



**COUNCIL OF THE INSPECTORS GENERAL
ON INTEGRITY AND EFFICIENCY**

Fiscal Year 2022

Agency Financial Report



COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY

Chairperson's Message

The Council of the Inspectors General on Integrity and Efficiency (CIGIE or Council) was established by the Inspector General Reform Act of 2008. Currently composed of 74 Federal Inspectors General (IGs) and 6 integrity-related senior officials, the Council and its member organizations function as a robust oversight group engaged in issues of nationwide significance. CIGIE's mandated mission is to address integrity, economy, and effectiveness issues that transcend individual Government agencies, and to increase the professionalism and effectiveness of the inspector general community.

In this Agency Financial Report (AFR), we discuss CIGIE's fiscal year (FY) 2022 accomplishments in carrying out its mission and performance plan goals; provide the independent auditor's report regarding CIGIE's financial statements as of September 30, 2022; and highlight the work of CIGIE's Executive Council, CIGIE's nine committees (including the Pandemic Response Accountability Committee (PRAC)), and individual members on cross-cutting issues affecting Federal departments, agencies, and Offices of Inspector General.

The financial audit was performed by Harper, Rains, Knight, & Company (HRK); the report reflects financial statements that present fairly the financial position of the organization. This year's report identifies one material weakness that is being proactively addressed.

HRK's opinion letters and audited CIGIE financial statements and notes to the financial statements are included in this AFR. Further information related to the Council's assurance as to the accountability and reliability of the financial and performance data presented in this report may be found under the Management Statement of Assurance.

In FY 2022, our work has been strengthened by the efforts of leaders in the IG community; the Office of Management and Budget; Congress; the Government Accountability Office; other Federal agencies, and law enforcement and professional organizations; and private-sector stakeholders who share a dedication to help improve Government programs by ensuring accountability, efficiency, and oversight.

In particular, we sincerely thank the approximately 13,000 professionals that make up the Federal inspector general community for the work they do every day to ensure the effectiveness and integrity of Federal programs that affect the lives of all Americans.

Allison C. Lerner
Chairperson, CIGIE

November 15, 2022



**COUNCIL OF THE INSPECTORS GENERAL
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COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY

Management's Discussion and Analysis

Fiscal Year 2022

The Council of the Inspectors General on Integrity and Efficiency (CIGIE or the Council) has chosen to produce an Agency Financial Report (AFR), which is posted on CIGIE's website at www.ignet.gov.

The Council of the Inspectors General on Integrity and Efficiency's Mission and Organization

Mission: The mission of the Council is to address integrity, economy, and effectiveness issues that transcend individual Government agencies; and increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the Offices of Inspectors General.

Organization: The Council is made up of 74 individual Inspectors General (IGs) from both the Executive and Legislative branches and 6 integrity-related senior officials: the Deputy Director for Management (DDM), Office of Management and Budget (OMB); the Deputy Director, Office of Personnel Management; the Special Counsel, Office of the Special Counsel; the Assistant Director of the Criminal Investigative Division, Federal Bureau of Investigation (FBI); the Director, Office of Government Ethics; and the Controller of the Office of Federal Financial Management, OMB. The Deputy Director for Management, Office of Management and Budget, is the Executive Chairperson of the Council. The Council is led by the elected Chairperson, Allison C. Lerner, National Science Foundation; the Vice Chairperson, Mark L. Greenblatt, U.S. Department of Interior; and the other members of the Executive Council (see the below table).

Executive Council	
Allison C. Lerner, National Science Foundation	Chairperson
Mark L. Greenblatt, U.S. Department of Interior	Vice Chairperson
Hannibal Ware, Small Business Administration	Audit Committee Chair
Andrew Katsaros, Federal Trade Commission	Budget Committee Chair
Tammy L. Whitcomb, U.S. Postal Service	Information Technology Committee Chair
Wendy LaGuarda, Farm Credit Administration	Inspection and Evaluation Committee
Michael J. Missal, Department of Veterans Affairs	Investigations Committee Chair
Joaquin E. Ferrao, Peace Corps	Legislation Committee Chair
Rae Oliver Davis, Department of Housing and Urban Development	Professional Development Committee Chair
Kevin Winters, Amtrak	Integrity Committee Chair
Laura Davis, National Endowment for the Humanities	At-Large Member
Michael E. Horowitz, U.S. Department of Justice	Past Chairperson / Pandemic Response Accountability Committee

CIGIE Committees

CIGIE consists of nine (9) committees, seven (7) of which represent functional responsibilities of the IG community. The eighth, the Integrity Committee, is a statutory committee established by the IG Reform Act of 2008 that serves as an independent and objective investigative mechanism for addressing allegations of misconduct against IGs and their senior staff members. The ninth, the Pandemic Response Accountability Committee (PRAC), is a statutory committee established in the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act and sunsets on September 30, 2025.

The following organizational chart represents the Council’s organizational structure.



Audit Committee

The Audit Committee provides leadership to and serves as a resource for the Federal IG audit community. The Committee sponsors and coordinates audits that address multi-agency or Government-wide issues, maintains professional standards for OIG audit activities, and administers the audit peer review program. It also provides input to the CIGIE Professional Development Committee and the Training Institute on the training and development needs of the CIGIE audit community, and advice to the Chairperson, Vice Chairperson, and Executive Director regarding CIGIE’s contracts for audit services.

Budget Committee

The Budget Committee provides leadership in the development of the Council’s annual Congressional appropriation request by coordinating a transparent process to assess current CIGIE activities and, in consultation with the Chairperson, Vice Chairperson, and Executive Council, presenting a proposed budget to the membership for discussion and adoption. In addition, the Committee serves as the IG Community’s lead in coordinating with the OMB and relevant Congressional committees to establish and maintain a direct annual appropriation to fund Council activities.

Professional Development Committee

The Professional Development Committee provides educational opportunities, through the Training Institute, for members of the IG community to ensure the development of competent personnel. The Committee receives input from the Audit, Investigations, and Inspection and Evaluation Committees on the training and development needs of the CIGIE community. It also seeks opportunities to improve training methods, enhance the development of OIG staff, and establish training to meet continuing professional educational requirements.

Management's Discussion and Analysis

Information Technology Committee

The Information Technology Committee facilitates effective OIG information technology (IT) audits, evaluations, reviews, and investigations, and provides a vehicle for expressing the IG community's perspective on Government-wide IT operations.

Inspection and Evaluation Committee

The Inspection and Evaluation Committee provides leadership for the CIGIE inspection and evaluation community's efforts to improve agency program effectiveness by maintaining professional standards; leading the development of protocols for reviewing management issues that cut across departments and agencies; promoting the use of advanced program evaluation techniques; and fostering awareness of evaluation and inspection practice in OIGs. The Committee provides input to the CIGIE Professional Development Committee and the Training Institute on the training and development needs of the CIGIE inspection and evaluation community.

Investigations Committee

The Investigations Committee contributes to improvements in program integrity, efficiency, and cost effectiveness Government-wide by providing analysis of investigative issues common to Federal agencies. The Committee provides the CIGIE community with guidance, support, and assistance in conducting high quality investigations. It also provides input to the CIGIE Professional Development Committee and the Training Institute on the training and development needs of the CIGIE investigations community.

Legislation Committee

The Legislation Committee ensures that CIGIE is kept abreast of matters in the Congressional arena that are of interest to the IG community. The Committee develops, coordinates, and represents the official IG community positions on legislative issues.

Integrity Committee

The Integrity Committee is required by the IG Act and has the statutory responsibility to review and refer for investigation allegations of wrongdoing made against CIGIE IGs and their designated staff members. The Committee is chaired by an IG member elected by the other committee members. The Committee consists of four IGs appointed by the Council Chairperson for four-year terms. In addition, the Director of the Office of Government Ethics or designee and the FBI official serving on the Council or designee are also members. The Chief of the Public Integrity Section of the Criminal Division of the Department of Justice, or designee, serves as a legal adviser. In conjunction with the Council Chairperson, the Integrity Committee develops policies and procedures, which are submitted to the congressional committees of jurisdiction.

Under the IG Empowerment Act of 2016, CIGIE is now responsible for committee records management and administrative support.

Management's Discussion and Analysis

Pandemic Response Accountability Committee

Established in March 2020 by the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act (Public Law 116-136), the Pandemic Response Accountability Committee (PRAC) is a Committee of the CIGIE composed of Inspectors General (IGs) identified by Congress, IGs designated by the Chairperson of the Committee, an Executive Director, a Deputy Executive Director, and staff. The PRAC promotes transparency and provides Congress, agencies, and the public with objective, reliable information on covered funds – defined as funds, including loans, that are made available in any form to any non-Federal entity, not including individuals, under the CARES act, Families First Coronavirus Response Act, Coronavirus Preparedness and Response Supplemental Appropriations Act, and any other act primarily making appropriations for the coronavirus response and related activities. The PRAC strives to detect fraud, waste, abuse, and mismanagement in Federal programs related to the Federal Government's response to the nationwide public health emergency and to programs that provide relief to individuals, large corporations, small businesses, state and local governments, and public services.

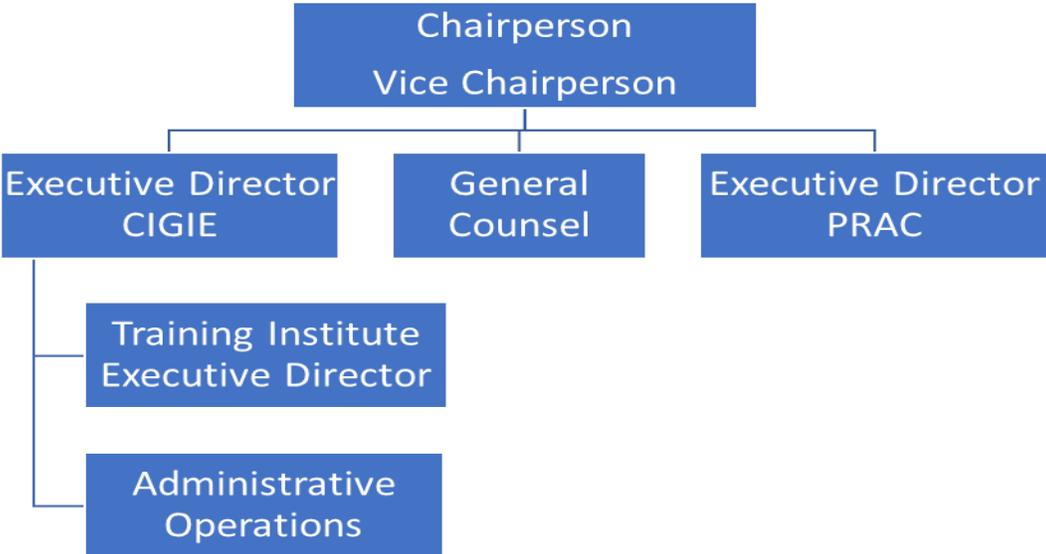
The PRAC is scheduled to sunset on September 30, 2025.

In addition to these nine committees, there are several councils, panels, roundtables, and work groups that are discipline-specific within the IG community or function under the auspices of CIGIE or the standing committees. A few examples of these and their purposes are:

- Federal Audit Executive Council (FAEC) – A council under CIGIE established to discuss and coordinate issues affecting the Federal audit community with special emphasis on audit policy and operations of common interest to CIGIE members.
- Assistant Inspectors General for Investigations (AIGI) Committee – A council under CIGIE established to serve as a forum for internal discussion and a conduit for suggestions, issues and concerns that affect the OIG investigations community to the CIGIE Investigations Committee for appropriate action.
- IG Candidate Recommendations Panel – A panel under CIGIE which, as required by the IG Act, maintains and submits to appointing officials recommendations of individuals for vacant IG positions.
- Inspections and Evaluations Roundtable – A roundtable that provides support to the Inspection and Evaluation Committee on a myriad of issues pertinent to the inspection and evaluation function with the IG community.
- Suspension and Debarment Working Group – This working group under the Investigations Committee is focused on finding ways to protect taxpayer dollars through expanded and more effective use of suspension and debarment remedies.
- Ombuds Working Group – This working group under the Investigations Committee is focused on myriad of matters associated with the responsibilities of OIG ombudsman.
- Human Resources Roundtable – This roundtable under the Professional Development Committee is focused on myriad of issues pertinent to the OIG's human resources community.
- Council of Counsels to the Inspectors General (CCIG) – Comprised of counsels to IGs, this council discusses issues of common interest generally of a legal nature within the IG community.

Staff

The Council is an independent Federal entity and maintains its own permanent staff for which the Chairperson provides oversight. Council staff is responsible for supporting the activities of the Council, including, but not limited to, preparing minutes of all Council meetings, drafting Council reports such as the annual report, maintaining the Council’s website and archives, maintaining a Training Institute for the professional training of OIG personnel, and additional functions. In addition, the PRAC maintains a temporary staff to fulfil the responsibilities of the PRAC. Below represents the Council’s staff organizational structure.





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Performance Goals, Objectives, and Results

Executive Summary of High-Level Annual Accomplishments and Achievements:

During Fiscal Year (FY) 2022, the Council approved its annual performance plan to guide its activities for the year. The performance plan is associated with CIGIE's five-year Strategic Plan and aligns with the goals, objectives, and performance measures associated with the Strategic Plan. CIGIE's performance plan sets out four major business goals and supporting objectives. These goals are: (1) enhanced integrity and strength of Federal programs and operations; (2) a well-trained and highly skilled OIG community; (3) a focal point for collaboration, best practices, and outreach; and (4) an efficient, well-managed organization. The following information reflects CIGIE's accomplishments during fiscal year (FY) 2022 under each of these goals.

Goal 1: Enhanced integrity and strength of Federal programs and operations.

The Pandemic Response Accountability Committee (PRAC) remained at the forefront of efforts to enhance the integrity and strength of Federal programs and operations. At the heart of this endeavor is the Pandemic Analytics Center of Excellence, or PACE, which continues to deliver analytic, audit, and investigative support to the oversight community to great effect. This is accomplished through a combination of data-driven, technology-enabled tools and a cadre of data scientists resident within PRAC and distributed throughout the community in the form of 18 data science fellows charged with analyzing pandemic relief data.

Examples of PACE-enabled successes are reflected in a set of case studies available to stakeholders and the public via PRAC's semi-annual reports to Congress: [PRAC's Semiannual Report to Congress March 2022 \(pandemicoversight.gov\)](#). These include a Cross Agency Data Matching Case Study; Hotline Complaint Risk Model Case Study; Predictive Risk Model Case Study; and a Recipient Reporting Risk Model Case Study. A robust set of data and interactive tools and dashboards is also readily accessible through PRAC's website at [Pandemic Oversight - Home | Pandemic Oversight](#).

Oversight.gov, celebrating its 5th anniversary, remains a powerhouse of government transparency and accountability. At the conclusion of FY22, there were 72 participating Federal OIGs who have shared 23,816 reports and have 17,188 open recommendations related to IG audits, inspections and evaluations, reviews, management challenge reports, semiannual reports to congress, and other types of activities. The OIGs identified \$55.23 billion in potential savings of Federal tax dollars in fiscal year 2022 as part of their comprehensive efforts to eliminate waste in Federal programs.

With the additional funding received from Congress since the Oversight.gov launch, CIGIE has implemented numerous website enhancements, including:

- A whistleblower portal.
- Investigative press releases from the Department of Justice related to OIG cases.
- An Inspector General vacancy dashboard.



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- A subsite for state and local oversight agencies that has 698 reports from 61 different agencies, allowing Members of Congress and the public a more comprehensive view of oversight findings and areas of concern within their state and locality.
- Data, infographics, and downloadable datasets related to OIG Semiannual Reports to Congress and Open Recommendations.

Additionally, the Oversight.gov platform has been used to build and host websites for OIGs. These websites enhance OIG independence, as they give OIGs full control over their websites' content and design. There are currently 12 OIGs using such websites (an increase of 5 from the prior year), with 6 new sites in development, and 16 additional sites in queue.

Work on Oversight.gov continues, with a new priority recommendation initiative under way and a website refresh ongoing.

Goal 2: A well-trained and highly skilled OIG community.

The Training Institute enrolled just over 11,200 learners in FY22 (up from 8,500 in the prior year). This number is the equivalent of roughly 80% of the entire combined OIG workforce (up from 61%), a 32% increase over FY21, and a 180% increase over FY19, the last full year prior to the pandemic. In parallel, Institute staffing levels have remained unchanged since FY13 when total enrollment was 1,700 (559% increase in enrollment, 0% increase in staffing).

Course offerings jumped from 73 to 114, an increase of 56%. A semblance of balance in delivery mode began to return, with 25% of learning events occurring in person (up from 0% in FY 21) and the remaining 75% virtual. In terms of addressing different types of needs, the Institute continued to add and support capabilities that combined to afford the OIG workforce access to an unparalleled spectrum of learning opportunities. In FY22, the Institute offered peer-to-peer learning in the form of coaching/mentoring; rotational experiences combining learning, apprenticeship, job shadowing, and stretch assignments; on-demand access to a digital coach for I&E professionals; microlearning; job aids; storytelling and knowledge sharing in the form of short videos hosted on CIGIE's YouTube channel; and traditional, formal learning constructs. As recently as 2018/2019, only formal, in-person learning opportunities were offered.

Highlights from this year include:

- Another record setting year for the CIGIE Leadership Forum (8th annual). For the 4th year in a row CIGIE recorded the largest number of participants ever registered for a Forum or in fact any single CIGIE event with an overall total of 2,629 OIG professionals in attendance, more than a 10% increase over the prior year. The YouTube video has received more than 5,000 views.
- Successful launch of the fifth CIGIE Fellows cohort. This was the largest cohort to date with 23 Fellows, nearly 50% more than the previous cohort of 16.
- Full implementation of the Inspections & Evaluation Digital Coach. This platform features on-demand, online access to workflow maps, job aids, templates, worked examples, and



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more. Work was also initiated on a corresponding platform for performance audit professionals.

- Timely delivery of learning content on issues critical to OIG investigations personnel such as a Use of Force Overview summarizing key changes to the DOJ Use of Force Policy.

Goal 3: A focal point for collaboration, best practices, and outreach.

CIGIE continues to support a wide array of community of standing committees (8) and sub-committees, working groups, and other collaborative bodies of varying sizes and scope (approximately 47) dedicated to improving the state of practice within the OIG community, addressing significant cross-cutting issues, or increasing awareness in the public domain about the IG mission and responsibilities. Members come from across the entire community of 74 OIGs and individuals join these organizations according to their mission functions and interests. As a result, the degree of interagency engagement is often quite high, and outcomes of their efforts characteristically have a broad impact.

Highlights from this year's work include:

- The publication of “Advancing Diversity Equity, Inclusion, and Accessibility: a Roadmap for Inspectors General” and a second publication, the “Compendium of Reports Related to Diversity, Equity, Inclusion and Accessibility,” both of which were products of CIGIE’s DEIA Work Group.
- Release of CIGIE’s Five-Year Strategic Plan, 2023-2027. This was a collaborative effort of CIGIE membership.
- Delivering seven monthly Tech Tuesday events, where guest speakers from the IG community shared use cases on how they used technology to conduct and support their oversight work. In total, well over 1,000 community members attended.
- Leveraging CIGIE’s USAPerformance.gov interagency agreement with the Office of Personnel Management (OPM) to allow OIGs to utilize the personnel performance management tool at a lower cost.

Goal 4: An efficient, well-managed organization.

Seeking to build upon significant gains made in improving CIGIE’s infrastructure throughout FY21, an Enterprise Risk Management Committee (ERM) was formed in the 3rd quarter of that year to develop a forward-looking ERM Action Plan with an effective date of FY22. Its intended purpose was that of providing a strategic framework within which existed an organizational risk matrix featuring identified risks categorized by Severity and Likelihood. The committee’s work was completed at the end of August 2021 and adopted in September 2021.

A total of 10 substantive, overarching risks were identified. Four were tagged as “Intolerable,” five as “Undesirable,” and one as “Tolerable.” These labels represent value judgments in terms of risk in relation to consequences of failure, not a statement of status/condition at the time they were



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considered. Tagging them in this manner facilitates management's consideration of the appropriate distribution of available resources across the organization as a whole at any given point in time. Additionally, it creates a contextual point of reference for dialogue between agency staff membership on resource requests and the disposition thereof.

The high criticality ("Intolerable") items revolved around preparing for the transition of CIGIE's Human Resources (HR) support functions (occurring at the opening of FY23) and financial support functions (occurring at the opening of FY24) from the USDA to the Department of the Interior's Business Center (IBC); crafting or updating EEOC-related policy documents; and securing a clean audit. Moderate criticality items pertained to staffing, evolving skill set requirements, and onboarding technologies for the purposes of automating business processes and supporting training delivery. The single low criticality item was associated with the requirement that all agencies move to the Treasury Fiscal Service application Government Invoicing (G-Invoicing).

As of September 30, 2022, an extensive regimen of planning and testing related to the transition of HR support functions had been completed with no issues found. The transition is expected to be successful. Work in support of the shift in financial services is well underway; underpinning this effort is the planned acceleration of testing and increasingly close coordination between USDA, IBC, and CIGIE throughout FY22. Several EEOC policy documents were refreshed or introduced in FY22, significantly reducing the gap that had existed. The remaining gaps are relatively few in number and reflective of those normally associated with micro-agencies. Resolution of the audit item remains to be determined, as the FY22 audit has yet to conclude.

With respect to the moderate items, CIGIE membership approved two permanent positions for hire in FY23 and two additional permanent positions for hire in FY24. The FY23 positions include a Financial/Budget Analyst and HR Liaison; a Program Analyst and IT Specialist (INFOSEC) will onboard the following year. This additional staffing will do much to ameliorate concerns in those functional areas.

Additionally, CIGIE continued to meet its statutory responsibilities in FY 2022, to include:

- Coordinating OIG activities Government-wide, including producing cross-cutting studies that mitigate common vulnerabilities and increase economy, efficiency, and effectiveness;
- Increasing the professionalism and effectiveness of OIG personnel by developing policies, standards, and approaches to aid in establishing a well-trained and highly-skilled OIG workforce;
- Maintaining public and business websites for the benefit of the public, stakeholders, and the OIG community;
- Responding to inquiries from the public and stakeholders about CIGIE and OIG activities, including complaints and allegations against IGs;
- Administering peer review programs that assess OIG compliance with professional standards; and
 - Assisting appointing authorities with the selection process when IG vacancies occur.



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Analysis of CIGIE’s Financial Statements and Stewardship Information

CIGIE prepares annual financial statements in accordance with U.S. generally accepted accounting principles (GAAP) for Federal Government entities and subjects the statements to an independent audit to ensure their integrity and reliability in assessing performance. The financial statements and notes are presented on a comparative basis in the required format in accordance with OMB Circular No. A-136, revised, *Financial Reporting Requirements*.

CIGIE obtained its funding in FY 2022 from the carry-over balance of non-expended/non-obligated funds from FY 2021 in its no-year revolving fund, as well as appropriations from Congress and collections associated with training. In 2022, CIGIE operated under its established internal control and financial management systems to ensure accountability of these funds while continuing to build operations to support CIGIE and its mission. These funds are being used to continue: 1) creating the infrastructure necessary to fully support the activities of CIGIE; 2) providing educational and professional development programs to increase the professionalism and effectiveness of the IG community workforce; 3) operating and managing CIGIE’s website; and 4) supporting the PRAC

The following table summarizes the significant changes in CIGIE’s financial position during FY 2022:

Financial Condition	FY 2022 Balance	FY 2021 Balance	Increase/ (Decrease)	Percentage Difference
Total Assets	\$111,160,398	\$130,619,322	\$(19,458,924)	-15%
Total Liabilities	\$ 2,974,562	\$ 3,798,883	\$ (824,321)	-22%
Net Position	\$108,185,836	\$126,820,439	\$(18,634,603)	-15%
Net Cost of Operations	\$ 32,345,906	\$ 20,297,284	\$ 12,048,622	59%
Budgetary Resource	\$133,464,500	\$141,599,792	\$ (8,135,292)	-6%

The table below summarizes CIGIE’s budgetary resource for FY 2022.

**Summary of Budgetary Resources
For the Year Ending September 30, 2022**

Funding:	
FY 2022 Carry Over Balance	\$ 118,090,646
Appropriations (discretionary and mandatory)	850,000
Spending authority from Offsetting Collections	14,523,854
Total Budgetary Resources	<u>\$ 133,464,500</u>
Status of Budgetary Resources:	
New obligations and upward adjustments (total)	\$ 47,965,415
Unexpired Unobligated Balances	85,499,085
Total Status of Budgetary Resources	<u>\$ 133,464,500</u>



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For operations other than the PRAC, each year CIGIE prepares a projected budget to meet its planned activities. Based on the projected budget and taking into account any excess funds in the revolving fund, member offices are requested to contribute a pro rata rate of their annual funding level towards CIGIE operations that results in the funding necessary to meet CIGIE's projected budget.

Analysis of CIGIE's Systems, Controls, and Legal Compliance

This AFR provides timely information for CIGIE's stakeholders and the public to better understand CIGIE's program and operations. As always, CIGIE is committed to continuing its efforts in bettering its internal controls and maintaining an unqualified audit opinion in future years.

CIGIE management is responsible for establishing and maintaining effective internal controls and, through a reimbursable agreement with the United States Department of Agriculture (USDA), financial management systems and accounting support that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). FMFIA is implemented by OMB Circular A-123, revised, *Management's Responsibility for Internal Control*. The objectives of FMFIA are to ensure that CIGIE's controls and systems provide reasonable assurance that:

- obligations and costs are in compliance with applicable laws;
- funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- revenues and expenditures are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over assets; and
- programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

Section 2 of the FMFIA requires Federal agencies to report, on the basis of annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls. Section 4 of the FMFIA requires that agencies annually provide assurance on programmatic internal controls and financial management systems, and effectiveness of internal control over financial reporting.

Further, the Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government* (known as the Green Book), provides the overall framework for establishing and maintaining an effective internal control system. The Green Book, along with OMB's Circular A-123, provide guidance on assessing five components that contain a total of 17 principles, that are summarized in the below table:



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Component	Principles
Control Environment	<ol style="list-style-type: none"> 1. Demonstrates commitment to integrity and ethical values 2. Exercises oversight responsibility 3. Establishes structure, authority, and responsibility 4. Demonstrates commitment to competence 5. Enforces accountability
Risk Assessment	<ol style="list-style-type: none"> 6. Specifies suitable objectives 7. Identifies and analyzes risk 8. Assesses fraud risk 9. Identifies and analyzes significant change
Control Activities	<ol style="list-style-type: none"> 10. Selects and develops control activities 11. Selects and develops general controls over technology 12. Deploys through policies and procedures
Information & Communication	<ol style="list-style-type: none"> 13. Uses relevant information 14. Communicates internally 15. Communicates externally
Monitoring	<ol style="list-style-type: none"> 16. Conducts ongoing and/or separate evaluations 17. Evaluates and communicates deficiencies

CIGIE operated during Fiscal Year 2022 with 30 employees, inclusive of permanent and detailed employees, and 69 temporary and detailed employees assigned to the PRAC. CIGIE, and its service provider USDA, performs internal control reviews on financial, management, and information systems, and conducts fact finding activities to support decisions impacting revisions to the Council’s accounting and financial reporting systems. For example, CIGIE initially developed its financial policies and procedures in FY 2010 to ensure internal controls were established to meet the objectives of OMB Circular A-123. Annually, we review our internal controls to see if there is any need for improvement. Additionally, we seek feedback from those intimately involved in the day-to-day financial operations of CIGIE to determine if any matters have arisen that reflect a potential weakness in these controls, and with the exception of one material weakness, I can provide reasonable assurance that our internal controls are operating effectively.

Finally, the Accountability of Tax Dollars Act (ATDA) of 2002 requires the preparation of financial statements by the Federal agencies that were exempted by the Chief Financial Officers Act of 1990. OMB Circular No. A-136, *Financial Reporting Requirements*, enables agencies to consolidate their audited financial statements and other financial and performance reports into one report, the AFR. This report meets the requirements of the Act. In accordance with the ATDA, CIGIE’s financial information was audited in FY 2022 by the Certified Public Accounting firm of Harper, Rains, Knight & Company (HRK), which reviewed the FY 2022 financial records and internal controls of the Council and submitted an unmodified audit opinion.

Further, CIGIE relies upon its Federal shared financial service provider as an additional control that lessens the risk of weaknesses in CIGIE’s controls. CIGIE uses the financial services of the



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USDA's Office of Chief Financial Officer (OCFO). The operating effectiveness of the USDA/OCFO's financials, general information technology, accounting operations and payroll controls was examined under Statements on Standards for Attestation Engagements No. 18 (SSAE 18), Quality Control Review of Controls over the Service Provider, issued by the American Institute of Certified Public Accountants (AICPA). An unqualified opinion was issued by USDA/OCFO's independent public accounting firm for the period July 1, 2021 through June 30, 2022. Accordingly, USDA/OCFO was able to provide CIGIE with assurance that the description of controls in the FY 2022 report presents fairly the operating effectiveness of USDA/OCFO controls that were in place as of September 30, 2022, as they relate to key controls relied upon by CIGIE. Based on the results of the evaluation of USDA/OCFO financial systems and controls documented in its SSAE 18 report, CIGIE can provide reasonable assurance that the internal controls over USDA/OCFO's financial reporting were operating effectively and CIGIE's financial management systems complied substantially with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Analysis of Entity's Systems, Controls and Legal Compliance

CIGIE's management is responsible for managing risks and establishing and maintaining effective internal control and financial management systems that meet the objectives of Sections 2 and 4 of the FMFIA and the Federal Financial Management Improvement Act (FFMIA). CIGIE conducted an assessment risk and of the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of this evaluation, CIGIE can provide reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reporting, and compliance with applicable laws and regulations as of September 30, 2022, were operating effectively.

Handwritten signature of Alan F. Boehm in blue ink, positioned above a horizontal line.

Alan F. Boehm
Executive Director

November 15, 2022



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Federal Information Security Modernization Act

The Federal Information Security Modernization Act of 2014 (FISMA) requires each Federal agency to establish and maintain an information security program for all non-national security information and information systems. The Council's information security program includes a process for planning, implementing, evaluating, and documenting remedial action to address any deficiencies in its information security policies, procedures, and practices.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of CIGIE, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of CIGIE in accordance with U.S. generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Forward Looking Information

Other than the activities already identified in this report, there are no other known or anticipated risks, uncertainties, future events or conditions, or trends that could significantly impact the future financial position, condition, or operating performance of CIGIE.



**COUNCIL OF THE INSPECTORS GENERAL
ON INTEGRITY AND EFFICIENCY**

CONSOLIDATED FINANCIAL STATEMENTS

As of And For The Years Ended September 30, 2022 and 2021

Council of the Inspectors General on Integrity and Efficiency

CONSOLIDATED BALANCE SHEETS

As Of September 30, 2022 and 2021

(in dollars)

		<u>2022</u>	<u>2021</u>
Assets:			
Intragovernmental:			
Fund Balance With Treasury	(Note 2)	\$ 97,643,450.57	\$ 124,862,841.51
Accounts Receivable	(Note 3)	1,451,664.02	1,035,132.59
Advances and Prepayments	(Note 4)	12,062,413.63	4,712,996.99
Total Intragovernmental		<u>111,157,528.22</u>	<u>130,610,971.09</u>
Accounts Receivable	(Note 3)	2,869.50	8,351.17
Total Assets		<u>\$ 111,160,397.72</u>	<u>\$ 130,619,322.26</u>
Liabilities:			
	(Note 6)		
Intragovernmental:			
Accounts payable		\$ 1,227,818.34	\$ 1,610,678.62
Liability for Advances and Prepayments		1,200.00	1,200.00
Employer Contributions and Payroll Taxes Payable		63,950.82	121,739.92
Total Intragovernmental Liabilities		<u>1,292,969.16</u>	<u>1,733,618.54</u>
With the Public:			
Accounts Payable		281,769.41	771,441.68
Federal Employees Benefit Payable		1,172,353.29	851,610.54
Accrued Funded Payroll and Leave		227,469.77	442,212.61
Total Liabilities With the Public		<u>1,681,592.47</u>	<u>2,065,264.83</u>
Total Liabilities		<u>\$ 2,974,561.63</u>	<u>\$ 3,798,883.37</u>
Net Position:			
Unexpended Appropriations - All Other Funds (Consolidated Totals)		\$ 86,631,986.10	\$ 106,317,917.58
Cumulative Results of Operations - All Other Funds (Consolidated Totals)		21,553,849.99	20,502,521.31
Total Net Position		<u>108,185,836.09</u>	<u>126,820,438.89</u>
Total Liabilities and Net Position		<u>\$ 111,160,397.72</u>	<u>\$ 130,619,322.26</u>

The accompanying notes are an integral part of these statements.

Council of the Inspectors General on Integrity and Efficiency

CONSOLIDATED STATEMENTS OF NET COST
As Of And For The Years Ended September 30, 2022 and 2021
(in dollars)

	<u>2022</u>	<u>2021</u>
Program Costs:		
Gross Costs	\$ 34,486,193.06	\$ 21,465,072.45
Less: Earned Revenue	<u>2,140,286.58</u>	<u>1,167,788.31</u>
Net Program Costs	<u>32,345,906.48</u>	<u>20,297,284.14</u>
 Net Cost of Operations	 <u><u>\$ 32,345,906.48</u></u>	 <u><u>\$ 20,297,284.14</u></u>

Council of the Inspectors General on Integrity and Efficiency
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
As Of And For The Year Ended September 30, 2022
(in dollars)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations:				
Beginning Balance		\$ 106,317,917.58		\$ 106,317,917.58
Beginning balance, as adjusted		106,317,917.58		106,317,917.58
Appropriations received		850,000.00		850,000.00
Appropriations used		(20,535,931.48)		(20,535,931.48)
Total Budgetary Financing Sources		(19,685,931.48)		(19,685,931.48)
Total Unexpended Appropriations		86,631,986.10		86,631,986.10
Cumulative Results from Operations				
Beginning Balances		\$ 20,502,521.31		\$ 20,502,521.31
Beginning balances, as adjusted		20,502,521.31		20,502,521.31
Appropriations used		20,535,931.48		20,535,931.48
Transfers-in/out without reimbursement (+/-)		12,374,335.18		12,374,335.18
Imputed Financing		486,968.50		486,968.50
Total Financing Sources		33,397,235.16		33,397,235.16
Net Cost of Operations		32,345,906.48		32,345,906.48
Net Change		1,051,328.68		1,051,328.68
Total Cumulative Results of Operations		21,553,849.99		21,553,849.99
Net Position		\$ 108,185,836.09		\$ 108,185,836.09

The accompanying notes are an integral part of this statement.

Council of the Inspectors General on Integrity and Efficiency
CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION
As Of And For The Year Ended September 30, 2021
(in dollars)

	Funds From Dedicated Collections (Consolidated Totals)	All Other Funds (Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations:				
Beginning Balance		\$ 78,708,366.99		\$ 78,708,366.99
Beginning balance, as adjusted		78,708,366.99		78,708,366.99
Appropriations received		40,850,000.00		40,850,000.00
Appropriations used		(13,240,449.41)		(13,240,449.41)
Total Budgetary Financing Sources		27,609,550.59		27,609,550.59
Total Unexpended Appropriations		106,317,917.58		106,317,917.58
Cumulative Results from Operations				
Beginning Balances		\$ 16,232,421.22		\$ 16,232,421.22
Beginning balances, as adjusted		16,232,421.22		16,232,421.22
Appropriations used		13,240,449.41		13,240,449.41
Transfers-in/out without reimbursement (+/-)		11,061,533.42		11,061,533.42
Imputed Financing		265,401.40		265,401.40
Total Financing Sources		24,567,384.23		24,567,384.23
Net Cost of Operations		20,297,284.14		20,297,284.14
Net Change		4,270,100.09		4,270,100.09
Total Cumulative Results of Operations		20,502,521.31		20,502,521.31
Net Position		\$ 126,820,438.89		\$ 126,820,438.89

The accompanying notes are an integral part of this statement.

Council of the Inspectors General on Integrity and Efficiency

COMBINED STATEMENTS OF BUDGETARY RESOURCES

As Of And For The Years Ended September 30, 2022 and 2021

(in dollars)

	<u>2022</u>	<u>2021</u>
Budgetary resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 118,090,646.29	\$ 88,517,311.32
Appropriations (discretionary and mandatory)	850,000.00	40,850,000.00
Spending authority from offsetting collections (discretionary and mandatory)	14,523,853.84	12,232,480.73
Total budgetary resources	<u>\$ 133,464,500.13</u>	<u>\$ 141,599,792.05</u>
Status of budgetary resources:		
New obligations and upward adjustments (total) (Note 8)	\$ 47,965,415.04	\$ 26,156,748.19
Unobligated balance, end of year:		
Apportioned, unexpired account	83,380,171.92	115,443,043.86
Unapportioned, unexpired accounts	2,118,913.17	-
Unobligated balance, end of year (total)	85,499,085.09	115,443,043.86
Total budgetary resources	<u>\$ 133,464,500.13</u>	<u>\$ 141,599,792.05</u>
Outlay, net:		
Outlays, net (total) (discretionary and mandatory)	\$ 20,069,390.94	\$ 14,324,004.49
Agency outlays, net (discretionary and mandatory)	\$ 20,069,390.94	\$ 14,324,004.49

Council of the Inspectors General on Integrity and Efficiency

Notes to the Consolidated Financial Statements For the Years Ended September 30, 2022 and 2021 (in dollars)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Council of Inspectors General on Integrity and Efficiency (CIGIE) was statutorily established as an independent entity within the executive branch by the "The Inspector General Reform Act of 2008," P.L. 110-409 to 1) address integrity, economy, and effectiveness issues that transcend individual Government agencies, and 2) increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General.

Basis of Presentation

These financial statements have been prepared from the accounting records of the CIGIE in accordance with U.S. Generally Accepted Accounting Principles (GAAP), and the form and content for entity financial statements specified by the office of Management and Budget (OMB) in OMB Circular A-136, *Financial Reporting Requirements*. GAAP for Federal entities are standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which has been designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants (AICPA).

OMB Circular A-136, revised, requires agencies to prepare financial statements, which include a Consolidated Balance Sheet, a Consolidated Statement of Net Cost, a Consolidated Statement of Changes in Net Position, and a Combined Statement of Budgetary Resources. The Consolidated Balance Sheet presents, as of September 30, amounts of future economic benefits owned or managed by CIGIE (assets), amounts owed by CIGIE (liabilities), and amounts, which comprise the difference (net position). The Consolidated Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within CIGIE and other reporting entities. The Combined Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual basis of accounting in accordance U.S. GAAP and reported in accordance with OMB Circular A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

Council of the Inspectors General on Integrity and Efficiency

Notes to the Consolidated Financial Statements For the Years Ended September 30, 2022 and 2021 (in dollars)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenues and Other Financing Sources

Majority of CIGIE’s funding is derived from multiple expenditure transfers in from assessment made against other Federal agencies. However, CIGIE also has exchange revenue, which is generated when CIGIE provides goods or services to another Government entity or the Public for a price. In an exchange transaction, each party to the transaction sacrifices value and receives value in return. An example of exchange revenue is the funds received by CIGIE to provide training. Another term for “exchange revenue” is “earned revenue.”

As for other financing sources, certain operating costs of CIGIE are paid out of funds appropriated to other Federal agencies. Specifically, CIGIE records imputed expenses and financing sources for employee retirement plan contributions, group term life insurance, and health benefit costs, which are paid by the Office of Personnel Management (OPM).

Personnel Compensation and Benefits

Salaries and wage of employees are recognized as payroll expenses and related liabilities as earned. These expenses are recognized as a funded liability when accrued.

Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave, since from a budgetary standpoint, this annual leave will be paid from future appropriations when employees use the leave. The amount accrued is based upon current pay rates for employees. Sick leave and other types of leave that are not vested are expensed when used and no future liability is recognized for these amounts.

CIGIE’s employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. CIGIE and its employees both contribute to these systems. Public Law 112-96, Section 5001, the “Middle Class Tax Relief and Job Creation Act of 2012” divided FERS participants into two categories, FERS employees and FERS-Revised Annuity Employees (FERS-RAE). Employees hired on or after January 1, 2013, with some exceptions, are required to contribute 2.3% more to FERS than FERS employees hired prior to January 1, 2013. Although CIGIE funds a portion of

Council of the Inspectors General on Integrity and Efficiency

Notes to the Consolidated Financial Statements For the Years Ended September 30, 2022 and 2021 (in dollars)

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

the benefits under CSRS and FERS and makes the necessary payroll withholdings, it does not report assets associated with these benefit plans in accordance with SFFAS 5.

For CSRS employees, CIGIE contributes an amount equal to 7% of the employees' basic pay to the plan. For FERS employees, CIGIE contributes an amount equal to 13.7% of the employees' basic pay to the plan. For FERS-RAE and FRAE employees, CIGIE contributes an amount equal to 11.9% of the employees' basic pay to the plan.

Both CSRS employees and FERS employees are eligible to participate in the Thrift Savings Plan (TSP). The TSP is a defined contribution retirement plan intended to supplement the benefits provided under CSRS and FERS. For FERS employees, CIGIE contributes an amount equal to 1% of the employee's basic pay to the TSP and matches employee contributions up to an additional 4%. The first 3% of pay that the employee contributes will be matched dollar-for-dollar; the next 2% will be matched at 50 cents on the dollar. Contributions above 5% of the employees pay will not be matched. CSRS employees receive no matching contribution from CIGIE.

OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including CIGIE's employees. CIGIE has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by CIGIE and its covered employees. The estimated cost of pension benefits is based on rates issued by OPM.

Employees are entitled to participate in the Federal Employees Group Life Insurance (FEGLI) Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and CIGIE paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers the FEGLI program and is responsible for the reporting of related liabilities. Each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because CIGIE's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, CIGIE has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

Council of the Inspectors General on Integrity and Efficiency

**Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in dollars)**

NOTE 2 – FUND BALANCE WITH TREASURY

CIGIE’s Fund Balance with Treasury is derived from transfers in from other Federal entities during the fiscal year. CIGIE is a revolving no year fund and no trust or other fund types are used to fund CIGIE’s activities. Accordingly, as a no-year fund, the fund balance at the end of the previous year is carried forward and made available for the next fiscal year.

	2022	2021
A. Fund Balance with Treasury		
Revolving Fund	\$ 23,400,535.39	\$ 21,824,190.82
PRAC	74,242,915.18	103,038,650.69
Total	\$ 97,643,450.57	\$ 124,862,841.51

B. Status of Fund Balance with Treasury

1) Unobligated Balance		
a) Available	83,380,171.92	115,443,043.86
b) Unavailable	2,118,913.17	-
c) Unavailable - Accounts Receivable	(1,451,644.02)	(1,035,132.59)
d) Unavailable - Unfilled Customer Order Without Advance	(4,877.08)	-
2) Obligated Balance not yet Disbursed	13,600,906.58	10,454,930.24
Total	\$ 97,643,470.57	\$ 124,862,841.51

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Accounts receivable consists of the amounts owed to CIGIE as the result of collecting tuition for government employees representing Federal Inspectors General, non-Federal Inspectors General and other state/local government employees and collecting CIGIE-member assessments for the funding of CIGIE operations from Federal Inspectors General and non-Federal Inspectors General. Amounts due from Federal Inspectors General are considered fully collectible. An allowance for uncollectible accounts receivable from non-Federal Inspectors General and other state/local government employees is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay. It was determined that the establishment of an Allowance for Uncollectible Accounts was not necessary as of September 30, 2022 and 2021.

	2022	2021
Accounts Receivable - Non-Federal	\$ 2,869.50	\$ 8,351.17
Accounts Receivable - Federal	1,451,664.02	1,035,132.59
	\$ 1,454,533.52	\$ 1,043,483.76

Council of the Inspectors General on Integrity and Efficiency

Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in dollars)

NOTE 4 – ADVANCES AND PREPAYMENTS

As of September 30, 2022, the CIGIE has obligations that involve the advancement of funds for services to be provided in the future with the Department of the Interior, the National Aeronautics and Space Administration, the Office of Personnel Management, and the Department of Transportation.

NOTE 5 – GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

As of September 30, 2022, CIGIE shows leasehold improvements with a total cost of \$214,153.64 and a net book value of \$0.00. The accumulated depreciation to date shows a balance of \$214,153.64.

The depreciation calculation method used is Straight Line with a useful life matching the remaining time on the lease contract or seven-years, whichever is less. A \$5,000 threshold is used to determine whether leasehold improvements are capitalized.

2022	Leasehold	Equipment	Total
Cost	\$ 214,153.64	\$ -	\$ 214,153.64
Accum. Depr.	(214,153.64)	-	(214,153.64)
Net Book Value	\$ -	\$ -	\$ -
2021	Leasehold	Equipment	Total
Cost	\$ 214,153.64	\$ -	\$ 214,153.64
Accum. Depr.	(214,153.64)	-	(214,153.64)
Net Book Value	\$ -	\$ -	\$ -

Council of the Inspectors General on Integrity and Efficiency

**Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in dollars)**

NOTE 6 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities of the CIGIE are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2022, the CIGIE had liabilities covered by budgetary resources of \$1,812,124.23 and liabilities not covered by budgetary resources of \$1,162,437.40. As of September 30, 2021, the CIGIE had liabilities covered by budgetary resources of \$2,965,614.54 and liabilities not covered by budgetary resources of \$833,268.83.

	2022	2021
Intragovernmental		
Accounts Payable	\$ 1,227,818.34	\$ 1,610,678.62
Employer Contributions and Payroll Taxes Payable	63,950.82	121,739.92
Liability for Advances and Prepayments	1,200.00	1,200.00
Total Intragovernmental	1,292,969.16	1,733,618.54
With the Public		
Accounts Payable	281,769.41	771,441.68
Accrued Funded Payroll and Leave	227,469.77	442,212.61
Employer Contributions and Payroll Taxes Payable	9,915.89	18,341.71
Unfunded Leave	1,162,437.40	833,268.83
Total With the Public	1,681,592.47	2,065,264.83
Total Liabilities	\$ 2,974,561.63	\$ 3,798,883.37
Total liabilities not covered by budgetary resources	\$ 1,162,437.40	\$ 833,268.83
Total liabilities covered by budgetary resources	1,812,124.23	2,965,614.54
Total Liabilities	\$ 2,974,561.63	\$ 3,798,883.37

NOTE 7 – OPERATING LEASE

CIGIE’s lease for its office commenced on November 28, 2010 and originally extended through December 31, 2020. On May 30, 2020, the lease was extended until March 31, 2022. On March 15, 2022, the lease was further extended until December 31, 2022. The future minimum lease payments required under this lease are as follows:

Fiscal Year	Amount
2023	\$ 64,496.23
Total	\$ 64,496.23

Rent expense for the years ended September 30, 2022 and 2021 was \$248,606.93 and \$230,871.29 respectively.

Council of the Inspectors General on Integrity and Efficiency

**Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in dollars)**

NOTE 8 – APPORTIONMENT CATEGORIES OF NEW OBLIGATIONS AND UPWARD ADJUSTMENTS: DIRECT VS REIMBURSABLE OBLIGATIONS

All obligations for CIGIE in fiscal year 2022 and fiscal year 2021 are category B on the SF 132, *Apportionment and Reapportionment Schedule*. Apportioned amounts appear on different groups of lines in the application of budgetary resources of an apportionment. Amounts are identified as Category B in an apportionment by a specific program, project, or activity. The amount of reimbursable new obligations and upward adjustments incurred against amounts apportioned under category B are as follows:

	<u>2022</u>	<u>2021</u>
Reimbursable		
Category B - Administrative (Council Operations)	\$ 8,732,971.53	\$ 5,610,145.77
Category B - Audit/Inspections and Evaluations Training	810,482.81	569,454.75
Category B - Investigative Training	2,127,865.30	1,589,147.18
Category B - Leadership/Mission Support Training	871,746.51	1,066,179.06
Category B - Training HQ and Administrative	715,044.93	647,063.83
Direct		
Category B - Oversight.gov	1,534,000.00	877,155.00
Category B - PRAC	33,173,303.96	15,797,602.60
Total	<u>\$ 47,965,415.04</u>	<u>\$ 26,156,748.19</u>

NOTE 9 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

The amount of CIGIE’s budgetary resources obligated for undelivered orders was \$23,852,395.98 and \$12,203,512.69 of September 30, 2022 and 2021, respectively.

	<u>2022</u>	<u>2021</u>
Intragovernmental		
Paid	\$ 12,062,413.63	\$ 4,712,996.99
Unpaid	4,354,016.67	4,462,597.80
Total Intragovernmental	16,416,430.30	9,175,594.79
Public		
Paid	-	-
Unpaid	7,435,965.68	3,027,917.90
Total Public	7,435,965.68	3,027,917.90
Total	<u>\$ 23,852,395.98</u>	<u>\$ 12,203,512.69</u>

Council of the Inspectors General on Integrity and Efficiency

**Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in dollars)**

NOTE 10 – EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE US GOVERNMENT

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources, obligations, distributed offsetting receipts, and outlays as presented in the Combined Statement of Budgetary Resources to the related actual balances published in the Budget of the United States Government (Budget). The Budget that will include FY 2022 actual budgetary execution information is scheduled for publication in February 2023, which will be available through OMB’s website at <https://www.whitehouse.gov/omb/budget>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2021 SBR and the related President’s Budget reflected the following:

FY 2021	Budgetary Resources	New Obligations & Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 141,599,792.05	\$ 26,156,748.19	\$ -	\$ 14,324,004.49
Budget of the U.S. Government	141,000,000.00	26,000,000.00	-	15,000,000.00
Difference*	<u>\$ 599,792.05</u>	<u>\$ 156,748.19</u>	<u>\$ -</u>	<u>\$ (675,995.51)</u>

* Differences are due to the rounding to the nearest millionth in MAX for the President's Budget.

Council of the Inspectors General on Integrity and Efficiency

**Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in dollars)**

NOTE 11 – RECONCILIATION OF NET COST TO OUTLAYS

CIGIE has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

	<u>FY 2022</u>		
	Intra- governmental	With the Public	Total
Net Operating Cost (SNC)	14,676,819.82	17,669,086.66	32,345,906.48

Components of Net Operating Cost Not Part of the Budgetary Outlays

**Increase/(Decrease) in Assets
not affecting Budget Outlays:**

Accounts receivable	416,531.43	(5,481.67)	411,049.76
Other assets	7,349,416.64	-	7,349,416.64

**(Increase)/Decrease in Liabilities
not affecting Budget Outlays:**

Accounts payable	382,860.28	489,672.27	872,532.55
Salaries and benefits	57,789.10	223,168.66	280,957.76
Other liabilities (Unfunded leave, unfunded FECA, actuarial FECA)	-	(329,168.57)	(329,168.57)

Other financing sources

Federal employee retirement benefit costs	(486,968.50)		(486,968.50)
Transfers out (in) without reimbursement	(12,374,335.18)		(12,374,335.18)

Total Components of Net Operating Cost Not Part of the Budget Outlays	(4,654,706.23)	378,190.69	(4,276,515.54)
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Net Outlays (Calculated Total)	\$ 10,022,113.59	\$ 18,047,277.35	\$ 28,069,390.94
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Related Amounts on the Statement of Budgetary Resources

Outlays, net (SBR Line 4190)		28,069,390.94
Agency Outlays, Net (SBR Line 4210)		\$ 28,069,390.94

Council of the Inspectors General on Integrity and Efficiency

**Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2022 and 2021
(in dollars)**

NOTE 11 – RECONCILIATION OF NET COST TO OUTLAYS (continued)

	<u>FY 2021</u>		
	Intra- governmental	With the Public	Total
Net Operating Cost (SNC)	\$ 12,799,235.73	\$ 7,498,048.41	\$ 20,297,284.14
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Increase/(Decrease) in Assets			
Accounts receivable	696,240.95	(4,368.69)	691,872.26
Other assets	4,013,510.13	-	4,013,510.13
(Increase)/Decrease in Liabilities			
Accounts payable	578,367.37	798,986.84	1,377,354.21
Salaries and benefits	(65,982.94)	(236,386.22)	(302,369.16)
unfunded FECA, actuarial FECA)	-	(426,712.27)	(426,712.27)
Other financing sources			
Federal employee retirement benefit costs	(265,401.40)		(265,401.40)
Transfers out (in) without reimbursement	(11,061,533.42)		(11,061,533.42)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(6,104,799.31)	131,519.66	(5,973,279.65)
Net Outlays (Calculated Total)	\$ 6,694,436.42	\$ 7,629,568.07	\$ 14,324,004.49

Related Amounts on the Statement of Budgetary Resources

Outlays, net (SBR Line 4190)		14,324,004.49
Agency Outlays, Net (SBR Line 4210)		\$ 14,324,004.49

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 15, 2022, which is the date the financial statements were available to be issued.



**COUNCIL OF THE INSPECTORS GENERAL
ON INTEGRITY AND EFFICIENCY**

**Harper, Rains, Knight & Company
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Harper, Rains, Knight & Company

Independent Auditors' Report

CIGIE Chair, Audit Committee and Executive Director
Council of the Inspectors General on Integrity and Efficiency

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Council of Inspectors General on Integrity and Efficiency (CIGIE). CIGIE's financial statements comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

In our opinion, CIGIE's financial statements present fairly, in all material respects, CIGIE's financial position as of September 30, 2022 and 2021, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CSOSA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

CIGIE's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CIGIE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on CIGIE's financial statements. The information in the Chairperson's Message and Other Information sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to me materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of CIGIE's financial statements as of and for the year ended September 30, 2022, in accordance with government auditing standards generally accepted in the United States of America (GAGAS), we considered CIGIE's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CIGIE's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CIGIE's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Exhibit I to be a material weakness.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Exhibit I, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

Report on Internal Control over Financial Reporting (continued)

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether CIGIE's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, that have a direct effect on the determination of material amounts and disclosures in CIGIE's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on CIGIE's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CIGIE. CIGIE management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, and contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2022, that would be reportable under *Government Auditing Standards* or OMB Bulletin No. 22-01. We caution that noncompliance may occur and not be detected by these tests.

Management's Response to Finding

Management's response to the finding identified in our audit is described in the accompanying Exhibit I. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of CIGIE's internal control or compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 22-01 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Raino, Knight & Company, P.A.

November 15, 2022
Washington, D.C.

I. Internal Controls over Financial Reporting

Condition:

CIGIE does not have read only access to its accounting system, nor a mechanism to create real-time reports in order to develop controls to review and approve the financial records recorded by its service provider in near real-time.

Criteria:

The Office of Management and Budget Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, Section III.B.B1 states:

"Agencies are ultimately responsible for the services and processes provided by third party service organizations as they relate to the Agency's ability to maintain internal control over operations, reporting, and compliance with laws and regulations."

"If the processes provided by the third-party service organization is significant to an Agency's internal control objectives, then the Agency is responsible for establishing user Agency controls that complement the service organization's controls. Management still retains the overall responsibility and accountability for all controls related to the processes provided by the third party, and must monitor the processes as a whole to make sure it is effective. Examples of user Agency controls include:

- **Input/Output Controls:** In most third-party provider situations, the Agency must have access to the information processed by a service organization. In some cases, this information enables the Agency to compare the service organization's results with the results of an independent source. For example, an Agency using a payroll service organization compares the data submitted to the service organization with reports or information received from the service organization after the data has been processed."

Cause:

CIGIE does not have real time access to its accounting data, and therefore must solely rely on its accounting service provider, USDA Pegasys Financial Services, to correctly input and recognize transactions in the proper accounting period in preparation of the financial statements.

Effect:

Errors in its accounting data maintained by its service provider are not timely identified and remedied, which could result in material misstatements in the Financial Statements. CIGIE needs complete and accurate financial statements to meet the needs of its users.

Recommendation:

CIGIE should continue to monitor significant accounts and determine the risks associated with its financial reporting process and develop and document appropriate controls to review and approve those reports and outputs created by their service provider. CIGIE should request access to its data in real time in order to obtain reports and track and maintain appropriate records.

Managements' Response

CIGIE management agrees with this notice of finding and subsequent recommendation. Although CIGIE receives and reviews reports provided by its service provider, the data is not available until eight (8) or more days after the close of each month. CIGIE will be engaging with its service provider to get more timely reports to confirm that all transactions are entered timely and correctly. Real time data, or close to real time data, will ensure that the reports is confirmed or corrected in a timely manner.



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Other Information

Other Information

Summary of the Financial Statement Audit and Management's Assurances

Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	1	0	0	0	1

Summary of Management Assurances:

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Restatement	No					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	1	0	0	0	0	1

Conformance with Financial Management Systems Requirements (FMFIA § 4)						
Statement of Assurance	Unmodified ¹					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0

¹ CIGIE uses a Federal shared services provider, the U.S. Department of Agriculture's Office of Chief Financial Officer (USDA/OCFO) for financial systems.

Improper Payments Information Act Reporting Details

The *Improper Payments Information Act (IPIA) of 2002*, as amended by the *Improper Payments Elimination and Recovery Act (IPERA) of 2010*, and further amended by the *Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012*, requires agencies to review all programs and activities they administer and identify those which may be susceptible to significant erroneous payments. In FY 2018, CIGIE performed a systematic review of its program and related activities to identify processes which may be susceptible to significant erroneous payments. Significant erroneous payments are defined as annual erroneous payments in the program exceeding both \$10 million and 2.5 percent or \$100 million of total annual program payments.

CIGIE considered risk factors as outlined in OMB Memorandum M-11-16, *Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123, Requirements for Effective Estimation and Remediation of Improper Payments*, which may significantly increase the risk of improper payments and determined that none are applicable to CIGIE's operations. Based on the systematic review performed, CIGIE concluded that none of its program activities are susceptible to significant improper payments at or above the threshold levels set by OMB. Accordingly, CIGIE has determined that the risk of improper payments is low. In accordance with OMB guidance, CIGIE will conduct the next assessment in FY 2024. Although CIGIE concluded its programs are not susceptible to improper payments as defined under IPERIA, payments are reviewed as part of its internal control assessment discussed above. The agency reviews its controls and systems under the FMFIA to ensure that the agency remains compliant. CIGIE has provided information to fulfill reporting requirements under the Payment Integrity Information Act of 2019 (Pub. L. No. 116-117) (PIIA) to OMB. Comprehensive agency improper payment data and information can be found on paymentaccuracy.gov.