



O I G

Office of Inspector General

United States Government Accountability Office

441 G Street NW, Room 1808
Washington, DC 20548

August 20, 2021

Andrew Katsaros, Inspector General
Federal Trade Commission
Office of Inspector General
400 7th St, SW
Washington, DC 20024

Dear Mr. Katsaros:

We have reviewed the system of quality control for the audit organization of the Federal Trade Commission (FTC) Office of Inspector General (OIG) in effect for the year ended March 31, 2021. A system of quality control encompasses FTC OIG's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming in all material respects with *Government Auditing Standards* and applicable legal and regulatory requirements. The elements of quality control are described in *Government Auditing Standards*.

In our opinion, the system of quality control for the audit organization of FTC OIG in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide FTC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards and applicable legal and regulatory requirements in all material respects.

Audit organizations can receive a rating of *pass*, *pass with deficiencies*, or *fail*. FTC OIG has received an External Peer Review rating of *pass*.

In addition to reviewing its system of quality control to ensure adherence with *Government Auditing Standards*, we applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) related to FTC OIG's monitoring an engagement conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by an Independent Public Accountant (IPA) under contract where the IPA served as the auditor. It should be noted that monitoring of GAGAS engagements performed by IPAs is not an audit and, therefore, is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether FTC OIG had controls to ensure IPAs performed contracted work in accordance with professional standards. However, our objective was not to express an opinion; accordingly, we do not express an opinion on FTC OIG's monitoring of work performed by IPAs.

We have issued a letter dated August 20, 2021 that sets forth a finding that was not considered to be of sufficient significance to affect our opinion expressed in this report.

Basis of Opinion

Our review was conducted in accordance with *Government Auditing Standards* and the *CIGIE Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General*.¹

During our review, we interviewed FTC OIG personnel and obtained an understanding of the nature of the FTC OIG audit organization, and the design of FTC OIG's system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected a GAGAS engagement and administrative files to test for conformity with professional standards and compliance with FTC OIG's system of quality control. The GAGAS engagement selected represented a reasonable cross-section FTC OIG audit organization, with an emphasis on higher-risk engagements.

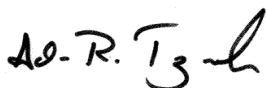
In performing our review, we obtained an understanding of the system of quality control for the FTC OIG audit organization. In addition, we tested compliance with FTC OIG's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of FTC OIG's policies and procedures on the selected GAGAS engagement. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with FTC OIG management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion. Enclosure 1 to this report identifies the engagements we reviewed.

Responsibilities and Limitation

FTC OIG is responsible for establishing and maintaining a system of quality control designed to provide FTC OIG with reasonable assurance that the organization and its personnel comply in all material respects with professional standards and applicable legal and regulatory requirements. Our responsibility is to express an opinion on the design of the system of quality control and FTC OIG's compliance based on our review.

There are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and may not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.



Adam R. Trzeciak
Inspector General

¹CIGIE, *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* (March 2020).

Scope and Methodology

We tested compliance with FTC OIG audit organization's system of quality control to the extent we considered appropriate. These tests included a review of one of two engagements reports conducted in accordance with generally accepted government auditing standards (GAGAS engagement) issued from April 1, 2020, through March 31, 2021. We also reviewed the internal quality control reviews performed by FTC OIG.

In addition, we reviewed FTC OIG's monitoring of a GAGAS engagement performed by an IPA where the IPA served as the auditor from April 1, 2020, through March 31, 2021. During the period, FTC OIG contracted for the audit of its agency's fiscal year 2020 financial statements. FTC OIG also contracted for another GAGAS engagement that was performed in accordance with *Government Auditing Standards*.

Reviewed GAGAS Engagement Performed by FTC OIG

Report No.	Report Date	Report Title
A-20-11	September 30, 2020	Audit of Federal Trade Commission Interagency Agreement Processes

Reviewed Monitoring Files of FTC OIG for Contracted GAGAS Engagement

Report No.	Report Date	Report Title
A-21-01	November 13, 2020	Independent Auditor's Report and Financial Statements for the Fiscal Years ended September 30, 2020 and 2019