ contracted service provided to the FEC and managed by the Office of the Inspector General have been and will remain secured in accordance with the FEC OIG Contractor Security Standards and the firm's own procedures. Further, I certify that the data protection practices described in the table above have been performed and were verified by _____ as complete.

Date: _____



THE FEDERAL ELECTION COMMISSION
Office of Inspector General
 Washington, DC 20463

NONDISCLOSURE AGREEMENT FOR CONTRACTORS

1. I, _____, understand and acknowledge that I may be granted access to sensitive, protected, and confidential information related to the Federal Election Commission (FEC), including, but not limited to, information about individuals, including personally identifiable information, protected by the Privacy Act, Inspector General Act of 1978, as amended (IG Act) and other federal laws; information pertaining to the investigation, prosecution and conciliation of enforcement matters under the Federal Election Campaign Act, the unauthorized disclosure of which is a misdemeanor; proprietary or otherwise confidential commercial information owned by other third parties, such as software vendors to the FEC; and information related to the business, personnel and security practices of the FEC and FEC Office of Inspector General (OIG). I agree to use such information only in the course of my official duties in connection with the provisions of the below referenced contract.

2. **Disclosure of FEC information.** I agree to hold the FEC and FEC OIG's sensitive, protected, and confidential information, including personally identifiable information, in whatever form or format, in strict confidence, and to take all reasonable precautions to protect against unauthorized use or unauthorized disclosure of such information, including but not limited to compliance with the IG Act's confidentiality provisions and Rules of Behavior and Acceptable Use Standards for Federal Election Commission Information and System Resources.

3. **Duty to report.** I agree to report immediately to an appropriate employee of the FEC OIG any unauthorized use, unauthorized disclosure, or other breach of sensitive, protected, and confidential information of which I become aware, or which I suspect has occurred or may occur.

4. **Return of FEC material and information.** At the conclusion of my work under this contract, I will return to the FEC (or destroy, upon written approval of the Inspector General [IG] or designee) all FEC material, including copies, and all records containing FEC material and information. FEC OIG material will be returned only to the FEC OIG and not the main agency.

5. **Deactivation of Access to FEC Information System Resources.** Immediately at the conclusion of my work (no later than 1 business day) under this contract I agree to notify the FEC Information Technology HelpDesk, in writing, that I no longer require access to FEC Information Resources.

6. **Destruction of Personally Identifiable Information (PII).** Prior to final payment on the contract, I will verify with the OIG Contracting Officer's Representative that I have destroyed

any and all FEC and FEC OIG PII that has come into my custody while working for or at the FEC OIG. The destruction method must be consistent with FEC IT Security Policies.

7. **Exceptions.** I understand that this Agreement shall not apply to: (1) Disclosures of sensitive, protected, and confidential information approved in advance in writing by the IG or designee; or (2) Information that is or was publicly available by means other than my disclosure; or (3) Compliance with a valid court order; provided, however, that I agree to inform the Counsel to the IG, Deputy IG, and/or IG as soon as possible after, and in no event more than one business day after, my receipt of such a court order, to provide the Counsel to the IG with a complete copy of the order, and to provide the OIG an opportunity to file an objection to the release of the information.

8. **Appropriations Act restriction.** These provisions are consistent with and do not supersede, conflict with, or otherwise alter the employee obligations, rights, or liabilities created by statute or Executive order relating to (1) classified information, (2) communications to Congress, (3) the reporting to an Inspector General of a violation of any law, rule, or regulation, or mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety, or (4) any other whistleblower protection. The definitions, requirements, obligations, rights, sanctions, and liabilities created by controlling Executive orders and statutory provisions are incorporated into this agreement and are controlling. Essentially, this Agreement does not prevent you from reporting fraud, waste, abuse, mismanagement, or violations mentioned above to the OIG or communicating with Congress. Further, by receiving Federal funds through a contract or agreement, an employer or contractor cannot prohibit you from reporting fraud, waste, abuse, mismanagement, or violations mentioned above to the OIG or other appropriate Federal official, even if you sign a confidentiality agreement.

_____ (contract number) _____ (company)

_____ (typed/printed name) _____ (signature)

_____ (mm/dd/yyyy)

Cover Sheet for Exported TeamMate Audit File

Title of Engagement: _____

Entity Audited:

Assignment Number: _____

Dates: _____ to _____

Brief description of contents: _____

Staff Person Performing the TeamMate Export:

Initials: _____ Date: _____

Records Retention Instructions:

(Check one)

Temporary file: _____ Permanent file: _____

Date to be:

Transferred to Federal Records Center _____

Transferred to National Archives _____

Destroyed/deleted on or after _____

INDEPENDENT REFERENCE COMMENT SHEET

Title: [Project Title]

Assignment Number: [OIG-XX-XX]

Comment # Reference	Referencer's Comments	Auditor Responses	Final Clearance

Certification of Independent Referencing

I have independently referenced the draft report for the project cited above. All of my documented comments have been properly cleared by the auditor(s) and/or resolution by the Deputy IG or IG has been confirmed.

 Printed Name of Referencer

 Signature of Referencer

 Date

OFFICE OF INSPECTOR GENERAL FLEXIPLACE PROGRAM POLICY

PART 1 - OBJECTIVES OF THE FLEXIPLACE PROGRAM

The Flexiplace Program (FP), commonly referred to as telework, is a voluntary program designed to permit Office of Inspector General (OIG) employees to work at a designated alternate duty station on an episodic or regular basis. The OIG is implementing FP to enable the office to use its resources more efficiently and effectively, increase job satisfaction, and improve the quality of the employees' work and family life without diminishing the quality or quantity of the OIG work. The FP also reduces gasoline consumption, lessens the pollution and congestion caused by automobile traffic, and increases the likelihood that the OIG will be able to function if an epidemic or terrorist attack occurs. Telecommuting can also improve the OIG's ability to recruit and retain employees, and allow the OIG to respond to the changing demands of the workplace.

PART 2 - THE FLEXIPLACE PROGRAM

Section 1 - Types of Flexiplace

The OIG FP includes Episodic Flexiplace and Regular Flexiplace. Employees that participate in the program are required to perform the majority of their work at their official work station at FEC headquarters.

Section 2 - Definitions

- A. "Alternate Duty Station" (ADS) is a specific room or specific areas within an employee's primary residence.
- B. "Episodic Flexiplace" is the use of an ADS on an irregular basis for specific projects or assignments that are time-sensitive or require intense concentration.
- C. "Regular Flexiplace" is the use of an ADS on a regularly scheduled basis.

Section 3 - Flexiplace Informational Sessions

The OIG will hold an informational session(s) for potential FP participants at the inception of the OIG program, and as needed thereafter. The informational sessions will include a discussion of the program and an opportunity for prospective participants to ask questions about the program.

Section 4 - Criteria for Eligibility

- A. Flexiplace may not be suitable for all employees or for all types of positions. Flexiplace will be allowed only when an employee is able to perform work (i.e. ability to produce a quantifiable work product during the FP) at an alternate duty station without impairing the OIG's efficiency and effectiveness. In determining whether an employee or a position is suitable for Flexiplace, the OIG may consider factors such as the nature and content of the work and the procedures by which the work is to be performed; an employee's past performance record, job title, type of appointment, or work schedule; the availability of equipment and technology that would make Flexiplace work practical in a given circumstance; and office coverage. Certain positions may be suitable for all types of Flexiplace arrangements. For other positions, Flexiplace would be on

a project type (episodic) basis, and the IG or Deputy IG reserves the right to deny or limit participation to such employees.

1. Examples of situations in which Flexiplace may be suitable:

- a. Employees who can function independently (that is, without close supervision);
- b. Employees who have a demonstrated record of dependability;
- c. Positions that entail significant analysis and writing and only a minimum amount of interaction with other employees; or
- d. Positions that entail a significant amount of computer-oriented tasks and only a minimum amount of interaction with other employees.

2. Examples of situations in which Flexiplace may not be suitable:

- a. Positions that necessitate frequent in-person interaction with other employees;
- b. Positions that necessitate frequent interaction with the public or with individuals who conduct business with the OIG;
- c. Positions that require frequent access to equipment or information that cannot be moved from the regular workplace; or
- d. Positions that would adversely affect the performance of other employees.

C. To participate in the FP, an employee must have received a performance appraisal rating (if applicable) of 3 or higher on their most recent appraisal. Employees without an evaluation for their current position must serve at least 90 days and their supervisor (if applicable) must assess their performance to be at the "Fully Successful" to apply to participate in the FP.

D. No employee may participate in Flexiplace if, during the year prior to the date the employee seeks to join Flexiplace, he or she has been subject to a disciplinary action or an adverse action.

E. Employees must not be currently (or during the year prior to his or her applying to participate in Flexiplace) under a Performance Improvement Plan ("PIP").

F. Employees cannot participate in Flexiplace while they are working under a leave restriction letter.

G. Employees must agree to abide by the terms and conditions in this policy and must sign and abide by the terms and conditions of the FP Application. (See Form 1)

H. Employees must ensure that the ADS is safe and suitable for the performance of official duties. (See Form 3)

I. Each participant must obtain and pay for a high-speed Internet connection at his or her ADS. (This requirement does not apply to employees who participate in the FP at the request of the OIG.)

J. New supervisors will be required to review FP applications for concurrence.

Section 5 - Flexiplace Rules

A. Rules Applicable to All Flexiplace Participants

1. Employee participation is voluntary and subject to the Inspector General (IG) or Deputy IG's approval.
2. Work projects that are suitable for specific FP assignments are those that may be performed at least as efficiently at the ADS as at the traditional office duty station.
3. Employees must have a safe and adequate work site at home that provides the necessary level of security and protection for government property. Employees will complete a "Self-Certification Safety Checklist for Home-Based Flexiplace Participants." (See Form 3)
4. The IG or Deputy IG may conduct periodic inspections of an ADS during the employee's normal working hours to ensure that it conforms to safety standards and other specifications. Any inspection will occur only on days when the employee is working at the ADS and after reasonable advance notice. The IG or Deputy IG will use the Self-Certification Safety Checklist as the basis for conducting these inspections (See Form 3). The IG or Deputy IG reserves the right to visit the ADS without advance notice if the IG or Deputy IG believes there is a potential violation of this policy.
5. Employees may not use duty time for any purposes other than official duties. For example, Flexiplace is not a substitute for dependent care, such as child care or elder care, and may not be used to provide dependent care during working hours. Nor may flexiplacing employees use duty time to operate a business.
6. The IG's or Deputy IG's reasonable discretion governs which OIG documents may be taken to the ADS. Employees will protect government records subject to the Privacy Act from unauthorized disclosure or damage at the ADS and will comply with the privacy requirements set forth in the Privacy Act of 1974, Public Law No. 93-579, codified at 5 U.S.C. § 552a. Due to the nature of the OIG's work, employees are encouraged to discuss with the IG or Deputy IG if there is any uncertainty about the types of documents allowed to be taken to the ADS. All OIG employees have a duty to protect sensitive documents, to include, but not limited to records that may contain PII (personally identifiable information, such as social security numbers, etc.).
7. Telephone service and e-mail access are essential to the OIG's mission.
 - a. Program participants will not be reimbursed for e-mail and telecommunication equipment, installation, regular services and maintenance, or for their purchase of fax equipment.
 - b. Employees must be available by telephone and simultaneously by e-mail during normal working hours and may be contacted by the OIG on an as-needed basis. The employee will immediately notify the IG or Deputy IG of any change in the location or telephone number of the ADS. When employees are working at their ADS, they will check their voicemail and e-mail messages on a regular basis during the workday.

c. Program participants will use government-issued telephone cards or government issued cell phones for all business telephone calls where costs in addition to those included in the employee's regular telephone service fees are incurred (for example, long distance telephone calls).

8. Employees participating in the FP may be required to provide fax capability (both receiving and sending) at their ADS or at an alternative location. An electronic online fax capability may be considered sufficient for this purpose. In either case, the employee will provide the fax capability at his or her own expense.

9. Employees who share a household with other occupants must locate the ADS in a room that can be locked from the outside or must have a locked file cabinet or other locked container to minimize unauthorized access to OIG/FEC records and files.

10. The OIG may, at its discretion, place government-owned computers and telecommunications equipment in the ADS, but the OIG retains ownership and control of hardware, software, data ports, and data.

11. The employee will perform all work on an FEC OIG-issued laptop or other government-issued computing device (e.g., netbook, tablet, etc.). However, the IG or Deputy IG may grant written exceptions on a case-by-case basis.

12. Employees are responsible for and must maintain proper control of any government-owned equipment they use at their ADS, as outlined in applicable FEC procedures and directives. See, for example, "Management of Desktop and Laptop Computers." The equipment is to be used only for authorized purposes. If any of the government-owned equipment is stolen, damaged, or lost, the employee must cooperate in any investigation conducted by the police or other authorities. The employee will promptly notify the IG or Deputy IG if government-owned equipment is stolen, damaged, or lost.

13. An employee participating in the FP will promptly inform the IG or Deputy IG whenever any problems (such as equipment failure, power outages, and telecommunications difficulties) arise that adversely affect the employee's ADS or his or her ability to work at the ADS.

14. Employees working in a Flexiplace arrangement must adhere to established rules, practices, and procedures governing time and attendance; leave; travel; overtime; compensatory time; and credit hours. Employees are expected to adhere to their normal hours of duty for days worked at their ADS. Deviations to change hours must be made in writing to the IG or Deputy IG.

15. An employee who participates in the FP retains his or her eligibility for other programs, such as the Flexible Nine-Hour Work Week Program, the 4/10 compressed program and the Credit Hours Program. Participation also does not impinge on the employee's ability to take annual and sick leave. With supervisory approval, participants in the 4/10 compressed program may also participate in the Flexiplace program, but will be limited to two Flexiplace days per pay period.

16. The official duty station of employees participating in the FP will continue to be their regular offices in the FEC's headquarters building, not the ADS. Entitlement to locality-based pay, special salary rates, travel allowances, and relocation expenses is based on the official duty station.

17. Employees participating in the FP shall return to the official duty station as soon as possible when the IG or Deputy IG requests them to do so. The IG or Deputy IG will give the employees as much advance notice as possible of the need to return to the official duty station. Employees participating in Regular or Episodic Flexiplace are expected to come to the official duty station on their Flexiplace day(s) for meetings or other purposes based on the needs of the OIG. Employees may also be required or advised by the IG or Deputy IG to report to their official duty station.

18. **Flexiplace During Closure or Dismissal Situations.** When the FEC (or Office of Personnel Management (OPM)) has a delayed arrival, dismisses employees early, or closes its offices, because of an emergency or other exigency (for example, inclement weather or FEC building problem), employees scheduled to work at their ADS (Flexiplace) for the day of the announcement are **not** excused from work, and are expected to begin Flexiplace on-time or remain on duty (in cases of announced late arrival/early departure situations), or request unscheduled leave. The following additional provisions apply for approved Flexiplace participants:

a. **Unscheduled Flexiplace (telework).** Approved Flexiplace participants may work at their ADS when the FEC or OPM announces an “unscheduled leave/telework option” due to inclement weather or other exigency, or take unscheduled leave. Like unscheduled leave, employees must notify their supervisor, and send an email to OIG staff, of their intent to utilize the unscheduled Flexiplace option and must ensure that sufficient work can be performed through Flexiplace. Participants are expected to begin Flexiplace on-time or remain on duty (in cases of announced late arrival/early departure situations), or request unscheduled leave. The employee is to immediately add the Flexiplace time to the OIG shared calendar.

b. In cases of early departure, with supervisory approval, a Flexiplace participant may depart prior to the scheduled early departure time without charge to annual leave provided the employee makes up the time later in the day by working at their ADS. This time is to be reflected on the OIG shared calendar.

c. In cases where the FEC dismisses employees early due to a holiday (communicated to all FEC staff through FEC e-mail), OIG employees who are working at their ADS are also excused. In any event, if unsure, contact the IG or Deputy IG.

d. In the event of inclement weather or other exigency, and FEC/OPM does **not** provide for delayed arrival, early dismissal or closing, Flexiplace participants may request episodic Flexiplace, provided the following are met: a request for episodic is submitted via email and supervisory approval is granted and sufficient work exists for the episodic Flexiplace. Once approval is granted the employee will reflect this time on the shared calendar.

19. Holidays, travel and training days that fall on a participant's Flexiplace day(s) do not result in a “in lieu of” FP day(s). For example, if a participant's Regular Flexiplace day is Monday of each week, and a Federal holiday occurs on Monday, the participant's next Regular Flexiplace day would occur on the next Monday business day.

20. An employee's violation of these rules and policies may be a basis for removal of the employee from the FP and for appropriate disciplinary or adverse action.

B. Rules Specifically Applicable to Regular Flexiplace

1. Regular Flexiplace may be scheduled up to a maximum of four (4) days per two (2) week pay period, except for participants of the 4/10 compressed schedule, who are limited to two Flexiplace days per pay period. Unless specifically approved, no more than two (2) Flexiplace days should occur in one week..
2. Employees participating in Regular Flexiplace who come to the official duty station on their Flexiplace day(s) (due to a meeting or other purpose) may work with the IG or Deputy IG to try and substitute another day or days as their Flexiplace day(s) during that pay period, but an alternate Flexiplace day is not guaranteed.
3. Regular Flexiplace may be used for less than a full day in conjunction with the employee using annual or sick leave, earned compensatory time off, earned credit hours, or leave without pay, for the rest of the day.

C. Rules Specifically Applicable to Episodic Flexiplace

1. The IG or Deputy IG, in consultation with the employee, will decide the appropriate duration of an Episodic Flexiplace arrangement. The decision will take into account the nature of the particular tasks or projects, the employee's need for uninterrupted concentration, and the OIG's work needs. (See Section 4.A)
2. An employee who participates in Regular Flexiplace may also participate in an Episodic Flexiplace arrangement during a week or pay period when the employee is on his or her Regular Flexiplace day(s). Such occurrences are to be approved by the IG or Deputy IG.
3. Episodic Flexiplace may be used for less than a full day in conjunction with the employee using annual or sick leave, earned compensatory time off, earned credit hours, or leave without pay, for the rest of the day.
4. Episodic Flexiplace may be used to allow employees to work at the ADS on days when the Commission is operating on an "unscheduled leave" basis because of inclement weather or other circumstances. **When possible**, employees are expected to get prior approval for the day the unscheduled leave policy is invoked. Employees must notify their supervisor and OIG staff via email as early as possible, and no later than their normal scheduled start time, that they will be taking unscheduled Flexiplace. The employee is also expected to update the shared calendar once they have logged into Lotus Notes.
5. An employee who suddenly becomes ill or injured, but is well enough to work and has the capability for unscheduled telework (i.e., has the required technology at home and work that can be performed), may request Episodic Flexiplace in lieu of taking sick leave for all or part of a scheduled work day. The employee must email an Episodic Flexiplace request to the IG or Deputy IG as soon as practicable, but no later than the start of the employee's scheduled work day. For example, an employee who wakes up too sick to commute but is well otherwise enough to perform work from home, or that may have a communicable illness and does not wish to expose co-workers, may request unscheduled Episodic Flexiplace before their scheduled starting time. If an employee has not received an approval or denial from the IG or Deputy IG by his or her scheduled start time, the employee may begin teleworking, but must cease work and take sick leave for the remainder of the day if the Episodic Flexiplace request is denied. The granting of Episodic Flexiplace for the purposes of this section is not automatic and remains solely the discretion of the IG or Deputy IG. The shared calendar must be immediately updated and the timekeeper notified upon approval under this section.

Section 6 - Flexiplace Program Applications

- A. Employees planning to participate in the FP program must submit application materials pursuant to this section.
- B. All eligible employees must participate in an orientation session (as described in Section 3). Employees who are making changes to an existing Flexiplace plan are not required to participate in another orientation session, unless changes to the program have occurred.
- C. Applicants who wish to participate in the Flexiplace program must fill out the Application (Form 1) and the Self-Certification Safety Check List (Form 3). Those who wish to participate in both types (Regular and Episodic) should complete both sections and all information on Form 1 must be completed for the type of Flexiplace that is being applied for. By signing and dating the Application Form, the employee signifies that he or she has volunteered to participate in the FP, has read and understands this policy, and will abide by the FP's requirements.
- D. Employees participating in an Episodic arrangement must subsequently make an Episodic Flexiplace request to their supervisor (IG or Deputy IG) via email for each proposed episodic assignment. The email request must state the date of the episodic request. In determining whether to approve a particular Episodic Flexiplace assignment, the IG or Deputy IG may consider factors such as (a) the nature and content of the work, (b) the procedures by which the work is to be performed, (c) an employee's work schedule, (d) the availability of equipment and technologies that would make the Flexiplace work practical in a given circumstance, and (e) office coverage. The supervisor will notify the employee of the approval or denial of the Episodic Flexiplace via email, and will copy the timekeeper on all approvals. Once the approval has been received by the employee, the employee is to immediately add their Flexiplace schedule to the shared OIG calendar.
- E. Employees already participating in an approved Regular Flexiplace arrangement who wish to make changes to that arrangement may either email their supervisor with the proposed change or complete a new Application (Form 1). Once the change is approved, the timekeeper will be provided with a copy of the new arrangement and all changes in the schedule will be reflected on the OIG shared calendar by the employee.
- F. Within 30 calendar days of the receipt of an employee's initial Application (Form 1) or an employee's request for changes to an approved Regular Flexiplace arrangement, the IG or Deputy IG will notify the employee whether the application has been approved or denied. The IG or Deputy IG will also respond to an Episodic Flexiplace Assignment Request as soon as practicable given the particular timing of the work to be completed in the request. The Application or Assignment Request must be approved before the employee begins to work at the ADS.
- G. If the IG or Deputy IG disapproves of any part of an employee's Application (Form 1) or an Episodic Flexiplace Assignment Request, the reason(s) for denial will be furnished to the employee in writing in the appropriate section of the applicable form.
- H. The IG or Deputy IG may initiate a Flexiplace arrangement or assignment by contacting the employee either in person or via email with the date(s) and project(s) to be completed. An employee is not required to accept an OIG-initiated Flexiplace arrangement or assignment.

Section 7 - Participant's Termination or Suspension from the Flexiplace Program

A. The IG or Deputy IG may terminate or suspend an employee's participation in the FP or a particular Flexiplace assignment or arrangement for reasons including but not limited to: failure to meet and maintain eligibility requirements during the program; diminished productivity; failure to adhere to this policy; or the needs of the OIG.

1. The employee normally will receive three workdays advance written notice of a decision. The notice will include an explanation for the decision.

2. The IG or Deputy IG will make an effort to counsel employees about specific problems before terminating their participation in the FP or a particular Flexiplace assignment.

B. The IG or Deputy IG may exclude or temporarily suspend from the FP certain persons, positions, groups of positions, or organizational elements to meet the needs of the OIG. The IG or Deputy IG may take such action for reasons including, but not limited to, significant additional costs associated with the FP or new mission requirements requiring the suspension of employees' participation in the FP.

C. An employee may withdraw from the FP after written notice to the IG or Deputy IG. Once an employee has withdrawn from the FP, he or she may not participate in the program unless a new application process is completed and the employee's application is approved.

Any changes to an employee's Flexiplace schedule will promptly be provided to the timekeeper by the supervisor.

Section 8 - Problems and Remedies

Employees and the IG / Deputy IG are encouraged to attempt to resolve problems with the FP through verbal and/or written communication.

Section 9 - Liabilities and Responsibilities

A. The FEC and OIG will not be responsible or liable for:

1. Damage to an employee's real or personal property when the employee is performing official duties or while the employee is using governmental equipment at the ADS, except to the extent required by applicable law.

2. Accident or injury occurring at the ADS while the employee is performing official duties, except to the extent required by the Federal Employee's Compensation Act. Employees must bring to the IG's / Deputy IG's and FEC's immediate attention any accident or injury occurring while the employee is performing official duties at the ADS.

3. Operating costs, home maintenance, or any other incidental costs (for example, utilities) associated with the use of a private residence as an ADS.

B. The FEC will be responsible for the maintenance and repair of all government-owned equipment placed at an ADS. If employees can feasibly do so, they will bring any malfunctioning government equipment to their official duty station for repair.

Section 10 - Duration and Recordkeeping

- A. This policy shall remain in full force and effect for one year from its effective date. The OIG agrees that, thereafter, the OIG's Flexiplace Program shall be automatically renewed annually unless it is determined the FP has impacted the ability of the OIG to efficiently and effectively accomplish its mission, or other applicable reason.
- B. All forms, episodic email approvals, and any changes to an employee's Flexiplace schedule will be promptly provided to the timekeeper. The timekeeper will maintain an electronic file related to all telework documentation.

FLEXIPLACE PROGRAM APPLICATION

NAME OF APPLICANT (Please print)

Instructions: Provide the information required for the type of Flexiplace arrangement you are requesting. If you wish to participate in both Regular and Episodic Flexiplace, fill out the entire form. If you are requesting changes to an existing Regular Flexiplace arrangement, circle the appropriate type. Please write legibly.

1. The address of my Alternate Duty Station (ADS) will be:

2. Describe specific room or areas within a room that will be designated as the ADS:

3. I am interested in participating in the following type(s) of Flexiplace arrangement.

REGULAR FLEXIPLACE

New Arrangement Changes to Existing Arrangement

I would like to participate in a Regular Flexiplace Arrangement on the following basis (per 2 week pay period):

Preferred Day 1 of Week1: _____ Preferred Day 2 of Week 1: _____

Preferred Day 1 of Week 2: _____ Preferred Day 2 of Week 2: _____

Alternate day(s) of week: _____ Preferred times: _____

Frequency of work at ADS: Semiweekly Weekly Every Other Week Other _____

EPISODIC FLEXIPLACE

If I am approved to participate in an Episodic Flexiplace Arrangement, the types of work that I anticipate that I will perform at the ADS on an episodic basis are as follows:

By signing and dating the application, I signify that (a) my participation in the Program is voluntary, (b) I have or will have high speed Internet access prior to participating, (c) I meet all the eligibility criteria contained in the policy for the Program and (d) I will abide by all the Program's requirements.

APPLICANT'S SIGNATURE

DATE

To be completed by IG or Deputy IG:

APPROVED DENIED

Reason for Denial: _____

IG OR DEPUTY IG SIGNATURE

DATE

FORM 2 – SUPERCEDED BY POLICY – NO LONGER IN USE

EPISODIC FLEXIPLACE ASSIGNMENT REQUEST

(A separate request form must be completed for each assignment)

NAME OF APPLICANT (Please print)

1. Alternate Duty Station (ADS) Address:

2. The employee will work at his/her ADS on the specific dates and times indicated below:

Date(s):

Starting Time: _____ Ending Time: _____

3. Description of the project/work assignment to be performed at the ADS:

APPLICANT'S SIGNATURE

DATE

To be completed by IG or Deputy IG:

APPROVED DENIED

Reason for Denial: _____

IG OR DEPUTY IG SIGNATURE

DATE

4. Flexiplace Post-Evaluation

Was the project or work successfully completed in the time allowed? YES NO

If the project was not completed, provide a brief explanation as to why not.

IG OR DEPUTY IG SIGNATURE

DATE

Both the employee and the IG or Deputy IG should maintain a copy of this completed form. In addition, the original of the completed form should be forwarded to the IG after either (1) the IG or Deputy IG has disapproved the request for a particular Episodic Flexiplace Assignment or (2) the IG or Deputy IG has approved the request and has completed the post-evaluation section of this form.

FORM 3**SELF-CERTIFICATION SAFETY CHECKLIST
FOR HOME-BASED FLEXIPLACE PARTICIPANTS**

Participating employees should use the following checklist to assist them in a survey of the overall safety and adequacy of their alternate worksite. The following are guidelines, and do not encompass every situation that may be encountered. Employees are encouraged to obtain professional assistance with issues concerning appropriate electrical service and circuit capacity for residential worksites.

Name: _____

Office/Division: _____ **Work Phone Number:** _____

Alternative Worksite Location: (Describe the designated work area in the alternative worksite).

- ☐ Develop and practice a fire evacuation plan for use in the event of an emergency.
- ☐ Check your smoke detectors regularly and replace batteries once a year.
- ☐ Always have a working fire extinguisher conveniently located in your home, and check the charge regularly.
- ☐ Computers are heavy. Always place them on sturdy, level, well maintained furniture.
- ☐ Locate your computer to eliminate noticeable glare from windows and lighting. Place the computer monitor at a height that is comfortable and does not produce neck or back strain. Locate computer keyboards at heights that do not cause wrist strain or place the keyboard on an adjustable surface.
- ☐ Install sufficient lighting in the work area.
- ☐ Arrange file cabinets so that opened drawers do not block aisles.
- ☐ Be sure to leave aisle space, where possible, to reduce tripping hazards.
- ☐ Always make sure electrical equipment is connected to grounded outlets.
- ☐ Avoid fire hazards by never overloading electrical circuits.
- ☐ Inspect and repair carpeting with frayed edges or loose seams. Avoid using throw rugs that can cause tripping hazards in your workspace.
- ☐ Locate computers, phone, and other electrical equipment in a manner that keeps power cords out of walkways.
- ☐ Always power down computers after the workday is over and always turn off all electrical equipment during thunderstorms.
- ☐ Keep your work area clean and avoid clutter that can cause fire and tripping hazards.
- ☐ Do not allow non-Government employees to operate or repair Government owned equipment.
- ☐ Always keep Government files and information in a secure place and do not advertise your home office to strangers.
- ☐ Always use proper lifting techniques when moving or lifting heavy equipment and furniture.
- ☐ Always report accidents and injuries immediately to supervisor.

By completing, signing, and dating this checklist, the employee signifies that he or she understands and will adhere to its guidelines.

Employee's Signature and Date: _____

Immediate Supervisor's Signature and Date: _____

Both the employee and his or her supervisor should each maintain a copy of this completed form.