



United States  
General Accounting Office  
Washington, D.C. 20548

General Government Division

B-259809

March 30, 1995

The Honorable John M. Spratt, Jr.  
House of Representatives

Dear Mr. Spratt:

In response to your request, we have reviewed selected aspects of the operations of the Office of Inspector General at the Resolution Trust Corporation (RTC-OIG). Your request was made in your previous position as Chairman, Subcommittee on Commerce, Consumer, and Monetary Affairs, House Committee on Government Operations. Reflecting our agreement with Subcommittee staff, we focused our review on the RTC-OIG's purported mishandling of specific allegations of fraud, waste, abuse, and mismanagement in the RTC. Specifically, we looked at the RTC-OIG's handling of 22 allegations of wrongdoing reported to it.

Our objectives were to (1) review specific allegations the Subcommittee referred to us, (2) review other allegations brought to our attention from various sources including current and former RTC employees and other congressional staff, and (3) determine whether the RTC-OIG's handling of these allegations pointed to systemic shortcomings in RTC-OIG operations that might warrant further investigation. It should be understood that the universe of specific allegations we checked was selective and small, and therefore not necessarily representative of the OIG's workload.

In reviewing the 22 allegations, we did not seek to re-do the investigations. Instead, we looked into each case to the extent we believed necessary to assess the RTC-OIG's handling of it. In doing so, we applied a consistent set of criteria in assessing the RTC-OIG's response. We asked initially whether the RTC-OIG had begun an audit or an investigation, and if not, what action it had taken and why. To assess the completeness and thoroughness of the RTC-OIG's responses, we reviewed available documents on the RTC-OIG's response to each of the allegations, including internal RTC-OIG communications, support for findings reached, draft reports, final reports, and documents

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transmitting RTC-OIG reports to the RTC and to other recipients. The RTC-OIG complied with each of our requests for documents and for interviews with its staff.

We also interviewed RTC-OIG management, auditors, and investigators to determine (1) the level of priority attached to reviewing specific allegations, (2) the basis for RTC-OIG determinations on the scope and extent of its efforts on each allegation, (3) the basis for any findings reached, and (4) the extent of the OIG's follow-up with the RTC, U.S. Attorneys, and with officials at the Departments of Justice and the Treasury, and the Federal Deposit Insurance Corporation, where needed, on completed reports. When appropriate, we sought the views of the person or persons making the allegations. In conducting our work, we used as criteria generally accepted government auditing standards and the standards for investigations issued by the President's Council on Integrity and Efficiency.

We had differences of opinion with the RTC-OIG over the priority assigned to two cases but generally we found that the actions taken by the OIG on the 22 specific allegations were reasonable. We found no indication of systemic problems in the OIG's operations.

We kept the Subcommittee staff informed of the progress of our work in a series of meetings. This letter summarizes the results of our review. Because the Inspector General of the RTC is a former senior GAO official, the team excluded GAO staff who had worked with the Inspector General while he was at GAO or who have had, or now have, any relationship with him or with former GAO staff he has hired since he assumed that position. The team also maintained a clearly defined separation, both in terms of physical location and day-to-day communications, from the organizational units in GAO that interface most frequently with the RTC-OIG.

We are sending a copy of this letter to the RTC Inspector General, and will make copies available to other interested parties on request. If you have questions, please contact me on (202) 512-7824, or Mr. Lowell Dodge on (202) 512-8190.

Sincerely yours,



L. Nye Stevens  
Director of Planning and Reporting

