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Hearing on the Oversight of Reconstruction Contracts in Afghanistan and the Role of the Special Inspector General

Statement of Jon T. Rymer
Inspector General
Federal Deposit Insurance Corporation

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Chairman McCaskill, Mr. Brown, and Members of the Subcommittee:

My name is Jon T. Rymer, and I am the Inspector General (IG) for the Federal Deposit Insurance Corporation (FDIC). I was sworn in as the second presidentially appointed-Senate confirmed IG for the FDIC, on July 5, 2006. As the FDIC IG, I am responsible for promoting the economy, efficiency, and effectiveness of FDIC programs and operations, and protecting against fraud, waste, and abuse. My office conducts audits, evaluations, and investigations and, in doing so, we augment the FDIC's contribution to stability and public confidence in the nation's financial system.

During the economic crisis over the past 2 years, my office has played the vital and legally required role of explaining why 71 FDIC-supervised banks failed and how supervision of these banks could have been improved. We have done so through the issuance of material loss review reports for these failures. In addition, my office is responsible for providing audit and investigative oversight of the FDIC's programs to manage the fall-out of the more than 300 banks that have failed within the entire banking system. The FDIC is currently managing 306 receiverships with \$34.8 billion in assets, and through purchase and assumption agreements with acquiring institutions, the FDIC is engaged in 199 loss share agreements covering \$187.1 billion in assets, where the FDIC agrees to absorb a portion of the loss. The Corporation's overall exposure in these areas is significant, and strong, focused oversight by my office to ensure that the FDIC has controls in place to mitigate risk and ensure integrity is critical. To date we have issued six reports addressing resolution and receivership matters.

From an investigative standpoint, during the past fiscal year, our cases involving bank fraud at both open and closed institutions have resulted in 109 convictions, 168 indictments/informations, and potential monetary recoveries of more than \$221 million. We coordinate closely with the Department of Justice; the Federal Bureau of Investigation; financial regulatory agency investigators; and other federal, state, and local law enforcement colleagues in conducting our work.

Prior to my public service as an IG, I was an executive in the banking industry and later worked as a director for a large accounting firm, where I provided services to clients related to process improvement and internal auditing. I have also served for 30 years in the active and reserve components of the U.S. Army.

Since July 2008, I have chaired the Audit Committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE).¹ The Audit Committee provides leadership to, and serves as a resource, for the Federal audit community. As it relates to this hearing, the Audit Committee administers the community's audit organization peer review program and maintains the community's guide for conducting audit organization peer reviews. Since May 2009, I have been a member of the Comptroller General's Advisory Council on Government Auditing Standards serving a 3-year term.

As noted in your invitation letter, the purpose of today's hearing is to examine the role of the Special Inspector General for Afghanistan Reconstruction (SIGAR) in providing independent oversight of reconstruction contracts in Afghanistan. You asked that my testimony address the recent CIGIE peer evaluation of SIGAR, and specifically the part of the report related to SIGAR's conduct of audits. My written statement is responsive to your request.

SIGAR's Request for Assistance

On February 24, 2010, the CIGIE Chair received a letter from SIGAR requesting that CIGIE conduct a peer evaluation of SIGAR's operations to determine whether it has established appropriate work standards; policies, procedures, and management structures to meet those standards; and a team of highly qualified experts to conduct the level and quality of oversight that the Congress intended and the taxpayer expects. In his letter, the IG specifically asked CIGIE to examine aspects of his office's audit, investigative, and support operations to assist him in identifying improvements that should be made to ensure that SIGAR was moving in the right direction. Such a request for an independent evaluation was unique in the history of the IG community.

The CIGIE Chair convened the CIGIE Executive Council, of which, as Chair of the CIGIE Audit Committee, I am a member, to discuss SIGAR's request and decide on an approach. Through these discussions, the CIGIE Executive Council determined that conducting three separate yet coordinated reviews following a standards-based approach would provide SIGAR with the useful, appropriate, and meaningful information it was requesting. In the interest of leveraging resources, we assembled a multi-disciplined group of professionals from seven OIGs² to participate on one of the three reviews, as follows:

- To examine SIGAR's audit organization, we opted to conduct an audit peer review in accordance with CIGIE's *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General* (Audit Peer Review Guide),

¹ In July 2008, I became the Chair of the Audit Committee for the President's Council on Integrity and Efficiency. With the enactment of the Inspector General Reform Act of 2008 in November 2008, which created the Council of the Inspectors General on Integrity and Efficiency (CIGIE), I transitioned over as interim Chair of the CIGIE Audit Committee. In April 2009, I was elected by my peers as Chair of the CIGIE Audit Committee for a 2-year term.

² The 26 group members are managers, auditors, and investigators representing Offices of Inspector General from the Department of Defense, Federal Deposit Insurance Corporation, Department of the Interior, Department of State, Tennessee Valley Authority, U.S. Department of Agriculture, and U.S. Agency for International Development.

based on requirements in the *Government Auditing Standards* (Yellow Book). As Chair of the CIGIE Audit Committee, I led this project and issued a separate report.

- To examine SIGAR's investigative operations, we opted to conduct a quality assessment review to assess compliance with the PCIE/ECIE Quality Standards for Investigations and applicable Attorney General's Guidelines.³ The Chair of the CIGIE Investigations Committee and IG at the Tennessee Valley Authority, Richard Moore, led that project and issued a separate report.
- To review the other management and support operations not covered by either peer review, we used the standards contained in the IG community's *Quality Standards for Offices of Inspector General* (Silver Book)⁴ as a foundation for the review and as criteria from which to offer suggestions for improvement. The Silver Book standards set forth the overall approach for managing, operating, and conducting the work of Offices of Inspector General (OIG), and in the review team's opinion, provided a comprehensive and objective basis for conducting a review of this type. We consolidated the results of this review and the audit and investigative peer reviews into one report that Mr. Moore and I signed and issued on August 10, 2010. We request that the overall peer evaluation report be included as part of the hearing record.

In my statement, I will generally discuss the overall peer evaluation and then focus more specifically on the audit peer review. I will not be addressing the quality assurance review on SIGAR's investigative operations, as Mr. Moore plans to discuss it in his testimony.

Peer Evaluation of SIGAR

Per SIGAR's request of February 24, 2010, the overall objective of the peer evaluation was to identify opportunities for SIGAR to improve its management, audit, investigative, and support operations required to provide effective oversight commensurate with reconstruction funding levels and risk. The scope of this evaluation included SIGAR's operations from its enabling legislation in 2008 forward. We began the peer evaluation and both peer reviews with an entrance conference at SIGAR on April 2, 2010. Over the next 4 months, the review teams performed work in Arlington, Virginia, and Kabul, Afghanistan.

As noted above, the audit peer review team focused on SIGAR's audit organization, and the investigative peer review team focused on SIGAR's investigative operations. The third team performed a management and operations review of SIGAR encompassing activities not subject to either of these peer reviews. Using the Silver Book as overarching criteria, this third team based its review on the following nine quality standards: ethics, independence, and

³ For purposes of the investigative quality assurance review, the Attorney General Guidelines include the Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority (2003), Attorney General's Guidelines for Domestic Federal Bureau of Investigation Operations (2008), and Attorney General's Guidelines Regarding the Use of Confidential Informants (2002).

⁴ In 2003, the President's Council on Integrity and Efficiency in conjunction with the Executive Council on Integrity and Efficiency updated the quality standards that are now contained in the Silver Book. In 2008, the two Councils were merged by the Inspector General Reform Act of 2008 creating the Council of the Inspectors General on Integrity and Efficiency.

confidentiality; professional standards; internal controls; quality assurance; planning and coordinating; communicating results; managing human capital; reviewing legislation and regulations; and receiving and reviewing allegations.

The Silver Book does not set forth prescriptive requirements for federal Inspectors General, because the needs of each OIG can vary significantly due to differences in the activities of their host agencies. As such, this third review team did not opine on “compliance” or “performance,” but rather evaluated, based on the team’s collective knowledge and experience, whether SIGAR’s practices aligned with Silver Book standards and to what extent SIGAR had implemented those practices. The review team did provide suggestions in those circumstances where, in its judgment, improvements could be made or efficiencies achieved.

In conducting this review, we learned early on that SIGAR was very different from our own organizations. First, SIGAR is a young organization that is still working to establish its overall structure and operational policies and procedures and instill the rigor to ensure compliance. Both peer reviews were conducted at least 18 months earlier than such reviews would have been required. Second, SIGAR had the difficult challenge of operating in Afghanistan, which is significantly different from most OIGs who conduct activities exclusively in the United States. While a few other federal OIGs conduct operations in Afghanistan and other dangerous and difficult locations around the globe, we acknowledge that these challenges contribute to the complexity of establishing a new OIG.

In our report, we offered consultative observations for SIGAR to consider according to the nine Silver Book standards. The most significant observations included the need for the following:

- (1) a robust risk assessment and reassessment process, which considers stakeholder input at all levels, to ensure coverage of higher risk areas in audit and investigative strategic planning processes;
- (2) improvements in the area of performance management, including more definition in setting performance targets and a more comprehensive system of monitoring performance;
- (3) development and refinement of audit and investigative processes to address deficiencies and instances of noncompliance; and
- (4) implementation of quality assurance programs to ensure ongoing compliance with professional standards.

Additionally, the audit and investigative peer review reports addressed the professional standards element of the Silver Book and touched on a number of other standards. As appropriate, we discussed certain aspects of the audit and investigative peer reviews in the body of the peer evaluation report.

SIGAR’s written response of August 6, 2010 committed to taking action on the 22 suggestions that we made and indicated that senior management would place emphasis on four specific areas: risk-based planning, correction of the deficiencies identified in the peer reviews, quality assurance, and organizational and individual performance assessment.

In my view, the Silver Book is an especially useful tool to OIGs, as it provides a comprehensive foundation for establishing practices that can enable IGs to successfully address the challenges to their individual missions. Going forward, as we noted in our report, SIGAR should avail itself of the Silver Book guidance and use it to assess and reassess its approach in a number of critical areas as it strives to accomplish its mission.

External Peer Review of SIGAR’s Audit Organization

An audit organization should conduct, supervise, and coordinate its audits according to the Yellow Book. In its July 2007 revision, the Yellow Book states that high-quality auditing is essential for government accountability to the public and should provide independent, objective, fact-based, nonpartisan assessments of the stewardship, performance, and cost of government policies, programs, and operations. A system of quality control provides the audit organization with reasonable assurance of conformity with the Yellow Book.

An external peer review is a backward-looking review, requiring a peer review team to examine and opine on the audit organization’s system of quality control over a period of time. The Yellow Book requires audit organizations that perform audits in accordance with the Yellow Book to undergo external peer reviews at least once every 3 years. Peer reviews generally cover a one-year period to ensure that there are sufficient reports, policies, and systems to review and test for compliance and arrive at an opinion.

A peer review is not designed to assess the reliability of individual reports. To make such an assessment regarding a specific audit, the peer review team would need to “reaudit” the original work, which would be inefficient and more than likely impossible. Instead, the peer review process within the IG community calls for another OIG to conduct an independent, external peer review to examine the foundation of, and compliance with, the underlying processes that the audit organization follows to conduct its audits and issue its reports. The goal of the peer review is to provide reasonable assurance that the reviewed audit organization has adopted audit processes that are properly designed to produce accurate and reliable information and reports, and the audit organization follows those processes in conducting its work.

Audit organizations receive one of three opinions upon completion of a peer review: *pass*, *pass with deficiencies*, or *fail*. Historically, the vast majority of peer reviews have resulted in a “*pass*” opinion, which means the review team, in issuing its report, has concluded that the system of quality control for the audit organization has been suitably designed and complied with to provide the OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. In cases where audit organizations receive a “*pass*,” the review team did not uncover any deficiencies or significant deficiencies during the review, and therefore the report does not discuss any deficiencies or significant deficiencies. Any findings and recommendations are included in a separate letter of comment.

After issuing a peer review report, the review team does not monitor implementation of the report’s recommendations. The review team is responsible for maintaining the working papers supporting the review until the next peer review cycle, when a new peer review team begins that review. Under Section 989C of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act, IGs are required to report semiannually on the status of

recommendations they have made or received as part of their audit and investigative peer review activities.

Peer Review Opinion on SIGAR's Audit Organization

Members of my office led the team conducting the peer review of SIGAR's audit organization, which was done in accordance with the CIGIE peer review guide, and based on Yellow Book requirements. This guide allows the peer review team up to 9 months to conduct the review. My 7-member team, with over 160 years of collective auditing experience, performed this task in less than 4 months. The team reviewed all audit engagements issued through March 31, 2010, and selected administrative files to test for conformity with the Yellow Book and compliance with SIGAR's system of quality control. Our review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it.

On July 14, 2010, I signed, as both the FDIC IG and CIGIE Audit Committee Chair, the System Review Report, which detailed the results of the external peer review of SIGAR's audit organization in effect for the year ended March 31, 2010. In performing a peer review, the team is responsible for expressing an opinion on the design of the audit organization's system of quality control and its compliance therewith. We believe the process we followed and the procedures we performed provided a reasonable basis for our opinion of SIGAR's audit organization as *pass with deficiencies*.⁵

Specifically, we concluded that SIGAR's system of quality control was suitably designed, because the draft policies and procedures in effect during the period under review adequately covered areas required by the Yellow Book. To guide the audit organization from the start, SIGAR adopted, for the most part, the policies and procedures of the Special Inspector General for Iraq Reconstruction and operated using those policies from February to May 2009. In May 2009, SIGAR formally issued its own draft audit policies and procedures manual, which it updated and issued in final form on March 27, 2010. SIGAR performed audit work and issued the reports covered in our review pursuant to the draft versions of the manual.

However, SIGAR's compliance with these policies and procedures was inconsistent and incomplete. The audit peer review team specifically identified five deficiencies in the audit organization's practices that could create situations in which SIGAR would have less than reasonable assurance of performing and reporting on audits in conformity with the Yellow Book and its policies and procedures. A deficiency is one or more findings that the review team has concluded, due to the nature, causes, pattern, or pervasiveness, including the relative importance

⁵ According to the Audit Peer Review Guide, a report with a peer review rating of *pass with deficiencies* should be issued when the review team concludes that the system of quality control for the audit organization has been suitably designed and complied with to provide the reviewed OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects with the exception of a certain deficiency or deficiencies that are described in the report. These deficiencies are conditions related to the audit organization's design of and compliance with its system of quality control that could create a situation in which the reviewed OIG would have less than reasonable assurance of performing and/or reporting in conformity with applicable professional standards in one or more important respects due to the nature, causes, pattern, or pervasiveness, including the relative importance of the deficiencies to the quality control system taken as a whole.

of the finding to the audit organization's system of quality control taken as a whole, could create a situation in which the audit organization would not have reasonable assurance of performing and/or reporting in conformity with applicable professional standards in one or more important respects.

In its response to our draft report, SIGAR concurred with the results of this peer review and committed to implementing corrective actions to overcome each of the following deficiencies.

Deficiencies Noted in SIGAR's Compliance with Its System of Quality Control

Implementing a Quality Assurance Program

First, SIGAR had not implemented a quality assurance program. The Yellow Book considers monitoring of quality as an ongoing, periodic assessment of work completed on audits and provides that an audit organization should analyze and summarize results of its monitoring procedures at least annually, to identify any systemic issues needing improvement and recommend corrective actions. A quality assurance program ensures that work performed adheres to established policies and procedures; meets established standards of performance, including applicable professional standards; and is carried out economically, efficiently, and effectively.

SIGAR's policies and procedures in effect over the period of our review did not expressly provide for a quality assurance program and those responsibilities were not being performed. As such, SIGAR had not conducted any quality assurance reviews for our team to review. However, during our review, SIGAR reassigned a Senior Audit Manager to the newly established position of Quality Control Director and issued a directive, which provides that the Quality Control Director develop a plan to inspect, at least annually, a sample of reports and summarize the results.

At the review close-out meeting, SIGAR's audit leadership advised that a quality assurance program had not been implemented sooner due to demands for productivity and timely issuance of audit reports. At that meeting, we learned that a process for reviewing quality control files of completed audits had begun and that one review had been completed. We also learned that SIGAR was planning to summarize these reviews in a quarterly report to identify any systemic issues needing improvement along with recommendations for corrective action.

To address this deficiency, we offered two recommendations. First, we recommended that as part of the emerging quality assurance program, the audit organization should use the CIGIE peer review guide performance audit checklist as a methodology for quality assurance reviews of completed audits. Second, we recommended that SIGAR, in order to meet the Yellow Book's requirement for the audit organization to annually summarize its monitoring efforts, solicit input from auditors-in-charge and referencers to identify any systemic issues needing improvement and take appropriate corrective action. SIGAR concurred with and provided a plan for implementing both recommendations.

Audit Planning

The second deficiency related to audit planning, which is critical to the audit process. The audit plan provides the roadmap to conclude on audit objectives and reduces audit risk to an appropriate level to provide reasonable assurance that the evidence is sufficient and appropriate

to support the auditors' findings, conclusions, and recommendations. During our review, we noted two particular areas where policies and procedures related to audit planning had been established but were not being consistently followed.

One area dealt with the requirement that the four planning elements for internal control; computer-processed data; compliance with laws, regulations, and provisions of contracts; and fraud risk be considered to determine their significance to the audit objectives. When significance is established, auditors are required to plan procedures and obtain sufficient, appropriate evidence to support their conclusions. SIGAR's policies and procedures include this requirement, but compliance was inconsistent. In the 10 audit plans supporting the 12 audits we reviewed, 5 of the 10 did not have evidence that these elements were considered.

The second area involved the requirement that audit plans be approved prior to the conduct of significant fieldwork. Approving plans for individual audits ensures that all responsible for the audit are clear on its objectives, scope, and methodology, and helps reduce audit risk to an appropriate level for auditors to provide reasonable assurance that the evidence is sufficient and appropriate to support the auditors' findings and conclusions. The peer review found that for 10 of the issued reports, 8 of the audit plans were never approved and 2 others were approved 4 days and 31 days before the final report issuance date. At the close-out meeting, SIGAR audit organization representatives commented that there were usually no formal meetings to specifically support audit plan development and that they chose to focus on productivity rather than implementing quality control activities. The representatives continued that they were aware of these issues and have adopted a current process providing for audit plan development based on meetings, staff input, and formal approval.

The team made one recommendation related to audit planning and SIGAR concurred. Specifically, we recommended that the head of the audit organization reiterate to the audit staff the requirements associated with (1) considering whether the four planning elements are significant to the audit objective and (2) approving audit plans prior to conducting significant fieldwork.

SIGAR advised that it would implement this recommendation by emphasizing in writing through a memo to existing staff and as part of the in-process briefing for future staff, and orally at the next staff meeting the importance of its audit planning requirements. In addition, as part of quality assurance program, the Quality Control Director would review the audit plan for each engagement to ensure that the requirements would be met.

Documentation and Supervision

Documentation and supervision was the third deficiency noted in our review. The SIGAR policies and procedures manual states that audit documentation are records developed while performing an audit, which provide sufficient detail to enable an experienced auditor having no previous connection to the audit to understand from the audit documentation the nature, timing, extent, and results of audit procedures performed; the audit evidence obtained and its source; and the conclusions reached, including evidence supporting the auditors' significant judgments and conclusions. SIGAR's manual also states that audit documentation should include appropriate identifying information and receive from those supervising the audits a review to ensure compliance with professional standards and overall sufficiency and appropriateness of evidence.

Incomplete audit documentation can reduce the effectiveness of audit supervision and other quality control measures designed to ensure that findings, conclusions, and recommendations are supported.

During our review, we noted that audit documentation for one-third of the audits we reviewed was not prepared and organized consistent with SIGAR's policies and procedures manual. As such, we recommended that the head of the audit organization take steps to enforce adherence to SIGAR's manual and quality control system and place increased emphasis on ensuring that (a) audit documentation clearly indicates the nature, timing, and extent of audit procedures, consistent with Yellow Book requirements and (b) supervisory review of the audit work that supports the findings, conclusions, and recommendations occurs and is documented.

The head of the audit organization concurred on the recommendation and committed to several enhancements. First, he planned to communicate the importance of adhering to the manual at the next staff meeting and in a memo to existing staff and all future staff as part of their in-processing package. In addition, the head of the audit organization expected his office's development and deployment of a document management system would allow secure, timely, accurate transfer and storage of data files between Arlington, Virginia and Kabul, Afghanistan, and improve documentation capabilities. He continued that having an effective document management system and hiring additional audit managers would help to ensure that audit documentation procedures were followed and supervisory review of the audit work had occurred and been documented. Finally, the head of the audit organization advised that the Quality Control Director would review audit documentation for each engagement to ensure that the proper supervisory steps were taken.

Reporting

The fourth deficiency cited by the peer review team related to reporting. As with the last two deficiencies, SIGAR's policies and procedures manual detailed the requirements, according to professional standards. However, as previously noted under the other deficiencies, SIGAR's compliance with its own requirements fell short. As it relates to reporting, SIGAR's manual requires that (1) audit objectives be communicated in a clear, specific, neutral, and unbiased manner; (2) all four finding elements (i.e., criteria, condition, cause, and effect) be described in the report; (3) recommendations logically flow from findings and conclusions and clearly state the corrective action to be taken; and (4) reports include an explanation of any significant internal controls assessed, the scope of the assessment work, and any significant deficiencies. When auditors meet these requirements, readers of an audit report will be presented with a clear and concise summarization of the audit process, findings, conclusions, and recommendations.

Our review determined that SIGAR's audit reports were not always prepared in accordance with its manual. Specifically we found that objectives for half of SIGAR's issued reports were not expressed in a clear and concise manner, the 4 finding elements necessary to address objectives were not clearly presented in 7 of the 12 reports, recommendations did not flow logically from findings and conclusions in 6 of those 7 reports, and the scope of work on internal control was not described in any of the 12 issued reports.

In connection with this deficiency, we made two recommendations advising SIGAR to consistently follow its own policies and procedures as they relate to the reporting issues that we

noted. The head of the audit organization concurred on our recommendations and advised that he would communicate the importance of reporting in a memo to staff and at the next staff meeting. He also advised that the recent hire of a writer/editor and the planned hire of a report reviewer could support the audit organization in mitigating the findings associated with this deficiency.

Independent Referencing

The last deficiency we noted involved independent referencing. SIGAR's policies and procedures manual provides that independent referencing is an integral part of the audit quality control process that helps to ensure the draft and final reports are accurate and adequately supported by the audit documentation. In our review, we found that independent referencing was not completed for five audits.

The leadership of the audit organization acknowledged that early in SIGAR's history, other pressing priorities prevented a strong commitment to complete independent referencing reviews. We were advised that difficulties in independent referencing also resulted from hiring staff from various agencies with varying experiences and understandings of the referencing process, and conducting work in two locations (and time zones). Going forward, SIGAR audit organization leadership asserted that reports would not be issued without completed independent referencing reviews.

The peer review team had two recommendations related to independent referencing. Specifically, we recommended that the head of the audit organization (1) reiterate the manual requirements for completing the independent referencing process for draft and final reports and (2) provide independent referencer training to audit staff and develop and implement an independent referencer checklist to help ensure that audit quality initiatives are met.

As with all of the peer review team's recommendations, SIGAR concurred with the two recommendations related to independent referencing. The head of the audit organization committed to reiterating the independent referencing requirements to audit staff at the next staff meeting and in a memo to staff and including a referencing module in the 2-day training for auditors scheduled for August 2010. He noted that a referencing checklist would be developed by September 30 to help ensure audit quality, and he was considering hiring a full-time auditor dedicated to referencing.

Follow-up Review

Last month, the CIGIE Chair forwarded a letter to me related to our peer evaluation of SIGAR. In this letter, the IG for SIGAR was looking to schedule, as was suggested in the peer evaluation, a follow-up review of his audit organization to address the extent to which the audit organization had implemented the specific recommendations as a result of the peer review. As noted earlier, the CIGIE Audit Committee administers the peer review program for most OIGs and manages the scheduling process.

On November 8, I recommended a two-step approach for the SIGAR audit organization in my response to SIGAR. First, my office will conduct a focused, limited-scope review to specifically describe and assess SIGAR's progress in implementing the recommendations in the system

review report. I advised that this review would not qualify as an external peer review of SIGAR's audit organization. We began this limited scope review on November 15.

As the second step to this approach, in my role as CIGIE Audit Committee Chair, I will include the scheduling of SIGAR's next full-scope peer review in the Committee's update of the IG community's peer review schedule. As I mentioned, a peer review generally covers a one-year period to ensure that there are sufficient reports, policies, and systems to review and test for compliance and arrive at an opinion. As such, SIGAR's next audit peer review should commence around October 1, 2011, and cover the period October 1, 2010, the effective date of the audit organization's new policies and procedures, through September 30, 2011.

Concluding Remarks

SIGAR's request for this peer evaluation and supporting peer reviews was unprecedented and warranted a unique approach. Despite competing demands and the challenges that our individual offices face, I believe that we responded in a professional manner, conducted a thorough and appropriate review, and provided SIGAR with useful and meaningful information.

We are thankful to the group members for volunteering to participate in these efforts, for the expertise they brought to bear, and for the collaborative and professional manner in which they approached their work. We appreciate the support of their IGs in this endeavor. We also appreciate the courtesy and cooperation extended to us by SIGAR and SIGAR staff, and the assistance of members of the OIGs of the Department of Defense, Department of State, and U.S. Agency for International Development who facilitated our travel to and work in Afghanistan.

This concludes my testimony. I am available to answer any questions that you might have.