
GAO

Report to the Committee on Government
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November 1993

**INSPECTORS
GENERAL**

**Action Needed to
Strengthen OIGs at
Designated Federal
Entities**



Notice: This is a reprint of a GAO report.



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November 30, 1993

The Honorable John Conyers, Jr.
Chairman
The Honorable William F. Clinger, Jr.
Ranking Minority Member
Committee on Government Operations
House of Representatives

The Inspector General Act Amendments of 1988 and the Government Printing Office (GPO) Inspector General Act of 1988 (Titles I and II, Public Law 100-504) established offices of inspectors general (OIGs) in 33 designated federal entities (DFEs) and GPO.¹ These inspectors general (IGs) are appointed by their entity heads, unlike the IGs appointed by the President at 26 major departments and agencies. In response to your request, this report presents information for fiscal years 1990 through 1992 on the 34 DFE IGs' (1) progress in implementing the IG Act Amendments of 1988 and the GPO IG Act of 1988, (2) problems in implementing that legislation, and (3) ability to ensure audit coverage of entity programs and operations, especially through the development and use of strategic plans. Appendix I lists the 34 DFEs we reviewed.

Results in Brief

The 34 DFEs have made progress in implementing the IG legislation during the past 3 years. The IGs established policies and procedures to perform independent audits and investigations; developed working relationships with their entity heads; and reported potential recoveries, cost efficiencies, civil fines, and forfeitures from their audits and investigations. However, several problems arose in the DFE IG and entity implementation of the legislation. Specifically, we found the following:

- Seven IGs were supervised by officials other than their entity heads, which is prohibited by the IG Act.
- In 14 of 16 DFEs whose budget processes we reviewed, entity officials who competed with the IGs for resources—and whose programs and operations were subject to IG audits and/or investigations—made decisions affecting the IGs' budgets.
- Two entity heads did not adequately disclose the reasons for dismissing or transferring their IGs in their required written notification to the Congress.

¹The provisions governing the GPO Inspector General are essentially identical to those governing the inspectors general at the 33 designated federal entities. For purposes of our study, we considered GPO to be a designated federal entity and refer to it as 1 of the 34 entities throughout the report.

OMB published guidance for selecting IGS at DFES and two entities developed and used a process based on that guidance to help ensure the selection of qualified and independent IGS.

None of the 34 OIGs developed strategic plans which linked their respective entities' risks and problems with audit strategies for addressing those risks and problems, resources necessary to implement their audit strategies, and performance measures to evaluate their progress.

Background

Prior to 1988, the IG Act of 1978, as amended, provided for independent IGS, presidentially appointed, to conduct and supervise audits and investigations; to recommend policies to promote economy, efficiency, and effectiveness; and to prevent and detect fraud and abuse in their agencies' programs and operations. Under the IG Act, IGS are responsible for keeping agency heads and the Congress fully informed of agency problems and corrective actions. Also, IGS are required to (1) report on the results of their audits and investigations and (2) prepare semiannual reports to agency heads and the Congress.

The Congress enacted the IG Act Amendments of 1988 and the GPO IG Act of 1988 in order to strengthen the capability of the existing internal audit offices and to improve audit oversight at 34 DFES. Both GAO² and the President's Council on Integrity and Efficiency (PCIE)³ had previously reported that the internal audit offices lacked independence and provided inadequate coverage of important programs. Under the 1988 legislation, IGS at the 34 DFES are appointed by entity heads, but have essentially the same powers and duties as the presidentially appointed IGS.

To promote the integrity and effectiveness of the DFES' programs, the President established the Executive Council on Integrity and Efficiency (ECIE) on May 12, 1992. Chaired by the Deputy Director for Management, Office of Management and Budget (OMB), the ECIE is composed primarily of DFE IGS. It focuses on coordinating and enhancing governmental efforts to promote integrity and efficiency; to detect and prevent fraud, waste, and abuse in federal programs; and to increase the professionalism and effectiveness of IG personnel throughout the government.

²Internal Audit: Nonstatutory Audit and Investigative Groups Need To Be Strengthened (GAO/AFMD-86-11, June 3, 1986).

³President's Council on Integrity and Efficiency, Review of Small Agency Audit and Investigative Capabilities, May 1987.

The 34 DFES expend significant resources to carry out important activities. In fiscal year 1992, the largest DFE—the U.S. Postal Service (USPS)—had a \$49.6 billion budget and 770,873 employees, and the USPS OIG had a \$333.9 million budget and 4,500 employees. The other 33 DFES had combined budgets of \$36.8 billion and 96,648 employees, and their OIGs had combined budgets of \$57.1 million and 669 employees.

Appendix II summarizes the history of the IG Act. Appendix III provides a profile of the 34 DFES and their OIGs, including (1) the names, backgrounds, and terms of service of the DFE IGS and (2) the pay of IGS and senior entity officials in DFES. Appendix IV provides details on OIG budgets and staffing levels for fiscal years 1990 through 1992. Appendix V provides information on OIG investigative staffs and fraud hotlines as of July 31, 1993.

Scope and Methodology

We reviewed all 34 DFE IGS to assess their progress and problems in implementing the IG Act Amendments of 1988 and the GPO IG Act of 1988. In addition, we focused on budget processes at 16 entities for which the OIGs had expressed concerns about resource limitations. We also determined whether the 34 DFE IGS had developed strategic plans. Furthermore, because of PCIE concerns about the audit coverage of OIGs with smaller staffs, we selected the 25 OIGs with 20 or fewer staff to evaluate their ability to ensure adequate audit coverage. Appendix I provides further details on our scope and methodology. We conducted our work from May 1991 through July 1993 in accordance with generally accepted government auditing standards.

As your committee requested, we did not obtain agency comments on a draft of this report. However, at the end of our fieldwork, we discussed its contents with the IGS at the 34 DFES. We have incorporated their comments where appropriate.

Progress Made in Implementing Inspector General Legislation

Since we reported⁴ in 1990 that the 34 DFES had established their OIGs in accordance with the IG Act Amendments of 1988, further progress has been made. All 34 IGS adopted policies and procedures to perform independent audits and investigations of their entities' programs and operations. Moreover, the IGS generally reported good working relationships with their entity heads.

⁴Inspectors General: Progress in Establishing OIGs at Designated Federal Entities (GAO/AFMD-90-46, April 24, 1990).

For fiscal year 1992, the IGS reported completing more than 2,000 audit reports, which identified over \$145 million in questioned costs and recommended that over \$865 million in federal funds be put to better use. The IGS reported that entity managers, in acting on audit recommendations, disallowed more than \$100 million in questioned costs and agreed with recommendations to put over \$263 million to better use. On the investigative side, the IGS reported that over 22,000 investigations had led to more than 11,400 successful prosecutions and \$200 million in recoveries during fiscal year 1992.

Between fiscal years 1990 and 1992, the USPS OIG's authorized budget increased by \$54 million and 110 staff. The other 33 OIGs' authorized budgets increased by a combined \$34 million and 209 staff.

Problems Arose in Implementing Inspector General Legislation

Although progress has been made, problems arose in the IG and entity implementation of the IG legislation. Specifically, we found the following:

- Seven IGS were supervised by management officials other than their entity heads.
- In 14 of 16 DFEs whose budget processes we reviewed, officials who competed with the IGS for resources—and whose programs and operations were subject to IG audits and/or investigations—made decisions affecting the IGS' budgets.
- Two entity heads did not follow notification requirements regarding IG dismissal/transfer.

Management Officials Supervised IGS

The IG Act requires that DFE IGS report to and be under the general supervision of the DFE head, and it further provides that the IGS cannot report to or be supervised by any other DFE officer or employee. An IG supervised by a lower level official will inevitably be called upon at times to report audit or investigative findings in areas falling under the direct responsibility of his/her own superior. This can impair the independence of the IG in both fact and appearance, rather than giving the IG the more dependable insulation offered by the organizational independence required under the IG Act.

At 7 entities,⁵ we identified IGs who were supervised by officials other than their entity heads. At the Pension Benefit Guaranty Corporation (PBGC), for example, the IG was under the general supervision of the Executive Director during fiscal years 1990 through 1993 rather than the PBGC Chairman of the Board—who is the Secretary of Labor. The IG stated that he did not object to the Executive Director's supervision, and he believed that his independence was never impaired. After we discussed the IG's organizational independence problem with department officials, the Secretary of Labor issued a memorandum to the PBGC Executive Director. In this memorandum, the Secretary recognized his sole responsibility to provide general supervision to the PBGC IG and directed that this change be incorporated into PBGC's policies and procedures. After we discussed the supervision of IGs with officials at the other six entities, they also revised their procedures to require that the entity head supervise the IG or agreed to follow existing entity procedures that were consistent with the IG Act.

Entity Officials Competing With OIGs for Resources Made Decisions Affecting OIG Budgets

As we reported over 9 years ago,⁶ separate appropriations accounts, or appropriations language establishing minimum funding levels (floors), provide OIGs with greater control over their resources. The IG Act Amendments of 1988 required separate appropriations accounts for the presidentially appointed IGs but did not require such accounts for the DFE IGs.

Within the framework of the IG Act, budget decisions motivated by overall budgetary constraints may properly have an impact on OIG resources. However, allowing officials below the entity head to determine an OIG's resource level can affect the IG's ability to obtain the level of resources needed to meet audit and investigation responsibilities. When entity heads are deciding on IG budget requests, it is important that they obtain advice and counsel from other entity officials. However, it is also important that entity heads receive the IGs' unmodified budget requests and that IGs actively participate in all decisions allocating entity resources to the OIGs.

In 14 of 16 DFES whose budget processes we reviewed, entity officials who competed with the IGs for resources—and whose programs and operations

⁵These entities were the Corporation for Public Broadcasting, Equal Employment Opportunity Commission, National Archives and Records Administration, National Credit Union Administration, National Endowment for the Humanities, Pension Benefit Guaranty Corporation, and Smithsonian Institution.

⁶Impact of Administrative Budget Procedures on Independence of Offices of Inspector General (GAO/AFMD-84-78, September 26, 1984).

were subject to IG audits and/or investigations—made decisions affecting the IGS' fiscal year 1994 budgets. Specifically, we found the following:

- Four IGS negotiated their budget requests with entity officials other than their entity heads.
- Ten IGS who shared in overall reductions to entity budget requests mandated by OMB or the Congress did not take part in their entities' decisionmaking process, which allocated the reductions among programs and operations. Rather, these allocation decisions were made by entity program officials who competed with the IGS for resources and whose programs and operations were subject to IG review. For example, the Equal Employment Opportunity Commission's (EEOC) Director of Management and Chief of Staff determined how the reductions should be allocated to EEOC's offices, including the OIG.

Except for the National Science Foundation (NSF), whose OIG—like the presidentially appointed IGS—has a separate appropriations account, we found that OIGs were financed with funds that were also available for other entity activities. Under such circumstances, the entities were not legally bound to allot funds to each office in the proportions identified in their budget requests and could reprogram funds among the various offices for which the funds were available, including the OIGs.

The DFE OIGs may not need separate appropriations accounts, or appropriations language establishing minimum funding levels (floors), to ensure that they receive adequate resources. Instead, the IGS and entity heads could achieve this goal by undertaking a number of initiatives, either singly or in combination, including the following:

- giving the entity head the OIG's unmodified budget request;
- meeting with the entity head to present the OIG's annual budget request and to appeal any budget decisions;
- presenting the OIG budget and supporting narrative justification in the entity's budget sent to OMB as required by OMB Circular A-11, "Preparation and Submission of Budget Estimates;"
- meeting with OMB budget examiners to appeal OMB decisions made affecting the OIG's budget;
- requiring the IG to actively participate in all decisions allocating entity resources to the OIG; and
- identifying the OIG budget and supporting justification in the entity's budget justification document sent to the appropriations committees.

Moreover, we believe that it is important that the OIGs clearly articulate their need for entity resources to carry out their statutory duties and responsibilities. To do so, the strategic plans discussed later in this report, which identify the key problem areas in their entities and the audit approaches for addressing those problems, are critical. With strategic plans, the IGS would be in a stronger position to request resources from their entity heads and OMB. Also, the plans could inform the Congress of the OIGs' resource needs and the entities' allocation of resources to the OIGs.

Two Entities Did Not Adequately Disclose Reasons for IG Dismissal or Transfer

The IG Act requires that the head of a DFE communicate in writing to both Houses of the Congress the reasons for removing or transferring its IG.⁷ This disclosure requirement not only ensures that the Congress is informed of the entity head's action, but it also contributes to an IG's independence since it may help to deter an entity from dismissing or transferring an IG due to an unfavorable report on the entity or its management.

At the National Credit Union Administration (NCUA) and the Peace Corps, the entity heads did not adequately disclose their reasons for dismissing or transferring their IGS in their written notifications to the Congress. At NCUA, the IG was transferred to another position within the entity in 1992. In his letter to the Congress, NCUA's Chairman of the Board stated that this transfer was for "management reasons." However, the Chairman told us that specific concerns about the IG's performance led to the transfer. In addition, the Chairman told us that more information about his reasons for transferring the IG should have been provided in his letter to the Congress.

At the Peace Corps, the Acting Director's written reason for the IG's 1993 dismissal was "to provide the new Director of the Peace Corps, when he or she is appointed, with an opportunity to fill these sensitive positions with individuals who have his or her full confidence, and the full confidence of the new administration, or on a competitive basis." The Acting Director told us, however, that the reasons for the dismissal were related to specific concerns about the IG's performance.

We did not assess the IGS' performance or review any questions NCUA or Peace Corps officials raised regarding the IGS who were dismissed or

⁷The GPO IG Act of 1988 requires such notification only when the IG is removed from office by the Public Printer.

transferred. However, to the extent that performance⁸ was the reason for the personnel actions taken, it should have been included in the written notification to the Congress.

OMB Guidance Strengthened IG Selection Process

With regard to selecting IGs, the IG Act states that the head of a DFE shall appoint an IG in accordance with the applicable laws and regulations governing appointments within the DFE. Given the IGs' significant authority and responsibilities, it is essential that entity heads select eminently qualified persons able to perform their duties independently, as required for these positions. The IG Act's provisions applicable to presidentially appointed IGs require that they be appointed 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. While the 1988 amendments establishing the DFE IGs did not specifically apply this requirement to the DFES,⁹ the Conference Report on the 1988 amendments states that the Congress intended for the heads of DFES to appoint their IGs under the criteria applicable to the presidentially appointed IGs.

In November 1992, OMB issued Inspectors General in Designated Federal Entities: Key Statutory Provisions and Implementing Guidance. This document included implementing guidance for DFE heads to use in selecting their IGs because the IG Act does not provide specific guidance for DFE IG selection. It encouraged entity heads to (1) establish minimum qualification requirements based on IG authority and responsibilities as detailed in the IG Act and Conference Report on the 1988 amendments, (2) establish a comprehensive position description, (3) use full and open competition, both within and outside the entity, to obtain the best pool of candidates, and (4) strengthen the selection process by including personnel from other DFE OIGs in the panel that identifies the highly qualified candidates.

Two entities developed and used a process based on this guidance that helped to ensure the selection of qualified and independent IGs. As the first step in the process, the National Archives and Records Administration (NARA) management developed a vacancy announcement which gave prospective applicants information on the IG's duties, the qualifications

⁸In a prior report, we discussed the importance of an IG's performance appraisal being fully supported and consistent with the criteria applicable to performance appraisals within the entity. See Inspectors General: Issues Involving the Farm Credit Administration's Chairman and IG (GAO/AFMD-92-27, November 29, 1991).

⁹The GPO IG Act of 1988, however, contains an identical provision for the GPO IG.

required, the evaluation of qualified candidates, and the application procedures. The vacancy announcement was advertised nationwide to obtain a pool of candidates. After all applications were screened by NARA's Personnel Operations Branch to ensure that candidates met the minimum requirements, a panel was convened to identify the most qualified candidates. To strengthen the selection process, the panel consisted of two ECIE IGS, a PCIE representative, a NARA management official, and a personnel official from another agency who monitored the panel's evaluation of the candidates. From the list of highly qualified candidates developed by the panel, the Acting Archivist chose the new IG. The Peace Corps adopted a similar process for selecting a new IG.

By adopting OMB's guidance in their entities' policies and procedures, entity heads could help to ensure a consistent approach to selecting qualified and independent IGS in the future.

Better Strategic Planning Would Enhance Audit Coverage of Entity Programs and Operations

The IG Act does not require that OIGs prepare strategic plans or report those plans to entity management, OMB, or the Congress. Strategic plans, however, are the starting point and basic underpinning for the system of program goal-setting and performance measurement that is currently being established in the federal government. With the recent enactment of the Government Performance and Results Act of 1993 (Public Law 103-62), the Congress has recognized the importance of preparing strategic plans and developing performance measurements for improving government management and enhancing congressional oversight. Also, the report of the National Performance Review¹⁰ has recommended that criteria be established to judge IG performance.

None of the 34 OIGs developed strategic plans which linked their respective entities' risks and problems with audit strategies for addressing those risks and problems, budgetary resources necessary to implement their audit strategies, and performance measures to evaluate the IG's progress. These are key elements defined in our prior reports on a strategic management framework¹¹ and are incorporated in the Government Performance and Results Act of 1993.

¹⁰From Red Tape to Results: Creating a Government That Works Better & Costs Less, September 7, 1993.

¹¹This model was first proposed in Management of VA: Implementing Strategic Management Process Would Improve Service to Veterans (GAO/HRD-90-109, August 31, 1990).

Based upon our analysis of the above framework, we developed an overall approach which IGs could use in preparing strategic plans to help ensure effective audit coverage of their entities' programs and operations. While this approach would require each OIG to address the same four basic planning elements, the level of effort required to develop the plan would probably vary with each OIG. Important variables in determining the time and resources the OIG would need to develop a plan would include entity size; the number, nature, and complexity of entity programs and operations; and entity risks and problems. It is important that these plans be adapted to the individual OIGs to ensure that the strategic planning process and resulting plans are useful mechanisms for enhancing OIG effectiveness and not simply a paperwork exercise.

Under our approach, the plan would contain the following four basic elements.

- As a first step, an IG would assess and describe the risks and problems the entity faces in fulfilling its mission. To do this, an IG would identify those programs and operations which are not efficient, effective, or economical; whose desired results or benefits are not being achieved; and which are vulnerable to waste, fraud, abuse, and mismanagement.
- The second element would require the IG to identify and select the audit strategies and approaches for addressing and helping to resolve entity risks and problems. For example, an IG might select an audit strategy of determining whether the entity is properly accounting for its resources and financial operations. To address this audit strategy, the IG might select financial statement audits as an audit approach.
- The third element would require the IG to detail the OIG resources needed to carry out each of the selected audit strategies. This information would provide a basis for supporting future OIG budget submissions and allowing the Congress to monitor the entities' allocation of resources to the OIGs.
- For the final element, the IG would describe how to evaluate the ultimate effectiveness of each audit strategy. The IG's strategic plan would contain sections which (1) list the plan's desired outcomes in specific, measurable terms, (2) identify the time frames for achieving those outcomes, and (3) show how resources and staff would be allocated in order to achieve the outcomes. Incorporating these performance measures in the IGs' strategic plans would give the entity head, OMB, and the Congress a better basis for assessing IG effectiveness.

In our approach, strategic plans would cover a 5-year period, and the OIGs would update and revise them at least every 3 years. These provisions

would be consistent with similar requirements in the Government Performance and Results Act of 1993 for federal agencies' strategic plans. Instead of preparing a separate report, the OIGs would include their strategic plans and their periodic updates in the first semiannual report they issue in each fiscal year.

Strategic planning is especially important for ensuring that IGS provide effective audit coverage. We reviewed the audit coverage of the 25 OIGs with 20 or fewer staff during fiscal years 1990 through 1992. Because the 25 entities audited by these OIGs carried out vastly different functions, the OIGs' methods for providing audit coverage varied as well. During the 3-year period, the 25 OIGs issued 1,060 audit reports. Sixty-one percent of the reports were for audits of individual grants and contracts, 35 percent were for audits of entity internal operations and administrative activities, and about 4 percent were for program results audits.¹²

Eleven OIGs did not perform any program results audits of their entities' programs and operations during this period. For example, the IGS at the Corporation for Public Broadcasting, Legal Services Corporation, the National Endowment for the Arts, and the National Endowment for the Humanities did not audit the award, disbursement, and monitoring processes of their entities' multimillion dollar grant programs. At the Commodity Futures Trading Commission (CFTC), the IG had not reviewed the entity's programs for enforcement, market analysis, and research, which are designed to ensure that the commodity futures markets operate competitively and free of manipulation.

Audits of grants and contracts, internal operations and administrative activities, and program results are important and provide useful results. However, because the DFE IGS' strategic plans did not consider the previously described elements, the IGS could provide little assurance that the audits they performed provided the appropriate level of audit coverage of their entities' programs and operations during fiscal years 1990 through 1992. Further, without a strategic plan that links risk assessment to strategies, resources, and performance measurement, the IGS cannot provide assurance that effective audit coverage will be achieved in the future.

¹²Government Auditing Standards define program results audits as determining (1) the extent to which the desired results or benefits established by the legislature or other authorizing body are being achieved, (2) the effectiveness of organizations, programs, activities, or functions, and (3) whether the entity has complied with laws and regulations applicable to the program.

Conclusions

Audits and investigations are important controls to help ensure that federal programs and operations are properly carried out and potential problems are identified and resolved in a prompt and effective manner. With the growing complexity of the federal government, the severity of the problems it faces, and the fiscal constraints under which it operates, it is important that an independent, objective, and reliable OIG structure be in place to ensure adequate audit and investigative coverage of federal programs and operations in DFES.

Although progress has been made in implementing the IG concept in the DFES during the past 3 years, problems arose in the DFE IG and entity implementation of the IG legislation. Also, the IGs did not have effective strategic plans which linked their respective entities' risks and problems with audit strategies for addressing those risks and problems, resources necessary to implement their audit strategies, and performance measures to evaluate the IG's progress. Consequently, the IGs lacked assurance that they provided effective audit coverage of their entities' programs and operations.

Recommendation to the Inspectors General at the Designated Federal Entities

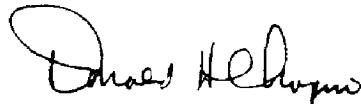
To improve the effectiveness of the OIGs at the designated federal entities, we recommend that the inspectors general at those entities (1) develop strategic plans which assess their respective entities' risks and problems, describe the strategies for resolving the risks and problems, detail the OIG resources required and available to implement their strategies, and provide performance measures to evaluate their progress, (2) prepare their strategic plans for a 5-year period and update them at least every 3 years, and (3) report their strategic plans and updates to their entity heads, OMB, and the Congress in the first semiannual report issued in each fiscal year.

As pointed out earlier in this report, we found that entity officials competing with OIGs for resources made decisions affecting OIG budgets. Although we did not find any instances where an OIG's budget was inappropriately constrained, the opportunity for such constraint is present. With the strategic plans recommended above, however, the IGs would be in a stronger position to request resources from their entity heads and OMB. Also, the plans could inform the Congress of the OIGs' resource needs and the entities' allocation of resources to the OIGs.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we will not distribute it until 30 days from its date. At

that time, we will send copies of the report to the Chairman and Ranking Minority Member of the Senate Committee on Governmental Affairs, the Director of the Office of Management and Budget, the Chairman and Vice Chairman of the Executive Council on Integrity and Efficiency, the entity heads of the 34 designated federal entities, and the inspectors general at those entities, and interested congressional committees. We will also make copies available on request.

This report was prepared under the direction of David L. Clark, Director of Legislative Reviews and Audit Oversight, who may be reached on (202) 512-9489 if you or your staffs have any questions. Major contributors to this report are listed in appendix VI.



Donald H. Chapin
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Abbreviations

CFTC	Commodity Futures Trading Commission
DFE	designated federal entity
ECIE	Executive Council on Integrity and Efficiency
EEOC	Equal Employment Opportunity Commission
FDIC	Federal Deposit Insurance Corporation
GAO	General Accounting Office
GPO	Government Printing Office
IG	inspector general
NARA	National Archives and Records Administration
NCUA	National Credit Union Administration
NSF	National Science Foundation
OIG	office of inspector general
OMB	Office of Management and Budget
PBGC	Pension Benefit Guaranty Corporation
PCIE	President's Council on Integrity and Efficiency
TVA	Tennessee Valley Authority
USPS	U.S. Postal Service

Scope and Methodology

To accomplish our objectives, we conducted our review of the offices of inspectors general (OIGs) at the 34 designated federal entities (DFES) listed below.

OIGs in Designated Federal Entities Reviewed by GAO

ACTION

- Amtrak (National Railroad Passenger Corporation)
- Appalachian Regional Commission (ARC)
- Board of Governors of the Federal Reserve System
- Board for International Broadcasting (BIB)
- Commodity Futures Trading Commission (CFTC)
- Consumer Product Safety Commission (CPSC)
- Corporation for Public Broadcasting (CPB)
- Equal Employment Opportunity Commission (EEOC)
- Farm Credit Administration (FCA)
- Federal Communications Commission (FCC)
- Federal Deposit Insurance Corporation (FDIC)
- Federal Election Commission (FEC)
- Federal Housing Finance Board (FHFB)
- Federal Labor Relations Authority (FLRA)
- Federal Maritime Commission (FMC)
- Federal Trade Commission (FTC)
- Government Printing Office (GPO)
- Interstate Commerce Commission (ICC)
- Legal Services Corporation (LSC)
- National Archives and Records Administration (NARA)
- National Credit Union Administration (NCUA)
- National Endowment for the Arts (NEA)
- National Endowment for the Humanities (NEH)
- National Labor Relations Board (NLRB)
- National Science Foundation (NSF)
- Panama Canal Commission (PCC)
- Peace Corps (PC)
- Pension Benefit Guaranty Corporation (PBGC)
- Securities Exchange Commission (SEC)
- Smithsonian Institution (SI)
- Tennessee Valley Authority (TVA)
- U.S. International Trade Commission (USITC)
- U.S. Postal Service (USPS)

To determine the 34 DFES' progress and problems in implementing the Inspector General Act Amendments of 1988 and the Government Printing

Office Inspector General Act of 1988, we interviewed all the IGS, the heads of 10 DFES, the Vice Chairman and two members of the President's Council on Integrity and Efficiency (PCIE), and Office of Management and Budget (OMB) officials. We also reviewed (1) OIGs' accomplishments as reported in Executive Council on Integrity and Efficiency: A Progress Report to the President, Fiscal Year 1992 and (2) the issues raised in prior GAO and PCIE reports and studies as well as information obtained by the House Government Operations Committee.

In addition, we reviewed (1) the entities' organization charts, (2) OIG policies and procedures, including mission and function statements, IG position descriptions, and memoranda of understanding with other entity components, and (3) IG grade levels, IG performance requirements and completed performance appraisals, and OIG audit and investigative manuals. Also, we interviewed 10 entity heads and the 34 DFE IGS to determine any impairments to (1) the reporting structure and relationship between the IGS/OIGs and the entity heads and (2) the IGS' authority to conduct audits and investigations, hire their own staff, obtain records, develop audit and investigative plans, report the results of their work, and present and defend their budget requests directly to the entity head.

On the basis of initial interviews with the DFE IGS, as well as OMB and PCIE officials, we identified additional concerns relating to OIG budget processes, IG transfer and dismissal, and the IG selection process. We examined the budget process for fiscal year 1994¹ at 16 entities where the OIGs had expressed concerns about resource limitations. We reviewed the entities' budget processes for OIGs and instructions to the IGS for budget preparations, the IGS' budget submissions to the entity, the entities' budget submissions to OMB, the budget reductions recommended by OMB, and the entities' budget requests to the Congress. Also, we obtained oral or written information from the budget officers in each entity to determine the IG's role in (1) allocating any OMB budget reductions affecting the OIGs and (2) presenting the OIGs' budget requests to OMB and the Congress.

To review the transfer and dismissal of IGS, we examined the written notifications that five entities had sent to the Congress upon the dismissal or transfer of their IGS to determine the reasons for these actions. At the two entities where the reasons for these actions were not adequately disclosed, we interviewed the entity heads who had taken the actions and the IGS who had been dismissed or transferred.

¹For one entity, we reviewed the calendar year 1993 process instead of the fiscal year 1994 budget process.

We reviewed the IG selection process developed and used by NARA and Peace Corps, which was based on OMB's October 1992 document, Inspectors General in Designated Federal Entities: Key Statutory Provisions and Implementing Guidance, to determine whether the process would be useful for other DFES.

To assess the IGs' ability to ensure audit coverage of their entities' programs and operations, we evaluated the strategic plans of the 34 OIGs. Also, we evaluated the audit coverage of the 25 OIGs with 20 or fewer staff. We chose these OIGs because of PCIE concerns about the extent of audit coverage provided by OIGs with relatively few staff. Specifically, we

- compared the OIGs' strategic plans with the key planning elements defined in our prior report on a strategic management framework and included in the Government Performance and Results Act of 1993 and
- analyzed the OIGs' semiannual reports for fiscal years 1990 through 1992 to determine (1) the number of audit reports issued and (2) the types of audits conducted—as defined in the Comptroller General's Government Auditing Standards.

The Inspector General Act

The Inspector General Act of 1978 was enacted following a series of events which emphasized the need for more independent and coordinated audits and investigations in federal departments and agencies. First, in 1974, the Secretary of Agriculture abolished the department's administratively established OIG, demonstrating the impermanent nature of a nonstatutory IG. Later in 1974 and in 1975, a study by the House Intergovernmental Relations and Human Resources Subcommittee of the House Government Operations Committee disclosed inadequacies in the internal audit and investigative procedures in the Department of Health, Education, and Welfare, now the Department of Health and Human Services. The need to deal more effectively with the danger of loss from fraud and abuse in the department's programs led to the establishment of the first statutory OIG in 1976. The Congress also established an OIG in the Department of Energy when that department was created in 1977.

In 1977, the House Intergovernmental and Human Resources Subcommittee began a comprehensive inquiry to determine whether other federal departments and agencies had a similar need for statutory OIGs. The Subcommittee's study revealed serious deficiencies in a number of department and agency audit and investigative efforts, including the following:

- No central leadership of auditors and investigators existed.
- Auditors and investigators exhibited a lack of independence by reporting to officials who had responsibility for programs that were being audited.
- No procedures had been established to ensure that the Congress was informed of serious problems.
- No program existed to look for possible fraud or abuse.

As an initial effort to correct these deficiencies, the IG Act of 1978 established 12 additional statutory OIGs to be patterned after the one at the Department of Health, Education, and Welfare. The act consolidated the audit and investigative responsibilities of each department and agency under the direction of one senior official—the inspector general—who reports to the head of the agency or the official next in rank below the agency head. The President appoints the IGs, by and with the consent of the Senate, without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, financial analysis, law, management analysis, public administration, or investigations.

The IGs are responsible for (1) conducting and supervising audits and investigations, (2) providing leadership and coordination and

recommending policies to promote economy, efficiency, and effectiveness, and (3) detecting fraud and abuse in their agencies' programs and operations. Additionally, the IG Act requires IGs to prepare semiannual reports which summarize the activities of the OIG during the preceding 6-month period. The reports are forwarded to the department or agency head, who is responsible for transmitting them to the appropriate congressional committees.

The act states that neither the agency head nor the official next in rank shall prevent or prohibit¹ the IG from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation. This enhances the independence of auditors and investigators by ensuring that they are free to carry out their work unobstructed by agency officials. The act further enhances independence by requiring IGs to comply with the Comptroller General's Government Auditing Standards. One of these standards requires auditors and audit organizations to be personally and organizationally independent and to maintain the appearance of independence so that opinions, conclusions, judgments, and recommendations will be impartial and will be viewed as such by knowledgeable third parties.

Between the enactment of the IG Act in 1978 and 1988, the Congress passed legislation to establish statutory IGs, who are appointed by the President with Senate confirmation, in 8 additional departments and agencies. In 1988, the Congress enacted the Inspector General Act Amendments of 1988 and the Government Printing Office Inspector General Act of 1988 (Titles I and II, Public Law 100-504) to establish statutory IGs in 5 departments and agencies and in 34 designated federal entities (DFES) defined in the acts in order to strengthen the capability of the existing internal audit offices and improve audit oversight. Table II.1 summarizes all the IG legislation. Both GAO and the President's Council on Integrity and Efficiency (PCIE) had previously reported² that the existing internal audit offices lacked independence, adequate coverage of important programs, and permanent investigative staff.

¹The IG Act, as amended, does allow the heads of the Departments of Defense, Justice, and the Treasury to prohibit their IGs from initiating or carrying out audits and investigations in certain circumstances.

²See footnotes 1 and 2 in the letter.

**Appendix II
The Inspector General Act**

Table II.1: Inspector General Legislation

Public law	Departments and agencies with statutory offices of inspector general	Date enacted
94-505	Health, Education, and Welfare (now Health and Human Services ^a)	10/15/76
95-91	Energy ^a	08/04/77
95-452	Agriculture, Commerce, Housing and Urban Development, Interior, Labor, Transportation, Community Services Administration, ^b Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, Small Business Administration, Veterans Administration (now the Department of Veterans Affairs)	10/12/78
96-88 (amended 95-452)	Education	10/17/79
96-294	U.S. Synthetic Fuels Corporation ^c	06/30/80
96-465	State ^d	10/17/80
97-113 (amended 95-452)	Agency for International Development	12/29/81
97-252 (amended 95-452)	Defense	09/08/82
98-76	Railroad Retirement Board ^a	08/12/83
99-399 (amended 95-452)	U.S. Information Agency	08/27/86
100-213	Arms Control and Disarmament Agency ^e	12/24/87
100-504 (amended 95-452)	Justice, Treasury, Federal Emergency Management Agency, Nuclear Regulatory Commission, Office of Personnel Management, ACTION, Amtrak, Appalachian Regional Commission, Board for International Broadcasting, Commodity Futures Trading Commission, Consumer Product Safety Commission, Corporation for Public Broadcasting, Equal Employment Opportunity Commission, Farm Credit Administration, Federal Communications Commission, Federal Deposit Insurance Corporation, Federal Election Commission, Federal Home Loan Bank Board, ^f Federal Labor Relations Authority, Federal Maritime Commission, Federal Reserve System, Federal Trade Commission, Interstate Commerce Commission, Legal Services Corporation, National Archives and Records Administration, National Credit Union Administration, National Endowment for the Arts, National Endowment for the Humanities, National Labor Relations Board, National Science Foundation, Panama Canal Commission, Peace Corps, Pension Benefit Guaranty Corporation, Securities Exchange Commission, Smithsonian Institution, Tennessee Valley Authority, U.S. International Trade Commission, U.S. Postal Service	10/18/88
100-504	Government Printing Office ^g	10/18/88
101-73 (amended 95-452)	Resolution Trust Corporation	08/09/89
101-73 (amended 95-452)	Federal Housing Finance Board	08/09/89
101-193	Central Intelligence Agency ^h	11/30/89

(Table notes on next page)

Appendix II
The Inspector General Act

^aThe Departments of Health and Human Services and Energy and the Railroad Retirement Board were brought under the Inspector General Act, as amended, with the enactment of Public Law 100-504.

^bThe Community Services Administration is no longer in existence. Public Law 100-504 deleted the agency from the listing of establishments covered by the Inspector General Act, as amended.

^cThe U.S. Synthetic Fuels Corporation has since been abolished.

^dPublic Law 96-465 established the Inspector General of the Department of State and the Foreign Service. Public Law 99-93 (August 16, 1985) brought the department under the Inspector General Act, as amended, designated the position established by Public Law 96-465 as "program inspector general," and limited the authority of the individual serving in that position. Public Law 99-399 (August 27, 1986) abolished the position of Inspector General of the Department of State and the Foreign Service.

^eThe State Department IG serves as the Arms Control and Disarmament Agency IG.

^fPublic Law 101-73 (August 9, 1989) abolished the Federal Home Loan Bank Board, established the Federal Housing Finance Board, and placed the new Federal Housing Finance Board under the Inspector General Act, as amended.

^gThe Government Printing Office is not under the Inspector General Act, as amended. The powers and duties of the GPO IG are essentially the same as those IGs appointed under the Inspector General Act, as amended.

^hThe Central Intelligence Agency (CIA) is not under the Inspector General Act, as amended. The Intelligence Authorization Act for Fiscal Year 1990 established an IG at the agency. The powers and duties of the CIA IG are essentially the same as those IGs appointed under the Inspector General Act, as amended. Certain provisions applicable to IGs appointed by the President under the Inspector General Act do not apply to the CIA IG.

Under the 1988 amendments, the IGs established in the 5 departments and agencies were to be appointed by the President with Senate confirmation, while the DFE IGs were to be appointed by entity heads. The powers and duties of IGs appointed by entity heads are essentially the same as those of presidentially appointed IGs. However, as shown in table II.2, some differences exist between the provisions in the act and other legislation for the 34 DFE IGs and the 26 presidentially appointed IGs at major federal departments and agencies.

Appendix II
The Inspector General Act

Table II.2: Comparison of Legislative Provisions for Presidentially Appointed and Designated Federal Entity Inspectors General

Presidentially appointed IGs	Designated federal entities IGs
IGs appointed by the President, by and with the consent of the Senate. [IG Act, Sec. 3 (a)]	IGs appointed by their entity heads. [IG Act, Sec. 8E (c)]
IGs appointed without regard to political affiliation and based on integrity, demonstrated ability. [IG Act, Sec. 3 (a)]	IGs appointed in accordance with the applicable laws and regulations governing appointments within the entity. [IG Act, Sec. 8E (c)]
IGs are under the general supervision of the agency head or deputy. [IG Act, Sec. 3 (a)]	IGs are under the general supervision of the entity head. [IG Act, Sec. 8E (d)]
IGs removed by the President and reasons communicated to the Congress. [IG Act, Sec. 3 (b)]	IGs removed or transferred by the entity head and written reasons communicated to the Congress. [IG Act, Sec. 8E (e)]
IGs shall appoint Assistant IGs for Auditing and Investigations. [IG Act, Sec. 3 (d)] IGs select, appoint, and employ such officers and employees as may be necessary subject to certain provisions of Title 5, United States Code. [IG Act, Sec. 6 (a)(7)]	IGs select, appoint, and employ such officers and employees as may be necessary subject to the laws and regulations governing the entity. [IG Act, Sec. 8E (g)(2)]
OIGs have separate appropriation accounts. [31 U.S.C. 1105 (a)(25)]	Only National Science Foundation OIG has separate appropriations account.
All IGs are paid at Executive Level IV. [5 U.S.C. 5315]	Fourteen IGs are paid at the GS-15 grade level and 20 IGs are at the Senior Executive Service level or their equivalent salary levels. [Determined by entity.]

Profiles of Designated Federal Entities and Offices of Inspectors General

Designated Federal Entities

The 34 designated federal entities (DFES) expend significant resources to carry out important activities. As shown in table III.1, the DFES had a combined budget of approximately \$86.3 billion in fiscal year 1992. The budgets for six entities—Federal Deposit Insurance Corporation (FDIC), Government Printing Office (GPO), National Science Foundation (NSF), Pension Benefit Guaranty Corporation (PBGC), Tennessee Valley Authority (TVA), and U.S. Postal Service (USPS)—each exceed \$1 billion. The USPS has the largest budget at \$49.6 billion, comprising about 57 percent of all entity budgets. The DFES perform important activities, including the processing and delivering of mail (USPS), insuring deposits in the nation's financial institutions (FDIC), operating the nation's intercity rail passenger service (Amtrak), operating the Panama Canal (Panama Canal Commission), promoting world peace and friendship (Peace Corps), and administering federal securities laws (Securities and Exchange Commission). In fiscal year 1992, the 34 DFES employed 867,521 employees. Sixteen of the entities employed 1,000 or more persons. Four entities employed over 10,000 persons (Amtrak, FDIC, TVA, and USPS), with the USPS accounting for more than 770,000 employees.

**Appendix III
Profiles of Designated Federal Entities and
Offices of Inspectors General**

Table III.1: Profiles and Resources of Designated Federal Entities

Dollars in thousands

Designated federal entity	Fiscal year 1992			
	Budget authority		Staff size ^a	
	Entity	OIG	Entity	OIG
ACTION ACTION mobilizes Americans for voluntary service throughout the United States through programs that help meet basic human needs and support the self-help efforts of low-income individuals and communities.	\$199,535	\$954	423	12
Amtrak (National Railroad Passenger Corporation) Amtrak's purpose is to provide a balanced transportation system by developing, operating, and improving the nation's intercity rail passenger service.	656,200	4,800	22,967	70
Appalachian Regional Commission (ARC) ARC's purpose is to provide a long-range program of economic investments in infrastructure and human resource development for Appalachia.	194,624	350	39	3
Board for International Broadcasting (BIB) BIB provides grants to Radio Free Europe/Radio Liberty and oversees their operations.	201,891	321	19	2
Commodity Futures Trading Commission (CFTC) CFTC promotes healthy economic growth, protects the rights of customers, and ensures fairness and integrity in the marketplace through regulation of futures trading.	47,319	320	592	4
Consumer Product Safety Commission (CPSC) CPSC protects the public against unreasonable risks of injury from consumer products; assists consumers in evaluating the comparative safety of consumer products; develops uniform safety standards for consumer products and minimizes conflicting state and local regulations; and promotes research and investigation into causes and prevention of product-related deaths, illnesses, and injuries.	40,768	270	531	4
Corporation for Public Broadcasting (CPB) CPB provides (1) direct payments to public television and radio stations for purposes related primarily to program production or acquisition, and (2) support for the production and acquisition of radio and television programs for national distribution.	327,280	786	109	11
Equal Employment Opportunity Commission (EEOC) EEOC's purpose is to eliminate discrimination based on race, color, religion, sex, national origin, disability, or age in hiring, promoting, firing, setting wages, testing, training, apprenticeship, and all other terms and conditions of employment.	211,908	797	2,791	18
Farm Credit Administration (FCA) FCA is responsible for (1) ensuring the safe and sound operation of the banks, associations, affiliated service organizations, and other entities that collectively comprise what is known as the Farm Credit System and (2) protecting the interests of the public and those who borrow from the Farm Credit institutions or invest in Farm Credit securities.	35,505	642	483	7

(continued)

**Appendix III
Profiles of Designated Federal Entities and
Offices of Inspectors General**

Dollars in thousands

Designated federal entity	Fiscal year 1992			
	Budget authority		Staff size ^a	
	Entity	OIG	Entity	OIG
<p>Federal Communications Commission (FCC) FCC regulates interstate and foreign communications by radio, television, wire, satellite, and cable. It is responsible for (1) the orderly development and operation of broadcast services and the provision of rapid, efficient nationwide and worldwide telephone and telegraph services at reasonable rates and (2) the use of communications for promoting safety of life and property and for strengthening the national defense.</p>	127,047	515	1,810	6
<p>Federal Deposit Insurance Corporation (FDIC) FDIC's purpose is to promote and preserve the public confidence in banks and protect the money supply through provision of insurance coverage for bank deposits and periodic examinations of insured state-chartered banks which are not members of the Federal Reserve System.</p>	17,433,883	19,899 ^b	11,799	143 ^b
<p>Federal Election Commission (FEC) FEC's mission is to provide public disclosure of campaign finance activities and effect voluntary compliance by providing the public with information on the laws and regulations concerning campaign finance.</p>	18,808	138	266	2
<p>Federal Housing Finance Board (FHFB) FHFB supervises the Federal Home Loan Banks and ensures that they (1) carry out their housing finance mission,(2) remain adequately capitalized,(3) are able to raise funds in the capital markets, and (4) operate in a safe and sound manner.</p>	13,378	349 ^b	116	4 ^b
<p>Federal Labor Relations Authority (FLRA) FLRA oversees the federal service labor-management relations program. It administers the law that protects the right of federal employees to organize, bargain collectively, and participate through labor organizations of their own choosing in decisions affecting them. It ensures compliance with the statutory rights and obligations of federal employees and the labor organizations that represent them in dealings with federal agencies.</p>	20,774	226	245	4
<p>Federal Maritime Commission (FMC) FMC regulates the waterborne foreign and domestic offshore commerce of the United States; ensures that U.S. international trade is open to all nations on fair and equitable terms; and protects against unauthorized, concerted activity in the waterborne commerce of the United States.</p>	17,600	216	220	3
<p>Federal Reserve System (FRS), Board of Governors FRS, the central bank of the United States, is charged with administering and making policy for the nation's credit and monetary affairs. Through its supervisory and regulatory banking functions, the FRS helps to maintain the banking industry in sound condition, capable of responding to the nation's domestic and international financial needs and objectives.</p>	133,666 ^b	1,930 ^c	1,563 ^b	22 ^c
<p>Federal Trade Commission (FTC) FTC's mission is to prevent the free enterprise system from being fettered by monopoly or restraints on trade or corrupted by unfair or deceptive trade practices.</p>	82,897	384	964	4

(continued)

**Appendix III
Profiles of Designated Federal Entities and
Offices of Inspectors General**

Dollars in thousands

Designated federal entity	Fiscal year 1992			
	Budget authority		Staff size ^a	
	Entity	OIG	Entity	OIG
Government Printing Office (GPO) GPO's mission is to print, bind, and distribute the publications of the Congress as well as executive departments and establishments of the federal government.	1,057,402	1,976	4,830	35
Interstate Commerce Commission (ICC) ICC regulates interstate surface transportation, including trains, trucks, buses, water carriers, household goods carriers, freight forwarders, transportation brokers, and pipelines that are not regulated by the Federal Energy Regulatory Commission. It ensures that the public receives shipping rates and services that are fair and reasonable.	46,827	269	613	3
Legal Services Corporation (LSC) LSC makes legal assistance for noncriminal proceedings available to those who would otherwise be unable to afford it.	350,926	762	144	12
National Archives and Records Administration (NARA) NARA establishes policies and procedures for managing U.S. government records; assists federal agencies in documenting their activities, administering records management programs, scheduling records, and retiring noncurrent records; arranges, describes, preserves, and makes available to the public the historically valuable records of the three branches of government; manages the presidential libraries system; assists the National Historical Publications and Records Commission; and publishes the laws, regulations, and presidential and other public documents.	205,797	511	2,636	10
National Credit Union Administration (NCUA) NCUA charters, insures, supervises, and examines federal credit unions, administers the National Credit Union Share Insurance Fund. It also manages the Central Liquidity Facility, a mixed-ownership government corporation whose purpose is to supply emergency loans to member credit unions.	860,623	441	1,000	5
National Endowment for the Arts (NEA) NEA fosters, nurtures, and sustains artistic excellence in America and creates a climate in which the arts may flourish and be experienced and enjoyed by the public.	176,521	616	269	8
National Endowment for the Humanities (NEH) NEH provides grants to individuals, groups, or institutions to support research, education, and public programs in the humanities.	204,917	416	285	7
National Labor Relations Board (NLRB) NLRB administers the nation's principal labor law, the National Labor Relations Act. It is vested with the power to prevent and remedy unfair labor practices of private sector employees and unions and to safeguard employees' rights to organize and determine, through secret ballot elections, whether to have unions as their bargaining representatives.	162,229	424	2,123	7
National Science Foundation (NSF) NSF promotes the progress of science and engineering by supporting research and education programs.	2,699,611	3,500	1,236	34

(continued)

**Appendix III
Profiles of Designated Federal Entities and
Offices of Inspectors General**

Dollars in thousands

Designated federal entity	Fiscal year 1992			
	Budget authority		Staff size ^a	
	Entity	OIG	Entity	OIG
Panama Canal Commission (PCC) PCC operates, maintains, and improves the Panama Canal to provide efficient, safe, and economical transit service for the benefit of world commerce.	518,832	1,064	8,569	22
Peace Corps (PC) PC's mission is to promote world peace and friendship, help other countries in meeting their needs for training manpower, and helps promote understanding between the American people and other peoples.	203,971	1,418	1,182	19
Pension Benefit Guaranty Corporation (PBGC) PBGC guarantees payment of nonforfeitable pension benefits in covered private sector-defined benefit pension plans.	1,491,326	1,839	570	8
Securities and Exchange Commission (SEC) SEC administers federal securities laws that seek to protect investors; ensures that securities markets are fair and honest; and, when necessary, enforces federal securities laws.	269,059	775	2,492	8
Smithsonian Institution (SI) SI is an independent trust instrumentality of the United States that fosters the increase and diffusion of knowledge.	389,960	1,219	5,288	24
Tennessee Valley Authority (TVA) TVA is a government-owned corporation that conducts a unified program of resource development to advance economic growth in the Tennessee Valley region. TVA's activities includes flood control, navigation development, electric power production, fertilizer development, recreation improvement, and forestry and wildlife development.	8,306,486	8,700	19,992	145
U.S. International Trade Commission (USITC) USITC furnishes studies, reports, and recommendations on international trade and tariffs to the President, the Congress, and other government agencies. It also conducts a variety of investigations, public hearings, and research projects pertaining to the international policies of the United States.	42,456	355	482	3
U.S. Postal Service (USPS) USPS provides mail processing and delivery services to individuals and businesses within the United States, protects the mails from loss or theft, and apprehends those who violate the postal laws.	49,617,687	333,902	770,873	4,500
Total	\$86,367,713	\$391,084	867,521	5,169

Sources: Most entity profiles were derived from The United States Government Manual, 1992/93. Information on budget authority and staff size at the entity level was taken from the Budget of the United States Government, Fiscal Year 1994. Information on budget authority and staff size at OIGs was obtained from those offices.

^aStaff size is in full-time equivalents (FTEs). One FTE is equal to 1 work year or 2,080 hours.

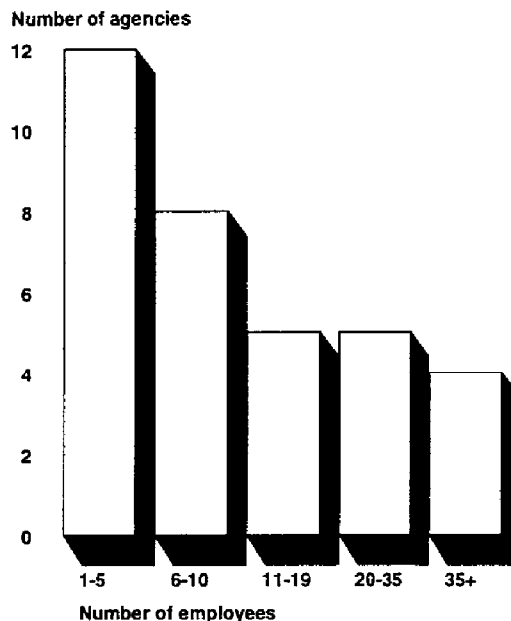
^bDoes not include expenses and staff of the Banking Supervision and Regulation function at the Federal Reserve Banks, which are subject to audit and investigation by the IG.

^cInformation shown is on a calendar-year basis.

Offices of Inspectors General

The offices of inspectors general (OIGs) in the DFEs vary considerably in size. As figure III.1 illustrates, 12 OIGs have 5 or less staff, and another 8 OIGs have 6 to 10 staff. On the other end of the scale, the 4 OIGs having more than 35 persons on their staffs account for 94 percent of all DFE OIG staffs. These include Amtrak (70), the Federal Deposit Insurance Corporation (143), the Tennessee Valley Authority (145), and the U.S. Postal Service (4,500).

Figure III.1: Size of OIG Staffs in Designated Federal Entities



In addition, the DFE IGs have diverse backgrounds. As table III.2 shows, 16 of the current IGs are from the auditing or accounting professions. Of the remaining DFE IGs, 8 are attorneys, 4 are investigators, 3 are management analysts, 1 is a financial manager, 1 is an inspector, and 1 is an engineer.

**Appendix III
Profiles of Designated Federal Entities and
Offices of Inspectors General**

Table III.2: Names, Backgrounds, and Terms of Service of Inspectors General in Designated Federal Entities

Designated federal entity	Inspector General	Background	Term of service
ACTION	Joseph M. Suszko ^a	Auditor	01/19/86-07/08/89
	Judith A. Denny	Attorney	07/09/89-Present
Amtrak	Fred E. Weiderhold, Jr.	Attorney	04/03/89-Present
Appalachian Regional Commission	Hubert N. Sparks	Auditor	10/02/89-Present
Board of Governors of the Federal Reserve System	Brent L. Bowen	Financial Mgr.	07/20/87-Present
Board for International Broadcasting	Brian T. Conniff	Auditor	10/08/89-Present
Commodity Futures Trading Commission	Nancy A. Wentzler	Economist	09/24/89-06/16/90
	Donald Smith ^a	Auditor	06/17/90-10/06/90
	A. Roy Lavik	Attorney	10/07/90-Present
Consumer Product Safety Commission	Thomas F. Stein ^b	Mgmt. Analyst	01/19/90-Present
Corporation for Public Broadcasting	Lester J. Latney	Auditor	04/17/89-Present
Equal Employment Opportunity Commission	William D. Miller, II	Investigator	01/04/89-Present
Farm Credit Administration	Eldon Stoehr	Auditor	01/22/89-Present
Federal Communications Commission	John Kamp ^a	Attorney	04/13/89-10/22/89
	James C. Warwick ^c	Engineer	01/13/91-Present
Federal Deposit Insurance Corporation	Robert D. Hoffman ^d	Auditor	10/22/89-03/03/93
	James A. Renick	Auditor	03/07/93-Present
Federal Election Commission	E. Craig Crooks ^a	Investigator	04/17/89-02/10/90
	Lynne A. McFarland	Mgmt. Analyst	02/11/90-Present
Federal Housing Finance Board	Edward Kelly ^a	Auditor	10/08/89-03/31/91
	George Woloshyn	Attorney	04/01/91-Present
Federal Labor Relations Authority	Paul D. Miller	Investigator	09/24/89-Present
Federal Maritime Commission	Tony P. Kominoth	Attorney	02/26/89-Present
Federal Trade Commission	Frederick J. Zirkel	Auditor	06/06/89-Present
Government Printing Office	Joyce Blaylock	Attorney	03/10/85-06/15/90
	Victor F. Bouril, Jr. ^a	Auditor	06/16/90-06/23/90
	Lewis L. Small	Attorney	06/24/90-Present
Interstate Commerce Commission	James J. McKay	Auditor	04/24/89-Present
Legal Services Corporation	David L. Wilkinson	Attorney	09/05/89-09/05/91
	Robert Holliday ^a	Investigator	09/06/91-09/16/91
	Edouard R. Quatrevaux	Mgmt. Analyst	09/17/91-Present
National Archives and Records Administration	Lawrence A. Oberg	Investigator	04/16/89-11/08/92
	Debra Guentzel ^a	Auditor	11/09/92-01/09/93
	Roberta L. Gross ^a	Attorney	01/10/93-05/31/93
	Floyd B. Justice	Auditor	06/01/93-Present
National Credit Union Administration	Joan E. Perry	Auditor	03/23/89-09/07/92
	H. Frank Thomas	Auditor	09/08/92-Present
National Endowment for the Arts	Leon B. Lilly	Auditor	04/09/89-Present
National Endowment for the Humanities	Sheldon L. Bernstein	Auditor	04/12/89-Present
National Labor Relations Board	Bernard Levine	Attorney	11/07/89-Present

(continued)

**Appendix III
Profiles of Designated Federal Entities and
Offices of Inspectors General**

Designated federal entity	Inspector General	Background	Term of service
National Science Foundation	Linda G. Sundro	Attorney	04/30/89-Present
Panama Canal Commission	James A. Mathis	Auditor	04/16/89-12/14/89
	Peter A. Leibr	Auditor	12/15/89-Present
Peace Corps	Gerard A. Roy	Investigator	01/23/89-02/07/92
	John S. Hale ^a	Auditor	02/14/92-05/30/92
	Michael R. Hill	Auditor	05/31/92-02/08/93
	Michael Tully ^a	Auditor	02/09/93-02/20/93
	Jeffrey Rush, Jr. ^a	Investigator	02/21/93-Present
Pension Benefit Guaranty Corporation	Wayne Robert Poll	Auditor	04/24/89-Present
Securities and Exchange Commission	Walter J. Stachnik	Auditor	03/12/89-Present
Smithsonian Institution	John Fawsett ^a	Auditor	04/17/89-06/02/90
	Thomas D. Blair	Auditor	06/03/90-Present
Tennessee Valley Authority	Norman A. Zigrossi	Attorney	01/25/86-04/15/92
	George T. Prosser ^a	Investigator	04/16/92-05/03/92
	William L. Hinshaw	Investigator	05/04/92-Present
U.S. International Trade Commission	Jane E. Altenhofen	Auditor	04/17/89-Present
U.S. Postal Service	Charles R. Clauson	Inspector	10/18/88-09/01/92
	Kenneth J. Hunter	Inspector	09/05/92-Present

Note: Information as of July 31, 1993.

^aActing IG.

^bActing IG 04/07/89-01/18/90.

^cActing IG 10/23/89-01/12/91.

^dActing IG 03/14/89-10/21/89.

Compensation levels are not consistent between presidentially appointed IGS and DFE IGS or among the DFE IGS themselves. Presidentialy appointed IGS are paid at Executive Level IV (\$115,700). DFE IGS at the GS/GM-15 grade level are paid between \$68,829 and \$91,640 and IGS in the senior executive service are paid between \$92,900 and \$115,700. The salary levels of IGS who are employed by government corporations or government-sponsored enterprises range between \$73,085 and \$130,000. Table III.3 compares the pay rates of the DFE IGS with senior officials at their entities.

**Appendix III
Profiles of Designated Federal Entities and
Offices of Inspectors General**

Table III.3: Pay of Inspectors General and Senior Entity Officials in Designated Federal Entities

Designated federal entity	Inspector general		Senior entity officials	
	Pay plan	Salary	Pay plan range	Salary range ^a
ACTION	ES-04	\$107,300	ES-01 - ES-06	\$92,100-115,700
Amtrak	Grade 31	87,500	NG	92,100-138,900
Appalachian Regional Commission	GS-15	86,589	GS-15 - ES-03	66,609-103,946
Board of Governors of the Federal Reserve System	Level III	124,700	Level III - Level I	124,700-161,800
Board for International Broadcasting	ES-01	92,900	ES-03 - ES-06	101,800-115,700
Commodity Futures Trading Commission	GM-15	86,589	ES-06	115,700
Consumer Product Safety Commission	GM-15	86,589	ES-04 - ES-06	107,300-115,700
Corporation for Public Broadcasting	Level 42	73,085	NG	90,000-143,800
Equal Employment Opportunity Commission	ES-05	111,800	ES-01 - ES-06	92,900-115,700
Farm Credit Administration	VH-43	101,286	VH-43 - VH-45	85,265-133,774
Federal Communications Commission	ES-04	107,300	ES-01 - ES-06	92,900-115,700
Federal Deposit Insurance Corporation	E-III	119,500	E-II - E-V	96,000-158,000
Federal Election Commission	GS-15	68,829	SL-0 - EL-IV	100,027-115,700
Federal Housing Finance Board	TF-03	122,000	TF-01 - TF-05	83,000-158,000 ^b
Federal Labor Relations Authority	GM-15	79,154	ES-02 - ES-05	97,400-111,800
Federal Maritime Commission	GM-15	86,589	ES-02 - ES-06	97,400-115,700
Federal Trade Commission	ES-04	107,300	ES-04 - ES-06	107,300-115,700
Government Printing Office	SLS-2	96,005	SLS-2 - SLS-1	92,911-105,768
Interstate Commerce Commission	GM-15	75,489	ES-04 - ES-06	107,300-115,700
Legal Services Corporation	NG	85,000	NG - EX-05	71,264-108,200
National Archives and Records Administration	GM-15	77,580	ES-01 - ES-06	92,900-115,700
National Credit Union Administration	SS-01	93,200	SS-01 - SS-05	91,564-149,650
National Endowment for the Arts	GM-15	86,589	GM-15 - ES-02	66,609-97,400
National Endowment for the Humanities	GM-15	79,485	ES-03 - ES-05	101,800-111,800
National Labor Relations Board	ES-05	111,800	ES-05	111,800
National Science Foundation	ES-06	115,700	ES-03 - EX-03	101,800-123,100
Panama Canal Commission	EX	107,240	EX	93,253-115,700
Peace Corps	FE-6	115,700	FE-1 - FE-6	92,900-115,700
Pension Benefit Guaranty Corporation	GM-15	85,013	SL-2 - SL-3	99,200-115,700
Securities and Exchange Commission	GM-15	91,640 ^c	ES-01 - ES-06	92,900-115,700
Smithsonian Institution	SL	97,427	SL - AE	112,100-130,000
Tennessee Valley Authority	NG	112,000	NG	69,322-112,000
U.S. International Trade Commission	GM-15	76,913	ES-03 - ES-06	101,800-115,700
U.S. Postal Service	NG	130,000	NG	115,000-148,000

(Table notes on next page)

**Appendix III
Profiles of Designated Federal Entities and
Offices of Inspectors General**

Note: Information as of July 31, 1993.

Legend

AE = Administratively Excepted
E = Executive
EL = Executive Level
ES = Executive Service
EX = Executive Schedule
FE = Senior Foreign Service
GM = General Merit
GS = General Schedule
NG = not graded
SL = Senior Level
SLS = Senior Level Service
SS = Senior Staff
TF = Senior Management Position
VH = Professional Management Position

^aFor purposes of this table, senior entity officials are considered those paid above the GS/GM-15, or an equivalent level, and below the salaries of the head of the designated federal entity as defined in OMB's 1993 list of designated federal entities and federal entities. However, there are four exceptions. At the Appalachian Regional Commission, Legal Services Corporation, the National Endowment for the Arts, and Tennessee Valley Authority some senior entity officials are paid at amounts equivalent to the GS/GM-15 level.

^bShows range of salary schedules not actual salaries.

^cIncludes special pay rate for securities industry experience.

OIG Resources in Designated Federal Entities, Fiscal Years 1990-1992

Dollars in thousands

	Budget authority			Staff size ^a		
	FY 1990	FY 1991	FY 1992	FY 1990	FY 1991	FY 1992
ACTION	\$839	\$976	\$954	11	11	12
Amtrak	5,000	4,500	4,800	73	76	70
Appalachian Regional Commission	350	350	350	2	3	3
Board of Governors of the Federal Reserve System ^b	1,341	1,568	1,930	19	19	22
Board for International Broadcasting	230	301	321	1	2	2
Commodity Futures Trading Commission	225	305	320	3	4	4
Consumer Product Safety Commission	88	186	270	1	3	4
Corporation for Public Broadcasting	676	708	786	11	11	11
Equal Employment Opportunity Commission	832	855	797	18	18	18
Farm Credit Administration	640	717	642	8	6	7
Federal Communications Commission	278	461	515	6	6	6
Federal Deposit Insurance Corporation ^b	13,480	19,464	19,899	116	135	143
Federal Election Commission	94	124	138	1	2	2
Federal Housing Finance Board ^b	742	393	349	3	4	4
Federal Labor Relations Authority	110	169	226	2	3	4
Federal Maritime Commission	183	201	216	3	3	3
Federal Trade Commission	225	325	384	2	4	4
Government Printing Office	2,301	2,062	1,976	42	35	35
Interstate Commerce Commission	n/a	174	269	1	2	3
Legal Services Corporation	n/a	389	762	n/a	5	12
National Archives and Records Administration	399	479	511	9	9	10
National Credit Union Administration	338	389	441	5	5	5
National Endowment for the Arts	518	571	616	8	8	8
National Endowment for the Humanities	372	383	416	7	7	7
National Labor Relations Board	252	394	424	7	7	7
National Science Foundation	2,600	3,000	3,500	25	30	34
Panama Canal Commission	960	1,026	1,064	22	22	22
Peace Corps	1,180	1,239	1,418	18	18	19
Pension Benefit Guaranty Corporation	941	766	1,839	7	7	8
Securities and Exchange Commission	477	596	775	6	7	8
Smithsonian Institution	891	1,041	1,219	20	21	24
Tennessee Valley Authority	n/a	8,700	8,700	n/a	147	145
U.S. International Trade Commission	271	417	355	3	3	3
U.S. Postal Service	279,792	293,912	333,902	4,390	4,390	4,500
Total	\$316,625	\$347,141	\$391,084	4,850	5,033	5,169

(Table notes on next page)

Appendix IV
OIG Resources in Designated Federal
Entities, Fiscal Years 1990-1992

Legend

n/a = Information not available.

^aStaff size is in full-time equivalents (FTEs). One FTE is equal to 1 work year or 2,080 hours.

^bInformation shown is on a calendar-year basis.

Sources: Information on budget authority and staff size at OIGs was obtained from those offices.

Permanent Investigative Staffs and Fraud Hotlines of OIGs in Designated Federal Entities

Designated federal entity	Number of investigators	Fraud hotlines
ACTION	1	Yes
Amtrak	14	Yes
Appalachian Regional Commission	0	Yes
Board of Governors of the Federal Reserve System	3	Yes
Board for International Broadcasting	0	Yes
Commodity Futures Trading Commission	0	Yes
Consumer Product Safety Commission	0	Yes
Corporation for Public Broadcasting	0	No
Equal Employment Opportunity Commission	1	Yes
Farm Credit Administration	1	Yes
Federal Communications Commission	1	No
Federal Deposit Insurance Corporation	30	Yes
Federal Election Commission	0	Yes
Federal Housing Finance Board	0	Yes
Federal Labor Relations Authority	1	Yes
Federal Maritime Commission	0	Yes
Federal Trade Commission	1	No
Government Printing Office	9	Yes
Interstate Commerce Commission	0	Yes
Legal Services Corporation	4	Yes
National Archives and Records Administration	1	Yes
National Credit Union Administration	0	No
National Endowment for the Arts	0	No
National Endowment for the Humanities	0	Yes
National Labor Relations Board	0	Yes
National Science Foundation	3	Yes
Panama Canal Commission	1	No
Peace Corps	4	Yes
Pension Benefit Guaranty Corporation	2	Yes
Securities and Exchange Commission	2 ^a	No
Smithsonian Institution	3	Yes
Tennessee Valley Authority	47	Yes
U.S. International Trade Commission	0	Yes
U.S. Postal Service	2,167 ^b	Yes

(Table notes on next page)

Appendix V
Permanent Investigative Staffs and Fraud
Hotlines of OIGs in Designated Federal
Entities

Note: Information as of July 31, 1993.

^aThe SEC OIG has one full-time and one part-time law enforcement officer.

^bThe U.S. Postal Service OIG does not have investigators. Instead, they have inspectors, who spend about 80 percent of their time on investigations and 20 percent on audits.

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