PEER REVIEW OF THE
FARM CREDIT
ADMINISTRATION
OFFICE OF INSPECTOR
GENERAL

Report No. ER-16-04
To: Elizabeth M. Dean, Inspector General  
Farm Credit Administration  
Office of Inspector General

We have reviewed the system of quality control for the audit organization of the Farm Credit Administration (FCA) Office of Inspector General (OIG) in effect for the year ended March 31, 2016. A system of quality control encompasses the FCA OIG’s organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with Government Auditing Standards. The elements of quality control are described in Government Auditing Standards. The FCA OIG is responsible for establishing and maintaining a system of quality control that is designed to provide the FCA OIG with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and FCA OIG’s compliance therewith based on our review.

Our review was conducted in accordance with Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Guide for Conducting Peer Reviews of the Audit Organizations of Federal Offices of Inspector General. During our review, we interviewed the FCA OIG personnel and obtained an understanding of the nature of FCA OIG audit organization, and the design of the FCA OIG’s system of quality control sufficient to assess the risks implicit in its audit function. Based on our assessments, we selected audits and administrative files to test for conformity with professional standards and compliance with the FCA OIG’s system of quality control. The audits selected represented a reasonable cross-section of the FCA OIG’s audit organization, with emphasis on higher-risk audits. Prior to concluding the peer review, we reassessed the adequacy of the scope of the peer review procedures and met with the FCA OIG’s management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the FCA OIG audit organization. In addition, we tested compliance with the FCA OIG’s quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the FCA OIG’s policies and procedures on selected audits. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.
There are inherent limitations in the effectiveness of any system of quality control, and, therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Enclosure 1 to this report identifies the FCA OIG office that we visited and the audits that we reviewed.

In our opinion, the system of quality control for the audit organization of the FCA OIG in effect for the year ended March 31, 2016, has been suitably designed and complied with to provide the FCA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Audit organizations can receive a rating of pass, pass with deficiencies, or fail. The FCA OIG has received an External Peer Review rating of pass.

Dana Rooney
Inspector General

Enclosure
Scope and Methodology

We tested compliance with the FCA OIG audit organization’s system of quality control to the extent we considered appropriate. These tests included a review of 3 of 14 audit reports issued during the period April 1, 2013 through March 31, 2016. We also reviewed the internal quality control reviews performed by the FCA OIG.

In addition, we reviewed the FCA OIG’s monitoring of audits performed by Independent Public Accountants (IPAs) where the IPA served as the auditor during the period April 1, 2013 through March 31, 2016. During the period, the FCA OIG contracted for the audit of its agency’s Fiscal Years 2013, 2014, and 2015 financial statements.

We visited the McLean, VA office of FCA OIG, which is its only office.

Reviewed Audits performed by the FCA OIG:

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<th>Report No.</th>
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<tbody>
<tr>
<td>A-16-01</td>
<td>3/31/2016</td>
<td>The Farm Credit Administration’s Risk Project</td>
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<tr>
<td>A-15-03</td>
<td>2/29/2016</td>
<td>Human Capital Planning at the Farm Credit Administration</td>
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Reviewed Monitoring Files of the FCA OIG for Contracted Audits:

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