



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

Fiscal Year 2010

Agency Financial Report



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

Chairperson's Message

The Inspector General Reform Act of 2008 (IG Reform Act), brings 73 individual Inspectors General (IGs) and 6 integrity-related senior officials together as a community to form the Council of the Inspectors General on Integrity and Efficiency (CIGIE or Council). CIGIE's mandated mission is to address integrity, economy, and effectiveness issues that transcend individual Government agencies, and to increase the professionalism and effectiveness of the inspector general community. In 2010, the Council continued to make major strides towards accomplishing this mission.

Fiscal year (FY) 2010 is the first year for which CIGIE produced an Agency Financial Report (AFR), an authorized alternative reporting format to a Performance and Accountability Report. In this AFR, we discuss CIGIE's 2010 accomplishments in carrying out its mission and business plan goals, and in establishing the Council's infrastructure; provide the independent auditor's reports regarding CIGIE's financial statements as of September 30, 2010; and provide information on CIGIE's Executive Council, seven standing committees, and the extensive work done by CIGIE membership on several cross-cutting issues relative to Federal departments, agencies, and Offices of Inspector General.

The financial audit was performed by Walker & Co., LLP, Washington, DC. CIGIE's leadership team is proud of Walker & Co.'s findings that CIGIE's financial statements present fairly the financial position of CIGIE, that there were no internal control deficiencies over financial reporting considered to be material, and that there were no reportable instances of noncompliance with laws or regulations governing CIGIE's financial management systems. Walker & Co.'s opinion letters and audited CIGIE financial statements and notes to the financial statements are included in this AFR.

Further information related to the Council's assurance as to the accuracy and reliability of the financial and performance data presented in this report may be found under the Management Statement of Assurance on page 7.

In 2010, the second full year of CIGIE operations, our work has been greatly assisted by the efforts of leaders in the IG community; CIGIE's colleagues in the Office of Management and Budget; Congress; the Government Accountability Office; other Federal agencies, and law enforcement and professional organizations; and private-sector supporters who share a dedication to helping improve Government programs by ensuring accountability, efficiency, and oversight.

In particular, we sincerely thank the more than 12,600 members of the inspector general community for the work they do every day.



Phyllis K. Fong
Chairperson, CIGIE

2/14/11
Date

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Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

Management Discussion and Analysis
Fiscal Year 2010

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

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

Organization: The Council is made up of 73 individual Inspectors General (IGs) from both the Executive and Legislative branches and 6 integrity-related senior officials: the Deputy Director for Management (DDM), Office of Management and Budget (OMB); the Deputy Director, Office of Personnel Management, the Special Counsel, Office of the Special Counsel, the Assistant Director of the Criminal Investigative Division, Federal Bureau of Investigation (FBI); the Director, Office of Government Ethics; and the Controller of the Office of Federal Financial Management, OMB. The Honorable Jeffrey Zients, DDM, OMB, is the Executive Chairperson of the Council. The Council is led by the elected Chairperson, Phyllis K. Fong, IG, U.S. Department of Agriculture; the Vice Chairperson, Carl A. Clinefelter, IG, Farm Credit Administration; and the other members of the Executive Council (see the below table).

Executive Council

Phyllis K. Fong, Department of Agriculture	Chairperson
Carl A. Clinefelter, Farm Credit Administration	Vice Chairperson
Mary L. Kendall, Department of the Interior (Acting IG)	Professional Development Committee Chair
J. Anthony Ogden, Government Printing Office	Legislation Committee Chair
Jon T. Rymer, Federal Deposit Insurance Corporation	Audit Committee Chair
Gordon S. Heddell, Department of Defense	Information Technology Committee Chair
Daniel R. Levinson, Health and Human Services	Inspection and Evaluation Committee Chair
Richard W. Moore, Tennessee Valley Authority	Investigations Committee Chair
Lynne A. McFarland, Federal Election Commission	At-Large Member
Gregory H. Friedman, Department of Energy	Past Vice Chair, President's Council on Integrity and Efficiency

Performance Goals, Objectives and Results

On February 17, 2009, the Council approved a strategic plan to guide its activities for the next 2 years, through calendar year 2010, by establishing three major business goals and supporting objectives. These goals are: 1) contribute to improvements in program integrity, efficiency, and cost-effectiveness Governmentwide by providing cross-agency analyses to mitigate vulnerabilities that confront multiple Federal programs and entities; 2) increase the professionalism and effectiveness of the IG community workforce; and 3) create an effectively functioning Council able to meet its vision, mission, and goals. The table below provides a summary of the objectives and results achieved for each goal.

Goal	Objective	Results
<p>Contribute to improvements in program integrity, efficiency, and cost-effectiveness Governmentwide by providing cross-agency analyses to mitigate vulnerabilities that confront multiple Federal programs and entities.</p>	<p>The Council will annually identify and perform a minimum of two original cross-cutting studies or combined meta analyses of work performed by OIGs in their individual agencies.</p>	<p>CIGIE issued three studies during FY 2010: IG's Guide for Assessing Federal Response Capabilities issued in August 2010; OIG Efforts to Support Effective Implementation of the American Recovery and Reinvestment Act of 2009 issued in July 2010; and Internet Access to Information on Office of Inspector General Oversight of Agency Implementation of the American Recovery and Reinvestment Act of 2009 issued January 2010.</p>
<p>Increase the professionalism and effectiveness of the IG community workforce.</p>	<p>The Council will work to establish an IG community-wide training structure, consisting of one or more professional academies, presenting high quality, cost-efficient professional training to IG staff. Additionally, the Council will work through its committee structure to review existing training opportunities available to OIG staff and identify opportunities for Council members to work together to fill currently unmet training needs.</p>	<p>In FY 2010, the Council established an organizational and staffing structure for the CIGIE Training Institute, and developed position descriptions, and initiated recruitment for the first position -- the Executive Director for the Training Institute (an SES position). During this same period CIGIE delivered several leadership training courses, six introductory audit courses, and numerous courses provided by the IG Criminal Investigator Academy for the IG</p>

<p>Create an effectively functioning Council able to meet its vision, mission, and goals.</p>	<p>Establish permanent Council operations to effectively support Council goals in a manner that promotes cost-efficiency and integrity. Additionally, the IG community will work to review its governing and guiding documents to update and change by December 2010.</p>	<p>community.</p> <p>In FY 2010, CIGIE approved a financial operating plan, funded itself through the contributions of CIGIE IG members, began the process of hiring permanent staff to support CIGIE and its mission, hired its Executive Director in October 2010, and located and secured permanent office space for staff operations.</p> <p>Additionally, CIGIE organized peer-review programs that assess OIG compliance with professional standards; and recommended individuals to the appointing authority to consider for Inspector General vacancies.</p>
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Analysis of CIGIE’s Financial Statements and Stewardship Information

The CIGIE obtained its initial funding of \$5,643,516 in FY 2009 from contributions of each of the IG members and the transfer of the balance of monies from the Inspector General Audit Training Institute revolving fund. In FY 2010, CIGIE developed and began implementing effective internal controls and financial management systems to ensure accountability of these funds while building operations to support CIGIE and its mission. These funds are being used to: 1) create the infrastructure necessary to fully support the activities of CIGIE and begin providing that support; 2) provide educational and professional development programs to increase the professionalism and effectiveness of the IG community workforce; and 3) operate and manage CIGIE’s website.

As of the close of FY 2010, CIGIE had obligated \$703,955 to begin building the necessary infrastructure to fully support CIGIE activities, as well as provide immediate support to CIGIE, including the operation and management of CIGIE’s website. Additionally, CIGIE had obligated \$728,057 to assist in providing the IG community with training in the areas of leadership, audit, inspections and evaluations, and investigations.

At the end of FY 2010, the gross obligations for CIGIE were \$1,432,012 and the gross outlays relating to these obligations were \$884,625. Further, during FY 2010 CIGIE obtained additional funding in the amount of \$2,703,357 from CIGIE IG member contributions in preparation for the

FY 2011 budget year. The table below summarizes CIGIE's budgetary resource outlays and obligations and identifies our initial projections for FY 2011.

**Summary of Budgetary Resources
For the Year Ending September 30, 2010**

Funding:	
FY 2009 Carry Over Balance	\$5,541,401
Contributions Received	\$2,703,357
Total Budgetary Resources	\$8,244,758
Status of Budgetary Resources:	
Obligations Incurred	
Direct	\$1,432,012
Unobligated Balances	
Apportioned	\$4,109,390
Unobligated Balances – not available	\$2,703,357
Total Status of Budgetary Resources	\$8,244,758

As mentioned earlier, in FY 2010, CIGIE was working towards building its infrastructure inclusive of the necessary start up assets and equipment and the planning for the needed human resources to appropriately support CIGIE and its mandates. These activities required substantial involvement of and coordination with various governmental entities. Thus, several planned obligations for FY 2010 were not incurred and have been deferred to FY 2011, such as leased property for CIGIE staff operations, the hiring of the full complement of permanent CIGIE staff, and limited start up equipment for staff operations.

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

The Certified Public Accounting firm of Walker and Company, LLP, has reviewed the fiscal year 2010 financial records and internal controls of the Council and submitted an unqualified audit opinion. This audit found no material internal control weaknesses in the Council's financial reporting.

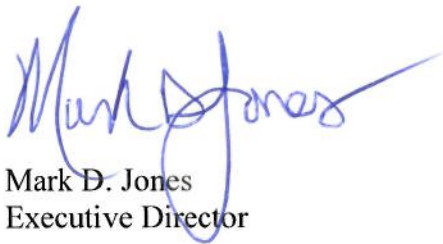
The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Management Statement of Assurance

The CIGIE operated Fiscal Year 2010 with two detailed employees. The CIGIE acknowledges that it is management's responsibility to establish and maintain adequate Internal Controls over Financial Reporting. During the period, internal controls were being developed to ensure systems will meet the objectives of OMB Circular A-123, *Management's Responsibility for Internal Control*. Additionally, CIGIE acquired the financial services of the General Services Administration's Office of Chief Financial Services (GSA/OCFO). Based on the results of the evaluation of GSA/OCFO financial systems and controls documented in its SAS-70 report, CIGIE can provide reasonable assurance that the internal controls over financial reporting were operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting. Further, CIGIE can provide reasonable assurance that these financial management systems meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA).

In FY 2011, CIGIE will finalize its internal controls over operations and the compliance with applicable laws and regulations. CIGIE will develop plans to assess these internal controls and conduct an assessment to ensure the effectiveness and efficiency of such controls.



Mark D. Jones
Executive Director

Financial Section

The Council obtained its initial funding of \$5,643,516 in Fiscal Year 2009 from contributions of each of the IG members and the transfer of the balance of monies from the Inspector General Audit Training Institute revolving fund to fulfill its mission of: 1) addressing integrity, economy, and effectiveness issues that transcend individual Government agencies; and 2) increasing the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the Offices of Inspectors General. Management's responsibility includes ensuring Americans that there is accountability as to how these monies are being used. In working towards accomplishing this task, CIGIE prepared preliminary financial control procedures to ensure efficient and effective financial operations. Further, CIGIE obtained the services of the GSA/OCFO to employ the full range of financial and accounting services for CIGIE.

CIGIE has engaged the services of independent external auditors to review our financial records and related information concerning the effectiveness of our internal controls and our compliance with OMB guidance and the laws and regulations that govern CIGIE. The Certified Public Accounting firm of Walker & Co., LLP, has conducted the audit and provided an unqualified opinion and found no material weaknesses in our internal controls or financial management. The audit determined that all material aspects of our financial statements conform to U.S. generally accepted accounting principles and that CIGIE operated in compliance with selected provisions of laws and regulations.

CIGIE's goal in Fiscal Year 2011 is to finalize its internal controls over operations and compliance with applicable laws and regulations, develop plans to assess these internal controls, and conduct an assessment to ensure the effectiveness and efficiency of such controls. This should result in improving our financial management and reporting systems, strengthening our internal controls, and fine-tuning our key performance indicators.

Annual Financial Statements

COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY

BALANCE SHEET As Of September 30, 2010

	2010	2009
Assets:		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	\$7,284,525	\$5,518,443
Accounts Receivable (Note 3)	\$75,608	\$22,958
Total Intragovernmental	\$7,360,133	\$5,541,401

Accounts Receivable, net		\$102,115
Total Assets	\$7,360,133	\$5,643,516
Accounts Payable	(Note 4)	\$
Total Liabilities	\$538	\$
Commitments and contingencies		
Net Position:		
Cumulative Results of Operations - Other Funds	\$7,359,596	\$5,643,516
Total Net Position	\$7,359,596	\$5,643,516
Total Liabilities and Net Position	\$7,360,133	\$5,643,516
*Amounts may be off by a dollar due to rounding.		

COUNCIL OF THE INSPECTORS GENERAL
ON INTEGRITY AND EFFICIENCY

STATEMENT OF NET COST
For The Year Ended September 30, 2010

Program Costs:

Program A:

Gross Costs (Note 5)	\$885,162
Net Program Costs	\$885,162
Net Cost of Operations	\$885,162

*Amounts may be off by a dollar due to rounding.

COUNCIL OF THE INSPECTORS GENERAL
ON INTEGRITY AND EFFICIENCY

STATEMENT OF CHANGES IN NET POSITION
For The Year Ended September 30, 2010

	Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
Cumulative Results of Operations:				
Beginning Balances	\$	\$5,643,516	\$	\$5,643,516
Budgetary Financing Sources:				
Transfers-In/Out Without Reimbursement		\$ 2,601,242		\$2,601,242
Total Financing Sources		\$2,601,242		\$2,601,242
Net Cost of Operations (+/-)		\$885,162		\$885,162
Net Change		\$1,716,080		\$1,716,080
Cumulative Results of Operations	\$	\$7,359,596	\$	\$7,359,596
Net Position	\$	\$7,359,596	\$	\$7,359,596

*Amounts may be off by a dollar due to rounding.

COUNCIL OF THE INSPECTORS GENERAL
ON INTEGRITY AND EFFICIENCY

STATEMENT OF CHANGES IN NET POSITION
For The Year Ended September 30, 2009

	Earmarked Funds	All Other Funds	Eliminations	Consolidated Total
Budgetary Financing Sources:				
Transfers-In/Out Without Reimbursement	\$	\$5,541,401	\$	\$5,541,401
Other Financing Resources (Non-Exchange):				
Other		\$102,115		\$102,115
Total Financing Sources		\$5,643,516		\$5,643,516
Net Cost of Operations (+/-)				
Net Change		\$5,643,516		\$5,643,516
Cumulative Results of Operations	\$	\$5,643,516	\$	\$5,643,516
Net Position	\$	\$5,643,516	\$	\$5,643,516

*Amounts may be off by a dollar due to rounding.

COUNCIL OF THE INSPECTORS GENERAL
ON INTEGRITY AND EFFICIENCY

STATEMENT OF BUDGETARY RESOURCES
For The Years Ended September 30, 2010 & 2009

	2010	2010	2009	2009
	Budgetary	Non-Budgetary Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
Budgetary Resources:				
Unobligated Balance:				
Beginning of Period	\$5,541,401	\$	\$	\$
Budget Authority:				
Collected	\$137,051			
Expenditure Transfers from Trust Funds	\$2,566,306		\$5,354,505	
Subtotal	\$2,703,357	\$	\$5,354,505	
Nonexpenditure Transfers, Net			\$186,896	
Total Budgetary Resources	\$8,244,758	\$	\$5,541,401	\$
Status of Budgetary Resources:				
Obligations Incurred				
Reimbursable (Note 6)	\$1,432,012	\$	\$	\$
Subtotal	\$1,432,012	\$	\$	\$
Unobligated Balances				
Apportioned	\$4,223,483			
Subtotal	\$4,223,483			
Unobligated Balances - Not Available	\$2,589,264		\$5,541,401	
Total Status of Budgetary Resources	\$8,244,758	\$	\$5,541,401	\$
Change in Obligated Balances:				
Obligated Balance, Net:				
Brought Forward, October 1 (-)	\$(22,958)	\$	\$	\$
Total, Unpaid Obligated Balance, Brought Forward, Net	\$(22,958)	\$	\$	\$
Obligations Incurred	\$1,432,012			
Gross Outlays (-)	\$(884,625)			
Change in Uncollected Customer Payments from Federal Sources	\$(52,650)		\$(22,958)	
Obligated Balance, Net, End of Period:				
Unpaid Obligations (+) (Note 7)	\$547,387			
Uncollected Customer Payments from Federal Sources (-)	\$(75,608)		\$(22,958)	
Total, Unpaid Obligated Balance, Net, End of Period	\$471,779	\$	\$(22,958)	\$
Net Outlays:				
Gross Outlays (+)	\$884,625			
Offsetting Collections (-)	\$(2,650,707)		\$(5,331,547)	
Net Outlays	\$(1,766,082)	\$	\$(5,331,547)	\$

*Amounts may be off by a dollar due to rounding.

COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY

REVOLVING FUND

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Presentation

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

OMB Circular A – 136 requires agencies to prepare financial statements, which include a Balance Sheet, a Statement of Net Cost, a Statement of Changes in Net Position, and a Statement of Budgetary Resources. The Balance Sheet presents, as of September 30, 2010, amounts of future economic benefits owned or managed by CIGIE (assets), amounts owed by CIGIE (liabilities), and amounts, which comprise the difference (net position). The Statement of Net Cost reports the full cost of the program, both direct and indirect costs of the output, and the costs of identifiable supporting services provided by other segments within CIGIE and other reporting entities. The Statement of Budgetary Resources reports an agency's budgetary activity.

Basis of Accounting

Transactions are recorded on the accrual accounting basis in accordance with OMB Circular A - 136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Revenues and Other Financing Sources

CIGIE operates a revolving no year fund. In FY 2010, budgetary resources for CIGIE included one Non-Expenditure Transfer In during the period and multiple expenditure transfers in.

NOTE 2 – FUND BALANCE WITH TREASURY

All of CIGIE’s fund balance with treasury is coming from transfers in during the period. No trust or other fund types are used to fund CIGIE’s activities. CIGIE operates as a no-year fund, where the fund balance of the previous year is carried forward to the next year.

A. Fund Balance with Treasury	<u>2010</u>	<u>2009</u>
Revolving Fund	\$7,284,525	\$5,518,443
B. Status of Fund Balance with Treasury		
1) Unobligated Balance		
a) Available	4,223,483	
b) Unavailable	2,589,264	5,541,401
2) Obligated Balance not yet Disbursed	471,779	(22,958)
Total	<u>\$7,284,525 *</u>	<u>\$5,518,443</u>

*Rounding

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Accounts Receivable, Net from the Public represents the Accounts Receivable from public Inspectors General. Accounts Receivable from Federal sources represents the Accounts Receivable from federal Inspectors General.

	<u>2010</u>	<u>2009</u>
Accounts Receivable - Non-Federal		\$102,115
Accounts Receivable - Federal	\$75,608	\$22,958

NOTE 4 – INTRAGOVERNMENTAL LIABILITES

As of September 30, 2010, CIGIE showed intragovernmental liabilities of \$538. The \$538 consists of Accounts Payable of \$538 and is covered by budgetary resources. As of September 30, 2009, CIGIE showed no existing liabilities.

	<u>2010</u>	<u>2009</u>
Intragovernmental		
Accounts Payable	\$ 538	
Total liabilities covered by budgetary resources	<u>538</u>	
Total Liabilities	<u>\$ 538</u>	

NOTE 5 – INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovenmental costs are goods/services purchased from a federal entity. All other costs are associated with non-federal sources.

	<u>2010</u>	<u>2009</u>
Program A		
Federal - Program A costs	\$ 139,500	\$
Non-Federal - Program A costs	<u>745,662</u>	
Total Program A Net Costs	<u>\$ 885,162</u>	

NOTE 6 – APPORTIONMENT CATEGRIES OF OBLIGATIONS INCURRED

All obligations for CIGIE in fiscal year 2010 are category B, which is the amount of reimbursable obligations incurred against amounts apportioned under category B on the latest SF 132. There were no obligations outstanding in fiscal year 2009.

	<u>2010</u>	<u>2009</u>
Reimbursable		
Category B	\$1,432,012	

NOTE 7 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

\$547,437 was the amount of CIGIE’s budgetary resources obligated for undelivered orders as of September 30, 2010.

	<u>Undelivered Orders</u>	<u>Accounts Payable</u>	<u>Unpaid Obligated Balance Net</u>
2010	546,899	538	\$547,437
2009			

**NOTE 8 – RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY)
TO BUDGET (FORMERLY THE STATEMENT OF FINANCING)**

	2010	2009
<i>Resources Used to Finance Activities:</i>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 1,432,012	\$
Less: Spending Authority from Offsetting Collections and Recoveries	<u>2,703,357</u>	<u>5,354,505</u>
Obligations Net of Offsetting Collections and Recoveries	<u>(1,271,345)</u>	<u>(5,354,505)</u>
Net Obligations	<u>(1,271,345)</u>	<u>(5,354,505)</u>
Other Resources		
Other Resources (+/-)	<u></u>	<u>102,115</u>
<i>Net Other Resources Used to Finance Activities</i>	<u></u>	<u>102,115</u>
 <i>Total Resources Used to Finance Activities</i>	 <u>(1,271,345)</u>	 <u>(5,252,390)</u>
 <i>Resources Used to Finance Items not Part of the Net Cost of Operations</i>		
Change in Budgetary Resources Obligated for Goods		
Services and Benefits Ordered But Not Yet Provided	546,849	
Resources that Finance the Acquisition of Assets	(102,115)	102,115
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	<u>(2,601,242)</u>	<u>(5,354,505)</u>
<i>Total Resources Used to Finance Items Not Part of the Net Cost of Operations</i>	<u>(2,156,507)</u>	<u>(5,252,390)</u>
 <i>Total Resources Used to Finance the Net Cost of Operations</i>	 <u>885,162</u>	 <u></u>
<i>Net Cost of Operations</i>	<u>\$ 885,162</u>	<u></u>

*Amounts may be off by a dollar due to rounding.

Other Accompanying Information

CIGIE Committees

CIGIE consists of seven (7) standing committees, six (6) of which represent major functional responsibilities with the IG community. The seventh is a statutory committee established by the IG Reform Act of 2008 that serves as an independent and objective investigative mechanism for addressing allegations of misconduct against IGs and/or their staff members. The following table identifies and describes each committee and its purpose.

<p>Audit — Provides leadership to and serves as a resource for the Federal IG audit community. Sponsors and coordinates audits that address multi-agency or Government-wide issues, maintains professional standards for OIG audit activities, and administers the audit peer review program. Provides input to the CIGIE Professional Development Committee on the training and the development needs of the CIGIE audit community, and advice to the Chairperson, Vice Chairperson, and Executive Director regarding CIGIE's contracts for audit services.</p>
<p>Information Technology — Facilitates effective OIG information technology (IT) audits, evaluations, reviews and investigations, and provides a vehicle for expressing the IG community's perspective on Government-wide IT operations.</p>
<p>Inspection and Evaluation — Provides leadership for the CIGIE Inspection and Evaluation community's effort to improve agency program effectiveness by maintaining professional standards; leading the development of protocols for reviewing management issues that cut across departments and agencies; promoting the use of advanced program evaluation techniques; and fostering awareness of evaluation and inspection practice in OIGs. The Committee provides input to the CIGIE Professional Development Committee on the training and the development needs of the CIGIE Inspection and Evaluation community.</p>
<p>Integrity — Investigative mechanism for allegations of administrative misconduct brought against IGs. Reviews allegations and, when necessary, refers them for investigation either to the agency with jurisdiction or to an investigative team that is selected, supervised, and controlled by the Committee's Chair.</p>
<p>Investigations — Contributes to improvements in program integrity, efficiency, and cost effectiveness government-wide by providing analysis of investigative issues common to federal agencies. Provides the CIGIE community with guidance, support, and assistance in conducting high quality investigations. Provides input to the CIGIE Professional Development Committee on the training and the development needs of the CIGIE investigations community. Actively engages the Assistant Inspector General for Investigations Committee to assist in carrying out the Investigations Committee's goals and strategies.</p>
<p>Legislation — Ensures that CIGIE is kept abreast of matters in the Congressional arena that are of interest to the IG community. Develops, coordinates, and represents the official IG community positions on legislative issues.</p>
<p>Professional Development — Provides educational opportunities for members of the IG community and ensures the development of competent personnel. Receives input from the Audit, Investigations, and Inspections and Evaluation Committees on the training and the development needs of the CIGIE community. Seeks opportunities to improve training methods, enhance the development of OIG staff, and establish training to meet continuing educational requirements.</p>

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

- Federal Audit Executive Council (FAEC) – A council under CIGIE established to discuss and coordinate issues affecting the Federal audit community with special emphasis on audit policy and operations of common interest to CIGIE members.

- IG Candidate Recommendations Panel – A panel under CIGIE which, as required by the IG Act, maintains and submits to appointing officials recommendations of individuals for vacant IG positions.
- Misconduct in Research Working Group - The general mission of the working group is to assess the role of IGs in investigating allegations of research misconduct and to recommend, as appropriate, guidance for such investigations.
- Inspection and Evaluation Roundtable – A roundtable that provides support to the Inspection and Evaluation Committee on a myriad of issues pertinent to the inspection and evaluation function with the IG community.
- Suspension and Debarment Working Group – This working group under the Investigations Committee is focused on finding ways to protect taxpayer dollars through expanded and more effective use of suspension and debarment remedies.
- Council of Counsels to the Inspectors General (CCIG) – Comprised of counsels to IGs, this council discusses issues of common interest generally of a legal nature within the IG community.
- Homeland Security Roundtable - This roundtable operates under the auspices of CIGIE. Its mission is to support the IG community by sharing information, identifying best practices, and participating on an ad hoc basis with various external organizations and governmental entities with respect to homeland security activities.

Cross-Cutting Reviews and Reports

CIGIE’s Strategic Business Plan for 2009/2010 contained three goals. Goal 1 involved identifying ways to bring about improvements in program integrity, efficiency, and cost-effectiveness Government-wide by providing cross-agency analyses to mitigate vulnerabilities that confront multiple Federal programs and entities. To achieve this, CIGIE commissioned four cross-cutting studies during FY 2009/2010 as follows:

- IG Oversight of American Recovery and Reinvestment Act of 2009 (ARRA) Funds – The study assessed whether agency web sites met Government standards for the public to easily access information related to ARRA oversight reports and to report fraud directly to OIGs. The report was issued January 2010 and found that almost every agency met the guidance. While these guidelines did not apply to OIG web sites, the study reviewed OIG web sites and found that almost all offered clear links for accessing ARRA information and for reporting ARRA fraud.
- Identifying Measures IGs Took to Safeguard ARRA Funds – The study gathered and shared the most effective preventive measures IGs took to safeguard ARRA funds so that the IG community can focus oversight resources where they will be most effective. The report was issued July 2010.
- Hotline Operations and Whistleblower Protection – This study identified effective practices for the IG community’s handling of Hotline operations and whistleblower protection to ensure effective management of whistleblower allegations. The report was issued October 2010.

- IG's Guide for Assessing Federal Emergency Response Capabilities – This project produced, tested, and perfected a review guide, which IGs can use in assessing their respective agency's emergency response readiness. The report was issued August 2010.

Appendices

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Reports of Independent Auditors



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REPORT OF INDEPENDENT AUDITORS

Executive Director and the Executive Council
Council of the Inspectors General on Integrity and Efficiency

We have audited the accompanying balance sheet of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) as of September 30, 2010, and the related statements of net cost, changes in net position and budgetary resources for the year then ended. These financial statements are the responsibility of CIGIE's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CIGIE as of September 30, 2010, and its net cost, changes in net position and budgetary resources for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in the Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by OMB Circular A-136, *Financial Reporting Requirements*. We have applied certain limited procedures to such information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We also reviewed such information for consistency with the related information presented in CIGIE's financial statements. We did not audit this information, however and, accordingly, express no opinion on it.

In accordance with *Government Auditing Standards* and OMB Bulletin 07-04, as amended, we have also issued our reports dated December 6, 2010, on our consideration of CIGIE's internal control over financial reporting, and on our tests of CIGIE's compliance with certain provisions of laws and regulations and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of our audit performed in accordance with *Government Auditing Standards* and OMB Bulletin 07-04, as amended, and should be considered in assessing the results of our audit.

Walker & Co., LLP

December 6, 2010



Walker & Co., LLP
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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL

Executive Director and the Executive Council
Council of the Inspectors General on Integrity and Efficiency

We have audited the financial statements of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) as of and for the year ended September 30, 2010, and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

In planning and performing our audit, we considered CIGIE's internal control over financial reporting by obtaining an understanding of the design effectiveness of CIGIE's internal controls; determined whether internal controls had been placed in operation; assessed control risk; and performed tests of controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 07-04, as amended. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers Financial Integrity Act of 1982 (FMFIA)*, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not provide an opinion on internal control.

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies. Under standards issued by the American Institute of Certified Public Accountants (AICPA) and OMB, a *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects CIGIE's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States, such that there is more than a remote likelihood that a misstatement of CIGIE's financial statements that is more than inconsequential will not be prevented or detected by CIGIE's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of CIGIE's management, the OMB, the Government Accountability Office, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Walker & Co., LLP

December 6, 2010



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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH LAWS AND REGULATIONS

Executive Director and the Executive Council
Council of the Inspectors General on Integrity and Efficiency

We have audited the financial statements of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) as of and for the year ended September 30, 2010, and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

Management of CIGIE is responsible for complying with laws and regulations applicable to CIGIE. As part of obtaining reasonable assurance about whether CIGIE's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 07-04, as amended, including requirements referred to in the Federal Financial Management Improvement Act (FFMIA) of 1996. We limited our tests of compliance to these provisions, and we did not test compliance with all laws and regulations applicable to CIGIE. Providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 07-04, as amended, and FFMIA, we are required to report whether CIGIE's financial management systems substantially comply with: (1) federal financial management systems requirements, (2) applicable federal accounting standards, and (3) the United States Government Standard General Ledger (USSGL) at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

The results of our tests disclosed no instances of noncompliance that would be reportable under *Government Auditing Standards* or OMB Bulletin No. 07-04, as amended.

Walker & Co., LLP

December 6, 2010