

**EREK L. BARRON**  
*Legislative District 24*  
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Health and Government  
Operations Committee

*House Chair*

Joint Committee on Fair Practices  
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Prince George's County Delegation



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**THE MARYLAND HOUSE OF DELEGATES**  
ANNAPOLIS, MARYLAND 21401

February 19, 2021

The Honorable Shane E. Pendergrass  
Chair, House Health and Government Operations Committee  
241 House Office Building  
Annapolis, MD 21401

**Re: HB 393 Maryland Office of the Inspector General for Health**

Dear Chairman Pendergrass:

This bill establishes a Maryland Inspector General's Office for Health as a separate, independent unit of government with annual reporting requirements to the General Assembly. The bill is modeled after the Education OIG with a unanimous appointment by the Governor, Attorney General, and State Treasurer.

Background

Preliminarily, for this sponsor-only hearing, please note that this bill is the same as the 2020 legislative session House-passed version of House Bill 609, which moved after several extensive hearings in committee and subcommittee with representatives from the Health Department. The bill was passed out of Senate Finance but, with the General Assembly's early adjournment, it did not make it to the Senate floor for second reader. Its cross file, SB963, passed out of Senate Finance and passed second reader on the Senate floor.

Inspectors General ensure accountability and transparency in government. This is particularly important in Maryland, where our system of government includes a part-time, citizen legislature. Certainly, our legislative branch has its benefits, but this part-time system hampers our ability to conduct effective oversight of our sister branches of government. IGs can act as our eyes and ears and enhance public trust. But IGs cannot do their job without independence.

HB 393 Maryland Office of the Inspector General for Health

## Why is the bill needed?

Depending on how you calculate it, the Health Department administers and oversees 25 to 33 percent of the State budget, more than \$14 billion annually, and the public deserves to have confidence that these funds are being handled appropriately. While some specific, pre-pandemic, examples of why there is a lack of public confidence in the department are outlined below, the past eight months have further demonstrated that we have reason to be concerned about the department's ability to transparently address waste, fraud, and abuse.

## What about the Office of Legislative Audits?

This bill was developed in consultation with OLA and the Director of Legislative Services. An enhanced OIG closes a structural gap in oversight between the OLA and the legislature. OLA, which conducts spot audits only every three or four years, is not positioned to detect or address issues on an ongoing, day-to-day operational level. The General Assembly is a part-time body that generally meets only during the 90 day session and is not in a position to conduct ongoing, day-to-day oversight.

## Are there examples of issues that an OIG could address?

Unfortunately, a wide variety of issues that could have and can be addressed with an independent, transparent OIG. Before the pandemic, the case was made for this legislation based on alarming and repeated examples of findings from OLA such as:

- Medical Care Programs Administration, which manages Medicaid (\$11 billion in 2018), repeatedly ignores OLA findings and recommendations regarding the monitoring its vendors
- The Behavioral Health Administration, which operates the state system for providing mental health and substance use disorders, does not adequately monitor vendors it awards hundreds of millions in funds
- The Developmental Disabilities Administration, which develops policies and regulations and funds services for individuals with developmental disabilities, does not ensure that these important services are provided – and, often they are not

Last year's testimony on the bill also outlined ongoing issues this body has had to address after no or little action from the Health Department, including, for example:

- Over the course of years, the department ignored a crisis in bed space those determined mentally incompetent to stand trial – they fixed it, but only after being repeatedly held in contempt of court, several joint legislative hearings, an ad hoc workgroup, and legislation we passed (HB111 (2018))

- Not long ago, for months the department failed to distribute federally allocated State Opioid Response grants to local corrections for medication-assisted treatment pursuant to state law; the department received the funds in October 2019 but only distributed them in February 2020 after outcry from local corrections officials and legislators from both parties

The Health Department's issues extend to our funding oversight, for example, according to a 2020 DLS budget report, since 2015, the department has been endangering employee safety at State Psychiatric Facilities; every facility has missed working environment performance targets for the past five to six years.

### **Has the COVID-19 pandemic highlighted the need for this bill?**

Maryland's COVID-19 test kits and the South Korean procurement is a prominent example of how an independent OIG could have been helpful to the legislature and the public. Even the presence of an independent IG could have motivated better transparency, if not more careful procurement to begin with.

- [Hogan's first batch of coronavirus test from South Korea were flawed, never used](#), The Washington Post, November 20, 2020
- [Gov. Hogan's stonewalling turned a coronavirus testing mishap into a mockery](#), The Washington Post Editorial Board, December 6, 2020
- [What's lacking from Maryland's COVID-19 test kits? A dose of transparency](#), Baltimore Sun Editorial Board, May 28, 2020

### **Why is this bill part of the solution?**

Independence and transparency are best practices and hallmarks of an effective OIG - this bill significantly enhances these important elements.

### Conclusion

House Bill 393 is about good government. It is consistent with the legislature's debates that established an Education OIG and extensive debates about Kirwan oversight. It is the same bill we approved last year. I hope we can pass it again out of committee with a unanimous vote and again on the House floor with the same overwhelming support the bill had less than a year ago.

Very truly yours,

*s/Erek L. Barron*

Erek L. Barron



441 G St. N.W.  
Washington, DC 20548

June 8, 2020

Congressional Addressees

**Inspectors General: Independence Principles and Considerations for Reform**

Accountability—for both the use of public resources and the exercise of government authority—is key to our nation’s governing processes and to achieving national goals. Independent government audits, in turn, provide essential accountability and transparency over government programs and operations by providing objective analysis and information to decision-makers and the public. Given the current challenges facing the federal government, the oversight provided through independent government audits and investigations is more critical than ever.

In the past 4 decades since enactment of the Inspector General Act of 1978 (IG Act), federal inspectors general (IG) have played a critical role in enhancing government accountability.<sup>1</sup> Congress established the offices of inspector general (OIG) to prevent and detect fraud, waste, abuse, and mismanagement in federal agencies’ programs and operations; conduct and supervise audits and investigations; and recommend policies to promote economy, efficiency, and effectiveness.

Various legislative proposals to strengthen IG independence have been introduced in the current Congress, and several congressional committees have contacted GAO to request information on this and related topics.<sup>2</sup> Congressional oversight plays a critical role in ensuring that IGs perform their statutory responsibilities and in preserving and strengthening their independence.

The IG Act requires IGs to comply with standards established by the Comptroller General of the United States for audits of federal establishments, organizations, programs, activities, and functions. These standards are known as generally accepted government auditing standards (GAGAS).<sup>3</sup> GAO also plays a role in overseeing IGs by conducting audits of individual OIGs at the request of committees and members of Congress and by providing technical assistance to Congress on OIG issues. In addition, GAO coordinates and collaborates with the IG community, including through periodic meetings and working groups, to facilitate audit work, avoid overlap and duplication of effort, and share best practices.

<sup>1</sup>Pub. L. No. 97-452, 92 Stat. 1101 (1978), *classified as amended at* 5 U.S.C. app. In this report, references to the IG Act mean the Inspector General Act of 1978, as amended.

<sup>2</sup>As of June 4, 2020, bills introduced in the 116th Congress with IG independence–related provisions include the Inspector General Protection Act, H.R. 1847 (2019); Inspectors General Independence Act of 2020, H.R. 6668; Accountability for Acting Officials Act, H.R. 6689 (2020); The Heroes Act, H.R. 6800 (2020); Inspector General Independence Act, H.R. 6984 (2020); and Inspectors General Independence Act of 2020, S. 3664.

<sup>3</sup>GAO, *Government Auditing Standards: 2018 Revision*, [GAO-18-568G](#) (Washington, D.C.: July 2018).

This report (1) provides information on the key independence principles that auditors and audit organizations, including OIGs, must consider; (2) presents an evaluative framework for how these independence principles could be applied through ongoing IG reform efforts; and (3) provides reform options that Congress could consider.

## **Key Independence Principles Established by the IG Act and Government Auditing Standards**

Ensuring the independence of IGs is critical to OIGs' credibility and effectiveness. The IG Act, GAGAS, and our audit work have all emphasized the importance of IG independence. GAGAS provides a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services.

Most federal statutory IGs are authorized by the IG Act.<sup>4</sup> Initially, all IG Act IGs were to be appointed by the President with the advice and consent of the Senate (PAS). The Inspector General Act Amendments of 1988 added a second category of IG Act IGs, known as designated federal entity (DFE) IGs.<sup>5</sup> DFE IGs generally have the same authorities and responsibilities as the PAS IGs, except that they are appointed by and may be removed by their agency heads, rather than the President, and are not subject to Senate confirmation.

The IG Act recognizes IG independence as one of the most important elements of IG effectiveness. The IG Act provides specific protections for IG independence to enable an effective and independent audit and investigative function for IGs notwithstanding their reporting relationship within the agencies being reviewed. IGs report to, and are generally supervised by, the heads of their respective agencies, but they also have obligations to report externally to Congress.<sup>6</sup> For example, each IG is required to prepare a semiannual report summarizing OIG activities and submit it to the agency head, who must transmit it to appropriate committees of Congress within 30 days of receiving it. The agency head may include comments but cannot alter the IG's report.

Further, the IG Act places constraints on IG supervision and removal. Apart from limited exceptions related to national security and law enforcement, an agency head cannot prevent or prohibit an IG from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena, and IGs have the authority to make such investigations and reports as they judge necessary or desirable. IGs have authority over OIG personnel and are advised by their own legal counsel, and the President's budget submission to Congress must include a statement of each IG's original request. Although IGs may be removed by the President (for PAS IGs) or by the agency head (for DFE IGs), any action removing or transferring an IG must

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<sup>4</sup>There are also civilian and military statutory IGs established by laws other than the IG Act. The civilian statutory IGs consist of the IGs for the Intelligence Community and the Central Intelligence Agency; three special inspectors general who are authorized to oversee nonpermanent federal activities and whose offices will terminate when the conditions in their authorizing statutes are met; and five IGs established within agencies in the legislative branch, including GAO. The authorizing statutes for these other civilian IGs reflect or incorporate many of the IG Act provisions. The military statutory IGs are established within components of the Department of Defense (DOD). Those DOD component statutory IGs are outside the scope of this report.

<sup>5</sup>Pub. L. No. 100-504, title I, 102 Stat. 2515 (1988). Provisions governing DFE IGs are in section 8G of the IG Act.

<sup>6</sup>Agency heads supervising PAS IGs may delegate the authority to supervise the IG only to the official next in rank below the agency head. DFE IG supervision cannot be delegated.

be communicated in writing to Congress at least 30 days beforehand, with an explanation of the reasons for the removal.

Another aspect of the IG Act that helps protect IG independence is that it requires IGs to comply with GAGAS for their audits. GAGAS recognizes the impact that threats to independence may have on the audit management team, including the IG. GAGAS therefore emphasizes the need for auditors to identify any threats to their independence and to put in place any appropriate safeguards needed to mitigate them.

The key GAGAS principles for OIG independence include the following:

- **Audit organization independence.** Audit organization independence refers to the audit organization's placement in relation to the activities being audited. GAGAS recognizes that an audit organization, such as an OIG within an entity, may be structurally independent if it is subject to certain legal protections.
- **Independence conceptual framework.** GAGAS establishes a conceptual framework that auditors use to identify, evaluate, and apply safeguards to address threats to their independence, including both independence of mind and independence in appearance.
- **Independence of the inspector general.** It is important that IGs consider threats to their independence and take appropriate action through safeguards to address any identified threats under the independence conceptual framework.

### **Evaluative Framework for Applying Key Independence Principles in Ongoing IG Reform Efforts**

Based on existing requirements and standards, ongoing IG reform efforts could apply the key IG independence principles through a three-part evaluative framework:

- Legal protections related to the structure of an OIG, which are critical to preserving the independence of IGs, must be in place.
- IGs must evaluate threats to their independence and take steps to apply safeguards.
- Acting IGs must evaluate threats to their independence and apply safeguards related to the unique independence challenges of their positions.

#### Legal Protections Related to the Structure of an OIG, Which Are Critical to Preserving the Independence of IGs, Must Be in Place

GAGAS recognizes that a government audit organization placed within the entity it audits may be structurally independent if it is subject to certain legal protections. The IG Act contains the necessary protections to allow IGs to be structurally independent, if its provisions are appropriately implemented. Such protections include those related to hiring, dismissal, and lack of interference with the scope of work and reporting and include

- requiring that if the head of the audit organization is removed from office, the head of the agency reports this, along with the reasons for the removal, to the legislative body;
- requiring the audit organization to report to a legislative body or other independent governing body on a recurring basis;

- preventing the audited entity from interfering with the initiation, scope, timing, and completion of any audit engagement;
- preventing the audited entity from interfering with audit reporting, including the findings and conclusions or the manner, means, or timing of the audit organization's reports; and
- giving the audit organization sole authority over the selection, retention, advancement, and dismissal of its personnel.

Later in this report, we provide several options for strengthening these protections.

### IGs Must Evaluate Threats to Their Independence and Take Steps to Apply Safeguards

To ensure proper application of GAGAS, IGs must be independent both of mind and in appearance. Threats to independence compromise the integrity of an OIG's work and limit quality information available to Congress to conduct meaningful oversight over the agency. As noted above, GAGAS establishes a conceptual framework that auditors and audit organizations use to identify, evaluate, and apply safeguards to address threats to independence. Under this framework, auditors need to identify any threats that might compromise their professional judgment or that would cause a reasonable and informed third party to conclude that the integrity, objectivity, or professional skepticism either of an auditor or of the audit organization had been compromised. Once a threat has been identified, auditors should seek to apply safeguards to eliminate or reduce it to an acceptable level. For example, an audit organization might involve another audit organization to review or re-perform some of its work, or auditors might recuse themselves from work in areas where a significant threat exists.

As GAGAS recognizes, however, some threats by their very nature are too significant for mitigation by any safeguards, such as the same individual both preparing and auditing a financial statement. To the extent that safeguards have not been or cannot be applied to reduce a threat to an acceptable level, GAGAS instructs auditors to decline to perform or terminate their work. However, in the instance where an IG is required by statute to complete a particular audit, GAGAS states that the IG should perform the work but disclose in the written report what GAGAS requirements were not followed and how not following those requirements affected or could have affected the work.

GAGAS also requires that any identified threats to independence requiring safeguards be documented, along with the safeguards, if any, taken to address them. For example, auditors who have recused themselves from particular areas of work should issue recusal memos to document the scope of the recusal and how it will be carried out by the audit organization. Further, audit organizations must maintain a system of quality control and undergo periodic peer reviews. OIG peer reviews are coordinated in accordance with guidance from the Council of the Inspectors General on Integrity and Efficiency (CIGIE).<sup>7</sup> Later in this report, we provide options for strengthening these safeguards.

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<sup>7</sup>CIGIE was statutorily established as an independent entity within the executive branch by the Inspector General Reform Act of 2008 to: (1) address integrity, economy, and effectiveness issues that transcend individual government agencies; and (2) increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in establishing well-trained and highly skilled workforces in the OIGs. Pub. L. No. 110-409, § 7, 122 Stat. 4302, 4305 (Oct. 14, 2008), *classified as amended at* 5 U.S.C. app. § 11.

## Acting IGs Must Evaluate Threats to Their Independence and Apply Safeguards Related to the Unique Independence Challenges of Their Positions

Designating acting IGs to fill vacancies in IG positions creates additional independence considerations. In recent years, the number and duration of IG vacancies have raised concerns about the effect of vacancies on the ability of OIGs to carry out their statutory responsibilities. When vacancies exist for long periods of time, designating qualified individuals as acting IGs is even more critical. Subject matter experience is not sufficient; the acting IG must also meet the independence requirements of GAGAS and comply with the provisions of the IG Act that protect the OIG from inappropriate interference.

Given the important role that IGs play, it is critical to nominate and confirm qualified permanent IGs and minimize the duration of vacancies. CIGIE can assist with assessing the qualifications of nominees for IG positions, including identifying potential independence concerns. In a 2018 report on IG vacancies, we described how CIGIE has assisted in the vetting of candidates for the IG nomination process.<sup>8</sup> The IG Act requires CIGIE to recommend individuals to the appropriate appointing authority for any appointment to an OIG. Later in this report, we provide an option for additional CIGIE assistance with respect to IG vacancies.

Also in our 2018 report, we reported the results of our survey of IGs and OIG staff on various issues related to independence.<sup>9</sup> Many permanent IGs and OIG employees reported benefits when the acting IG comes from within the OIG, such as having expertise in agency issues, knowledge of the OIG's role and practices, and investment in the OIG's mission. Such benefits would not be present for an acting IG coming from outside the OIG. A majority of the permanent IGs we surveyed did not think that acting IGs are inherently less independent of mind, but a majority indicated that an acting IG is less independent in appearance than a permanent IG. Acting IGs commented on the steps they had taken to mitigate any concerns about independence, bias, and potential conflicts that could be perceived.

Unique independence challenges exist when an acting IG holds a position as a senior employee or PAS official of the agency (outside of the OIG) or a PAS official at another agency (other than in the OIG). Acting IGs should be aware of these unique challenges when evaluating their independence, and Congress should consider them when overseeing OIGs.

We have expressed concerns about the independence implications of such scenarios. In a 2007 report and testimony on the Department of State OIG, we stated that the extended use of temporarily assigned agency management staff to head an OIG can affect the perceived independence of the entire office in its reviews of agency operations. We also said that the practice is not consistent with the independence requirements of GAGAS, other professional standards that IGs follow, and the purposes of the IG Act.<sup>10</sup> We noted that such staffing arrangements represent potential impairments to independence and the appearance of independence under professional standards applicable to the IGs.

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<sup>8</sup>GAO, *Inspectors General: Information on Vacancies and IG Community Views on Their Impact*, [GAO-18-270](#) (Washington, D.C.: Mar. 9, 2018).

<sup>9</sup>[GAO-18-270](#).

<sup>10</sup>GAO, *Inspectors General: Activities of the Department of State Office of Inspector General*, [GAO-07-138](#) (Washington, D.C.: Mar. 23, 2007), and *Inspectors General: Limitations of IG Oversight at the Department of State*, [GAO-08-135T](#) (Washington, D.C.: Oct. 31, 2007).



As noted above, impairments could rise to the level of being impossible to mitigate. GAGAS provides that if auditors assume management responsibilities for an audited entity—such as directing and accepting responsibility for the actions of the audited entity’s employees in performing their routine, recurring activities and deciding which of the audit organization’s or outside third party’s recommendations to implement—the threats created would be so significant that no safeguards could reduce them to an acceptable level.

It is important that independence, of mind or appearance, not be sacrificed for other factors in the staffing and leadership of OIGs. While short-term designation of an acting IG from an agency management position may not automatically be problematic, it must be handled carefully. To protect the independence and integrity of the OIG’s work, an acting IG should be vigilant in evaluating independence and applying appropriate safeguards. Otherwise, when independence is impaired, there is a detrimental effect on the quality of OIG work. Impairment of an OIG’s independence also limits the usefulness of the IG’s work for both the agency and Congress in providing a clear basis for taking appropriate actions.

GAGAS outlines the types of threats that should be considered in evaluating independence. Examples of the types of threats that might arise, as applied to acting IGs, include the following:

- **Bias threat.** The threat that an auditor will, as a result of political, ideological, social, or other convictions, take a position that is not objective.
  - *Hypothetical example:* An acting IG has biases associated with political, ideological, or social convictions that result from membership or employment in, or loyalty to, a particular type of policy, group, entity, or level of government that could affect the IG’s objectivity.
- **Familiarity threat.** The threat that aspects of a relationship with management or personnel of an audited entity, such as a close or long relationship, or that of an immediate or close family member, will lead an auditor to take a position that is not objective.
  - *Hypothetical example:* An acting IG has close personal ties with a member of management of the audited agency.
- **Undue influence threat.** The threat that influences or pressures from sources external to the audit organization will affect an auditor’s ability to make objective judgments.
  - *Hypothetical example:* An acting IG feels threat of dismissal based on potential management disagreement with the contents of an audit report, which affects the IG’s ability to make objective opinions, findings, conclusions, judgments, and recommendations in an audit report.
- **Management participation threat.** The threat that results from an auditor taking on the role of management or otherwise performing management functions on behalf of the audited entity, which will lead an auditor to take a position that is not objective.
  - *Hypothetical example:* A newly designated acting IG is or has recently been a principal or senior manager of the audited entity.

Acting IGs who hold PAS or other senior positions outside of the OIG should be vigilant in evaluating whether their positions create either inherent threats to independence of mind or the

appearance of being less independent. Their existing portfolios of work and relationships may be more likely to appear to constitute threats of bias, familiarity, undue influence, or management participation than those of differently situated acting IGs. Acting IGs must consider how they should approach their “dual-hatted” roles—holding positions both within the OIG and outside it—in light of the potential for significant threats to their independence. They must ensure that they are fulfilling their responsibilities under the IG Act and applicable standards. They should seek appropriate counsel as needed and take steps to apply safeguards to protect the integrity of their OIGs.

A particular concern that illustrates the unique challenges of dual-hatted acting IGs pertains to the sensitive information to which IGs have access. Acting IGs must ensure that sensitive information in the OIG’s possession remains confidential and is not disclosed to agency management, in accordance with the IG Act.<sup>11</sup> Specifically, IGs are entrusted with receiving and investigating whistleblower complaints. Whistleblowers serve the public interest by spurring the investigation of potential legal violations, mismanagement, gross wastes of funds, abuses of authority, and dangers to health and safety.

Whistleblower identities must be kept confidential within the OIG, unless the complainant first consents to disclosure or the IG determines that disclosure is unavoidable during the course of the investigation. If agency employees do not have confidence that their disclosures to IGs will be kept confidential, there will be a chilling effect. Potential whistleblowers may refrain from coming forward with valuable information on instances of wrongdoing if they believe the acting IG is susceptible to pressures to release whistleblower identities to agency management colleagues. An acting IG who currently holds a position in agency management therefore should provide assurances to OIG staff, agency employees, and Congress that the confidentiality of whistleblower disclosures will be maintained and that whistleblower identities will not be shared with agency management. Congress could consider requiring the documentation and reporting of such assurances; later in this report, we provide options for such requirements.

Improving the way acting IGs are designated could strengthen the independence of OIGs. *Standards for Internal Control in the Federal Government* and our audit work related to IGs have emphasized the importance of succession planning.<sup>12</sup> Effective succession planning would specify the order of positions within the OIG that would take over in the event of a vacancy. Once a PAS IG position becomes vacant, the Federal Vacancies Reform Act of 1998 (Vacancies Act)<sup>13</sup> instructs the official serving as first assistant to the vacant position to perform the functions and duties of that position in an acting capacity, absent other action by the President. However, the President has the option of directing a PAS official or senior employee of the agency or a PAS official at another agency to serve as acting IG instead.<sup>14</sup>

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<sup>11</sup>5 U.S.C. app. § 7.

<sup>12</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014); [GAO-07-138](#); and [GAO-08-135T](#).

<sup>13</sup>5 U.S.C. §§ 3345–3349d.

<sup>14</sup>5 U.S.C. § 3345(a).

## **Reform Options That Congress Could Consider through the Evaluative Framework**

As outlined below, Congress could consider a number of options to strengthen IG independence.

### Reform Options for Legal Protections Related to OIG Structure

Legislative changes related to IG removal and reporting could provide appropriate support to the IGs' unique role among executive branch positions and to Congress's constitutional oversight role. Such changes could support the foundational legal protections discussed in GAGAS and could further strengthen the independence of IG organizations. Given the unique role that IGs play within the executive branch, they should be protected from removal to the limits allowed by the U.S. Constitution. Legislative changes to require additional reporting could better enable Congress to perform its constitutional oversight role with respect to OIGs.

- Congress could consider amending provisions governing the removal of IGs to authorize for-cause removal only, to align with existing federal statutes applying for-cause removal to certain federal officers and applicable U.S. Supreme Court precedent.
- Congress could consider amending provisions governing the removal of IGs to require the President to provide advance notification of changes in status of an IG beyond removal or transfer, such as placing an IG on administrative leave, and to provide more detail on the reasons for such changes in status.
- Congress could consider requiring a one-time or ongoing report to Congress by the President, agency head, or acting IG on the IG vacancy and its impact on OIG activities and agency oversight needs, in the event that a vacancy occurs in an IG position.
- Congress could consider expanding the existing semiannual IG reporting requirement to include additional topics or institute a shorter time interval for reporting to Congress on matters related to IG independence.

### Reform Options for Evaluating Threats to IG Independence and Applying Safeguards

Legislative changes that place additional requirements around the process for identifying and mitigating threats to independence could strengthen IG independence and enable greater congressional oversight.

- Congress could consider specific requirements related to documenting and reporting to Congress on identified threats and safeguards taken to address them.
- Congress could consider a mandatory recusal mechanism for IGs for whom threats related to particular areas of work are identified and could require OIGs to report to Congress on how they will conduct meaningful oversight in areas where the IGs have recused themselves.

### Reform Options for Addressing the Unique Independence Challenges Related to Acting IGs and IG Vacancies

Legislative changes that improve the way acting IGs are designated could strengthen the independence of OIGs.

- Congress could consider amending the Vacancies Act to require the first assistant to the vacant IG position (i.e., the individual identified through the OIG's succession planning, such as a deputy, who would take over as acting IG in the event of a vacancy) to serve as the acting IG in all circumstances where one currently exists. If there is no first assistant, an acting IG should be selected from OIG staff at the Senior Executive Service level (or equivalent) or higher in accordance with the OIG's succession planning.
- Congress could consider requiring IGs to maintain clear documentation of their first assistants for Vacancies Act purposes, to avoid any potential disputes. Congress could also consider requiring the first assistant to have served in the position for a minimum period (such as 90 days) prior to the vacancy occurring, and requiring the position to have been formally designated the first assistant position for a minimum period, in order for the first assistant to serve as the acting IG.
- Congress could consider requiring an acting IG who currently holds a position in agency management to provide and document assurances to OIG staff, agency employees, and Congress that the confidentiality of whistleblower disclosures will be maintained and that whistleblower identities will not be inappropriately shared with agency management.
- Congress could consider tasking CIGIE with providing regular updates to Congress on IG vacancies and naming CIGIE a recipient of any reporting to Congress on IG vacancies by the President, agency heads, and acting IGs.

IGs serve a critical role in accountability and transparency in government. I urge Congress to use its constitutional oversight authorities to protect their independence.

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We are sending copies of this report to the appropriate congressional committees and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If there are any questions regarding the principles and options in this report, please contact Gene L. Dodaro at (202) 512-5500; Susan Sawtelle, Managing Associate General Counsel, at [sawtelles@gao.gov](mailto:sawtelles@gao.gov) or (202) 512-6417; or Lisa Motley, Assistant General Counsel, at [motleyl@gao.gov](mailto:motleyl@gao.gov) or (202) 512-3072. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

Sincerely yours,

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is written in a cursive style with a large, prominent initial "G" and "D".

Gene L. Dodaro  
Comptroller General  
of the United States

*List of Addressees*

The Honorable Gary C. Peters  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Thomas R. Carper  
Ranking Member  
Permanent Subcommittee on Investigations  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Rand Paul  
Chairman  
The Honorable Margaret Wood Hassan  
Ranking Member  
Subcommittee on Federal Spending Oversight  
and Emergency Management  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable James Lankford  
Chairman  
The Honorable Kyrsten Sinema  
Ranking Member  
Subcommittee on Regulatory Affairs and Federal Management  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Carolyn B. Maloney  
Chairwoman  
The Honorable Jim Jordan  
Ranking Member  
Committee on Oversight and Reform  
House of Representatives

The Honorable Gerald E. Connolly  
Chairman  
The Honorable Jody Hice  
Ranking Member  
Subcommittee on Government Operations  
Committee on Oversight and Reform  
House of Representatives

(104374)

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## **PRINCIPLES AND STANDARDS FOR OFFICES OF INSPECTOR GENERAL**

- **Statement of Principles**
- Quality Standards for Offices
- Quality Standards for Investigations
- Quality Standards for Inspections, Evaluations, and Reviews
- Quality Standards for Audits

**MAY 2014  
REVISION**

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## INTRODUCTION

The Association of Inspectors General was organized on October 26, 1996. As stated in the Association's Articles of Organization, Constitution and Bylaws, the purpose of the Association is to:

foster and promote public accountability and integrity in the general areas of the prevention, examination, investigation, audit, detection, elimination and prosecution of fraud, waste and abuse through policy research and analysis; standardization of practices, policies, and ethics, encouragement of professional development by providing and sponsoring educational programs, and the establishment of professional qualifications, certification, and licensing.

On October 27, 1999, the Board of Directors of the Association voted to create a committee to establish generally accepted inspector general principles and standards. The committee prepared these principles and standards following an open procedure that allowed for due process. The committee drafted the principles and standards, basing the standards on quality standards for federal inspectors general issued by the President's Council on Integrity and Efficiency. The drafts were developed for use by the broad range of inspector general offices throughout the nation. Each of the drafts was then distributed to the federal, state, and local inspector general community for review and comment. The committee considered all comments in detail, revised the drafts as appropriate, and presented the drafts to the Board of Directors. On May 16, 2001, the Board of Directors of the Association found that the draft documents represent generally accepted principles, quality standards, and best practices generally applicable to federal, state, and local offices of inspectors general. On that date the Board formally approved the following five documents:

- Statement of Principles for Offices of Inspector General
- Quality Standards for Offices of Inspector General
- Quality Standards for Investigations
- Quality Standards for Inspections, Evaluations and Reviews
- Quality Standards for Audits

The appendix contains information about the committee and the process it followed, as well as subsequent amendments to the principles and quality standards.

The Association recommends that offices of inspector general adopt these documents for their use with the following or similar language:

*The generally accepted principles and quality standards, formally approved by the Association of Inspectors General on 16 May 2001, as most recently amended in May 2014, are hereby adopted by this office insofar as they do not conflict with statute, regulation, executive order, or other policy of this office.*

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## **STATEMENT OF PRINCIPLES FOR OFFICES OF INSPECTOR GENERAL**

Accountability is key to maintaining public trust in our democracy. Inspectors general at all levels of government are entrusted with fostering and promoting accountability and integrity in government. While the scope of this oversight varies among Offices of Inspectors General (OIGs), the level of public trust, and hence public expectation, embodied in these offices remains exceptionally high. The public expects OIGs to hold government officials accountable for efficient, cost-effective government operations and to prevent, detect, identify, expose and eliminate fraud, waste, corruption, illegal acts and abuse. This public expectation is best served by inspectors general when they follow the basic principles of integrity, objectivity, independence, confidentiality, professionalism, competence, courage, trust, honesty, fairness, forthrightness, public accountability and respect for others and themselves. Inspectors general are granted substantial powers to perform their duties. In exercising these powers, inspectors general regard their offices as a public trust, and their prime duty as serving the public interest.

By the nature of their work, OIGs are held to the same or higher expectations than other government officials in using prudence with public resources. Because OIGs often identify and describe wasteful use of public resources by organizations under scrutiny, they have a concomitant duty to conduct their own work in an efficient and effective manner. Office of the Inspector General (OIG) work should adhere to professional standards and include quality controls to assure that all products are of the highest possible quality. This requires an internal quality assurance program and suggests periodic external quality reviews for each OIG.

An OIG is judged by the results of its efforts and the timeliness, accuracy, objectivity, fairness, and usefulness of these results. These are the cornerstones of OIG accountability. Qualitative and quantitative performance measures should be developed measured internally, and reported to the public.

### **BASIS OF LEGAL AUTHORITY FOR AN OFFICE OF THE INSPECTOR GENERAL**

An OIG should be formally created as a legal entity. The Association recommends that the OIG be established by statute or, if necessary, by executive order. The statute should establish the OIG's mandate, authority, and powers; provide for confidentiality of records and proceedings; identify qualifications for the inspector general and staff; protect the office's independence; and provide protection to whistleblowers.

- A. Mandate:** The statute should state the OIGs mission and identify the operations, programs, departments, or agencies subject to the OIG's jurisdiction.

*Commentary: The Association recommends that the legal authority establish a mission that encompasses prevention and detection of fraud, waste, and abuse; efficient and effective use of public resources; and promotion of public integrity.*

- B. Authority:** The statute should authorize the OIG to conduct specific functions, such as:

- to audit, inspect, evaluate, and investigate the activities, records and individuals affiliated with contracts and procurements undertaken by the governmental entity and any other official act or function of the governmental entity.
- to conduct criminal, civil and administrative investigations.
- to engage in prevention activities, including but not limited to: review of legislation; review of rules, regulations, policies, procedures, and transactions; training and education.
- to refer matters for further civil, criminal, and administrative action to appropriate administrative and prosecutorial agencies.
- to conduct joint investigations and projects with other oversight or law enforcement agencies.
- to issue public reports.
- to establish policies and procedures to guide functions and processes conducted by the OIG.
- to attend any meetings held by agencies.
- to recoup the cost of investigations from nongovernmental entities involved in willful misconduct.

- C. Powers:** The statute should grant the OIG specific powers and identify any limits on those powers, such as:

- the power of subpoena for persons and documents, requirements for service of the subpoena, confidentiality of subpoenaed documents and testimony, and subpoena enforcement provisions.
- law enforcement authority (police powers).



- access to all records maintained by or available to any governmental entity relating in any way relate to the OIG's duties and responsibilities.
- access to the head of any public entity, when necessary for any purpose pertaining to the OIG's responsibilities.
- access to testimony or documents from any individual, firm, or nongovernmental entity relating to the duties and responsibilities of the OIG.
- require public employees to report to the OIG information regarding fraud, waste, corruption, illegal acts, and abuse.

**D. Confidentiality:** The statute should authorize the OIG to maintain appropriate confidentiality of records and, to the extent practicable, of the identities of individuals who provide information to the OIG, unless it is necessary to make such records or identities public in the performance of his/her duties. The statute should impose penalties for breach of confidentiality.

**E. Inspector general and staff qualifications:** The statute should provide requirements for the position of inspector general and staff. The inspector general should be selected without regard to political affiliation on the basis of integrity, capability for strong leadership, and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, investigation, or criminal justice administration or other appropriate fields. The inspector general should hold at appointment, or be required to obtain within a time certain after appointment, certification as a Certified Inspector General<sup>®</sup>.

*Commentary: The Association established the Certified Inspector General<sup>®</sup> (CIG) program in 1999 after identifying six areas of core competency. Qualified participants (inspectors general and experienced senior staff) can earn the CIG designation by attending the Inspector General Institute<sup>®</sup>. Highly qualified instructors present segments on the following six areas of core competency:*

- *Context of the inspector general function*
- *Ethics*
- *Public management issues*
- *Legal issues*
- *Audits, inspections, and reviews*
- *Investigating fraud, waste, and abuse*

*A Certified Inspector General<sup>®</sup> is required to adhere to the continuing professional education standard contained herein, in order to retain their certification.*

The staff of the OIG should collectively possess the variety of knowledge, skills, and experience needed to accomplish the OIG mission. The OIG should ensure that staff receive appropriate training and that OIG staff attain and maintain appropriate professional licensure and certification.

**F. Independence:** The statute should contain provisions to help establish and maintain the independence of the inspector general and the OIG. The statute should address:

- *Appointment and removal* - Procedures should be established for the appointment of the inspector general and for the removal of the inspector general only for cause.
- *Term* - The inspector general should be appointed for a fixed term.
- *Organizational placement* - The OIG should be placed in the governmental structure to maximize independence from operations, programs, policies, and procedures over which the OIG has authority.
- *Funding* - The OIG should be funded through a mechanism that will provide adequate funding to perform its mission without subjecting it to internal or external impairments on its independence.

**G. Whistleblower protection** - The statute should provide protections to complainants who, as a result of their complaints to the OIG, might be subject to retaliation by their employers.

## QUALITY STANDARDS

OIGs should strive to deliver outstanding products that are timely, objective, accurate, balanced, and presented in such a way that appropriate officials will be able to act on the information conveyed. Conclusions and recommendations should be well thought out and adequately supported by objective evidence. In order to ensure that these characteristics of competence are routinely integrated into OIG work, the Board of Directors of the Association formally approved the following quality standards, and any further revisions:

- Quality Standards for Offices of Inspector General
- Quality Standards for Investigations
- Quality Standards for Inspections, Evaluations and Reviews
- Quality Standards for Audits

# **QUALITY STANDARDS FOR OFFICES OF INSPECTOR GENERAL**

## **INTRODUCTION**

### **Purpose**

This document contains quality standards for the management, operation, and conduct of Offices of Inspector General (OIGs). They have been formulated and approved by the Association of Inspectors General. The standards are advisory and are not intended to impose requirements. They are for Office of the Inspector General (OIG) use to guide the conduct of official duties in a professional manner.

### **Scope**

OIGs are established with generally similar missions, but often under differing authorities and mandates. These differences, as well as other factors, may affect the practices of various offices and, consequently, the applicability of standards to these offices.

### **Background**

In accomplishing their missions, OIGs use a variety of approaches. For example, audits, investigations, and inspections are used as a basis for evaluating agency programs and operations, for identifying and presenting for prosecution criminal and civil wrongdoing, and addressing administrative misconduct. Reviews of allegations received through hotlines and other means help to identify high-risk areas and determine where internal controls should be strengthened. Some OIGs use a variety of techniques and titles, such as fraud control programs, inspections, operational surveys, and other special activities to focus attention on agency needs to improve operations. Reviews of legislation and regulations serve to strengthen controls and ensure that the public interest is protected without imposing unnecessary burdens. Reports to public officials, agency heads, agency management, legislative bodies, and prosecutorial authorities keep appropriate officials apprised of the results of OIG activities.

### **Basic Premise**

Public office carries with it a responsibility to apply public resources economically, efficiently, and effectively with the integrity necessary to maintain the public trust. Because OIGs have a unique mission in government related to public office responsibility, the Association has formally approved the following general quality standards.

## **INDEPENDENCE**

### **A. General Standard**

The inspector general and OIG staff involved in performing or supervising any assignment should be free from personal or external impairments to independence and should constantly maintain an independent attitude and appearance.

### **B. Background**

The inspector general is responsible for establishing and maintaining independence so that OIG opinions, conclusions, judgments, and recommendations will be impartial and viewed by others as impartial. The inspector general and OIG staff should consider not only whether they are independent and whether their own attitudes and beliefs permit them to be independent, but also whether there is anything about their situation which might lead others to question their independence. All situations deserve consideration since it is important that the OIG be as independent as possible and impartial in fact and in appearance.

The inspector general and OIG staff need to consider both personal and external impairments. If either of these affect the OIG's ability to perform its work impartially, the inspector general should decline to perform the work and report the circumstances to the appropriate official. If the inspector general cannot decline to perform the work, the impairment should be disclosed in any resulting report, along with any potential impact the impairment might have on the outcome of the report's conclusions.

### **C. Personal Impairments**

There are circumstances in which the Inspector General and OIG staff cannot be impartial because their personal situations may create actual or perceived conflicts of interest. In such situations, the OIG staff who are affected by these circumstances should disqualify themselves from an OIG review and allow the work to continue without them. Personal impairments may include, but are not limited to, the following:

- Official, professional, personal, or financial relationships that might appear to lead the OIG to limit the extent of the work, to limit disclosure, or to alter the outcome of the work.
- Preconceived ideas toward activities, individuals, groups, organizations, objectives, or particular programs that could bias the outcome of the work.

- Previous involvement, especially recent involvement, in a decision-making or management capacity that could affect the work.
- Biases that may affect the objectivity of the OIG staff member in the performance work.
- Conduct of a review by an individual who had previously performed work subject to review.

#### **D. External Impairments**

Factors external to the OIG can restrict the efforts or interfere with the OIGs ability to form independent and objective opinions and conclusions. For example, under the following conditions work could be adversely affected and the OIG would not have complete freedom to make an independent and objective judgment:

1. Interference or undue influence in the selection, appointment, and employment of OIG staff.
2. Restrictions on funds or other resources dedicated to the OIG, such as timely, independent legal counsel, that could prevent the OIG from performing essential work.
3. Interference or undue influence in the OIGs selection of what is to be examined, determination of scope and timing of work or approach to be used, the appropriate content of any resulting report, or resolution of audit findings.
4. Influences that jeopardize continued employment of the inspector general or individual OIG staff for reasons other than competency or the need for OIG services.
5. Interference with OIG access to documents or individuals necessary to perform OIG work.
6. Improper political pressures that affect the selection of areas for review, the performance of those reviews, and the objective reporting of conclusions without fear of censure.

## **PLANNING**

### **A. General Standard**

The OIG should maintain a planning system for assessing the nature, scope, trends, vulnerabilities, special problems, and inherent risks of agency programs and operations and for use in establishing the goals, objectives, and tasks to be accomplished by the OIG within a specific time period.

### **B. Background**

The inspector general is responsible for ensuring that the resources available to the OIG are used as efficiently and effectively as possible. Execution of this responsibility requires a planning process designed to maximize the impact of the OIG in detecting and preventing fraud, waste, and abuse and in encouraging economy, efficiency, and effectiveness, with the commitment of resources needed to accomplish each OIG task.

### **C. Elements of the Planning Process**

The OIG should carefully consider the universe subject to the OIG's jurisdiction. Analysis of this universe will identify the nature of programs and operations, their scope and dollar magnitude, their staffing and budgetary trends, their perceived vulnerabilities, and their inherent risks.

The OIG should develop a strategy for screening those programs and operations identified as potential subjects for review. The strategy should be designed to OIG resources effectively. Total OIG capabilities, programs, and resources, should be considered in developing this strategy, which may encompass activities such as audits, investigations, inspections, operational surveys, vulnerability assessments, internal control reviews, and fraud control studies. The OIG should also consider the plans of other organizations. Strategic planning, in this context, need not be limited to a specific time period and should be a flexible process that allows for appropriate changes.

Based on the above analysis, the OIG should set priorities and create action plans. Because resources are rarely sufficient to meet requirements, the OIG must choose among competing priorities. In making these choices, OIG considerations may include:

1. Vulnerabilities to fraud and other crimes, waste, abuse, and mismanagement.
2. Needs and priorities of the agency, legislative bodies, and other appropriate officials.

3. Benefits likely to result from OIG review, such as better internal controls; improved economy, efficiency, and effectiveness; detection and prevention of fraud, waste, abuse, and mismanagement; and cost recovery.
4. Probable cost-effectiveness of each selection, (OIG resources that would be expended compared to anticipated benefits).
5. Impacts of alternative OIG review approaches: for example, identifying major systemic problems as opposed to concentrating on individual manifestations of these systemic problems.

#### **D. Prevention**

OIG planning should incorporate a strategy to identify the causes of fraud, waste, and abuse, and a commitment to help overcome these problems. OIG prevention efforts may include:

1. A routine procedure for OIG staff to identify and report prevention opportunities identified in their work, and for OIG managers to refer these to appropriate officials.
2. Special awareness and training initiatives designed to orient public or private program personnel to systemic weaknesses in their programs and operations;
3. Reviews and comments on initial designs of new programs and operations;
4. Analyses of audit, investigation, and other OIG reports to identify trends and patterns;
5. Education and training programs to build the capacity of public officials and other to operate efficiently, effectively, and ethically; and
6. An effective means for tracking recommendations.

## **ORGANIZING**

### **A. General Standard**

The inspector general is responsible for organizing the OIG to assure efficient and effective deployment of the OIG's resources.

### **B. Background**

The fact that each OIG is different and approaches its mission within widely differing contexts precludes prescription of a consistent organizational structure for OIGs. An inspector general may wish to emphasize such areas as fraud control, investigations, vulnerability assessments, internal controls, inspections, operational surveys, or computer security. The following section provides several basic organizational principles that the inspector general may apply.

### **C. Organizational Principles**

1. Duties and responsibilities should be clearly assigned within the OIG structure. There need not be a separate organizational unit for each duty and responsibility. The inspector general should appoint staff needed to perform the OIG mission effectively.
2. The OIG organizational structure should foster coordinated, balanced, and integrated accomplishment of the OIG mission, goals, and objectives.
3. Recruiting, staffing, and training should support the OIG mission and organizational structure.
4. Quality assurance and internal evaluation functions should be kept as independent as possible of the OIG operational units. Where limited size or resources preclude such organizational independence, quality assurance and evaluation assessments should be conducted by personnel not assigned to the OIG units reviewed.



## **STAFF QUALIFICATIONS**

### **A. General Standard**

OIG staff should collectively possess the variety of knowledge, skills, and experience needed to accomplish the OIG mission.

### **B. Background**

Today, in a period of rapid technological change and unprecedented management demands, special levels of staff competence are needed throughout government. Because of the unique nature of their mission, OIGs require staff capable of efficiently and effectively dealing with a multitude of different programs and activities, many of them representing extremely complex and sophisticated areas of expertise. OIG objectives cannot be achieved without OIG staff who are professionally and technically qualified to accomplish this.

### **C. Basic Qualifications**

The qualifications noted below relate to the collective knowledge, skills and experience of an OIG, not necessarily to any one staff member. It is the inspector general's responsibility to decide which skills can be obtained through support service contractors or outside consultants, more effective use of staff members who already possess the requisite skills, staff development and training, or new recruitment.

These qualifications include the following:

1. Knowledge of OIG statutory requirements and applicable directives, rules, and regulations.
2. Working familiarity with the organizations, programs, activities, and functions within the OIG's area of responsibility.
3. Skills needed to evaluate the efficiency, economy, and effectiveness of program performance within the OIG's area of responsibility.
4. Knowledge of government policies, requirements, and guidelines related to a particular task.
5. State-of-the-art technical skills as needed such as computer auditing, detection of computer fraud, review of information technology design requirements, statistical sampling and analysis, factor analysis, trend analysis, systems and management analysis, undercover techniques, and covert surveillance.

6. Appropriate licensure and certification in the professional activities conducted by the OIG (for example, Certified Inspector General<sup>®</sup>, Certified Fraud Examiner, Certified Public Accountant, etc.).
7. Managerial skills for supervisors and team leaders.
8. Knowledge of entities, groups, and individuals that interact with government agencies and programs subject to the OIG's jurisdiction.

#### **D. Skills Assessment and Staff Development**

To ensure that the OIG staff possesses needed skills, the inspector general should assess the skills of OIG staff, determine the extent to which these skills match OIG staff requirements, and the methods by which any deficiencies can be corrected. In staff development, the inspector general should identify opportunities for staff development to meet the OIG's skill needs.

#### **E. Continuing Professional Education/Development**

OIG staff performing investigations, inspections, evaluations, reviews, or audits need to maintain their professional competence through continuing professional education (CPE). Therefore, each staff person who performs investigations, inspections, evaluations, reviews, or audits should complete, every 2 years, at least 40 hours of CPE that directly enhance the person's professional proficiency. Dependent upon the focus of the office, at least 12 of the 40 hours of CPE should be in subjects directly related to the person's responsibility (investigation, inspection, evaluation, review, or audit), the government environment, or the specific or unique environment in which the entity subject to examination operates.

## **DIRECTION AND CONTROL**

### **A. General Standard**

The inspector general should direct and control OIG operations to ensure that (1) all activities are adequately supervised, (2) performance is consistent with professional standards, and (3) periodic internal assessments are made of OIG activities and accomplishments.

### **B. Supervision**

OIG supervisors at all levels should ensure that OIG staff receive effective direction, guidance, and oversight, and training. Proper supervision is required throughout project assignments. This includes making sure that personnel explicitly understand, without ambiguity, the nature, scope, content and timing of the work assigned to them, and what product is expected. It also includes sufficient interim checks to determine whether jobs are on schedule and are being executed in accordance with plans, so that necessary mid-course corrections can be made without disrupting the assignments. Supervision should be exercised at each level of the organization and for each level of task responsibility. The actual amount of supervision provided will vary, based on resources available, complexity, and sensitivity of the work, and experience of staff assigned to the assignment.

### **C. Quality Control**

The OIG should establish procedures to ensure adequate quality control over its work. Quality control is an inherent responsibility of the OIG supervisors. Quality control and quality assurance are not synonymous. Quality assurance (discussed in a separate standard) is a formal and distinct effort intended to ensure that the entire OIGs are adhering to professional standards and the dictates of sound management. Quality control is the process by which supervisors ensure that the work of their immediate staff meets professional standards.

### **D. Assessing OIG Accomplishments**

The OIG should periodically assess its results and accomplishments. Goals and objectives, no matter how carefully developed, are of little value unless progress toward meeting them is evaluated. The OIG should have a strategic plan that details its vision, mission, goals, objectives, strategies, and performance measures against which it expects to be held accountable. The OIG should also have a planning process to show expected performance and a management information system showing past performance and results. Realistic assessment of performance information is essential to identify

shortfalls in performance, to improve future operations, to determine whether goals are reasonable and attainable, and to affix accountability for results.

The OIG should also evaluate, in terms of cost/benefit and other appropriate factors, the feasibility of different approaches to detecting fraud, waste, abuse, and mismanagement, and encouraging economy and efficiency. The OIG should be innovative in searching for and implementing new approaches to discharging its mission. Knowledge gained from these reviews may be used in various ways, such as, to improve the OIG's planning processes, to initiate more cost-effective approaches, to indicate the need to reorganize or improve OIG operations, or to identify the need for additional OIG resources and the concomitant benefits to be provided by the OIG.

## **COORDINATION**

### **A. General Standard**

The OIG should coordinate its activities internally and with other components of government to assure effective and efficient use of available resources.

### **B. Background**

The inspector general is responsible for ensuring coordination of work planned and in process so that effective and efficient use made of limited resources and to avoid fragmentation or duplication of effort.

### **C. Elements of Coordination**

1. In planning work to be performed, the OIG should coordinate with appropriate officials. The OIG should also take into consideration requests from legislative bodies, requests from other agencies and organizations, and complaints from employees and private citizens.
2. In fulfilling the responsibilities of the OIG, the OIG should also take appropriate steps to minimize unnecessarily duplicative work. In this regard, the OIG should coordinate its own work internally and with other groups performing independent evaluations of operations and programs.
3. Upon beginning a review and wherever else appropriate, the OIG should seek information concerning prior reviews of that activity or function. Data from such reviews should be utilized to the extent possible to reduce additional work by the OIG.
4. OIG staff should be alert to situations or problems that might affect other governmental organizations. When such situations arise, the OIG should coordinate with other affected organizations, as appropriate. Joint or coordinated reviews, audits, inspections, or investigations may be performed to fulfill the requirements of all parties involved.

## **REPORTING**

### **A. General Standard**

The OIG should keep appropriate officials and the public properly informed of the OIG's activities, findings, recommendations, and accomplishments as consistent with the OIG's mission, legal authority, organizational placement, and confidentiality requirements.

### **B. Background**

Although OIGs typically share similar missions, there are differences among them. They vary in their legal authority, organizational placement, and confidentiality provisions vary considerably. Consequently, each OIG must determine the nature, frequency, and extent of its reporting.

### **C. Reports to Appropriate Officials**

The OIG should inform appropriate officials through oral or written reports of important OIG undertakings, their outcomes, and any problems encountered that warrant the officials' attention. The OIG should alert them as early as possible to instances of criminal behavior or other egregious misconduct and waste that become known to the OIG, to the extent consistent with requirements imposed by confidentiality rules, the prosecutive system, and effective investigation, audit, inspection, or other review by the OIG.

### **D. Distribution of Final Reports**

If authorized or required, final reports on the results of OIG activities should be distributed or otherwise made available to appropriate legislative bodies, interested parties, and the public to the extent consistent with the law, including requirements imposed by confidentiality rules and the prosecutive system.

### **E. Periodic Reports**

If authorized or required, the OIG should issue periodic reports summarizing the OIG's activities, findings, recommendations, and accomplishments since the prior reporting period. The report should contain, to the extent consistent with the OIG's mission, legal authority, and confidentiality requirements:

- a description of significant problems within the OIG's jurisdiction and OIG recommendations for corrective action, including any recommendations for statutory changes;

- identification of each significant recommendation described in previous periodic OIG reports on which corrective action has not been completed;
- a summary of matters referred to prosecutive authorities and the prosecutions, convictions, recoveries and other results from such referrals;
- a summary of civil and administrative referrals and the results from such referrals;
- a list of each audit, inspection, or other report completed during the reporting period; and
- a statement of recommended amendments to the statute, regulations or procedures governing the OIG that would improve the effectiveness or the operation of the OIG.

Such periodic summary reports should be submitted to appropriate executive officials and, if authorized or required, to the appropriate legislative body and the public.

#### **E. Reporting in Emergency Circumstances**

If the OIG receives a credible allegation or other evidence of a significant and immediate danger to the health or safety of people or property, the OIG should inform appropriate individuals as soon as possible, consistent with confidentiality requirements.

#### **F. Reporting Criminal Matters**

If reasonable grounds exist to believe that there has been a violation of federal, state, or local criminal law and the matter is not subject to the jurisdiction of the OIG, the OIG should expeditiously report the allegation to the appropriate law enforcement authority.

#### **G. Elements of Effective Reporting**

All reports, whether written or oral, should 1) be appropriate to the purpose, concise, complete, objective, timely, relevant, free of jargon, and accurate; 2) comply with appropriate professional standards adopted by the OIG (including those for audits, investigations, and inspections, evaluations and reviews); and 3) conform to the OIG's established policies and procedures.

## **CONFIDENTIALITY**

### **A. General Standard**

The OIG should establish and follow procedures for safeguarding the identity of confidential sources and for protecting privileged and confidential information. Specifically, each OIG should ensure that:

- confidential sources who make complaints or provide information to the OIG will not have their identities disclosed without their consent unless the OIG determines that such disclosure is required by law or necessary to further the purposes of an audit, investigation, inspection, evaluation, review, or other inquiry; and
- privileged or confidential information gathered by the OIG will be protected from disclosure unless the OIG determines that such disclosure is required by law or necessary to further the purposes of an audit, investigation, inspection, evaluation, review, or other inquiry.

### **B. Background**

OIGs are in the fact-gathering business. Many facts are gathered from employees or other individuals who might be subject to retribution or harassment if they were known to be cooperating with the OIG. Also, much of the information gathered concerns personal or proprietary matters. For these reasons, it is essential that the OIG comply with all legal mandates in order to safeguard the identities of confidential sources and protect sensitive information compiled during the course of audits, investigations, inspections, evaluations, reviews, or other inquiries. A variety of federal, state, and local government legislation govern this area of activity.

### **C. General Elements of the Confidentiality Standard**

1. The OIG may receive and investigate complaints or information from employees concerning a possible activity constituting a violation of law, rules, or regulations, or mismanagement, waste of funds, abuse of authority or a substantial and specific danger to the public health or safety. The OIG should not, after receipt of such complaint or information, disclose the identity of the employee without the consent of the employee unless the Inspector General determines such disclosure is necessary or is required by statute.
2. OIG records containing the identities of confidential sources or other privileged and confidential information will be appropriately safeguarded.



3. Procedures for releasing OIG records to the public will be established, including the designation of those OIG staff authorized to make disclosure determinations.
4. In making determinations about the release of confidential information, applicable federal, state, and local laws and regulations must be considered.

## QUALITY ASSURANCE

### A. General Standard

The OIG should establish and maintain a quality assurance program to ensure that work performed adheres to established OIG policies and procedures, meets established standards of performance, and is carried out economically, efficiently, and effectively.

### B. Background

Because OIGs evaluate how well programs and operations are functioning, they have a special responsibility to ensure that their own operations are as effective as possible. Each OIG should implement a quality assurance program that provides reasonable assurance that the OIG is operating effectively and, specifically, that work performed by the OIG:

- is in accordance with OIG policies, procedures, and plans;
- is guided by the standards in this document and by the standards referenced herein; and,
- is carried out economically, efficiently and effectively.

Quality assurance differs from quality control. Quality control is the responsibility of line managers to ensure that their units and personnel perform work that meets the above standards. Quality assurance, on the other hand, is an evaluative effort conducted by sources external to the units/personnel being reviewed to ensure that the overall work of the OIG meets these standards. Thus, an audit supervisor ensuring that audit reports are properly referenced to working papers is an example of quality control. An independent reviewer evaluating the accuracy of the referencing process is an example of quality assurance, as is a team of external reviewers examining the extent to which the overall office investigative process is following professional standards.

*Commentary: The Association recommends that OIGs periodically invite external reviewers to review the OIG's adherence to professional standards adopted by the OIG.*

### C. Elements of a Quality Assurance Program

1. A quality assurance program should be structured and implemented to assure an objective appraisal. The quality assurance assessments should be conducted by individuals who are not directly involved in the activity or unit being reviewed and

who do not report to the immediate supervisor of that activity or unit.

2. The same professional care should be taken with quality assurance evaluations as with other OIG efforts, including quality of advance preparation, documentation of findings, supportable recommendations, and solicitation of comment from the supervisor of the activity or unit reviewed.
3. Where necessary to facilitate the quality assurance evaluations, an OIG should maintain a management information system that shows the status, progress, and results of OIG effort. Analysis of the data generated by this system should focus attention on particular deficiencies warranting review during quality assurance evaluations. Such analysis, for example, may identify inaccurate analysis, ill-defined scope of work, unclear written work, failure to follow applicable standards, apparent inconsistencies between offices, chronic delays in completing assignments, repeated requests that work be redone, abuse of leave, or failure to adopt new techniques. With such information, the quality assurance program should be able to determine the underlying causes of problems in OIG operations and develop realistic recommendations for correcting the deficiencies.
4. The Inspector General should strive for timely implementation of necessary improvements of office processes.

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# QUALITY STANDARDS FOR INVESTIGATIONS

## INTRODUCTION

### Purpose

This document contains quality standards for investigations conducted by Offices of Inspector General (OIGs). They have been formulated and approved by the Association of Inspectors General. The standards are advisory and are not intended to impose requirements. They are for Office of the Inspector General (OIG) use to guide the conduct of official duties in a professional manner.

### Scope

OIGs are established with generally similar missions, but often under differing authorities and mandates. These differences, as well as other factors, may affect the practices of various offices and, consequently, the applicability of standards to these offices.

### Background

In accomplishing their missions, OIGs use a variety of approaches, including investigative and forensic audit techniques to gather and assess evidence related to alleged wrongdoing; potential violations of laws, rules and regulations, policies, and procedures; or other abuses that impact negatively on the ability of the organization to effectively and efficiently carry out its duties. Normally, investigations focus on obtaining sufficient factual evidence for use in determining whether criminal, civil, or administrative actions should be initiated against the specific parties for their actions or lack of actions. In the course of such investigations, the OIGs might identify high-risk areas and determine where internal controls should be strengthened. These findings are brought to the attention of appropriate officials for corrective action.

*Note: Standards are presented in bold, italicized typeface and must be followed if adopted by an OIG. The balance of information in the standards section is suggested best practice, guidance, and clarification for conduct of the function.*

## GENERAL STANDARDS

### A. Staff Qualifications

The first general standard for OIG investigative organizations is:

***Individuals assigned to conduct the investigative activities should collectively possess the knowledge, skills, and experience required for the investigative work.***

#### Guidelines

The General Standard of Staff Qualifications contained in the Quality Standards for Offices of Inspector General shall apply to investigations performed by OIG staff.

### B. Independence

The second general standard for OIG investigative organizations is:

***The Inspector General and OIG staff involved in performing or supervising any investigative assignment must be free from personal or external impairments to independence and should constantly maintain an independent attitude and appearance.***

#### Guidelines

The General Standard of independence contained in the Quality Standards for Offices of Inspector General should apply to investigations performed by OIG staff.

### C. Due Professional Care

The third general standard for OIG investigative organizations is:

***Due professional care should be used in conducting investigations and in preparing accompanying reports.***

#### Guidelines

Exercising due professional care means using good judgment in choosing investigation subjects and methodology as well as creating accurate and complete investigation documentation and investigative reports. Due professional care presumes a working knowledge consistent with investigation objectives.

Due professional care requires:

- Standards - OIGs and their investigators should follow the Associations professional standards and comply with applicable standards of conduct.
- Thoroughness - Investigations should be conducted in a diligent and complete manner, and reasonable steps should be taken to ensure that sufficient relevant evidence is collected; pertinent issues are sufficiently resolved; and appropriate criminal, civil, contractual, or administrative remedies are considered.
- Legal Requirements - Investigations should be initiated, conducted, and reported in accordance with (a) all applicable laws, rules, and regulations; (b) guidelines from applicable prosecutorial authorities; and (c) internal agency policies and procedures. Investigations will be conducted with due respect for rights and privacy of those involved.
- Appropriate Techniques - Methods and techniques used in each investigation should be appropriate for the circumstances and objectives.
- Objectivity - Evidence should be gathered and reported in a fair, unbiased manner in an effort to determine the validity of alleged improprieties or evaluate the likelihood of violations of statutes, rules, or regulations.
- Ethics - At all times the actions of the OIG investigators should conform with the high standards expected of OIG staff.
- Timeliness - Investigations must be conducted in a timely manner while recognizing the individual complexities of each investigation.
- Accurate and Complete Documentation - Investigative findings, conclusions, and outcomes (such as indictments, convictions, and recoveries) should be supported by adequate documentation, including investigator notes, court orders of judgment and commitment, suspension or debarment notices, settlement agreements, and other documents) in the case file.
- Coordination - Appropriate OIG staff should coordinate investigations with appropriate officials. In cases where civil or administrative actions are necessary, appropriate OIG staff should coordinate actions with prosecutors and other appropriate officials.

## QUALITATIVE STANDARDS

### A. Quality Control

The first qualitative standard for OIG investigative organizations is:

***To ensure quality and expedite the progress of investigations, proper supervision will be exercised from the start of such work to its completion.***

#### Guidelines

The Directing and Controlling Standard and the Quality Assurance Standard set forth in the Quality Standards for Offices of Inspector General should also be followed as applicable.

Supervision adds expert judgment to the work done by less experienced staff and provides necessary training for them. Supervisors should satisfy themselves that investigators clearly understand their assigned tasks before starting the work. Team members should work cooperatively with each other and their supervisors to understand not only what work they are to do and how they are to proceed, but why the work is to be done and what it is expected to accomplish.

Supervisory reviews should determine that:

1. Evidence adequately supports any referrals for possible criminal, civil, or administrative action; findings; conclusions; and recommendations.
2. Investigation objectives are met.
3. Investigative plans are followed, unless deviation is justified and authorized.

Each OIG should develop appropriate procedures for determining and documenting that supervision has been adequate. Each OIG should also develop appropriate internal controls to ensure that investigations conform to these Quality Standards.

### B. Planning

The second qualitative standard for OIG investigative organizations is:

***Investigative work is to be adequately planned.***



## Guidelines

The Planning Standard and the Coordinating Standard set forth in the Quality Standards for Offices of Inspector General should also be followed as applicable.

The standard for planning investigations is intended to clarify investigative issues to be addressed in advance of initiating the investigation and includes preparing a written investigative plan. Effective planning provides the basis to clearly identify the investigative issues to be addressed prior to initiating the investigation and includes preparing a written investigative plan spelling out the objectives of the investigation and specific investigative steps to be performed. In this process sufficient effort should be undertaken to assure that investigative objectives will be met within anticipated time constraints of the assignment. In addition, adequate coordination can prevent unnecessary duplication of effort.

### C. Data Collection and Analysis

The third qualitative standard for OIG investigative organizations is:

***Information and data gathered during an investigation should be carefully documented and organized relative to case objectives.***

## Guidelines

Appropriate investigative techniques should be chosen and employed to ensure that the data gathered are sufficiently reliable for making judgments regarding the matters being investigated.

Sources of investigative information should be documented in sufficient detail to provide a basis for assessing its reliability. Such documentation should address pertinent questions related to the objectives of the investigation and provide information needed to determine the facts relative to potential violations of laws, rules, regulations, policies and procedures.

Data gathered and analyzed as part of the investigation should be accurately interpreted, logically presented, and maintained in the investigative case file. The basis and support for the results of investigations should be carefully organized and described in the investigative case file.

## D. Evidence

The fourth qualitative standard for OIG investigative organizations is:

***Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the investigative findings and conclusions.***

### Guidelines

- Evidence is *sufficient* if there is enough of it to support the report's findings.
- Evidence used to support findings is *relevant* if it has logical, sensible relationships to those findings.
- Evidence is *competent* to the extent that it is consistent with fact (valid).

## E. Timeliness

The fifth qualitative standard for OIG investigative organization is:

***Investigations should be conducted in a timely manner.***

### Guidelines

Timeliness increases the value of investigations. The nature of investigations also requires that schedules be flexible in order to respond to changing priorities or unforeseen circumstances, such as the need to expand the scope of an investigation or respond to an emergent need caused by other events.

## F. Reporting

The sixth qualitative standard for OIG investigative organizations is:

***Where appropriate, investigative activity should result in a timely referral for criminal prosecution or written report. All reports shall present factual data accurately, fairly, and objectively, and present the results of investigation in a persuasive manner.***

### Guidelines

Investigative report language should be clear and concise, recognizing that some assignments deal with highly technical or sensitive material and should be written in terms that are intelligible to informed professionals.

Systemic weaknesses or management problems disclosed in an investigation should be reported to appropriate officials. Normally such disclosures will be made as part of a separate written report including recommendations as to specific corrective actions.

## **G . Confidentiality**

The seventh qualitative standard for OIG investigative organizations is:

***The OIG should establish and follow procedures for safeguarding the identity of confidential sources and for protecting privileged and confidential information.***

### **Guidelines**

The Confidentiality Standard contained in the Quality Standards for Offices of Inspector General shall apply to investigations performed by OIGs.

## **H . Follow-Up**

The eighth qualitative standard for OIG investigative organizations is:

***Appropriate follow-up to administrative or systemic issues identified by investigators should be performed to assure that any recommendations made to appropriate officials are adequately considered and properly addressed.***

### **Guidelines**

Ultimate investigative success depends on whether necessary corrective actions are taken. Therefore, each OIG should take steps as necessary to determine whether appropriate officials take timely, complete, and reasonable actions to correct problems identified in investigative reports.

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# QUALITY STANDARDS FOR INSPECTIONS, EVALUATIONS, AND REVIEWS

## INTRODUCTION

### Purpose

This document contains quality standards for inspections, evaluations, and reviews conducted by Offices of Inspector General (OIGs). They have been formulated and adopted by the Association of Inspectors General. The standards are advisory and are not intended to impose requirements. They are for Office of the Inspector General (OIG) use to guide the conduct of official duties in a professional manner.

### Scope

OIGs are established with generally similar missions, but often under differing authorities and mandates. These differences, as well as other factors, may affect the practices of various offices and, consequently, the applicability of standards to these offices.

### Background

In accomplishing their missions, OIGs use a variety of approaches. For example, audits, investigations, inspections, evaluations, and reviews are used as a basis for evaluating agency programs and operations and for identifying and presenting for prosecution criminal wrongdoing. Reviews of allegations, ongoing or completed investigations, and other means help to identify high-risk areas and determine where internal controls should be strengthened. Reviews of legislation and regulations serve to strengthen controls and ensure that the public interest is protected without imposing unnecessary burdens. Reports to appropriate officials and legislative bodies keep them apprised of the results of OIG activities.

OIGs may have responsibilities that go beyond audits and investigations. This additional work includes inspecting, evaluating, reviewing, studying, and/or analyzing government operations and programs for the purposes of providing information for decision-making, and of making recommendations to improve programs, policies, or procedures. The objectives of these processes include providing a source of factual and analytical information, monitoring compliance, measuring performance, and assessing the efficiency and effectiveness of operations.

*Note: Standards are presented in bold, italicized typeface and must be followed if adopted by an OIG. The balance of information in the standards section is suggested best practice, guidance, and clarification for conduct of the function.*

## GENERAL STANDARDS

### A. Staff Qualifications

The first general standard for OIG inspections, evaluations, and reviews is:

***Individuals assigned to conduct inspection, evaluation, and review activities should collectively possess the knowledge, skills, and experience required for the work.***

#### Guidelines

The General Standard of Staff Qualifications contained in the Quality Standards for Offices of Inspector General shall apply to inspections, evaluations, and reviews performed by OIG staff.

### B. Independence

The second general standard for OIG inspections, evaluations, and reviews is:

***The Inspector General and OIG staff involved in performing or supervising any assignment should be free from personal or external impairments to independence and should constantly maintain an independent attitude and appearance.***

#### Guidelines

The General Standard of Independence contained in the Quality Standards for Offices of Inspector General should apply to inspections, evaluations, and reviews performed by OIG staff.

### C. Due Professional Care

The third standard for OIG inspections, evaluations, and reviews by an OIG is:

***Due professional care should be used in conducting inspections, evaluations, and reviews and in preparing accompanying reports.***

#### Guidelines

Exercising due professional care means using good judgment in choosing inspection, evaluation, and review subjects and methodology; creating accurate and easily read working papers; and preparing reports. Due professional care presumes a working knowledge consistent with the objectives pertinent to the operations to be examined. Due professional care includes obtaining, to the

extent possible, a mutual understanding of the inspection, evaluation or review scope, objectives, findings, and conclusions with the entity being reviewed.

Due professional care requires:

- Standards - OIGs and their staff should follow the Association's professional standards and comply with applicable standards of conduct. If issues of possible illegal behavior arise, OIG staff should promptly present such information to their supervisors for review and possible referral to the appropriate investigative office. In conducting an inspection, evaluation, or review, staff should employ the methods of inquiry most appropriate for the object of study. They may rely on the work of others to the extent feasible once they satisfy themselves of the quality of the work by appropriate tests or by other acceptable means.
- Thoroughness - Inspections, evaluations, and reviews should be conducted in a diligent and complete manner, and reasonable steps should be taken to ensure pertinent issues are sufficiently resolved and to ensure that all appropriate criminal, civil, contractual, or administrative remedies are considered.
- Legal Requirements - Inspections, evaluations, and reviews should be initiated, conducted, and reported in accordance with all applicable laws, rules, and regulations.
- Appropriate Techniques - Methods and techniques used in each inspection, evaluation, and review should be appropriate for the circumstances and objectives.
- Objectivity - Evidence should be gathered and reported in a fair, unbiased, and independent manner to convince the report user of the validity of the conclusions and recommendations made during the inspection, evaluation, or review.
- Ethics - At all times the actions of OIG staff should conform with the high standards of conduct expected from OIG staff.
- Timeliness - Work should be conducted and reported with due diligence and in a timely manner while recognizing the individual complexities of each case or project situation.

- Accurate and Complete Documentation - Report findings, conclusions, and recommendations should be supported by adequate documentation.
- Coordination - Appropriate OIG staff should coordinate the results of the inspections, evaluations, and reviews with appropriate officials.



## QUALITATIVE STANDARDS

### A. Quality Control

The first qualitative standard for OIG inspections, evaluations, and reviews is:

***To ensure quality and expedite the progress of an inspection, evaluation, or review, proper supervision will be exercised from the start of such work to completion of the final report.***

#### Guidelines

The Directing and Controlling Standard and the Quality Assurance Standard set forth in Quality Standards for Offices of Inspector General should also be followed as applicable.

Supervision adds expert judgment to the work done by less experienced staff and provides necessary training for them. Supervisors should satisfy themselves that the members of the inspection, evaluation, or review team clearly understand their assigned tasks before starting the work. Team members should be informed why the work is to be done and what it is expected to accomplish.

Supervisory reviews should determine that:

1. Evidence adequately supports findings, conclusions, and recommendations.
2. Inspection, evaluation, or review objectives are met.
3. Work plans are followed, unless deviation is justified and authorized.

Each OIG should develop appropriate procedures for determining and documenting that supervision has been adequate. Each OIG should also develop appropriate internal controls to ensure that inspections, evaluations, and reviews conform to these Quality Standards.

### B. Planning

The second qualitative standard for OIG inspections, evaluations, and reviews is:

***Inspection, evaluation, and review work is to be adequately planned.***

## Guidelines

The Planning Standard and the Coordinating Standard set forth in Quality Standards for Offices of Inspector General should also be followed as applicable.

The standard for planning inspections, evaluations, and reviews is intended to ensure that the area for work is researched in order to clarify issues and adequately designed to address these issues in a written individual work plan. Research, design, and coordination should be thorough enough, within the time constraints of the assignment, to assure that work plan objectives are met and to ensure that appropriate care is given to coordinating inspection, evaluation, or review work to avoid duplication of effort. In pursuing this standard, the following guidelines should be considered:

1. Research - Inspection, evaluation, and review research includes a review, consistent with the work objectives, of existing data; applicable laws, policies and regulations; other analytic work; discussions with program and other appropriate officials; and literature research. The results of the research will be documented in the working papers and will be used to develop an individual work plan for the specific type of work to be undertaken.
2. Work Plan - A written work plan should be developed that clearly defines the purpose and scope of the inspection, evaluation or review; the areas and/or potential issues to be addressed; the methodologies to be used; and the manner in which the work will be conducted. The plan will be documented in the working papers and used as the basis for organization of documentation.
3. Coordination - Work plan development includes coordinating the planned activities with other inspection, audit, and investigative entities as well as appropriate organizations that could be affected by the activities. Such coordination is necessary to determine the existence of potential ongoing work being conducted by other agencies and to determine the effect of their activities upon the work being planned. Coordination efforts will be documented in the working papers.

### C. Data Collection and Analysis

The third qualitative standard for OIG inspections, evaluations, and reviews is:

***Information and data obtained about the organization, program, activity, or function being examined should be consistent with the***

***inspection, evaluation, or review objectives, carefully documented and organized, and lead to a reasonable basis for conclusions.***

### **Guidelines**

Sources of information should be described in the supporting documentation in sufficient detail so that the adequacy of the information, as a basis for conclusions, can be assessed.

Information should be of such scope, and selected and analyzed in such ways, as to address pertinent questions about the objectives of the inspection, evaluation, or review and be responsive to the informational needs and interest of specified audiences.

The information-gathering instruments and procedures should be chosen or developed and then supplemented to ensure that the information is sufficiently reliable and valid for use in meeting the inspection, evaluation, or review objectives. Staff will use professional judgment in determining whether the information is sufficiently reliable and valid.

Qualitative and quantitative information gathered and analyzed in an inspection, evaluation, or review should be appropriately and logically presented in working papers to ensure accurate interpretations.

Data collection and analysis procedures should be appropriately controlled and supervised to protect the resulting findings and reports from distortion by the personal feelings and biases of any party to the inspection, evaluation, or review. The basis and support for findings should be carefully organized and described in supporting documentation.

### **D. Evidence**

The fourth qualitative standard for OIG inspections, evaluations, and reviews is:

***Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for inspection, evaluation, and review findings and conclusions.***

### Guidelines

- Evidence is *sufficient* if there is enough of it to support the report's findings.
- Evidence used to support findings is *relevant* if it has logical, sensible relationships to those findings.
- Evidence is *competent* to the extent that it is consistent with fact (valid).

## E. Timeliness

The fifth qualitative standard for OIG inspections, evaluations, and reviews is:

***Inspections, evaluations, and reviews should be conducted in a timely manner.***

### Guidelines

Timeliness increases the value of inspections, evaluations, and reviews. The nature of inspections, evaluations, and reviews also requires that schedules be flexible enough to respond to changing priorities or unforeseen circumstances, such as the need to expand the scope of an inspection, evaluation, or review, or to respond to an emergent need caused by other events.

## F. Fraud and Other Illegal Acts

The sixth qualitative standard for OIG inspections, evaluations, and reviews is:

***OIG staff engaged in inspections, evaluations, and reviews have a responsibility to be alert for indications of illegal activity in the course of conducting their work. If during or in connection with an inspection, evaluation, or review, staff become aware of illegal acts, or indications of such acts, they should promptly present such information to their supervisors for review and possible referral to the appropriate investigative office.***

### Guidelines

Staff should be alert to circumstances that come to light during inspections, evaluations, or reviews indicating fraud and other illegal acts. While the identification of illegal activities is not usually an objective of an inspection, evaluation, or review, it is necessary to have a clear understanding of the necessary action if such circumstances are discovered.

## G. Reporting

The seventh qualitative standard for OIG inspections, evaluations, and reviews is:

***Inspections, evaluations, or reviews should result in a timely written report to appropriate officials. All reports should present factual data accurately, fairly, and objectively, and present findings, conclusions and recommendations in a persuasive manner.***

### Guidelines

Written reports from OIG inspections, evaluations, and reviews should describe the work's objectives, scope, and methodology, and state that the work was done in accordance with the Quality Standards for Inspections, Evaluations, and Reviews by Offices of Inspector General. Report language should be clear and concise, recognizing that some assignments deal with highly technical material and should be written in terms intelligible to informed professionals. The OIG should solicit pertinent views and comments of appropriate officials on the content of the report.

Written reports resulting from OIG inspections, evaluations, and reviews should be distributed in a timely manner to appropriate officials responsible for taking action in response to report findings and recommendations. Further distribution will be subject to the internal policies of each OIG and fully comply with all privacy and freedom of information restrictions.

## H. Confidentiality

The eighth qualitative standard for OIG inspections, evaluations, and reviews is:

***The OIG should establish and follow procedures for safeguarding the identity of confidential sources and for protecting privileged and confidential information.***

### Guidelines

The Confidentiality Standard contained in the Quality Standards for Offices of Inspector General shall apply to inspections, evaluations, and reviews performed by OIGs.

## I. Follow-Up

The ninth qualitative standard for OIG inspections, evaluations, and reviews is:

***Appropriate follow-up should be performed to ensure that any recommendations are adequately considered and properly addressed.***

### **Guidelines**

Ultimate inspection, evaluation, or review success depends on whether necessary corrective actions are taken. Therefore, each OIG should take steps as necessary to determine whether appropriate officials take timely, complete, and reasonable actions to correct problems identified in reports.

## Quality Standards for Audits

Audits performed by Offices of Inspectors General (OIGs) should be done in accordance with generally accepted auditing standards. The Association of Inspectors General recommends that OIGs perform audits pursuant to one of the following:

- Government Auditing Standards issued by the Comptroller General of the United States, or
- Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

Each Office of the Inspector General (OIG) should adopt and follow the audit standards appropriate to the OIG's mission and authority.

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**APPENDIX**  
**COMMITTEE TO ESTABLISH**  
**GENERALLY ACCEPTED INSPECTOR GENERAL PRINCIPLES AND**  
**GENERALLY ACCEPTED GOVERNMENT INSPECTOR GENERAL STANDARDS**

In December 1999, under authorization from the Association of Inspectors General Board of Directors, President Robert A. Cerasoli appointed the following 15 members to a committee to develop generally accepted inspector general principles and standards.

Roland M. Malan, Chair Former Inspector General NY Metropolitan Transportation Authority	
F. Daniel Ahern, Jr. First Assistant Inspector General for Management Massachusetts Office of the Inspector General	Leonard C. Odom Inspector General Chicago Housing Authority
Paul Balukas Inspector General New York State Welfare Office	Steven A. Pasichow Inspector General New York City Housing Authority
Thomas P. Charles Inspector General State of Ohio	Benjamin J. Redmond Inspector General City of Philadelphia
Robert DeSousa Inspector General Commonwealth of Pennsylvania	James B. Thomas, Jr., Director of Auditing Office of the Chief Inspector General State of Florida
Martin J. Dickman Inspector General U.S. Railroad Retirement Board	Roger Viadero Inspector General U.S. Department of Agriculture
Gaston L. Gianni, Jr. Inspector General Federal Deposit Insurance Corporation	Alexander Vroustouris Inspector General City of Chicago
Barbara J. Hansberry General Counsel Massachusetts Office of the Inspector General	David C. Williams Inspector General Tax Administration, U.S. Office of the Treasury
Robert A. Cerasoli, Ex-Officio Inspector General Massachusetts	

All meetings of the Committee were held in Philadelphia, Pennsylvania. The Committee assembled for the first time on March 3, 2000. The Committee concluded that there was no existing set of general principles regarding inspector general offices

and identified a list of topics to be covered in statement of general principles. The Committee identified existing sets of standards for federal inspector general offices and for the separate functions of audits, inspections, and investigations. Specifically, these standards were:

- *Quality Standards for Federal Offices of Inspector General* issued by the President's Council on Integrity and Efficiency, January 1986.
- *Government Auditing Standards* issued by the Comptroller General of the United States, 1994 Revision
- *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.
- *Quality Standards for Investigations* issued by the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency, September 1997.
- *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency, March 1993.

The Committee agreed: 1) to recommend that inspectors general use the *Government Auditing Standards* promulgated by the US General Accounting Office for audits; and 2) to use the federal PCIE standards as a basis for developing quality standards that could be applied to inspector general offices at all levels of government. The Committee organized teams to develop drafts of specific topics for discussion at future meetings.

In its second meeting, held on June 12, 2000, the Committee focused on the draft *Principles for Offices of Inspector General*. Additional work at that meeting was spent on draft *Quality Standards for Offices of Inspector General*. Substantial progress was made in discussing and revising both draft documents and subcommittees were created to develop discussion drafts of investigation and inspection standards for the membership. The Committee also decided to add to the audit standards that, in addition to the *Government Auditing Standards*, Offices may use the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors depending on which audit standards were appropriate to the Office's mission and authority.

The Committee met on August 21, 2000, and marked up drafts of the *Principles for Offices of Inspector General*, the *Quality Standards for Offices of Inspector General*, the *Quality Standards for Investigations* and the *Quality Standards for Inspections*. On September 22, 2000, the Committee continued its work on these documents and

completed final exposure drafts of the *Principles for Offices of Inspector General* and the *Quality Standards for Offices of Inspector General*.

On October 18, 2000, the Committee Chair presented and explained the two draft documents to the Association's Board of Directors. The Board voted to authorize the Committee to circulate the draft documents among the Association's membership and the inspector general community for review and comment. Copies of the exposure drafts were distributed to all federal, state, and local offices of inspector general for comment and were posted with an invitation for comment on the Association's website, [www.inspectorsgeneral.org](http://www.inspectorsgeneral.org). Reviewers were invited to submit written comments to the Committee by March 30, 2001.\*

The Committee met again on December 11, 2000 and completed final exposure drafts of *Quality Standards for Offices by Offices of Inspector General* and *Quality Standards for Inspections, Evaluations, and Reviews by Offices of Inspector General*.

On December 13, 2000, the Executive Committee of the Association voted to authorize the Committee to circulate these two additional draft documents among the Association's membership and the inspector general community for review and comment. Again, copies of the exposure drafts were distributed to all federal, state, and local offices of inspector general and were posted with an invitation for comment on the Association's website. Reviewers were invited to submit written comments to the Committee by March 30, 2001.

The Committee received formal comments on proposed standards from federal, state, and local Offices of Inspector General. The following table reports the number of comments received on each exposure draft document by governmental level.

Exposure Draft Document	Comments Received			Total
	Federal	State	Local	
Statement of Principles	12	3	1	16
Quality Standards for:				
Offices	8	2	2	12
Investigations	3	3	1	7
Inspections, Evaluations, & Reviews	5	3	1	9
<b>Total</b>	<b>28</b>	<b>11</b>	<b>5</b>	<b>44</b>

\* The initial due date for comments on the draft *Statement of Principles for Offices of Inspector General* and the draft *Quality Standards for Offices Of Inspector General* was March 16, 2001. This deadline was subsequently extended to March 30, 2001 to coincide with the due date for comments on the other draft documents.

On April 23 and 24, 2001, the Committee convened to consider in detail the comments it had received. The Committee made appropriate changes to the exposure drafts in response to the comments and produced final drafts of the documents for submission to the Association's Board of Directors. On May 16, 2001, the Board of Directors found that the draft documents represent generally accepted principles, quality standards, and best practices generally applicable to federal, state, and local offices of inspectors general. The Board voted to recommend that offices of inspector general adopt these documents for their use with the following or similar language:

*The generally accepted principles and quality standards, formally approved by the Association of Inspectors General on 16 May 2001, are hereby adopted by this office insofar as they do not conflict with statute, regulation, executive order, or other policy of this office.*

In May 2004 the Quality Standards for Offices of Inspectors General were amended to make minor corrections and to insert under Staff Qualifications, paragraph "E. Continuing Professional Education/Development."

In May 2014 the Board approved minor clarifying and corrective amendments to the documents.