

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. The Plan details the Committee's major goals and identifies key activities which demonstrate the Committee's commitment to promote sound programmatic and financial management in the Federal government.

The Committee's agenda is aggressive and far-reaching. It is intended to address, head-on, some of the most significant issues facing the Federal audit community. Thanks to the commitment of each member and their dedicated staff, the Committee has taken on and is successfully addressing a number of significant challenges facing the Federal government. These include:

- ✓ Developing and maintaining the highest standards in the conduct of audits in the Federal sector;
- ✓ Focusing audit activities on high impact areas, including those mandated by statute;
- ✓ Actively promoting cooperative audit efforts and strategies; and,
- ✓ Training and developing professional skills and specialized knowledge within the Office of Inspector General audit community.

To meet these challenges, the Audit Committee is currently working on a number of significant projects to maintain the high level of audit coverage within the Federal government. Each of these efforts is complex and involves specialized expertise to address significant issues that face the audit community and the Federal government as a whole. Specifically, the Committee has an aggressive program to

- ❖ Establish a robust program to audit and report on the financial transactions and balances of each Department and agency as these entities set about accomplishing their respective missions;
- ❖ Develop effective frameworks for the evaluation of agency cyber security policies and implementation procedures;

- ❖ Review and enhance the quality control processes that govern the conduct of audits of state and local programs that are funded by the Federal government; and,
- ❖ Implement a comprehensive peer review program that underscores the continued need to maintain the highest professional audit standards.

These are just some examples of the Committee's endeavors. The attachment more fully details the goals and accomplishments of the Committee and its various subgroups as well as the tasks that the Committee is currently undertaking. These activities are designed to aid management in sustaining the integrity, and the economy and efficiency of the Federal government. Needless to say, we are proud of the Committee's work and look forward to the challenges ahead.

The Honorable John P. Higgins, Jr.
 Inspector General
 Department of Education
 Chair, PCIE Audit Committee

The Honorable Harold Damelin
 Inspector General
 Department of the Treasury

The Honorable Phyllis Fong
 Inspector General
 Department of Agriculture

The Honorable Gregory H. Friedman
 Inspector General
 Department of Energy

Thomas F. Gimble
 Acting Inspector General
 Department of Defense

The Honorable Gordon S. Heddell
 Inspector General
 Department of Labor

Patrick O'Carroll
 Inspector General
 Social Security Administration

Jane Altenhofen
 Inspector General
 National Labor Relations Board

Kenneth Konz
 Inspector General
 Corporation for Public Broadcasting

Helen Lew, Chair
 Federal Audit Executive Council
 Assistant Inspector General for Audit
 Department of Education

AUDIT COMMITTEE GOALS, STRATEGIES AND ACCOMPLISHMENTS

1. Goal: *Develop and maintain the highest standards in the conduct of audits in the Federal sector*

Strategies

- Implement a comprehensive peer review process for all executive branch agencies in the Federal government
- Participate on the Comptroller General's Advisory Council to update and change, as appropriate, the Government Auditing Standards

Accomplishments

- *Successfully completed the 2003-2004 peer review cycle for all executive branch agencies*
- *Revised the PCIE Audit Committee policy statement on internal quality control and external peer reviews and published Appendix I, "Guide for Conducting External Quality Control Reviews of the Audit Operations of Offices of Inspector General."*
- *Provided input to the Comptroller General on the audit independence standard*

Ongoing Activities

- *Perform 2006-2008 agency peer reviews in accordance with the PCIE's Audit Committee's prescribed schedule.*
- *Complete a national project to statistically measure the quality of Single Audits*
- *Review and coordinate with the Government Accountability Office (GAO) changes to the Government Auditing Standards*

2. Goal: *Focus audit activities on high impact areas, including those mandated by statute*

Strategies

- Annually audit the financial statements of executive branch agencies
- Perform annual cyber security evaluations of agencies' information systems
- Identify and coordinate intra-governmental audits of high risk areas

Accomplishments

- *Developed the Federal 'Financial Audit Manual' jointly with the Government Accountability Office*
- *Provided input to the National Academy of Public Administration on possible changes to statutes and circulars governing financial management in the Federal government*
- *Prepared a Cost Benefit Study on rendering an audit opinion on controls over financial reporting in conjunction with the Chief Financial Officer Council*
- *Worked with the Office of Management and Budget (OMB) to update the Bulletin on Audit Requirements for Federal Financial Statements*
- *Developed a framework for Federal Information Security Management Act (FISMA) reviews*

Ongoing Activities

- *Continue to perform audits of Federal programs that are designed to assist those devastated by hurricanes Katrina and Rita*
- *Assist in the development and implementation of Treasury Financial Manual audit requirements relating to the reclassified agency financial statements*

3. Goal: *Actively promote cooperative audit efforts and strategies*

Strategies

- Work with the Office of Management and Budget (OMB) and the Government Accountability Office to develop and deploy standardized audit policies and procedures
- Enhance communication and audit processes within and between Federal government, state and local audit organizations

Accomplishments

- *Conducted third annual PCIE/GAO Financial Statement Roundtable*
- *Worked with OMB on revisions to Circular A-123, the related Implementation Guide, and Questions and Answers*
- *Participated in the development of the “Guide to Opportunities for Improving Grant Accountability”*

Ongoing Activities

- *Participate on the Comptroller General’s Domestic Working Group*
- *Identify and strengthen funding mechanisms to support the Federal Audit Clearinghouse*
- *Play an active and leading role in the Audit Issues Workgroup of the Chief Financial Officers Council’s Grant Policy Committee*
- *Coordinate approaches to the evaluation requirements contained in Section 522 of the Consolidated Appropriations Act of 2005, pertaining to agency implementation of comprehensive privacy and data procedures*
- *Participate on the National Intergovernmental Audit Forum Standards Liaison Committee*
- *Represent the PCIE Audit Committee on the Accounting and Audit Policy Committee*

4. Goal: *Train and develop professional skills and specialized knowledge within the Office of Inspector General community*

Strategies

- Oversee the training activities of the Federal Inspector General community
- Provide specialized training for activities that are common to executive branch agencies
- Develop recruitment and retention strategies to enhance and sustain quality auditing in the Federal government

Accomplishments

- Trained approximately 1,500 auditors during Fiscal Year 2005
- Conducted course evaluations of the Inspector General Auditor Training Institute's core curriculum
- Held an audit training symposium on the Federal Employees' Compensation Act (FECA)
- Conducted Peer Review Guide training for the 2006-2007 Peer Review cycle

Ongoing Activities

- Continue to examine auditor training courses through the Federal Audit Executive Council
- Explore opportunities and funding scenarios for centralized and specialized audit training
- Develop Auditor Professional Development and Retention Strategies