

**President's Council on Integrity and Efficiency**

**AUDIT COMMITTEE**

**STRATEGIC  
PLAN**



**Fiscal Year 2004  
November 2003**

# President's Council on Integrity and Efficiency Audit Committee

## Message from the Chair

On behalf of my colleagues on the PCIE Audit Committee, I am pleased to present the Committee's Strategic Plan, revised for Fiscal Year 2004. The Plan details the Committee's major goals and objectives, and includes key performance indicators against which we will measure our success in the coming year.

The Committee's agenda is aggressive and far-reaching. It is gauged to address head-on some of the most significant issues facing the Federal audit community. Thanks to the commitment of each member and dedicated staff, Fiscal Year 2003 was a productive one for the Committee. During the year, we:

- ✓ Led the federal audit community in key efforts to facilitate the President's Management Reform Agenda. For example, through the Federal Audit Executive Council, we formed a task force to work collaboratively with the Chief Financial Officers' Council to accelerate the financial statement audit and reporting process.
- ✓ Co-sponsored a Roundtable Meeting on "Accelerated Financial Reporting Issues and Best Practices" with the Chief Financial Officers' Council.
- ✓ Revised the PCIE Audit Committee policy statement on internal quality control and external peer reviews. Revised and published Appendix I, "Guide for Conducting External Quality Control Reviews of the Audit Operations of Offices of Inspector General" to reflect the new policy. The revised Appendix can be accessed at <http://www.ignet.gov/pande/audit/appi03.pdf>.
- ✓ Led the federal audit community, in conjunction with the Chief Financial Officers' Council, in key efforts to facilitate the Improper Payments Information Act of 2002.
- ✓ Issued the PCIE report of Agency Controls Over Social Security Numbers. The results of this multi-OIG effort have relevance for national concerns such as homeland security and identity fraud. The report can be accessed at <http://www.ignet.gov/randp/ssncontrols.pdf>.
- ✓ Provided PCIE liaison to the Inspector General Auditor Training Institute (IGATI).
  - ◆ Trained approximately 1,500 auditors during Fiscal Year 2003.
  - ◆ Revamped IGATI's schedule of courses and revised the tuition schedule for FY 2004.

More information on IGATI is available at <http://www.igati.org/>.

- ✓ Revised the proposed PCIE Peer Review Assignments, for the 2003-2004 review cycle.

During Fiscal Year 2004, the Audit Committee plans to:

- ✓ Establish a Working Group to coordinate with the Office of Management and Budget on key efforts for the Treasury Post Closing Package Process.
- ✓ Issue a White Paper on the proposed requirement for Opinions on Internal Controls over Financial Reporting.
- ✓ Create a Permanent Working Group on Peer Reviews to revise the PCIE Peer Review Guide as needed and to act as an authoritative body for questions on contents of the Guide.
- ✓ Lead the National Project to Statistically Measure the Quality of Single Audits under the direction of the Honorable John Higgins, Inspector General, U.S. Department of Education.

We are proud of the Committee's work and look forward to another productive year ahead.



The Honorable Gregory H. Friedman  
Inspector General  
Department of Energy  
Chair, PCIE Audit Committee

The Honorable Phyllis Fong  
Inspector General  
Department of Agriculture

The Honorable Jeffrey Rush  
Inspector General  
Department of Treasury

The Honorable Gordon Heddell  
Inspector General  
Department of Labor

The Honorable Everett L. Mosley  
Inspector General  
Agency for International Development

The Honorable James G. Huse, Jr.  
Inspector General  
Social Security Administration

The Honorable John P. Higgins  
Inspector General  
Department of Education

Kenneth Konz  
Inspector General  
Corporation for Public Broadcasting

Jane Althenhofen  
Inspector General  
National Labor Relations Board

John Seeba, Chair, Federal Audit Executive Council

# INTRODUCTION

## **President's Council on Integrity and Efficiency**

Established by executive order, the President's Council on Integrity and Efficiency (PCIE) is comprised of all Presidentially-appointed Inspectors General (IG) and representatives from the Office of Government Ethics; the Office of Special Counsel; the Federal Bureau of Investigation; and the Office of Management and Budget (OMB). The Deputy Director for Management at OMB chairs the Council and an IG holds the position of Vice Chair.

The PCIE is charged with conducting interagency and inter-entity audit, inspection and investigation projects to effectively and efficiently deal with government-wide issues of fraud, waste and abuse. The Council accomplishes this through committee activity. Established committees of the PCIE include:

- Audit,
- Inspection & Evaluation,
- Integrity,
- Investigations,
- Legislation, and
- Human Resources

Inspector General members serve as Council representatives on each of the PCIE Committees. The Council continually identifies, reviews, and discusses areas of weakness and vulnerability in Federal programs and operations to fraud, waste, and abuse. It develops plans for coordinated, Government-wide activities that address these problems and promote economy and efficiency. These activities include interagency and inter-entity audit and investigation programs and projects to deal with those problems concerning fraud and waste that exceed the jurisdiction of an individual agency or entity.

# **AUDIT COMMITTEE GOALS, OBJECTIVES, AND PERFORMANCE MEASURES**

**Goal:** Identify and provide useful, relevant, and cost-effective training for auditors working in the various IG offices.

## **Objectives**

- Oversee Inspector General Auditor Training Institute (IGATI) operations, marketing efforts and curriculum design.
- Develop new mechanisms to provide for a stable funding stream for IGATI.

## **Performance Measures**

- ◆ Hold quarterly status meetings.
- ◆ Track number of auditors trained.
- ◆ Review student evaluation results.

**Goal:** Adopt standardized guides for auditing areas of interest to multiple government agencies.

## **Objective**

- Develop guides by establishing working groups to provide for standardized audits.

## **Performance Measures**

- ◆ Issuance of guides where there is an identified need.
- ◆ Savings as a result of standardized audits.

**Goal:** Provide a continuing resource for the audit community.

**Objectives**

- Identify and keep abreast of all new and emerging audit issues.
- Develop and communicate PCIE positions on issues that affect the audit community.
- Facilitate establishment of government-wide financial management advisory councils within the agencies.
- Facilitate the acceleration of agency financial statement auditing.

**Performance Measures**

- ◆ Meet regularly to exchange ideas and information on audit concerns.
- ◆ Host audit forums to convey information to the largest number of interested parties.
- ◆ Post information on IG Net.

**Goal:** Improve overall quality of Single Audit efforts.

**Objectives**

- Update the Federal Cognizant Agency Audit Organizations Guidelines.
- Ensure the quality of single audit work.

**Performance Measures**

- ◆ Issue revised guidelines to facilitate uniformity among Federal audit organizations in discharging responsibilities associated with cognizant and oversight agency assignments.
- ◆ Implement and conduct training on revised guidelines.
- ◆ Coordinate exchange of advance information about scheduled statewide reviews between OIGs to facilitate increased participation on these reviews.
- ◆ Assess the level of single audit quality through a random sample of single audit reports and/or summary reporting by agencies conducting quality control reviews.
- ◆ Initiate a single audit website or linkage with an operation OIG website to provide updated information about single audit work.

**Goal:** Conduct government-wide audits of areas of interest to the Administration, Congress or multiple agencies.

**Objectives**

- Complete review of Agency Controls Over Social Security Numbers.
- Address Administration or congressional concerns on PCIE audit matters.

**Performance Measures**

- ◆ Reports issued in areas of identified concern.
- ◆ Percent of participation.
- ◆ Testimony given or information provided to congressional committees on the results of government-wide reviews.

**Goal:** Establish and maintain professional standards for OIG operations where needed.

**Objectives**

- Periodically assess existing standards and update accordingly. In addition, periodically assess the audit community's activities and develop standards, as needed, to govern these efforts.
- Revise peer review audit schedules, as appropriate, to ensure proper coverage and oversight.

**Performance Measures**

- ◆ Reports that assess and update existing standards.