



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
December 6, 2012, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Executive Dining Room
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order. Mr. Rymer welcomed members of the audit staff from the Securities and Exchange Commission (SEC) OIG, who were observing the meeting. Mr. Rymer is serving as the interim IG at the SEC.

ADMINISTRATIVE

The next Audit Committee meeting will be held on January 22, 2013. *{Note: The meeting was rescheduled for January 29, 2013, after the CIGIE general membership meeting was rescheduled to January 22, 2013.}*

OLD BUSINESS

Approval of Minutes from September Meeting

The Audit Committee members unanimously approved the minutes from the September 25, 2012 meeting.

PRESENTATION

Auditor Training

(b) (6) the CIGIE Training Institute, who called into the meeting, reported on the results of the November 2012 session to discuss the audit community's training needs. The goal of the session, which was led by Mr. Rymer at the Federal Audit Executive Council's (FAEC) annual conference, was to validate audit training needs and priorities moving forward. (b) (6) noted that the following themes emerged from this session:

- Develop an IG-specific training curriculum for auditors at the entry, intermediate, and senior levels, with classes at each level that would build knowledge and skill sets (core competencies) as individuals progress through the ranks.
- Use technology to help deliver training programs, especially short, focused training sessions that enable learning to occur "just in time."

- Ensure that IG-specific audit training content covers key topics.
- Provide some specialty training (financial, IT, contract, and grant auditing).
- Form “communities of practice” or conduct workshops on IG-specific topics.

She included a summary of the audit training needs and the planned schedule for the upcoming CIGIE Training Institution courses as part of the meeting materials.

NEW BUSINESS

FY 2012 Accomplishments

(b) (6), advised the Members that the Audit Committee is responsible for annually compiling a list of its accomplishments, which will be used, in part, to produce CIGIE’s *Annual Report to the President*. She provided the accomplishments report to the Members in advance of the meeting and asked for the Members’ approval. After addressing one technical change, the Members approved the report.

OPM Mission Critical Occupation Project

Mr. Rymer briefed the Members on an Office of Personnel Management (OPM) initiative to close the “skill gaps” in the mission critical occupations in the federal government. OPM identified the following occupations as mission critical: contract specialists; information technology (IT) specialists; economists; science, technology, engineering, and mathematics (STEM) positions; human resources (HR); and auditors. Mr. Rymer, representing CIGIE, is leading the effort for the auditor (511) occupation. He advised that his plan is host a workshop, in early January 2013, of interested members of the federal audit community to discuss the skill gaps and ways to close them. He plans to focus the discussion, per OPM’s guidance, in three areas: recruitment and outreach, employee development, and retention. In addition to the FAEC and CIGIE Training Institute, Mr. Rymer plans to invite representatives from the Defense Contract Audit Agency (DCAA) and the military service audit agencies to participate in the workshop. He invited the Members to also participate in the workshop.

STATUS OF ONGOING INITIATIVES

CIGIE Financial Statement Audit

(b) (6) Library of Congress (LOC), spoke on behalf of Karl Schornagel, IG, LOC, and Vice Chair, CIGIE Audit Committee. (b) (6) reported that the independent audit of CIGIE’s financial statements was completed in November 2012, at a cost of \$20,000. CIGIE received an unqualified opinion with no material weaknesses, significant deficiencies, or reportable non-compliance with laws and regulations. Information regarding the financial audit was included in the meeting materials. Mr. Rymer thanked Mr. Schornagel for his leadership on this effort.

Improper Payments

(b) (6), Social Security Administration (SSA), reported that a provision under the *Improper Payments Elimination and Recovery Act (IPERA)*, required the Chief Financial Officer

(CFO) Council, in consultation with CIGIE and recovery audit experts, to conduct a study on the implementation of the recovery audit provision in IPERA. The study, which was to address the costs and benefits of agency recovery audit activities, was to be completed within 2 years of IPERA's enactment, i.e., July 22, 2012. According to (b) (6), the CFO Council recently began this project. Once a draft report has been prepared, the CFO Council plans to share a copy with CIGIE for review and comment. Based on conversation with the CFO Council point of contact, (b) (6) reports that a time frame has not been set as to when CIGIE will receive the draft to review.

(b) (6) also reminded the Members that agencies issued their Performance and Accountability Report (PAR) in November. He continued that under IPERA, OIGs need to review the improper payment section of their agency's PAR or Annual Financial Report and produce a report within 120 days (i.e., by March 2013). A review of last year's reports showed that only a couple of the OIGs took more than 120 days to issue its IPERA report.

Grant Reform Working Group Activities

Reporting on behalf of Brett Baker, National Science Foundation (NSF) and FAEC Chair, (b) (6) stated that (b) (6), Office of Management and Budget (OMB) spoke on the grant reform efforts at the FAEC conference and identified key areas of interest for the OIG community, including Single Audit threshold, streamlining the compliance supplement, strengthening audit follow-up, consistent use of negotiated indirect cost rates, and time and effort reporting. (b) (6) also reported that the next draft of the grant reform proposal will be out for comment in a few weeks. She noted that the Working Group will meet again when the draft proposal is sent out and discuss the consolidated comments with OMB, as in the past, in advance of submitting the working group's written comments.

Peer Review Guide

(b) (6), Department of the Treasury, reported that the recently approved, interim update of the Peer Review guide has been posted on the CIGIE website. Mr. Rymer thanked Mr. Taylor and his team for their work updating the guide.

Mr. Taylor advised that his team will begin the second phase of updating the peer review guide in 2013. This phase involves updating the guide to reflect changes in the Yellow Book related to financial audit and attestation standards, address issues identified in a recent FAEC survey on the peer review guide, and refresh the overall document.

Peer Review Schedule

Mr. Rymer presented the updated Audit Peer Review Schedule for the 3-Year Period (2011-2013), effective December 6, 2012. He noted that the updated schedule included some required changes for upcoming peer reviews and information on peer reviews completed during the 3-year period. The Members approved the schedule and its posting on IGnet.

Mr. Rymer also reminded the Members that, according to the Peer Review guide, the OIG receiving the peer review is responsible for sending a copy of the final peer review report to the Audit Committee Chair. He continued that his office will update the Peer Review schedule upon

receipt of these completed reports. Mr. Rymer noted that he plans to remind CIGIE members of these responsibilities at the December CIGIE meeting.

UPDATES

FAEC

On behalf of Mr. Baker, (b) (6) reported that the FAEC conference was held November 27- 28, at the General Services Administration facilities in Washington, DC. She noted that 125 individuals participated in the conference and received up to 10.5 continuing professional education credits. Seven IGs spoke at the conference, which was held at no cost the government. She noted that the next FAEC meeting will be held in early February.

IT Committee

Kathy Tighe, IG, Department of Education, reported that the IT Committee will hold its next meeting on December 10. She noted that access issues and the clause on cloud computing will be discussed.

Legislation IT Working Group

(b) (6), FDIC, stated that the IT Working Group has not met. He noted that, according to the Congressional Research Service, cybersecurity has been listed as a priority for the next Congress.

AAPC

(b) (6) Pension Benefit Guaranty Corporation (PBGC), reported that the next meeting of the Accounting and Auditing Policy Committee (AAPC) is scheduled for December 13, 2012. The exposure draft of the General Property, Plant, and Equipment Cost Accounting Technical Release is on the agenda.

CFO Council

David Berry, IG, National Labor Relations Board (NLRB), reported that he was invited and went to a recent CFO Council meeting, but was asked to leave before it began. He was told that CFO Council meetings are closed. Mr. Berry advised Mr. Rymer, who spoke with Phyllis Fong, CIGIE Chair, regarding the matter.

FUTURE DISCUSSION TOPIC

Operational and Single Audit Issues for Consideration

Hubert Sparks, IG, Appalachian Regional Commission (ARC), identified some audit-related issues for OIG consideration. A list of the issues was included in the meeting materials.

ANNOUNCEMENTS

The 2013 schedule for Audit Committee meetings was included in the meeting materials.

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The following members were present or represented at the CIGIE Audit Committee meeting on Thursday, December 6, 2012:

Jon Rymer, IG, Federal Deposit Insurance Corporation
(b) (6), Library of Congress, for Karl Schornagel, IG

David Berry, IG, NLRB
Curtis Crider, IG, Election Assistance Corporation
(b) (6), Department of the Treasury, for Eric Thorson, IG
(b) (6), Department of Agriculture, for Phyllis Fong, IG
(b) (6), SSA, for Patrick O'Carroll, IG
(b) (6), PBGC, for Rebecca Anne Batts, IG
(b) (6), NASA, for Paul Martin, IG
(b) (6), Department of Energy, for Gregory Friedman, IG
(b) (6), Legal Services Corporation, for Jeff Schanz, IG
Hubert Sparks, IG, Appalachian Regional Commission
Kathy Tighe, IG, Department of Education
Scott Wilson, IG, Federal Trade Commission

The following guests and observers were present:

(b) (6), CIGIE Training Institute (via telecom)
(b) (6), Department of Education
(b) (6), Department of the Treasury
(b) (6), FDIC
(b) (6), FDIC
(b) (6), FDIC
(b) (6), FDIC
(b) (6), SEC
(b) (6), SEC
(b) (6), SEC
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(b) (6), SEC
(b) (6), SEC



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
January 29, 2013, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Executive Dining Room
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order.

ADMINISTRATIVE

The next Audit Committee meeting will be held on March 26, 2013.

OLD BUSINESS

Approval of Minutes from December Meeting

The Audit Committee Members unanimously approved the minutes from the December 6, 2012 meeting.

PRESENTATION

Results of Mission Critical Skills Gap Workshop

In response to the Office of Personnel Management's (OPM) initiative to close "skill gaps" in the federal government's mission critical occupations, Mr. Rymer reported that the Audit Committee hosted a workshop earlier this month to address this issue. As previously discussed, OPM identified the 511 Auditor as a mission critical occupation. The Audit Committee held a 3-hour workshop with interested members of the IG audit community, Defense Contract Audit Agency (DCAA), and military audit agencies on January 17, 2013. Over 20 individuals participated in the workshop, which focused on recruitment & outreach, employee development, and retention as it related to the auditor occupation.

Mr. Rymer reported that the workshop was very productive and resulted in some interesting take-aways. Specifically, the workshop provided an opportunity to exchange ideas and ways to enhance the recruitment, development, and retention of OIG employees conducting audits, but not necessary just the 511 auditors conducting audits. The take-aways included:

- The federal audit community did not really have a problem (or gap) with the Auditor (511) occupation as the audit community has figured out “work-arounds” to hire the skills needed to conduct Yellow Book audits.
- OPM’s Student Pathways program is not particularly helpful in recruiting individuals with the necessary skills to perform Yellow Book audits.
- The federal audit community tends to recruit employees with general skills and then looks to structured training programs and on-the-job-training to develop/refine the competencies to conduct audits.

Mr. Rymer advised, that for the purposes of the OPM initiative, his office will develop high-level action plans for the 2-3 initiatives emerging from this workshop. These initiatives include (1) working with OPM to improve the usefulness of Student Pathways program, (2) revisiting the 511 occupation, and (3) discussing the creation of a new “performance” auditor series. Mr. Rymer noted that he will join other occupation leaders in a briefing OPM Director John Berry in February 2013 on the status of their respective efforts.

NEW BUSINESS

Responsibilities under Government Credit Card Abuse Act

Mr. Rymer reported that he received a call from the Office of Management and Budget (OMB) related to its effort to write rules to implement the *Government Credit Card Abuse Prevention Act* (i.e., Public Law 112-194, which was included in the materials packet). He continued that, depending on the agency’s credit card activity (i.e., over \$10 million), the respective OIG is responsible for a issuing joint semiannual report and conducting an audit. Mr. Rymer discussed establishing a small working group to coordinate with OMB to ensure the rules that are written reflect the views of the IG community. According to the law, the rules are to be issued by April 4, 2013. Members representing the Social Security Administration (SSA), National Science Foundation (NSF), National Labor Relations Board (NLRB), and the Departments of Education and the Treasury volunteered to participate in working group. (b) (6) SSA, agreed to organize the group and coordinate with OMB.

STATUS OF ONGOING INITIATIVES

DCAA Peer Review

Mr. Rymer reiterated for the Members the efforts the Audit Committee has made to assist DCAA in obtaining a peer review. DCAA’s attempt to contract out for an independent public accounting (IPA) firm to perform the peer review was unsuccessful as no IPAs bid on the project. After talking with the DCAA Director, Mr. Rymer reached out to the Department of Defense OIG to share possible solutions. One of the solutions involved the DOD OIG conducting the peer review with an advisory group made up of CIGIE Audit Committee Members to provide mediation support, general standards and peer review guide interpretation, and peer review guide training, as needed. Mr. Rymer noted that he will keep the Members apprised as to how this issue is resolved.

Auditor Training

(b) (6) the CIGIE Training Institute, provided an update on the various training programs delivered or scheduled to be delivered in the January-February timeframe, as follows:

- Delivered **“Writing Better, Writing Smarter”** to 32 participants on January 10-11. The participants included an IG and represented 30 different OIGs. Given the demand, the Institute is working with the vendor to provide at least two additional classes (June) to accommodate those on the wait-list.
- Delivered **“2011 Revisions to Government Auditing Standards”** on January 16, to 62 participants, representing 20 different OIGs. GAO provided the 2-hour briefing, which covered the key updates to the Yellow Book standards.
- Plan to deliver **“Introduction to Suspension and Debarment” (S&D)** on January 30, to 40 participants from the audit, inspection/evaluation, and attorney communities, representing 23 OIG offices.
- Plan to deliver **“Introductory Auditor”** training on February 4-14 to 30 participants at the Pension Benefit Guaranty Corporation (PBGC).
- Plan to deliver **“Audit Peer Review”** training on February 12, to more than 80 participants at NSF.

(b) (6) highlighted two additional items. First, she is continuing to work with the Federal Audit Executive Council (FAEC) on its curriculum review of the Introductory Auditor training program. She also discussed the purchase of Yellow Books for each individual taking the Introductory Auditor Training course and requested the Members’ concurrence on this decision. The Members supported the Institute in its purchase and use of Yellow Books. Second, she noted her participation on the planning committee for the CIGIE/GAO Annual Financial Conference set for April 23 at USDA auditorium.

Peer Review Guide

(b) (6), Department of the Treasury, reported that the second phase of the peer review guide update project has begun. He continued that this phase, being led by (b) (6) Department of the Treasury, involves updating the guide to reflect changes in the Yellow Book related to financial audit and attestation standards, address issues identified in a recent FAEC survey on the peer review guide, and refresh the overall document. The group will also consider steps for reviewing quality control materials for a peer review of those OIGs that are not performing Yellow Book audits. The plan is to have a draft of the updated guide for the Members to review by December 2013.

Improper Payments

(b) (6), SSA, reported that the President signed the *Improper Payments Elimination and Recovery Improvement Act of 2012* on January 10, 2013, and the SSA OIG is preparing a

summary of any provisions that may affect the IG community. She advised that the SSA OIG would send the summary out to the community in early February.

(b) (6) also reported that the SSA OIG was finalizing the summary of the OIG reports, required under the *Improper Payments Elimination and Recovery Act* (IPERA), that were issued in March 2012. She continued that the SSA OIG shared a draft of the summary to the community earlier in January and had requested comments by January 25. (b) (6) noted that she has heard from 22 OIGs, and the SSA OIG is updating the report based upon those comments. The next step for the summary will be a presentation to the CIGIE Executive Council for its approval.

Grant Reform Working Group Activities

Dr. Brett Baker, NSF, and FAEC Chair, reported the Grant Reform Working Group continues to coordinate with OMB on its grant rulemaking efforts. He noted that the next iteration of the proposed rule will be available in early February, and OMB will be allowing a 90-day comment period. He also noted that OMB will be hosting a webinar on this topic on February 8.

Related to the working group's efforts, the NSF and Department of Health and Human Services OIGs are leading an effort to review the four labor effort pilots currently underway. The purpose of the review is to test the systems and evaluate the evidence and its traceability.

UPDATES

FAEC

Dr. Baker reported on the activities of the FAEC. Specifically, he discussed the S&D Working Group and the formation of a subgroup to explore the development of a process to make S&D referrals through the audit process. He also noted that the next FAEC meeting is featuring two IGs as guest speakers—Richard Moore, Tennessee Valley Authority IG, and Hubert Sparks, Appalachian Regional Commission IG. *{Note: The FAEC meeting was cancelled due to weather closure of the federal government and was rescheduled for April 2}.*

IT Committee

Rebecca Batts, IG, PBGC, reported on several initiatives that the Information Technology Committee is pursuing, including cloud computing, digital forensics, FISMA metrics, the formation of a Chief Information Officer subcommittee, and penetration testing.

Legislation IT Working Group

(b) (6) FDIC, reported that the IT Working Group has not met and no FISMA-related bills are pending.

AAPC

(b) (6), PBGC, reported that the Accounting and Auditing Policy Committee (AAPC) met on December 13, 2012, and considered the exposure draft of the General Property, Plant,

and Equipment Cost Accumulation, Assignment, and Allocation. He anticipates that the AAPC will vote to release this exposure draft in March.

CFO Council

David Berry, IG, NLRB, reported that he continues to forward the emails that he received from the CFO Council to the CIGIE members.

ANNOUNCEMENTS

Mr. Rymer reported that the National Intergovernmental Audit Forum is looking for CIGIE volunteers to help the Forum develop its 5-year strategic plan. During the Forum's last strategic planning effort, six individuals, representing four OIGs, participated on the task force. Mr. Rymer asked anyone who might be interested in joining this effort to contact him.

(b) (6), FDIC, advised that the CIGIE Audit Committee received a Freedom of Information Act (FOIA) request for the Committee's meeting minutes for the time period January 1, 2006 to present. Upon receipt, we forwarded the request to Mark Jones, CIGIE Executive Director, for processing. The Committee's meeting minutes are readily available on the business side of IGnet but we anticipate some amount of redaction (i.e., remove some of the names) will be required before they can be released.

(b) (6) noted the audit-related issues he raised at the last Audit Committee meeting and encouraged Members to contact him with thoughts and feedback.

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The following members were present or represented at the CIGIE Audit Committee meeting on Tuesday, January 29, 2013:

Jon Rymer, IG, Federal Deposit Insurance Corporation
Karl Schornagel, IG, Library of Congress

David Berry, IG, NLRB

(b) (6), Department of Agriculture, for Phyllis Fong, IG
(b) (6), Department of Energy, for Gregory Friedman, IG
(b) (6), Department of Education, for Kathy Tighe, IG
(b) (6), SSA, for Patrick O'Carroll, IG
(b) (6), Department of Labor, for Daniel Patrole, Acting IG
(b) (6), PBGC, for Rebecca Anne Batts, IG

Paul Martin, IG, NASA

Hubert Sparks, IG, Appalachian Regional Commission

Eric Thorson, IG, Department of the Treasury

Scott Wilson, IG, Federal Trade Commission

(b) (6), SIGAR, for John Sopko, IG

Brett Baker, AIGA, NSF, and Chair, FAEC

The following guests and observers were present:

- (b) (6) [REDACTED], CIGIE Training Institute
- (b) (6) [REDACTED], CIGIE Training Institute
- (b) (6) [REDACTED], Department of the Treasury
- (b) (6) [REDACTED], Department of the Treasury
- (b) (6) [REDACTED], FDIC
- (b) (6) [REDACTED], FDIC
- (b) (6) [REDACTED], FDIC
- (b) (6) [REDACTED] Library of Congress
- (b) (6) [REDACTED], NSF
- (b) (6) [REDACTED], PBGC



Council of the
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REPORT OF MEETING: CIGIE Audit Committee
January 30, 2014, at 2:00 pm

LOCATION: Department of Defense
Office of Inspector General
4800 Mark Center Drive, IG Conference Room
Alexandria, VA 22350

Jon Rymer, Inspector General (IG), Department of Defense (DoD), and Chair, CIGIE Audit Committee, called the meeting to order.

ADMINISTRATIVE

The next Audit Committee meeting will be held on March 25, 2014.

OLD BUSINESS

Approval of Minutes from September Meeting

The Audit Committee members unanimously approved the minutes from the September 24, 2013 meeting.

CIGIE Financial Statements Audit

Mr. Rymer provided a summary regarding the audit of the financial statements of the CIGIE for FY 2013. CIGIE received an unqualified audit opinion with no material weaknesses of internal controls or financial management.

FY 2013 Audit Committee Accomplishments

(b)(6), DoD, received consensus from the committee to forward the FY 2013 Audit Committee accomplishments document to Mark Jones for inclusion in the CIGIE Annual Report.

PRESENTATION

Audit Metrics

(b) (6), U.S. Department of Agriculture, briefed the committee on the survey of Federal Audit Executive Council (FAEC) community on the subject of audit metrics that was conducted in 2013. The objective was to identify and compile internal and external metrics and performance measures used in the Federal audit community for evaluating audit quality and timeliness. Hubert Sparks, Appalachian Regional Commission IG asked if there was more information regarding timeliness metrics in the survey report, and (b) (6) indicated that more details on timeliness metrics were in the full slide deck, which would be sent to the committee members via e-mail following the meeting, along with the list of the 34 participants in the survey. Mr. Sparks commented that audit metrics with respect to some actual monetary results should be developed and that such metrics are possible with respect to agreed with disallowances that make up a substantial amount of OIG potential monetary results. (b) (6) closed announcing that FAEC was looking for other audit topics to explore and invited the committee members provide recommendations for those topics.

STATUS OF ONGOING INITIATIVES

Skills Gap Project

Mr. Rymer reported that the Audit Committee continues to participate in the Office of Personnel Management (OPM) skills gap project. During an August 1 teleconference, OPM offered to provide expert policy assistance using focus groups to discuss the possible approaches for updating the 511 auditor occupation series. A total of four sessions were planned to include representatives from the OIG audit and HR communities and OPM to flesh out the issues and work towards solutions. OPM hosted two of those focus group sessions in January, and plan to host another two sessions in February. The results of those sessions will be used in developing the action plan to close critical skills gaps in the auditor occupation series. Mr. Sparks commented that auditor skills gaps with respect to performance auditing is a serious problem and that recommendations to date did not address this issue. He further commented that the issue is not tweaking of the 511 series, but first identifying the core competencies for performance auditing and then addressing the issue as to what the appropriate qualifications should be and how that should be addressed.

Peer Review Schedule

(b) (6), FDIC, reported that two changes had been made to the draft Peer Review Schedule for the 3-year period, 2014- 2016. The committee approved the updated draft agenda, which will be presented to the Executive Council for approval on Wednesday, February 5, 2014, and if approved, to the CIGIE membership for approval at its February 18, 2014 meeting.

Peer Review Guide

Brett Baker, National Science Foundation / FAEC Chair, on behalf of (b) (6) reported on the status of the External Peer Review Guide Update Project. Mr. Baker highlighted the activities to date, from the kickoff in March 2013 to the distribution of the updated draft review guide to FAEC membership for comment in January 2014. He also discussed future milestones to include distribution of a second exposure draft to FAEC membership in March, before presenting to Audit Committee, CIGIE Executive Council, and full CIGIE membership for approval.

Auditor Training

(b) (6) the CIGIE Training Institute, reported on upcoming training, including Audit Peer Review scheduled for February 20, 2014, and provided a training schedule as a handout. She announced the 2014 CIGIE/GAO Financial Statement Audit Conference on May 8, 2014; the 2014 FAEC Procurement Conference on June 4, 2014; and the 20th Biennial Forum of Government Auditors on August 20-21, 2014, in Denver.

Improper Payments

(b) (6), Social Security Administration (SSA), provided an update on improper payments. He reported that there was a news article on December 31st that noted that improper payments were down to \$106 billion for 2013 versus \$108 billion in 2012. (b) (6) also discussed the Social Security Administration transfer of prisoner data and new rules regarding the death master file availability. Mr. Schaeffer also reported:

- OMB has not finalized its updated guidance on improper payments, yet. We consolidated the comments from the various OIGs and sent the feedback to OMB on December 4th.
- April 15 OIG IPERA reports due - delay due to shut down.

Grant Reform Working Group Activities

Dr. Brett Baker, National Science Foundation, and Chair, FAEC, reported that the Grant Reform Working Group continues to work with OMB on this very important effort. He noted that OMB is in the process of preparing the final circular and that members of the Working Group met with OMB representatives in person to discuss key points.

He noted:

- OMB is streamlining guidance. Rules were finalized in December 2013. Agencies will provide draft implementation plans by June 2014 that need to be in place by December 26, 2014.
- Reports for 4 pilot audits with HHS OIG should be issued in April/May timeframe.
- OMB Representatives met January 13th with GRWG for insight on Performance Metrics. Dr. Baker and (b) (6), DoJ OIG participated in the session. OMB representatives provided insight on the new rule changes and also sought feedback from the participants. OMB is looking forward to continued coordination with the OIG community moving forward as the rules are implemented and in place. They are particularly interested in getting insight on performance metrics to gauge the success of the new rules once in place.
- January 27th WebX training on grants reporting - changes in guidance.

UPDATES

FAEC

Dr. Baker reported the FAEC conference held September 24, 26-27, 2013 was attended by 200 participants and had another 300 that connected via WebEx. He noted that former Comptroller General David Walker kicked off the conference on September 24 at NDU. The conference provided 15 CPEs at no cost to the attendees.

The January bimonthly meeting was held January 16 at the US Access Board. Attendance was approximately 80 onsite and an additional 150 via WebEx. Dr. Baker provided updates on OMB's Grant Reform efforts and committee chairs provided updates on projects, including Gil Harden's performance metrics working group. Speakers included Andrew Katsaros, AIGA, Commerce OIG and Dr. Cary Kemp, Organizational Psychologist, National Science Foundation who spoke on OIG Audit Risk Assessments and Organizational Adaptability, respectively.

The next FAEC meeting will be held on March 27 (1:00-3:00) at the U.S. Access Board in Washington, DC (near the U.S. Department of Treasury building).

The FAEC Annual Training Conference is tentatively scheduled for September 3-4, 2014 at the U.S. Patent and Trade Office conference facility. Participants will earn up to 14-16 hours of CPE for the event at no cost.

IT Committee

(b) (6), Department of Education, reported on behalf of Kathy Tighe, IG, Department of Education. (b) (6) reported that the Department of Homeland Security OIG has completed the guide for assessing cybersecurity. He also reported on the Federal Acquisition Regulation (FAR) Council and cloud reporting contracts; the FAEC subcommittee, Federal Information Security Management Act of 2002 (FISMA) Reviews; and OMB M-1403, November 2013, contract monitoring in FISMA Reviews, noting that the annual reviews start November 15, 2014.

IT Legislation Working Group

(b) (6), FDIC, reported on the following on behalf of the IT Legislation Working Group:

- S. 1953, the Oversight Workforce Improvement Act of 2014, which includes language similar to what the Working Group had earlier proposed to protect agency IT information from public disclosure.
- Recent testimony by Peg Gustafson, SBA IG, and Chair, CIGIE Legislation Committee, on empowering the IG community, including seeking a legislative fix to protect information about IT security vulnerabilities from public disclosure.

CFO Council

David Berry, IG, NLRB, said that there was nothing new to report.

GAO Coordination

Mr. Rymer reported that he continues to serve as a member of the Yellow Book Advisory Council, and as chair of the Green Book Advisory Council. Dr. Brett Baker, Chair, FAEC, also serves as a member of the Green Book Advisory Council. He reported that the Green Book exposure draft would be out for comment through February 18, 2014, and that there would be a one or two-day session scheduled for the Green Book Advisory Council in May.

ANNOUNCEMENTS

Committee Changes and Administrative Matters

Mr. Rymer reported that Mary Mitchelson, Corporation for Public Broadcasting Inspector General, agreed to serve as the new vice-chair of the Audit Committee. He also recognized Karl Schornagel, Library of Congress Inspector General for his tenure as vice-chair; as well as (b) (6) for her significant contributions to the committee over the last several years. Mr. Rymer thanked (b) (6) for his work with the IT Legislation Working Group and invited him to continue to serve the committee in that capacity.

Mr. Rymer asked the members about the accessibility of the new meeting location at the DoD IG offices at the Mark Center in Alexandria, VA. The members reported no concerns with the new location and it was agreed that the committee would continue meetings at this location. Patrick O'Carroll, Social Security Administration Inspector General, offered to arrange for an alternate meeting location at their offices if the need arose.

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The following members were present or represented at the CIGIE Audit Committee meeting on Thursday, January 30, 2014:

Jon Rymer, IG, Department of Defense
Mary Mitchelson, IG, Corporation for Public Broadcasting

David Berry, IG, National Labor Relations Board
Curtis Crider, IG, Election Assistance Corporation
(b) (6), representing Kathy Tighe, IG, Department of Education
(b) (6), representing Greg Friedman, IG, Department of Energy
Patrick O'Carroll, IG, Social Security Administration
(b) (6), representing Scott Dahl, IG, Department of Labor
Jeffrey Schanz, IG, Legal Services Corporation
Hubert Sparks, IG, Appalachian Regional Commission
Scott Wilson, IG, Federal Trade Commission

Dr. Brett Baker, AIGA, National Science Foundation, and Chair, FAEC

The following guests and observers were present:

- (b) (6) [REDACTED], CIGIE Training Institute
- (b) (6) [REDACTED], USDA
- (b) (6) [REDACTED], DoD
- (b) (6) [REDACTED], DoD
- (b) (6) [REDACTED], FDIC
- (b) (6) [REDACTED], FDIC
- (b) (6) [REDACTED], FDIC
- (b) (6) [REDACTED], SSA
- (b) (6) [REDACTED], SSA
- (b) (6) [REDACTED], NSF



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
March 26, 2013, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Executive Dining Room
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order.

ADMINISTRATIVE

The next Audit Committee meeting will be held on May 28, 2013.

OLD BUSINESS

Approval of Minutes from December Meeting

The Audit Committee Members unanimously approved the minutes from the January 29, 2013 meeting.

NEW BUSINESS

Senator Warner's Version of the DATA Act

(b) (6) FDIC, reported that the Audit Committee, at the request of the CIGIE Legislation Committee Chair, reviewed and prepared comments on Senator Warner's draft DATA Act legislation. Specifically, the draft legislation would build on existing statutory requirements for agencies to provide the Office of Management and Budget (OMB) with agency expenditure data (e.g., grants) for posting on an OMB website, and would require the Department of the Treasury to issue standards and guidance regarding the attributes of completeness, timeliness, quality, and accuracy of the data. Among other things, the Inspectors General would have to report every two years on (i) those attributes with respect to data submitted by their agencies and (ii) their agency's implementation of consistent data standards.

(b) (6) continued that, in requesting CIGIE's input, congressional staff were concerned with creating a new reporting cycle for the OIGs and wanted to know if there were other reporting alternatives. Based on input from its members, the Audit Committee offered two alternatives—financial statement audit process and *Improper Payments Elimination and Recovery Act* (IPERA) reporting mechanisms—in its March 18, 2013 comments back to the CIGIE Legislation Committee.

GAO's "Green Book" Update Project

Mr. Rymer stated that the Government Accountability Office (GAO) is beginning a project to update the *Standards for Internal Control in the Federal Government*, dated November 1999. The Federal Managers Financial Integrity Act requires GAO to issue standards for internal control in government to provide the overall framework for establishing and maintaining internal controls for identifying and addressing major performance and management challenges, and for identifying areas at greatest risk of fraud, waste, abuse, and mismanagement. GAO sought representatives from CIGIE to participate in this project. Mr. Rymer and Dr. Brett Baker, NSF, and Federal Audit Executive Council (FAEC) Chair, were selected. Mr. Rymer reported that the kick-off meeting for this project is scheduled for May 20, 2013.

STATUS OF ONGOING INITIATIVES

DCAA Peer Review

Mr. Rymer updated the members on the current plan for Defense Contract Audit Agency's (DCAA) peer review. The Department of Defense (DOD) OIG will conduct the peer review and CIGIE will support the peer review effort with an advisory group. Mr. Rymer stated that he suggested this approach to the Acting DOD IG to address DCAA's independence concerns since the DOD OIG has an oversight/supervisory role over DCAA. The advisory group will serve as a mediator, interpret standards and peer review guide requirements, and arrange for peer review guide training, as needed. Mr. Rymer is seeking three Audit Committee members to serve on the advisory group.

Skills Gap Project

Mr. Rymer reported that CIGIE is continuing to participate in the Office of Personnel Management's (OPM) initiative to close "skill gaps" in the federal government's mission critical occupations. Three initiatives emerged from the January workshop. Mr. Rymer advised that his office developed action plans for the initiatives, and has enlisted the FAEC to help implement these plans. An FAEC subgroup is meeting on April 4 to discuss the action plans.

Mr. Rymer continued that he, along with the other goal leaders, participated in a quarterly briefing for OPM Director John Berry on February 15. In that briefing, Mr. Rymer noted that while the size of the "gap" is unclear, hiring issues are cyclical and when the economy improves the OIGs could be at a disadvantage. He offered that implementing these action plans could enhance the OIGs future hiring efforts.

Auditor Training

(b) (6) the CIGIE Training Institute, provided an update on the AI&E Academy's activities. She reported that the Academy is

- working on a curriculum review of the Introductory Auditor training program and is currently distributing surveys to Assistant IGs for Audit, supervisors, and past program participants to gather data on learning objectives in preparation for the 2-day review scheduled for the first week of May,

- developing curriculum for an Intermediate Auditor training program and a Data Analytics class, and
- researching vendors for a writing review class for managers at the GS-14/15 level.

(b) (6) highlighted a hand-out that listed available training classes for the remainder of the fiscal year.

Peer Review Guide

(b) (6), Department of the Treasury, reported that (b) (6) from her office, is leading the second phase of the peer review guide update project. This project involves updating the guide to reflect changes in the Yellow Book related to financial audit and attestation standards, address issues identified in a recent FAEC survey on the peer review guide, and refresh the overall document. By December 2013, the group is planning to have a draft of the updated guide ready for Audit Committee review.

Improper Payments

(b) (6), Social Security Administration (SSA), provided an update on improper payments. She noted that her office completed its summary of the OIG IPERA reports that were issued in March 2012. The SSA OIG briefed the CIGIE members at the March 12 monthly meeting and the report was posted to CIGIE's website on March 13.

(b) (6) continued that five OIGs participated in a conference call with OMB on March 1 regarding OMB's draft guidance on internal controls and improper payments. The Treasury Inspector General for Tax Administration along with OIGs from SSA and the Departments of Education, Health and Human Services, and Agriculture were on the call. The OIGs' main concern was that OMB assumed that OIGs could leverage their financial statement work to assess internal controls over improper payment without adding significant cost or time, which is not the case. OMB indicated that it would revise the draft guidance based on the OIGs' feedback and contact them when it was ready to be reviewed.

Government Credit Card Abuse Prevention Act

At the January Audit Committee meeting, Mr. Rymer established a small working group to coordinate with OMB to ensure that the rules to implement the *Government Credit Card Abuse Prevention Act* (i.e., Public Law 112-194) reflect the views of the IG community. (b) (6) offered to lead the group. She reported that the working group reviewed the OMB draft guidance and sent consolidated comments to OMB on March 6. The comments included requesting that OMB provide further guidance on the joint IG and Agency semi-annual report on purchase card violations and pointed out that the draft OMB guidance did not address all the provisions in the law. The group also asked for clarification on the section in the guidance related to IG Risk Assessments and on how often IGs should "periodically assess" its agency's purchase card programs.

Grant Reform Working Group Activities

Dr. Baker reported the Grant Reform Working Group continues to develop community-wide comments on OMB's proposed grant rulemaking. The proposed rule was available in early

February with comments are due back to OMB on June 1, 2013. The working group will meet with OMB before June 1 to discuss the group's comments.

UPDATES

FAEC

Mr. Baker reported on the following items:

- The next FAEC meeting will be on April 2, 2013, with two speakers on the agenda.
- The Suspension and Debarment (S&G) subgroup is exploring the development of a process to make S&D referrals through the audit process.
- The Audit subgroup is developing a survey to identify audit metrics and management challenges within the CIGIE audit community.
- The CIGIE/GAO Financial Statement Audit conference is being held on April 23.
- The annual FAEC conference has tentatively been scheduled for September 16 and 17.

Dr. Baker also noted that OMB memo (in the meeting materials) to the Chief Financial Officers discusses establishing an integrated quality assurance framework for USAspending.gov financial data.

IT Committee

Kathy Tighe, Department of Education, noted that the next Information Technology (IT) Committee meeting will be in April.

IT Legislation Working Group

(b) (6) reported that the IT Legislation Working Group has not met recently and no meetings have been scheduled. He provided a brief summary of a FISMA-related bill (H.R. 1163) approved by the House Oversight and Government Reform Committee, which, similar to a one that the House passed last year, would eliminate the requirement for OIGs to evaluate their agencies' information security program.

CFO Council

David Berry, IG, NLRB, reported that he continues to forward the emails that he received from the CFO Council to the CIGIE members.

DISCUSSION

Topics for GAO Coordination Session

(b) (6), FDIC, noted that the annual GAO coordination session is being held during the May 2013 CIGIE conference and asked the members if they had any suggestions for coordination topics. (b) (6) suggested that joint GAO/IG projects be a topic for a

discussion. (b) (6) invited members to forward any other topics to her so that she could pass them along to the CIGIE conference planners.

* * * * *

The following members were present or represented at the CIGIE Audit Committee meeting on Tuesday, March 26, 2013:

Jon Rymer, IG, Federal Deposit Insurance Corporation
Karl Schornagel, IG, Library of Congress

David Berry, IG, NLRB

Curtis Crider, IG, Election Assistance Corporation

(b) (6), Department of Agriculture, for Phyllis Fong, IG

(b) (6), Department of Energy, for Gregory Friedman, IG

(b) (6), SSA, for Patrick O'Carroll, IG

(b) (6), Department of Labor, for Daniel Patrole, Acting IG

(b) (6), NASA, for Paul Martin, IG

Jeff Schanz, IG, Legal Services Corporation

Hubert Sparks, IG, Appalachian Regional Commission

(b) (6), SIGAR, for John Sopko, IG

Eric Thorson, IG, Department of the Treasury

Kathy Tighe, IG, Department of Education

Scott Wilson, IG, Federal Trade Commission

Brett Baker, AIGA, NSF, and Chair, FAEC

The following guests and observers were present:

(b) (6), CIGIE Training Institute

(b) (6), Department of the Treasury

(b) (6), FDIC

(b) (6), FDIC

(b) (6), FDIC

(b) (6), NSF



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
March 27, 2012, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Executive Dining Room
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order.

ADMINISTRATIVE

The next Audit Committee meeting will be held on May 22, 2012.

OLD BUSINESS

Approval of Minutes from January Meeting

The Audit Committee members unanimously approved the minutes from the January 24, 2012 meeting.

STATUS OF ONGOING INITIATIVES

Peer Review Issues

Mr. Rymer stated that there are no changes to the Peer Review Schedule, dated November 22, 2011, at this time. He then updated the Members on CIGIE's efforts to assist the Defense Contract Audit Agency (DCAA) in obtaining a peer review. Mr. Rymer continued that his office is working with DCAA to develop a Memorandum of Agreement (MOA) to clarify expectations as to how the Committee can assist DCAA. As previously discussed, the Committee is looking to provide the same or similar services to DCAA that the Committee provides to CIGIE members when administering the peer review program. The next meeting to discuss the MOA is scheduled for April 12, 2012.

Mr. Rymer also reported that the Audit Committee has received questions regarding peer reviews when the OIG in question has not conducted audits based on *Government Auditing Standards* (Yellow Book). Mr. Rymer and other members discussed that each OIG should have some level of independent peer review on a regular basis. Mr. Rymer noted that the peer review guide may provide an avenue for clarifying these responsibilities and will work with the Federal Audit Executive Council (FAEC) group that is updating the guide.

Peer Review Guide and Training

(b) (6), Treasury, who is leading the FAEC group updating the peer review guide, reported that his group is approaching the update in two phases. First, the group is updating the appendices affected by the newly updated Yellow Book and is looking to include these appendices in the August 2012 peer review training. (b) (6) described the schedule the FAEC group is following to expose the revised appendices to the community and receive the comments. He noted that the second phase would be a broader review of the guide to include some of the issues previously discussed.

Brett Baker, NSF and FAEC Chair, stated that the next peer review training will be held on August 16 at the National Science Foundation. He noted that the bulk of the peer reviews are scheduled to begin in the March and September 2012 timeframes.

Improper Payment Activities

(b) (6), SSA, noted that each OIG, who is required by the Improper Payment Elimination and Recovery Act to issue a report, should have issued its report by the end of March. He also advised that a list of email addresses for the report recipients was included in the meeting materials package.

PRESENTATIONS

Recovery Accountability and Transparency Board

Kathy Tighe, IG, Education, who is the Chair of the Recovery Accountability and Transparency Board, gave an overview on the Board's activities. She described the Board's ongoing activities and work of the Recovery Operations Center. She noted that the Board is opening up the Center to outside users and is conducting various pilots to move beyond Recovery Act funding. She also advised that the Board is working on a lessons-learned project for the 16 agency OIGs that received Recovery Act funds.

As for the future, the Board is scheduled to sunset in 18 months. Ms. Tighe advised that Chairman Issa introduced the *Digital Accountability and Transparency (DATA) Act of 2012*, HR 2146, which would extend the life of the Board and expand its role to include all government spending. The DATA Act passed the House on April 26, 2012 and was referred to the Senate. Senator Warner introduced a companion bill, S 1222, to the DATA Act on June 16, 2011.

Direct Deposit Scam and Related Audits

(b) (6) discussed work his office is doing related to emerging direct deposit scams. He stated that the SSA OIG has encountered thousands of cases of unauthorized changes to the bank accounts of social security recipients, and is making recommendations to agencies on how to prevent this type of fraud. (b) (6) continued that this issue has been picked up by the press and is starting to get congressional interest.

Results of Auditor Training Survey

(b) (6) CIGIE, reported that 35 OIGs responded to the audit training survey she is working on with the FAEC Professional Development Subcommittee. She noted that the initial results

suggest that the audit community is in need of training in writing audit reports, critical thinking, audit planning and evidence, and for auditors-in-charge. She continued that 24 individuals, representing 16 OIGs, participated in the most recent introductory auditor training in March, where 95 percent of the participants rated the training as outstanding or exceptional. The next introductory auditing class will be held June 4-15, 2012, at the Pension Benefit Guaranty Corporation (PBGC). (b) (6) also advised that the CIGIE Training Institute has two detailee positions, one for audit and one for inspection/evaluation, which will close on April 6.

UPDATES

FAEC

Dr. Baker stated that the next FAEC meeting will be held on April 18, 2012. He continued that the CIGIE-GAO Financial Statement Audit Conference will take place on April 11, 2012, at the USDA Auditorium, and the TeamMate Conference will be held on April 24-25, 2012.

Grant Reform Working Group

Dr. Baker reported that Allison Lerner, IG, NSF, set up the Grant Reform working group as a way for the community to work with Office of Management and Budget (OMB) in its grant reform efforts. During April, the working group has been reviewing the OMB circular, convening conference calls, and compiling a comprehensive set of comments for OMB's consideration.

AAPC

Based on coordination with the CIGIE's AAPC representatives, (b) (6), FDIC, reported that the AAPC has not met in six months, and thus there is no report.

Legislation Committee

John Seeba, IG, FTC, reported that the CIGIE Legislation Committee has been a flurry of activity. The committee has been primarily focusing whistleblower protection, contingency contracting, and the DATA Act.

Legislation IT Subcommittee

(b) (6) FDIC, reported that the IT Legislation Subcommittee of the CIGIE Legislation Committee met on February 9 to consider two cybersecurity bills. These bills include a revised FISMA bill, namely S. 413, and a discussion draft of a bill that became S. 2105. This draft legislation was described as having a better chance of succeeding than did S. 413.

(b) (6) stated that a side-by-side comparison was distributed during the meeting, which compared about 12 provisions in the current FISMA with the aforementioned bills. The Subcommittee discussed these provisions and possible legislative fixes to the Freedom of Information Act regarding the release of information about sensitive agency operations and controls.

Mr. Gieseler said that based on the results of the Subcommittee's deliberations and subsequent consideration by the Legislation Committee, a letter to certain Senators described areas for

revising S. 2105 was drafted and circulated to the Subcommittee for comment. Most recently, the letter was revised to address another cybersecurity bill, S. 2151, introduced by Senator McCain.

IT Committee

Rebecca Batts, IG, PBGC, reported that the IT Committee, at its last meeting, focused on the FISMA metrics and the IT Committee's penetration testing survey, where 63 OIGs responded.

CFO Council

(b) (6), NLRB, reported that the CFO Council has not met.

* * * * *

The following members were present or represented at the CIGIE Audit Committee meeting on Tuesday, March 27, 2011:

John Rymer, IG, Federal Deposit Insurance Corporation
John Seeba, IG, Federal Trade Commission

Brett Baker, National Science Foundation, for Allison Lerner, IG
Rebecca Anne Batts, IG, PBGC
Curtis Crider, IG, Election Assistance Corporation
(b) (6), National Labor Relations Board, for David Berry, IG
(b) (6), Department of Agriculture, for Phyllis Fong, IG
(b) (6), Department of Labor, for Daniel Petrole, Acting IG
Paul Martin, IG, NASA
Jeffrey Schanz, IG, Legal Services Corporation
Karl Schornagel, IG, Library of Congress
(b) (6), Department of Energy, for Greg Friedman, IG
Hubert Sparks, IG, Appalachian Regional Commission
(b) (6), SIGAR, for Herbert Richardson, Acting IG
Eric Thorson, IG, Department of the Treasury
Kathy Tighe, IG, Department of Education

The following guests and observers were present:

(b) (6), CIGIE
(b) (6) Department of Education
(b) (6), FDIC
(b) (6), FDIC
(b) (6), FDIC
(b) (6) FDIC
(b) (6) Library of Congress
(b) (6), Department of the Treasury
(b) (6) Department of the Treasury



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
May 28, 2013, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Executive Dining Room
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order.

ADMINISTRATIVE

The next Audit Committee meeting will be held on July 23, 2013.

OLD BUSINESS

Approval of Minutes from March Meeting

The Audit Committee members unanimously approved the minutes from the March 26, 2013 meeting.

STATUS OF ONGOING INITIATIVES

GAO's "Green Book" Update Project

Mr. Rymer stated that the Government Accountability Office (GAO) recently began a project to update the *Standards for Internal Control in the Federal Government*, dated November 1999. The kick-off meeting for this project was held on May 20, 2013. Mr. Rymer noted that he had volunteered to serve as Chair of this project. Dr. Brett Baker, National Science Foundation (NSF), and Federal Audit Executive Council (FAEC) Chair, is also participating on the project. Mr. Rymer remarked that it has been 14 years since these standards have been updated. He continued that the update will incorporate Sarbanes-Oxley requirements and the COSO internal control framework.

DCAA Peer Review

Mr. Rymer discussed the current plan for the Defense Contract Audit Agency's (DCAA) peer review. The Department of Defense (DOD) OIG will conduct the peer review and the CIGIE Audit Committee will provide general support and the availability of an advisory group. The advisory group will serve as a mediator, interpret standards and peer review guide requirements,

and arrange for peer review guide training, as needed. This approach serves to address DCAA's independence concerns since the DOD OIG has an oversight/supervisory role over DCAA.

Skills Gap Project

As the Auditor goal leader, Mr. Rymer stated that he participated in a briefing on May 10, along with other goal leaders, related to the Skills Gap Project. The purpose of the briefing was to update the Acting Director of the Office of Personnel Management (OPM) on this project. Mr. Rymer noted that the Acting Director was receptive to new position classifications in the information technology specialist, economist, and auditor occupations. Mr. Rymer's briefing slides were included in the meeting materials.

Auditor Training

(b) (6) the CIGIE Training Institute, provided an update on the AI&E Academy's activities. She reported that the CIGIE Training Institute has run 14 training programs with close to 500 participants since the beginning of the fiscal year. She continued that she hoped to have a schedule of training programs for the rest of the fiscal year at the July Audit Committee meeting. (b) (6) also noted that her office provided support for the CIGIE/GAO Financial Statement Audit Conference, which was held on April 23, 2013, in Washington, DC. She continued that CIGIE is also providing support to the FAEC's annual procurement conference, scheduled to be held on June 12, 2013.

(b) (6), CIGIE, reported on the recently-held 2-day curriculum review conference of the Introductory Auditor training program. She noted that she is still analyzing the input and feedback that she received during the conference and is looking to update the training program for its next offering in September 2013.

Peer Review Guide

(b) (6) Department of the Treasury, reported that the peer review guide update project is ongoing and making progress. She noted that project team sent out a survey to the community seeking input on the peer review guide, and reported that 24 OIGs responded with comments. She continued that the project team will be meeting in June to discuss the comments and feedback received. She also noted that the group is working on two white papers to address policy issues related to the peer review program. (b) (6) anticipates releasing the first exposure draft of the peer review guide in August 2013 with the goal of issuing the guide in final in March 2014.

Improper Payments

(b) (6), Social Security Administration (SSA), provided an update on improper payments activity. She reported that she had a conference call with representatives from the Office of Management and Budget (OMB) on April 25 to discuss the updated draft guidance on internal control reviews over improper payments. She noted her appreciation to the Departments of Agriculture, Education, and Health and Human Services OIGs and the Treasury Inspector General for Tax Administration for their participation on the call. She continued that the updated draft OMB guidance was an improvement over the earlier draft, but the group still had concerns

and provided written comments to OMB on May 10. (b) (6) advised that she will continue to work with OMB on this effort.

(b) (6) reported that OMB guidance on the *Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA)* is due on June 2013, 6 months after the law was enacted. She advised that she will alert CIGIE members as to any information she receives on this guidance.

(b) (6) also reported that on May 8, Pat O'Carroll, IG, SSA, testified on behalf of CIGIE before the Senate Committee on Homeland Security and Governmental Affairs. The focus of the hearing was on improper payments with an emphasis on the Do Not Pay list and access and accuracy of SSA's Death Master File. She noted that, of particular interest for the OIG community, there was a comment about the significant number of IG vacancies and the need to fill them.

Grant Reform Working Group Activities

Dr. Baker reported that the Grant Reform Working Group is close to the end in its efforts to help shape OMB's rules involving federal grants. Comments on the proposed rules are due to OMB by June 1. The Working Group will be sending its comments out to its membership for a "fatal flaw" review on May 30 with a goal of submitting the comments to OMB on May 31. Hubert Sparks, IG, Appalachian Regional Commission (ARC), inquired as to whether the CIGIE Executive Council should endorse these comments. Mr. Rymer noted that while a good idea, there was not sufficient time to engage the Executive Council on this matter. Mr. Rymer did offer that Allison Lerner, IG, NSF, who has been leading the Working Group, could deliver the Group's comments to OMB and note the CIGIE Audit Committee's support, assuming the Committee members agreed. The Committee members agreed to endorse the Working Group's comments.

UPDATES

FAEC

Dr. Baker offered the following as it relates to the FAEC:

- The May 16 FAEC meeting included 80 participants on site and about 100 participants attending the meeting remotely. In planning its next meeting, the FAEC is looking to reach out to more members of the audit community to get them involved on-site or remotely.
- The FAEC annual conference will be held on September 16 -17, with the goal of using the web to provide it remotely to interested members of the community.
- The Suspension and Debarment (S&D) subgroup is exploring the development of a process to make S&D referrals through the audit process. The subgroup plans to work with the CIGIE Training Institute and develop procedures and a "best practices" guide.

- The Audit subgroup is developing a survey to identify audit metrics and management challenges within the CIGIE audit community.
- Following up on an FAEC survey regarding conference expenses, the FAEC is looking to form a working group to coordinate conference expense work among the OIGs, work with OMB, and comment on any proposed legislation.

IT Legislation Working Group

(b) (6) FDIC, reported that the IT Legislation Working Group of the CIGIE Legislation Committee met on April 7, 2013 to discuss two pieces of legislation with FISMA implications, as follows:

- The first bill was H.R. 1163, the “Federal Information Security Amendments Act of 2013,” which would revise FIMSA by eliminating the existing requirement that OIGs annually evaluate their agencies’ information security program. This bill was passed by the House and sent to the Senate.
- The other bill was H.R. 1468, the SECURE IT Act, which modifies the current FISMA but retains the annual evaluation by the IGs. This bill would also require CIGIE to develop criteria for the evaluations in consultation with OMB and the Departments of Homeland Security, Commerce, and Defense.

He continued that the Federal Reserve IG, on behalf of the Working Group, was pulling together comments on both bills, and that he would keep the Audit Committee current on this issue.

(b) (6) also reported on a request by the CIGIE Legislation Committee for comments on the House version of the DATA Act bill. The bill, which seeks to improve the quality of information being posted by OMB regarding agency spending, contains reporting requirements for IGs. He noted that the Audit Committee was given less than two working days to respond to the request, and several members offered comments. The comments were summarized and provided to the Legislation Committee on May 20, 2013. The Legislation Committee took these and prior comments from the Audit Committee on both the House and Senate versions of the DATA Act, and prepared high level comments for consideration by the House and Senate committees of jurisdiction. A copy of these comments was included in the meeting materials.

ANNOUNCEMENTS

Communities of Practice Working Group

(b) (6), FDIC, advised that the CIGIE Professional Development Committee was putting together a working group to discuss communities of practice. The Committee was seeking members from all CIGIE disciplines and would like a representative from the Audit Committee.

(b) (6) volunteered to participate in this working group.

* * * * *

The following members were present or represented at the CIGIE Audit Committee meeting on Tuesday, May 28, 2013:

Jon Rymer, IG, Federal Deposit Insurance Corporation
John Mech, Library of Congress, for Karl Schornagel, IG

Curtis Crider, IG, Election Assistance Corporation
(b) (6), Department of the Treasury, for Eric Thorson, IG
(b) (6), Federal Trade Commission, for Scott Wilson, IG
(b) (6) Department of Education, for Kathy Tighe
(b) (6), SSA, for Patrick O'Carroll, IG
(b) (6) NASA, for Paul Martin, IG
Hubert Sparks, IG, Appalachian Regional Commission
(b) (6), SIGAR, for John Sopko, IG

Brett Baker, AIGA, NSF, and Chair, FAEC

The following guests and observers were present:

(b) (6), CIGIE Training Institute
(b) (6), CIGIE
(b) (6), FDIC
(b) (6), FDIC
(b) (6) FDIC
(b) (6), FDIC
(b) (6) Department of Treasury



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
July 23, 2013, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Executive Dining Room
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order.

ADMINISTRATIVE

The next Audit Committee meeting will be held on September 24, 2013.

OLD BUSINESS

Approval of Minutes from March Meeting

The Audit Committee members unanimously approved the minutes from the May 23, 2013 meeting.

NEW BUSINESS

New CIGIE Audit Committee Members

Mr. Rymer welcomed two new members to the Audit Committee—Mary Mitchelson, IG, Corporation for Public Broadcasting, and Michael Raponi, IG, Government Printing Office. Mr. Raponi was unable to attend the meeting. The CIGIE Audit Committee roster, dated July 2013, was included in the meeting materials.

Annual CIGIE Financial Audit

Karl Schornagel, IG, Library of Congress, and Vice Chair, CIGIE Audit Committee, reported on the annual audit of CIGIE's financial statements. He noted that the entrance conference with Chortek CPAs, the independent public accountant performing CIGIE's financial audit in the third year of its contract, was held in June 2013. Mr. Schornagel, who represents the Audit Committee in its oversight role, reported that an oversight meeting with Chortek, CIGIE Executive Director, and the Audit Committee occurred on July 17, 2013. He continued that the audit is on track to be completed in November 2013. Mr. Schornagel included a summary of the audit details in the meeting materials.

STATUS OF ONGOING INITIATIVES

DCAA Peer Review

Mr. Rymer stated that, with his pending nomination to be the Department of Defense (DOD) IG, he has not been involved in the Audit Committee's efforts related to the peer review for the Defense Contract Audit Agency's (DCAA). He noted that (b) (6), FDIC OIG, met with DOD OIG staff and offered feedback, clarification, and assistance related to the peer review guide, and helped organize peer review guide training, held July 22, for DOD staff. Mr. Rymer expressed his appreciation to Mr. Schornagel; Scott Wilson, IG, Federal Trade Commission; and Paul Martin, IG, National Aeronautics and Space Administration, for their willingness to serve as an advisory group for this unique peer review process. The advisory group will serve as a mediator and interpret standards and peer review guide requirements, as needed.

Skills Gap Project

Mr. Rymer reported that the Office of Personnel Management (OPM) advised in an email that the auditor occupation is no longer under the skill gap project's requirements for reporting on performance.gov. With respect to the concerns the IG community raised during this project, Mr. Rymer advised that the OPM offered to provide expert policy assistance regarding the rigorous and time-consuming classification process. He noted that a teleconference has been scheduled with OPM representatives to discuss the next steps.

Auditor Training

(b) (6) the CIGIE Training Institute, provided an update on the AI&E Academy's activities. She reported that, as of the end of the third quarter, the Academy has conducted 18 different training programs with 662 participants. She continued that the next audit peer review training will be held on August 8, and the next introductory auditor training class will be held in mid-September.

For FY 2014, (b) (6) reported that the CIGIE Training Institute will be moving toward a tuition-based model for auditor training and will be using a centralized registration system. She continued that training officers in the IG community will be receiving a survey to identify training needs and projections.

Peer Review Guide

(b) (6) Department of the Treasury, reported that the peer review guide update project continues to make progress. She noted that the project team met in June to discuss the comments and feedback received from its survey of the CIGIE members, with the goal of having an exposure draft of the guide available for comment in the August/September 2013 timeframe. She also noted that the group is working on two white papers to address policy issues related to the peer review program. (b) (6) anticipates presenting the highlights of the exposure draft and the two white papers at the September Audit Committee meeting.

Improper Payments

(b) (6) Social Security Administration (SSA), provided an update on improper payments activity. Specifically, she reported that Office of Management and Budget (OMB) guidance on the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA) was due on June 2013, 6 months after the law was enacted. She noted that the OMB is still working on draft guidance and has not provided a timeframe as to when the guidance may come out.

(b) (6) also reported that OMB issued a draft memorandum on *Protecting Privacy While Reducing Improper Payments with the Do Not Pay Initiative*, which is required by section 5 of IPERIA. She noted that the IG community provided comments at the end of June expressing concern that the draft memo was inconsistent with Section 5(e)(2)(A) of IPERIA, impedes IG independence, conflicts with the IG Act, and could be construed to relinquish the ability of OIGs to appeal matching agreement disapprovals.

Grant Reform Working Group Activities

Brett Baker, National Science Foundation, and Chair, Federal Audit Executive Council (FAEC), reported that the Grant Reform Working Group delivered extensive comments to OMB, ahead of OMB's June 1 deadline, on the proposed rule involving federal grants. Dr. Baker continued that the Working Group will continue to have follow-on discussions with OMB on this issue. He anticipates that OMB will issue the final rules in January 2014. Mr. Rymer commended Dr. Baker and the efforts of the Working Group to help OMB issue the rule that allows for effective oversight of federal grants.

Role in GSA's Smart Card Data Warehouse

Dr. Baker advised that the General Services Administration (GSA) is building a data warehouse that could be useful for OIGs in their oversight role. He offered to coordinate with GSA officials to involve the IG community in the early stages of developing this warehouse to ensure that query capabilities and fraud triggers are built into the system.

UPDATES

FAEC

Dr. Baker reported that the FAEC is scheduled to meet on August 1 and has arranged for speakers to discuss an OIG's audit project guide and the audit steps for a major acquisition. He also reported that the FAEC Procurement Conference was held on June 12 at the Department of Education. Dr. Baker advised that 165 in-house participants and over 415 Webex participants were able to collect up to seven free continuing professional education (CPE) units. He noted that the FAEC hopes to continue using the Webex feature for its meetings and programs.

AAPC

Mr. Rymer reported that Accounting and Auditing Policy Committee (AAPC) met on July 11, 2013, and voted to send a Technical Release Draft: *Implementation Guidance for General PP&E Cost Accumulation, Assignment, and Allocation* to the Federal Accounting Standards

Advisory Board (FASAB) for its review and approval. Mr. Rymer noted that the AAPC hopes to get a “no object” approval from FASAB to release the technical release in final.

IT Committee

(b) (6), Department of Education, gave the Information Technology Committee report for Kathy Tighe, IT Committee Chair. (b) (6) discussed OMB’s views on continuous IT monitoring and reported that the 2014 FISMA instructions would be the same as 2013. (b) (6) noted that the IT Committee has a working group on cloud computing contracts.

IT Legislation Working Group

(b) (6), FDIC, reported that the IT Legislation Working Group of the CIGIE Legislation Committee has been reviewing two pieces of legislation with FISMA implications and developed a letter to communicate CIGIE comments to the leadership of the Senate Committee on Homeland Security and Governmental Affairs. A draft of the letter was included in the meeting materials. (b) (6) asked the Members to review the letter and provide any comments to him by July 26.

CFO Council

(b) (6), who reported on behalf of David Berry, IG, National Labor Relations Board, said that he had nothing new to report regarding the CFO Council.

ANNOUNCEMENTS

Conference Reporting Cost

(b) (6) advised that Norman Doug, Acting Controller, OMB, inquired as to the reporting requirement for conference costs and whether CIGIE could canvas members on possible reporting burden. Specifically, he was interested as to whether OIGs were being overwhelmed by reports, whether the reporting thresholds were acceptable, and how conference was being defined in their agencies. (b) (6) agreed to coordinate with (b) (6), Department of Agriculture, to collect the information for Mr. Dong as (b) (6) has been collecting some preliminary information on this reporting requirement.

Audit Committee Chair Status

Mr. Rymer advised that, pending confirmation as the DOD IG, he is planning to continue as the CIGIE Audit Committee Chair through the calendar year and make a decision regarding his ability to continue as the Chair at that time.

* * * * *

The following members were present or represented at the CIGIE Audit Committee meeting on Tuesday, July 23, 2013:

Jon Rymer, IG, Federal Deposit Insurance Corporation
Karl Schornagel, IG, Library of Congress

(b) (6) [REDACTED], Department of the Treasury, for Eric Thorson, IG
Scott Wilson, IG, Federal Trade Commission

(b) (6) [REDACTED], Department of Education, for Kathy Tighe

(b) (6) [REDACTED], SSA, for Patrick O'Carroll, IG

(b) (6) [REDACTED], Department of Labor, for Gordon Heddell, Acting IG
Mary Mitchelson, IG, Corporation for Public Broadcasting

(b) (6) [REDACTED], Department of Energy, for Gregory Friedman, IG

(b) (6) [REDACTED], Legal Services Corporation, for Jeffrey Schanz, IG

Brett Baker, AIGA, NSF, and Chair, FAEC

The following guests and observers were present:

(b) (6) [REDACTED], CIGIE Training Institute

(b) (6) [REDACTED] Department of Education

(b) (6) [REDACTED], FDIC

(b) (6) [REDACTED], FDIC

(b) (6) [REDACTED] FDIC

(b) (6) [REDACTED], FDIC

(b) (6) [REDACTED], National Science Foundation

(b) (6) [REDACTED] Department of Treasury



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
July 24, 2012, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Room D-2090
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order.

ADMINISTRATIVE

The next Audit Committee meeting will be held on September 25, 2012.

OLD BUSINESS

Approval of Minutes from May Meeting

The Audit Committee members unanimously approved the minutes, as corrected, from the May 22, 2012 meeting.

NEW BUSINESS

AAPC Representative

Mr. Rymer reported that the Accounting and Auditing Policy Committee (AAPC) will soon have an opening for the IG community to fill. The AAPC was established by the Federal Accounting Standards Advisory Board to assist the federal government in improving financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues. Mr. Rymer stated that the IG community has 3 representatives on the AAPC. The current representatives are (b) (6) PBGC, and (b) (6), NRC. The AAPC recently advised that the IG community needs a new representative to replace (b) (6), Naval Audit Service, who is rotating off after serving two 3-year terms. Mr. Rymer asked the members to contact (b) (6), FDIC, regarding their office's interest in representing the IG community on the AAPC.

CIGIE Financial Statement Audit

Karl Schornagel, IG, Library of Congress, and Vice Chair, CIGIE Audit Committee, reported on the audit of CIGIE's financial statements. He reported that the planning phase for the audit

should be completed by the end of July. Martin & Wall, who is conducting the audit again this year, is planning to test five times the number of transactions compared with last year's audit. Mr. Schornagel said that the audit is on schedule to be completed by November 15, 2012.

STATUS OF ONGOING INITIATIVES

Auditor Training

(b) (6) the CIGIE Training Institute, reported that the last Introductory Auditor Training class for fiscal year (FY) 2012 will be held September 10-21, in Pentagon City, VA. She noted that the class was nearly full (i.e., 30 participants). She added that she will be conducting a curriculum review of the Introductory Auditor Training course and will be inviting observers to attend the September session. (b) (6) continued that the CIGIE Training Institute is working on the FY 2013 training schedule, which will be available on IGNet. Mr. Rymer noted his interest in the Institute developing an Auditor-in-Charge course.

Improper Payments

(b) (6), SSA, reported that her office met with the Government Accountability Office (GAO) on July 11, to discuss how GAO and CIGIE might exchange information on improper payments and collaborate or coordinate work in this area. GAO was particularly interested in any work that SSA OIG had done to summarize the community's improper payments work related to the Executive Order. At the CIGIE general membership meeting, held on July 17, the members voted to update a summary report previously prepared by the SSA OIG (but not publicly available), provide it to GAO, and make it publicly available on IGNet. The members also voted to produce a summary report on the IG community's compliance with the Improper Payments Elimination and Recovery Act (IPERA). (b) (6) advised that SSA OIG also agreed to prepare this report. She continued that SSA OIG will coordinate with the Office of Management and Budget (OMB) regarding the reporting timeframes and the possible redundancy of issuing an improper payments report, per the Executive Order, and a second report, as required by IPERA.

Peer Review Guide

(b) (6) Treasury, gave a brief overview on the peer review guide update project. The guide is being updated to reflect the Yellow Book revisions that became effective in December 2011. (b) (6) noted that the project's working group received comments on the first exposure draft and went through the comments on July 9. The working group is exposing the draft to the community for a second time on July 24, and is on target to present the updated guide at the September Audit Committee meeting. A detailed summary on the update project was included in the meeting materials.

Peer Review Training

Brett Baker, NSF and Chair, Federal Audit Executive Council (FAEC), stated that the next peer review training will be held on August 16 at the National Science Foundation. He noted that the next training session will be scheduled for February 2013.

Grant Reform Working Group Activities

Dr. Baker stated that the Grant Reform Working Group continues to be actively involved in OMB's efforts related to grant reform. He noted that the group provided OMB with comments on an advanced copy of the Notice of Proposed Rulemaking. The high-level comments included the need to (1) maintain the balance between stewardship and burden reduction, (2) wait for the pilot project results before addressing time and effort reporting, (3) avoid weakening the language related to contingencies, (4) stay focused on compliance, and (5) ensure appropriate division of responsibilities under A-133. Dr. Baker noted that OMB expects to issue the final rule in early fall (prior to the election).

UPDATES

FAEC

Dr. Baker stated that the FAEC's bimonthly meeting will be held on August 22, 2012, at the Department of Labor. He noted that the meeting will feature two speakers—one discussing human capital and the other discussing media analytics. Two continuing professional education (CPE) units will be awarded for attending the meeting. Dr. Baker advised that the FAEC Conference will be held at the end of November 2012.

IT Committee

Kathy Tighe, IG, Education, reported that Information Technology (IT) Committee completed its survey on penetration testing and is asking for comments on the survey by the end of July. She noted that the final survey results will be posted on the business side of IGSNet. Ms. Tighe also noted that the IT Committee approved new standards for digital forensics and is sharing them with the Investigation Committee for its consideration.

Legislation IT Subcommittee

(b) (6), reporting on behalf of (b) (6), FDIC, provided an update on the cybersecurity bills under consideration in the Senate. She noted that the Senate is planning to consider S. 3414, Cybersecurity Bill of 2012, before the summer recess. This bill would retain the current FISMA requirements for annual IG evaluations of agency information security programs and practices, but does not have all the provisions that CIGIE would like. She also noted that the bill does not require CIGIE or anyone else to develop standards for the FISMA evaluations.

CFO Council

(b) (6) advised that David Berry, IG, NLRB, was unexpectedly called out of town but wanted her to report that Mr. Berry is on the CFO Council email list.

* * * * *

The following members were present or represented at the CIGIE Audit Committee meeting on Tuesday, May 22, 2012:

John Rymer, IG, Federal Deposit Insurance Corporation
Karl Schornagel, IG, Library of Congress

(b) (6), SSA, for Patrick O'Carroll, IG

Paul Martin, IG, NASA

(b) (6), Department of Agriculture, for Phyllis Fong, IG

(b) (6), Department of Energy, for Gregory Friedman, IG

(b) (6), Department of the Treasury, for Eric Thorson, IG

(b) (6), Legal Services Corporation, for Jeffrey Schanz, IG

Hubert Sparks, IG, Appalachian Regional Commission

Kathy Tighe, IG, Department of Education

Brett Baker, National Science Foundation, FAEC Chair

The following guests and observers were present:

(b) (6), Department of Education

(b) (6), CIGIE

(b) (6), CIGIE

(b) (6), FDIC

(b) (6), FDIC

(b) (6), FDIC

(b) (6), Library of Congress



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
September 24, 2013, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Executive Dining Room
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order.

ADMINISTRATIVE

The next Audit Committee meeting will be held on November 26, 2013. *{Note: The meeting was rescheduled for December 10, 2013.}*

OLD BUSINESS

Approval of Minutes from July Meeting

The Audit Committee members unanimously approved the minutes from the July 23, 2013 meeting.

STATUS OF ONGOING INITIATIVES

Skills Gap Project

Mr. Rymer reported that the Audit Committee continues to participate in the Office of Personnel Management (OPM) skills gap project. During an August 1 teleconference, OPM offered to provide expert policy assistance using focus groups to discuss the possible approaches for updating the 511 auditor occupation series. OPM representatives along with individuals from the Federal Audit Executive Council (FAEC) and Human Resources (HR) Directors Group met on September 23 to discuss these issues, and other issues discussed in the FAEC position paper, which was included in the meeting materials. OPM plans to use the FAEC position paper as a starting point and host four focus group sessions with representatives from the OIG audit and HR communities and OPM to flesh out the issues and work towards solutions. (b) (6), FDIC, will be reaching out to the community to identify focus group participants.

Peer Review Schedule

(b) (6) reported that a few changes had been made to the current Peer Review schedule, which is now available on IGnet. She also noted that she and (b) (6), FDIC, are about to begin the process of developing the peer review schedule for the 3-year period, 2014- 2016. She continued that a survey will be sent out to all CIGIE members regarding their audit organization and investigative peer review activity. The new schedule will be available for Audit Committee members to review at the next Audit Committee meeting.

Peer Review Guide and Position Paper

(b) (6), Department of the Treasury, reporting on behalf of (b) (6) who is leading the project and unable to attend the meeting, said that peer review guide update project continues to make progress. In particular, the Position Paper that the working group prepared discusses four peer review options for OIGs who do not conduct GAGAS audits. In summary, the four options are (1) continue with the current practice, (2) limit the peer review to IPA monitoring, (3) peer review the agency's audit policies and procedures, and (4) apply the current process and give an opinion with a scope limitation. (b) (5)

Mr. Rymer asked the Committee members to contact him if they believed the Committee should go in a different direction on this issue.

Auditor Training

(b) (6) the CIGIE Training Institute, reported that the CIGIE Training Institute has conducted 24 different training programs with 800 participants during FY 2013. She also said that she is looking for subject matter experts to help with the development of an Intermediate Auditor class, and for participants for curriculum conferences for the Interviewing for Fraud Auditors; Inspectors and Evaluators Training Program and a new Intermediate Auditor Training Program. She also asked whether "Green Book" training would be needed and Mr. Rymer advised to wait until the updated guide had been issued to determine the demand for training.

Improper Payments

(b) (6), Social Security Administration (SSA), provided an update on improper payments. He advised that the Office of Management and Budget (OMB) issued guidance implementing Section 5 of *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA) in August, which related to the Do Not Pay initiative. He continued that while most of this section relates to the agency and not the OIG, there is some information on OIGs being able to enter into computer matching agreements for the Do Not Pay initiative databases. He noted OMB has not, as of yet, issued guidance related to the other IPERIA provisions.

With respect to the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) IPERA reporting requirements, he noted that OMB is asking OIGs to try to issue their reports on their agency's IPERA compliance by Friday March 14, 2014, since the March 15 due date falls on a Saturday this year.

(b) (6) stated that on September 6, OMB issued final guidance on the implementation of the *Government Charge Card Abuse Prevention Act of 2012*. OMB and the General Services

Administration co-hosted a town hall meeting via teleconference on September 18 for the IG community to discuss the guidance. In general, IGs are responsible for conducting periodic risk assessments of agency purchase card programs and determining the necessary scope, frequency, and number of IG audits or reviews of these programs. IGs are also required to report to OMB 120 days after the end of each fiscal year on agency progress in implementing audit recommendations related to government charge cards. The first OIG report to OMB is due by January 31, 2014.

{Note: All of the dates discussed above were effective prior to the government shutdown, which began on October 1, 2013, and ended on October 17, 2013.}

Grant Reform Working Group Activities

Brett Baker, National Science Foundation, and Chair, FAEC, reported that the Grant Reform Working Group continues to work with OMB on this very important effort. He noted that OMB is in the process of preparing the final circular and that members of the Working Group met with OMB representatives in person to discuss key points. Ms. Bollea contacted the CIGIE Executive Director to discuss Executive Council support for the Working Group's efforts.

UPDATES

FAEC

Dr. Baker reported that the rest of the FAEC conference will be held September 26-27. He noted that former Comptroller General David Walker spoke earlier this morning (i.e., September 24). He continued that the conference is being offered via Webex to provide training and free continuing professional education (CPE) units to its participants across the country.

IT Committee

(b) (6), Department of Education, reported on behalf of Kathy Tighe, IG, Department of Education. (b) (6) noted that the IT Committee provided comments to OMB on continuous monitoring and OMB accepted most of them. He continued that the 2014 FISMA template will likely be the same as it was in 2013, and added that if there is any interest in joint reviews of agency cloud computing networks, please contact Ms. Tighe.

IT Legislation Working Group

(b) (6), FDIC, reported that the letter that the IT Legislation Working Group of the CIGIE Legislation Committee developed to communicate CIGIE comments to the leadership of the Senate Committee on Homeland Security and Governmental Affairs on two pieces of legislation with FISMA implications has not been sent.

CFO Council

David Berry, IG, NLRB, said that he had nothing new to report.

NEW BUSINESS

FY 2014 Projects

Mr. Rymer reported that each year CIGIE considers cross-cutting projects to satisfy its responsibilities under the first goal of its strategic plan, i.e., Deliver timely, relevant products that identify and address cross-government vulnerabilities, opportunities for improvements, and best practices. Annually, the Executive Council queries CIGIE members for project proposals. This year, the Executive Council received several projects that were internal to CIGIE rather than cross-government, and decided to send these proposals to the CIGIE committees for consideration. As such, the Audit Committee is to discuss the projects listed in the handout (included in the meeting materials) and decide if the Committee wants to sponsor it and whether there are any volunteers to lead or participate in the sponsored project.

Three proposals were discussed by the members, as follows:

- (b) (6), (b) (5) [REDACTED]
- [REDACTED]
- [REDACTED]

Conference Expenditures Audit Proposal

During the July Audit Committee meeting, OMB asked CIGIE to canvas members on conference reporting costs, and specifically if IGs were being overwhelmed by reports, whether the report thresholds were acceptable, and if the OIGs were experiencing definition issues. (b) (6) [REDACTED] inquired as to what the members were doing with the collected information on conference expenditures.

* * * * *

The following members were present or represented at the CIGIE Audit Committee meeting on Tuesday, September 24, 2013:

Jon Rymer, IG, Federal Deposit Insurance Corporation
Karl Schornagel, IG, Library of Congress

David Berry, IG, National Labor Relations Board
Curtis Crider, IG, Election Assistance Corporation
(b) (6) [REDACTED], Department of the Treasury, for Eric Thorson, IG

(b) (6) Department of Education, for Kathy Tighe
Mary Mitchelson, IG, Corporation for Public Broadcasting
(b) (6) Social Security Administration, for Patrick O'Carroll
Jeffrey Schanz, IG, Legal Services Corporation
Hubert Sparks, IG, Appalachian Regional Commission
Scott Wilson, IG, Federal Trade Commission

Brett Baker, AIGA, NSF, and Chair, FAEC

The following guests and observers were present:

(b) (6), CIGIE Training Institute
(b) (6), Department of Defense
(b) (6), Department of Treasury
(b) (6), FDIC
(b) (6), FDIC
(b) (6), FDIC
(b) (6), FDIC



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

REPORT OF MEETING: CIGIE Audit Committee
September 25, 2012, at 12:30 pm

LOCATION: Federal Deposit Insurance Corporation
Office of Inspector General (OIG)
3501 Fairfax Drive, Executive Dining Room
Arlington, VA 22226

Jon Rymer, Inspector General (IG), Federal Deposit Insurance Corporation (FDIC), and Chair, CIGIE Audit Committee, called the meeting to order.

Mr. Rymer welcomed Scott Wilson, IG, Federal Trade Commission (FTC), to the Audit Committee and thanked him for his interest in participating on the Committee. Mr. Rymer congratulated Mr. Wilson on his appointment.

ADMINISTRATIVE

Because the next Audit Committee meeting would conflict with the Federal Audit Executive Council (FAEC) conference, the members agreed to reschedule the November Audit Committee meeting. *{Note: The meeting will be rescheduled for December 6, 2012.}*

OLD BUSINESS

Approval of Minutes from May Meeting

The Audit Committee members unanimously approved the minutes from the July 22, 2012 meeting.

NEW BUSINESS

AAPC Representative

Mr. Rymer reported that the Accounting and Auditing Policy Committee (AAPC), which was established by Federal Accounting Standards Advisory Board (FASAB) to assist the federal government in improving financial reporting, is looking to the IG community to update its membership. The IG community has three representatives on the AAPC, and two of its three positions are open. (b) (6) Pension Benefit Guaranty Corporation (PBGC), has completed his first term and has agreed to stay on for a second 3-year term. (b) (6), Naval Audit Service, is rotating off after serving two 3-year terms and the IG community needs to fill this vacancy. To date, Mr. Rymer had not received any volunteers from the community and offered to serve a 3-year term on the AAPC.

Judiciary Committee Briefing

(b) (6), FDIC OIG, reported that several IGs and their respective staff members briefed Senate Judiciary Committee staff on August 9, 2012. The purpose of the briefing was to discuss a legislative fix that would allow agencies to redact sensitive information technology information from their audit reports (i.e., FISMA work). He continued that the fix is needed because of a Supreme Court opinion that re-interpreted a Freedom of Information Act (FOIA) exemption that agencies had relied on to redact such information from their reports. (b) (6)

(b) (6) noted that the Judiciary Committee staff had questions regarding the scope of the IG-proposed legislative fix and why current statutes and legislation were insufficient. Mr. Rymer advised that the Legislation Committee's IT Working Group will continue to work with the Committee staff in responding to their inquiries and concerns, and acknowledged the work of Peg Gustafson, IG, Small Business Administration, and Mark Bialek, IG, Federal Reserve Board on this effort.

STATUS OF ONGOING INITIATIVES

Auditor Training

(b) (6) the CIGIE Training Institute, reported that the AI&E Academy provided six different courses during fiscal year 2012 for a total of ten offerings, and trained more than 400 students representing 60 different OIGs. About 96 percent of the participants rated the overall quality of instruction as positive (i.e., Outstanding/Excellent/Good). For fiscal year 2013, the Academy plans to offer at least nine different courses, including Audit Peer Review, IG Authorities, Statistical Analysis, Introductory Auditor Training, Suspension and Debarment, and Writing. The Academy is currently conducting a curriculum review of the Introductory Auditor Training course and plans to develop a course for Intermediate Auditors. For both the curriculum review and the curriculum development, the Academy will be soliciting input from the Committee and the Assistant IGs for Audit. Actual dates for the fiscal year 2013 schedule will be posted on the Academy webpage on IGnet as soon as training locations are finalized (see <http://www.ignet.gov/pande/pd/aie.html>). Jeffrey Schanz, IG, Legal Services Corporation (LSC), noted that he had received very positive feedback as it related to the IG Authorities course from his staff that attended the training.

Improper Payments

(b) (6), Social Security Administration (SSA) OIG, reported that the final report prepared on OIG's compliance with Executive Order 13520, Reducing Improper Payments, was posted on CIGIE's website on August 24, 2012. This report summarizes the work performed by OIGs for agencies designated with high-priority programs in fiscal year 2010.

(b) (6) also reported that agencies will be issuing their Performance and Accountability Report (PAR) in November and then, under the *Improper Payments Elimination and Recovery Act* (IPERA), OIGs are required to review the improper payments section of their agency's PAR and provide a report within 120 days (i.e., March 2013). The review of last year's reports showed that only a couple of the OIGs took longer than 120 days to issue their IPERA report.

(b) (6) added that this will be the second year that the OIGs report under IPERA. If an OIG determines that its agency is not in compliance with IPERA for 2 consecutive fiscal years,

an additional provision in the law becomes effective. Specifically, additional funding could be designated if the Office of Management and Budget (OMB) determines additional funding would help the agency come into compliance.

Finally, (b) (6) noted that the Government Accountability Office (GAO) is considering issuing an Improper Payments roll-up report. She continued that GAO is currently working on an IPERA roll-up report.

Grant Reform Working Group Activities

Brett Baker, NSF OIG, and Chair, Federal Audit Executive Council (FAEC), stated that the Grant Reform Working Group continues to be actively involved in OMB's efforts related to grant reform. He continued that OMB's grant reform effort is an extensive undertaking and involves streamlining eight circulars into one. He noted that the Grant Reform Working group continues to focus on this effort, and pays particular attention as to the treatment of OMB Circular A-133 thresholds in the new circular and the labor effort pilots. Dr. Baker added that OMB is waiting until after the November election to publish the updated circular in the Federal Register. Hubert Sparks, IG, Appalachian Regional Commission, offered that OMB should continue to focus on single audit to ensure productive oversight of grant funding.

Peer Review Training

Dr. Baker stated that the last peer review training was delivered on August 16 at the National Science Foundation OIG. The course was well-received. The next session of this training will be held on February 12, 2013.

Peer Review Schedule

Mr. Rymer reported that his office continues to monitor the peer review schedule, and is working to address required changes. He advised that his office has received two requests that require a change to the peer review schedule. The Denali Commission OIG requested to be removed from peer review schedule until its office conducts its first Yellow Book audit. Removing the Denali Commission OIG from the schedule creates the need for another OIG to conduct the peer review that the Denali OIG would have performed. In addition, the Federal Housing Finance Agency (FHFA) OIG recently advised that it started its first Yellow Book audit in November 2010 so it needs to be added to the current schedule, with a September 2013 end of period covered date. The original schedule did not anticipate having to provide peer review coverage for the FHFA OIG during this 3-year period, 2011-2013.

Mr. Rymer also noted that his office had recently discovered two other OIGs whose last peer review covered the period ending September 2010, and would need to be included in the current peer review schedule. He continued that his office will be preparing an updated schedule once the arrangements have been confirmed and will share the update scheduled with the Audit Committee members.

DCAA Peer Review Update

Mr. Rymer reported that he had heard from the Defense Contract Audit Agency (DCAA) and learned that DCAA had not received any bids on its first solicitation to contract for its peer

review. He noted that DCAA was extending the solicitation into fiscal year 2013 with a new closing date of October 19. He advised that DCAA was also reaching out to the Department of Defense OIG for ideas to increase contractor interest in performing the DCAA peer review.

PRESENTATION

Peer Review Guide Update

(b) (6), Department of the Treasury OIG, reported that his working group, which began the project to update the peer review guide in January 2012, had completed the update and was seeking the Audit Committee's approval. Because the Yellow Book followed a staggered implementation of the new standards, the peer review guide must also follow a two-phased approach for updating its instructions. (b) (6) highlighted the sections and appendices of the guide that were updated. Specifically, he noted that the contents of the guide remained mostly the same but that several appendices were updated. He also noted that reporting instructions were changed to reflect the Wall Street Reform Act requirements. (b) (6) advised that the guide was exposed to the IG community in May and July, and the comments were addressed and incorporated, as appropriate. The CIGIE Audit Committee members voted to accept the guide and advance it to the CIGIE Executive Council for its consideration. On behalf of the Audit Committee, Mr. Rymer thanked (b) (6) and his working group for their work on this project.

UPDATES

FAEC

Dr. Baker announced that the next FAEC meeting will be held on October 24 at the Department of Labor. Two presentations, related to forensic auditing and IT security, have been planned and two CPEs will be awarded for the session. He continued that the FAEC Conference will be held on November 27-28, and will have an IG panel and other speakers.

IT Committee

Ms. Rebecca Batts, IG, PBGC, said that the IT Committee had not met since last the last CIGIE Audit Committee meeting and that the next IT Committee meeting will be held on October 17.

Legislation IT Working Group

(b) (6) stated that there has been no activity in the Working Group.

AAPC

There were no updates for the AAPC.

CFO Council

David Berry, IG, National Labor Relations Board (NLRB) OIG, said that he is on the mailing list for the Chief Financial Officer (CFO) Council and is now receiving their emails.

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The following members were present or represented at the CIGIE Audit Committee meeting on Tuesday, September 25, 2012:

Jon Rymer, IG, Federal Deposit Insurance Corporation
(b) (6), Library of Congress, for Karl Schornagel, IG

Rebecca Anne Batts, IG, PBGC

David Berry, IG, NLRB

(b) (6), Department of Education, for Kathy Tighe, IG

(b) (6), Department of Agriculture, for Phyllis Fong, IG

(b) (6), SSA, for Patrick O'Carroll, IG

(b) (6), Department of Labor, for Daniel Petrole, Deputy IG

(b) (6) NASA, for Paul Martin, IG

(b) (6), Department of Energy, for Gregory Friedman, IG

(b) (6), Legal Services Corporation, IG

Hubert Sparks, IG, Appalachian Regional Commission

(b) (6), SIGAR, for Herbert Richardson, Acting IG

(b) (6) Department of the Treasury, for Eric Thorson, IG

Scott Wilson, IG, Federal Trade Commission

Brett Baker, National Science Foundation, FAEC Chair

The following guests and observers were present:

(b) (6), CIGIE

(b) (6), CIGIE

(b) (6), FDIC

(b) (6), FDIC

(b) (6), FDIC

(b) (6), FDIC

(b) (6) Department of the Treasury