



Office of Inspector General

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

June 15, 2023

Anthony “Tony” Zakel  
Inspector General  
U. S. International Development Finance Corporation  
1100 New York Avenue NW  
Washington, DC 20005

Dear Mr. Zakel:

Established policies and procedures are one of the components of a system of quality control to provide an Office of Inspector General (OIG) with reasonable assurance of conforming with applicable professional standards. The components of a system of quality control are described in the *Government Auditing Standards*.

It is the responsibility of U. S. International Development Finance Corporation Office of Inspector General (DFC) to establish and maintain policies and procedures for the audit function. Our responsibility is to assess whether policies and procedures, if submitted for review, were current and consistent with applicable professional standards.

The DFC OIG did not establish complete audit policies and procedures because it has not conducted any GAGAS engagements to date. The DFC OIG does not intend to perform GAGAS engagements until after FY 2025 and will update policies and procedures accordingly prior to initiating any GAGAS engagements to ensure compliance. In this case, not having complete audit policies and procedures is not considered a weakness, and we did not review any policies and procedures as part of this review.

### **Monitoring of GAGAS Engagements Performed by Independent Public Accountants**

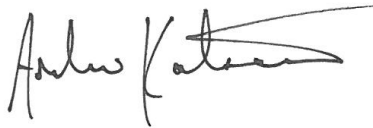
We applied certain limited procedures in accordance with guidance established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Guide for Conducting Peer Reviews of Audit Organizations of Federal Offices of Inspector General* related to the DFC OIG’s monitoring of engagements conducted in accordance with generally accepted government auditing standards (GAGAS engagements) by Independent Public Accountants (IPAs) under contract where the IPA served as the auditor.

It should be noted that monitoring of GAGAS engagements performed by IPAs is not a GAGAS engagement; therefore, it is not subject to the requirements of *Government Auditing Standards*. The purpose of our limited procedures was to determine whether the DFC OIG had controls to ensure that IPAs performed contracted work in accordance with professional standards.

However, our objective was not to express an opinion; accordingly, we do not express an opinion on the DFC OIG's monitoring of work performed by IPAs.

During our review, we (1) obtained an understanding of the nature of DFC OIG monitoring and (2) assessed the DFC OIG's IPA monitoring process and interviewed DFC OIG personnel. We reviewed the following IPA monitoring projects:

<b>Report No.</b>	<b>Report Date</b>	<b>Report Title</b>
DFC-23-002-C	11/15/2022	<i>DFC's Consolidated Financial Statements for Fiscal Year 2022</i>
DFC-23-001-C	11/09/2022	<i>Fiscal Year 2022 DFC Federal Information Security Modernization Act of 2014 Audit</i>



Andrew Katsaros  
Inspector General

Enclosure

## DFC OIG Response to the Modified Peer Review



Office of Inspector General  
U.S. International Development Finance Corporation

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June 13, 2023

Mr. Andrew Katsaros, Inspector General  
U.S. Federal Trade Commission  
Attention: Office of Inspector General  
600 Pennsylvania Ave., NW  
Washington, D.C. 20580

Subject: DFC OIG 2023 Modified Peer Review

Dear Mr. Katsaros,

We would like to thank you and your team's work on our office's first ever CIGIE Modified Peer Review. Since my appointment as DFC's first Inspector General in August 2020, and at that time as the only OIG employee, we have now grown to eleven full-time staff that includes four auditors.

Between August 2020 and March 2023, our office has issued eight audit reports, all conducted by an independent public accounting (IPA) firm. Our office has not yet established complete audit policies and procedures because it has not conducted any GAGAS (Generally Accepted Government Auditing Standards) engagements to date. DFC OIG does not intend to perform GAGAS engagements until FY 2025. However, we are updating and finalizing policies and procedures to comply with GAGAS, prior to initiating future GAGAS engagements. Although not part of the peer review, we have completed and implemented audit policies and procedures which comply with applicable standards related to ethics, independence, professional judgment, competence, continuing professional education, fieldwork and reporting, contractor oversight, and quality control. Finally, we note that CIGIE peer review guidelines do not consider a weakness that we have not completed GAGAS audit policies and procedures as we have not yet performed any GAGAS engagements. Thus, the peer review team did not issue a letter of comment regarding any areas requiring corrective actions.

While not a part of the peer review, based on the intended use and audience of the IPA's work, the type of written communication the IPA issued, and the level of review of the IPA's work, we performed reasonable procedures consistent with the transmittal letter's no assurance expression review level. This is in accordance with GAO's Financial Audit Manual 670, and our monitoring policies and procedures to ensure that the work of the



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IPA met contract requirements. We have also instituted a process to ensure an annual quality assurance review is performed on our work and oversight of the IPA's work.

We note that the peer review team was very considerate and thorough during this review. We greatly appreciate the cooperation and courtesies provided by your staff.

Sincerely,

Anthony "Tony" Zakel  
Inspector General