



*Council of the*  
**INSPECTORS GENERAL**  
*on INTEGRITY and EFFICIENCY*

**Fiscal Year 2021**

**Agency Financial Report**

## Chairperson's Message

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The Council of the Inspectors General on Integrity and Efficiency (CIGIE or Council) was established by the Inspector General Reform Act of 2008. Currently composed of 75 Federal Inspectors General (IGs) and 6 integrity-related senior officials, the Council and its member organizations function as a robust oversight group engaged in issues of nationwide significance. CIGIE's mandated mission is to address integrity, economy, and effectiveness issues that transcend individual Government agencies, and to increase the professionalism and effectiveness of the inspector general community.

In this Agency Financial Report (AFR), we discuss CIGIE's fiscal year (FY) 2021 accomplishments in carrying out its mission and performance plan goals; provide the independent auditor's report regarding CIGIE's financial statements as of September 30, 2021; and highlight the work of CIGIE's Executive Council, nine committees including the Pandemic Response Accountability Committee (PRAC), and individual members on cross-cutting issues affecting Federal departments, agencies, and Offices of Inspector General.

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

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

In FY 2021, our work has been strengthened by the efforts of leaders in the IG community; the Office of Management and Budget; Congress; the Government Accountability Office; other Federal agencies, and law enforcement and professional organizations; and private-sector supporters who share a dedication to help improve Government programs by ensuring accountability, efficiency, and oversight.

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



Allison C. Lerner  
Chairperson, CIGIE

December 10, 2021

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## Management’s Discussion and Analysis

### Fiscal Year 2021

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

#### *The Council of the Inspectors General on Integrity and Efficiency’s Mission and Organization*

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

**Organization:** The Council is made up of 75 individual Inspectors General (IGs) from both the Executive and Legislative branches and 6 integrity-related senior officials: the Deputy Director for Management (DDM), Office of Management and Budget (OMB); the Deputy Director, Office of Personnel Management; the Special Counsel, Office of the Special Counsel; the Assistant Director of the Criminal Investigative Division, Federal Bureau of Investigation (FBI); the Director, Office of Government Ethics; and the Controller of the Office of Federal Financial Management, OMB. The Deputy Director for Management, Office of Management and Budget, is the Executive Chairperson of the Council. The Council is led by the elected Chairperson, Allison C. Lerner, National Science Foundation; the Vice Chairperson, Mark L. Greenblatt, U.S. Department of Interior; and the other members of the Executive Council (see the below table).

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

CIGIE Committees

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

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



Audit Committee

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

Budget Committee

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

Professional Development Committee

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

## Management's Discussion and Analysis

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### Information Technology Committee

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

### Inspection and Evaluation Committee

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

### Investigations Committee

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

### Legislation Committee

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

### Integrity Committee

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

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

## Management's Discussion and Analysis

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### Pandemic Response Accountability Committee

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

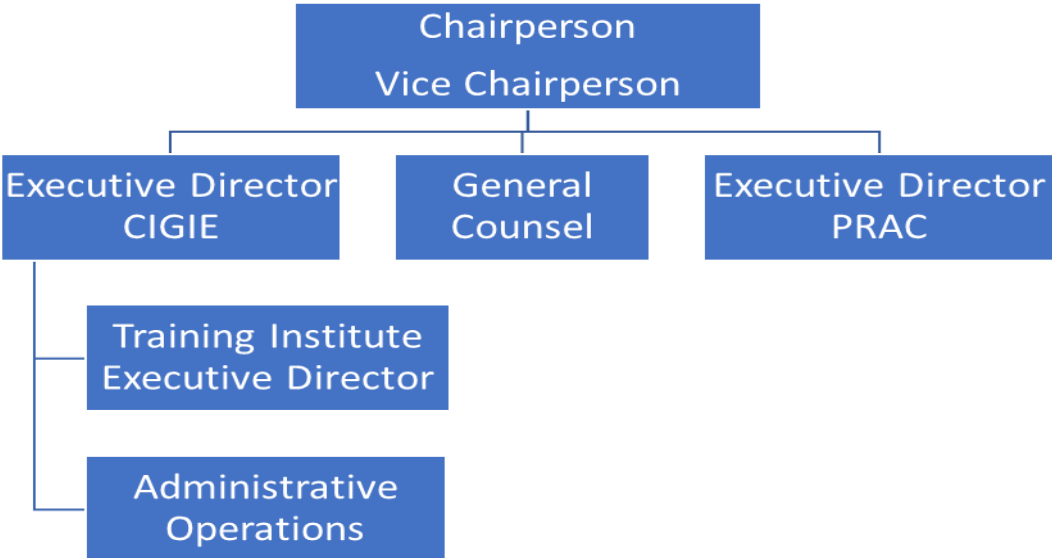
The PRAC is scheduled to sunset on September 30, 2025.

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

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

Staff

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





## Management's Discussion and Analysis

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### *Performance Goals, Objectives, and Results*

#### **Executive Summary of High-Level Annual Accomplishments and Achievements:**

During Fiscal Year (FY) 2021, the Council approved its annual performance plan to guide its activities for the year. The performance plan is associated with CIGIE's five-year Strategic Plan and aligns with the goals, objectives, and performance measures associated with the Strategic Plan. CIGIE's performance plan sets out four major business goals and supporting objectives. These goals are: (1) enhanced integrity and strength of Federal programs and operations; (2) a well-trained and highly skilled OIG community; (3) a focal point for collaboration, best practices, and outreach; and (4) an efficient, well-managed organization. The following information reflects CIGIE's accomplishments during fiscal year (FY) 2021 under each of these goals.

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

FY21 marked the Pandemic Response Accountability Committee's (PRAC) first full year of operations following its establishment under the CARES Act in the prior fiscal year. With nearly 1/3 of all CIGIE-member Inspectors General formally and actively involved in fulfilling the organization's mission, and pandemic funding oversight responsibilities having increased from \$2.6 trillion to over \$5 trillion, PRAC has firmly established itself as the unifying and driving force behind CIGIE's efforts to enhance the integrity and strength of federal programs and operations.

Those efforts revolve around four primary goals:

- Prevent and detect fraud, waste, abuse, and mismanagement
- Promote transparency
- Promote coordinated, comprehensive oversight
- Ensure effective and efficient PRAC operations

The remarkable progress already made in relation to these goals is evident in the wealth of information publicly available on [pandemicoversight.gov](https://pandemicoversight.gov), PRAC's website. There, a wide array of reports and data points are readily accessible; accessibility is enhanced by user-friendly technology-based tools that enable stakeholders and the public to find and digest content in a meaningful way.

The "Reports" section contains organic PRAC reporting, Inspector General reports, state and local reports, GAO reports, recommendations to agencies, documented indictments and convictions, Office of Inspectors General (OIG) works in progress, and lessons learned. The "Data" section features a funding overview by category, interactive dashboards and maps, data stories, and the ability to download complete data sets. Combined, these resources detail how \$5 trillion in pandemic-related funding is being spent, and how the surrounding questionable or outright criminal activity is affecting that spend.

In complementary fashion, Oversight.gov provides the broader, whole-of-community perspective on government oversight and OIG-related issues. This platform serves to consolidate reporting from all 75 CIGIE-member OIGs pertaining to audit, inspection and evaluation findings; results of investigations; disaster oversight; and state/local oversight reporting. Dynamically updated as

## Management's Discussion and Analysis

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reports are added, FY21 results point to potential savings of \$54 Bn, up from \$33 Bn in the prior year; approximately 6,000 recommendations contained in reports on the site as compared to approximately 5,000 in the prior year; and billions in year-to-year investigations recoveries. Similar to pandemic oversight.gov, Oversight.gov offers interactive tools and filters to facilitate searches of records hosted on the site. ***NOTE:*** Oversight.gov numbers are considered unofficial and are subject to change upon publication of CIGIE's Annual Report to the President and Congress; figures presented in the Annual Report represent the figures of record.

After adding capabilities and functionalities to the site in the prior year, FY21 became the year those were fully operationalized and exercised. The *Vacancy Tracker* proved valuable in highlighting long-term IG vacancies. The net change year-to-year was one fewer vacancy in FY21, from 15 to 14, but of the 14, 4 have been open for less than one year, a significant change from prior years.

CIGIE's *Open Recommendations Database* established the only single, public repository of information about the status of OIG recommendations issued to agencies in existence. At the close of FY21 it showed 13,065 open recommendations as compared to 8,673 in the prior year and a decline to 6 priority recommendations versus 25. As FY21 closed, 58 OIGs had uploaded recommendations, more than doubling that of the prior year.

In its first year of operation, CIGIE's *website hosting* capability resulted in the launch of 7 OIG sites, 8 more in active development, and 13 in the production queue for a total of 28 or 37% of all CIGIE-member OIGs. This achievement serves to strengthen IG independence in relation to the agencies they oversee and simultaneously increase the timeliness of public access to information by placing control of OIG websites directly in the hands of OIG staff. Rather than transmitting information through agency systems and according to agency timelines, information will flow through CIGIE systems and be released as directed by the IG.

Following a December rollout and follow-on testing phase, *targeted integration with the reporting of state and local watchdog* entities is now possible. Two states are slated for integration in early FY22, with more to follow throughout the year. The goal in this regard is that of allowing Members of Congress and the public a more comprehensive view of oversight findings and areas of concern within their state and locality. That goal is quickly becoming a reality.

### **Goal 2: A Well-trained and highly skilled OIG community.**

The Training Institute enrolled just over 8,500 learners in FY21. This number represents the equivalent of roughly 61% of the entire combined OIG workforce, is a 55% increase over FY20, and a 113% increase over FY19. In parallel, Institute staffing levels have remained unchanged since at least FY16 when total enrollment stood at 2,600. The variety and quality of offerings remain high, with adjustments in design and delivery having been made to accommodate COVID-driven limitations. Among those adjustments was the delivery of 73 online learning events versus 14 in the prior year, an increase of 421%.

Among this year's highlights was a very successful redesign and rollout of CIGIE Fellows, which entailed converting it from a 100% in-person program to a 100% virtual experience; expanding

## Management's Discussion and Analysis

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from 6 months to a full year, increasing the number of Fellows slots by 33%; doubling the number of cohort activities to more than 25; and assigning mentors to each Fellow. Although these changes were undertaken in response to COVID-related issues, they also served to allow OIG field office personnel – there were three this cycle - to compete for slots and participate on equal footing with DC-based personnel. Three of the 16 Fellows were able to advance their careers, accepting positions at other OIGs while in the program, and three more have done so since the program ended.

The Institute also continued to aggressively implement another flagship program, IG101 for new IGs, adapting to a fully virtual format and further refining the experience by incorporating feedback from past participants. This year saw 10 new and newly acting IGs participate in more than 20 individualized and group training and orientation events. The group sessions had the added benefit of affording new IGs the opportunity to network with their peers.

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

CIGIE supports a vibrant community of eight standing committees and forty-six sub-committees, working groups and other collaborative bodies of varying sizes and scope dedicated to improving the state of practice within the OIG community, addressing significant cross-cutting issues, or increasing awareness in the public domain about the IG mission and responsibilities. Members come from across the entire community of 75 OIGs and individuals join these organizations according to their mission functions and interests. As a result, the degree of interagency engagement is often quite high and outcomes of their efforts characteristically have broad impact.

Highlights from this year's work include:

- CIGIE's Cross-Cutting Initiative Working Group developed and published the CIGIE Grant Oversight Capstone Report. This group includes members from the Audit, Inspections and Evaluations, Investigations, and Technology Committees.
- Developed the PRAC Audit Subcommittee in order to facilitate the exchange of ideas and projects regarding COVID-19 oversight, as well as increase coordination amongst CARES Act OIGs and CIGIE at large. The Subcommittee published the Agile Products Toolkit for use by the IG Audit community to establish protocol on quick turnaround products and shortened agency response times.
- Delivering eight monthly Tech Tuesday events, where guest speakers from the IG community shared use cases on how they used technology to conduct and support their oversight work. In total, well over 1,000 community members attended.
- The Emerging Technology Subcommittee held its second symposium, which covered numerous emerging tech topics, including artificial intelligence, machine learning, biometrics, cloud computing, and blockchain. Over 400 members of the OIG workforce attended this event.

## Management's Discussion and Analysis

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- The launch of an Information technology (IT) training site accessible to all IG members to display a searchable list of courses to grow our IT audit, inspection, and evaluation knowledge in the community.
- The Blue Book Working Group presented the revised Blue Book to the I&E Roundtable, I&E Committee, CIGIE Executive Council, and full CIGIE membership for voting in fiscal year 2021. The revised Blue Book received approval from all levels and was issued in December 2020.

### **Goal 4: An efficient, well-managed organization.**

Several operational infrastructure improvements initiated in the prior year were operationalized in FY21. This includes the implementation of CWTSato, an automated travel system, in place of an entirely manual process. This is expected to positively affect the efficiency of processing documentation and the timeliness of reimbursement payments, as well as vastly improve records management.

A rating plan system, USA Performance, was established and fully utilized for the first time for the entire rating period, replacing an unwieldy manual process. The standardization of forms, processes, rating guidelines and the introduction of an automated workflow definitively improved the level of engagement between supervisors and staff, and the overall effectiveness of the performance management process as a whole.

The CIGIE Awards database was entirely reconstructed and put into operation in support of the FY21 Annual CIGIE Awards nomination and selection process. This action corrected a chronic, highly disruptive, and inefficient pattern of technical breakdowns resulting in recurring loss of data and process integrity which directly and negatively affected every OIG.

### ***Analysis of CIGIE's Financial Statements and Stewardship Information***

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

CIGIE obtained its funding in FY 2020 from the carry-over balance of non-expended/non-obligated funds from FY 2019 in its no-year revolving fund, as well as appropriations from Congress and collections associated with training. The significant increase in budgetary resources in FY 2020 is associated with the \$80 million appropriation for the PRAC. In 2020, CIGIE operated under its established internal control and financial management systems to ensure accountability of these funds while continuing to build operations to support CIGIE and its mission. These funds are being used to continue: 1) creating the infrastructure necessary to fully support the activities of CIGIE; 2) providing educational and professional development programs to increase the professionalism and effectiveness of the IG community workforce; 3) operating and managing CIGIE's website; and 4) supporting the PRAC

## Management's Discussion and Analysis

The following table summarizes the significant changes in CIGIE's financial position during FY 2021:

| Financial Condition    | FY 2021 Balance | FY 2020 Balance | Increase/ (Decrease) | Percentage Difference |
|------------------------|-----------------|-----------------|----------------------|-----------------------|
| Total Assets           | \$130,619,322   | \$ 99,387,944   | \$31,231,378         | 31%                   |
| Total Liabilities      | \$ 3,798,883    | \$ 4,447,156    | \$ (648,273)         | -15%                  |
| Net Position           | \$126,820,439   | \$ 94,940,788   | \$31,879,651         | 34%                   |
| Net Cost of Operations | \$ 20,297,284   | \$ 11,989,774   | \$ 8,307,510         | 69%                   |
| Budgetary Resource     | \$141,599,792   | \$106,665,620   | \$34,934,172         | 33%                   |

The table below summarizes CIGIE's budgetary resource for FY 2021.

### Summary of Budgetary Resources

#### For the Year Ending September 30, 2021

##### Funding:

|  |                      |
|--|----------------------|
| FY 2020 Carry Over Balance                     | \$ 88,517,311        |
| Appropriations (discretionary and mandatory)   | 40,850,000           |
| Spending authority from Offsetting Collections | <u>12,232,481</u>    |
| Total Budgetary Resources                      | <u>\$141,599,792</u> |

##### Status of Budgetary Resources:

|  |                       |
|--|-----------------------|
| New obligations and upward adjustments (total) | \$ 26,156,748         |
| Unobligated Balances                           |                       |
| Apportioned                                    | <u>115,443,044</u>    |
| Total Status of Budgetary Resources            | <u>\$ 141,599,792</u> |

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

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

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

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

## Management's Discussion and Analysis

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

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

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

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

## Management's Discussion and Analysis

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CIGIE operated during Fiscal Year 2021 with 27 employees, inclusive of permanent and detailed employees and 36 temporary employees and detailed employees assigned to the PRAC. CIGIE, and its service provider USDA, performs internal control reviews on financial, management, and information systems, and conducts fact finding activities to support decisions impacting revisions to the Council's accounting and financial reporting systems. For example, CIGIE initially developed its financial policies and procedures in FY 2010 to ensure internal controls were established to meet the objectives of OMB Circular A-123. Annually, we review our internal controls to see if there is any need for improvement. Additionally, we seek feedback from those intimately involved in the day-to-day financial operations of CIGIE to determine if any matters have arisen that reflect a potential weakness in these controls, and with the exception of one material weakness, I can provide reasonable assurance that our internal controls are operating effectively.

Finally, the Accountability of Tax Dollars Act (ATDA) of 2002 requires the preparation of financial statements by the federal agencies that were exempted by the Chief Financial Officers Act of 1990. OMB Circular No. A-136, *Financial Reporting Requirements*, enables agencies to consolidate their audited financial statements and other financial and performance reports into one report, the AFR. This report meets the requirements of the Act. In accordance with the ATDA, CIGIE's financial information was audited in FY 2021 by the Certified Public Accounting firm of Harper, Rains, Knight & Company (HRK), which reviewed the FY 2021 financial records and internal controls of the Council and submitted an unmodified audit opinion.

Further, CIGIE relies upon its Federal shared financial service provider as an additional control that lessens the risk of weaknesses in CIGIE's controls. CIGIE uses the financial services of the USDA's Office of Chief Financial Officer (OCFO). The operating effectiveness of the USDA/OCFO's financials, general information technology, accounting operations and payroll controls was examined under Statements on Standards for Attestation Engagements No. 18 (SSAE 18), *Quality Control Review of Controls over the Service Provider*, issued by the American Institute of Certified Public Accountants (AICPA). An unqualified opinion was issued by USDA/OCFO's independent public accounting firm for the period July 1, 2020 through June 30, 2021. Accordingly, USDA/OCFO was able to provide CIGIE with assurance that the description of controls in the FY 2021 report presents fairly the operating effectiveness of USDA/OCFO controls that were in place as of September 30, 2021, as they relate to key controls relied upon by CIGIE. Based on the results of the evaluation of USDA/OCFO financial systems and controls documented in its SSAE 18 report, CIGIE can provide reasonable assurance that the internal controls over USDA/OCFO's financial reporting were operating effectively and CIGIE's financial management systems complied substantially with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.



*Analysis of Entity's Systems, Controls and Legal Compliance*

CIGIE's management is responsible for managing risks and establishing and maintaining effective internal control and financial management systems that meet the objectives of Sections 2 and 4 of the FMFIA and the Federal Financial Management Improvement Act (FFMIA). CIGIE conducted an assessment risk and of the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of this evaluation, CIGIE can provide reasonable assurance that its internal controls over the effectiveness and efficiency of operations, reporting, and compliance with applicable laws and regulations as of September 30, 2021, were operating effectively.

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Alan F. Boehm  
Executive Director

December 10, 2021





### **Federal Information Security Modernization Act**

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

### **Limitations of the Financial Statements**

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



*Council of the*  
**INSPECTORS GENERAL**  
*on INTEGRITY and EFFICIENCY*

## **FINANCIAL STATEMENTS**

**As of And For The Years Ended September 30, 2021 and 2020**

**Council of the Inspectors General on Integrity and Efficiency**

**BALANCE SHEETS**

As Of September 30, 2021 and 2020

|   |          | <u>2021</u>              | <u>2020</u>             |
|---|----------|--------------------------|-------------------------|
| <b>Assets:</b>  |          |                          |                         |
| <b>Intragovernmental:</b>   |          |                          |                         |
| Fund Balance With Treasury  | (Note 2) | \$ 124,862,841.51        | \$ 98,336,846.00        |
| Accounts Receivable   | (Note 3) | 1,035,132.59             | 338,891.64              |
| Advances and Prepayments  | (Note 5) | 4,712,996.99             | 699,486.86              |
| <b>Total Intragovernmental</b>  |          | <u>130,610,971.09</u>    | <u>99,375,224.50</u>    |
| Accounts Receivable   | (Note 3) | 8,351.17                 | 12,719.86               |
| <b>Total Assets</b>   |          | <u>\$ 130,619,322.26</u> | <u>\$ 99,387,944.36</u> |
| <b>Liabilities:</b>   |          |                          |                         |
|   | (Note 6) |                          |                         |
| <b>Intragovernmental:</b>   |          |                          |                         |
| Accounts payable  |          | \$ 1,610,678.62          | \$ 2,189,045.99         |
| Benefit Program Contributions Payable                                       |          | 89,836.22                | 40,101.83               |
| Liability for Advances and Prepayments                                      |          | 1,200.00                 | 1,200.00                |
| Other Liabilities   | (Note 6) | 31,903.70                | 15,655.15               |
| <b>Total Intragovernmental Liabilities</b>                                  |          | <u>1,733,618.54</u>      | <u>2,246,002.97</u>     |
| <b>With the Public:</b>   |          |                          |                         |
| Accounts Payable  |          | 771,441.68               | 1,570,428.52            |
| Federal Employees Benefit Payable   |          | 851,610.54               | 415,175.34              |
| Other Liabilities With the Public   | (Note 6) | 442,212.61               | 215,549.32              |
| <b>Total Liabilities With the Public</b>                                    |          | <u>2,065,264.83</u>      | <u>2,201,153.18</u>     |
| <b>Total Liabilities</b>  |          | <u>\$ 3,798,883.37</u>   | <u>\$ 4,447,156.15</u>  |
| <b>Net Position:</b>  |          |                          |                         |
| Unexpended Appropriations - All Other Funds<br>(Consolidated Totals)        |          | \$ 106,317,917.58        | \$ 78,708,366.99        |
| Cumulative Results of Operations - All Other Funds<br>(Consolidated Totals) |          | 20,502,521.31            | 16,232,421.22           |
| <b>Total Net Position</b>   |          | <u>126,820,438.89</u>    | <u>94,940,788.21</u>    |
| <b>Total Liabilities and Net Position</b>                                   |          | <u>\$ 130,619,322.26</u> | <u>\$ 99,387,944.36</u> |

The accompanying notes are an integral part of these statements.

**Council of the Inspectors General on Integrity and Efficiency**

**STATEMENTS OF NET COST**

**As Of And For The Years Ended September 30, 2021 and 2020**

|                                   | <u>2021</u>                        | <u>2020</u>                        |
|-----------------------------------|------------------------------------|------------------------------------|
| <b>Program Costs:</b>             |                                    |                                    |
| <b>CIGIE:</b>                     |                                    |                                    |
| Gross Costs                       | \$ 9,315,324.59                    | \$ 10,131,475.04                   |
| Less: Earned Revenue              | <u>1,167,788.31</u>                | <u>1,130,674.82</u>                |
| Net Program Costs                 | <u>8,147,536.28</u>                | <u>9,000,800.22</u>                |
| <br><b>PRAC:</b>                  |                                    |                                    |
| Gross Costs                       | \$ 12,149,747.86                   | \$ 2,988,973.74                    |
| Less: Earned Revenue              | -                                  | -                                  |
| Net Program Costs                 | <u>12,149,747.86</u>               | <u>2,988,973.74</u>                |
| <br><b>Net Cost of Operations</b> | <br><u><u>\$ 20,297,284.14</u></u> | <br><u><u>\$ 11,989,773.96</u></u> |

**Council of the Inspectors General on Integrity and Efficiency**

**STATEMENT OF CHANGES IN NET POSITION  
As Of And For The Year Ended September 30, 2021**

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

The accompanying notes are an integral part of this statement.

**Council of the Inspectors General on Integrity and Efficiency**

**STATEMENT OF CHANGES IN NET POSITION  
As Of And For The Year Ended September 30, 2020**

|  | <b>Dedicated<br/>Collections<br/>(Consolidated<br/>Totals)</b> | <b>All Other Funds<br/>(Consolidated<br/>Totals)</b> | <b>Eliminations</b> | <b>Consolidated<br/>Total</b> |
|--|--|--|---------------------|-------------------------------|
| <b>Unexpended Appropriations:</b>            |  |  |                     |                               |
| Beginning Balance                            |  | \$ 2,000,000.00                                      |                     | \$ 2,000,000.00               |
| Beginning balance, as adjusted               |  | 2,000,000.00   |                     | 2,000,000.00                  |
| Appropriations received                      |  | 81,000,000.00  |                     | 81,000,000.00                 |
| Appropriations used                          |  | (4,291,633.01)                                       |                     | (4,291,633.01)                |
| Total Budgetary Financing Sources            |  | 76,708,366.99  |                     | 76,708,366.99                 |
| <b>Total Unexpended Appropriations</b>       |  | <b>78,708,366.99</b>                                 |                     | <b>78,708,366.99</b>          |
| <b>Cumulative Results from Operations</b>    |  |  |                     |                               |
| Beginning Balances                           |  | \$ 15,505,691.17                                     |                     | \$ 15,505,691.17              |
| Beginning balances, as adjusted              |  | 15,505,691.17  |                     | 15,505,691.17                 |
| Appropriations used                          |  | 4,291,633.01   |                     | 4,291,633.01                  |
| Transfers-in/out without reimbursement (+/-) |  | 8,335,345.38   |                     | 8,335,345.38                  |
| Imputed Financing                            |  | 89,525.62  |                     | 89,525.62                     |
| Total Financing Sources                      |  | 12,716,504.01  |                     | 12,716,504.01                 |
| Net Cost of Operations                       |  | 11,989,773.96  |                     | 11,989,773.96                 |
| Net Change                                   |  | 726,730.05   |                     | 726,730.05                    |
| <b>Cumulative Results of Operations</b>      |  | <b>16,232,421.22</b>                                 |                     | <b>16,232,421.22</b>          |
| <b>Net Position</b>                          |  | <b>\$ 94,940,788.21</b>                              |                     | <b>\$ 94,940,788.21</b>       |

The accompanying notes are an integral part of this statement.

**Council of the Inspectors General on Integrity and Efficiency**

**STATEMENTS OF BUDGETARY RESOURCES**

**As Of And For The Years Ended September 30, 2021 and 2020**

|   | <u>2021</u>                     | <u>2020</u>                     |
|---|---------------------------------|---------------------------------|
| <b>Budgetary resources:</b>   |                                 |                                 |
| Unobligated balance from prior year budget authority, net (discretionary and mandatory) | \$ 88,517,311.32                | \$ 16,049,195.68                |
| Appropriations (discretionary and mandatory)  | 40,850,000.00                   | 81,000,000.00                   |
| Spending authority from offsetting collections (discretionary and mandatory)            | 12,232,480.73                   | 9,616,424.67                    |
| <b>Total budgetary resources</b>  | <b><u>\$ 141,599,792.05</u></b> | <b><u>\$ 106,665,620.35</u></b> |
| <b>Status of budgetary resources:</b>   |                                 |                                 |
| New obligations and upward adjustments (total)  | (Note 8) \$ 26,156,748.19       | \$ 18,588,330.01                |
| Unobligated balance, end of year:   |                                 |                                 |
| Apportioned, unexpired account  | 115,443,043.86                  | 88,072,129.37                   |
| Unapportioned, unexpired accounts   | -                               | 5,160.97                        |
| Unobligated balance, end of year (total)  | <u>115,443,043.86</u>           | <u>88,077,290.34</u>            |
| <b>Total budgetary resources</b>  | <b><u>\$ 141,599,792.05</u></b> | <b><u>\$ 106,665,620.35</u></b> |
| <b>Outlay, net:</b>   |                                 |                                 |
| Outlays, net (total) (discretionary and mandatory)                                      | <u>\$ 14,324,004.49</u>         | <u>\$ 470,536.46</u>            |
| Agency outlays, net (discretionary and mandatory)                                       | <u>\$ 14,324,004.49</u>         | <u>\$ 470,536.46</u>            |

# Council of the Inspectors General on Integrity and Efficiency

## Notes to the Financial Statements For the Years Ended September 30, 2021 and 2020 (in dollars)

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### *NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES*

#### **Reporting Entity**

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

#### **Basis of Presentation**

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

OMB Circular A-136, revised, requires agencies to prepare financial statements, which include a 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, 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 basis of accounting in accordance U.S. GAAP and reported in accordance with OMB Circular A-136. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.



# Council of the Inspectors General on Integrity and Efficiency

## Notes to the Financial Statements For the Years Ended September 30, 2021 and 2020 (in dollars)

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### *NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)*

#### **Use of Estimates**

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

#### **Revenues and Other Financing Sources**

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

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

#### **Personnel Compensation and Benefits**

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

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

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

**Council of the Inspectors General on Integrity and Efficiency**

**Notes to the Financial Statements  
For the Years Ended September 30, 2021 and 2020  
(in dollars)**

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***NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)***

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

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

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

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

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

**Council of the Inspectors General on Integrity and Efficiency**

**Notes to the Financial Statements  
For the Years Ended September 30, 2021 and 2020  
(in dollars)**

**NOTE 2 – FUND BALANCE WITH TREASURY**

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

| A. Fund Balance with Treasury           | 2021              | 2020             |
|---|-------------------|------------------|
| Revolving Fund                          | \$ 21,824,190.82  | \$ 19,481,498.69 |
| PRAC                                    | 103,038,650.69    | 78,855,347.31    |
| Total                                   | \$ 124,862,841.51 | \$ 98,336,846.00 |
| B. Status of Fund Balance with Treasury |                   |                  |
| 1) Unobligated Balance                  |                   |                  |
| a) Available                            | 115,443,043.86    | 88,072,129.37    |
| b) Unavailable                          | -                 | 5,160.97         |
| c) Unavailable - Accounts Receivable    | (1,035,132.59)    | (338,891.64)     |
| 2) Obligated Balance not yet Disbursed  | 10,454,930.24     | 10,598,447.30    |
| Total                                   | \$ 124,862,841.51 | \$ 98,336,846.00 |

**NOTE 3 – ACCOUNTS RECEIVABLE, NET**

Accounts receivable consists of the amounts owed to CIGIE as the result of collecting tuition for government employees representing Federal Inspectors General, non-Federal Inspectors General and other state/local government employees and collecting CIGIE-member assessments for the funding of CIGIE operations from Federal Inspectors General and non-Federal Inspectors General. Amounts due from Federal Inspectors General are considered fully collectible. An allowance for uncollectible accounts receivable from non-Federal Inspectors General and other state/local government employees is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay. It was determined that the establishment of an Allowance for Uncollectible Accounts was not necessary as of September 30, 2021 and September 30, 2020.

|                                   | 2021            | 2020          |
|-----------------------------------|-----------------|---------------|
| Accounts Receivable - Non-Federal | \$ 8,351.17     | \$ 12,719.86  |
| Accounts Receivable - Federal     | 1,035,132.59    | 338,891.64    |
|                                   | \$ 1,043,483.76 | \$ 351,611.50 |

**Council of the Inspectors General on Integrity and Efficiency**

**Notes to the Financial Statements  
For the Years Ended September 30, 2021 and 2020  
(in dollars)**

***NOTE 4 – OTHER ASSETS***

As of September 30, 2021, the CIGIE has obligations that involve the advancement of funds for services to be provided in the future with the Department of the Interior and the Office of Personnel Management.

|                                  | 2021            | 2020          |
|----------------------------------|-----------------|---------------|
| Intragovernmental - Other Assets | \$ 4,712,996.99 | \$ 699,486.86 |
| Total Assets - Other             | \$ 4,712,996.99 | \$ 699,486.86 |

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

As of September 30, 2021, CIGIE shows leasehold improvements with a total cost of \$214,153.64 and a net book value of \$0.00. The accumulated depreciation to date shows a balance of \$214,153.64.

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

|                | 2021 | Leasehold    | Equipment | Total         |
|----------------|------|--------------|-----------|---------------|
| Cost           | \$   | 214,153.64   | \$ -      | \$ 214,153.64 |
| Accum. Depr.   |      | (214,153.64) | -         | (214,153.64)  |
| Net Book Value | \$   | -            | \$ -      | \$ -          |
|                |      |              |           |               |
|                | 2020 | Leasehold    | Equipment | Total         |
| Cost           | \$   | 214,153.64   | \$ -      | \$ 214,153.64 |
| Accum. Depr.   |      | (214,153.64) | -         | (214,153.64)  |
| Net Book Value | \$   | -            | \$ -      | \$ -          |

**Council of the Inspectors General on Integrity and Efficiency**

**Notes to the Financial Statements  
For the Years Ended September 30, 2021 and 2020  
(in dollars)**

***NOTE 6 – LIABILITIES NOT COVERED BY BUDGETARY RESOURCES***

Liabilities of the CIGIE are classified as liabilities covered or not covered by budgetary resources. As of September 30, 2021, the CIGIE had liabilities covered by budgetary resources of \$2,965,614.54 and liabilities not covered by budgetary resources of \$833,268.83. As of September 30, 2020, the CIGIE had liabilities covered by budgetary resources of \$4,040,599.59 and liabilities not covered by budgetary resources of \$406,566.56.

|  | 2021            | 2020            |
|--|-----------------|-----------------|
| Intragovernmental                                    |                 |                 |
| Accounts Payable                                     | \$ 1,610,678.62 | \$ 2,189,045.99 |
| Employer Contributions and Payroll Taxes Payable     | 121,739.92      | 55,756.98       |
| Liability for Advances and Prepayments               | 1,200.00        | 1,200.00        |
| Total Intragovernmental                              | 1,733,618.54    | 2,246,002.97    |
| With the Public                                      |                 |                 |
| Accounts Payable                                     | 771,441.68      | 1,570,428.52    |
| Accrued Funded Payroll and Leave                     | 442,212.61      | 215,549.32      |
| Employer Contributions and Payroll Taxes Payable     | 18,341.71       | 8,618.78        |
| Unfunded Leave                                       | 833,268.83      | 406,556.56      |
| Total With the Public                                | 2,065,264.83    | 2,201,153.18    |
| Total Liabilities                                    | \$ 3,798,883.37 | \$ 4,447,156.15 |
| Total liabilities not covered by budgetary resources | \$ 833,268.83   | \$ 406,556.56   |
| Total liabilities covered by budgetary resources     | 2,965,614.54    | 4,040,599.59    |
| Total Liabilities                                    | \$ 3,798,883.37 | \$ 4,447,156.15 |

***NOTE 7 – OPERATING LEASE***

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

| Fiscal Year | Amount        |
|-------------|---------------|
| 2022        | \$ 116,601.66 |
| Total       | \$ 116,601.66 |

Rent expense for the years ended September 30, 2021 and 2020 was \$230,871.29 and \$223,575.04 respectively.

**Council of the Inspectors General on Integrity and Efficiency**

**Notes to the Financial Statements  
For the Years Ended September 30, 2021 and 2020  
(in dollars)**

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

All obligations for CIGIE in fiscal year 2021 and fiscal year 2020 are category B on the SF 132, *Apportionment and Reapportionment Schedule*. Apportioned amounts appear on different groups of lines in the application of budgetary resources of an apportionment. Amounts are identified as Category B in an apportionment by a specific program, project, or activity. The amount of reimbursable new obligations and upward adjustments incurred against amounts apportioned under category B are as follows:

|   | <u>2021</u>      | <u>2020</u>      |
|---|------------------|------------------|
| Reimbursable  |                  |                  |
| Category B - Administrative (Council Operations)        | \$ 5,610,145.77  | \$ 4,927,926.57  |
| Category B - Audit/Inspections and Evaluations Training | 569,454.75       | 1,181,946.32     |
| Category B - Investigative Training                     | 1,589,147.18     | 1,556,164.67     |
| Category B - Leadership/Mission Support Training        | 1,066,179.06     | 685,341.63       |
| Category B - Training HQ and Administrative             | 647,063.83       | 1,176,650.91     |
| Direct  |                  |                  |
| Category B - Oversight.gov                              | 877,155.00       | 1,327,000.00     |
| Category B - PRAC                                       | 15,797,602.60    | 7,733,299.91     |
| Total   | \$ 26,156,748.19 | \$ 18,588,330.01 |

***NOTE 9 – UNDELIVERED ORDERS AT THE END OF THE PERIOD***

The amount of CIGIE’s budgetary resources obligated for undelivered orders was \$12,203,512.69 and \$7,258,534.57 of September 30, 2021 and 2020, respectively.

|      | <u>Unpaid<br/>Undelivered<br/>Orders</u> | <u>Paid<br/>Undelivered<br/>Orders</u> | <u>Total<br/>Undelivered<br/>Orders</u> |
|------|--|--|---|
| 2021 | \$ 7,490,515.70                          | 4,712,996.99                           | \$ 12,203,512.69                        |
| 2020 | \$ 6,559,047.71                          | 699,486.86                             | \$ 7,258,534.57                         |

Council of the Inspectors General on Integrity and Efficiency

Notes to the Financial Statements  
For the Years Ended September 30, 2021 and 2020  
(in dollars)

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

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between budgetary resources, obligations, distributed offsetting receipts, and outlays as presented in the Statement of Budgetary Resources to the related actual balances published in the Budget of the United States Government (Budget). The Budget that will include FY 2021 actual budgetary execution information is scheduled for publication in February 2022, which will be available through OMB’s website at <https://www.whitehouse.gov/omb/budget>. Accordingly, information required for such disclosure is not available at the time of publication of these financial statements.

Balances reported in the FY 2020 SBR and the related President’s Budget reflected the following:

| FY 2020                          | Budgetary Resources     | New Obligations & Upward Adjustments | Distributed Offsetting Receipts | Net Outlays            |
|----------------------------------|-------------------------|--------------------------------------|---------------------------------|------------------------|
| Statement of Budgetary Resources | \$ 106,665,620.35       | \$ 18,588,330.01                     | \$ -                            | \$ 470,536.46          |
| Budget of the U.S. Government    | 80,000,000.00           | 8,000,000.00                         | -                               | 1,000,000.00           |
| Difference*                      | <u>\$ 26,665,620.35</u> | <u>\$ 10,588,330.01</u>              | <u>\$ -</u>                     | <u>\$ (529,463.54)</u> |

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

**Council of the Inspectors General on Integrity and Efficiency**

**Notes to the Financial Statements  
For the Years Ended September 30, 2021 and 2020  
(in dollars)**

**NOTE 11 – RECONCILIATION OF NET COST TO OUTLAYS**

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

|                          | <b><u>FY 2021</u></b>  |                 |                  |
|--------------------------|------------------------|-----------------|------------------|
|                          | Intra-<br>governmental | With the Public | Total            |
| Net Operating Cost (SNC) | \$ 12,799,235.73       | \$ 7,498,048.41 | \$ 20,297,284.14 |

**Components of Net Operating Cost Not Part of the Budgetary Outlays**

**Increase/(Decrease) in Assets**

**not affecting Budget Outlays:**

|                     |              |            |              |
|---------------------|--------------|------------|--------------|
| Accounts receivable | 696,240.95   | (4,368.69) | 691,872.26   |
| Other assets        | 4,013,510.13 | -          | 4,013,510.13 |

**(Increase)/Decrease in Liabilities**

**not affecting Budget Outlays:**

|  |             |              |              |
|--|-------------|--------------|--------------|
| Accounts payable   | 578,367.37  | 798,986.84   | 1,377,354.21 |
| Salaries and benefits  | (65,982.94) | (236,386.22) | (302,369.16) |
| Other liabilities (Unfunded leave,<br>unfunded FECA, actuarial FECA) | -           | (426,712.27) | (426,712.27) |

**Other financing sources**

|   |                 |  |                 |
|---|-----------------|--|-----------------|
| Federal employee retirement benefit costs | (265,401.40)    |  | (265,401.40)    |
| Transfers out (in) without reimbursement  | (11,061,533.42) |  | (11,061,533.42) |

|  |                |            |                |
|--|----------------|------------|----------------|
| Total Components of Net Operating<br>Cost Not Part of the Budget Outlays | (6,104,799.31) | 131,519.66 | (5,973,279.65) |
|--|----------------|------------|----------------|

|                                       |                        |                        |                         |
|---------------------------------------|------------------------|------------------------|-------------------------|
| <b>Net Outlays (Calculated Total)</b> | <b>\$ 6,694,436.42</b> | <b>\$ 7,629,568.07</b> | <b>\$ 14,324,004.49</b> |
|---------------------------------------|------------------------|------------------------|-------------------------|

**Related Amounts on the Statement of Budgetary Resources**

|  |  |                         |
|--|--|-------------------------|
| Outlays, net (SBR Line 4190)               |  | 14,324,004.49           |
| <b>Agency Outlays, Net (SBR Line 4210)</b> |  | <b>\$ 14,324,004.49</b> |



**Council of the Inspectors General on Integrity and Efficiency**

**Notes to the Financial Statements  
For the Years Ended September 30, 2021 and 2020  
(in dollars)**

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

|                          | <b><u>FY 2020</u></b>  |                 |                  |
|--------------------------|------------------------|-----------------|------------------|
|                          | Intra-<br>governmental | With the Public | Total            |
| Net Operating Cost (SNC) | \$ 6,813,434.73        | \$ 5,176,339.23 | \$ 11,989,773.96 |

**Components of Net Operating Cost Not Part of the Budgetary Outlays**

**Increase/(Decrease) in Assets**

**not affecting Budget Outlays:**

|                     |              |             |              |
|---------------------|--------------|-------------|--------------|
| Accounts receivable | (341,391.65) | (78,316.26) | (419,707.91) |
| Other assets        | 442,396.81   | -           | 442,396.81   |

**(Increase)/Decrease in Liabilities**

**not affecting Budget Outlays:**

|                                |                |                |                |
|--------------------------------|----------------|----------------|----------------|
| Accounts payable               | (1,244,059.49) | (1,472,882.31) | (2,716,941.80) |
| Salaries and benefits          | (38,169.94)    | (150,759.77)   | (188,929.71)   |
| unfunded FECA, actuarial FECA) | -              | (211,183.89)   | (211,183.89)   |

**Other financing sources**

|   |                |  |                |
|---|----------------|--|----------------|
| Federal employee retirement benefit costs | (89,525.62)    |  | (89,525.62)    |
| Transfers out (in) without reimbursement  | (8,335,345.38) |  | (8,335,345.38) |

|  |                |                |                 |
|--|----------------|----------------|-----------------|
| Total Components of Net Operating<br>Cost Not Part of the Budget Outlays | (9,606,095.27) | (1,913,142.23) | (11,519,237.50) |
|--|----------------|----------------|-----------------|

|                                       |                          |                        |                      |
|---------------------------------------|--------------------------|------------------------|----------------------|
| <b>Net Outlays (Calculated Total)</b> | <b>\$ (2,792,660.54)</b> | <b>\$ 3,263,197.00</b> | <b>\$ 470,536.46</b> |
|---------------------------------------|--------------------------|------------------------|----------------------|

**Related Amounts on the Statement of Budgetary Resources**

|  |  |                      |
|--|--|----------------------|
| Outlays, net (SBR Line 4190)               |  | 470,536.46           |
| <b>Agency Outlays, Net (SBR Line 4210)</b> |  | <b>\$ 470,536.46</b> |

**NOTE 12 – SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 10, 2021, which is the date the financial statements were available to be issued.



*Council of the*  
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**Harper, Rains, Knight & Company**  
**700 12<sup>th</sup> Street NW, Suite 700**  
**Washington DC 20005**  
**(202) 558-5167**



## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Council of Inspectors General on Integrity and Efficiency (CIGIE). CIGIE's financial statements comprise the balance sheets as of September 30, 2021 and 2020, and the related statements of net cost and changes in net position, and statements of budgetary resources, for the fiscal years then ended; and the related notes to the financial statements.

### ***Management's Responsibility***

CIGIE's management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; (2) preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; (3) preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 Office of Management and Budget (OMB) Bulletin 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the auditors' assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal

**Certified Public Accountants • Consultants • [hrkcpa.com](http://hrkcpa.com)**

1052 Highland Colony Parkway, Suite 100  
Ridgeland, MS 39157  
p: 601-605-0722 • f: 601-605-0733

700 12th Street NW, Suite 700  
Washington, DC 20005  
p: 202-558-5162 • f: 601-605-0733

***Auditors' Responsibility (continued)***

control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion on the Financial Statements***

In our opinion, CIGIE's financial statements present fairly, in all material respects, CIGIE's financial position as of September 30, 2021 and 2020, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

Our audit was conducted for the purpose of forming an opinion on CIGIE's financial statements. The information in the Chairperson's Message and Other Information section contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements.

*Other Information (continued)*

The Chairperson's Message and Other Information section has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

***Internal Control over Financial Reporting***

In planning and performing our audit of CIGIE's financial statements as of and for the year ended September 30, 2021, in accordance with U.S. generally accepted government auditing standards and OMB Bulletin 21-04, *Audit Requirements for Federal Financial Statements*, we considered the entity's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the entity's internal control over financial reporting. We did not consider all internal controls relevant to operating objectives as broadly established by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to preparing performance information and ensuring efficient operations. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses.

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether CIGIE's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which would have a direct and material

***Compliance and Other Matters (continued)***

effect on the financial statements. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards and OMB Bulletin 21-04, *Audit Requirements for Federal Financial Statements*. We caution that noncompliance may occur and not be detected by these tests.

Management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to the entity that have a direct effect on the determination of material amounts and disclosures in the entity's financial statements and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CIGIE.

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2021 that would be reportable under U.S. generally accepted government auditing standards or OMB Bulletin 21-04, *Audit Requirements for Federal Financial Statements*. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to CIGIE. Accordingly, we do not express such an opinion.

***Purpose of the Other Reporting Required by Government Auditing Standards***

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of CIGIE's internal control or compliance. These reports are an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 10, 2021  
Washington, D.C.

## **I. Internal Controls over Financial Reporting**

### **Condition:**

CIGIE does not have appropriate controls in place to review and approve the financial records recorded by their service provider.

### **Criteria:**

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

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

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

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

### **Cause:**

CIGIE does not have a position of accountant on its staff, thus relies heavily on its accounting service provider, USDA Pegasys Financial Services, to correctly input and classify all transactions in preparation of the financial statements.

## Material Weakness

### Exhibit I

#### **Effect:**

Failure to appropriately review the work of service providers could result in material misstatements in the financial statements and lead to delays in completing its financial statement package. CIGIE needs complete, accurate, and timely financial statements to meet the needs of its stakeholders. For example, if CIGIE had implemented appropriate review controls by an on-staff accountant, they may have been able to detect the material FY 2021 revenue misstatement and issue financial statements by stated deadline.

#### **Recommendation:**

CIGIE should determine the risks associated with its financial reporting process and develop and document appropriate controls to review and approve those reports and outputs created by their service provider. Ideally, these controls would be executed by a full-time accountant with sufficient experience to review and approve all areas of financial reporting. At a minimum, CIGIE should ensure the overall account balances of significant accounts are accurate and keep sufficient documentation to support these reviews and approvals.

In addition, CIGIE should document these controls in order to maintain continuity of procedures each year.

#### **Managements' Response**

CIGIE management agrees with this notice of finding and subsequent recommendation. In response to the issues identified in this finding, CIGIE will document the controls that are in place in order to maintain continuity of procedures each year. CIGIE will also review the financial reporting process and determine the risks associated with the process and develop and document appropriate additional controls to ensure the overall account balances of significant accounts are accurate. CIGIE will keep sufficient documentation to support these reviews and approvals. Recognizing the value of additional support from an accountant, CIGIE will also assess options for obtaining such support.





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## **Other Information**

## Other Information

### *Summary of the Financial Statement Audit and Management's Assurances*

#### Summary of Financial Statement Audit

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

#### Summary of Management Assurances:

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

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

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

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

### **Improper Payments Information Act Reporting Details**

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

CIGIE considered risk factors as outlined in OMB Memorandum M-11-16, *Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123, Requirements for Effective Estimation and Remediation of Improper Payments*, which may significantly increase the risk of improper payments and determined that none are applicable to CIGIE's operations. Based on the systematic review performed, CIGIE concluded that none of its program activities are susceptible to significant improper payments at or above the threshold levels set by OMB. Accordingly, CIGIE has determined that the risk of improper payments is low. In accordance with OMB guidance, CIGIE will conduct the next assessment in FY 2021. Although CIGIE concluded its programs are not susceptible to improper payments as defined under IPERIA, payments are reviewed as part of its internal control assessment discussed above. The agency reviews its controls and systems under the FMFIA to ensure that the agency remains compliant.