

***UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL - AUDIT
FARM SERVICE AGENCY/COMMODITY CREDIT CORPORATION***

***STATEMENT OF WORK
FISCAL YEAR COMPARATIVE
2009 and 2008 FINANCIAL STATEMENTS
January 5, 2009 - December 31, 2009***

I. INTRODUCTION

The principal purpose of this statement of work is to acquire audit services to conduct the described task, the full scope financial audit of the U.S. Department of Agriculture (USDA) Commodity Credit Corporation's (CCC) comparative financial statements. The Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, and subsequent issuances require that CCC prepare annual financial statements separate from the annual USDA consolidated statements. Findings from the annual CCC financial statement audit contribute to determining the opinion on the annual USDA consolidated financial statements, significant deficiencies that should be included in USDA's report on internal controls, and USDA's compliance with laws and regulations.

Task – USDA CCC Comparative Financial Statements

Audit services for a full scope financial audit of the CCC's "Annual Financial Statements" for the fiscal years ended September 30, 2009, and 2008, to include auditor reports on the principal statements and related footnote disclosures, evaluation of performance measures, significant deficiencies related to internal controls and compliance with laws, regulations, and Governmentwide policy requirements. This audit will be performed in accordance with all principal auditing standards and shall include requirements set forth in OMB Bulletin No. 07-04 and subsequent issuances, as well as other related audit guidance. CCC's principal statements include its Balance Sheet and its Statements of Net Cost, Changes in Net Position, and combining Budgetary Resources.

II. DESCRIPTION OF CCC

CCC, a wholly owned Government corporation created by Congress in 1933, helps (1) stabilize, support, and protect farm income and prices; (2) maintain balanced and adequate supplies of agricultural commodities, including foods, feeds, and fibers; and (3) aid in their orderly distribution. CCC's activities are carried out through approximately 2,500 Farm Service Agency (FSA) field offices, as well as other farm associations. CCC also administers export sales and domestic farm programs and carries out much of the Public Law (P.L.) 480 program.

The CCC Charter Act provides that the Corporation may:

- Help American farmers through commodity and farm storage facility loans, purchases, income support payments, and other operations;
- make available materials and facilities required in producing and marketing agricultural commodities;
- sell agricultural commodities to other Federal agencies, foreign governments, as well as donate food to domestic, foreign, and international relief or rehabilitation agencies and foreign countries;

- remove and dispose of, or assist in the removal or disposition of, surplus agricultural commodities;
- increase domestic consumption of agricultural commodities through expanding domestic markets or developing markets, marketing facilities, and use;
- export, or cause to be exported, agricultural commodities or assist in developing foreign markets for agricultural commodities; and
- carry out other operations that Congress may specifically authorize. For example, other statutes, such as the Agricultural Act of 1949, as amended (the 1949 Act), provide specific authority for CCC to conduct certain specific commodity and conservation program activities.

A. ORGANIZATION AND MANAGEMENT

CCC is managed by a Board of Directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairperson of the Board. The Board consists of seven members, in addition to the Secretary of Agriculture, who are appointed by the President of the United States, with the advice and consent of the Senate. The members of the Board and the Corporation's officers are officials of USDA. Officers of CCC, directly or through officials of designated USDA agencies, maintain liaison with numerous other Governmental and private trade operations. CCC's commodity programs must be approved by the Board of Directors and/or the Secretary of Agriculture.

CCC has no employees. The Corporation carries out the majority of its programs through the personnel of FSA. Other programs are operated with personnel from other USDA agencies such as the Agricultural Marketing Service, the Natural Resources Conservation Service, and the Foreign Agricultural Service. CCC also receives support from the U.S. Agency for International Development in operating some of their international programs.

CCC has its own disbursing authority, which utilizes the Federal Reserve banking system to make payments. With this disbursing authority, CCC is able to make payments quickly to America's producers.

B. PROGRAM GOALS AND OBJECTIVES

The four primary goals of CCC's operations are to:

- 1) Provide farm income support to eligible producers, cooperatives, and associations to help improve the economic stability and viability of the agricultural sector and to ensure the production of an adequate and reasonably priced supply of food and fiber;
- 2) assist agricultural producers and landowners in achieving a high level of stewardship of soil, water, air, and wildlife resources on America's farms and ranches while protecting the human and natural environment;

- 3) improve the effectiveness and efficiency of commodity acquisition, procurement, storage, and distribution activities to support domestic and international food assistance programs; and
- 4) provide effective administrative services and information technology processes.

C. CCC AUDIT HISTORY

For fiscal year 2002, CCC received an unqualified opinion on its principal financial statements. However, the contract auditors identified the following conditions as material internal control weaknesses:

- Improvement needed in information security controls;
- improvement needed in financial system functionality and related processes;
- improvement needed in funds control mechanisms;
- improvement needed in financial accounting and reporting policies and procedures; and
- improvement needed in budgetary accounting and reporting policies and procedures.

For fiscal years 2003 through 2007, the contract auditors again provided unqualified opinions on CCC's principal financial statements. For fiscal year 2007, they reported three material weaknesses relating to:

- Information security controls;
- financial system functionality and funds control; and
- management's review procedures over the cash flow models for direct and credit guarantees.

Additionally, the auditors noted instances of noncompliance with the following Acts:

- Federal Information Security Management;
- Federal Financial Management Improvement (FFMIA); and
- Anti-Deficiency.

The fiscal year 2008 financial statement audit is in process.

D. CCC FINANCIAL SYSTEMS

On October 1, 1999, CCC implemented its new CORE accounting system that replaced its prior CCC Financial Management System. CCC currently uses CORE for both its domestic and foreign loan programs.

Based on the audit of CCC's fiscal year 2002 financial statements, a new FFMIA nonconformance was reported relating to improvements needed in financial system functionality. CCC does not have a completely integrated financial system to track and govern the status of obligations and administrative limitations established by legislation or agency policy. CCC is dependent upon manual processes and reconciliations to manage budgetary accounts. The use of manual processes subjects CCC's overall funds control process to significant control risk. In addition, CCC does not have a collection of financial systems that allows management to monitor and control budgetary events at the transaction level. Although in fiscal year 2005 CCC developed new policies surrounding the accounting for budgetary transactions, CCC was unable to fully implement effective policies, resulting in material audit adjustments for that reportable year. This finding continued to be reported by the auditors in fiscal year 2006 and fiscal year 2007.

III. TASK - CCC FISCAL YEAR 2009 FINANCIAL STATEMENTS

A. BACKGROUND

The Chief Financial Officers (CFO) Act of 1990 P.L. 101-576, as amended, required agencies to submit financial statements to the Director of OMB and required the USDA Office of Inspector General (OIG), or at the OIG's discretion, an independent external auditor to audit the financial statements.

The Government Management Reform Act (GMRA) of 1994 P.L. 103-356 amended a portion of the CFO act that dealt with preparation and audit of annual financial statements. GMRA required that all executive agencies, including USDA, annually prepare and submit audited financial statements to the Director of OMB beginning in fiscal year 1996. In addition, GMRA allows the Director of OMB to identify components of executive agencies that must prepare and submit annual financial statements. The Government Commodity Corporation Control also requires that CCC have an annual financial statement audit.

Audit reports shall be submitted to the agency head in sufficient time to enable the agency head to meet the due date for submitting the consolidated audited financial statements under GMRA. For fiscal year 2004 and subsequent years, requires all Federal Departments and agencies to submit audited financial statements by November 15th. Therefore, CCC's audited financial statement report must be published by November 9, 2009, in order for USDA's consolidated financial statements to meet the mandatory November 15th deadline.

OMB issued Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. This bulletin, and subsequent OMB issuances, governs the conduct of Federal financial statement audits.

Furthermore, to resolve problems with the audit of the Governmentwide financial statements, Treasury implemented a new closing package methodology in fiscal year 2004, and instituted a more rigorous process for reporting on intragovernmental transactions. U.S. Treasury's Financial Manual Volume I, Part 2, Chapter 4700, discusses reporting requirements for the Governmentwide financial statements for agencies and their auditors.

CCC is subject to the Credit Reform Act of 1990 as well as the provisions established by the U.S. Department of Treasury and OMB, as they relate to this act. This Act sought to improve Federal agencies accounting for loan operations.

The work under this task will be used to (1) meet the CFO Act requirements for the audit of CCC's financial statements and related disclosures, as defined by OMB Bulletin No. 07-04 and subsequent issuances, (2) assess the effectiveness of CCC internal controls, including CCC IT related internal controls, and (3) evaluate compliance with laws and regulations in accordance with OMB Bulletin No. 07-04 and subsequent issuances.

B. SCOPE AND METHODOLOGY

This statement of work is to conduct a full scope financial audit of CCC's principal financial statements for the fiscal year ended September 30, 2009, in accordance with *Government Auditing Standards* and the provisions of OMB Bulletin No. 07-04 and subsequent issuances. The performance period for this contract is January 5, 2009, through December 31, 2009, and renewable for three option years at the discretion of CCC. These specific audit services for financial statements are described in detail in the OMB Bulletin No. 07-04 and subsequent issuances.

1. Audit Requirements

For CCC's financial audit, the contractor shall perform an assessment of IT general and application controls over computer applications that are significant to the financial statements to the extent necessary to (1) conclude whether IT controls are properly designed and operating effectively, (2) consider application controls as part of the internal controls assessment for a financial statement audit, and (3) support the report on FFMIA compliance. In addition to the following auditing standards, the contractor shall conduct the audit under this section of the statement of work in compliance with U.S. Government Accountability Office's (GAO) financial audit methodology, set forth in the GAO Financial Audit Manual (FAM) and the GAO Federal Information Systems Controls Audit Manual (FISCAM). The contractor shall be responsible for following the versions of FAM and FISCAM that are current at the time the work is performed. GAO periodically updates FAM and FISCAM to reflect new requirements that may arise.

FISCAM audit coverage at the National Finance Center, the Information Technology Services, and the National Information Technology Center will be performed by OIG and it will be determined to what extent this work may be relied upon by the contractor during the audit.

FAM provides a framework for performing Federal financial statement audits in accordance with *Government Auditing Standards*. *Government Auditing Standards (Yellow Book)* are issued by the Comptroller General of the United States. The *Yellow Book* incorporates *Government Auditing Standards* and attestation standards established by the American Institute of Certified Public Accountants. In conjunction with the related FAM guidance, FISCAM provides guidance for evaluating IT general and application controls in a Federal Government audit under GAGAS. In addition, OMB issues bulletins that establish audit requirements for Federal Government financial statements. OMB Bulletin No. 07-04 and subsequent issuances provide the basic criteria for conducting financial statement audits.

It is anticipated that compliance with FAM and FISCAM will ensure that all audit requirements of the Federal Government are met. However, the contractor shall meet all applicable audit requirements, including any that might arise during the terms of this contract from revisions in audit requirements for Federal Government audits (for example, OMB or *Yellow Book* revisions). The contractor will prepare Financial Statement Audit Completion checklists included in FAM. These checklists will be provided to the USDA/OIG Contracting Officer's Technical Representative (COTR) (herein referred to as the COTR) with the final report. The COTR will ensure that all requirements are met and due care exercised.

2. Task Requirements

FAM specifies that audit will be divided into four phases (a) Planning, (b) Internal Control, (c) Testing, and (d) Reporting. By the due dates set forth in Section III.D. (Deliverable Schedule), the contractor shall submit the audit documentation of each phase for review by USDA OIG. (Note: During the conduct of this audit, the contractor is not to (1) make any significant changes and (2) discuss any proposed changes with CCC to the scope, methodology, deliverable schedule, or evidence requirements without the prior approval of OIG.)

(a) Planning Phase

In this phase, the contractor shall perform planning to determine an effective and efficient way to obtain evidential matter necessary to report on CCC's financial statements, evaluate CCC's internal controls, and assess CCC's compliance with laws and regulations. Pursuant to FAM and FISCAM, the planning phase shall include a high level review of CCC's organization, programs, controls, and risks, as related to the financial statements to gain a sufficient understanding of CCC internal controls, including IT matters. The contractor shall consider the effects of IT on controls and risks, preliminarily assess whether IT related controls are likely to be effective, and perform other procedures in accordance with the FAM.

Accordingly, the contractor shall perform planning procedures to address performance measures and other information such as Required Supplemental Information (RSI) accompanying each of the financial statements, IT and FFMIA requirements, and all other contract requirements.

The planning phase audit documentation shall include the following: CCC profile, general risk analysis (includes overall audit plan and list of significant provisions of laws, regulations, and Governmentwide policy requirements), documentation of IT audit and FFMIA planning, account risk analysis (planning phase section), memorandums that convey the evaluation of internal controls over each identified financial cycle (such as cash, property, loans receivable, etc), and list of reports and schedules to be prepared by CCC management with required due dates so that the contractor shall be able to complete the audit. The CCC audit plan that the contractor shall prepare in the planning phase is critical to the successful completion of the work under this section of the statement of work. Accordingly, the contractor must obtain the concurrence/approval of the COTR before performing significant work in subsequent phases.

(b) Internal Control Phase

CCC management is responsible for establishing and maintaining internal controls to provide reasonable assurance that:

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements, RSI, and to maintain accountability over assets.
- Assets are safeguarded against loss from unauthorized acquisition, use or disposition.
- Transactions are executed in accordance with (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the principal statements or RSI and (b) any other laws and regulations that OMB, CCC management, OIG and GAO has identified as being significant for which compliance can be objectively measured and evaluated.
- Data that support reported performance measures are properly recorded and accounted for to permit preparation of reliable and complete performance information.

In accordance with FAM, OMB Bulletin No. 07-04, and subsequent issuances, the contractor shall determine the effectiveness of internal controls as they relate to financial statement assertions. In making that determination, the contractor shall consider internal control testwork conducted by CCC (i.e. OMB's A-123 Appendix A, Improper Payment Information Act (IPIA), etc.).

OMB Bulletin No. 07-04 requires the contractor ascertain if management has established adequate internal accounting and administrative controls to provide reasonable assurance that the following objectives are met:

- Reliability of financial reporting - transactions are properly recorded, processed, and summarized to permit the preparation of the principal statements and RSI in accordance with generally accepted accounting principles and the safeguarding of assets against unauthorized acquisition, use, or disposition.
- Compliance with applicable laws and regulations - transactions are executed in accordance with (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the Principal Statements or RSI; and (b) any other laws, regulations, and Governmentwide policies identified by OMB in Appendix C of the Bulletin No. 07-04 and subsequent issuances.
- Reliability of performance reporting - transactions and other data that support reporting performance measures are properly recorded, processed, and summarized to permit the preparation of performance information.

For controls related to performance measures determined by management to be key, and reported in Management's Discussion and Analysis (MD&A) section of the CCC annual financial statements, the contractor's understanding of internal controls should include determining whether those controls have been placed in operation and assessing the related control risk. To assess whether these controls are placed in operation, the contractor shall perform detailed tests of controls.

In accordance with FAM, the contractor must assess and must test the following types of controls.

- Financial reporting controls (including certain safeguarding and budget controls) for each significant assertion in each significant accounting application.
- Compliance controls for each significant provision of laws and regulations, including budget controls for each relevant budget restriction.
- Operation controls for each operation (1) relied on in performing financial audit procedures or (2) selected for testing by the audit team.

In accordance with FAM, during the internal control phase, the contractor shall perform and document procedures to:

- Understand the entity's information system for financial reporting, compliance with laws and regulations, and relevant operations (including reported performance measures).

- Identify control objectives.
- Identify and understand relevant control techniques.
- Determine the nature, timing and extent of control testing.
- Perform control tests that do not involve sampling.
- On a preliminary basis, assess the effectiveness of the controls and assess control risk and combined risk.

An IT audit specialist shall assist in the identification and understanding of IT related controls, perform tests of IT related controls, and document conclusions about the effectiveness of those controls.

Pursuant to FAM and FISCAM, the internal control phase audit documentation shall include, but not be limited to the following documentation, for each significant cycle or accounting application (1) control testing audit program, (2) account risk analysis (internal control phase), (3) specific control evaluation worksheets, (4) cycle memoranda and flowcharts, and (5) documentation of IT audit and FFMIA procedures.

(c) Testing Phase

In the testing phase, the contractor shall gather evidence to report on the financial statements, IT matters and management’s assertions regarding internal controls, and compliance with certain laws and regulations as related to the financial statements. The contractor shall perform the following types of tests, singularly or combined as multipurpose tests where appropriate.

- Compliance tests - to obtain evidence about compliance with significant provisions of laws and regulations.
- Substantive tests - to obtain evidence that provides reasonable assurance about whether financial statements and related assertions are free of material misstatements.
- Sampling control tests - to obtain evidence about the achievement of specific control objectives. If the auditor obtains the necessary assurance regarding control objectives through the use of nonsampling control tests, sampling control tests are not necessary.

The audit documentation for this phase shall include completed risk analysis forms, as described in FAM, and any other relevant documentation. The contractor shall use work performed in planning and internal control phases of the financial audit to identify all applications that are significant to CCC’s financial statements. Based on prior work, the following major applications were determined to be significant to CCC overall include:

- Automated Cotton Reporting System
- Cotton Online Processing System
- Federal Reserve Bank Banking side of Checks and Deposits (Cashlink)
- State and County Office Automation Project
- Grain Inventory Management System
- Farm Storage Facility Loans
- Processed Commodity Inventory Management System
- Conservation Obligation Reporting System
- Automated P.L. 480 Umbrella System
- General Sales Manager
- CORE Accounting System
- Web enabled Loan Deficiency Payment
- Web enabled Milk Income Loss Contract
- Tobacco Transition Payment Program
- National Payment Service

For applications that are significant to the financial statements, the contractor shall obtain an understanding of the system and related internal control and then plan and perform tests of application controls. The contractor shall conduct testing as agreed to by OIG, to determine if application controls are operating effectively. The testing should cover all IT related controls documented in the specific control evaluation (SCE) worksheets prepared during the internal controls phase of the financial audit, as described in FAM.

For those IT related controls that the contractor deems not to be effectively designed or not operating as intended, the contractor should gather sufficient evidence to support appropriate findings and to provide recommendations to improve internal controls. For those IT related controls the contractor deems to be effectively designed, the contractor should perform testing to the extent necessary to determine if they are operating as intended, through a combination of procedures such as, but not limited to, observations, inquiry, inspection, and re-performance.

The contractor shall use IT audit specialists to document and perform all procedures related to IT in this section of the statement of work. Collectively, the IT audit specialists provided by the contractor must possess the technical knowledge, skills, and abilities as identified in FISCAM Appendix V to understand the IT concepts discussed in FISCAM and the ability to apply those concepts to adequately test the IT related controls. The specialist must also possess sufficient technical knowledge and experience to review internet architecture and security. These specialists must be familiar with telecommunications and systems software related to CCC's information systems processing environment including web servers and specific application firewalls as well as the data center environment. Any penetration testing on any CCC financial accounting or system application must be coordinated with the COTR.

The IT audit documentation shall include the following documentation: (1) a summary memo documenting the IT auditors assessment as to whether the IT general controls are effective and operating, (2) a summary memo documenting the tests of IT general controls and the results and conclusions related to the procedures performed, (including condition, criteria, cause, effect and suggested improvement for IT general control weaknesses), (3) a summary memo documenting the tests of IT application controls and the results and conclusions related to the procedures performed (including condition, criteria, cause, effect and suggested improvement for IT application control weaknesses), and (4) all audit documentation documenting the procedures used to support IT general and application control testing.

(d) Reporting Phase

This phase completes the audit by performing and documenting procedures specified in FAM and by reporting the results of the audit, based on work in this and preceding phases. The contractor must form conclusions on the information in the financial statements and CCC related internal controls (including IT related general and application, as described above).

Also, the contractor shall summarize and report the results of its tests of CCC's compliance with applicable laws and regulations, Governmentwide policy requirements (including the Federal Manager's Financial Integrity Act (FMFIA), and FFMIA) and its review of the MD&A and other supplemental information (including reported performance measures) for consistency with the financial statements. Additionally, deficiencies coming to the contractor's attention that are not material to CCC's financial statements taken as a whole, but warrant management's attention, shall be reported in the management letter/report.

The contractor must report on the elements listed in Section III.B.2 (b), addressing the design and effectiveness of internal controls in effect during the audit period in meeting the following control objectives, as they pertain to preventing or detecting losses, noncompliance, or misstatements that would be material in relation to the financial statements.

- Transactions are properly recorded, processed, and summarized to permit the preparation of reliable financial statements, RSI, and to maintain accountability over assets.
- Assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- Transactions are executed in accordance with (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the principal financial statements or RSI, and (b) any other laws and regulations that OMB, CCC management, OIG, or GAO has identified as being significant for which compliance can be objectively measured and evaluated.
- Data that support reported performance measures are properly recorded and accounted for to permit preparation of reliable and complete performance information.

Also, for those performance measures determined by management to be key and reported in the MD&A section of the CCC financial statements, the contractor's report on internal controls must include a statement that the contractor obtained an understanding of the design of internal controls relating the existence and completeness assertions for those performance measures, determined whether such internal controls have been placed in operation, and assess the related control risk.

Specifically, the contractor shall provide these reports.

1.) A combined report for CCC's which includes the following elements (to be issued under OIG cover):

- An opinion on CCC's principal financial statements as of and for the fiscal years ended September 30, 2009 and 2008, including related notes.
- A report on CCC's internal controls.
- A report of CCC's compliance with applicable laws and regulations.
- Contractor's report on the status of CCC known but uncorrected material findings and recommendations from prior audits that affect current audit objectives.
- Statements of/on (a) whether any material inconsistency was found between CCC financial statements and the accompanying MD&A and the RSI (including reported performance measures) and (b) that the contractor obtained an understanding of CCC's relevant internal controls for the reported performance measures, determined whether they have been placed in operation, and assessed the related control risk.

- 2.) The completed GAO checklists to ensure that all GAO, OMB, and Federal Accounting Standards Advisory Board standards are met.
- 3.) A management letter/report for CCC, if appropriate or as determined by OIG. The management letter/report, if applicable, should be addressed to CCC's Board of Directors and delivered to OIG.

3. Federal Financial Management Improvement Act of 1996

FFMIA Section 803, Subsection (a), requires agency financial management systems to comply substantially with Federal financial management system requirements, applicable Federal accounting standards, and the Standard General Ledger (SGL) at the transaction level. The contractor shall follow OMB Bulletin No. 07-04 to determine the substantial compliance of CCC's financial management systems with the Federal financial management system standards, applicable Federal accounting standards, and the SGL at the transaction level, taken as a whole in conformity with the criteria in OMB Circular No. A-127, Section 7. The contractor should also determine whether the information is consistent with the information contained within CCC's FMFIA section of USDA's Annual Accountability report. Also, where applicable, the contractor should test items to determine whether the systems were in compliance with the Federal systems and SGL requirements.

4. Laws and Regulations

The contractor shall determine CCC's compliance (as described in the Section III. B.2 (b) internal control and (c) testing phases) with applicable laws and regulations, transactions are executed in accordance with (a) laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the Principal Statements or RSI and (b) any laws, regulations, and Governmentwide policies identified in Appendix C of OMB Bulletin No. 07-04, entitled *Audit Requirements for Federal Financial Statements*. The contractor should request CCC's management specifically identify any laws and regulations that could have a direct and material effect on CCC's principal statements, RSI, and MD&A.

5. Place of Performance

It is anticipated that the contractor will perform the work under this statement of work at various locations that may include:

- USDA Foreign Agricultural Service, Washington, D.C.
- Financial Services Center, Kansas City, Missouri
- Kansas City Commodity Office, Kansas City, Missouri

- Selected FSA State Offices
- Selected FSA County Offices
- Office of Budget and Finance, Washington, D.C. and Alexandria, Virginia

Travel costs are to be estimated as a separate item in the proposal and contract and must be in accordance with Federal Travel Regulations.

C. DELIVERABLES

Deliverables for CCC consist of (1) a draft audit plan for USDA OIG review and approval, (2) issue papers documenting results of work (findings), and (3) draft and final versions of the combined report for the fiscal years ending September 30, 2009 and 2008, and draft and final versions of a management letter/report, if appropriate, and related audit documentation for each audit phase.

The audit report shall state that the audit was performed in accordance with *Government Auditing Standards* and the provisions of OMB Bulletin No. 07-04 and subsequent issuances. The specific audit reports are described in detail in the audit report sections 7a through 10 of OMB Bulletin No. 07-04 and subsequent issuances. Specifically, the contractor shall provide the following reports:

- 1.) A combined report that includes the following element (separate reports are not acceptable):
 - Contractor's opinion on CCC's Comparative Financial Statements as of September 30, 2009 and 2008, including the related notes, as to whether CCC's financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.
 - Contractor's report on CCC's internal controls (the objectives outlined in Section III.B.2 (b) of the Statement of Work).
 - Contractor's report on CCC's compliance with applicable laws and regulations (see Section III.B.4 Laws and Regulations of the Statement of Work), as well as compliance matters coming to the auditors attention during procedures other than compliance tests.
 - Contractor's report on status of CCC's known but uncorrected material findings and recommendations from prior audits that affect current audit objectives.

- Statements (a) whether any material inconsistency was found between CCC's financial statements and accompanying MD&A (including reported performance measures) and RSI and (b) that the contractor obtained an understanding of relevant internal controls for the reported performance measures, determined whether they have been placed in operation, and assessed the related control risk.

The combined report must contain a description of all material weaknesses and significant deficiencies identified during the audit including recommendations, condition, criteria, and to the extent possible, cause and effect. The combined report should be addressed to CCC's Board of Directors and be delivered to the OIG COTR. OIG will transmit the combined report to CCC's Board of Directors and USDA's Office of the Chief Financial Officer (OCFO).

- 2.) A management letter/report for CCC, if appropriate, which addresses issues that are not material to the financial statements but could impact CCC operations. The management letter/report, if applicable, should be addressed to CCC's Board of Director's and be delivered to the COTR.

D. DELIVERABLES SCHEDULE

The deliverables schedule below provides a workflow schedule for meeting the mandatory November 15, 2009, deadline for USDA to issue its Consolidated Financial Statements to OMB. Due dates for draft and final reports are set significantly before so that audit issues disclosed in the fiscal year 2009 CCC financial statement audit that affect USDA can be included in OIG's consolidated audit report and considered in its determination of opinion on USDA's Consolidated Financial Statements. The deliverable items should be completed and provided on or before the following dates. However, the contractor may request to modify the schedule throughout the conduct of the audit, subject to the concurrence (in writing) of the CCC and COTR. The contractor will provide electronic versions of all audit plans, progress reports, and supporting schedules in the most recent versions of Microsoft Word and Microsoft Excel. For all draft and final report items to be delivered, the contractor shall provide both paper (two original copies) and electronic text (in the most recent version of Microsoft word) versions.

The contractor must provide 200 copies of the final report and management report, if applicable, on/or before the established due date. The contractor will provide two unbound copies of the audit report to CCC and the OIG COTR each, so they can provide, as needed, copies to various interested parties. In addition, the contractor will provide one version of the final report in PDF format so that the report can be included on USDA OIG web site under the Freedom of Information Act. (Note: The due dates will be established in negotiation with OIG, OCFO, CCC, and the contractor.)

Deliverables Schedule for CCC Fiscal Year 2009 Financial Statement Audit
(Note: These deliverables will depend on final timelines established by the USDA-OCFO and the dates presented herein are subject to revision.)

Date	Responsible Component	Deliverable Items
Five calendar days after exercise of contract and ongoing.	Contractor	Provide resumes to OIG for all staff assigned to the audit. Also, the contractor shall provide non-disclosure forms, as new staff is assigned to the audit, to CCC before the employee begins work on the audit.
Seven calendar days after exercise of contract.	Contractor	Provide a copy of its latest peer review report, if different than the report submitted with proposal, to the COTR.
Fourteen calendar days after exercise of contract and ongoing.	Contractor	Ensure that all requests for background checks are completed and assigned staff have appropriate security clearances as determined by CCC. Contractor should provide CCC documentation that supports that these actions have been completed.
No later than February 2, 2009	Contractor	Complete entrance conference for the audit of CCC Financial Statements with CCC, FSA, OCFO, and OIG officials.
No later than March 13, 2009	Contractor	Provide planning documentation for all areas of the CCC financial audit and agreed-upon procedures to the COTR for review, comment, and approval. In addition, provide established time budget that was prepared by the audit manager and approved by the audit partner.
No later than March 13, 2009	Contractor	Provide draft internal control documentation (i.e., cycle memos, flowcharts, General Risk Analysis (GRA), and Account Risk Analyses (ARA) updated through the internal control planning phase), for all areas of the CCC financial statement audit, including draft audit programs to the COTR for review, comment, and approval.
No later than March 31, 2009	OIG	Review comment and, if satisfied, approve planning documentation for all areas of the CCC financial audit.
No later than March 31, 2009	OIG	COTR reviews, comments, and if satisfied, approves internal control documentation, draft audit programs and any other provided information.
No later than April 6, 2009	Contractor	Begin fieldwork.
April 23, 2009	CCC, FSA	Provide contractor interim financial statements as of and for the period ended March 31, 2009.
May 8, 2009	CCC	Provide contractor a draft of the proposed layout of CCC principal consolidated financial statements and draft notes.
May 15, 2009	Contractor	Provide any comments on the layout of the principal financial statements and draft notes to CCC.

Deliverables Schedule for CCC Fiscal Year 2009 Financial Statement Audit
(Note: These deliverables will depend on final timelines established by the USDA-OCFO and the dates presented herein are subject to revision.)

Date	Responsible Component	Deliverable Items
No later than July 31, 2009	Contractor	Complete field work at selected State and county FSA offices.
July 15, 2009	Contractor	Provide COTR with Federal Information Security Management Act spreadsheets (in accordance with OMB Memorandum 03-19 or subsequent issuances).
July 31, 2009	Contractor	Provide internal control testing audit documentation, as well as ARA and SCE updated through the internal control phase for the CCC audit to OIG for review, comment, and approval. This includes results of county office and IT work.
July 31, 2009	CCC	Provide contractor interim financial statements as of and for the period ended June 30, 2009. The statements will include financial information, including agreed-upon footnotes, for September 30, 2008, and June 30, 2009.
August 4, 2009	OIG	OIG reviews, comments, and approves, if satisfied, contractors internal control testing including ARA, GRA, audit documentation, and IT work.
August 14, 2009	Contractor	Provide any comments on the financial statement package submitted by CCC on July 31, 2009.
August 14, 2009 and ongoing	Contractor	Provide OIG with issue papers for audit work. County office and IT work should be provided no later than August 14, 2009. Other issue papers are due as soon as possible.
October 19, 2009	CCC	Provide contractor with draft of CCC comparative financial statements, notes, supplemental schedules, and MD&A.
October 26, 2009	Contractor	Provide COTR and CCC contact with comments on the draft of CCC comparative financial statements, notes, and supplemental schedules.
November 2, 2009	CCC	Provide publishable financial statement package to OIG and contractor.
November 6, 2009	Contractor	Provide final audit adjustments to CCC and COTR. Also, provide schedule of adjustments not made.
Ongoing during audit and no later than November 6, 2009	Contractor	Provide testing audit documentation and ARA and GRA updated through the testing and reporting phases for the CCC audit to the COTR for review, comment, and approval. This should include GAO Presidents Council on Integrity and Efficiency FAM checklists required to be completed by CCC and the contractor.

Deliverables Schedule for CCC Fiscal Year 2009 Financial Statement Audit
(Note: These deliverables will depend on final timelines established by the USDA-OCFO and the dates presented herein are subject to revision.)

Date	Responsible Component	Deliverable Items
November 2, 2009	Contractor	Provide COTR a draft of the reports on internal controls and on compliance with laws, regulations, and Governmentwide policy requirements.
November 3, 2009	OIG	Provide contractor with comments on the draft reports on internal controls and on compliance with laws, regulations, and Governmentwide policy requirements.
No later than November 4, 2009	Contractor	Hold exit conference on draft report with CCC and COTR.
November 6, 2009	CCC	Provide contractor and COTR with management representation and legal liability letters.
November 6, 2009	Contractor	Provide COTR and CCC contacts a draft combined report on CCC comparative financial statements; internal controls; compliance with laws, regulations, and Governmentwide policy requirements; status of prior audit findings, and consistency of the MD&A, RSI, and any other supplemental information.
No later than November 6, 2009	Contractor	End fieldwork
November 10, 2009	Contractor	Provide to COTR 200 copies of the contractor's signed combined report on CCC financial statements; internal controls; compliance with laws, regulations, and Governmentwide policy requirements; status of prior audit findings, and consistency of the MD&A, RSI, and supplemental information. Provide to COTR final tabulation of actual time spent during the audit versus budget and provide explanations for any differences.
December 1, 2009	Contractor	Provide to OIG, a draft management letter/report, if the contractor determines that such a letter is warranted.
December 4, 2009	Contractor	Provide to CCC Controller, a draft management letter/report revised for OIG comments.
December 15, 2009	CCC	Provide contractor with formal written comments on the draft management letter/report, if the contractor determines that such a letter is warranted.
December 18, 2009	Contractor	Provide COTR with a signed final management letter/report, if the contractor determines that such a letter is warranted.

IV. ADMINISTRATION OF THE STATEMENT OF WORK

OIG and GAO plan to rely on the work performed under this statement of work to meet their audit responsibilities. Accordingly, the COTR will facilitate coordination in the applicable time frames to meet the needs of OIG and CCC discussed in Section III and IV.

The contractor shall interact with CCC officials, OIG officials and other parties as the contract may direct. For reasons discussed above in Sections III and IV, CCC and OIG are significant parties to the work performed under this statement of work. Accordingly, where deemed relevant, the COTR may invite CCC to participate in significant matters related to this contract. For example, CCC and/or other parties should be invited to attend key meetings applicable to their respective interests and have the opportunity to address other significant matters, where applicable. Where deemed relevant, the COTR shall invite GAO to participate in matters applicable to the Governmentwide financial statements.

A. CONTRACTING OFFICER AND CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE

CCC and FSA will service as Contracting Officer (CO) and will pay for the contract. Wanda Philippi, Regional Inspector General, Financial & IT Operations (F&ITO), will service as the COTR and Lynette K. Cockrell, Assistant Regional Inspector General Audit, F&ITO, will service as Alternate COTR.

B. CCC ASSISTANCE TO CONTRACTOR

In accordance with OMB Circular No. A-136, *Form and Content of Agency Financial Statement, and subsequent issues*, CCC will prepare the related financial statements including the notes and supplemental schedules. Also, CCC personnel shall be available for meetings, providing assistance in locating documents, preparing schedules needed to support account balances, and shall provide the data needed. Additionally, CCC and USDA personnel, if needed, shall provide computer assistance in downloading any reasonable accounting information requested by the contractor.

C. ENTRANCE, EXIT CONFERENCE, AND STATUS MEETINGS

At the beginning of the audit, the contractor should hold an initial entrance conference with CCC, OIG, and USDA. Status meetings between the contractor, CCC, and the COTR will be held on a bi weekly basis or as mutually agreed by the aforementioned individuals. Within 6 weeks before financial report due date, status meetings between the Contractor, CCC, and the COTR will be held on a weekly basis. The COTR will be advised of all findings and issues as they arise. Additional meetings may be held at intervals decided mutually by the contractor and COTR. Furthermore, at the completion of the audit, the contractor and OIG shall hold an exit conference with CCC and other applicable USDA officials. The contractor shall be available to meet with CCC, USDA

(if applicable), and/or OIG officials at other times during the audit and to respond to CCC. The contractor shall maintain a day-to-day working relationship with CCC and the COTR.

D. PROGRESS REPORTS

The contractor shall provide to CCC and to the COTR bi weekly written progress reports that describe (1) the progress to date compared with the plan and time schedule including the listing of documents requested from CCC, (2) any information which the contractor believes would impact on the deliverable due dates, (3) the labor hours consumed, and (4) costs incurred during the reporting period with the cumulative amounts to date. The reports should also detail matters that have come to the contractor's attention that would (a) have an impact on the financial statement opinion, (b) be reportable as a material weakness or significant deficiency of internal control, (c) be reported as an instance of noncompliance with laws and regulations, or (d) be potential conditions to be reported in the management letter. These bi weekly progress reports should be provided to the COTR two business days before and to the CCC audit liaison one business day before the bi weekly status meeting described in Section IV.C.

The contractor shall also provide other briefings as requested by and at the discretion of the CCC and/or OIG. The contractor shall notify OIG immediately of any indications of fraud.

E. ACCESS TO AUDIT DOCUMENTATION

OIG and GAO will require access to the contractor's audit documentation on an ongoing basis to facilitate (1) the understanding of the audit, its progress, and conclusion and results, and (2) the timely issuance of the reports. During the progress of the audit, upon the request of the COTR, the contractor shall provide access to and/or copies of (at no additional cost to the Government) all audit documentation, audit notes and any other documentation developed in connection with the audit. All the contractor's audit documentation must be available for review at the end of each audit phase as outlined in Sections III and IV and upon delivery of draft reports to the COTR. The contractor is required to provide audit documentation requested by the COTR or GAO within 48 hours of the request.

At the request of the COTR or his/her representative(s), the contractor shall, at its expense, provide a copy of any audit documentation, audit notes, and any other documentation (paper or electronic format) which are created and/or obtained and/or accumulated in performing the audit. These documents shall become property of OIG. Additionally, during the course of the audit or upon completion of the audit work, the contractor's audit report and audit documentation shall be subject to access and review by representatives of other Government audit staffs when authorized by the COTR.

F. ADMINISTRATIVE SUPPORT FOR CONTRACTOR

During the period in which the statement of work is performed, the contractor shall require administrative support from the Government. CCC is responsible for providing the administrative support to the contractor. CCC shall be responsible for ensuring that the necessary support is provided in a timely manner. CCC support tasks will include:

- Providing office space, office furnishing, telephones and fax lines.
- Arranging communications portals for online query access.
- Coordinating access to requested documentation.
- Arranging interviews with proper CCC individuals.
- Providing systems testing support such as down loading data.
- Coordinating field visits.
- Coordinating the suitability of security checks and background investigations.
- Providing building access.
- Obtaining signed confidentiality agreements.
- Providing BRIO Software and required licenses.
- Training on CCC financial systems.
- Security awareness training.

G. OIG FURNISHED INFORMATION

Reserved

H. KEY PERSONNEL

The contractor must identify in the technical proposal the key personnel at the technical expertise level (i.e. statistician, information systems experts, etc.) and senior level management and above assigned to the contract, as well as the total number of personnel assigned to the audit, the position of each such person, and the expected number of work hours of each. Any subsequent changes in key personnel from those in technical proposal must be approved in advance by OIG.

All proposed successor or alternate personnel must currently hold the same or higher position in the firm with regard to the position for which they are being retained under this statement of work.

I. STAFF QUALIFICATIONS

The contractor's minimum staff qualifications must be as follows:

- Bachelor's degree or advanced degree in the appropriate technical field (i.e., accounting, computers) and/or 3 years relevant work experience.
- Appropriate certifications (i.e., a Certified Public Accountant (CPA) certificate or fulfillment of the CPA educational requirements).
- 80 hours of continuing professional education and training in the past 2 years of which 24 hours must be in governmental accounting, auditing, and/or budgeting.

The contractor should include the resume and/or minimum qualification level of every individual assigned to this effort. USDA OIG reserves the right to approve any contractor staff assigned to the engagement.

J. ORGANIZATIONAL CONFLICT OF INTEREST

1. Purpose

The primary purpose of this clause is to aid in ensuring that the offeror selected for contract award (1) does not obtain any unfair competitive advantage over other parties by virtue of prior performance of this contract and (2) that the selection of the contractor is not biased because of its current and planned interest (financial, contractual, or otherwise) which relates to the work under this contract. In addition, offerors should review Federal Acquisition Regulation Subpart 9.5.

2. Scope

The restrictions described herein shall apply to performance and/or participation by the contractor and any of its affiliate organizations or their successors in interest (hereinafter collectively referred to as the "contractor") in the activities covered by this clause as a prime contractor, subcontractor, co-sponsor, joint venture, and consultant or in any similar capacity.

(a) Advisory, consulting, analytical, evaluation or study work, including the preparation of statements of work and specifications.

1. If the contractor performs advisory, consulting, analytical, evaluation

study, or similar work under this contract, it shall be ineligible thereafter for a period of 3 years to participate in any capacity in Government contractual efforts (solicited or unsolicited) which stem directly from such work, and the contractor agrees not to perform similar work for prospective offerors with respect to any such contractual efforts. Furthermore, unless so directed in writing by the CO, the contractor shall not perform any such work under this contract on any of its products or services, or the products or services of another firm for which the contractor performs similar work. The contractor may not propose new services, to be provided to CCC, while it completes the audit.

2. If the contractor under this contract assists substantially in the preparation of a statement of work or specifications, the contractor shall be ineligible to perform or participate in any capacity in any contractual effort, which is based on such statement of work or specifications. The contractor shall not incorporate its products or services in such statement of work or specifications unless so directed in writing by the CO, in which case the restriction in this subparagraph shall not apply.

(b) Access to and use of information

1. If the contractor in the performance of this contract obtains access to information, such as CCC plans, policies, reports, studies and financial plans or data, which have not been released to the public, the contractor agrees not to:
 - Use such information for any private purpose unless the information has been released to the public.
 - Compete for work for CCC based on such information for a period of 6 months after the completion of this contract, or the release of such information to the public, whichever is first.
 - Submit an unsolicited proposal to the Government, which is based on such information until 1 year after the release of such information to the public.
 - Release such information without prior written approval by the CO.
2. In addition, the contractor agrees that to the extent it receives or is given access to proprietary data or other confidential, technical, business or financial information under this contract, it shall treat such information in accordance with any restrictions imposed on such information.

3. Subcontracts

The contractor shall include this clause, including this paragraph, in subcontracts of any tier, which involve performance of work of the type specified in Section IV.I.2 (a) or access to information covered in Section IV.H.2 (b) of the statement of work. The use of this clause in such subcontracts shall be read by substituting the “subcontractor” for the word “contractor” whenever the word “contractor” appears.

4. Remedies

For breach of the above restrictions or for nondisclosure or misrepresentation of any relevant interest required to be disclosed concerning this contract, the Government may, at no cost, terminate the contract, disqualify the contractor from subsequent related contractual efforts and pursue other remedies as may be permitted by laws or this contract.

5. Waiver

Any request for waiver under this clause shall be directed in writing to the CO and shall include a full description of the waiver and the reasons in support thereof. If it is determined to be in the best interest of the Government, the CO shall grant such waiver in writing.

6. Definition

The term “systems engineering and management and technical support services” include any advice, assistance, analysis, consultation, evaluation, examination, report, review, study, survey, or similar assistance, including providing assistance in procurements and related activities, to support any program or other operations of CCC.

K. SECURITY REQUIREMENTS

The contractor’s personnel are required to meet the following criteria:

1. Personnel Security Clause - Public Trust Designations

The regulatory authorities of the personnel security and suitability program are found on Executive Order 10450, Executive Order 12968, OMB Circular No. OMB A-130 *Management of Federal Information Resources*, P.L. 100-235 (Public Law) *The Computer Security Act of 1987* and Title 5 of the Code of Federal Regulations (CFR), Parts 731, 732 and 736.

Contractor personnel are subject to the same personnel security and suitability requirements as CCC employees. All contractor personnel must complete CCC's IT security training provided on the web. Contractor personnel are considered Federal employees for purposes of applying provisions of the Privacy Act of 1974, Tax Reform Act of 1976, and CCC and USDA regulations on the confidentiality and disclosure and protection of information entrusted to them. Signed individual confidentiality agreements and contractor employee background checks must be submitted timely, as agreed between the contractor and CCC.

The provisions of Executive Order 10450, Executive Order 12968, and Title 5 of the Code of Federal Regulations CFR, parts 731, 732, 736 require that:

- “Every competitive, excepted, and contractor position must be designated at a level of sensitivity that is commensurate with the responsibilities and other attributes (policy making, fiduciary, public contact or public trust) of the position as they relate to the efficiency of the services.”
- “All Federal service and contractor employees must be designated, in terms of their national security sensitivity, to assure appropriate screening. The required background investigation is conducted to provide a basis of ensuring that the employment of an individual is clearly consistent with the interests of the national security.”

The contractor shall be required to provide information necessary for such background checks and shall agree to abide by CCC and USDA personnel security and suitability determinations. The contractor shall provide information about the current security clearances for all staff assigned to work on the contract. All positions in this contract are designated as high risk computer-related positions; consequently, all contractor personnel performing under this contract shall require a security investigation. Contractor personnel shall initiate and apply for a background investigation to satisfy the investigative requirements for contractor employees designated as Public Trust positions at the high and moderate risk levels.

The background investigation consists of fingerprint classification and search of the following investigative source checks:

- Security/Suitability Investigations Index and related previous Office of Personnel Management Files.
- Federal Bureau of Investigation (FBI) fingerprint classification and name check of FBI identification files.
- FBI Information Resource Management files and name check at other than FBI headquarters.
- Defense Clearance and Investigation Index (DCII) and any Department of

Defense file referenced in DCII.

- Credit Check.

The contractor must have each contractor employee complete and submit the following appropriate forms for the background investigations:

- Standard Form 85 Questionnaire for Non-Sensitive Positions.
- Office of Personnel Management Optional Form 306, Declaration for Federal Employment (items 1, 7, 8, 9, 10, 11, 12, 15, and 16a).
- The Fair Credit Reporting Act authorization form.

The contractor must provide a cover letter listing the name of employees whose forms are attached along with the contract number, and the contractor's contact name and telephone number. The cover letter and attached completed forms must be submitted to the CO no later than five working days after award of the contract. For replacement personnel, the requirement is to submit the completed forms within five working days for selection.

The contractor should select personnel to work on the contract who meet the Government's suitability requirements in order to reduce the likelihood that employee(s) will be found unsuitable and not allowed to work on this contract, possibly disrupting performance on the contract. Contractors may choose to perform similar background checks to those listed herein on employee(s) being proposed to work in designated positions under the contract. Before you perform any checks it is recommended that you contact the CO.

Some of the Government's unsuitability factors are:

- Delinquency or misconduct in prior employment;
- criminal, dishonest, infamous, or notoriously disgraceful conduct;
- intentional false statement, deception, or fraud on application forms;
- habitual use of intoxicating beverages to excess;
- abuse of narcotics, drugs, or other controlled substances; and
- reasonable doubt as to loyalty of the person involved to the Government of the United States.

Contractor employees that fall into the above unsuitability factors are not eligible to work on this contract.

Other suitability factors include:

- The classification and type of position for which the person is applying or in which the person is employed;
- the nature and seriousness of the conduct;
- when the conduct occurred;
- the applicant's age and employee's age at the time of conduct;
- the circumstances surrounding the misconduct;
- contributing social and environmental conditions; and
- the absence and presence of rehabilitation or efforts to obtain rehabilitation.

Current, complete, and accurate information is extremely important to the overall investigative process. Certain personnel may be periodically investigated.

The contractor shall notify the CO if any of the contractor employees have completed a background investigation and have a valid security clearance in place, negating the need for another background investigation.

The results of the preliminary check will also be shared with appropriate Protective Security staff for facility access purposes.

When investigative results reflect adverse information, the designated CCC personnel will contact the subject for resolution. CCC will notify the contractor, investigation subject, CO and OIG if a subject cannot meet the requirements necessary for a favorable security/suitability decision, and therefore, may not be allowed to work on the contract. Once the contractor is notified, the personnel must be immediately removed from the contract. The contractor must confirm to the Government, in writing, the date of the removal of the contractor's personnel from the audit.

Removal of contractor personnel may require that a replacement(s) be named and the appropriate security forms completed and clearance obtained in order that contract performance will not be adversely impacted. The contractor should contact the CO if there are any contract performance issues related to the removal. The denial resulting from the pre-screening or removal of an individual determined unsuitable or unfit does not give rise to an equitable adjustment to the contract.

In the event that contractor personnel performing on this contract either leave the company or are removed from the project, or are arrested or charged with a crime during the term of this contract, the contractor shall notify the designated CCC personnel, the COTR, and CCC CO immediately. In the notification, the contractor must provide the contractor personnel name(s), Social Security Number, the type of charge(s), the court

date, and, if available, the disposition of the charge(s).

Contractor personnel are responsible for the security of any CCC information; physical resources or other information entrusted to them, and agree to provide protection in accordance with CCC established requirements.

2. Removal from Duty Clause

The Government may request that the contractor immediately remove any contractor employee(s) from working on the contract should the Government determine that individuals are unfit to perform the contract. The contractor must comply with these requests. The Government's determination of unfit may be made from, but not limited to, incidents involving the misconduct or delinquency as set forth below.

- a) Violation of Rules and Regulations Governing Public Buildings and Grounds, 41 Code of Federal Regulations 101-20.3.
- b) Neglect of duty, including sleeping while on duty, unreasonable delays, or failure to carry out assigned tasks, conducting personal affairs during official time, and refusing to cooperate in upholding the integrity of CCC.
- c) Falsification or unlawful concealment, removal, mutilation, or destruction of any official documents or records, or concealment of material facts by willful omission from official documents and records.
- d) Disorderly conduct, use of abusive or offensive language, quarreling, intimidation by words or actions or fighting. Also, participating in disruptive activities that interfere with the normal and efficient operation of the Government.
- e) Theft, vandalism, immoral conduct, or any other criminal actions.
- f) Selling, consuming, possession of, or being under the influence of intoxicants, drugs, or substances, which produce similar effects.
- g) Improper use of official authority or credentials.
- h) Unauthorized use of communications equipment or Government property.
- i) Misuse of equipment used in the performance of this contract.
- j) Unauthorized access to employee's personal property.
- k) Violation of security procedures and regulations.

- l) Prior determination by CCC or other Federal agency that a contractor's employee was unsuitable.
- m) Violation of the Privacy Act of 1974, the Computer Fraud and Abuse Act of 1986, and Taxpayer Browsing Protection Act of 1997.
- n) Unauthorized access to or disclosure of agency programmatic or sensitive information, or IRS Tax Return Information.
- o) Unauthorized access to areas not required for the performance of the contract.
- p) Unauthorized access to an agency Automated Information System.
- q) Unauthorized access of information for personal gain (including, but not limited to monetary gain) or with malicious intent.

3. Personnel and Audit Documentation Restrictions

Personnel. Advanced approval by CCC and OIG is required for any contractor or individual working for the contractor intending to work on other contracts within CCC.

Audit Documentation. Audit documentation and communications resulting from other CCC contract work shall remain separate from the CCC audit related services contract team. If papers are to be shared between the two teams, prior approval by CCC and OIG is required.

4. Protection of Confidential Information

The contractor shall restrict access to all confidential information from CCC in the performance of the contract to those employees and officials who need to perform the audit. Employees and officials who need access to confidential information for performance of the contract will be determined in conference between CCC and OIG contacts and the responsible contractor's official.

The contractor shall possess all confidential information obtained from CCC in the performance of the contract under the immediate supervision and control of authorized personnel in a manner that will protect the confidentiality of the records and in such a way that unauthorized persons cannot retrieve any such records.

The contractor shall inform all personnel with access to confidential information obtained from CCC in the performance of the contract of the confidential nature of the information and the safeguards required to protect the information from improper disclosure.

For knowingly disclosing information in violation of the Privacy Act, the contractor and contractor's employees may be subject to the criminal penalties as set in 5 U.S.C.

Section 552(i) (1) to the same extent as employees of CCC.

The contractor shall assure that each employee with access to the confidential information knows the prescribed rules of conduct and is aware that he/she may be subject to criminal penalties for violations of the Privacy Act.

All confidential information obtained from CCC in the performance of the contract shall, at all times, be stored in an area that is physically safe from unauthorized access.

The Government reserves the right to conduct on-site visits to review the contractor's documentation and in-house procedures for protection of confidential information.

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