situations that could lead reasonable third parties with knowledge of the relevant facts and circumstances to conclude that the inspection organization or inspectors are not independent and, thus, are not capable of exercising objective and impartial judgment in conducting and reporting on an inspection. Impairments to independence, either in fact or appearance, need to be resolved in a timely manner. The actions of OIG staff should adhere to the “Standards for Ethical Conduct for Employees of the Executive Branch” and Federal conflict-of-interest laws. Inspection organizations should have internal policies and procedures for reporting and resolving real or perceived impairments to independence.

Inspection organizations that provide other professional services should consider whether providing these services creates an independence impairment either in fact or appearance that adversely affects their independence for conducting inspections. Inspection organizations should not (1) provide noninspection services that involve performing management functions or making management decisions or (2) inspect their own work or provide noninspection services in situations where the noninspection services are significant/material to the subject matter of inspections. Inspection organizations that provide other professional services should refer to the “Government Auditing Standards” issued by the United States Government Accountability Office, which, although specific to auditing, provides detailed guidance relevant to handling the provision of such services.

Inspection organizations and inspectors need to consider three general types of impairments to independence—personal, external, and organizational. If one or more of these impairments affect an inspection organization’s or an inspector’s capability to perform work and report results impartially, that organization or inspector should either decline to perform the work or, if the situation necessitates that the work cannot be declined, the impairment(s) should be reported in the scope section of the inspection report.

1. Personal Impairments

Personal impairments of staff members result from relationships and beliefs that might cause inspectors to limit the extent of an inquiry, limit disclosure, or weaken or slant inspection findings in any way. Inspectors are responsible for notifying the appropriate officials within
their respective inspection organizations if they have any personal impairment to independence. It is impossible to identify every situation that could result in a personal impairment, but the following are examples of personal impairments:

- having an immediate or close family member who is a director or officer of the entity being inspected or is in a position with the entity to exert direct and significant influence over the entity or the program being inspected. Immediate or close family members include spouses, domestic partners, dependents (whether or not related), parents, siblings, and nondependent children;

- having direct or significant/material indirect financial interest in the entity or program being inspected;

- having responsibility for managing an entity or for decisionmaking that could affect operations of the entity or program being inspected; for example, as a director, officer, or other senior member of the entity, activity, or program being inspected or as a member of management in any decisionmaking, supervisory, or ongoing monitoring function for the entity, activity, or program under inspection;

- having involvement with the preparation, maintenance, or authorization of official records/documents associated with the entity, activity, or program under inspection;

- having preconceived ideas toward individuals, groups, organizations, or objectives of a particular program that could bias the inspection;

- having biases, including those induced by political, ideological, or social convictions, that result from employment in or loyalty to a particular type of policy, group, organization, or level of government; or

- seeking employment with an inspected organization during the conduct of the inspection.

2. External Impairments

Factors external to the OIG may restrict work or interfere with an inspector’s ability to form independent and
objective opinions and conclusions. External impairments to independence occur when inspectors are deterred from acting objectively and exercising professional skepticism by pressures, actual or perceived, from management or employees of the inspected entity or oversight organizations. For example, if any of the following conditions exist, the OIG would not have complete freedom to make an independent and objective judgment, which could adversely affect the work:

- external interference or influence that could improperly or imprudently limit or modify the scope of an inspection or threaten to do so, including pressure to reduce inappropriately the extent of work performed in order to reduce costs or fees;
- external interference with the selection or application of inspection procedures or in the selection of transactions to be examined;
- unreasonable restrictions on the time allowed to complete an inspection or issue a report;
- external interference in the assignment, appointment, or promotion of inspection personnel;
- restrictions on funds or other resources provided to the inspection organization that adversely affect the inspection organization’s ability to carry out its responsibilities;
- authority to inappropriately overrule or influence an inspector’s judgment as to the appropriate content of the report;
- threat of replacement over a disagreement with the contents of an inspection report, an inspector’s conclusions, or the application of criteria; and
- influences that jeopardize an inspector’s continued employment for reasons other than incompetence, misconduct, or the need for inspection services.

When external factors restrict an inspection or interfere with an inspector’s ability to form objective opinions and conclusions and the inspector cannot remove the
limitation, the inspector should report the limitation in accordance with the respective OIG’s internal policies and procedures.

3. Organizational Impairments

Inspection organizations need to be free from organizational impairments to independence. An organization’s ability to perform work and report the results impartially can be affected by its place within a Department/Agency and the structure of the Department/Agency. Inspection organizations within OIGs established by the Inspector General Act of 1978, as amended, derive organizational independence from the statutory safeguards to independence established by the Act.

However, if an inspector believes there is an organizational impairment that could affect his or her inspection work, he or she should report the matter in accordance with the respective OIG’s internal policies and procedures.

PROFESSIONAL JUDGMENT

The standard for inspection work is:

Due professional judgment should be used in planning and performing inspections and in reporting the results.

This standard requires inspectors to exercise reasonable care and diligence and to observe the principles of serving the public interest and maintaining the highest degree of integrity, objectivity, and independence in applying professional judgment to all aspects of their work. Due professional judgment requires that:

- OIGs follow professional, Department/Agency, and organizational standards and that inspection work be in accordance with all applicable laws, rules, and regulations.
- Inspections are conducted in a timely, diligent, and complete manner, using appropriate methods and techniques.
• Evidence is gathered and reported in a fair, unbiased, and independent manner and report findings, conclusions, and recommendations are valid and supported by adequate documentation.

• At all times, the actions of OIG staff conform to high standards of conduct, including adherence with the “Standards for Ethical Conduct for Employees of the Executive Branch” and Federal conflict-of-interest laws.

• OIG staff coordinates inspection results with appropriate officials.

Inspectors should use professional judgment in selecting the type of work to be performed and the standards that apply to the work, defining the scope of work, selecting the inspection methodology, determining the type and amount of evidence to be gathered, and choosing the tests and procedures for their work. Professional judgment also should be applied when actually performing the tests and procedures and when evaluating and reporting the results of the work.

In conducting an inspection, inspectors may employ the methods of inquiry most appropriate for the object of study. They may rely on the work of others after satisfying themselves regarding the quality of the work by appropriate means. Such work may include work performed by other OIG units, the Government Accountability Office, Department/Agency internal studies, Department/Agency contracted studies, or studies by private research and academic organizations.

Professional judgment requires inspectors to exercise professional skepticism, e.g., questioning and critically assessing evidence, throughout the inspection. Inspectors should use the knowledge, skills, and experience called for by their profession to diligently gather evidence and objectively evaluate its sufficiency, competency, and relevancy. Inspectors should seek persuasive evidence and should not presume honesty or dishonesty on the part of those who are providing evidence.

The exercise of professional judgment allows inspectors to obtain reasonable assurance that material misstatements or significant inaccuracies in data will likely be detected if they exist. However, absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud. Therefore, while this standard places responsibility on each inspector and
inspection organization to exercise professional judgment in planning and performing an assignment, it does not imply unlimited responsibility or infallibility on the part of either the individual inspector or the inspection organization.

QUALITY CONTROL

The standard for inspection work is:

*Each OIG organization that conducts inspections should have appropriate internal quality controls for that work.*

Each OIG organization that conducts inspections should develop and implement written policies and procedures for internal controls over its inspection processes/work to provide reasonable assurance of conformance with organizational policies and procedures, the “Quality Standards for Inspection and Evaluation,” and other applicable policies and procedures. The nature and extent of these internal controls and their associated documentation will be dependent on a number of factors, such as the size and structure of the organization and cost-benefit considerations. As appropriate, organizations should seek to have quality control mechanisms that provide an independent assessment of inspection processes/work. Documentation of the execution of quality control mechanisms should be retained for a sufficient period of time to allow for evaluation and use in conjunction with other quality control mechanisms.

A key aspect of inspection quality control is adequate supervision. Supervision provides important judgment and an additional level of oversight to the work done by subordinate, often less experienced, staff. Supervisors should work with inspection team members to reach agreement as to the work the team will do and how they are to proceed. The team also should have a clear understanding of the purpose of the inspection and what it is expected to accomplish. Supervisory reviews help ensure that:

- the inspection is adequately planned;
- the inspection work plan is followed, unless deviation is justified and authorized;
- the inspection objectives are met; and
the inspection findings, conclusions, and recommendations are adequately supported by the evidence.

PLANNING

The standard for inspection work is:

*Inspections are to be adequately planned.*

The standard for inspection planning is intended to ensure that appropriate care is given to selecting inspection topics and preparing to conduct each inspection, to include coordinating inspection work and avoiding duplication. The selection of an inspection topic should consider the relevancy of the topic and the significance/impact of potential outcomes, and these points should be of continuing consideration throughout the inspection. Department/Agency and other customers’ needs also should be a consideration in selecting inspection topics.

The planning standard is also intended to ensure that inspection topics are appropriately researched and that the objective(s) of the inspection are clearly understood. Research, work planning, and coordination should be thorough enough, within the time constraints of the inspection, to ensure that the inspection objectives are met. In pursuing this standard, the following should be appropriately addressed:

- **Coordination**
  Inspection planning includes coordinating planned activities with other inspection, audit, and investigative entities, as well as appropriate organizations that could be affected by the activities. Internal and external constraints should be considered when planning inspection activities. Inspectors should be flexible in their plans, within reasonable limits. Any internal reviews performed by the entity to be inspected or by outside professional organizations should be considered and reviewed to determine applicability to the inspection. In addition, when an inspection addresses a topic that is cross-cutting or affects other governmental organizations, the OIG may consider conducting a joint or coordinated review with those other organizations’ OIGs.

- **Research**
  Consistent with the inspection objectives, inspection research includes a review of existing data, discussions
with program and other appropriate officials, literature research, and a review of pertinent Web sites and other Internet-accessible materials to gather information that will facilitate understanding of the program or activity to be inspected. Research should help to identify the criteria applicable to the evaluation of the program or activity. Examples of possible criteria include: laws, regulations, policies, procedures, technically developed standards or norms, expert opinions, prior periods’ performance, performance of similar entities, performance in the private sector, and best practices of leading organizations. Research should attempt to identify the results of previous reviews that may be relevant to the inspection, and inspectors should follow up on known significant findings and recommendations that directly relate to the current inspection. Inspectors need to assess the validity and reliability of the data gathered.

● **Work plan**
An inspection work plan should be developed that clearly defines the inspection objective(s), scope, and methodology. It may also include inspection time frames and work assignments. Adequate planning also entails ensuring that sufficient staff with the appropriate collective knowledge, skills, abilities, and experience is assigned to the inspection effort. As work on an inspection progresses, the work plan may need revision to address new information.

During inspection planning, consideration should also be given to whether the inspection is likely to involve sensitive or classified information. If this is so, appropriate steps must be taken to ensure the proper protection of that information. The sensitivity or classification of information needs to be a consideration throughout the inspection process.
DATA COLLECTION AND ANALYSIS

The standard for inspection work is:

*The collection of information and data will be focused on the organization, program, activity, or function being inspected, consistent with the inspection objectives, and will be sufficient to provide a reasonable basis for reaching conclusions.*

With regard to collecting data, the following guidance should be addressed whenever appropriate:

- The sources of information should be described in the supporting documentation in sufficient detail so that the adequacy of the information, as a basis for reaching conclusions, can be assessed.

- Information should be of such scope and selected in such ways as to address pertinent questions about the objectives of the inspection and be responsive to the informational needs and interests of specified audiences.

- The procedures and mechanisms used to gather information should ensure that the information is sufficiently reliable and valid for use in meeting the inspection objectives. For example, inspectors need to ensure the validity and reliability of data obtained from computer-based systems if they are significant to the inspectors’ findings. Inspectors will use professional judgment in determining whether information is sufficiently reliable and valid.

- Confidentiality, as appropriate, should be afforded to sources of information consistent with the Inspector General Act of 1978, as amended; the internal policies of each OIG; and other applicable laws and statutes. The Inspector General Act of 1978, as amended, states that the Inspector General shall not, without the consent of the employee or unless the Inspector General determines that such a disclosure is unavoidable, disclose the identity of a Department/Agency employee providing a complaint or information concerning the possible violation of law, rules, or regulations; mismanagement; waste of funds; abuse of authority; or a substantial and specific danger to public health or safety. OIGs should develop and
implement procedures for maintaining the confidentiality of individuals providing information. Inspectors must carefully monitor their actions and words to not inappropriately reveal the source of information.

- Appropriate safeguards should be provided for sensitive information, such as personal and proprietary data, as well as classified information. Inspectors General should ensure they have appropriate procedures for handling such information.

In analyzing data, the following guidance should be considered:

- Data should be reviewed for accuracy and reliability; and, if necessary, the techniques used to collect, process, and report the data should be reviewed and revised to ensure the accuracy and reliability of inspection results.

- Qualitative and quantitative information gathered in an inspection should be appropriately and logically presented and documented in work papers, to ensure supportable interpretations.

- Inspection procedures should provide for supervisory review and other safeguards to protect the inspection findings and reports against distortion by the personal feelings and biases of any party to the inspection.

- Findings often have been regarded as containing the elements of criteria; condition; effect; and, when problems are found, cause. However, the elements needed for a finding depend entirely on the objectives of the inspection. Thus, a finding or set of findings is complete to the extent that the inspection objectives are satisfied and the report clearly relates those objectives to the applicable elements of a finding.

**EVIDENCE**

The standard for inspection work is:

_Evidence supporting inspection findings, conclusions, and recommendations should be sufficient, competent, and relevant and should lead a reasonable person to sustain the findings, conclusions, and recommendations._
Evidence may take many forms, including physical, testimonial, documentary, and analytical. Physical evidence is obtained by an inspector’s direct review or observation of people, property, or events and should be appropriately documented. Testimonial evidence is obtained through inquiries, interviews, or questionnaires. Documentary evidence consists of created information, such as letters, contracts, grants, memorandums, and files. Analytical evidence includes computations, benchmarking, trending, comparisons, and rational arguments.

The following guidelines should be considered regarding evidence:

- Evidence should be sufficient to support the inspection findings. In determining the sufficiency of evidence, inspectors should ensure that enough evidence exists to persuade a knowledgeable person of the validity of the findings.

- To be competent, evidence should be reliable and the best obtainable by using reasonable collection and evaluation methods. The following presumptions are useful in judging the competency of evidence:
  
  o evidence obtained from an independent source may be more reliable than that secured from an organization being inspected;

  o evidence developed under an effective system of internal controls generally is more reliable than that obtained where such controls are lacking or unsatisfactory;

  o evidence obtained through direct physical examination, observation, or computation may be more reliable than evidence obtained through less direct means;

  o original documents generally are more reliable than copies; and

  o testimonial evidence obtained from an individual who is not biased or who has complete knowledge about the area usually is more competent than testimonial evidence obtained from an individual who is biased or has only partial knowledge about the area.
• Relevance refers to the relationship of evidence to its use. The information used to prove or disprove an issue must have a logical relationship with, and importance to, the issue being addressed.

RECORDS MAINTENANCE

The standard for inspection work is:

All relevant documentation generated, obtained, and used in supporting inspection findings, conclusions, and recommendations should be retained for an appropriate period of time.

Supporting documentation is the material generated and collected as part of an inspection that, when effectively organized, provides an efficient tool for data analysis and a sound basis for findings, conclusions, and recommendations that address the inspection objectives. Supporting documentation should also provide:

• a record of the nature and scope of inspection work performed, and

• information to supervisors and team leaders enabling them to properly manage inspections and evaluate the performance of their staff. Supervisory and team leader review should be evidenced in the inspection documentation.

Inspection organizations should establish policies and procedures for the safe custody and retention of inspection documentation. Inspection documentation should be retained and disposed of in accordance with applicable legal and administrative requirements and schedules, e.g., those established by the National Archives and Records Administration and the respective Department/Agency. Documentation generated by the Department/Agency and used to support inspection findings, such as lengthy reports, could be retained by the Department/Agency so long as the OIG fully references these documents and is confident that the documentation in question could not be lost, destroyed, or altered.
TIMELINESS

The standard for inspection work is:

*Inspections should strive to deliver significant information to appropriate management officials and other customers in a timely manner.*

To be of maximum use, inspections need to be conducted and reporting needs to be completed in a timely manner. This helps to ensure the work is current and relevant. During an inspection, it may be appropriate to provide interim reporting of significant matters to appropriate officials. Such reporting is not a substitute for a final report, but it does serve to alert the appropriate officials to matters needing immediate attention, so corrective action may be initiated. The following guidance should be considered regarding timeliness:

- Time frames should be flexible in response to changing priorities.
- Time frames established during planning are subject to change due to unforeseen circumstances, such as the need to expand the scope of an inspection or the need to add additional objectives.

FRAUD, OTHER ILLEGAL ACTS, AND ABUSE

The standard for inspection work is:

*In conducting inspection work, inspectors should be alert to possible fraud, other illegal acts, and abuse and should appropriately follow up on any indicators of such activity and promptly present associated information to their supervisors for review and possible referral to the appropriate investigative office.*

During an inspection, inspectors should be alert to any indicators of fraud, other illegal acts, or abuse (behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances). While the identification of such activities is not usually an objective of an inspection, it is necessary to have a clear understanding of the action required if such circumstances are discovered.
Inspectors should be aware of vulnerabilities to fraud and abuse associated with the area under review in order to be able to identify possible or actual illegal acts or abuse that may have occurred. In some circumstances, conditions such as the following might indicate a heightened risk of fraud:

- the absence of internal controls;
- inadequate “separation of duties,” especially those that relate to controlling and safeguarding resources;
- transactions that are out of the ordinary and are not satisfactorily explained or documented, such as unexplained adjustments in inventories or other resources;
- missing or altered documents or unexplained delays in providing information;
- false or misleading information; or
- a history of impropriety, such as past reviews with findings of questionable or criminal activity.

In pursuing indications of possible illegal acts or abuse, inspectors should exercise professional judgment so as to ensure they do not interfere with potential investigations and/or legal proceedings. If possible illegal behavior arises, inspectors should promptly present such information to their supervisors for review and possible referral to the appropriate investigative office.

**REPORTING**

The standard for inspection work is:

*Inspection reporting shall present factual data accurately, fairly, and objectively and present findings, conclusions, and recommendations in a persuasive manner.*

Various means may be used to report on the results of inspection work, e.g., written reports, oral presentations, videos, or slide presentations. Regardless of the means used, there should be retrievable documentation of the reporting. The content of the reporting will be affected by the specific means used and the purpose it is serving. Reporting should be timely, complete, accurate, objective, convincing, clear, and concise.
Inspection reporting normally should describe the objective(s), scope, and methodology of the inspection and state that the inspection was conducted in accordance with the “Quality Standards for Inspection and Evaluation.” Also, inspection reporting should provide the reader with the context in which the subject matter being inspected should be viewed, such as the impact or significance of the program/activity being reviewed, to help ensure the focus is not too narrowly drawn and to give clearer understanding of the impact of any report recommendations. Reporting language should be clear and concise and, while recognizing that some inspections deal with highly technical material, should be written in terms intelligible to the intended recipients and informed professionals.

Inspection reporting frequently is structured in terms of findings, conclusions, and recommendations. Findings should be supported by sufficient, competent, and relevant evidence. Conclusions should be logical inferences about the inspected program or activity based on the inspection findings. Typically, each finding requiring corrective action should be addressed by one or more recommendations directed to the management official(s) who have the authority to act on them. Recommendations normally should not be prescriptive in nature; rather, they should be crafted in a manner that lays out what needs to be corrected or achieved. When appropriate, inspectors should solicit advance review and comments from responsible officials regarding the content of the report and should include the comments or a summary thereof in the report.

Care must be taken to ensure that, as applicable, the confidentiality of individuals providing information is appropriately maintained in the inspection reporting process.

Written inspection reports should be distributed to the appropriate officials responsible for taking action on the findings and recommendations. Further distribution will be subject to the internal policies of each OIG and fully comply with all requirements contained in the Privacy Act; the Freedom of Information Act; and security and other applicable laws, regulations, and policies.
FOLLOWUP

The standard for inspection work is:

Appropriate followup will be performed to ensure that any inspection recommendations made to Department/Agency officials are adequately considered and appropriately addressed.

Ultimate inspection success depends on whether necessary corrective actions are actually completed. Therefore, each OIG should take steps, as necessary, to determine whether officials take timely, complete, and reasonable actions to correct problems identified in inspection reports and agreed on by management. Specific followup actions shall be guided by the followup and resolution policies of each OIG, in accordance with Office of Management and Budget Circular No. A-50, as amended.

Followup helps ensure actions are undertaken and completed within a reasonable time. Management notification that an action has been completed within the agreed-on time constitutes reasonable assurance and can be the basis for “closing” an action for followup purposes. However, the OIG should perform, as appropriate, followup work to verify whether agreed-on corrective actions were fully and properly implemented. When planning followup activities, OIGs should assess whether the work would be most effectively accomplished utilizing the staff that conducted the original work or other staff members. Also, in planning and conducting new inspections, prior recommendations that relate to the new inspection should be considered and followed up on to the extent practicable.

PERFORMANCE MEASUREMENT

The standard for inspection work is:

Mechanisms should be in place to measure the effectiveness of inspection work.

Consistent with the intent of the Government Performance and Results Act of 1993, it is important to be able to demonstrate the positive results that inspections contribute to the more effective management and operation of Federal programs. The nature and extent of performance measurement will be affected by a number of factors, such as the size and structure of the organization performing inspections. For example, measures may be
established that capture inspection results and recommendations collectively with those of other OIG components. Performance measurement for inspections should focus on the outputs (i.e., number of implemented recommendations), and the resultant outcomes (i.e., changes in policy). Optimum performance measurement captures the impact of an inspection and may include such things as monetary savings, enforcement of laws, or legislative change.

**WORKING RELATIONSHIPS AND COMMUNICATION**

The standard for inspection work is:

> Each inspection organization should seek to facilitate positive working relationships and effective communication with those entities being inspected and other interested parties.

The OIG and the Department/Agency should strive to:

- Foster open communication at all levels. With limited exceptions, primarily related to investigative-type work, the OIG should keep the Department/Agency advised of its work and its findings on a timely basis and strive to provide information helpful to the Department/Agency at the earliest possible stage. Surprises are to be avoided.

- Interact with professionalism and respect. OIGs should act in good faith.

- Recognize and respect the mission and priorities of the Department/Agency. Each OIG should work to carry out its functions with a minimum of disruption to the primary work of the Department/Agency.

- Be thorough, objective, and fair. The OIG must perform its work thoroughly, objectively, and with consideration to the Department’s/Agency’s point of view and should recognize Department/Agency successes in addressing challenges or issues.

- Be engaged. While maintaining OIG statutory independence of operations and recognizing that OIGs need to conduct work that is self-initiated, congressionally requested, or mandated by law, OIGs should interact with Department/Agency management to identify any specific
needs or priorities management may have regarding the reviews to be conducted by the OIG.

- Be knowledgeable. The OIG will continually strive to keep abreast of Department/Agency programs and operations, and Department/Agency management should be kept appropriately informed of OIG activities and concerns being raised in the course of OIG work.

- Provide feedback. OIGs should implement mechanisms, both formal and informal, to ensure prompt and regular feedback.

During an inspection, inspectors should appropriately communicate information about the process and the nature of the inspection to the various parties involved to help them understand such things as the inspection objective(s), time frames, data needs, and reporting process. Inspectors should use their professional judgment and comply with their respective organizations’ policies and procedures to determine the form, content, and frequency of communication. Communication should be appropriately documented in the associated inspection records.
GUIDE FOR CORE COMPETENCIES FOR INSPECTION ORGANIZATIONS AND INSPECTORS

This guide was developed by the Inspector General community to identify the core competencies that each inspection organization should strive to have as an organization, as well as the competencies that are desirable for a journeyman inspector and senior management.

Organizational Competencies

• Leadership
  ✓ Vision
  ✓ Continual Learning
  ✓ Results Orientation
  ✓ Integrity

• Team Skills
  ✓ Team Problem Solving
  ✓ Time Management

• Management
  ✓ Accountability
  ✓ Customer Service
  ✓ Strategic Thinking

• Occupational Mastery
  ✓ Department/Agency and Mission Knowledge
  ✓ Oral Communication
  ✓ Written Communication

Journeyman Level Competencies

• Leadership
  ✓ Results Orientation
  ✓ Integrity

• Team Skills
  ✓ Team Problem Solving
  ✓ Time Management
• Management
  ✓ Project Management
  ✓ Strategic Thinking

• Occupational Mastery
  ✓ Department/Agency and Mission Knowledge
  ✓ Evaluation Methods and Techniques
  ✓ Oral Communication
  ✓ Written Communication

**Senior Management Competencies**

• Leadership
  ✓ Vision
  ✓ Political Skills
  ✓ Influencing/Negotiation with External Groups
  ✓ Results Orientation
  ✓ Leading People
  ✓ Integrity

• Team Skills
  ✓ Team Problem Solving
  ✓ Time Management

• Management
  ✓ Accountability
  ✓ Decisiveness
  ✓ Strategic Thinking

• Occupational Mastery
  ✓ Department/Agency and Mission Knowledge
  ✓ Oral Communication
### GUIDE FOR GENERAL SKILL LEVELS

**FOR INSPECTORS***

<table>
<thead>
<tr>
<th>Skills</th>
<th>5</th>
<th>7</th>
<th>9</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. OIG statutes, regulations, policies, &amp; procedures</td>
<td>X</td>
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<td>5. Data collection techniques</td>
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<td>8. Disclosure &amp; Privacy Act</td>
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<td>9. Fraudulent, abusive, &amp; illegal acts</td>
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<td>13. Administrative process</td>
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<td>14. Inspection work plans</td>
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<td>X</td>
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<td>15. Designing survey instruments</td>
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*This appendix is intended as a guide only. It is recognized that, among other things, grade structure and position descriptions for staff vary between OIGs, which can affect the applicability of this guidance.*
Section 8

Additional Materials Relating to OIG
Statutory Offices of Inspector General: A 20th Anniversary Review

Updated November 20, 1998

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ABSTRACT

1998 marked the 20th anniversary of the Inspector General Act of 1978, the basic authority governing statutory office of inspector general (OIGs), and the 10th anniversary of the Inspector General Act Amendments of 1998, which added to their reporting requirements and extended such offices to an additional set of government organizations. Consolidating responsibility for auditing and investigations within an establishment or entity, statutory OIGs now exist in nearly 60 departments, agencies, commissions, boards, and government corporations. Despite their 20-year history, OIGs still face a number of concerns and proposals for change, some of which were included in bills or enactments in the 105th Congress. This report—and a companion one on the establishment and evolution of these offices (CRS Report 98-397 GOV)—will be updated as events require.
Statutory Offices of Inspector General:

A 20th Anniversary Review

Summary

The year 1998 marked the 20th anniversary of the Inspector General Act of 1978, the basic authority governing statutory offices of inspector general (OIGs), and the 10th anniversary of the Inspector General Act Amendments of 1988, which added to their reporting requirements and extended such offices to an additional set of government organizations. Statutory OIGs now exist in nearly 60 federal establishments and entities, including all cabinet departments and the largest federal agencies as well as many smaller boards, commissions, corporations, and foundations. (These are covered in CRS Report 98-379 GOV, updated as events require.)

The President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) operate under the auspices of the Office of Management and Budget. They provide coordinating mechanisms, respectively, for the inspectors general (IGs) in the larger establishments, appointed by the President and confirmed by the Senate, and for IGs in the smaller designated federal entities, appointed by the agency head. A special integrity committee, under these councils, may be established to investigate alleged wrongdoing by IGs or senior staff.

Offices of inspector general consolidate responsibility for auditing and investigations within a federal department, agency, or other organization. Established by law as permanent, independent, nonpartisan, and objective units, OIGs are designed to combat waste, fraud, and abuse. To accomplish this broad mandate, IGs have been granted a substantial amount of independence and authority. Inspectors general are authorized to conduct audits and investigations of agency programs; have direct access to agency records and materials; issue subpoenas for all necessary information, data, reports, and other documentary evidence; hire their own staff; and request assistance from other federal, state, and local government agencies directly. Except under rare circumstances, spelled out in the law, an agency head provides only "general supervision" over the IG and may not interfere with any of his or her audits, investigations, or issuances of subpoenas. Inspectors general, moreover, report semiannually to the agency head and Congress regarding their findings, conclusions, and recommendations for corrective action and may issue immediate reports on particularly serious or flagrant problems they discover. Indeed, IGs are required to keep the agency head and Congress fully and currently informed about problems and deficiencies relating to the administration of programs in their agency through these reports and other ways, including testimony at congressional hearings.

Despite their 20-year evolution and substantial statutory revisions in 1988, offices of inspector general still face a number of concerns and proposals for change. Some of these were advanced in the 105th Congress through oversight hearings, the statutory establishment of a new Treasury Inspector General for Tax Administration and whistleblower provisions for employees in the intelligence community, and other proposed amendments to the IG Act. These changes tie into the IGs' institutional arrangements, authority and powers, perceived effectiveness and orientation, reporting requirements, personnel practices, and incentive awards.
## Contents

Overview of Statutory OIGs ......................................................... 1

Purposes, Powers, and Protections ............................................... 2
  Purposes of Offices of Inspector General .................................. 2
  Appointment, Removal, and General Supervision of IGs ................. 2
  IGs in Federal Establishments ............................................... 2
  IGs in Designated Federal Entities ....................................... 3

Duties of IGs ........................................................................ 4

IG Reporting to and Informing the Agency Head and Congress .......... 4
  Semiannual Reports ................................................................ 5
  Seven-Day Letter Reports ..................................................... 5
  Intelligence Community Whistleblower Reporting ........................... 5
  Other Channels of Communication .......................................... 6

Authority of IGs ..................................................................... 6
  Specific Powers ..................................................................... 6
  Prohibition on Program Operating Responsibilities ...................... 7
  Law Enforcement Powers ....................................................... 7

Jurisdiction ........................................................................... 8

Coordination Among and Investigations of IGs ............................... 8
  Coordination ........................................................................ 8
  Administrative Investigations ................................................. 9

Current Issues Affecting Inspectors General ................................ 9
  Institutional and Procedural Arrangements .................................. 10
  Authority of Inspectors General ............................................. 12
  Effectiveness and Orientation of IGs, PCIE, and ECIE ................. 13
  Reporting to the Agency Head and Congress ............................. 14
  Personnel Practices ................................................................ 15
  Incentive Awards ................................................................... 16

Legislative Initiatives .................................................................. 16
  Proposed Inspector General Act Amendments of 1998 ............... 16
  Proposed Inspector General for Medicare and Medicaid ............ 16
  Proposed Reform of the Justice Department Inspector General .... 17
  Treasury Inspector General for Tax Administration .................... 17
  Intelligence Community Whistleblower Protection Act of 1998 .... 17
  Foreign Affairs Reform and Restructuring Act of 1998 ............... 18
  Recognition of IG Accomplishments Since the 1978 Act .............. 18
Statutory Offices of Inspector General: A 20th Anniversary Review

Overview of Statutory OIGs

Statutory offices of inspector general (OIGs) consolidate responsibility for auditing and investigations within a federal department, agency, or other organization. Established by law as permanent, independent, nonpartisan, and objective units, the OIGs are designed to combat waste, fraud, and abuse. The initial establishments occurred in the wake of major financial and management scandals, first in the Department of Health, Education, and Welfare (now Health and Human Services) in 1976 and next in the General Services Administration (GSA) in 1978. The latter episode provided a catalyst for an OIG in GSA and in each of 11 other departments and agencies. Reinforcing this, an even earlier scandal involving the Agriculture Department demonstrated the weaknesses in independence, authority, and resources of administratively created offices of inspector general. Statutory offices now exist in nearly 60 federal establishments and entities, including all cabinet departments and the largest federal agencies as well as many smaller boards, commissions, corporations, and foundations.¹

¹ Separate from the offices directly under the Inspector General Act of 1978, as amended, are two others, which, for the most part, have been modeled after the provisions of the basic IG act, as amended: in the Central Intelligence Agency, whose IG is a presidential appointee subject to Senate confirmation (103 Stat. 1711-1715); and in the Government Printing Office, the only legislative branch entity with a statutory IG; in this case, the inspector general is appointed by the head of the agency, the Public Printer (102 Stat. 2530).

Under two major enactments—the Inspector General Act of 1978 (P.L. 95-452; 92 Stat. 1101-1109) and the Inspector General Act Amendments of 1988 (P.L. 100-504; 102 Stat. 2515-2530), codified at 5 U.S.C. Appendix—inspectors general (IGs) have been granted a substantial amount of independence and authority to carry out their basic mandate. Each office is headed by an inspector general who is appointed and removable in one of two ways: (1) presidential appointment, subject to the advice and consent of the Senate, and presidential removal in specified federal establishments, including all cabinet departments and larger federal agencies; and (2) agency head appointment and removal in designated federal entities, the usually smaller boards, foundations, commissions, and corporations.

The dual focus of OIG activities since their inception has been auditing and investigation. Indeed, the 1978 act requires each IG in a federal establishment to appoint two assistant inspectors general, one for auditing and one for investigations. More recently, the offices have added inspection, a short-hand phrase for a usually short-term evaluation of agency programs and operations and their impact.

Purposes, Powers, and Protections

The statutory offices of inspector general have been given a broad mandate, along with an impressive array of powers and protections to carry it out independently and impartially.

Purposes of Offices of Inspector General

Section 2 of the codified law specifies three broad purposes or missions of the OIGs:

- to conduct and supervise audits and investigations relating to the programs and operations of the establishment;

- to provide leadership and coordination and recommend policies for activities designed to: (a) promote economy, efficiency, and effectiveness in the administration of such programs and operations, and (b) prevent and detect fraud and abuse in such programs and operations; and

- to provide a means for keeping the head of the establishment and Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations as well as the necessity for and progress of corrective action.

Appointment, Removal, and General Supervision of IGs

IGs in Federal Establishments. Section 3 of the codified law covers the appointment, removal, and general supervision of inspectors general in federal establishments. The President appoints the IGs in the federal establishments (i.e., cabinet departments and larger federal agencies) by and with the advice and consent of the Senate. The statute also provides that the selection be done without regard to
political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations.

The IG Act, as amended, provides that an inspector general may be removed from office only by the President, who then must communicate the reasons for removal to both Houses of Congress. There are no explicit restrictions on the President's authority; removal may be with or without cause.

Each inspector general "must report to and be under the general supervision of" the establishment head or, to the extent this authority is delegated, to the officer next in rank below the head, and shall not report to or be subject to supervision by any other officer. The restriction on supervision is reinforced by another provision: "Neither the head of the establishment nor any other officer shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena."

Exceptions to this prohibition are few; they are spelled out for only certain departments and for only specified reasons. Sections 8, 8D, and 8E of the IG Act, as amended, authorize the heads of the Departments of Defense, Treasury, and Justice, respectively, to prohibit an IG audit, investigation, or issuance of a subpoena which requires access to information concerning ongoing criminal investigations, sensitive operational plans, intelligence matters, counterintelligence matters, and other matters the disclosure of which would constitute a serious threat to national security. (Under separate statutory authority, the Director of Central Intelligence (DCI) has similar power over the Inspector General in the Central Intelligence Agency (CIA).) Should the agency head use this power to limit the IG's exercise of authority, the reasons must be communicated to the IG and then by the inspector general to specified committees of Congress.

Section 3 also provides for two assistant inspectors general within each IG office in the specified federal establishments: i.e., an Assistant Inspector General for Audits and an Assistant Inspector General for Investigations.

**IGs in Designated Federal Entities.** Section 8G covers the same matters for offices of inspectors general in "Designated Federal Entities," a category of organization added by the 1988 Amendments. These entities include the Consumer Product Safety Commission, Federal Communications Commission, Federal Labor Relations Authority, and Securities and Exchange Commission, along with numerous other usually small boards, commissions, government corporations, and foundations.

In addition to these entities, the inspector general in the Government Printing Office (GPO)—the only legislative branch entity with a statutory office of inspector general—operates under similar guidelines. Because GPO is a legislative branch organization, however, its OIG was established under separate public law (44 U.S.C. 3901-3903).

The appointment and removal provisions for IGs in designated federal entities (and in GPO) differ from those which govern presidentially-appointed IGs. The inspectors general in designated entities are appointed by the agency head. Regarding
removal, the agency head may remove or transfer the IG, but must promptly communicate in writing the reasons for such action to both Houses of Congress.

As with the presidentially appointed inspectors general, however, the IGs in the designated federal entities are required to report to and be under the “general supervision” of the agency head. Furthermore, neither the head nor any other officer can interfere with an IG audit or investigation or issuance of a subpoena.

**Duties of IGs**

The broad mandates, highlighted in section 2, are spelled out in greater detail in section 4 of the codified law. Each inspector general is required to perform specific duties to achieve the goals of promoting economy and efficiency and of detecting and preventing waste, fraud, and abuse. These duties illustrate the IG’s unique role within the agency and the broad grant of authority delegated by Congress. The IGs are specifically directed to:

- provide policy direction for, conduct, supervise, and coordinate audits and investigations relating to the establishment’s programs and operations;

- review existing and proposed legislation and regulations relating to programs and operations and make recommendations in the semiannual reports concerning the impact of the laws or regulations on the economy and efficiency in the establishment’s programs and operations and on the prevention and detection of fraud and abuse;

- recommend policies for, conduct, supervise, or coordinate other relevant activities of the establishment;

- recommend policies for, conduct, supervise, or coordinate relationships with other federal agencies, with state and local governmental agencies, and with nongovernmental entities with respect to promoting economy and efficiency and preventing and detecting fraud and abuse in establishment programs and with respect to identifying and prosecuting participants in fraud or abuse; and

- report expeditiously to the Attorney General whenever the inspector general has reasonable grounds to believe that there has been a violation of federal criminal law.

**IG Reporting to and Informing the Agency Head and Congress**

Under section 5, inspectors general have two basic types of reporting requirements to the agency head and to Congress. These are: (1) semiannual reports and (2) seven-day letter reports dealing with particularly serious or flagrant problems, a reporting obligation that was supplemented in 1998, by legislation regarding allegations from whistleblowers in the intelligence community. These reporting obligations complement the section 4 requirement to keep the agency head and Congress “fully and currently informed.”
**Semiannual Reports.** IGs are directed to make semiannual reports that summarize the OIG's activities for the previous six months, itemizing waste, fraud, and abuse problems, and identifying proposals for corrective action. The 1988 amendments refined and enhanced several of the semiannual reports' ingredients. For example, the reports must contain certain entries, some of which include:

- a description of significant problems, abuses, and deficiencies relating to programs and operations;

- a description of recommendations for corrective action;

- an identification of each significant recommendation contained in the previous reports on which corrective action has not been completed; and,

- statistical information relating to costs, management of funds, and related matters.

These IG reports go directly to the agency head, who must transmit them unaltered to appropriate congressional committees within 30 days. After another 60 days, such reports are to be made available to the public. The agency head is authorized to append comments and specific data and information to the IG reports; this additional information includes statistical tables showing audit reports and dollar value of recommendations of disallowed costs and projected savings of recommendations for funds which could be put to a better use.

**Seven-Day Letter Reports.** The Inspector General Act, as amended, also requires the IG to report immediately to the agency head whenever the IG becomes aware of "particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs and operations." Such communications must be transmitted—unaltered but allowing for comments the head deems appropriate—to the appropriate congressional committees within seven days.

**Intelligence Community Whistleblower Reporting.** A parallel provision affecting inspectors general in the intelligence community became law in 1998. The Intelligence Community Whistleblower Protection Act (P.L. 105-272) specifically authorizes intelligence community employees and contractors to submit an "urgent concern"—that is, a serious or flagrant problem, abuse, violation of law or executive order, or other specified wrongdoing—based on classified information to Congress.

This is to be accomplished by first notifying the inspector general in the relevant agency—the Central Intelligence Agency, Department of Defense, Department of Justice, or other organizations that conduct foreign intelligence or counterintelligence—who must determine within 14 days whether the allegation appears credible. If so, the IG notifies the agency head, who transmits the complaint, along with any comments the head deems appropriate, to the House and Senate Select Committees on Intelligence within seven days. If the IG does not transmit the complaint or does not do so "in an accurate form," then the whistleblower may contact the intelligence committees directly, following specified guidelines; these include notification to the agency head, through the inspector general, of the intent to contact the committees and a statement of the allegation.
Other Channels of Communication. The enactment provides for additional channels for IGs to communicate with the agency head and Congress. Section 4 requires the IG:

to keep the head of such establishment and Congress fully and currently informed, by means of the reports required by section 5 and otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by such establishment, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action.

The concept of keeping the head and Congress informed "otherwise" (separate from the required reports) allows for a variety of mechanisms for the inspector general or the office to communicate with Congress. These means extend to: testifying at congressional hearings; meeting with lawmakers and staff; and providing information and reports directly to Members of Congress, its committees and subcommittees, and other offices.

Authority of IGs

To carry out the purposes of the act, Congress has granted the inspectors general broad authority.

Specific Powers. Section 6 of the codified legislation authorizes the IGs, among other things:

- to conduct audits and investigations and make reports relating to the administration of programs and operations;
- to have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material which relate to programs and operations with respect to which the IG has responsibilities under the act;
- to request assistance from other federal, state, and local government agencies;
- to issue subpoenas for the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary to perform the IG's functions;\(^2\)
- to administer to or take from any person an oath, affirmation, or affidavit;
- to have direct and prompt access to the agency head;
- to select, appoint, and employ officers and employees to carry out the functions, powers, and duties of the office of the inspector general;

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\(^2\) This section does not permit the IG to use the subpoena power to obtain documents and information from other federal agencies. 5 U.S.C. App. 3, §6.
to obtain the services of experts and consultants on a temporary or intermittent basis, as authorized by 5 U.S.C. 3109, and

- to enter into contracts and other arrangements for audits, studies, and other services with public agencies as well as private persons and to make such payments as may be necessary to carry out the act.

The scope of an IG’s investigative authority is seen further in the range of matters the inspector general may investigate stemming from an employee complaint or disclosure of information. Under section 7 of the act, the inspector general is authorized to receive and investigate complaints or information from an employee concerning the possible existence of an activity constituting: a violation of law, rules, or regulations; mismanagement, gross waste of funds, and abuse of authority; or a substantial and specific danger to the public health and safety. In such instances, the IG shall not disclose the identity of the employee without the employee’s consent, unless the IG determines that such disclosure is unavoidable during the course of the investigation. The act, supplementing other “whistleblower” statutes, also prohibits reprisals against employees who properly make complaints or disclose information to the IG.

**Prohibition on Program Operating Responsibilities.** Notwithstanding the broad powers granted by the IG Act, as amended, inspectors general are prohibited from taking corrective action or instituting changes themselves. Indeed, section 9 of the act expressly forbids the transfer “of program operating responsibilities” to an IG. This prohibition is designed to ensure the integrity of an IG’s audit or investigation; if an IG were to carry out programs or institute changes, he or she would not be able to audit or investigate them objectively or impartially in the future.

**Law Enforcement Powers.** Despite the broad range of investigative authority under the IG Act, as amended, law enforcement powers have not been granted across-the-board in public law. Instead, the OIGs that have such authority—to carry firearms, make arrests without warrants, and obtain and execute search warrants—have acquired them in one of four basic ways: through transfers of pre-existing offices which held relevant powers when the OIG was created, specific statutory grants to a particular office (e.g., in the Agriculture and Defense Departments), delegation of relevant authority and jurisdiction by the agency head, and special deputation by the Department of Justice.

In the past, IGs have received *ad hoc*, temporary special deputation from the Justice Department when law enforcement powers were needed independently (that is, without relying upon other agencies to make arrests, carry firearms, or execute search warrants). Criticism arose from the IG community, however, over the costs associated with such deputation, delays in processing OIG applications for it, and its limited duration and extent. As a result, an alternative policy has since been devised to provide extended, blanket deputation to most offices of inspector general in federal

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establishments (in 23 of the 28 OIGs headed by presidentially appointed IGs). Memoranda of Understanding between the Justice Department and the qualified OIGs implement this program, which is limited to one year and thus must be renewed annually.

**Jurisdiction**

In nearly all cases, inspectors general have comprehensive jurisdiction over the establishment or entity in which they are located. The few exceptions—in the Departments of Justice and the Treasury—exclude from or circumscribe the department IG's jurisdiction over certain law enforcement agencies.

One of those bureaus excluded from its parent agency IG has been the Treasury Department's Internal Revenue Service (IRS), which has been criticized for abusive and arbitrary conduct, maladministration, and an absence of accountability, oversight, and controls. As a result, a Treasury Inspector General for Tax Administration, along with other new organizations, including an IRS Oversight Board, has been established to cover the Internal Revenue Service alone. The new IG for Tax Administration, who is a presidential appointee subject to Senate confirmation, operates independently of the Treasury Department OIG. This is the only case among all statutory offices in which an IG has jurisdiction for a part of an establishment or entity that has its own office of inspector general. As a corollary, the Treasury Department Office of Inspector General is the only statutory office whose jurisdiction has been subdivided to accommodate a separate statutory OIG within the same establishment or entity.

**Coordination Among and Investigations of IGs**

Inspectors general, along with other relevant agencies, are members of one of two coordinating mechanisms, which have been established by executive order and operate under the auspices of the Office of Management and Budget (OMB). In addition, allegations of wrongdoing against IGs themselves or other high ranking officers can be investigated by a special integrity committee consisting of members of these two councils.

**Coordination**

Two councils—the President's Council on Integrity and Efficiency (PCIE), for the presidentially appointed IGs, and the Executive Council on Integrity and Efficiency (ECIE), for agency-head appointees—provide a coordinating mechanism for the inspectors general, along with representatives from other appropriate organizations. The other members include the Deputy Director for Management of the Office of Management and Budget, who chairs both councils; the Associate Deputy Director for Investigations of the Federal Bureau of Investigation (FBI); the

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Controller of the Office of Federal Financial Management; the Director of the Office of Government Ethics; the Special Counsel of the Office of Special Counsel; and the Deputy Director of the Office of Personnel Management. Besides these individuals, the Vice Chairperson of the PCIE sits on the ECIE and the Vice Chairperson of the ECIE, on the PCIE.

The President’s Council on Integrity and Efficiency, the older of the two councils, was established in 1981 by President Reagan through Executive Order 12301. Both councils are now governed by Executive Order 12805, issued by President Bush in 1992. Among their functions, the councils “shall continually identify, review, and discuss areas of weakness and vulnerability in Federal programs and operations to fraud, waste, and abuse, and shall develop plans for coordinated, Governmentwide activities that address these problems and promote economy and efficiency in Federal programs and operations.”

**Administrative Investigations**

Allegations of wrongdoing by inspectors general or other high-ranking officers in an IG office may be investigated by a special Integrity Committee, following a process authorized by Executive Order 12993, issued by President Clinton in 1996. Such a committee, established by the Chairperson of the PCIE and ECIE (i.e., the Deputy Director for Management from OMB), is to consist of at least the following PCIE and ECIE members: the FBI representative, who chairs the committee; the Special Counsel of the Office of Special Counsel; the Director of the Office of Government Ethics; and three or more IGs, representing both the PCIE and the ECIE. In addition, the Chief of the Public Integrity Section of the Criminal Division of the Department of Justice serves as an advisor to the Integrity Committee with respect to its responsibilities and functions.

Once it receives allegations of wrongdoing, the Integrity Committee reviews them and, where appropriate, refers them to one of two investigative entities: either to an agency with jurisdiction over the matter or to an investigative team composed of selected investigators supervised and controlled by the Integrity Committee’s chairperson.

**Current Issues Affecting Inspectors General**

The issues affecting the statutory IGs can be grouped under six broad categories:

—institutional arrangements and procedures;
—changes in authority of the IGs;
—effectiveness and orientation of the IGs, as well as the PCIE and ECIE;
—reporting to the agency head and Congress;
—personnel practices; and
—incentive awards.

Each of these issues is connected to the need for additional information and study or to options for change. These have arisen because of perceived problems or
weaknesses in the existing offices' resources, capabilities, operations, or authority; a possible need for statutory OIGs in government organizations or entities which do not have them currently; initiatives from the inspectors general directly to enhance their powers, or recent studies of their operations and recommendations for change coming from Members and committees of Congress or from outside sources.

Underlying some of the issues and options for change are differences among the IGs, based in part upon the different needs and characteristics of the establishments where they serve as well as the characteristics, experience, and orientation of the IG; possible tension between the audit and investigation functions of the offices; differences in the IGs' focus between prevention and detection; concerns about IG independence (from the establishment officers) versus IG impact (by working closely with the same officials); and disputes between certain IGs and the Department of Justice over their authority and jurisdiction.

The following provides suggestions for each of the five broad issues, based on the public record since the IGs were established. The Congressional Research Service takes no position in support of or in opposition to these suggestions.

Institutional and Procedural Arrangements

- Changing the removal provision for IGs by requiring that any such action by the President or agency head be “for cause,” such as neglect of duty, malfeasance, or serious disability.

- Setting a term of office (e.g., 6, 8, or 10 years) for the IGs, to encourage longer service and greater stability in a single post than is now common.

- Establishing an inspector general in the Executive Office of the President (with jurisdiction, for instance, over statutorily created entities therein).

- Establishing by statute offices of inspectors general in congressional branch support agencies, particularly the General Accounting Office and the Library of Congress, modeled perhaps after the OIG in the Government Printing Office or in designated federal entities, where the IG is appointed by the agency head.

- Bringing the OIG in the Government Printing Office into closer conformity with the IG Act provisions affecting OIGs in designated federal entities.

- Adding IG positions in other entities which might now meet the criteria used in the 1988 amendments for the designated federal entities but did not then.

- Setting up a panel of PCIE members to make recommendations to the entity heads or screen possible candidates for the IGs in the smaller designated federal entities.

- Placing certain OIGs in designated federal entities under a statutory inspector general in a related major establishment. This might be considered because of the OIGs' small size, limited resources, or problems with independence, capabilities, and effectiveness. Several precedents for a dual assignment or
shared jurisdiction exist. There has been only one dual inspector general assignment, however: i.e., the IG in the State Department also served as the IG in the Arms Control and Disarmament Agency, which has since been transferred to the State Department. Presently, the State Department IG also has jurisdiction over the Broadcasting Board of Governors and the International Broadcasting Bureau, while the IG in the Agency for International Development covers the Overseas Private Investment Corporation.

- Having one person be the inspector general for all or a number of smaller designated federal entities. For instance, one individual could be the inspector general in perhaps 10 or 11 small entities; thus, the so-called mini-IGs would have a combined total of three IGs, contrasted with the more than 30 presently. Because of this combination, the newly created posts could become presidential nominations subject to Senate confirmation, rather than remaining as agency head appointments. This might also be a way of overcoming the limitations of small size, few resources, and limited capabilities, by comparison to other statutory IGs.

- Examining the offices with presidentially appointed IGs established by the 1988 IG Act Amendments and since then. This review would look at the newest of the presidentially appointed IG positions with a view to assessing their performance and reviewing any concerns about their independence and their offices' capabilities.

- Reviewing the statutory limitations on the Treasury Department IG's jurisdiction and authority over the law enforcement organizations in the Department: i.e., Bureau of Alcohol, Tobacco and Firearms; Customs Service; Internal Revenue Service (IRS); and Secret Service. This could examine whether there is a need to modify the current relationship with the existing Treasury Department IG or possibly to create a separate IG for one or all of these organizations, if merited, because of concerns about their accountability, performance, and conduct. In 1998, such an effort led to establishing a new Treasury Inspector General for Tax Administration to cover the IRS (P.L. 105-206).

- Establishing a separate office of inspector general for the Federal Bureau of Investigation (FBI) and Drug Enforcement Administration (DEA) in the Department of Justice or, alternatively, augmenting the authority and jurisdiction of the Justice Department inspector general over them. These options might be considered because of the size and importance of DEA and FBI, sensitivity of their operations, criticisms of past performance, and their relative independence from the Justice Department office of inspector general by comparison to other bureaus and organizations within the Department.

- Examining and clarifying in statute the role and responsibilities of the Justice Department IG with regard to the Office of Professional Responsibility (OPR), an administratively created office, along with other internal investigative or audit units in the department. Currently, for instance, there is a dispute within
the Justice Department about the scope of the IG’s jurisdiction vis-a-vis OPR’s, regarding investigation of officers or employees in attorney positions.

- Clarifying or changing the relationship of the IGs in the individual Armed Services with the Department of Defense (DOD) IG. This might include placing the military IGs directly and explicitly under the control of the civilian DOD inspector general.

- Expanding or clarifying the jurisdiction and authority of the IG in the Central Intelligence Agency with respect to other intelligence agencies, for instance, those in the Departments of Defense and Justice. One option would be to extend the CIA IG’s jurisdiction to mirror the jurisdiction of the Director of Central of Intelligence, resulting in an inspector general for the entire intelligence community.

- Examining the relationship of the IG with the Chief Financial Officer (CFO) in each establishment where both posts exist.

- Creating the post of assistant inspector general for inspections, to supplement the existing ones for auditing and investigations.

Authority of Inspectors General

- Reviewing and further clarifying, if necessary, the scope and tools of the IGs’ regulatory investigation authority. Certain limits on this authority and jurisdiction were prescribed in a 1989 Justice Department Office of Legal Counsel memorandum, commonly known as the “Kniec memo” for its author. The following year, the Acting Attorney General, based on discussions between the Department of Justice and the PCIE, issued a followup memorandum, establishing a set of principles that attempt to clarify the earlier opinion.

- Examining and possibly expanding and standardizing law enforcement authority for criminal investigators in the offices of inspector general. This area of inquiry could look at: whether the current arrangements, especially the long-term special deputation by the Marshals Service, have proven effective and at what costs and impact on the offices of inspector general; whether there should be across-the-board law enforcement powers in public law or whether law enforcement powers, if expanded by statute, should be granted selectively to specific agencies; and, most fundamentally, whether there is a need for independent law enforcement authority for OIG criminal investigators, by comparison to other mechanisms which rely upon the Marshals Service or other law enforcement entities, and what impact such a change would produce in the OIGs themselves, in their relationship with the Justice Department, and in crime control efforts at the federal level.

- Enhancing IG testimonial subpoena authority for all statutory inspectors general under the 1978 IG Act. This change could aid IGs especially in gathering information about alleged abuses of authority and evidence about suspected criminal wrong-doing.
• Examining and possibly clarifying the rights of employees who are interviewed by IG staff, such as the right to counsel or to union representation at such meetings.

• Clarifying or expanding IG access to certain private records of public officials. These might include such items as income tax records and other financial records.

• Protecting the confidentiality of “whistleblowers” and other employees who bring allegations of wrong-doing to the IGs’ attention. This might result in examining instances where such confidentiality has not been adequately protected, where the individual employee protested the disclosure, and where (alleged) reprisals resulted.

• Granting IGs authority to halt specific projects or operations which are found to have “particularly serious or flagrant problems” and which are reported to the agency head and within seven days to Congress. (Only the now-defunct Inspector General for Foreign Assistance has held authority to halt a project.) These new powers could help to improve agency responsiveness to IG findings of these serious problems and subsequent recommendations for corrective action.

• Providing prosecutorial authority for IGs in specified areas, possibly on a trial basis. This power could increase the impact of IG findings of criminal conduct. Currently, prosecutions based on such discoveries are conducted by U.S. Attorneys and the Department of Justice. These Justice Department prosecutors may be overwhelmed with other cases that have a higher priority, such as those involving illegal narcotics, thus, reducing the likelihood of prosecutions based on IG findings of wrongdoing (for instance, for Medicare or Medicaid fraud).

Effectiveness and Orientation of IGs, PCIE, and ECIE

• Measuring effectiveness and orientation of the offices and comparing them over time. This could include attempts to determine changes within and between the audit and investigation functions since the establishment of an OIG, between an IG’s prevention and detection focuses, or between his or her possible roles as an “outsider” (e.g., an independent critic) or “insider” (e.g., an ally of management). Other studies could focus on corrective action taken by an agency on IG recommendations, based in part on the semiannual statistical reporting provisions required by the 1988 Amendments to the IG Act; these studies might examine whether the proposed corrective actions have actually taken place, to what extent, and with what results. A related inquiry might question the budgetary impact of corrective recommendations that have been implemented, asking, for instance, whether the cost-savings resulted in a reduction of an agency’s budget requests.

• Using different measurements or bases to assess performance effectiveness and success. Different kinds of measurements than presently used might reveal different levels or rates of success and effectiveness of IGs.
• Assessing the role of OIGs in implementation of the Government Performance and Results Act, both for themselves and for the agencies in which they are located.

• Examining the role of OIGs in helping to determine, commenting upon, and recommending corrective action for the high risk or high vulnerability areas in federal programs that have been identified by GAO.

• Requiring that the summary reports on IG activities produced by the President’s Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency be issued semiannually. The PCIE reports had been issued twice a year until the FY 1988 report. These accounts, along with the ECIE reports, now appear only once a year; and their release is often delayed by more than six months after the end of the fiscal year. This results not only in fewer summary accounts of IG activities but also in less timely information and data than would be available if they were issued semiannually.

• Examining the role and responsibilities of the President’s Council on Integrity and Efficiency (PCIE), covering presidentially-appointed IGs, and the Executive Council on Integrity and Efficiency (ECIE), covering entity-head appointments. This effort could examine how the PCIE and ECIE have contributed to the effectiveness of the IGs, presumably through improved coordination; any OMB followup to such efforts; what other techniques or operations might be adopted along the same lines; and whether individual IG activities, operations, or independence might have been jeopardized or reduced because of PCIE or ECIE demands.

• Looking into the controls (via the PCIE/ECIE Integrity Committee) over alleged abuses of authority or other improprieties by IGs or their top assistants.

• Examining what has happened to IG findings of suspected criminal wrongdoing reported to the Attorney General. This might include comparing among the IGs the number and type of such reported suspicions, as well as the Justice Department’s own followup investigations and prosecutions. This examination could lead to determining the reasons why the Justice Department followed up (or did not do so) with its own investigations and prosecutions and, thus, help to improve IG preliminary investigations and gathering of evidence, if that appears necessary.

**Reporting to the Agency Head and Congress**

• Enhancing and standardizing the data and information on investigations in the semiannual reports. This might follow the lines for audit statistics and data required by the 1988 IG Act Amendments.

• Improving communication surrounding the major findings, conclusions, and recommendations in the semiannual reports. This could occur through, for instance, regular hearings with relevant congressional subcommittees when the report is issued and in-person briefings by IG personnel for congressional staff on relevant panels.
Consolidating or coordinating the semiannual reports from IGs with the periodic reports submitted under other relevant statutes, such as the Chief Financial Officers Act and the Federal Managers’ Financial Integrity Act.

• Requiring that the IGs issue their summary activity reports only annually, rather than semiannually, as is the case now.

• Increasing the use of the seven-day letter reports about “particularly serious or flagrant problems.” This might be accomplished by clarifying the meaning of the phrase in law, in a congressional report, or in a PCIE advisory opinion to the IGs. The effort might also lead to setting specific criteria and standards for submitting such reports. It might, for instance, require that any finding which is repeated in three successive semiannual reports be considered “particularly serious or flagrant” and automatically submitted to the agency head and then sent to Congress within seven days. This possible product could be based on an examination of the infrequent use of the seven-day letter reports—about once a year for all IGs—and a comparison of this use with episodes that appear to meet a common understanding of “particularly serious or flagrant problems” but were not reported under this provision.

• Examining systematically the agency heads’ and Congress’s response to seven-day letter reports about particularly serious or flagrant problems discovered by the IGs.

• Requiring the IG to issue a confidential report directly to the appropriate congressional committees whenever the head of the establishment is the subject of an IG investigation. Presently, only the CIA Inspector General has this authority (for the Director of Central Intelligence).

**Personnel Practices**

• Comparing personnel practices of IGs. This might include examining whether the IG hires his or her own staff or relies upon personnel rotating into and out of the office from other parts of the establishment. It could also involve a comparison of the recruitment practices and selection criteria for new hirings, promotional opportunities and practices, and complaints or grievances from IG personnel in this field.

• Comparing changes over time between the audit and investigative side of each OIG. This effort could help to determine whether any growth in one side has been accomplished at the expense of the other, and if so, why.

• Contracting out for activities and operations. This could involve a review of such contracting among IGs currently or for each IG over time, what types of activities are contracted for, actual costs and cost-benefits, and the possible loss of in-house capabilities through a reliance on such outsourcing of activities and operations, which might result in “hollow government” (that is, the inability of a government office to perform its basic functions or activities itself).
Incentive Awards

- Using "whistleblower" cash incentive awards. This effort could look at the extent of their use by the inspectors general to reward federal personnel for cost-saving disclosures, differences among the IGs, and changes in usage over time.

- Allowing IGs to be eligible for incentive awards or not. An examination of this matter might first of all review the differences in accepting incentive awards among IGs and then examine the differences of opinion over whether IGs should be eligible for such awards, particularly those granted by the establishment head or based on his or her recommendation. If these types of awards are found acceptable, attention might then be given to alternative arrangements for nominating IGs—possibly through a panel of PCIE or ECIE members or through a panel of experts set up under the Federal Advisory Committee Act—to avoid the appearance of a conflict of interest.

Legislative Initiatives

Several legislative initiatives in the 105th Congress have called for changes in the statutory offices of inspector general.

Proposed Inspector General Act Amendments of 1998

In the most far-reaching of these, Senator Susan Collins introduced legislation (S. 2167), for herself and Senator Grassley, that would have amended the Inspector General Act of 1978 in a number of ways. First of all, the proposal would consolidate seven of smaller IG offices in designated federal entities into larger OIGs in federal establishments with similar subject matter jurisdictions (e.g., Peace Corps OIG into the State Department OIG). The initiative would also reduce the semiannual reporting by IGs (to the agency head and to Congress) to a single annual report.

In addition, inspectors general in larger federal establishments, who are appointed by the President and confirmed by the Senate, would be given a renewable nine-year term of office, in the expectation that this would encourage longer tenure. The bill would also require that all IGs undergo an external review or evaluation of their activities and operations at least every three years. Finally, S. 2167 would increase the salary level of IGs in the federal establishments from Executive Level 4 ($18,400) to Executive Level 3 ($25,900). Because IGs have generally refrained from receiving bonuses in order to avoid the appearance of a conflict of interest, this loss of bonuses (from the agency head) has resulted in some IGs receiving lower annual compensation than their subordinates, particularly assistant and deputy inspectors general, who have accepted such bonuses.

Proposed Inspector General for Medicare and Medicaid

H.R. 251, introduced by Representative Jack Quinn on January 7, 1997, would have created a statutory inspector general for medicare and medicaid. The new
inspector general would have the same responsibilities, duties, powers, and authorities as the other statutory IGs under the 1978 Inspector General Act, as amended.

Proposed Reform of the Justice Department Inspector General

The proposed Department of Justice Inspector General Reform Act, H.R. 2182, would have amended the IG Act of 1978, as it pertains to the Department of Justice (DOJ). Introduced by Representative Robert Wexler on July 7, 1997, the bill provided that the Inspector General in the Justice Department would have oversight responsibility for the internal investigations performed by any DOJ entity. The IG would also have authority to initiate, conduct, and supervise inspections (along with audits and investigations as it is now authorized), regarding any Department entity or organization. The head of each DOJ entity, moreover, would be required to report promptly to the IG such matters, and under the terms, that the IG determines are necessary to carry out the IG's responsibilities. The proposal would also ensure that an IG audit, investigation, or inspection would preempt that of any other DOJ entity on the same matter.

Treasury Inspector General for Tax Administration

The Internal Revenue Service Restructuring and Reform Act of 1998 (P.L. 105-206) established a new Treasury Inspector General for Tax Administration to cover the Internal Revenue Service. The law is to take effect within 180 days after its enactment, which occurred on July 22, 1998. The enactment contained additional oversight mechanisms and procedures to help improve accountability and control over the IRS.

The jurisdiction for the new IG is confined to the IRS and tax administration, while the Treasury Department IG is excluded from such matters. As a presidential appointee, subject to Senate confirmation, the Inspector General for Tax Administration is on a par with statutory IGs in other establishments, that is, all the cabinet departments and larger federal agencies. The new IG reports to and is under only the "general supervision" of the head of the establishment—the Secretary of the Treasury, here—as are the other inspectors general. The IG for Tax Administration also has the same duties, authorities, and requirements of the IGs in other establishments. In addition, the powers and responsibilities of the IRS Office of Chief Inspector, including access to tax records, are transferred to the new Inspector General for Tax Administration.

Intelligence Community Whistleblower Protection Act of 1998

The Intelligence Authorization Act for Fiscal Year 1999 (P.L. 105-272) contained the Intelligence Community Whistleblower Protection Act of 1998, which involves the inspectors general in relevant establishments, notably the Central Intelligence Agency, Department of Defense, and Department of Justice, along with other organizations that conduct foreign intelligence or counterintelligence. Based

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5 Sections 1102 and 1103 of P.L. 105-206.
on H.R. 3829, introduced by Representative Porter Goss, Chairman of the House Permanent Select Committee on Intelligence, and modified by the conferees on the intelligence authorization bill, the new whistleblower statute is designed to promote and protect reporting to Congress by employees or contractors who have an "urgent concern" about a number of matters, based on classified information. Such concerns include: suspected serious or flagrant problems, abuses, violations of law or executive orders; false statements to Congress; a willful withholding of certain information from Congress; and reprisals or the threat of reprisals against a whistleblower. (A parallel proposal in the Senate—S. 1668, 105th Congress—by comparison, did not specifically involve the IGs, unlike the House proposal and the final version.)

The new whistleblower statute establishes a procedure whereby employees notify the inspector general in their establishment of such problems and concerns. The IG is to determine within 14 days, if the charge appears credible. If so, the inspector general then notifies the agency head, who must transmit the information, along with any comments the head deems appropriate, to the House and Senate Select Committees on Intelligence within seven days.

If the IG does not transmit the complaint to the agency head or does not do so in an "accurate form," the inspector general must report this to the whistleblower. If he or she does not agree with the IG's decision, then the whistleblower is allowed to submit the information to the intelligence committees directly, under prescribed conditions; these include notice to the agency head, through the IG, of the intent to contact the panels and a statement of the allegation.

Foreign Affairs Reform and Restructuring Act of 1998

The Foreign Affairs Reform and Restructuring Act of 1998, a part of the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (P.L. 105-277), calls for the transfer of certain programs and agencies to the Department of State. Two of these—the Arms Control and Disarmament Agency (ACDA) and the United States Information (USIA)—are scheduled to be merged into the Department in 1999; consequently, the State Department IG will inherit jurisdiction for their programs and operations. (Previously, the State Department IG had a dual assignment as Inspector General in ACDA; this was the only case in which the same individual held two official inspector general positions, serving as the IG in two separate establishments.) In addition, the State Department inspector general, via P.L. 105-277, has been granted jurisdiction over the independent Broadcasting Board and the International Broadcasting Bureau, which had been under the USIA inspector general.

Recognition of IG Accomplishments Since the 1978 Act

In 1998, Congress recognized the accomplishments of the statutory inspectors general upon their 20th anniversary through P.L. 105-349. Introduced by Senator Glenn, for himself and six cosponsors, the joint resolution (S.J.Res. 58) commended the offices for their professionalism and dedication; recognized their accomplishments in combating waste, fraud, and abuse (resulting, for instance, in an estimated $3 billion in returns and investigative recoveries and another $25 billion in funds that could be
put to better use, in FY1997); and reaffirmed the role of the IGs in promoting economy, efficiency, and effectiveness in the administration of federal programs and operations.
Statutory Offices of Inspector General: Establishment and Evolution

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Specialist in American National Government
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Summary

Statutory offices of inspector general (OIGs) consolidate responsibility for audits and investigations within a federal department, agency, or other organization. Established by public law as permanent, nonpartisan, independent offices, they now exist in nearly 60 federal establishments and entities, including all departments and the largest agencies as well as numerous boards and commissions. Under two major enactments—the Inspector General Act of 1978 and amendments of 1988—inspectors general (IGs) have been granted substantial independence and authority to carry out their basic mandate to combat waste, fraud, and abuse. Recent statutes, moreover, have added three OIGs: for Tax Administration in Treasury, in Homeland Security, and in the Coalition Provisional Authority in Iraq (CPA). Other laws have codified Justice IG jurisdiction over the entire department and granted law enforcement powers to OIGs in establishments. This report will be updated as events require.

Responsibilities

Inspectors general have three principal responsibilities under the Inspector General Act of 1978, as amended:

- conducting and supervising audits and investigations relating to the programs and operations of the establishment;
- providing leadership and coordination and recommending policies for activities designed to promote the economy, efficiency, and effectiveness of such programs and operations, and preventing and detecting fraud and abuse in such programs and operations; and
- providing a means for keeping the establishment head and Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations, and the necessity for and progress of corrective action.

Authority and Duties

To carry out the purposes of the Inspector General Act, IGs have been granted broad authority to conduct audits and investigations; access directly all records and information of the agency; request assistance from other federal, state, and local government agencies; subpoena information and documents; administer oaths when taking testimony; hire staff and manage their own resources; and receive and respond to complaints from agency employees, whose confidentiality is to be protected. In addition, the Homeland Security Act of 2002 gave law enforcement powers to criminal investigators in offices headed by presidential appointees. Following the terrorist attacks on the Pentagon and World Trade Center on September 11, 2001, moreover, some IG staff were redeployed to assist in airline security and in terrorist investigations by the FBI and other agencies.

Notwithstanding these powers and duties, IGs are not authorized to take corrective action or make any reforms themselves. Indeed, the Inspector General Act, as amended, prohibits the transfer of "program operating responsibilities" to an IG (5 U.S.C. Appendix 3, Section 9(a)(2)). The rationale for this prohibition is that it would be difficult, if not impossible, for IGs to audit or investigate programs and operations impartially and objectively if they were directly involved in carrying them out.

Reporting Requirements

IGs also have important obligations concerning their findings, conclusions, and recommendations for corrective action. These include reporting: (1) suspected violations of federal criminal law directly and expeditiously to the Attorney General; (2) semiannually to the agency head, who must submit the IG report (along with his or her comments) to Congress within 30 days; and (3) "particularly serious or flagrant problems" immediately to the agency head, who must submit the IG report (along with comments) to Congress within 7 days. The IG for the Central Intelligence Agency (CIA), operating under a different statute, must also report to the House and Senate Select Committees on Intelligence if the Director (or Acting Director) of Central Intelligence is the focus of an investigation, audit, or inspection.
By means of these reports and "otherwise," IGs are to keep the agency head and Congress fully and currently informed. Other means of communication include testifying at congressional hearings; meeting with legislators, officials, and staff; and responding to congressional requests for information and reports.

**Independence**

In addition to having their own powers (e.g., to hire staff and issue subpoenas), the IGs' independent status is reinforced in a number of other ways: protection of their budgets, qualifications on their appointment and removal, prohibitions on interference with their activities and operations, and a proscription on being assigned any program operating responsibilities.

**Appropriations.** Presidentially appointed IGs in the larger federal agencies have a separate appropriations account (a separate budget account in the case of the CIA) for their offices. This situation prevents agency administrators from limiting, transferring, or otherwise reducing IG funding once it has been specified in law.

**Appointment and Removal.** Under the Inspector General Act, as amended, IGs are to be selected without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial and management analysis, law, public administration, or investigations. The CIA IG, who operates under a different statute, is to be selected under these criteria as well as prior experience in the field of foreign intelligence and in compliance with the security standards of the agency.

Presidentially appointed IGs in the larger federal establishments who are confirmed by the Senate can be removed only by the President. When so doing, the President must communicate the reasons to Congress. However, IGs in the (usually) smaller, designated federal entities are appointed by the agency head and can be removed by this officer, who must notify Congress in writing when exercising the power. In the U.S. Postal Service, by comparison, the governors appoint the inspector general — the only statutory IG with a set term (7 years). This IG can be removed with the written concurrence of at least seven of the nine governors, but only for cause — again, the only statutory IG having such a qualification governing removal.

**Supervision.** IGs serve under the "general supervision" of the agency head, reporting exclusively to the head or to the officer next in rank if such authority is delegated. With only a few specified exceptions, neither the agency head nor the officer next in line "shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation."

Under the IG Act, as amended, the heads of only five agencies — the Departments of Defense, Homeland Security, Justice, and Treasury, plus the U.S. Postal Service — may prevent the IG from initiating, carrying out, or completing an audit or investigation, or issuing a subpoena, in order to preserve national security interests or to protect ongoing criminal investigations, among other specified reasons. When exercising this power, the department head must transmit an explanatory statement for such action to the House Government Reform Committee, the Senate Governmental Affairs Committee, and other appropriate congressional committees and subcommittees within 30 days.
Under the CIA IG Act, the Director of Central Intelligence may similarly prohibit the CIA IG from conducting investigations, audits, or inspections and then must notify the House and Senate Intelligence Committees of the reasons for such action within 7 days.

**Coordination and Controls**

Several presidential orders have been issued to improve coordination among the IGs and provide a means for investigating charges of wrongdoing by the IGs themselves and other top echelon officers. In early 1981, President Ronald Reagan established the President’s Council on Integrity and Efficiency (PCIE) to coordinate and enhance efforts at promoting integrity and efficiency in government programs and to detect and prevent waste, fraud, and abuse (E.O. 12301). Chaired by the Deputy Director of the Office of Management and Budget, the PCIE was composed of the existing statutory IGs plus officials from the Office of Personnel Management, the Federal Bureau of Investigation (FBI), and the Departments of Defense, Justice, and the Treasury, among others. PCIE membership was expanded to include the subsequent IGs in establishments, the Controller of the Office of Federal Financial Management, the Director of the Office of Government Ethics, and the Special Counsel. In 1992, following the establishment of new IG offices in designated federal entities, a parallel Executive Council on Integrity and Efficiency (ECIE) was created for these new IGs and other appropriate officials. Both the PCIE and the ECIE currently operate under E.O. 12805, issued by President George H.W. Bush in 1992.

Concerns about the investigation of alleged wrongdoing by IGs themselves or other high-ranking officials in an office of inspector general prompted the establishment of a new mechanism to pursue such charges. In 1996, President Bill Clinton chartered an Integrity Committee, composed of PCIE and ECIE members and chaired by the FBI representative, to receive such allegations (E.O. 12993). If deemed warranted, the panel refers them for investigation to an executive agency — including the FBI — with appropriate jurisdiction or a special investigative unit composed of council members.

**Establishment**

Statutory offices of inspector general currently exist in 59 federal establishments and entities, including all 15 cabinet departments; major executive branch agencies; independent regulatory commissions; various government corporations and foundations; and one legislative branch agency: the Government Printing Office (GPO). All but three of the OIGs — in the CIA, CPA, and GPO — are directly and explicitly under the Inspector General Act of 1978, as amended.

Each office is headed by an inspector general, who is appointed in one of two ways:

1. 30 are nominated by the President and confirmed by the Senate in the federal establishments: all cabinet departments and the larger agencies. (See Table 1.)

2. 29 are appointed by the head of the entity in the 27 designated federal entities — usually smaller foundations, boards, and commissions — and in two other agencies, where the IGs operate under separate but parallel authority: CPA, whose IG is appointed by the Secretary of Defense after consultation with the
Secretary of State; and GPO, a legislative branch office, whose IG is appointed by the Public Printer. (See Table 2.)

Table 1. Statutes Establishing Inspectors General Nominated by the President and Confirmed by the Senate, 1976-Present
(current offices are in bold)

<table>
<thead>
<tr>
<th>Year</th>
<th>Statute</th>
<th>Establishment</th>
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<tbody>
<tr>
<td>1976</td>
<td>P.L. 94-505</td>
<td>Health, Education, and Welfare (now Health and Human Services)</td>
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<tr>
<td>1977</td>
<td>P.L. 95-91</td>
<td>Energy</td>
</tr>
<tr>
<td>1978</td>
<td>P.L. 95-452</td>
<td>Agriculture, Commerce, Community Services Administration, Housing and Urban Development, Interior, Labor, Transportation, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, Small Business Administration, Veterans Administration (now the Veterans Affairs Department)</td>
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<tr>
<td>1979</td>
<td>P.L. 96-88</td>
<td>Education</td>
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<tr>
<td>1980</td>
<td>P.L. 96-294</td>
<td>U.S. Synthetic Fuels Corporation</td>
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<tr>
<td>1980</td>
<td>P.L. 96-465</td>
<td>State</td>
</tr>
<tr>
<td>1981</td>
<td>P.L. 97-113</td>
<td>Agency for International Development</td>
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<tr>
<td>1982</td>
<td>P.L. 97-252</td>
<td>Defense</td>
</tr>
<tr>
<td>1983</td>
<td>P.L. 98-76</td>
<td>Railroad Retirement Board</td>
</tr>
<tr>
<td>1986</td>
<td>P.L. 99-399</td>
<td>U.S. Information Agency</td>
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<tr>
<td>1987</td>
<td>P.L. 100-213</td>
<td>Arms Control and Disarmament Agency</td>
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<tr>
<td>1989</td>
<td>P.L. 101-73</td>
<td>Resolution Trust Corporation</td>
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<tr>
<td>1989</td>
<td>P.L. 101-193</td>
<td>Central Intelligence Agency</td>
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<tr>
<td>1993</td>
<td>P.L. 103-82</td>
<td>Corporation for National and Community Service</td>
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<tr>
<td>1993</td>
<td>P.L. 103-204</td>
<td>Federal Deposit Insurance Corporation</td>
</tr>
<tr>
<td>1994</td>
<td>P.L. 103-296</td>
<td>Social Security Administration</td>
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<tr>
<td>1994</td>
<td>P.L. 103-325</td>
<td>Community Development Financial Institutions Fund</td>
</tr>
<tr>
<td>1998</td>
<td>P.L. 105-206</td>
<td>Treasury Inspector General for Tax Administration</td>
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<tr>
<td>2000</td>
<td>P.L. 106-422</td>
<td>Tennessee Valley Authority</td>
</tr>
<tr>
<td>2002</td>
<td>P.L. 107-189</td>
<td>Export-Import Bank</td>
</tr>
<tr>
<td>2002</td>
<td>P.L. 107-296</td>
<td>Homeland Security</td>
</tr>
</tbody>
</table>

a. All except the CIA IG are directly under the 1978 Inspector General Act, as amended.
b. CSA, Synfuels Corporation, USIA, ACDA, RTC, CDFIF, and FEMA have been abolished or transferred.
c. The State Department IG had also served as the IG for ACDA. In 1998, P.L. 105-277 abolished ACDA and USIA and transferred their functions to the State Department. The Act also brought the Broadcasting Board of Governors and the International Broadcasting Bureau under the jurisdiction of the State Department Inspector General.
d. The Inspector General in AID may also conduct reviews, investigations, and inspections of the Overseas Private Investment Corporation (22 U.S.C. 2199(e)).
e. In 2002, P.L. 107-273 expanded the jurisdiction of the Justice OIG to cover all department components, including DEA and the FBI.
f. P.L. 107-296, which established the Homeland Security Department, transferred FEMA’s functions to it and also granted law enforcement powers to OIG criminal investigators in establishments.
g. The OIG for Tax Administration in Treasury now is the only case where a separate statutory OIG exists within an establishment or entity that is otherwise covered by its own statutory office.
h. P.L. 106-422, which redesignated TVA as an establishment, also created, in the Treasury Department, a Criminal Investigator Academy to train IG staff and an Inspector General Forensic Laboratory.
Table 2. Designated Federal Entities and Other Agencies with Statutory IGs Appointed by the Head of the Entity or Agencya
(current offices are in bold)


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a. All agencies — except CPA (P.L. 108-106) and GPO (P.L. 100-504) — are considered “designated federal entities” and placed directly under the 1978 IG Act by the 1988 Amendments (P.L. 100-504) or subsequent enactments.
b. In 1993, P.L. 103-82 merged ACTION into the new Corporation for National and Community Service.
c. The BIB was abolished by P.L. 103-236 and its functions transferred to the International Broadcasting Bureau within USIA, which was later abolished and its functions transferred to the State Department.
d. In 1993, P.L. 103-204 made the IG in FDIC a presidential appointee, subject to Senate confirmation.
f. The ICC was abolished in 1995 by P.L. 104-88.
g. The Panama Canal Commission, replaced by the Panama Canal Commission Transition Authority, was phased out, when United States responsibility for the Canal was transferred to the Republic of Panama (22 U.S.C. 3611).
h. P.L. 106-422 redesignated TVA as a federal establishment.
i. In 1996, the U.S. Postal Service Inspector General was separated from the Chief Postal Inspector and now exists as an independent position. The IG is appointed by, and can be removed by, the governors.

Table 3. Tabulation of Existing Federal Establishments, Entities, or Agencies with Statutory IGs

<table>
<thead>
<tr>
<th>Controlling statute</th>
<th>IGs nominated by President and confirmed by Senate</th>
<th>IGs appointed by head of entity or agency</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978 IG Act, as amended</td>
<td>29</td>
<td>27</td>
<td>56</td>
</tr>
<tr>
<td>Other statutes</td>
<td>1a</td>
<td>2b</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>29</td>
<td>59</td>
</tr>
</tbody>
</table>

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AN INTRODUCTION TO THE INSPECTOR GENERAL COMMUNITY
THE INSPECTOR GENERAL'S RESPONSIBILITIES

The 1978 IG Act charges the Offices of Inspector General to:

- Detect fraud, waste, and abuse in their agency’s programs
- Examine the efficiency and effectiveness of agency operations
INSPECTOR GENERAL VISION STATEMENT

We are agents of positive change striving for improvement in our agencies’ management and program operations and in our own offices.
WHO BENEFITS FROM IG ACTIVITIES?

- Agency head - receives objective and independent information about the agency’s performance, and on fraud, waste, and abuse in agency programs

- Agency programs - IG activities can generate
  - Management improvements
  - Recoveries of overpaid funds
  - Future operating economies

- Congress - IG reports assist in oversight and accountability

- Taxpayers - receive more effective federal programs and services at a lower cost
INSPECTOR GENERAL ACT - ORIGINS

Congressional hearings during the 1960's and 1970's identified

- Inadequate coordination between agency management and law enforcement officials
- Lack of independence of agency’s audit, investigative, and oversight components
- Inadequate coordination among auditors, investigators, and program managers
- Insufficient public accountability for fraud, waste, abuse, and inefficiency
INSPECTOR GENERAL ACT

- Originally enacted in October 1978

- Created Inspectors General in 12 of the largest federal agencies

- Amended several times, now provides for Inspectors General in 57 agencies

- Remains the cornerstone of every IG's organizational existence
IMPACT OF IG ACTIVITIES

- Recovering funds paid incorrectly or fraudulently
- Savings through more efficient and effective operations
- Prosecuting crimes against federal programs
- Sanctioning persons or entities that have violated program requirements
- Reports provide factual basis on which agency may discipline employees
## IMPACT OF IG ACTIVITIES
**FY 1991 - 1999**

<table>
<thead>
<tr>
<th>IMPACT MEASURE</th>
<th>TOTAL RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendations in audit reports that costs be disallowed or funds be put to better use</td>
<td>$106 billion</td>
</tr>
<tr>
<td>Financial recoveries resulting from IG investigative activities</td>
<td>$13 billion</td>
</tr>
<tr>
<td>Successful prosecutions</td>
<td>122,000</td>
</tr>
<tr>
<td>Administrative sanctions</td>
<td>47,000</td>
</tr>
<tr>
<td>Personnel actions</td>
<td>19,000</td>
</tr>
</tbody>
</table>

Source: PCIE/ECIE Progress Reports to the President, FYs 1991 – 1999; all numbers cited include results reported by the Office of Inspector General of the U.S. Postal Service, in its oversight role regarding the Postal Inspection Service.
APPOINTMENT OF THE INSPECTORS GENERAL

- In 29 agencies - including every Cabinet department and the larger independent agencies - the Inspector General is appointed by the President, with advice and consent of the Senate.

- In 28 other agencies, the Inspector General is appointed by the agency head.

- No difference in the powers or authorities between the two categories of IGs.

- If IG is removed from position, Congress must be informed promptly of reasons.
IG OPERATIONAL INDEPENDENCE

The IG Act contains provisions to assure the OIG’s ability to carry out its activities.

- IG works under the “general supervision” of the agency head/deputy agency head, but is not subject to supervision from any other agency official.

- OIG has full operational independence to select, plan, and conduct its work.

- OIG conducts, coordinates, or oversees all audits and criminal investigations of agency's programs.
IG OPERATIONAL INDEPENDENCE (CONTINUED)

- IG may not manage any operational program of the agency or supervise non IG employees
- IG may not make policy for non-OIG programs
- IG has dual reporting responsibilities
  - Agency head
  - Congress
IG OPERATIONAL INDEPENDENCE
(CONTINUED)

♦ "Seven day letter"

♦ Special IG report to agency head

♦ "Particularly serious or flagrant programs, abuses, or deficiencies"

♦ Agency head must forward to Congress within 7 days, with comments
IG ACCESS TO INFORMATION

- Statutory right of access
  - All agency records and employees
  - Information needed for audits and investigations

- Subpoena authority under the IG Act
  - Non-agency documents
  - Enforceable in federal court
ORGANIZATION OF OFFICES OF INSPECTOR GENERAL

- Positions required by the IG Act for Presidentially-appointed IGs
  - Assistant Inspector General for Audits - manages all audit activities
  - Assistant Inspector General for Investigations - manages all investigative activities

- Not required by the Act, but present in nearly every Presidentially-appointed IG
  - Deputy Inspector General
  - Legal Counsel to the IG
IG ACT - IG INFRASTRUCTURE

♦ Assures the IG’s objectivity and independence

♦ Independent management authority in several areas

♦ Contract for goods and services, including offices, facilities, and equipment

♦ Exclusive personnel management authority for IG employees (other than SES)

♦ Separate appropriation account for IG funds
OIG OPERATIONS - AUDITS

- Auditing the agency's financial statements
- Identifying fraud, waste, and abuse in agency programs
- Determining whether agency funds have been paid properly, and identifying payments that should be recovered
- Identifying ways that agency funds can be put to better use
Identifying ways the economy and efficiency of programs can be improved

Determining whether contractors and grantees have met their responsibilities to the government

Determining whether agency programs are being administered in accordance with law, regulation, and policy
OIG OPERATIONS - AUDIT STANDARDS AND TRAINING

- General Accounting Office's Government Auditing Standards ("Yellow Book")
  - Professional standards for all government auditing
  - Foundation for training IG auditors

- Inspector General Auditor Training Institute
  - Operated on a cooperative basis by the IG community
  - Courses at introductory through advanced levels
OIG OPERATIONS - INVESTIGATIONS

- Criminal and civil investigations
- Fraud and abuse in agency programs
- Investigations of misconduct by agency personnel/contractors/grantees
- Law enforcement authority
  - Obtain and execute search warrants
  - Make arrests
  - Carry firearms
- Quality Standards for Investigations
  - Developed by the President’s Council on Integrity and Efficiency

- Federal Law Enforcement Training Center
  - Courses for investigators in 70 agencies and the IG community
  - IG agents receive basic investigator training

- Inspector General Criminal Investigator Academy
  - Meets specialized training needs of IG agents
OIG OPERATIONS - INSPECTION AND EVALUATIONS

- Not required by the IG Act, but present in many IG offices
- Complements audits and investigations
- Studies focus on a stated issue, topic, or program
- Timely reports with specific recommendations for program officials
- Professional standards developed by PCIE
OIG PROGRAM REPORTS

- Principal work product of IG activities

- Normally issued to the agency official responsible for the affected program area

- Investigative reports may also be sent to:
  - United States Attorney for prosecutorial consideration
  - Other federal law enforcement agencies for coordination

- Draft audit reports may be distributed for comment before final issuance
IG SEMIANNUAL REPORTS

- Reporting periods (each year)
  - October - March
  - April - September

- IG’s dual reporting relationship to the agency head and Congress
  - Agency must forward the IG report to Congress, with agency response

- Both the IG report and agency response are in the public record
IG SEMIANNUAL REPORTS - REPORTING TOPICS

Reflect congressional interest in fostering public accountability for integrity and efficiency issues

- List of all audit reports issued

- Detailed accounting for financial impact of audit activities

- Narrative summaries of significant audits and investigations
IG SEMIANNUAL REPORTS - REPORTING TOPICS

(CONTINUED)

◆ Significant problems, deficiencies, or abuses in the agency

◆ Matters referred by the IG for prosecution

◆ Impact of proposed regulations and legislation on economy, efficiency, and integrity of agency programs
PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY (PCIE) AND THE EXECUTIVE COUNCIL ON INTEGRITY AND EFFICIENCY (ECIE)

- Established by Executive Order
- Coordinating bodies for the Presidentially appointed IGs (PCIE) and the agency-appointed IGs (ECIE)
  - Policy issues crossing agency lines
  - Professional standards for IG work
  - Studies on topics of government-wide concern
  - Training for executives, managers, and staff
- Chaired by OMB Deputy Director for Management
PCIE - ECIE
(CONTINUED)

- PCIE Standing Committees
  - Audits
  - Investigations
  - Legislation
  - Professional Development
  - Integrity

- Each committee chaired by an IG, except FBI chairs the Integrity Committee
INTEGRITY COMMITTEE

- Recognizes IG community's own accountability
- Based on Executive Order developed by the PCIE
- Chaired by the FBI's Assistant Director for Criminal Investigations
INTEGRITY COMMITTEE (CONTINUED)

- Membership from within and outside the IG community

  ♦ Director, Office of Government Ethics

  ♦ Special Counsel, Merit Systems Protection Board

  ♦ Chief, Public Integrity Section, Criminal Division, Department of Justice

  ♦ Three or more sitting IGs drawn from the PCIE and ECIE
INTEGRITY COMMITTEE OF PCIE (CONTINUED)

- Reviews allegations of wrongdoing on part of IGs and senior executives in IG offices
- Conducts or arranges for investigations
- Provides findings to OMB
PUBLICLY AVAILABLE SOURCES OF INFORMATION

- IG Semiannual reports

- PCIE/ECIE Progress Report to the President
  - Compiled annually
  - Community-wide statistical and narrative information

- IGNet, the PCIE/ECIE website www.ignet.gov
  - Links and references to each IG’s own website, and related sites