

## Why GAO Did This Study

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) required GAO to report on the relative independence, effectiveness, and expertise of the inspectors general (IG) established by the IG Act of 1978, as amended (IG Act), including IGs appointed by the President with Senate confirmation and those appointed by their agency heads in designated federal entities (DFE). GAO was also required to report on the effect that provisions in the Dodd-Frank Act have on IG independence.

The objectives of this report are to provide information as reported by the IGs on (1) the implementation of provisions intended to enhance their independence in the IG Reform Act of 2008 (Reform Act), the IG Act, and the Dodd-Frank Act; (2) their measures of effectiveness, including oversight of American Recovery and Reinvestment Act of 2009 (Recovery Act) funds; and (3) their expertise and qualifications in areas specified by the IG Act.

GAO relied primarily on responses to its survey received from 62 IGs established by the IG Act. GAO also obtained information from the President's fiscal year 2011 budget, the IGs' annual report to the President for fiscal year 2009, and the IGs' semiannual reports to the Congress.

GAO is not making any recommendations in this report. In comments on a draft of this report, the Council of the Inspectors General on Integrity and Efficiency (IG Council) stated the report contributes to a greater understanding of the work of the IGs in providing oversight to a wide range of government programs.

View [GAO-11-770](#) or key components. For more information, contact Susan Ragland at (202) 512-8486 or [raglands@gao.gov](mailto:raglands@gao.gov).

## INSPECTORS GENERAL

### Reporting on Independence, Effectiveness, and Expertise

## What GAO Found

Information from the 62 IGs in offices established by the IG Act and GAO's analysis showed that the IGs had (1) taken actions to implement statutory provisions intended to enhance their independence; (2) reported billions of dollars in potential savings and other measures of effectiveness, including actions taken to help prevent fraud in the distribution of Recovery Act funds; and (3) a range of expertise and qualifications in the areas specified by the IG Act.

With respect to independence, the IGs reported that

- statutory provisions regarding IG compensation have been implemented where applicable, thereby maintaining the independence of their work and enhancing their relative stature within their agencies;
- they had access to independent legal counsel who reports to an IG instead of an agency management official;
- only one IG used a statutory provision for IGs to report particularly flagrant problems through the agency head to the Congress in 7 days because issues are generally resolved before the report is needed; and
- of the affected 26 DFE IGs, 14 responded that their independence was enhanced by the Dodd-Frank Act provision that changed the designation of agency head from the chair to the entire board or commission, and 20 responded that their independence was enhanced by the provision requiring a two-thirds majority vote for IG removal.

Also, the IGs' budgets were not always identified separately in the President's fiscal year 2011 budget submission as required by the Reform Act provision intended to enhance the IGs' budget independence through transparent reporting. The IG Council is currently reviewing the matter.

The IGs reported various measures of effectiveness. The IGs reported potential savings of about \$43.3 billion resulting from their fiscal year 2009 audits and investigations. Given the IGs' fiscal year 2009 budget authority of about \$2.3 billion, these potential savings represent about an \$18 return on every dollar invested in the IGs. The IGs also reported about 5,900 criminal actions, 1,100 civil actions, 4,400 suspensions and debarments, and 6,100 indictments as a result of their work. In addition, the IGs reported enhanced effectiveness through additional actions taken to help prevent fraud in their agencies. For example, in fiscal year 2009 the Recovery Act created a requirement for the IGs to provide oversight of the economic stimulus funds disbursed by their agencies, and established the Recovery Accountability and Transparency Board of IG members to help carry out this oversight. As of June 2011, the IGs reported over 1,500 investigations opened, over 1,400 reviews completed, and over 2,000 training sessions provided to detect and prevent fraud, waste, abuse, and mismanagement in the use of Recovery Act funds.

With respect to expertise, the IGs reported having backgrounds, academic degrees, and certifications in a range of areas related to their statutory responsibilities. The IGs reported backgrounds and academic degrees in accounting, auditing, financial analysis, law, management analysis, public administration, and investigations. In addition, the IGs, particularly the DFE IGs, reported numerous professional certifications related to their responsibilities.