

**Post-Hearing Questions for the Record
Submitted to the Honorable Peggy E. Gustafson
From Senator Claire McCaskill**

**“Oversight of Small Agencies”
April 10, 2014**

In the absence of a regular relationship with an inspector general (IG), some agencies seek out help from existing IGs. However, there is no formal process to do so, and the agencies are left to negotiate with existing IGs for their services.

Q. What kind of assistance, if any, does the Counsel of the Inspectors General on Integrity and Efficiency (CIGIE) currently provide to agencies seeking help from an IG?

Response: In the past, the CIGIE has played an important role in facilitating requests for assistance to ensure effective agency oversight by an Office of Inspector General (OIG). Such requests have included needs for audit, investigative and complaint handling services. Though CIGIE cannot provide these services itself, CIGIE works to match these needs with OIGs that may be able to enter into reimbursable agreements to provide the service. Resource constraints have been a factor that OIGs consider when asked to provide such services. With that being said, we are aware of very few instances where assistance is not provided when requested. CIGIE will continue its facilitation role and its support of requests to promote efficiency and effective oversight.

Q. How do you think CIGIE could be more useful in facilitating the development of ongoing oversight programs between small agencies and larger IG offices?

Response: The Inspector General Reform Act established CIGIE to serve as a unified council of statutory Federal IGs, to carry out two key missions:

- address integrity, economy, and effectiveness issues that transcend individual Government agencies; and
- increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment

of a well-trained and highly skilled workforce in the offices of the Inspectors General.

With respect to CIGIE's first mission, it could be appropriate, to that end, for CIGIE to consider further activities, such as an endeavor to develop standards and approaches to guide oversight programs between small agencies and larger IG offices.

CIGIE's training and professional development mission is addressed through our Training Institute, which offers training to OIG audit, investigative, inspection and evaluation, leadership, and mission support personnel. Though the institute is still in a developmental phase, in FY 2013, the institute delivered 64 specialized training courses to over 1,700 students.

Q. Should we consider broadening CIGIE's mission to ensure that all federal dollars receive adequate and effective oversight, and give CIGIE the resources to accomplish this?

Response: The Inspector General Act of 1978, as amended (IG Act), initially consolidated the audit and investigative functions in 12 Cabinet-level agencies under their respective IGs. The Inspectors General became independent forces for promoting economy, efficiency, and effectiveness, while preventing and detecting fraud, waste, and abuse in their agencies' programs. The IG Act established a dual reporting responsibility, whereby Inspectors General report both to the head of their respective agencies and to Congress. This relationship with Congress provides the legislative safety net that helps protect the independence and objectivity of Inspectors General independence and objectivity.

In context of the IG Act, CIGIE members' (72 Inspectors General) authority is exercised individually within specified jurisdictions of executive branch entities. These jurisdictional boundaries set Inspectors General apart from the Government Accountability Office (GAO), which has broad jurisdiction as part of the legislative branch. Notwithstanding defined jurisdictions, innate, independent oversight by an OIG is perhaps one of the great strengths of the IG Act's framework. Any considerations of an oversight body having broad jurisdiction within the executive branch under authorities of the IG Act also would implicate key provisions, such as general supervision by an Agency Head, access to records, logistical support, etc. The relevance of these provisions in relation to the effectiveness of Inspectors General cannot be overstated, as well as the distinct separation of

powers concerns that the IG Act carefully balances. The oversight strength of individual IGs working within their agencies may outweigh any perceived benefits of a direct oversight role by CIGIE itself.

Some IGs have signed contracts or MOUs with other agencies, such as OPM, for human resource services.

Q. How does this process work?

For specified services, Offices of Inspector General normally enter into reimbursable agreements, whereby one Federal agency (i.e. Office of Inspector General) reimburses another Federal agency (i.e. Office of Personnel Management) for the actual costs of providing such services. Other arrangements could include detail assignments of certain personnel for established periods of time.

Q. Is the process effective, or do you believe there is a better way to obtain these resources?

Response: The MOU process is a common approach employed across government to obtain shared service. Although effective, it can be limited by resource considerations by the entities, because specific appropriations for such agreements rarely exist.

Q. Has there been any discussion at CIGIE about whether it could play a role in either providing or facilitating these services?

Response: As discussed above, CIGIE has played an important role in facilitating requests for assistance to ensure effective agency oversight by an OIG. Such requests have included needs for audit, investigative and complaint handling services. Though CIGIE cannot provide these services itself, CIGIE works to match these needs with OIGs that may be able to enter into reimbursable agreements to provide the service.

Another issue that has come up recently is that some small IG offices do not undergo peer review. Apparently, current rules only require IG offices that produce audits to be peer reviewed, and some small IG offices are not producing any audits.

Q. Does CIGIE have concerns about whether some offices are not being peer reviewed? What is being done to address this?

Response: For several years, the CIGIE Audit Committee has recognized that IGs for some smaller agencies face unique challenges in complying with the peer review process. The IGs of these smaller agencies typically have small staffs. Some of these IGs do not perform Generally Accepted Government Auditing Standards (GAGAS or “Yellow Book”) audits, but instead perform other types of reviews and may hire Independent Public Accountants (IPAs) to audit their agency’s financial statements or programs. When using IPAs, IGs are required to supervise the IPA’s work for compliance with GAGAS.

The fact that a few IGs have not conducted GAGAS audits presents challenges when undergoing a peer review in accordance with the Yellow Book. In the past, peer reviews have addressed this challenge by including a scope limitation or by not providing a final opinion. In at least one instance, an IG office requested to be removed from the peer review schedule.

The CIGIE Audit Committee, at its most recent meeting on March 25, 2014, considered how to revise the peer review guide to ensure that the few IGs with oversight of smaller agencies that have not conducted GAGAS audits, follow established audit standards, policies and procedures. The Committee adopted the position that all IGs should be subject to a peer review. The Audit Committee will include in the updated Peer Review Guide a modified peer review process for IGs that do not conduct GAGAS audits or only conduct IPA oversight. The Committee also agreed that the results of these reviews should be published in the IG’s Semiannual Report to Congress. Recommendations of the Audit Committee will be presented for consideration and approval by the full CIGIE.

Legislation has been proposed that would consolidate some smaller IG offices and ensure that all federal agencies have a statutory IG.

Q. Do you have any suggestions on how the legislation could be improved?

Response: The IG Act provides a strong statutory framework for independent oversight by Inspectors General. CIGIE's membership is comprised of Inspectors General that operate under authorities set forth for establishment entities and designated federal entities. Though some OIGs have unique authorities and provisions that guide their operations, CIGIE strongly believes all statutory IGs are empowered to provide independent oversight.

As noted in my testimony, the agencies and Inspectors General impacted by the legislative proposal each have unique considerations relative to the model of providing oversight by Inspectors General under the authorities of IG Act. CIGIE has encouraged those IGs, who would be directly affected by the proposed legislation, to communicate their views directly to the Subcommittee. CIGIE itself is developing comment on the proposal and is engaging its members to offer these considerations in a separate communication to your office.