

DOE/IG-000SP/03

**U.S. Department of Energy
Office of Inspector General**

STRATEGIC PLAN

Fiscal Years 2003 - 2008

"Promoting
*Positive
Change*
in Government"





Message from the Inspector General

We are pleased to present the Office of Inspector General's (OIG) Strategic Plan covering Fiscal Years 2003 - 2008. This plan represents our vision and strong commitment for improving the management and performance of the Department of Energy's many programs and operations.

The OIG plays a key role in assisting the Department's senior management and the Congress by identifying opportunities to improve program performance and enhance accountability. The OIG seeks to further serve as a catalyst for management reform by evaluating the Department's performance in relation to the President's Management Initiatives and the Secretary of Energy's priorities. On an annual basis, we identify what we consider to be the most serious management challenges facing the Department. The OIG assesses the impact of these challenges on program performance and achievement of Departmental strategic goals and objectives.

Meeting the goals and objectives outlined in this plan is largely dependent on the availability of adequate resources. We plan on continuing our request for resources that allow the OIG to address issues resulting in significant cost savings to the Department, returning more dollars to the Federal Government, and recommending management improvements.

It is the OIG's vision to identify opportunities to facilitate positive change, allowing the Department to perform its work more effectively and efficiently, while, at the same time, being responsive to the best interests of the taxpayers.

A handwritten signature in black ink that reads "Greg Friedman".

Gregory H. Friedman
Inspector General



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Introduction

The Department of Energy (Department) was created in 1977 and is charged with:

- Oversight and management of public energy resources
- Stewardship of the Nation's nuclear weapons and materials
- Continued leadership in energy-related science and technology

The tragic events of September 11, 2001, and the continuing threat posed by terrorist organizations seeking weapons of mass destruction such as dirty bombs, along with the technology and expertise to build weapons of mass destruction, pose profound security concerns. The Department plays a critical role in enhancing the United States' national security through the military application of nuclear technology and reduction of global danger.

The responsibility of the Office of Inspector General (OIG) is to ensure that the Department is:

- Operating within the scope of its legislative mandates
- Effectively performing the goals of its programs
- Efficiently using Federal resources (including human and financial)

The OIG accomplishes this by performing audits, investigations, inspections, and special inquiries of the Department's programs and operations seeking to uncover existing or potential weaknesses that could result in waste, fraud or abuse.

This strategic plan reflects the vision of the Inspector General for how the organization will move forward in the 21st century to ensure the Department continues to serve the American public safely, effectively, and efficiently. Through its strategic planning efforts, the OIG will continue to play a critical role in assisting the Department's senior leadership and the Congress by identifying opportunities for improving management, program performance, and accountability. The primary goal is to assist the Department in meeting the challenges set forth in the President's Management Reform Agenda, the Secretary of Energy's priorities, and the most significant management challenges facing the

Department. The OIG recognizes, however, that these challenges are subject to change as Department and OIG priorities shift and as significant challenges relating to national security continue to emerge.

Our Vision

To be a highly effective organization that promotes positive change by identifying opportunities for improvements in the performance and efficiency of the Department's programs and operations.



Our Mission

Promote the effective, efficient, and economical operation of the Department of Energy, including the National Nuclear Security Administration, through audits, investigations, inspections, and special reviews to detect and prevent waste, fraud, abuse, and violations of law.



Our Strategic Goal

Operate a robust review program and provide timely performance information and recommendations to facilitate the Department's efforts to:

1. Implement the President's Management Agenda
2. Resolve management challenges
3. Execute the Secretary's priorities
4. Ensure integrity of the Federal and contractor workforce

While ensuring that the OIG completes statutory mandates, recovers monies and provides opportunities for savings.

Goal 1

Promote the Management Agendas of the President, Secretary and Congress.

Goal 2

Improve economy and efficiency and reduce waste, fraud, and abuse within the Department.

Goal 3

Support the Taxpayer.




Authority & Responsibilities



What We Do

- Conduct independent and objective audits, investigations, inspections, and special inquiries;
- Promote economy, efficiency, and effectiveness;
- Prevent and detect waste, fraud, and abuse;
- Review pending legislation and regulations; and
- Keep the Secretary and Congress fully and currently informed.

In further fulfillment of its mission and goals, the OIG also performs a number of functions mandated by other statutes, Executive orders, regulations, and Department policy.



Other Legal Mandates

- ◆ *Government Management Reform Act*
- ◆ *Government Information Security Reform Act*
- ◆ *Federal Managers' Financial Integrity Act*
- ◆ *Government Performance and Results Act*
- ◆ *Executive Order 12863, President's Foreign Intelligence Advisory Board*
- ◆ *Executive Order 12333, United States Intelligence Activities*
- ◆ *National Defense Authorization Act for Fiscal Year 2000*
- ◆ *Department of Energy Accounting Handbook—Annual Statement of Costs Incurred and Claimed Audits*

How We Do It

The OIG is a revenue-positive organization. In FY 2001, the OIG made programmatic recommendations to save or better utilize over \$1.2 billion. Additionally, since FY 2000, the OIG has returned over \$56 million in hard dollars to the Federal Government as a result of criminal and civil investigations of alleged contractor false claims and other fraud cases.

Success Stories - Potential Savings to the Department of Over \$4.7 Billion and Positive Program and Management Improvements!

- The Department agreed to finalize DOE Manual 205.X, Handling Cyber Security Alerts and Advisories, Reporting Computer/Cyber Security Incidents, which will clarify responsibilities and processes for responding to cyber security incidents. The potential savings are \$6.8 million.
- The Department has taken action to complete the W88 pit production project on schedule, citing urgent and compelling national security implications in doing so.

- The Department agreed to evaluate alternatives to construction of a waste vitrification facility which will result in a potential savings of \$2.4 billion.
- The Department agreed to take actions that could save at least \$4 million annually by consolidating and optimizing segments of its telecommunications infrastructure.
- The Department is in the process of converting surplus plutonium into mixed oxide fuel for use in nuclear reactors. This process is expected to save about \$1.7 billion.
- In FY 2002, the Department terminated funding for the soil washing activities at the Ashtabula Environmental Management Project. This should result in at least \$6.1 million in savings.
- The Department has committed to conduct an analysis of viable alternatives to the construction of the Plutonium Immobilization Facility. A more economical alternative to the disposal of excess plutonium could save the Department \$650 million.
- The Department initiated actions to address testing backlogs for the Stockpile Stewardship Program and indicated that most of the laboratory and component backlogs are scheduled to be eliminated by the first part of FY 2003.
- The Department received \$3.8 million as a result of a joint task force investigation and civil settlement agreement in which a contractor paid the Government \$8.2 million to resolve a Qui Tam lawsuit alleging the contractor submitted millions of dollars in false invoices.
- The Department has instituted an aggressive program to combat, and provide reasonable assurance against, Government purchase card abuse.



Organization & Functions

Organizational Restructuring

Over time, the Department's responsibilities, missions, organizational structure, and priorities have shifted. Now the Department's focus is on meeting critical requirements in national security, energy, science, and environmental quality. New responsibilities, authorities, and working relationships have emerged, and many of the Department's programs and operations are now integrated to ensure more effective results.

With the Department's evolving needs and changing priorities, the OIG recognized that it must reorganize its operations in order to meet these needs and continue providing the most timely performance information and recommendations possible. Therefore, to meet this challenge, the OIG reorganized both the Office of Audit Services and the Office of Inspections and established a new Office of Program Review and Special Inquiries.



Office of Audit Services

Realigned its Headquarters and field activities to provide more comprehensive coverage of all Department organizations, programs, and operations. The new organizational structure also combines the strengths of existing site offices with the newly aligned Audit Services Divisions for the purpose of reviewing the Department's major programs. In Headquarters, a critical void was filled in the area of audit planning. In the field, the regional structure was realigned along programmatic lines, which strengthen coverage of critical areas in the National Nuclear Security Administration, environmental quality, energy, science, technology, and financial audits. This change provides better coverage of programmatic areas and supports a balance between single-site and multi-site audits.



Office of Inspections

Realigned its organization to provide a structure more supportive to field inspection operations. The changes support current efforts to redefine the

inspections operations process to one that is more efficient and customer responsive. These changes should result in an increase in the number of inspection reports produced annually.



Office of Program Review and Special Inquiries

Established to perform special, expedited reviews or inquiries concerning high profile or sensitive matters. It is designed to leverage the collective expertise of an inter-disciplinary staff by providing a focal point of operations for expedited special inquiries and reviews using ad hoc teams.



Who We Are Now



The OIG is organized into four major functional areas and a corporate support office:

- Office of Audit Services
- Office of Investigations
- Office of Inspections
- Office of Program Review and Special Inquiries
- Office of Resource Management

In addition to the Washington, D.C. area, OIG offices are located at key Department sites around the Nation.

Location of OIG Field Offices





Office of Audit Services

- Conducts and/or coordinates all audit activities for the Department's programs and operations. Audits fall into three broad categories:
 - Performance: Provides an independent assessment of the performance of an organization, program, activity, or function in order to provide information to improve accountability and facilitate decision-making by parties with responsibility to oversee or initiate corrective action.
 - Financial statement: Provides reasonable assurance about whether financial statements of an audited entity present fairly the financial position and results of operations in conformity with generally accepted accounting principles.
 - Technology: Provides an assessment of the Department's information systems operations and acquisitions, and tests the vulnerability of automated systems to unauthorized intrusions.



Office of Investigations

- Performs investigations into allegations of fraud, waste, and abuse in programs and operations of the Department.
- On a priority basis, investigates suspected violations of criminal and civil statutes, as well as serious administrative misconduct.
- Focuses on the prevention and detection of contract and grant fraud, environmental violations, computer crimes, and issues that reflect on the integrity and credibility of Department officials.
- Investigates complex computer crimes committed against the Department and provides computer forensic support during general fraud investigations.



Office of Inspections

- Performs reviews of administrative allegations and of Department performance.
 - Allegation-based inspections: Are highly focused, fact-finding efforts that are typically responsive to allegations of waste, abuse, or mismanagement. As such, these types of inspections are not specifically planned in advance; rather, the scope of each inspection is established when the determination is made to review the allegation.
 - Performance inspections: Focus on fact-finding and analysis regarding specified management issues/topics. The scope of each performance inspection is usually tightly focused around a particular issue or topic.
- Performs all OIG intelligence oversight and reporting as required by Executive order and statute, and investigates certain types of whistleblower reprisal complaints.
- Maintains the Inspector General Hotline to facilitate the reporting of allegations and processes referrals of administrative allegations to Department management.



Office of Program Review and Special Inquiries

- Performs special, expedited reviews or inquiries concerning high profile or sensitive matters. Examples of these reviews include:
 - Fact-finding inquiries
 - Initiatives in support of proactive OIG program areas (e.g., procurement cards, grants, contracts, etc.)
 - Follow-up evaluations of agency implementation of prior OIG recommendations
 - Reviews of particularly sensitive security or NNSA matters
 - Assessments of agency implementation of major Administration or Secretarial priorities
 - Reviews in response to congressional requests



Office of Resource Management

- Directs the development, coordination, and execution of overall OIG management and administrative policy and planning, which includes directing:
 - OIG’s strategic planning process
 - Financial management activities
 - Personnel management programs
 - Information resource programs
 - Administrative support services

- The office also coordinates activities of the President’s Council on Integrity and Efficiency (PCIE).



Relationship Between DOE & OIG

Since 1997, the OIG has provided the Secretary and Congress with an annual assessment of the most serious management challenges confronting the Department. These challenges parallel a number of key Department priorities and Presidential initiatives around which the OIG plans much of its work.

Department of Energy Management Challenges

- ◆ *Contract Administration*
- ◆ *Environmental Cleanup*
- ◆ *Information Technology Management*
- ◆ *National Security*
- ◆ *Performance Management*
- ◆ *Stockpile Stewardship*
- ◆ *Worker/Community Safety*

Achievement of the Department's strategic goals are driven by these management challenges. The OIG's goals are partially driven by the goals of the Department. Therefore, it is important to understand the goals of the Department to understand the link to OIG goals.

- ***National Nuclear Security***
 - Maintain nuclear weapons stockpile*
 - Maintain nuclear development capability*
 - Reduce danger of global nuclear assets*
 - Provide nuclear power plants to U.S. Navy*
- ***Energy Resources***
 - Promote energy conservation*
 - Modernize the energy infrastructure*
 - Increase energy supplies*
 - Protect the environment*
 - Increase energy security*

- **Science**
Develop future energy technology options
Develop scientific foundations to protect the planet
Understand impact of energy on health and environment
Maintain U.S. scientific leadership
- **Environmental Quality**
Clean up nuclear contamination of Department sites
Establish repository for U.S. civilian and defense high-level nuclear waste
- **Corporate Management**
Ensure safety and health of workforce and public
Maintain effective management of all Department activities



Achieving Our Goals

Goal 1: Promote the Management Agendas of the President, Secretary, and Congress

- Objective:** Conduct reviews seeking positive change in the Department relating to the implementation of the initiatives in the President's Management Agenda, the Secretary's Priorities, and the OIG-identified Management Challenges.

Strategy:

- Conduct reviews as outlined in the OIG annual plan relating to: (1) the President's Management Agenda initiatives; (2) the Secretary's Priorities; and (3) the OIG-identified Management Challenges. Specifically:
 - Complete reviews that address all of the President's, Secretary's, and OIG-identified initiatives, priorities, and/or challenges as identified in FY 2002 by 2005.
 - Conduct a review within one year of new initiatives and priorities, that the Department has initiated.

Goal 2: Improve economy and efficiency and reduce waste, fraud, and abuse within the Department

- Objective:** Concentrate OIG efforts on issues that have the greatest impact and usefulness to the Department.

Strategies:

- Ensure that every performance review includes an analysis of program accomplishments and the use of metrics to measure results.

- Ensure at least 50 percent of all performance audits include recommendations leading to demonstrable cost savings, program efficiencies and/or funds that can be put to better use.
 - Complete five follow-up reviews annually from FYs 2003 to 2008 to determine status and efficacy of corrective actions.
 - Complete an annual risk-based programmatic assessment that considers OIG institutional knowledge, past program performance, funding levels, Presidential, Secretarial, and congressional concerns, as well as input from Department program managers.
 - Ensure that each year 80 percent of all planned performance reviews address high-risk areas as identified in the OIG annual risk-based programmatic assessments.
 - Strive for the Department to accept 75 percent of review recommendations.
2. **Objective:** Provide timely information to the Department so that prompt action can be taken to improve program performance.

Strategies:

- Issue 80 percent of audit reports no later than 60 days following receipt of management comments.
 - Complete 75 percent of special inquiries within 60 days.
 - Ensure that 90 percent of administrative reports to management are issued within 60 days of resolution of criminal and civil investigations.
 - Complete follow-up inspections and special inquiries as identified in the OIG annual plans within 90 days of initiation.
 - Complete the fieldwork for 80 percent of inspections within 90 days of initiation.
3. **Objective:** Strengthen financial management and cyber security through completion of mandatory reviews in accordance with Office of Management and Budget and other applicable requirements.

Strategies:

- Complete annually the Department's consolidated financial statement audits to determine whether the financial statements are free from material misstatement.
 - Review the Department's classified and unclassified information security system programs in conjunction with the financial statement audit.
 - Complete at least ten "Statement of Costs Incurred and Claimed" audits annually to assess internal controls over costs claimed by the Department's major contractors.
4. **Objective:** Concentrate investigative efforts on allegations of criminal and civil violations of law that adversely impact major Department programs and operations, with emphasis on maximizing the recovery of public resources and deterring future wrongdoing.

Strategies:

- Achieve an annual acceptance rate of 70 percent for cases presented for prosecutorial consideration.
 - Ensure that 75 percent of all cases opened focus on key areas of Department vulnerability, specifically procurement and grant fraud, environmental violations, qui tams, or computer crimes.
5. **Objective:** Coordinate with other law enforcement agencies to establish effective networks in order to identify areas that are most vulnerable to waste, fraud, and abuse.

Strategy:

- Ensure at least 25 percent of all open cases are joint agency/task force investigations with external law enforcement agencies, such as the Federal Bureau of Investigation and other OIGs.
6. **Objective:** Heighten awareness of potential fraud among internal and external customers.

Strategy:

- Provide 20 fraud awareness briefings annually to Department and contractor employees and managers.

Goal 3: Support the Taxpayer

1. **Objective:** Provide an effective and efficient mechanism for the Department and the public to report waste, fraud, and abuse.

Strategies:

- Operate the OIG Hotline in a manner that ensures at least 80 percent of Hotline complaints warranting further action begin processing within 7 days of receipt.
- Forward 85 percent of the complaints identified for referral to the Department within 14 days of initiation of the case.

2. **Objective:** Report to the public.

Strategy:

- Ensure that all OIG public reports are accessible via the Internet within 4 working days of submission to the Secretary.



Our Resources

Budget

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY2008</u>
Appropriation	37,671,000	39,642,000	40,640,000	41,610,000	42,441,000	43,287,000
Salaries	20,235,000	21,250,000	22,547,000	23,215,000	23,521,000	24,243,000
PCS - Benefits	280,000	200,000	200,000	200,000	200,000	200,000
Benefits and Awards	<u>6,269,000</u>	<u>6,235,000</u>	<u>6,330,000</u>	<u>6,487,000</u>	<u>6,514,000</u>	<u>6,546,000</u>
Audit Contract	6,000,000	7,021,000	6,708,000	6,943,000	7,186,000	7,437,000
Contractual Services	214,000	129,000	130,000	199,000	136,000	130,000
ADP	902,000	804,000	902,000	748,000	1,066,000	923,000
PCS - Contract	175,000	125,000	125,000	125,000	125,000	125,000
Training	386,000	392,000	392,000	387,000	387,000	377,000
Travel	1,470,000	1,525,000	1,525,000	1,525,000	1,525,000	1,525,000
Working Capital Fund	<u>1,740,000</u>	<u>1,781,000</u>	<u>1,781,000</u>	<u>1,781,000</u>	<u>1,781,000</u>	<u>1,781,000</u>
Estimated Obligations	37,671,000	39,462,000	40,640,000	41,610,000	42,441,000	43,287,000

Human





Critical Outside Influences

Numerous external factors could affect the achievement of the OIG goals and objectives. Specifically, these factors could create a significant impact on workloads, formulating budgets, assessing organizational structure, evaluating procedures, and establishing priorities. Some examples include:

Secretarial/Congressional Priorities - Unplanned, resource intensive, but nevertheless important, quick turnaround requests by the Secretary and Congress could impact on planned work and thus affect progress towards achieving the OIG goals and objectives.

New Statutory Requirements - New legislative mandates and unfunded audit, investigative, inspection, or inquiry requirements would have a direct impact on the OIG strategic plan. Specifically, new statutory requirements could divert resources away from other critical areas, including evaluating the performance of the Department's programs and operations as they relate to the President's Management Agenda, the Secretary's priorities, and the most serious management challenges facing the Department. The OIG goals and objectives are built around many of these areas.

Recruitment and Retention - A number of factors could significantly impact the OIG's ability to attract and retain a skilled and diverse workforce. The OIG consists of highly trained professional staff whose skills are in demand in both the public and private sectors. Consequently, vacancies are often difficult and time consuming to fill. Since September 11, 2001, the OIG faces even more competition from many law enforcement agencies within the Federal Government. For example, the Federal Bureau of Investigation has initiated a hiring effort to fill 1,000 vacancies. In addition, the OIG will be competing with the establishment of the Transportation Security Administration, and the creation of the Department of Homeland Security which could attract talent away from the OIG.



Linking the Planning Documents Together

The OIG's Strategic Plan provides the framework for the annual planning process. The OIG's annual performance plans reflect specific audit, investigation, inspection, and inquiry work that is consistent with the mission, goals, and objectives outlined in the Strategic Plan. In addition, the annual plans provide more detailed performance information, including annual performance indicators and targets, for how the OIG intends to measure its performance annually against the long-term goals and objectives contained in the strategic plan. This linkage will enable the OIG to evaluate its annual performance in meeting the long-term goals and objectives.

The President's Management Agenda and the OIG

The first priority of the President's Management Reform Agenda is to make the Government citizen-centered. This Agenda calls for Federal agencies to reshape their organizations to meet a standard of excellence in attaining the outcomes important to their customers and stakeholders. In light of this initiative and the Department's priorities, the OIG has taken steps to improve its programs and operations in the following areas:



Human Resource Challenge

Strategic Management of Human Capital is one of the President's five major Management Initiatives and has become one of the most significant challenges facing the Federal Government. The OIG is committed to resolving this challenge in preparation for a potential loss of 23 percent of OIG staff to retirement over the next 5 years. In order to mitigate the negative consequences of this event including the obvious loss of institutional knowledge, and continue to overcome the effects of a 30 percent reduction of its workforce from 1994, the OIG has and will continue to implement a variety of Human Capital Management improvement initiatives including making maximum use of all flexibilities currently in place to recruit and develop talent and leadership. These tools will greatly enhance the OIG's ability to meet its goal to develop and maintain a highly skilled, well qualified, and diverse workforce to successfully accomplish mission objectives.

The Office recruits professional auditors, criminal investigators, inspectors, program analysts, and administrative support personnel. Since the skills mix required for many of these positions is in such high demand, the OIG faces the daunting challenge of recruiting entry-level talent to fill these positions in a very competitive market. At the same time, additional skills not traditionally mandatory for OIG occupations are now required, such as computer literacy. Consequently, the OIG intends to pursue the use of all available flexibilities, including payment for student loans and professional credentials as well as retention and relocation bonuses, as funds permit. The OIG is currently using recruitment bonuses as a hiring incentive.

In order to strengthen and leverage its Strategic Management of Human Capital, the OIG plans to implement the new Human Capital Management Improvement Standards for Success measures developed by the Office of Personnel Management, the Office of Management and Budget, and the General Accounting Office. These measures, when used in conjunction with a self assessment, will serve as a roadmap for measuring the OIG's effectiveness in the areas of: strategic alignment of human capital with the mission, goals, and organizational objectives; workforce planning and deployment; leadership and diversity; knowledge management; performance culture; and talent. Additionally, these measures will provide a valuable baseline for evaluating progress and reporting successes in a continuing effort to improve human capital management within the OIG.

To meet its goal, the OIG will continue to aggressively implement and update, as necessary, human capital management initiatives contained in its 5-year Workforce Restructuring Plan. For example, the OIG will continue to:

- (1) streamline operations, redirect positions to the front-line, increase spans of control, and reduce the number of managers and organizational layers,
- (2) make use of all the recruitment flexibilities in place to effectively staff vacant and critical positions with the right skills mix including partnering with universities to utilize the Student Career Experience authority,
- (3) refine its succession planning efforts for leadership recruitment including the identification, development, and succession of potential leaders within the organization which includes specific objectives, actions, and timetables and an analysis of candidate pools,
- (4) integrate human capital management outcomes with all planning and budget documents,
- (5) establish effective learning tools to train, develop and retain employees, and
- (6) expand the use of automated human resources systems.

Finally, the OIG is particularly vulnerable to reductions in funding and staffing. Because the OIG plans its work annually according to anticipated resources, any decrease in staffing or funding would adversely affect its ability to achieve its mission goals and objectives. Reduced funding in this revenue-positive organization results in lost opportunities to improve Department programs and operations and increase program efficiencies.



Performance Management System

The OIG implemented the Department's performance management system for the Senior Executive Service (SES) employees, which ties individual performance to the accomplishment of program and organizational goals and performance. This system emphasizes the accomplishment of outcomes, not just outputs. The OIG is in the process of cascading the principles of this system to non-SES managers and supervisors.



Budget and Performance Integration

Another major Governmentwide initiative is the full integration of performance and budget information. In this regard, all performance information, including the strategic goals, objectives, indicators, and annual targets, is integrated with the OIG's annual fiscal year budget and submitted to Congress as a performance-based, results-driven document. Integration of budget and performance information will be further refined and strengthened in the future.



Working Together

A critical element in carrying out the OIG's audit, investigation, inspection, and inquiry work is the OIG's collaboration with other organizations.

President's Council on Integrity and Efficiency

The Inspector General is a member of the President's Council on Integrity and Efficiency (PCIE), which is comprised of Presidentially appointed Inspectors General. The PCIE was established by Executive Order 12805 to: (1) address integrity, economy, and effectiveness issues that transcend individual Government agencies, and (2) increase the professionalism and effectiveness of IG personnel throughout the Government. To accomplish its mission, the PCIE conducts inter-agency and inter-entity audit, inspection, and investigation projects to promote economy and efficiency in Federal programs and operations and address more effectively Governmentwide issues of fraud, waste, and abuse. The PCIE also develops policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled IG workforce. Currently, the Energy Inspector General chairs the PCIE Audit Committee. This committee serves as a resource for the audit community and has promoted the following initiatives relating to the President's Management Initiative, "Improved Financial Performance:"

- *IG-CFOs (Chief Financial Officers) Best Practices* - Began the process of developing "best practices" for agency financial statement auditing.
- *Financial Audit Manual* - Worked with the General Accounting Office (GAO) to revise the Financial Audit Manual. A joint GAO/PCIE working group was established to update the manual chapters. Upon completion of this project, the PCIE community and the GAO will have, for the first time, a single reference for auditing agency financial statements.

GAO and Defense Contract Audit Agency

The OIG coordinates with the GAO to prevent duplication of effort. Cooperation between the OIG and the GAO is essential to maintaining effective and efficient audit activities. The OIG also collaborates with the Defense Contract Audit Agency (DCAA). The DCAA is responsible for auditing incurred costs at non-integrated contractor locations. As the cognizant audit authority, the OIG is responsible for ensuring that the relationship with DCAA functions properly.

Department of Justice and Other Law Enforcement Agencies

The OIG mutually provides support to and receives support from the Department of Justice, United States Attorneys' offices, and State and local prosecutors throughout the country. Investigative results regarding alleged violations of criminal and civil statutes are referred to Federal prosecutors for action. When appropriate, the OIG may also seek prospective action through State and local authorities. In addition, the OIG provides support to and receives support from other law enforcement agencies on task force/joint agency investigations.

The OIG also participates with the Department of Justice in a Justice Telecommunications (JUST) System administrative audit of the National Crime Information Center (NCIC) terminal located at OIG Headquarters. JUST is a data archive and retrieval system that provides NCIC access to users worldwide. In addition to the NCIC terminal located at Headquarters, the OIG has three additional NCIC terminals located at field offices throughout the country, and each terminal is audited biennially. The audits are designed to ensure that training, security, and dissemination of information are in compliance with established policies. An audit is planned for FY 2003.

Intelligence Related Activities

The OIG is a member of the Inspector General Intelligence Community Forum, which serves as a mechanism for sharing information among those Inspectors General whose duties and responsibilities include oversight of programs and operations of intelligence community elements. The OIG participates on interagency working groups responsible for conducting reviews of interagency

programs or operations. In addition, the OIG provides quarterly reports to the Intelligence Oversight Board in accordance with Executive Order 12863, "President's Foreign Intelligence Advisory Board," regarding intelligence activities that the OIG believes may be unlawful or contrary to Executive order, Presidential directive, or the DOE intelligence procedures.

Annual Interagency IG Export Control Review

The National Defense Authorization Act for FY 2000 requires the Inspectors General of the Departments of Energy, Commerce, Defense, State, and Treasury, and the Central Intelligence Agency to report to the President by March 30 of each year through FY 2007 on policies and procedures of the United States Government with respect to the export of technologies and technical information with potential military applications to countries and entities of concern. Pursuant to this legislation, the Inspectors General have and will continue to jointly develop and conduct annual interagency reviews.



Program Evaluations

The OIG initiated a comprehensive management evaluation of its Strategic Planning Program. As a result of this review, the OIG refined its program strategic performance goal and objectives, performance indicators, and targets in conjunction with updating its Fiscal Years (FYs) 2003 through 2008 Strategic Plan. Additional program evaluations include the following:



Peer Reviews and Quality Assurance Reviews

The OIG is subject to an external Peer Review conducted by another IG Office every 3 years (next review 2003-2004 cycle). The review is conducted in conformance with standards and guidelines established by the PCIE and usually covers the last two semiannual reporting periods. The purpose of this review is to report on the system of quality control for the audit function and compliance with that system.

In addition, each year the OIG conducts an internal quality assurance review of the entire audit process for financial and performance audit reports issued. The program is designed so that each of the 15 field audit offices is reviewed once every 3 years. The objectives of the reviews are to assure that audit guidance conforms with generally accepted Government Auditing Standards and that audit work is conducted in accordance with the Government Auditing Standards published by the Comptroller General of the United States (Yellow Book), Office of Management and Budget requirements, and internal OIG quality control policies and procedures. The review covers the audit reports issued in the prior fiscal year.



Quality Assurance Review Program

The OIG established the Quality Assurance Review (QAR) program for the purpose of evaluating whether:

- Investigative offices are operating in compliance with relevant Federal laws and Department and OIG regulations, orders, and policies;

- Field operations are in compliance with the Office of Investigations' objectives and priorities; and
- Field managers administer personnel, fiscal, and other resources in an efficient and effective manner.

This program involves an intensive 1-week internal inspection and the issuance of final assessment reports and corrective action plans. The QAR will be modified as necessary to ensure it is consistent with the pending PCIE Qualitative Assessment Review process that involves a peer review of the investigative operations of the OIG community.