

**OFFICES' OF INSPECTOR GENERAL BEST PRACTICES
 COMPILATION OF INFORMATION RECEIVED**

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| 1 Communication | Message Design Conferences | The Planning and Analysis Group has implemented a new procedure to help expedite effective report writing and ensure report quality, timeliness, and value. The group facilitates "message design conferences" for audit staff, preferably at the end of field work and before the exit conferences have been conducted and draft reports have been written. | The "message design conference" is scheduled in advance. The Planning and Analysis Group develops an agenda for the meeting, introduces participants and their role in the audit, and leads the group in a discussion. The discussions would include: objectives, scope & methodology, product type, outline of product, etc. | Message design conferences provide an excellent opportunity for all members of an audit team to share the results of their work and test or validate their conclusions. Message design conferences acknowledge that developing findings and writing audit reports are not always easy tasks, and they challenge participants to work smart and as a team to formulate the best possible product. | Federal Deposit Insurance Corporation | Sharon C. Tushin, Office of Audits (202)416-0454 stushin@fdic.gov |
| 2 Communication | Audit Coordination Committee | To strengthen partnerships with NSF's management, NSF-OIG, in conjunction with NSF's CFO, established the Audit Coordination Committee. The committee, composed of senior representatives from NSF management and the OIG, meets regularly to share information and address issues of mutual concern. The committee serves only as an advisory body to the CFO and IG and has no other power or authority. | The committee's purpose is to facilitate open dialogue between senior OIG staff and the CFO on all audit and audit resolution issues, offer advice and guidance to the OIG and CFO, and involve other NSF managers, as appropriate. Although this partnership is still in its beginning stages, the committee's relationship with the CFO has led to the development of an innovative framework for cooperation between OIG and NSF management in the audit of NSF's financial statements. | NSF believes it is important for all OIGs to create an environment in which they can work together with agencies to achieve the agencies' mission and goals efficiently as well as detect and deter wrongdoing. As part of NSF's Strategic Plan, we have chosen to be inclusive with NSF and to focus on prospective and substantive audits and inspections, while remaining organizationally and operationally independent. | National Science Foundation | Edward Blansitt, Acting Deputy IG, Efficiency Section (703) 306-2100 eblansitt@nsf.gov |

PCIE Best Practices

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| 3 | Communication | 50-Day Briefings for Performance Audits | The Inspector General and the Assistant Inspector General for Auditing require each audit team to prepare a briefing on the progress of the audit after 50 working days have been invested. | All audit team members present some portion of the briefing based on their roles in the audit. Senior OIG and Office of Audits management then question the audit team on their findings and methodology, the auditee's cooperation, and other audit issues. By the end of the briefing, management and the audit team agree on the direction of the audit and on the time necessary to complete the audit work and issue the report. | Audit managers and team members gain valuable experience in preparing and conducting stand-up presentations, using multimedia software and equipment, and communicating the direction of the audit to senior Office of Audits and OIG management. | Department of Commerce (DOC) | Andrew Cochran, Director, Business & Trade Audits Division Office of Audits (202) 482-4415 acochran@doc.gov |
| 4 | Communication | Lessons Learned Memoranda | The CIA OIG Audit Staff requires audit teams to prepare a memorandum summarizing "lessons learned" at the completion of each audit. The memorandum is posted on the Audit Staff's electronic bulletin board, which is accessible by the entire staff. All auditors are encouraged to promptly review lessons learned memoranda as they are posted. | Auditors' experience with any phase of the audit process can be discussed in the memorandum. The memorandum will usually begin with some background on the audit work or the topic. Typical discussion areas include: 1) audit staffing and supervision, 2) preparation of the audit plan, 3) communication within the team, and 4) report writing. | Lessons learned memoranda provide an opportunity for auditors to share their experiences with the rest of the staff. This practice enables audit management to constantly reevaluate policies and procedures from the perspective of actual experiences of the staff who are responsible for implementation. Communication between auditors working in different audit groups is also improved. Regular attention to these memoranda by the entire audit staff also helps to prevent duplication of previously made mistakes, disseminates new ideas and approaches, and institutionalizes "best practices" for application during other audits. | Central Intelligence Agency (CIA) | Eric R. Feldman (703) 613-0943 |

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| 5 | Communication | Use of Task Force Approach to Financial Statement Audit | The OIG at USAID uses a task force approach to the annual audit of USAID's financial statements, internal controls and compliance. Comprising this task force are three divisions/offices in Washington, D.C., and six regional offices overseas. | The three Washington divisions share the overall responsibility for the financial statement audit. The six overseas offices execute the financial, performance, and systems work in the audit programs designed by the Washington divisions. The Washington divisions work collaboratively to determine the relevant audit findings and the appropriate report format. Each of the three divisions submit their product to the lead division to incorporate into a single report. All members of the team (divisions and overseas offices) are given a draft to review and are asked to comment. | The benefits of the task force approach include: improved communications and coordination among the divisions and offices and specialized expertise in critical areas. The improved coordination has allowed a smoother report development process. This has enabled USAID to issue its financial statements each year by the statutory deadline. | U. S. Agency For International Development John Burns, Acting Director of our Headquarters Liaison and Coordination Division (202) 712-1790 |
| 6 | Communication | Project Briefing Via Video Conferencing | The Department of Veterans Affairs OIG, Office of Audit has implemented a procedure for conducting routine & formal meetings using videoconferencing. With audit & program personnel located in offices throughout the United States, the scheduling of strategy & outcome project meetings are difficult & costly in terms of productivity & travel. Resources can be saved by using videoconferencing. | Generally, the most successful conferences are scheduled in advance and share the following characteristics: 1) Documents used in briefing are shared with the conference participants about 3 days in advance, 2) Discussions focus on the questions generated by the shared briefing documents, 3) Briefings are limited to one-hour or less. | The use of Videoconferencing has a number of benefits. Briefings are generally better organized & to the point than face-to-face briefings. Savings are estimated to be \$750 to \$1,000 per out-of-town participant in each conference call. In addition, productivity is increased because employees spend less time traveling to Headquarters or other locations for these type of conferences. Also, videoconferencing often results in junior staff members having the opportunity to participate in the conferences. | Department of Veterans Affairs (VA) Lee Bailey (202) 565-7610 Lee.Bailey@mail.va.gov |
| 7 | Communication | 10-Day Response | The OIG and Railroad Retirement Board (RRB) management established a 10 workday standard for RRB management to respond to OIG draft reports. This standard was reduced from 30 workdays. | The reduction was possible because OIG auditors communicated audit findings and proposed corrective actions throughout the audit. | The ongoing communication eliminates surprises and allows the auditee ample time to review findings and proposed recommendations. By reducing the response time, the OIG has become more responsive in issuing final audit reports to the RRB Board Members and other interested parties. | Railroad Retirement Board (312) 751-4345 |

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| 8 | Communication | The OIG and FSA Roundtable Meeting | USDA OIG initiated a major meeting with one of the Department's largest agencies (Farm Service Agency) to foster two-way communication. | Headquarters & field office representatives of the Farm Service Agency (FSA) and the OIG met in San Antonio, TX to enhance each other's understanding of their shared responsibility to ensure efficiency, effectiveness, and integrity in the USDA programs. At least 20 representatives from each agency were present, making this the first formal joint discussion of such magnitude between OIG and one of its customer agencies devoted to improving interagency cooperation & effectiveness. | The roundtable resulted in the groundwork for change. In some ways, possibilities for change may be limited, given the nature of the work that both agencies do and the latitude we have in doing it. But we regard change as necessary and inevitable. If OIG and FSA are to rely on each other in ways greater than we have in the past, we must forge an alliance that will go beyond short-term cures. By building the right interagency networks, and by planning and training together, we believe we can produce long-term opportunities and work more effectively into the new millennium. | Department of Agriculture | James R. Ebbitt, Assistant Inspector General for Audit (202) 720-6945 |
| 9 | Contract Audits | Preaward Audit Services | The Contract Audit Group in TVA OIG has utilized preaward audit services to assist Procurement when contracts are awarded or extended. The services include, but are not limited to: 1) participating in the commercial evaluation of proposals, 2) conducting preaward audits, and 3) attending negotiation sessions. Information obtained by the auditors during this process can provide opportunities for Procurement to negotiate cost savings and/or more favorable compensation terms. | The success of preaward audit services is linked to management support, integration into the procurement process, responsive audit function, and continuous customer orientation. The services are typically requested by the purchasing agent or contract administrator. These responsibilities can include reviewing a Request for Proposal or performing a preaward audit. | Preaward audit services provide an excellent opportunity to assist management at the front end of the procurement process before potential problems arise. These services can result in cost savings and productive contractor relationships. The positive results obtained will increase the value of the audit function. | Tennessee Valley Authority | Paul Ivie, Manager, Contract Audit (423)632-3891 |

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| 10 | Contract/ Loan Audits | Early Default Loans | To identify high-risk loans that result in losses to the Government, the Auditing Division audits SBA guaranteed loans that default within 36 months of their disbursement. By screening out loans that default with only a few payments and by reviewing the loan file, the auditors can identify loans where either the lender or borrower did not comply with SBA requirements. This process results in substantial savings and identifies fraudulent actions. | If the audit results show lender negligence, we recommend that SBA refuse to honor the guarantee or recover funds paid to honor the guarantee. When misrepresentation is identified, we refer the matter to OIG's Investigation Division. Frequently, the misrepresentation occurs because the lender did not follow SBA's policies and procedures. In such cases, we recommend that the district offices deny the guarantee in conjunction with referral for criminal investigation. | Audits of early defaulted loans have a high incidence of problems and the approach allows OIG to focus on an area of high risk and recovery. Individual early defaulted loan audits require only minimal resources and can be done in between the start of larger, more complex audits. In addition individual early defaulted loans serve as a good training exercise for auditors with no or limited lending background or inexperienced auditors needing to gain audit experience. | Small Business Administration | Gary Duncan Director, Credit Programs Group (202) 205-7732 |
| 11 | Contracting | Master Contracts for Financial Statement Auditing Services | The Financial Statement Audits Division in the Office of Audits at Commerce's Office of Inspector General instituted a departmental "master contract" as a first step for the awarding of contracts for individual agency financial statement audits. Using a "master contract" with a number of auditing firms enables us to issue a task order, receive proposals from qualified CPA firms for the services proposed in the task order, maintain competition in the process, and quickly issue the task order to the selected contractor. | The master contract concept provides a process similar to retaining a number of contractors to provide audit services as requirements become know. Each of the contractors provided proposals in response to a OIG request for proposal (RFP) to provide audit services. The OIG decided to create two pools, one for large contractors and one for small contractors. | Overall, the biggest advantage is having a readily available source of pre-qualified firms available to issue task orders, receive proposals and make awards to all within a relatively short period of time. | DOC | Tom McCaughey Director, Financial Statements Audits Division, Office of Audits 703-603-0301 tmccaughey@doc.gov |

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| 12 | Coordination | Combined Assessment Program Review | As part of the OIG's efforts to ensure that quality healthcare service is provided to our Nation's veterans, the OIG recently initiated a new program to evaluate the quality, efficiency, and effectiveness of VA medical care - the "Combined Assessment Program" (CAP) | The CAP evaluations combine the skills & abilities of the OIG's major components to provide collaborative assessments of VA medical facilities. The OIG team consists of representatives from the Offices of Audit, Healthcare Inspections, & Investigations. They provide an independent & objective assessment of key operations & programs. Auditors from the Office of Audit conduct a limited review to ensure that management controls are in place & are working effectively. Inspectors from the Office of Healthcare Inspections conduct a Quality Program Assistance (QPA) Review. Finally, Special Agents from the Office of Investigations conduct fraud & integrity awareness briefings. | The CAP process is a coordinated effort by the Offices of Audit, Healthcare Inspections, and Investigations to perform cyclical reviews of VA medical centers. These reviews independently and objectively assess the quality of patient care received by veterans. They also provide opportunities to train hospital staff in fraud awareness and improve management and administration of hospital staff and programs. | VA | John S. Bilobran (202) 565-7917 john.bilobran@mail.va.gov |
| 13 | Coordination | Environmental Cost-Sharing Audits | Environmental laws require past & present owners, operators, and generators of hazardous waste to clean up hazardous waste sites. After several audit reports on the subject, NASA began negotiating cost sharing agreements with the responsible parties that could provide NASA with considerable cost recoveries. The OIG is reviewing the possibility that cost recovery opportunities exist at other NASA-owned facilities or sites. | These audits are being performed in order to determine whether NASA is 1) adequately ensuring that environmental cleanup costs are or will be shared among responsible parties and 2) adequately identifying potentially responsible parties and developing cost-sharing or cost-recovery arrangements with them at NASA centers and component facilities. | In this period of austere budgets, NASA must ensure that the taxpayers are receiving the greatest return for their investment in the U.S. Space Program. By identifying other contributing parties to share in the cost of environmental cleanup, NASA may have more funds available for its primary mission of research and development. The OIG identified that NASA could recover in excess of \$73 million at two locations and that the potential exists for more recoveries at other NASA locations. | NASA | Chester Sipsock, NASA Office of Inspector General (216) 433-8918 chester.sipsock@lerc.nasa.gov |

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| 14 | Coordination | Early Oversight of Disaster Field Office Operations | To be more responsive to customer needs, FEMA's OIG deploys auditors & investigators to disaster field offices. The audit division has a broad role in conducting management audits of FEMA's disaster assistance programs & grant audits of individual disaster grants. The auditors also look at systemic & crosscutting issues; such as, property management & administrative operations. All of these functions come together in FEMA's disaster field office environment. | The OIG staff deployed to disasters work as a unified team so that field office management does not have to discern whether an issue is an audit or investigative matter. In coordination with the investigators, the auditors maintain an up-to-date awareness of ongoing issues & priorities and provide suggestions to ensure the integrity of disaster activities. Field office operations are observed; established systems, rules, & procedures are surveyed; and recommendations are made to improve service delivery or reduce costs. | Field office management and FEMA are spared possible embarrassment by correcting problems before they get out of hand. The proactive investigative response established a productive & professional working relationship with local law enforcement agencies and acted as a deterrent to those who are contemplating disaster program fraud. Finally, the OIG is painted in a favorable light & is viewed as an advocate to management rather than an adversary. | Federal Emergency Management Agency | Tom Harrington, Federal Emergency Management Agency, Office of Inspector General Audit Division (202) 646-3386 Tom.Harrington@fema.gov |
| 15 | Field Work Technique | Assessing the Control Environment Using Facilitated Qualitative Research Methodologies | The OIG has successfully used facilitated qualitative research techniques to assess the internal control environment of Commission programs. Qualitative research provides unique insight into the underlying issues most pertinent to the program or function being reviewed. The structured qualitative methods used have provided substantially more information than previous assessments. | The two most successful techniques we have used are: "Control/Risk Self Assessment" and "Nominal Group Technique." The Control/Risk Self Assessment methodology is structured, well documented, and includes qualitative analysis & descriptive statistics. This process includes four specific steps. The Nominal Group Techniques is a group decision technique adopted from business. It mitigates dominant personalities and group think and provides graded answers to specific questions rather than an evaluation of controls or risks. This process also includes four specific steps. | Facilitated qualitative analysis adds value by providing an understanding of informal controls and the control environment from the perspective of those who implement them. This focuses audit attention on the systemic strengthening of controls, instead of after-the-fact recoveries. It also identifies previously unknown risk exposures and involves the auditee in the development of corrective actions, which enhances implementation of corrective actions and acceptance of control responsibility. These facilitated qualitative techniques have been successfully employed by audit organizations in the public and private sectors throughout the world. | Securities and Exchange Commission | Walter Stachnik (202) 942-4461 stachnikw@sec.gov |

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| 16 | GPRA | Unique Approach for Implementing the Results Act | The Office of Audit divided its Results Act responsibility and resources into two major efforts: (1) evaluating the Department's strategic planning process and plan, and (2) reviewing the reliability of the data that the Department uses to validate its performance measures. The data reliability effort also includes an assessment of departmental entities' procedures for verifying & validating the measured values of actual performance. | <p>The IG provided consultative support to the Department's Office of Strategic Planning and issued two guides in October 1995. These guides are used to evaluate management's progress in strategic planning and other aspects of Results Act implementation. A two-pronged approach was developed to assess management's strategic planning process and to analyze individual Treasury bureau's strategic plans for consistency with the Results Act. This approach helped the bureau management enhance their planning processes and current strategic plans.</p> <p>Next, the IG Office developed an approach for: determining that the bureau's performance measures reflected data correctly, addressing methodological concerns, and resolving inconsistencies in reported performance data.</p> | By assisting bureau management in improving its strategic planning process through the development of the two-pronged approach, the OIG seized an opportunity to obtain knowledge and expertise in areas that might have been unexplored. Management used the OIG's suggestions to assist them in further developing their strategic plan. The suggestions made are not only useful for management, but they also provide potential enhancements to the implementation of the current strategic plan. The OIG's comprehensive review in analyzing and evaluating the performance measures and related formulas was "very helpful in focusing management and program level attention on the importance of developing effective measures". | Department of Treasury | Arthur T. Henshaw (202)927-5874 |
| 17 | Information Technology | Use of IDEA Software | IDEA is a desktop productivity tool that can be used to display, analyze, manipulate, sample, or extract data from files. Its features allow auditors & technical experts to calculate standard deviations, select statistical samples, check file totals & extensions, identify gaps in numerical sequences, search for duplicate items, & create reports. | DOL used IDEA to select and analyze statistical samples from the various accounting systems of the Department. IDEA has been valuable for the annual Chief Financial Officers Act audit of the consolidated financial statements of the Department. | IDEA has improved the quality and efficiency of audit efforts. The decreased use of mainframe computing services has saved an estimated \$7,000 in the first year. Additional savings were realized because samples were designed more efficiently, erroneous data collection was reduced, & reports were more timely. | Department of Labor | Joseph Ganci Director, Division of Audit Operations, Office of Audit |

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| 18 | Information Technology | Use of Automated Workpapers | An Audit Automation Quality team was formed to determine if the Office of Audit could benefit from the acquisition of audit automation software. This software would automate our audit workpapers and move us closer to a paperless audit. We looked for software that would maintain the status of audit programs and workpapers, reference and link workpapers, track the status of completed audit programs, define user access levels, provide unlimited sign-off and edit histories, track findings, generate a draft audit report, and contain security features to protect the integrity of the workpapers. | Automated workpapers are similar to manual workpapers, except the entire workpaper process-preparation, review, report generation, & storage is fully automated. Workpapers are created using third party software packages (Word, Excel, & WaterMark) & can be accessed, shared, & reviewed from anywhere in the world. Some features are: a standard indexing system, a procedure summary to set up audit programs, an automatic tickmark system, & online status reports. | Automated workpaper software provides for an organized, efficient approach to completing & documenting audits. The software allows all team members to access, share, & review the workpapers at any time or at any stage of the audit process. This change in approach to documenting our work is part of a continuing effort to perform our work more efficiently, while meeting all GAGAS workpaper requirements. Additionally, automated working papers will clearly be standard in the not-to-distant future. | Office of Personnel Management | Daniel Fletcher, Chief Financial Information Audits Division (202) 606-2026 dfletch@opm.gov |
| 19 | Information Technology | Electronic Audit Workpapers | The VA's Office of Audit has implemented a new Electronic Workpaper System (EWS). This system was created internally & tested at two field locations. This system was designed to reduce the production of hardcopy workpapers & to use computer assisted techniques to generate audit files & reports. As designed, the EWS relies on organization management of the audit & uses various commands that already exist in the software provided by Microsoft Word & Excel. EWS allows for electronic workpapers & some hardcopy documents. The hard copy documents are cross-referenced to electronic workpapers. | The electronic workpaper system consist of a standard file structure for all audits. There are 12 files ranging from preliminary survey files to final report files. Within this file structure, auditors & supervisors prepare, review, edit and finalize workpapers electronically. | EWS has improved the performance of the staff auditor & the audit supervisors. Because of the real-time nature of workpaper review & response, questions by supervisors can be answered quickly. Workpaper reviews are accomplished on-the-spot instead of long after the work is done. Answers to questions must be annotated before the workpaper is included in the final workpaper file. Auditors have responded very positively to an electronic format because it is easy to work with, does not include unnecessary work such as reproduction of workpapers for filing purposes, & provides immediate feedback from supervisors. Finally, EWS is a best practice because it take even the least computer literate staff member little effort to use & comply with workpaper standards. As a result, the overall computer literacy of the staff has significantly increased. | VA | William D. Miller (816) 426- 7100 Wmiller755@aol.com |

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| 20 | Information Technology | Interactive Office of Audit Services (OAS) Policies & Procedures Manual | The OIG has developed an interactive Audit Policies & Procedures intranet site. The site includes the OAS Policies & Procedures Manual (policy manual), audit guides, OAS audit handbooks, & related reference materials. The policy manual is linked to OAS reference materials as well as reference sites on the internet, such as the Office of Management & Budget and the General Accounting Office internet home page. | The OAS Policies & Procedures manual has been posted on the OAS intranet site. The manual's index links to each chapter within the manual. Within each chapter, the manual is linked to other chapters & to OAS reference materials such as the Audit Process Handbook & audit guides. Memorandums that update or clarify policy will be posted. Draft updates will be posted on the intranet site for their appropriate comment period. OAS staff will be notified of drafts that are available for review & comment by e-mail. | The OAS policies & procedures intranet site creates an online nationwide reference library available to all OAS staff. This helps ensure that audit policies are consistently followed. The site also encourages wider circulation of draft and proposed changes. | Department of Health and Human Services | Helen James, Office of Audit Services (202) 205-9119 Hjames@os.dhhs.gov |
| 21 | Personnel Practice | Broader Hiring/Flexible Deployment of Staff | The Management at the Department of Transportation's Office of Inspector General has undertaken a new approach to hiring which includes an initiative to hire people with a broader array of expertise; such as, people with academic and work experience in law, financial analysis, risk management, economics, and information technology. | Although it is logical to hire people with degrees or experience in auditing or investigations, hiring team members with more diverse backgrounds adds new expertise to the staff. Comments that previously may have been accepted without question from an auditee may be more easily resolved; key skills in areas such as information technology can expand audit coverage; ad-hoc "teams" can be formed to address questions unique to a particular audit or investigation, and talent can be "borrowed" to address a problem unique to a specific assignment. | It takes a multi-disciplined staff to produce a world-class product. Inspector General offices are expected to deliver accurate, objective findings & recommendations. These are best generated when the information on which findings & recommendations is based comes from disinterested sources & can be reviewed by legitimate experts. Staffers with specialized knowledge can help increase the breadth of their colleagues' knowledge. Changes in the two decades since the IG Act was passed call for a more broad-based approach to hiring -- and deployment of current employees -- as we approach the millennium. These flexible teams deliver thorough, professional outcomes. | Department of Transportation | Alexis Stefani, Assistant Inspector General for Auditing (202) 366-1992 |

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| 22 | Planning | Audit Lead Sheets | The OIG has implemented a practice that has resulted in better use of scarce audit resources. Auditors have been encouraged to prepare audit lead sheets to convey audit ideas to the regional offices. The auditors invest an hour or so to document why they believe an audit should be performed. If the regional office agrees that the idea has potential, more detail is added to the lead sheet. Subsequently, an official planning document, called an audit profile, is prepared. The lead sheet encourages creative thinking with a minimal investment of the auditor's time. | The regional office encourages auditors to submit audit lead sheets to their team leaders throughout the year. Team leaders are encouraged to review the lead sheets (without changing them) and submit them to the regional office. The regional office then can see the audit idea as proposed by the person who has the most knowledge about the audit idea. | Audit lead sheets are considered a best practice because they result in meaningful audit ideas with minimal investment of scarce audit resources. Over the past several years, like many Government operations, the DOE Office of Inspector General has been expected to do more with less. The use of audit lead sheets has streamlined the audit planning process and allowed more time to be spent on conducting the audit. | Department of Energy(DOE) | Joe Connor, Assistant Regional Manager, Eastern Regional Office (423) 576-8616 |
| 23 | Planning | Issue Area Managers | One of the general goals in the OIG Strategic Plan is to "proactively identify and act on current and emerging issues." Since 1993, the Assistant Inspector General for Audits (AIGA) has strengthened audit planning and oversight of NRC operations, activities, and programs through the use of the Issue Area Manager (IAM) process. The AIGA assigns issue areas to senior auditors and team leaders. Those individuals are designated as Issue Area Managers with responsibility for tracking and reporting on specific agency activities. | Issue areas are identified along the same lines as the agency budgets its resources, namely by areas and programs. For example, current issue areas are Nuclear Reactor Safety and Nuclear Materials Safety. Individual IAM's are assigned responsibilities for monitoring specific issue areas following the guidelines. IAM's should become familiar with the organization and functions of their assigned issue and will assist in audit planning by identifying the audit universe and needed audit coverage for their assigned issue areas. | In both planning audits and overseeing ongoing agency programs, the use of IAM's helps ensure that OIG's limited audit resources are directed toward the most important agency issues. These are issues that the audit staff can make the greatest contribution toward improving agency efficiency, effectiveness, and economy. | U.S. Nuclear Regulatory Commission | Thomas J. Barchi Assistant Inspector General for Audits, (301) 415-5915 |

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| 24 | Planning | Audit Planning that Focuses on Goals and Performance | The Office of Audit at EPA's Office of Inspector General is implementing a new audit planning process to identify and select audit assignments. This process is designed to directly link our audits and their related benefits to EPA's Strategic Goals, GPRA implementation, and the most serious management and performance issues that were identified to Congress. The process requires analysis of these areas for each potential audit engagement candidate prior to any audit selection and scheduling in our annual plan. Potential audit engagements that do not directly or clearly relate to these areas have less priority for selection. | As part of our annual audit planning process, our auditors are surveyed to nominate potential audit assignments. Historically, these suggestions were based on factors such as an auditor's past experience, individual knowledge, and suggestions from EPA management officials. Our office typically faced the issue of selecting the proper audits from substantially more audit candidates than available staffing resources. Now, auditors will prepare an Audit Work Planning and Results Sheet for each nominated audit candidate. This sheet identifies expected cost and resource information, the audit's relationship to and impact on EPA goals and objectives, and expected environmental outcomes. | EPA believe this audit planning process provides the vehicle to ensure that our auditors are knowledgeable of EPA planning goals, objectives, measurements, supporting data, and results. It also ensures that our audit assignments are properly focused to cooperatively assist EPA in accomplishing high priority issues. We want to instill in our auditors the importance of relating our audit work to EPA goals, objectives, and GPRA implementation beginning with audit planning and continuing throughout audit execution. We believe this process will help us accomplish our vision of contributing to environmental quality, public health, and good government. | Environmental Protection Agency | Michael Binder, Office of Audits (202) 260-9684 Binder.Michael@ EPA.gov |
| 25 | Planning | Developing an Annual Audit Plan | The Office of Audit (OA) at the Social Security Administrations (SSA) Office of the OIG has implemented an annual audit planning process to guide its work for the following fiscal year. The process involves a structure that has been effective in developing annual plans designed to carry out the mission of the OIG. Of equal importance, the annual plan is designed to conduct reviews that improve SSA's programs and operations and protect them against fraud, waste, and abuse. | The audit plan is developed through an ongoing process that is both formal and informal. The plan itself is developed during an annual planning conference. This conference is held with all levels of the Office of Audit management (formal). The contents of the plan are derived from proposals submitted year round by the Audit staff (informal). The draft plan is issued to the Agency to allow for review and comment, and to elicit new areas for review that the Agency deems to be important to its mission. | There are numerous reasons for the annual planning process to be considered a best practice. The informal aspect of the process encourages all personnel in OA to surface workplan ideas on a flow basis, thereby capturing important issues for review as they are conceived. This aspect has the added benefit of staff inclusion in the selection of the reviews that they will ultimately perform. The process is also a best practice because it accommodates the necessary coordination with the Agency to ensure that the planned audit work serves the critical aspects of the Agency mission. Coordination with other Agency components' plans ensures that overlap is minimal and duplication is avoided. | Social Security Administration | Daniel R. Devlin, Acting Assistant Inspector General for Audit (410) 965-9700 |

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| 26 Planning | Integrated Workplan Development Process | Various components in Audit Services; Investigation Services; and Planning, Analysis and Management Services(PAMS) at the Department of Education's OIG have developed & implemented an integrated approach for selecting jobs to be performed in the OIG. This process helps senior management decide what audits, investigations, studies, reviews, etc., need to be performed and lays the foundation for the IG's concurrence & approval of the Integrated Workplan. The Integrated Workplan covers a two-year cycle, is monitored quarterly, and updated annually. | The Integrated Workplan Development Process works as follows: 1) PAMS publishes milestone dates of workplan development activities; 2) AS and IS formulate long and short-term objectives consistent with the OIG's Strategic Plan; 3) PAMS solicits work plan suggestions from the OIG staff, ED program offices, OMB, & Congressional Offices. 4) Team members from the various components in the OIG review the suggestions; rank them from high to low and from critical to non-critical; brief the IG; and obtain comments; 5) OIG shares the published Work Plan with ED's program offices; and 6) Senior management approves any necessary additions or changes. | The Integrated Workplan Development Process is a valuable management tool for obtaining relevant information on work that is important to the OIG & the Department of Education. It empowers the staff to become players in the process of moving the OIG into a high performance organization. By participating in this process, OIG staff acquire a better understanding of how their day-to-day work fits into OIG's Strategic Plan and how they are integral players in this process. As an added incentive, any OIG employee who submits a job suggestion that is included in the OIG's published Integrated Workplan receives a day off award. | U. S. Department of Education | Steven McNamara, Assistant Inspector General for Audit (202) 205-8200 |
| 27 Quality Control | "Self-Assessment" Internal Peer Review | An electronic review guide is used by audit operations divisions to conduct "Self-Assessment" Internal Peer Reviews that include formats for completing working papers & documenting the results. The review guide is "hyperlinked" to the appropriate standards and/or internal Office of Audit directives. | The Office of Audit's National Peer Review Manager surveys the selected division's workload, adherence to timeliness requirements, results of customer surveys, results of professional staff questionnaires, & other measurement data. He then selects audit projects for detailed review by the participating division. The reviewer completes the electronic internal peer review guide & submits the results to the Audit Manager. | Audit Managers are provided an excellent opportunity to review other audit projects & evaluate them for accomplishing work plan objectives. Travel time & costs are reduced since the review is conducted within the division, and each review is standardized & provides a method to fully evaluate the Office of Audit's compliance with GAS. | VA | Lee Bailey, U.S. Department of Veterans Affairs, Office of Inspector General (202) 565-7610 Lee.Bailey@mail.va.gov |
| 28 Reporting | Total Follow Up on Draft Audit Reports | The total follow up procedure ensures that timely and adequate responses, which improve report quality and value, are received from DOE management. The total follow up procedure is designed to maintain continuing contact with the auditee at the executive level particularly during the response period to facilitate a response to the draft report that addresses the audit findings and commits to effective corrective action. | Total follow up starts when the draft audit report is issued. Immediately after the draft report is issued, the issuing office 1) contacts the addressee of the report, 2) offers to answer any questions about the report, 3) offers to meet about the response to the report, 4) directs attention to the due date for the response, and 5) determines who will draft the response. | The total follow up procedure provides an excellent opportunity to demonstrate customer service, to show that we value the auditee's response, and to issue a quality report that will be timely and of value to management. | DOE | Joe Connor, Assistant Regional Manager, Eastern Regional Office (423) 576-8616 |

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| 29 Reporting | Report Release Notification System | Like other Offices of Inspector General, the Commerce Department OIG has developed an Internet web site that provides a description of the office and its activities; on-line access to its Semiannual Report; as well as, major audit and inspection reports; and other useful information. The web site has recently also become part of the OIG's strategy to meet long-standing congressional requests for more timely notice of the issuance of its audit and inspection reports. | The OIG has developed an e-mail notification service to alert external stakeholders, including congressional staff members, of newly released performance audit and inspection reports. When a report is cleared for public release, subscribers to the service are notified via a brief e-mail message. The message contains a direct Internet hyperlink to an Adobe Acrobat version of the report on the OIG's web site, and also includes instructions for requesting a hard copy of the report. | Staff of committees and members did not want to wait for the issuance of the Semiannual Report to learn about reports issued during the period. The OIG believes that this service will enable it to prove more timely information to interested parties both inside and outside the government. | DOC | Kevin O'Malley Management Analyst, Publications Unit, Office of Compliance & Administration, (202) 482-1242 komalley@doc.gov |
| 30 Reporting | Use of a Summary of Audit findings | The Panama Canal Commission's Office of Inspector General implemented a "Summary of Audit Findings" (SAF) form to ensure all elements of a finding were fully developed. This form aids in communicating the findings to the audit team involved (including OIG management). It also helps to expedite effective report writing. | The auditor who identifies a problem fills out the form detailing the requirements for each finding element (condition, criteria, cause, and effect). The completion of the form assures that each element is or will be developed. After the form is completed, it is presented to the supervisor(s) for review and approval. Once approved, it is utilized to draft the audit report. | The "Summary of Audit Findings" form helps the audit team determine, in a timely fashion, whether findings are reportable conditions or not and helps them organize the findings for reporting purposes. With the SAF, common elements in various findings are easy to see and decisions to group certain findings can be made. This exercise avoids issuing unnecessarily long and cumbersome reports. Without the assistance of the SAF, the critical decisions can be made, but unnecessary time and effort may have already been expended. | Panama Canal Commission | Mrs. Adriana I. Chan (800) 622-2625 ext. 272-3142 IG-AIC@pancanal.com |
| 31 Reporting | Team Editing | In keeping with one of its core values, teamwork, the USPS OIG employs team editing as part of the audit reporting process. Instead of individuals drafting and editing sections of a document, the entire team works together to prepare and edit the report. | The team includes everyone who worked on the project, a supervisor, and an editor. The team meets in a conference room with a laptop, projector, and screen. With one person at the keyboard and the document projected on the screen, the team prepares the report by inserting different sections. Once the report is compiled, the team participates in a line by line edit. The final report undergoes independent referencing before it is signed and issued. | The value of this approach is that it takes advantage of the team's synergy. Each team member brings different strengths and background to the process. By involving the entire team at the same time, ideas flow rapidly and the group reaches consensus on its work product. The team edit process adds considerable value to the final product. Everyone has a chance to contribute to every piece of the document, and everyone gains a sense of ownership. | United States Postal Service | Karen Shaffer (703)-248-2276 |