

The OIG Community: The Inside View

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Welcome to the OIG !



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Presentation Outline

- Powers
- Responsibilities
 - Audits
 - Investigations
 - Inspections/Evaluations
- Resources
- Independence & Limitations
- Accountability



OIG Myths

- IGs are omnipotent
- IGs can fix any problem
- IGs have unlimited resources
- IGs know all
- IGs are not watched

Inspector General Powers

- **Flow from Statutory Authority**



- Inspector General Act of 1978, as amended.
- 5 USC Appendix § 1

- **Authorizes Audits & Investigations**



- Receive complaints of waste, fraud, abuse.
- Have access to agency records.

- **Requires Independence & Objectivity**

- Protect confidentiality.
- Reports to Congress & Agency.



Inspector General Responsibilities

The IG Act charges the Offices of Inspector General to:

1. Detect and prevent ***fraud, waste, and abuse*** of agency programs
2. Examine the ***efficiency and effectiveness*** of agency operations

FY07 IG Community Results

302,695 Hotline complaints processed

**6,805 indictments
and criminal informations**

**981
successful
civil actions**

**8,960
successful
prosecutions**

**5,807
personnel
actions**

**4,296
suspensions
or debarments**

**7,080 audit,
inspection,
and
evaluation
reports
issued**

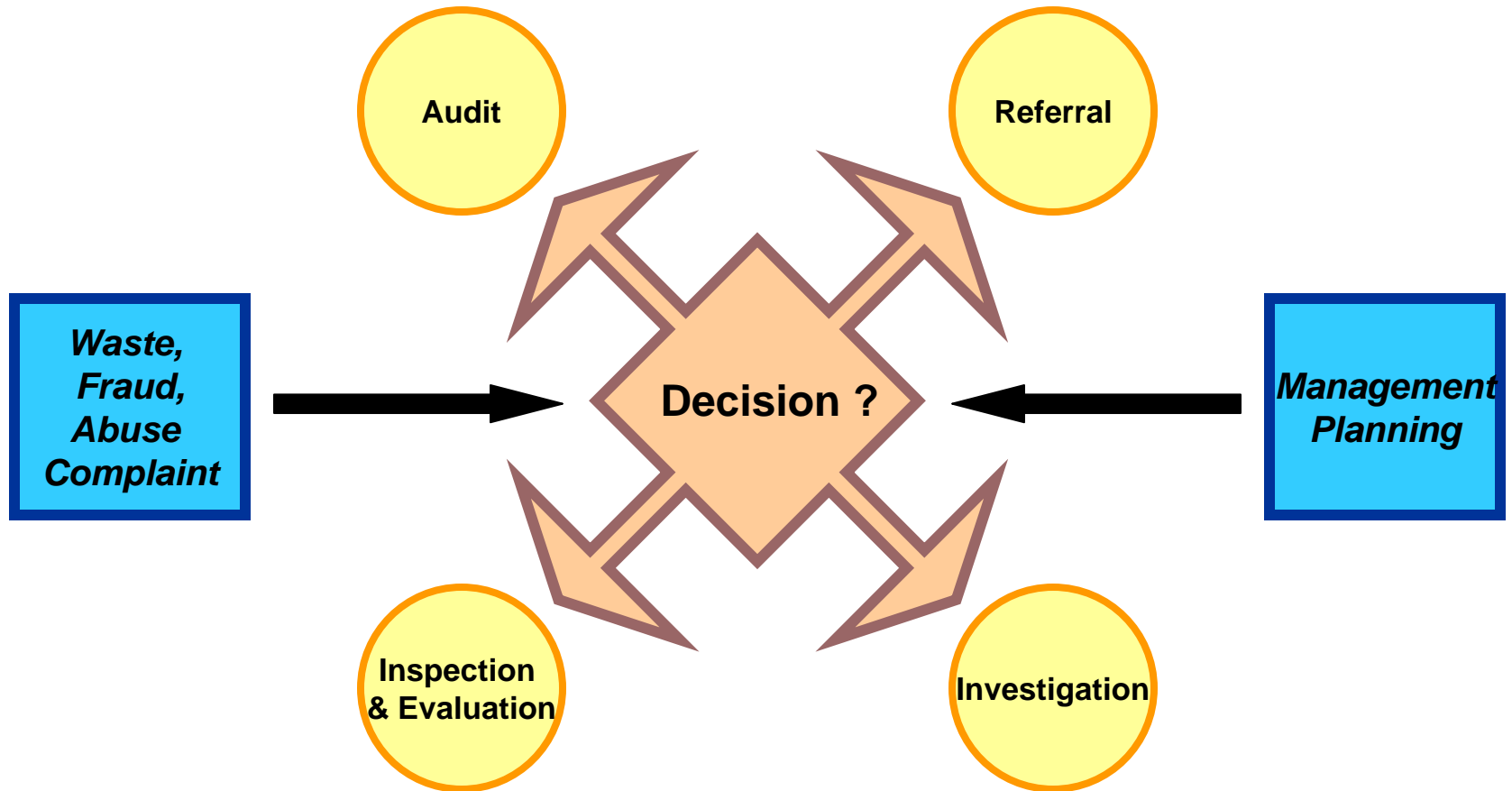
33,492 investigations closed

**\$16.5 billion in potential savings from audit
recommendations and investigative recoveries**

What the IG can do ...

- Provide the Secretary or Agency head with independent sets of “eyes and ears” to evaluate management practices
- Be independent fact-finders in high profile, controversial matters
- Apprehend those attempting to defraud the Government and people of the United States
- Ensure that the taxpayers have a “seat at the table” when decisions are made as to how their money is to be spent
- Provide a “marketplace of ideas” for improving Government

Decision Making ...



Sources of Information

AUDITS

Regular planning

- Special requests
- Management
- Congress
- OIG Investigations

INVESTIGATIONS

Complaints

- Anonymous
- Specific referral
- OIG & A-133 Audits
- OIG Investigations

Investigation Operations

Focus is on the individual.

- Conducts administrative misconduct by agency personnel, contractors, grantees, including scientific misconduct
- Conducts criminal and civil investigations
- Uses law enforcement authorities
 - Search warrants
 - Make arrests
 - Carry firearms


Special Investigations: Misconduct in Research

- Definitions

- Fabrication: making up results and recording them
- Falsification: manipulating research materials, equipment, or processes OR changing or omitting data or results such that the research is not accurately reported
- Plagiarism: the appropriation of another's ideas, processes, results or words *without giving credit*

Misconduct in Research Investigations

- At NSF handled by the OIG
- Usually referred to institution for factual investigation
- Reviewed to assure Government's interests are addressed
- Recommend sanctions to the agency for action



SOMETIMES
I FEEL
THAT I
HAVE THE
WORST JOB
IN THE
WORLD!

YA... RIGHT!

T. PECKHAM

Financial and Performance Auditing

Financial Audits

- Annual Financial Statement
- Grants and Procurement
- Internal Controls
- Performance Measures

Financial and Performance Auditing

Performance Audits

- Independent assessment of the performance (results) and management of a program against objective criteria:
 - Assessing Program Effectiveness
 - Economy and Efficiency
 - Internal Controls
 - Compliance

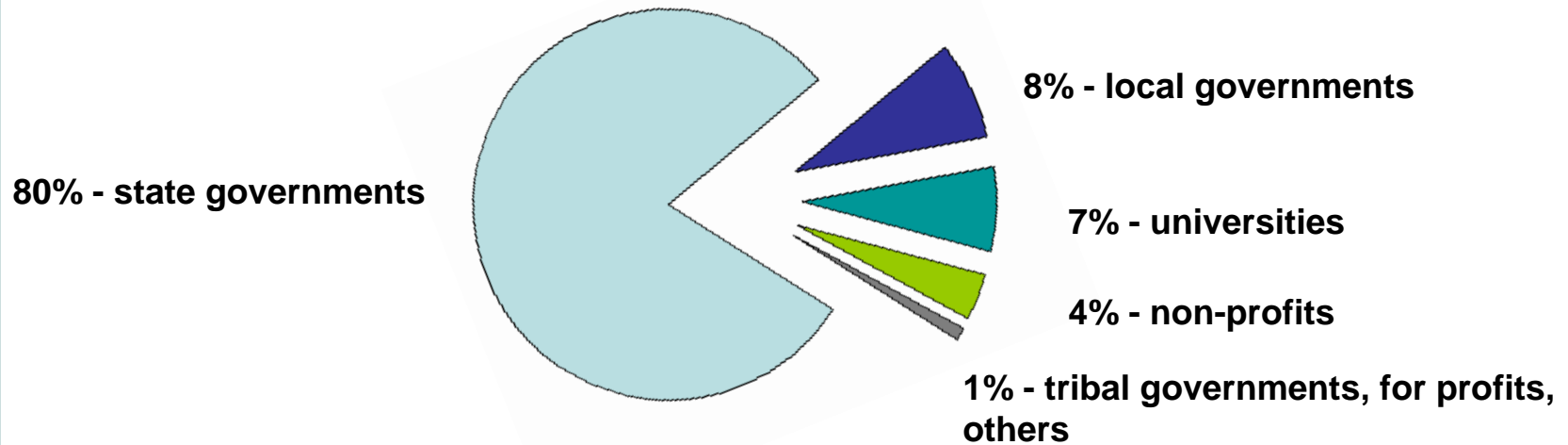
Risk-Based Approach

Government-Wide High Risk Areas

- Financial Management
- Acquisition
- Information Technology
- Human Capital
- Contract Administration

National Single Audit Sampling Project (A-133)

Distribution of Federal Grants



2009 US Budget - \$3.1 Trillion

Grants - \$500 Billion

Why Single Audits Are Important

- Approximately 35,000 state and local governments and not for profit institutions submit single audit reports annually
- For most of these entities, the single audits are the **ONLY** on-site reviews of how federal dollars are expended

National Single Audit Sampling Project

- Given the many grant requirements and the extent that Federal agencies, Congress and taxpayers rely on single audits, audit quality is critical
- Longstanding questions about the quality of single audits led to government-wide study
- Final report issued June 2007

Types of Deficiencies

- Misrepresenting of audit coverage of major Federal programs
- Unreported audit findings
- Compliance testing not documented in accordance with applicable standards

Potential End Results - AICPA

- Substantial revisions to AICPA single audit guidance as it affects:
 - Internal Control Testing
 - Compliance Testing
 - Sampling
 - Documenting Audit Work
 - Reporting Audit Findings

Inspector General Legislation

- Removal for Cause
- Term of Office
- IG Nominations
- Direct Budget Submission
- Single IG Council
- IG Pay