

# Audit Committee News

## **Principal Representatives:**

John. P. Higgins, Jr.  
IG/ED, Chairman

Phyllis Fong  
IG/USDA

Gregory Friedman  
IG/DOE

Thomas Gimble  
Acting IG/DOD

Gordon Heddell  
IG/DOL

Edward Kelley  
IG/FHFB

Patrick O'Carroll  
IG/SSA (ad hoc)

Jon Rymer  
IG/FDIC

## **ECIE Representative:**

Jane Altenhofen  
IG/NLRB

Sheldon Bernstein  
IG/NEH

## **FAEC Council Representative:**

Helen Lew, AIGA/ED

## **Highlights:**

- o Accomplishments over the Past Year
- o Ongoing Initiatives
- o Special Thank You

If you have any questions, please contact Kim Geier at (202) 245-7020

## Accomplishments over the Past Year

The last year has been a very productive one for the Audit Committee. Highlights are provided below:

### **Federal Employees' Compensation Act Protocol**

The Departments of Commerce and Labor's *Protocol for OIG Audits, Inspections, Evaluations, and Investigations of the Federal Employees' Compensation Act Program* was finalized in for FECA-related work beginning on or after July 1, 2006.

The protocol is available at <http://www.oig.dol.gov/public/feca/final%20protocol.pdf>.

### **OMB Audit Bulletin**

Federal Audit Executive Committee (FAEC) Audit and Financial Statement Committees met with the Office of Management and Budget (OMB) to identify potential revisions to OMB Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*. Committee members drafted revisions to the circular for OMB review. Topics addressed included revised definitions for material weakness, reportable condition, and significant deficiency, obtaining assurance on internal control, management representation letters, restatements, guidance on compliance with OMB Circular A-123, *Management's Responsibility for Internal Control*, and other miscellaneous issues. The revision was issued August 23, 2006, as OMB Bulletin No. 06-03.

### **FISMA Framework**

In September 2006, the FAEC Information Technology (IT) Committee issued a Federal Information Security Management Act (FISMA) framework to assist Offices of Inspector General (OIGs) in evaluating agencies' IT security plans. The document, which is a product of a number of different OIGs' efforts, provides guidance to OIGs as they perform FISMA reviews, and is available at

<http://www.ignet.gov/pande/audit/fismaframework0906.pdf>.

### **Protection of Sensitive Information**

The IT Roundtable collected and consolidated data on the OIG community's efforts in assessing agencies' compliance with OMB Memorandum M-06-16, *Protection of Sensitive Agency Information*. The memorandum required agencies to take steps to ensure that personally identifiable information and other sensitive information is protected. Fifty OIGs responded to the data call. Responses were combined into a summary report provided to OMB in October 2006.

### **IT Committee**

The IT Roundtable became a full-fledged President's Council on Integrity and Efficiency (PCIE) Committee in December 2006. Originally started as part of the Audit Committee to address IT issues, the new PCIE IT Committee will continue in this role, and is being chaired by Thomas Gimble, Acting IG/DOD.

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# Audit Committee News

(Continued)

## **Government Auditing Standards**

On February 1, 2007, the Comptroller General of the United States issued *Government Auditing Standards, 2007 Revision*, which supersedes the 2003 revisions except for those standards that establish quality control and peer review requirements. Based on feedback provided by the Audit Committee and other bodies, GAO has significantly redrafted and re-exposed those sections, and requested comments by March 30, 2007. GAO plans to finalize these remaining sections and print the complete *Government Auditing Standards, 2007 Revision*, in late spring.

## **GAO/PCIE Financial Statement Roundtable**

On February 28, 2007, the Government Accountability Office (GAO) and the PCIE hosted the fourth annual Financial Statement Roundtable. The roundtable was open to all financial managers, federal auditors, and independent accountants, and this year provided 6.5 hours of free continuing professional education. It was “standing room only” as more than 230 professionals attended the event. Speakers included representatives from the PCIE, GAO, OMB, the Chief Financial Officer’s Council, the Federal Accounting Standards Advisory Board, and independent public accountants.

## **Ongoing Initiatives**

### **Training Federal Auditors, Inspectors, and Evaluators**

The Audit Committee continues its efforts to identify the best means of providing Federal auditors, inspectors, and evaluators with the specialized training they need to perform effective and efficient audits and evaluations. Although the Inspector General Audit Training Institute (IGATI) was re-established briefly to provide training during the first quarter of Fiscal Year (FY) 2007, a long-term plan has yet to be implemented. In the interim, Department of Defense (DOD) OIG is taking the lead in providing introductory auditor training classes for the remainder of FY 2007. The two-week training is free and uses the curriculum developed by the IGATI, but has been updated for recent developments. The schedule is as follows:

April 9-20	400 Army Navy Drive	Arlington, VA (full)
April 30-May 11	400 Army Navy Drive	Arlington, VA
July 30-August 10	400 Army Navy Drive	Arlington, VA
August 20-31	4201 Wilson Blvd (NSF)	Arlington, VA
September 17-28	Seidman Center (FDIC)	Arlington, VA

To register for one of the classes listed above, or to reserve a slot for individuals that will be hired during the remainder of the year, please send the student’s name (or a contact name if the individual has not been hired), address, telephone number, and email address to Judy Padgett at [judith.padgett@dodig.mil](mailto:judith.padgett@dodig.mil). If you have any questions, please contact Judy at (703) 604-8919 or Julio Gonzalez at (703) 604-8911.

### **External Peer Reviews**

The 2006-2007 external peer review cycle is well underway. Watch for a summary of the issues noted in the peer reviews in future newsletters. A survey was sent to all federal IGs soliciting comments on the *Guide for Conducting External Peer Reviews of the Audit Operations of Offices of Inspector General* so that we can continue to improve the peer review process. All comments should be provided by April 30, 2007.

### **National Single Audit Sampling Project**

The joint project to assess the quality of audits performed under the Single Audit Act is nearly complete. We have finished compiling and analyzing the results of the 208 quality control reviews and a preliminary draft report has been provided to the ten-member Project Advisory Board (which includes federal and state representatives, as well as OMB) for review and comment. The board has also scheduled a meeting with OMB to discuss the results. Once board member comments are incorporated, we will share a formal draft report with a wider audience. We anticipate issuing the final report to OMB by the end of May.

### **PCIE and CFOC Best Practice Task Force**

The PCIE and Chief Financial Officer's Council (CFOC) best practice task force has finished revising the *Best Practice Guide: Coordinating the Preparation and Audit of Federal Financial Statements*, and has submitted the document to OMB for its review. The guide is intended to foster a constructive working relationship between CFOs and IGs in the financial statement preparation and audit process.

### **Joint PCIE/CFO Council Smarter Accountability Task Force**

The PCIE and the CFOC have established a smarter accountability task force, chaired by OMB, to identify ways to make financial reporting requirements more cost-beneficial. The task force has had its first meeting and is developing a white paper to propose a strategic direction for the project.

### **GAO/PCIE Financial Audit Manual**

GAO and the FAEC are working to update the GAO/PCIE Financial Audit Manual for recent changes to the auditing standards. First drafts of manual chapters 100, 200, 600, 700, and 800 have been issued for comment, and more draft sections are expected soon. The working group hopes to issue the final document by the end of June 2007. If you have any questions, please contact Alex Biggs at (202) 693-5258.

### **FAEC Annual Conference**

The FAEC 2007 annual conference will be held at the Founders Inn in Virginia Beach, VA, on August 8-10. The room rates are at the government per diem rate of \$129 and the conference fee is \$300. The conference, which provides an excellent opportunity to expose staff to the many value-added initiatives that the FAEC undertakes, is open to your organization's GS-15 and above. Individuals interested in attending should contact John Koch at [john.koch@dodig.mil](mailto:john.koch@dodig.mil).

## **Special Thank You**

### **Audit Committee Members**

A special thank you goes to our former Audit Committee ECIE member Ken Konz, IG/CPB, for his faithfulness in serving the federal audit community. The participation of all Audit Committee members was invaluable in the accomplishments noted in this newsletter.

### **Federal Audit Executive Council**

The FAEC has also been invaluable in its support of Audit Committee projects and initiatives. Helen Lew, AIGA/ED and current FAEC Chair, is retiring from federal service after 35+ years. She will soon become the IG for the Washington Area Metropolitan Transit Authority. We wish Helen well in her new endeavor and thank her for leading the FAEC since July 2005.

### **OIG Community**

The OIG community's support for and participation in the various Audit Committee projects during the last year has been integral to the success of these projects. Thank you to everyone who has participated in these activities, projects, and events. We look forward to your continued support in the coming year.