President's Council on Integrity
AUDIT COMMITTEE

STRATEGIC PLAN

Fiscal Year 2002

October 2001

Message from the Chair

On behalf of my colleagues on the PCIE Audit Committee, I am pleased to present the PCIE Audit Committee's Fiscal Year 2002 Strategic Plan. The Plan details the Committee's major goals and objectives, incorporates the PCIE/ECIE Strategic Framework, and includes key performance indicators against which we will measure our success in the coming year. The Committee's agenda is gauged to address some of the most significant issues facing the Federal audit community.

Fiscal Year 2001 was a successful one for the Committee, thanks to the commitment of each member and dedicated staff. During the year, the Committee

✓ Published the Financial Audit Manual (FAM), a joint effort between the PCIE and the General Accounting Office.   The issuance of this document marks the first time that the PCIE community and GAO will have a single reference for auditing agency financial statements. The two volumes of the FAM can be accessed at http://www.ignet.gov/pande/audit/famvol1.pdf and http://www.ignet.gov/pande/audit/famvol2.pdf.

✓ Released the *Best Practices Guide for Financial Statement Preparation and Audit Activities,* a compendium of "best practices" from Federal Offices of Inspector General and Chief Financial Officer. The best practices guide can be accessed at http://www.ignet.gov/pande/audit/affs0601.pdf.

✓ In March 2001, issued a *Review of Federal Agencies' Implementation of Presidential Decision Directive (PDD) 63 Related to Critical Infrastructure Protection.* Critical infrastructures are the physical and cyber-based systems essential to the minimum operations of the economy and Government and include telecommunications, banking and finance, energy, transportation, and essential Government services. The report can be found at http://www.ignet.gov/pande/audit/dreport.pdf.

✓ Provided oversight to the Inspector General Auditor Training Institute (IGATI). During Fiscal Year 2001, IGATI trained over 1600 auditors. More information on IGATI is available at http://www.igati.org/.

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
Small Business Administration

The Honorable Jeffrey Rush
Inspector General
Department of the Treasury

The Honorable Luise Jordan
Inspector General
Corporation for National and
Community Service

The Honorable Lorraine Lewis
Inspector General
Department of Education

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

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

Hubert Sparks
Inspector General
Appalachian Regional Commission

Fred Zirkel
Inspector General
Federal Trade Commission

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 Investigations; 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's mission is to "independently anticipate and communicate the weaknesses and vulnerabilities of the government, facilitate solutions, and identify opportunities for improved performance by coordinating government-wide and multi-agency activities that promote economy and efficiency in programs and operations." It 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.

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.
- In coordination with the Human Resources Committee, support and expand the curricula of IGATI, including coursework necessary to meet the staff development guidelines and on-line or distance learning courses.
- Provide advice and counsel as warranted.

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.

Objectives

- Develop guides by establishing working groups to provide for standardized audits.
- Work with the General Accounting Office to maintain and update the Financial Audit Manual (FAM).

Performance Measures

- Issuance of guides where there is an identified need.
- Regular updates of FAM.
- 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.

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 Organization 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 operational OIG website to provide updated information about single audit.

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

Objectives

- Complete work on a follow-up to the FY 2000 consolidated report on non-tax delinquent debt.
- Address Congressional concerns on PCIE Audit Areas.

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 community's activities and develop standards, as needed, to govern these efforts.

- Develop peer review audit schedules, as appropriate, to ensure proper coverage and oversight.

Performance Measures

- Revision of peer review guides in time for next review cycle, considering recent concerns with peer review process accordingly.
- Reports that assess and update existing standards.
- Development and completion of peer review audit schedules.