

November 2007

Audit Committee News

Principal Representatives:

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

Phyllis Fong
IG/USDA

Gregory Friedman
IG/DOE

Gordon Heddell
IG/DOL

Claude M. Kicklightner
IG/DOD

Patrick O'Carroll
IG/SSA (ad hoc)

Jon T. Rymer
IG/FDIC

Dennis Schindel
Acting IG/Treasury

ECIE Representative:

Sheldon Bernstein
IG/NEH

Edward Kelley
IG/FHFB

FAEC Representative:

Mary Ugone
DIGA/DOD

Highlights:

- Congress Holds Hearing on PCIE/ECIE's National Single Audit Sampling Project
- Treasury Creates Advisory Committee on the Auditing Profession

Next Meeting: Tuesday, January 18, 2007 at 2 pm
Potomac Center Plaza, 550 12th Street, SW, Room 8070

Congress Holds Hearing on PCIE/ECIE's National Single Audit Sampling Project

On October 25, the Senate Subcommittee on Federal Financial Management held a hearing to discuss the PCIE & ECIE's *Report on the National Single Audit Sampling Project* (Project). Hugh Monaghan, Project Director; Danny Werfel, Acting Controller, Office of Management and Budget (OMB); Jeanette Franzel, Director, Financial Management and Assurance, Government Accountability Office (GAO); and Mary Foelster, Director, Governmental Audit Quality Center, American Institute of Certified Public Accountants (AICPA), testified. Transcripts of the testimony may be accessed at <http://www.hsgac.senate.gov/index.cfm?Fuseaction=Hearings.Detail&HearingID=496>.

Mr. Monaghan summarized the project, including its results and recommendations. The other three testifiers provided their perspective on the project and, in general, expressed support for the project's recommendations. Mr. Werfel said that OMB would work with the audit and grant communities to implement the recommendations. Ms. Franzel pointed out that some matters should be considered before determining actions to improve audit quality. Ms. Foelster announced that the AICPA has already established seven task forces to review the report's recommendations and work with OMB to address them. Presiding Subcommittee Chair Sen. Thomas Carper (D-DE), Ranking Minority Member Sen. Tom Coburn (R-OK), and Sen. Claire McCaskill (D-MO) indicated they would likely revisit the topic in about 18 months.

The Project's report has indeed garnered top level attention in both the executive and legislative branches of the Federal government, and we are confident that it will result in significant actions to improve the quality of single audits of Federal programs. At recent meetings with the PCIE Audit Committee and Single Audit Roundtable, OMB again expressed agreement with most of the project's recommendations. Towards that end, they are working to establish work groups staffed from Federal agencies to assist with implementing the recommendations.

Treasury Creates Advisory Committee on the Auditing Profession

On July 3, the Department of Treasury (Department) established the Advisory Committee on the Auditing Profession, whose objective is to provide informed advice and recommendations to the Secretary of the Treasury on the sustainability of a strong and vibrant public company auditing profession. The Committee will consider the following areas:

- The auditing profession's ability to cultivate, attract, and retain human capital;
- The impact of independence and other professional standards on investor's confidence; and
- The organizational structure, financial resources, and communication of the auditing profession.

Notwithstanding the Committee's focus on auditing public companies, we believe that its work could impact the auditing profession in general. Therefore, we would like to provide input to the Committee as it seeks to establish its agenda. A copy of the Committee's Working Discussion Outline may be found at <http://www.treas.gov/offices/domestic-finance/acap/meetings.shtml#oct15>. Please provide your comments to PCIEAuditCommittee@ed.gov no later than November 26. If you have any questions, please call Kim Geier at (202) 245-7020.

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