

*A Progress Report*  
TO THE  
*President*



FISCAL YEAR  
2004

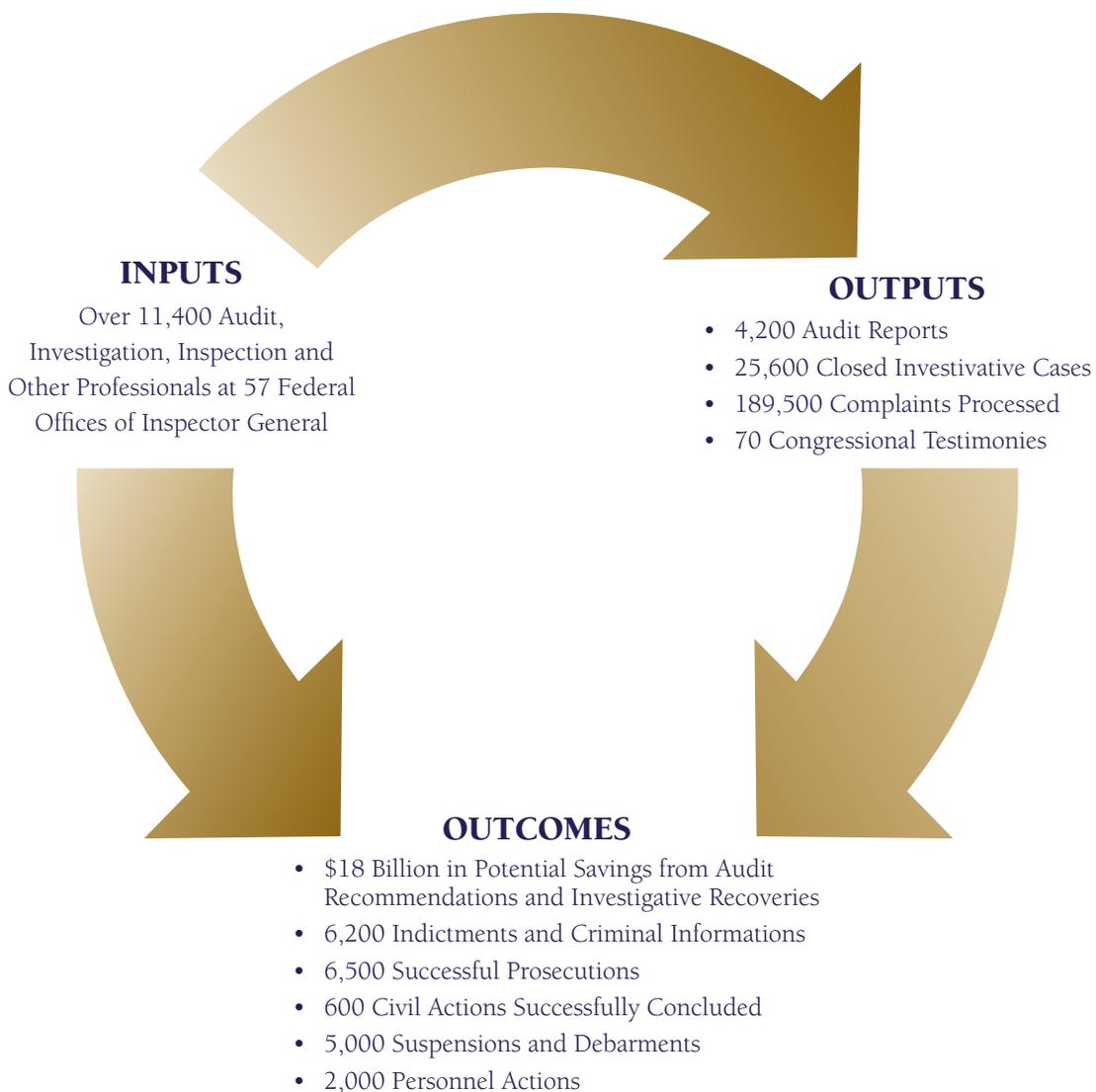
PRESIDENT'S COUNCIL ON  
INTEGRITY AND EFFICIENCY

EXECUTIVE COUNCIL ON  
INTEGRITY AND EFFICIENCY

# *Results in Brief*

## **FEDERAL INSPECTOR GENERAL COMMUNITY**

### **FY 2004**



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TO THE  
*President*

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INTEGRITY AND EFFICIENCY

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**2004**

This report was prepared jointly through the efforts of the Offices of Inspector General of the Department of Energy, the Board of Governors of the Federal Reserve System, the U.S. Office of Personnel Management, and the Railroad Retirement Board. Copies of this publication may be obtained by contacting (202) 606-1200. It is also available in electronic form on the Inspectors General website, [www.ignet.gov](http://www.ignet.gov).

# Foreword

On behalf of the Members of the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency, we are pleased to present "A Progress Report to the President," our annual report for Fiscal Year 2004 which provides the results of our work on behalf of the American taxpayers.

Collectively, the community's continuing efforts to improve the performance and accountability of Federal Government programs and operations resulted in \$18 billion in potential savings; 6,500 successful criminal prosecutions; 600 civil actions; and 5,000 suspensions and debarments of businesses and persons for inappropriate dealings with the Federal Government. Detailed information on the activities of individual offices may be found through the websites maintained by each office, or through the Inspectors General shared website at [www.ignet.gov](http://www.ignet.gov). We encourage readers to avail themselves of this information.

The over 11,400 people of the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency are committed to ensuring that Federal Government operations are conducted efficiently, effectively and in the best interest of the American people.



A handwritten signature in black ink that reads "Greg Friedman".

**Gregory Friedman**

*Vice Chair*

*President's Council on Integrity and Efficiency*



A handwritten signature in black ink that reads "Barry Snyder".

**Barry Snyder**

*Vice Chair*

*Executive Council on Integrity and Efficiency*



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# THE INSPECTOR GENERAL COMMUNITY

## INSPECTOR GENERAL ACT

The Inspector General Act of 1978 (IG Act) created Offices of Inspector General (OIGs) in 12 Cabinet-level departments and agencies, consolidating the respective agencies' audit and criminal investigative functions under the OIGs. Prior to the Act, these activities had been fragmented across the very offices they audited or investigated. The OIGs also received a unique dual-reporting responsibility to both the heads of their agencies and to Congress. Further, the IG Act contained provisions that effectively afforded the OIGs operational and administrative independence within their agencies. Thus, each Inspector General became an independent force for promoting integrity and efficiency while combating fraud, waste, and abuse in government programs.

Despite the initial objections of most of the agencies covered by the original IG Act, the OIGs established a record of effectiveness as contributors to improved economy, accountability, and oversight of government management. As a reflection of this success, Congress has amended the Act several times since 1978, progressively broadening the authorities of the Inspectors General and expanding the statute's coverage into many more Federal agencies. The largest single expansion was in the 1988 IG Act Amendments which, in addition to creating six new Presidentially-appointed IGs, established OIGs in certain independent regulatory agencies and government corporations (termed "designated Federal entities" by the Act). Today, there are 57 agencies that have statutorily-authorized IGs providing audit and investigative oversight for their programs.

## MISSION AND ROLES OF THE INSPECTORS GENERAL

In the broadest sense, the Inspectors General have two principal roles. First, they identify fraud, waste, abuse, and inefficiency in their agencies' programs, and recommend actions to address it—both on a case-by-case basis and systemically. Second, they report their findings and accomplishments to their agencies, Congress, and the public, not only through specific written reports, but also by fostering initiatives to improve integrity, accountability, and excellence in government as a means of reducing or eliminating future problems.

Consistent with their overall mission, OIGs carry out their responsibilities by:

- Conducting or overseeing audits, investigations, inspections, and evaluations of their respective agencies' programs.
- Reviewing existing or proposed laws and regulations relating to agency programs and operations.
- Providing leadership for initiatives that promote economy, efficiency, and integrity and reduce the vulnerability of Federal programs to fraud, waste, and abuse.
- Informing their agency heads and Congress of program-related problems and the progress of corrective actions.

## IG APPOINTMENTS

IGs are selected on the basis of personal integrity and expertise in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations. The IGs serving at Cabinet-level departments and sub-Cabinet agencies are nominated by the President and confirmed by the Senate. These IGs can be removed only by the President, who must communicate the reasons for any such removal to both Houses of the Congress. IGs in designated Federal entities are appointed by the heads of those entities. These IGs can be removed by the entity head, who must also notify the Congress of the reasons for removal.

## AUDITS

The IG Act mandates each OIG to be responsible for auditing all programs and activities of its agency, and to oversee and review program-related audit work performed by outside parties (for example, audits of agency grantees and contractors that are carried out by independent public accounting firms). The statute requires all such audits to conform to the *Government Auditing Standards* (often referred to as the “Yellow Book”) issued by the Government Accountability Office (GAO). These standards provide guidance to ensure that auditors have the necessary competence, integrity, objectivity, and independence to effectively plan, conduct, and report upon their work. The most recent Yellow Book revisions incorporate new independence requirements, expand their coverage to include prospective analyses and studies, and add guidance to ensure consistency in fieldwork and reporting methods across all types of audits.

## INVESTIGATIONS

IGs are authorized to investigate both criminal matters and civil or administrative wrongdoing against their agencies’ programs and operations. Their jurisdiction extends to any person or entity that may have committed a program-related violation. The most frequent subjects of IG investigations include benefit recipients, contractors, grantees, and Federal employees. In 2003, the Homeland Security Act provided Presidentially-appointed OIGs with law enforcement powers that are equivalent, within their respective jurisdictions, to those of other Federal law enforcement agencies. Exercise of those authorities in criminal investigations is subject to Department of Justice (DOJ) guidelines, and is coordinated with the Federal Bureau of Investigation (FBI) and other law enforcement bodies.

The President’s Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency (PCIE and ECIE, respectively) have developed guidelines for IG investigations that, in a manner similar to the Yellow Book standards for audits, seek to assure the professional quality and integrity of investigative processes and the resulting work products.

## INSPECTION AND EVALUATIONS

Although the IG Act does not require that OIGs establish inspection and evaluation components, it does provide authority for them to conduct analytical reviews or studies that may be methodologically distinct from audits or investigations. Many OIGs have created inspection and evaluations units to conduct program evaluations, broad reviews of selected issues, and inspections that analyze the effectiveness of agency activities. The PCIE and ECIE have issued quality standards, similar to their investigations standards, for the conduct and reporting of inspections and evaluations by IG offices.

## OIG HOTLINES

Most OIGs operate hotline services that receive complaints of fraud, waste, abuse, and mismanagement in their agencies' programs and operations. (The appendix to this report provides the numbers of the hotline services operated by PCIE and ECIE members.)

The scope of hotline activities varies with the mission of the individual OIGs, but most involve dedicated, toll-free telephone lines that are publicized among agency employees, private-sector participants in the agency's programs, and the general public. Criminal cases and civil or administrative actions often are generated on the basis of complaints received through hotline reports.

## INSPECTOR GENERAL SEMIANNUAL REPORTS

The IG Act requires that each OIG report to Congress semiannually regarding its activities and accomplishments. The semiannual reports have become a centerpiece of the IG community, and exemplify the multiplicity of reporting responsibilities incumbent on IG offices. The report is prepared by the OIG for Congress, but the IG Act specifies that it be submitted initially to the agency head, who transmits it with a "management response," stating the agency's position on the matters reported by the IG. By law, the reports also become publicly available once they are sent to Congress.

The statute establishes an array of categories in which information regarding the results of audit activities must be reported. Although the form and content are not outlined precisely by the law, the OIGs also report on their investigative results. The information contained in the "Statistical Accomplishments" section of this report (pages 29 – 38) reflects many of the types of data appearing in the IG semiannual reports.



# ADDRESSING GOVERNMENT CHALLENGES

*Many of the most significant management challenges identified by the IG community over the last several years closely parallel the President's Management Agenda initiatives. While IG reports confirm that there is a great deal yet to be done, Federal agencies do take high risk problems seriously and are making long-needed progress toward correcting them. These efforts, along with actions implementing the President's Management Agenda, will enable the Federal government to better focus its operations on results and accountability. The IG community continues to contribute to these efforts through its ongoing responsibilities to assess program performance, recommend actions to improve economy and efficiency, and identify cost savings, for the benefit of our ultimate customers, the citizens of the United States.*

*Over the next several pages, this report summarizes the IG community's work to address needed management improvements. The semiannual reports of each OIG contain additional information, including a summary of work performed to address the management challenges of their agency, as well as other statistical information on their audit and investigative activities.*

The overarching goal of the Inspector General community is to improve the performance and accountability of the Federal government's programs and operations. Throughout the year, the OIGs, through audits, investigations, inspections and evaluations, conduct reviews of their respective agencies that focus on management challenges. As a result, they are able to provide agency managers with recommendations on how to overcome risks, improve program performance, and achieve results.

This section discusses management challenges facing Federal agencies that OIGs most frequently identify as critical, because of their potential to impede

the Federal sector's ability to carry out program responsibilities and ensure the integrity of operations. For the most part, they are not amenable to simple, short-term resolution and are best addressed by a concerted, persistent effort, resulting in progress over an extended period of time.

Overall, government agencies continue to take these challenges seriously and are making long-needed progress toward correcting them. Because of their potential impact, these challenges require, both on an agency-by-agency basis and collectively, the direct attention at senior management levels to ensure that the Federal government functions in the most

economical, efficient, and effective manner. These challenges include:

- Information Technology Management and Security
- Financial Management and Performance
- Human Capital Management
- Performance Management and Accountability
- Procurement and Grant Management
- Protection of Environment, Resources, and Infrastructure
- National Security.

Based on the results of FY 2004 reviews by the IG community (see table on page 9), the first four of these challenges—Information Technology Management and Security, Financial Management and Performance, Human Capital Management, and Performance Management and Accountability—rank as the most significant, widespread challenges facing Federal agencies. Highlights of these four challenges are as follows:

## INFORMATION TECHNOLOGY MANAGEMENT AND SECURITY

Securing the nation's critical computer systems and networks from data tampering, disruptions in operations, fraud, and inappropriate disclosure of sensitive information is essential. These complex and often-interrelated systems play a vital role in consolidating and maintaining sensitive information. Additionally, the costs associated with managing the approximately 8,000 Federal government information systems are very large—about \$60 billion in FY 2005. Approximately \$4 billion of this amount is devoted to information security-related work.

Information security has been a long-standing and widely acknowledged concern among Federal agencies. Since 1997, significant internal control weaknesses related to information technology security, including untested contingency plans and inadequate implementation of host network security, system risk assessments, system certification and vulnerability testing have been identified. Government agencies have reported a number of actions to initiate positive change; however, problems persist and more needs to be done.

For example, a recent review found that the reported percentage of systems certified and accredited for operation as of the first half of 2004 was 63 percent for 24 major Federal agencies. Another review found that agencies were not implementing to the fullest extent available cybersecurity technologies to protect critical infrastructures from cyber attack. These technologies, including access control technologies, system integrity technologies, cryptography, audit and monitoring tools, configuration management, and assurance technologies, can help to protect information that is being processed, stored, and transmitted in the networked computer systems that are prevalent in critical infrastructures. Actions that the Federal government can take to increase the use of cybersecurity technologies include determining their security needs, protecting their own systems, and undertaking long-term activities to increase the quality and availability of cybersecurity technologies in the marketplace.

Agencies must also take additional steps to establish effective information security programs, including allocating sufficient agency resources and monitoring policy and control efficiencies. To assist agency managers in addressing the challenge of information technology security, the IG community continues to conduct annual independent evaluations of their agencies' information security programs and practices, as required by the Federal Information Security Management Act of 2002.

## FINANCIAL MANAGEMENT AND PERFORMANCE

Federal financial managers have the responsibility to provide timely and accurate financial information in support of programmatic decision-making processes, to ensure that the taxpayers' funds are used effectively and efficiently. For many years, financial management has been a leading concern in the Federal sector. Many agencies have not given adequate attention to standardizing and integrating financial processes and systems to more efficiently support accounting operations, facilitate preparation of financial statements, and streamline audit processes. Some agencies' systems do not produce timely, accurate, and reliable information and, as a consequence, have been unable to provide auditable financial statements. These problems adversely affect the ability of Federal agencies to control costs, ensure basic accountability, anticipate future costs and claims on the budget, measure performance, maintain funds control, prevent fraud, and address pressing management issues.

Senior leaders throughout government have demonstrated a commitment to reforming financial management operations. One agency has, for example, identified success factors, best practices, and outcomes associated with world-class financial management institutions and has made financial management a department-wide priority. Another major Federal agency reported that it is using a single modern accounting system. It was able to meet the accelerated date to submit audited financial statements and received a clean financial statement opinion.

Improvements are still needed at some agencies, including sustained leadership and resource control; clear lines of responsibility and accountability; plans and related results-oriented performance measures; and appropriate individual and organizational incentives and consequences. The IGs continue to devote substantial resources to assist their agencies in developing sound financial management practices, ensuring timely audit opinions, producing useful financial information, and improving financial systems.

As a result of these efforts, agencies are now sharing possible solutions and best practices that can minimize costly problems associated with poor financial management.

## HUMAN CAPITAL MANAGEMENT

The success of Federal programs and activities is largely dependent upon agencies hiring the right people with the right skills to meet their critical missions. Since the mid-1990's, many Federal agencies have experienced an overall reduction in their workforce. Combined with factors such as moratoria on hiring, the relative aging of the workforce, and a variety of incentives to leave Federal service, the decline in staffing has generated significant challenges for many agencies. However, the Federal government has not demonstrated a consistent strategic approach to attracting, managing, and maintaining the human capital needed to maximize government performance and ensure accountability.

Reviews by the IG audit community indicate that agencies are making improvements in addressing key human capital issues. Some agencies have begun to assess their future workforce needs and implement actions to meet those needs. For example, one agency reported that it had implemented a comprehensive human capital management strategy, an improved senior executive performance management system, a guide to developing and retaining a highly-skilled workforce, and business visions and workforce plans for all major offices. The Executive Branch and the Congress have also taken a number of steps to address human capital shortfalls, including the creation of Chief Human Capital Officer positions and a separate high-level council to advise and assist agency leaders in their human capital efforts.

While these are positive steps, the Federal government must also commit to rebuilding a "skills pipeline" for the future and take other actions to ensure that agencies have an adequate workforce to carry out critical missions. These include (1) sustaining leadership to provide the focused attention essential to completing multiyear transformations; (2) developing

effective strategic workforce plans to identify and focus their human capital investments on the long-term issues that best contribute to results; (3) continuing to create effective hiring processes and use flexibilities and incentives to retain critical talent and reshape their workforces; and (4) reforming performance management systems so that pay and awards are linked to performance and organizational results.

## PERFORMANCE MANAGEMENT AND ACCOUNTABILITY

Various management reform initiatives, including the Government Performance and Results Act of 1993, hold Federal agencies accountable for using resources wisely and achieving program results. Most importantly, the President's Management Agenda has sought to refocus government operations using a performance or results model. Agencies are required to set and measure results-oriented goals and provide Legislative and Executive Branch decision makers with objective and reliable information about Federal programs. In addition to providing the tools to make agencies more accountable to the public, performance measures also provide the means to reinforce organizational accountability, with results tied to annual performance agreements of senior executives.

OIG reviews have found that performance measures were frequently not clear or quantifiable; some departmental activities lacked performance measures; and reported performance results were not always accurate and valid. To better manage performance, agencies have issued new policies to provide consistent application of performance measurement principles; established formal training programs to facilitate development and reporting of quantifiable performance goals and measures; and integrated performance plans with budgets. To further enhance their efforts to manage performance, agencies must more aggressively apply performance management principles; work toward long-term strategic goals; and make tactical and strategic corrections based on performance feedback and program evaluations.

## MOST FREQUENTLY IDENTIFIED AGENCY MANAGEMENT CHALLENGES

Sources: OIG reports, memoranda, or semiannual report chapters identifying most significant management challenges in their respective agencies, end of FY 2004

Agency	IT Management & Security	Financial Management & Performance	Human Capital Management	Procurement & Grant Management	Performance Management	Environmental Resources, Infrastructure	National Security
CNCS	X	X	X	X	X		
USDA	X	X			X		X
DOC	X	X		X	X		
DOD	X	X	X	X		X	X
ED	X	X	X	X	X		
Energy	X			X	X	X	X
HHS	X	X		X		X	X
DHS	X	X	X	X		X	X
HUD		X	X				
Interior	X	X		X		X	
Justice	X	X	X	X			X
Labor	X	X			X		
State	X	X	X				X
DOT	X	X		X	X		
Treasury	X				X		X
TIGTA	X	X	X		X	X	
VA	X	X		X			
EPA	X	X	X	X	X	X	X
FDIC	X	X	X	X	X		X
GSA	X		X	X			X
NASA	X	X			X		
NRC	X	X	X		X		X
OPM	X	X	X	X	X		X
RRB	X	X					
SBA	X	X	X		X		
SSA					X	X	
FCC	X	X					
ITC		X	X		X		
NSF	X	X			X		
SEC	X	X	X				



# AN OVERVIEW OF THE PCIE AND ECIE

## MISSION

The mission of the PCIE and ECIE is to promote collaboration on integrity, economy, and efficiency issues that transcend individual Federal agencies and to enhance the professionalism and effectiveness of OIG personnel throughout the government.

The Presidentially-appointed IGs work together and coordinate their professional activities through the PCIE, which was created by Executive Order 12301, dated March 26, 1981, and later updated in 1988 by Executive Order 12625 and in 1992 by Executive Order 12805. The IGs of designated Federal entities work together and coordinate their professional activities through the ECIE, which was created by Executive Order 12805 on May 11, 1992.

## LEADERSHIP

The PCIE and ECIE provide leadership to the IG community, reaching across boundaries to promote professionalism and coordination among the Councils' membership and provide a forum to speak out on shared concerns. The Deputy Director for Management of the Office of Management and Budget (OMB) chairs both the PCIE and ECIE. During FY 2004, Clay Johnson, III served in this capacity.

The Vice Chairs of the Councils are chosen by the Chair from among the respective memberships. The Vice Chairs provide on-going executive direction to their Councils and manage their day-to-day activities. During FY 2004, Gaston L. Gianni, Jr., former Inspector General, Federal Deposit Insurance Corporation, served

as Vice Chair of the PCIE. Barry R. Snyder, Inspector General, Board of Governors of the Federal Reserve System, served as Vice Chair of the ECIE. Upon Mr. Gianni's retirement, Gregory H. Friedman, Inspector General, Department of Energy, assumed the Vice Chairmanship of the PCIE, effective January 11, 2005.



**From Left: Messrs. Gianni, Johnson and Snyder**

An Executive Council comprised of the Vice Chairs of the PCIE and ECIE, the Chairs of the IG-led committees, and an at-large member, functions as a corporate leadership body for the PCIE and ECIE, with responsibility for:

- External relationships and communications on behalf of the IG community
- Long-term planning and continuity of leadership
- Compiling and distributing information on common priorities of the Councils' membership.

## EXECUTIVE COUNCIL MEMBERSHIP

Gregory H. Friedman	<i>Vice Chair, PCIE</i>
Barry R. Snyder	<i>Vice Chair, ECIE</i>
Christine C. Boesz	<i>ECIE At-Large Member</i>
Kenneth M. Donohue	<i>Chair, Investigations Committee</i>
Johnnie E. Frazier	<i>Chair, Inspection and Evaluation Committee</i>
J. Russell George	<i>Chair, Legislation Committee</i>
John P. Higgins, Jr.	<i>Chair, Audit Committee</i>
Nikki L. Tinsley	<i>Chair, Human Resources Committee</i>

### MEMBERSHIP

Inspectors General who are appointed by the President subject to Senate confirmation are members of the PCIE. IGs of the designated Federal entities are members of the ECIE. To facilitate policy coordination and collaboration between the two Councils, the PCIE Vice Chair serves as a member of the ECIE, and the ECIE Vice Chair is a member of the PCIE.

The following are members of both Councils: the Controller of OMB's Office of Federal Financial Management; the Special Counsel of the Office of Special Counsel; the Director, Office of Government Ethics; the Deputy Director of the Office of Personnel Management; and the Assistant Director of the FBI's Criminal Investigative Division.

The appendix to this report provides a current list of all PCIE and ECIE members.

### ROLES AND ACTIVITIES

The PCIE and ECIE reach across agency boundaries to provide governmentwide coordination and focus to the activities of the Offices of Inspector General. Among the functions they perform are:

- Providing a forum in which the IG community may discuss governmentwide issues and address shared concerns.

- Improving professionalism through development and implementation of uniform standards for the conduct of audit, investigative, and inspection and evaluation activities by Offices of Inspector General.
- Sponsoring and operating training programs to support the professional and management development of OIG auditors, investigators, and evaluators.
- Conducting or advocating projects that address issues of common concern or interests among the OIGs governmentwide.

The PCIE and ECIE are the IG community's counterparts to similar councils and coordinating groups representing other Federal communities, such as the Chief Financial Officer, Chief Information Officer, and Federal Acquisition Councils. Designated PCIE members regularly attend the meetings of these councils as observers and inform the PCIE and ECIE membership of relevant issues and initiatives.

# ACTIVITIES OF PCIE COMMITTEES, WORKING GROUPS, AND ROUNDTABLES

The PCIE and ECIE maintain six standing committees that provide leadership for the Councils' activities in their respective areas and carry out or oversee much of the project-related work conducted under the Councils' auspices. Their membership is comprised of IGs, with at least one ECIE member sitting on each committee. Committee chairs are selected by the PCIE membership through periodic elections.

Several of the standing committees have established working groups with a broader membership to advise them on policy matters and to conduct specific projects under the committee's leadership. In addition, there are several working groups and roundtables affiliated with the PCIE and ECIE that address specialized issues of widespread interest within the IG community.

The following discussion highlights the FY 2004 activities of the committees and other groups. Some of these activities represent the continuation or completion of work initiated in prior years, and may have also been discussed in previous editions of this report.

## AUDIT COMMITTEE

As the coordinating body representing the largest profession in the IG community, the Audit Committee pursues the following objectives:

- Planning and overseeing professional training curricula and programs for OIG auditors
- Sponsoring audits that address multiagency or governmentwide issues

- Developing and maintaining professional standards for OIG audit activities, and, with the Federal Audit Executive Council and other professional groups, contributing to the GAO's *Government Auditing Standards*
- Providing information to Congress, OMB, professional groups, and the public on IG communitywide audit issues.

The Committee is chaired by John P. Higgins, Jr., Inspector General, Department of Education. Among its principal activities in FY 2004 were the following:

- **Single Audit Quality Project.** The Committee initiated a national project to assess the quality of previously-completed single audits governmentwide and to establish a baseline for monitoring single audit quality in the future. (A single audit is an audit performed by a non-Federal auditor of all funding to a specific grantee. This normally involves programs of multiple Federal agencies.) For the project, auditors from Federal OIGs, state government agencies, and private sector independent public accounting firms are reviewing a statistical sample of the more than 38,000 single audits that were filed with the Federal Audit Clearinghouse in a recent one-year period. The Department of Education OIG continues to administer the project.
- **Human Resources Development.** The Audit Committee oversees the operations of the Inspector General Auditor Training Institute (IGATI), now headquartered in Arlington, Virginia. IGATI provides professional training for auditors within

the IG community and is entirely self-funded, with its revenue being derived from tuition fees for its courses. Its curriculum offers 40 courses (17 of which were entirely new for FY 2004; nine others were substantially revised) which focus on areas of direct applicability to IG auditors, including:

- Performance auditing
- Financial statement auditing
- Information systems audits
- Management analysis
- Communications.

In FY 2004, IGATI conducted 110 training sessions attended by approximately 1,700 students. These levels of activity represent increases of approximately 10 percent over the corresponding totals for 2003.

■ **Peer Review Guidance.** The 1988 IG Act Amendments require each OIG to undergo a peer review of its auditing activities every three years to determine whether they meet generally accepted auditing standards. These reviews are performed by other OIGs under the coordination and policy guidance of the Audit Committee. In FY 2004, an Audit Committee working group comprised of representatives from both PCIE and ECIE agencies produced a comprehensive revision of the peer review policy document and guide, which was subsequently circulated to all OIGs for comment. The major revisions to the guidance included:

- Incorporating the 2003 GAO *Yellow Book* revisions
- Defining more precisely the characteristics of an internal quality control system, and restructuring the approach of the peer review to emphasize evaluation of the reviewed OIG's system
- Establishing detailed guidance on several technical aspects of peer review activities, such as formulating opinions through merger of analytical tests and determining design and operational deficiencies in internal quality control systems

- Reformatting the guidelines to integrate reference materials that will facilitate the conduct of peer reviews.

■ **Communications.** The Committee conducts a diverse information program that promotes the accomplishments of PCIE/ECIE auditing activities and advocates legislative initiatives to improve their effectiveness. For example, its members contribute articles to the *Journal of Public Inquiry* to highlight current issues facing Federal auditors. In addition, the Committee uses the IGNet website as a central clearinghouse for legislation, critical documents, and other informational material that can be made available to the community. As is also the case with the other PCIE committees, the Audit Committee seeks to maintain ties with relevant professional organizations and governmental auditing entities both in the United States and overseas.

## FEDERAL AUDIT EXECUTIVE COUNCIL

The Federal Audit Executive Council (FAEC) is comprised of senior audit officials from the Federal OIGs. During FY 2004, Bruce Crandlemire, who is currently the Acting Inspector General, Agency for International Development, served as the FAEC chair. Reflecting the professional interests of its broader membership base, the FAEC focuses more of its activities outside the Federal IG community and targets a somewhat wider range of subject matter. Like the Audit Committee, FAEC has a subcommittee structure, and carries out much of its work through conferences, roundtables, and task groups. Among the FAEC's activities in FY 2004 were the following:

■ **Joint Committee with PCIE and the Chief Financial Officer (CFO) Council.** This body contributed to the revision of OMB Circular A-123 ("Management Accountability and Control"), with the objective of making it consistent with the GAO Green Book (*Standards for Internal Control in the Federal Government*) and the private sector publication *Internal Control—Integrated Framework*,

published by the Committee of Sponsoring Organizations of the Treadway Commission. In addition, the joint committee formulated procedural guidance for management assessment of internal control over financial reporting and considered revisions to existing guidance for conducting internal control assessments.

■ **Coordination on IT Security Standards.** The FAEC's Information Security Subcommittee began planning for a project to develop guidance for OIGs performing the information security reviews required by the Federal Information Security Management Act (FISMA). The ultimate objective is to identify approaches that will achieve consistency in form and content of FISMA reviews throughout the IG community. Through contacts with congressional staff, the subcommittee also addressed the need for IG feedback to be considered by the National Institute of Standards and Technology, which holds responsibility for governmentwide policies and guidance on IT security.

■ **Financial Statement Audit Network.** The Financial Statement Audit Network (FSAN) is the FAEC subcommittee which provides the Federal audit community with a forum to explore issues concerning the preparation and auditing of financial statements. The FSAN has almost 110 members representing the PCIE and ECIE, the smaller agencies, and the GAO. In FY 2004, FSAN working groups comprised of both IG and GAO personnel conducted the following projects:

- The Financial Audit Manual (FAM) Working Group assisted in drafting updates to the GAO Statement on Auditing Standard 99, "Consideration of Fraud in a Financial Statement Audit" and the "CFO Act Checklist." The FAM, a joint product of GAO and the PCIE, is a key tool for enhancing accountability for taxpayer-provided resources, and the CFO Act checklist is similarly critical in assisting agencies to prepare their annual financial statements and auditors to audit them.

- The Statement of Work for Financial Statement Audit Contracts Working Group issued for comment a draft statement of work that can be used as a guide by OIGs when contracting with private sector accounting firms for financial statement audits under the CFO Act.
- The Audit Program Working Group issued a draft audit program that OIGs may use as a guide for monitoring contractor performance under financial statement audit contracts.

## INVESTIGATIONS COMMITTEE

The Investigations Committee advises the IG community on issues involving criminal investigations, investigative personnel, and investigative guidelines and standards. It also oversees the IG Criminal Investigator Academy (IGCIA), which is headquartered at the Federal Law Enforcement Training Center in Glynco, Georgia, with an auxiliary training facility in Arlington, VA. The Committee's working group, the Investigations Advisory Subcommittee, is comprised of Assistant Inspectors General for Investigations. During FY 2004, Patrick E. McFarland, Inspector General, Office of Personnel Management, was succeeded as chair of the Committee by Kenneth M. Donohue, Inspector General, Department of Housing and Urban Development.

■ **Statutory Law Enforcement Authority.** During FY 2004, the Committee was heavily involved with issues related to responsible and appropriate management of the law enforcement powers that had been conferred on most Presidentially-appointed OIGs in 2003. Among the concerns arising from the enabling legislation and Department of Justice requirements on exercise of law enforcement authority were:

- The ability of the IG community to effectively oversee its own use of law enforcement powers, through mechanisms internal to each office or community-wide bodies such as the PCIE Integrity Committee, and the peer

review system sponsored by the Investigations Committee. The peer review system provides for periodic inspection and review of the operational and management aspects of each OIG Office of Investigations by another OIG. Its goal is to assure that the IG community achieves and maintains a high degree of professional performance and integrity. The inspectors verify and document adherence to professional standards and, as necessary, identify corrective measures for the inspected office.

- Development of guidelines for OIGs to conduct undercover investigative operations and review of specific proposals made by OIGs for undercover activities.
- The statutory requirement for law enforcement officers to undergo standardized training every three years. For example, training curricula for OIG agents now includes specific instruction on legal concepts and interviewing and interrogation. Agents must also be prepared to deal with encounters requiring calmness and control in potentially lethal, as well as non-lethal situations. Further, the exercise of law enforcement powers necessitates that agents be trained in, and aware of, legal liability issues that may arise from their activities.

■ **Training Facilities and Curricula.** Other training-related activities of the Committee and the Investigative Advisory Subcommittee include:

- Oversight of the IG CIA. The Academy is directly operated by a “cognizant OIG” (currently, the OIG of the United States Postal Service) under a memorandum of understanding with the Committee. The Advisory Subcommittee, serving in the capacity of a board of directors, coordinates policy with the cognizant OIG, reviews curricula, and examines budget and personnel needs at the training facilities. In FY 2004, the Subcommittee brokered an agreement for IG CIA and the IG Management Institute to merge their metro Washington, DC, space requirements into a single building, thus realizing savings, better availability of

instructors, and greater flexibility in scheduling classes.

- Development of an initiative to foster closer liaison and coordination between the FBI and OIGs, to include joint sponsorship of training courses, joint conferences on white collar crime, and enhanced coordination between the FBI Office of Training and the IG CIA.

■ **Legislative Interpretation.** Public Law 108-277, the Law Enforcement Officers’ Safety Act (enacted on July 20, 2004), gives retired Federal law enforcement agents the right to carry weapons. The applicability of the legislation to IG agents, as well as issues regarding its implementation, were discussed in some detail by the Committee, and were researched by the Department of Justice OIG. Based on these analytical efforts, the Justice OIG furnished the Committee with guidelines regarding the differing application of the legislation to IG agents who retired before or after OIGs received statutory law enforcement authority. While the guidelines themselves apply only to Justice OIG retirees, they are serving as a model for other OIGs facing the same issue.

## INSPECTION AND EVALUATION COMMITTEE

The Inspection and Evaluation (I&E) Committee fosters information sharing, innovative methodologies, and effective professional practices among the I&E components of OIGs. Its working group, the I&E Roundtable, is comprised of the Assistant Inspectors General responsible for inspection and evaluation in their respective agencies. The Committee is chaired by Johnnie E. Frazier, Inspector General, Department of Commerce.

During FY 2004, the Committee completed major projects in the following areas:

- **Revised Standards for Inspections and Evaluations.** The Committee and the Roundtable, assisted by the Department of Energy OIG, completed a comprehensive update of the PCIE

reference guide for conducting inspections and evaluations, which was first published in 1993. The revised edition included an expanded discussion of impairments to the independence of evaluators and inspectors; new standards for performance measurements and working relationships; and recommendations for increased professional training of I&E personnel.

- **Survey of I&E Units in IG Offices.** The I&E Roundtable, assisted by the Department of Health and Human Services OIG, surveyed the 26 I&E units operating within the IG community. Based on the survey results, the Committee issued a report profiling these organizations on their authorities, budget, and staffing, as well as highlighting some of their recent work. Information from the survey can be used to identify issues of concern to I&E units governmentwide, generate proposals for future I&E projects, and increase the awareness within the PCIE and ECIE about the role that I&E organizations play in fulfilling the mandate of the IG Act.

- **Travel and Purchase Cards.** In FY 2004, the Committee sponsored two projects that addressed governmentwide concerns regarding abuses of official travel and purchase cards. A multiagency working group, led by the Department of Labor OIG, developed a best practices guide (*Common Problems and Uncommon Solutions: How OIGs Are Helping Improve Federal Travel Card Programs*), that synthesizes the results of program reviews that had been conducted by 25 OIGs. The guide highlights some of the most frequently identified problems with these cards and identifies solutions that agencies have used successfully to resolve or avoid such problems. It also contains reference material pertaining to the travel card program that has been produced by the General Services Administration.

The other card-related project, led by the Department of Commerce OIG, developed a searchable, regularly-updated online database of 125 OIG reports on agencies' purchase and travel card programs. This is available at <http://www.ignet.gov/randp/cards/cards.html> for use as a

resource by OIGs and agencies seeking to review or improve such programs.

- **Outreach in the PCIE and ECIE Communities.** As noted in the summary of the Human Resources Committee's activities (below), the I&E Committee contributed to developing the inventory of core competencies for inspectors and evaluators, and to identifying a curriculum within the PCIE and ECIE-affiliated institutes and academies that would provide training in these competencies. In addition, the I&E Committee membership continued its efforts to educate and inform the IG community about the value of inspections and evaluations as a means of addressing efficiency and integrity issues in government programs.

## HUMAN RESOURCES COMMITTEE

The Human Resources Committee advocates effective human resource management programs within the PCIE and ECIE communities and sponsors activities to develop the professional and management skills of OIG personnel. The Committee is chaired by Nikki Tinsley, Inspector General, Environmental Protection Agency.

- **Core Competencies.** During FY 2004, the Committee completed work on identifying core competencies for criminal investigators, auditors, and evaluators and inspectors. The competencies provide essential information regarding the skills and abilities needed for individuals to perform successfully in these positions. Such information is critical to most human resources-related functions, such as recruitment, training, classification, and management.

The Committee is currently using the core competencies to construct a revised skills development curriculum, including leadership, management, and team building. In addition, it is re-examining the previously developed technical skills training curriculum for these occupations. The Committee's overall objectives in these projects are (1) to identify emerging human

resources issues and challenges facing the PCIE and ECIE community and its members, and (2) to assess the quality and viability of the current PCIE training organizations.

- **Executive Development Program.** The Committee has established the PCIE/ECIE Leadership Academy, which operates in affiliation with the Center for Executive Leadership of the Federal Executive Institute. As is the case governmentwide, a significant percentage of senior employees in the IG community are or will be eligible to retire within the next five years. The Leadership Academy targets executive succession planning issues in the PCIE and ECIE by preparing future leaders through a focus on topics such as building high performance organizations, expanding creativity, increasing awareness of globalization, and coaching for results. To expand awareness and support for this program, the Committee has started an IG seminar series which addresses the leadership development curriculum and offers instruction on the most significant emerging issues now facing the OIGs.

## LEGISLATION COMMITTEE

The Legislation Committee serves as the central coordinating point for legislative issues affecting the PCIE and ECIE community. Using its Legislative Alert system, the Committee keeps IGs and their staffs currently informed on a continuing basis of significant policy issues within the Executive Branch and legislative developments in Congress. During FY 2004, J. Russell George, the Treasury Inspector General for Tax Administration, replaced Kenneth M. Mead as chair.

The individual IGs who comprise the PCIE and ECIE membership typically perform most of the representation of the IG community before Congress and the public, and often appear in the print and electronic media to discuss issues related to their respective agencies. However, on matters of concern to the IGs governmentwide, the PCIE and ECIE are normally called upon to speak for the community.

For example, in July 2004, the Vice Chairs of both Councils and Mr. George testified before the Government Efficiency and Financial Management Subcommittee of the House Government Reform Committee, in support of legislative changes to the IG Act.

The PCIE and ECIE reached a broad consensus regarding these changes and prepared a written proposal to assist Congress in considering them. The proposal recommended amendments to the IG Act to strengthen the independence of IGs and improve the quality, effectiveness, and impact of IG work. It would provide protection for the IGs by establishing a specific term of office, with removal authorized for cause. It would also combine the PCIE and ECIE into a single council and strengthen the ability of ECIE offices to recover losses resulting from program fraud. In addition, the IGs would receive enhanced authority to use personnel management flexibilities independently of their agencies. The Legislation Committee will continue to work with Congress on issues affecting the IG community.

## INTEGRITY COMMITTEE

The Integrity Committee was established by Executive Order 12993 (March 21, 1996) to provide a mechanism through which the PCIE and ECIE can systematically address administrative misconduct issues involving senior OIG officials. The Executive Order specifies that the Committee is to be chaired by the official serving as the FBI's representative to the PCIE. The Special Counsel of the Office of Special Counsel and the Director of the Office of Government Ethics were also identified as ex officio Committee members. At least three inspectors general, nominated by the PCIE and ECIE Vice Chairs, complete the Committee's membership.

The Committee is charged with receiving, reviewing, and referring for appropriate inquiry and investigation, allegations of noncriminal misconduct on the part of IGs of PCIE and ECIE agencies and, in limited cases, senior members of an IG's staff. If the Committee determines that an allegation falling

within its jurisdiction is credible, it may call upon the investigative resources of the FBI and OIGs not affected by the matter at issue. The Committee recommends disposition of allegations to the PCIE and ECIE leadership, based on results of its investigations.

During FY 2004, the Integrity Committee opened 34 new allegations and closed a total of 38 cases, some of which had been received during prior years. Of the closed cases, 26 were deemed to be outside the Committee's purview and were referred elsewhere for consideration, while nine others were determined to be unsubstantiated. Three cases resulted in findings that substantiated the allegations of misconduct against OIG personnel. The cases remaining at the end of the reporting period were in various stages of the Integrity Committee's process.

## COMPETITIVE SOURCING ROUNDTABLE

The Competitive Sourcing Roundtable was established in 2003 as a focal point for the PCIE and ECIE community's roles and responsibilities concerning the competitive sourcing initiative of the President's Management Agenda. Earl E. Devaney, Inspector General, Department of the Interior, chaired the Roundtable during FY 2004.

The Roundtable has promoted consistency across the IG community in interpreting and implementing the competitive sourcing initiative. Among the issues it addresses are:

- Compliance with legislative and OMB requirements
- Categorizing activities performed by OIG personnel as inherently governmental or commercial in nature
- Identifying potential IG oversight roles with respect to agencies' implementation of the initiative.

The Roundtable held several meetings in FY 2004 during which these issues were highlighted, including a presentation to the full PCIE on competitive sourcing.

## INFORMATION TECHNOLOGY ROUNDTABLE

The Information Technology (IT) Roundtable provides a forum in which PCIE and ECIE members can share knowledge, methods, and techniques to improve the effectiveness of their audit, investigative, and inspection/evaluation activities, and develop a common perspective on the IGs' role in governmentwide IT operations. During FY 2004, John P. Higgins, Jr., Inspector General, Department of Education, assumed sponsorship of the Roundtable, taking over from the National Aeronautics and Space Administration IG.

Reflecting the interests of its membership throughout the IG community, the Roundtable generally concentrates its efforts on two principal issue areas—IT audits and computer crime investigations. The Roundtable's FY 2004 presentations addressed the following topics:

- **Electronic Government (E-gov) and Federal Lines of Business Initiatives.** Audit oversight of these governmentwide programs represents an archetypical situation for a uniform or shared approach by the IG community. The Roundtable presentation provided information on the impact these initiatives will have on agency systems that are the focus of recurring IG audits, such as grants administration, financial management, and human resources. In addition, it explained the timelines for implementing the related changes, in terms of both budget cycles and IT systems transitions.
- **Federal Information Security Management Act.** Information security has become a critical focus throughout government. FISMA emphasizes security planning as part of the normal life cycle planning of IT systems, and requires annual program security reviews, to be conducted or overseen by each agency's OIG. The Roundtable focused several different presentations on ways that OIGs can meet their FISMA responsibilities. These included:

- A technical presentation addressing methods of evaluating IT security controls, including discussions on the use of a range of hardware and software tools.
  - A presentation on working group coordination, addressing the cooperative efforts between the Roundtable and the Information Technology Security Committee of the FAEC to assure that the IG community's approaches to FISMA were mutually supportive, but without duplication or overlap.
  - A review of governmentwide FISMA reporting for FY 2004, identifying communitywide reservations about its orientation, and communicating these concerns to OMB officials responsible for the reporting systems.
- **Forensics Support.** The demand for IT forensics support for investigations continues to be high, and OIGs cannot always meet these needs with their own staff. The Roundtable organized a presentation about supplementing in-house computer forensics capabilities from commercial sources, outlining the types of support available in the market and possible sources of funding.
  - **Identity Theft.** The law enforcement community nationwide is becoming attuned to increasing threats posed by this crime. The Roundtable organized a presentation that addressed ways of investigating and countering identity theft, including detailed information about means and methods of committing and detecting it, and describing the impact it has had in both Federal programs and in the private sector.
  - **Data Mining.** This presentation explored the emerging methodology of data mining as a means of supporting ongoing investigations and generating information on which proactive investigations can be initiated.
- **Coordination with Department of Homeland Security (DHS).** This presentation highlighted the IG community's role in the DHS' national cybersecurity efforts. DHS operates a reporting system that is designed to notify OIG cyber investigators of information regarding threats or hostile activities from sources external to their agency. There are similar mutual reporting agreements between the OIGs and the FBI as well.

## GOVERNMENT PERFORMANCE AND RESULTS ACT ROUNDTABLE

The Government Performance and Results Act (GPRA) Roundtable educates the IG community on issues of management performance and accountability. It is led by Nikki Tinsley, Inspector General, Environmental Protection Agency.

During FY 2004, the Roundtable delivered 10 significant program events that brought national experts in a variety of fields together with representatives of virtually all OIG's and the GAO. The events addressed such topics as designing and implementing customer surveys, current human capital issues facing Federal organizations, evaluating the progress and challenges of GPRA 10 years after its passage, implications of proposed GPRA amendments, and implementing cost accounting within the OIGs.

The Roundtable partnered with other government-based professional organizations, including the Intergovernmental Audit Forum, to present a series of regional forums, and the Government Results Center, to present case studies on the implementation of the President's Management Agenda in selected agencies.

## MISCONDUCT IN RESEARCH WORKING GROUP

The Misconduct in Research (MIR) Working Group develops standards for the oversight or conduct of investigations of misconduct in research and educates the IG community regarding MIR issues. The Working Group is sponsored by Dr. Christine C. Boesz, Inspector General, National Science Foundation (NSF).

During FY 2004, the MIR Working Group continued the close coordination of its activities with Federal agencies sponsoring or supporting scientific research and the White House's Office of Science and Technology Policy (OSTP). Representatives of the Working Group and OSTP met with the I&E Roundtable about the respective roles of agency officials and OIGs in conducting investigations of misconduct in research. Almost half of the agencies which sponsor and support research have adopted policies that include an active role for their OIGs in such investigations. Agencies that choose not to rely on OIG investigative capabilities require OIG oversight to assure that agency-conducted investigations follow accepted, professional investigative practices.

Other matters addressed by the Working Group were case studies of MIR investigations conducted by OIGs, discussions of whether or how MIR allegations may lead to fraud charges, and plans to develop a comprehensive review of agency MIR investigative efforts. In addition, the NSF OIG sponsored the following activities in areas related to the Working Group's mission:

- An International Symposium on Accountability in Science Funding, which enables Federal OIGs to communicate with their foreign counterparts on common issues associated with governmental funding of science and research.
- A training program in investigating grant fraud, which shares information about effective management of investigations of grant funding.



# RESULTS RELATED TO THE PCIE AND ECIE STRATEGIC FRAMEWORK

In 2001, the members of PCIE and ECIE adopted A *Strategic Framework* to guide their collective efforts as a community to address common challenges on a governmentwide basis and to carry out their statutory roles within their own agencies. We are providing a brief summary of FY 2004 achievements for each goal, as well as a reference to the reports of committee activities, which are the principal means by which the Councils' vision and strategic activities are carried out. This year represented the final year of the three-year period covered by the original *Framework*. Building upon the success of their strategic concepts to date, in December 2004, the two Councils adopted an updated version and extended the *Framework* to cover the period 2005 – 2010.

- Information Technology Management and Security
- Financial Management and Performance
- Human Capital Management
- Procurement and Grant Management
- Performance Management and Accountability
- Protection of Environment, Resources, and Infrastructure
- National Security.

Additional information regarding the most significant and critical challenges identified by the OIGs appears on pages 5 – 9 of this report.

## Goal I.

### IMPROVE FEDERAL PROGRAMS AND OPERATIONS.

**Objective: Provide information on cross-cutting management challenges in need of attention from the Congress, the Administration, and others.**

- PCIE and ECIE have continued to compile an annual summary of reports prepared by OIGs that identify the principal management challenges facing their respective agencies. Collectively, this information provides a governmentwide picture of the issues deemed most worthy of being addressed by both the Executive Branch agencies and Congress. The challenges most frequently identified by OIGs include:

- An interagency IG team that conducted a review of “Federal Agencies’ Implementation Activities for Critical, Cyber-based Infrastructure Assets” found that most agencies have made only slow progress in securing their information technology infrastructure. Among the specific areas which most agencies have not fully addressed are mitigation of known risks, emergency management planning, interagency coordination on security matters, and establishing information technology security organizations and staffing them with qualified personnel.
- An interagency working group of OIGs in agencies with responsibility for regulating financial institutions organized a symposium on banking issues, including the Bank Secrecy Act, consumer protection, compliance with Treasury foreign sanctions programs, and responsibilities of corporate governance. Under the primary

leadership of the Federal Deposit Insurance Corporation OIG, the symposium brought Federal regulatory agencies and congressional staff together with OIG personnel to exchange information regarding emerging issues in the financial services industry.

- The Environmental Consortium, led by Nikki Tinsley, Inspector General, Environmental Protection Agency, revised and updated the Compendium of Federal Environmental Programs. The Compendium is an interactive database designed to assist Federal, state, and local policy officials and planners to realize economies of scale and achieve greater impact by sharing resources. Its revised form permits greater ease of use across the 29 Federal agencies which conduct environmental programs. Further, it can serve as a foundation for programs in other subject-matter areas, such as health care, scientific research, or benefits, for which responsibility is spread broadly among many agencies.

***Objective: Work together to effectively address common vulnerable management challenges.***

- During FY 2004, the PCIE and ECIE standing committees and working groups continued to bring the IG community together to work on issues of widespread concern. Among the many examples noted in the “Activities of Committees, Working Groups and Roundtables” section of this report, are the following:
  - The Audit Committee initiated a national project, involving Federal OIGs, state government agencies, and private-sector accounting firms, to study the quality of single audits.
  - The FAEC participated in a joint project with the CFO Council to improve internal controls over financial reporting, and with GAO to improve audit guidance for detecting fraud.

- The Investigations Committee began development of an initiative to improve liaison and cooperation on law enforcement training between the IG community and the FBI.
- The Inspection and Evaluation Committee continued sponsorship of projects addressing governmentwide concerns regarding abuse of official travel and purchase cards.
- The Information Technology Roundtable sponsored informational programs that addressed the needs of auditors and investigators regarding information security and computer crime governmentwide.
- The Misconduct in Research Working Group brought together IG officials, representatives of the Office of Science and Technology Policy, and Federal agencies sponsoring research to discuss their respective roles in investigations of research-related misconduct.
- An E-government Working Group was founded to study investigative issues related to electronic processes and records systems used by agencies. The group is generating a guide for agencies and OIGs on the investigative implications in the design and implementation of electronic information systems.

***Objective: Provide information annually on the OIGs’ efforts to address operational and program improvements.***

- A *Progress Report to the President*, FY 2003 was published during FY 2004, containing detailed information about the accomplishments of OIGs in protecting and improving Federal programs and activities. In addition, it provided extensive narrative and tabular material regarding the governmentwide activities of the PCIE and ECIE.

## Goal II.

### COMMUNICATE RELIABLE AND TIMELY INFORMATION TO MAINTAIN PUBLIC CONFIDENCE IN THE IG COMMUNITY.

**Objective: Create a PCIE and ECIE public information function to give voice to the Councils and the IG community.**

- The periodical magazine, *Journal of Public Inquiry*, has been published semiannually by the PCIE and ECIE community since 1995. Its articles, authored principally by members of the IG community, address topical professional issues, the history and development of the community and its concepts, and innovative proposals to improve IG operations in the future. Daniel Levinson, who was then the Inspector General, General Services Administration, and is currently the Inspector General, Department of Health and Human Services, served as the *Journal's* editor-in-chief during FY 2004, assisted by an editorial board of senior officials from other OIGs.
- The PCIE and ECIE website, [www.ignet.gov](http://www.ignet.gov), provides a comprehensive online source of current, background, and historical information regarding the two Councils and the Federal OIGs. Updated continuously, IGNet contains reports, testimonies, technical manuals, guidelines and standards, committee publications, information regarding IGs past and present, and an extensive range of other documents that reflect the structure and activities of the PCIE and ECIE community.

**Objective: Create a voice for informing and educating the Congress, Administration, and the public about the PCIE and ECIE and OIG roles and responsibilities, initiatives, projects, accomplishments, and results.**

- The Legislation Committee is the central policy coordinating point for all legislative issues affecting

the PCIE and ECIE community. Information regarding its activities during FY 2004, including a continuing initiative to enact changes to the IG Act, appears on page 18 of this report.

- Under the auspices of the Legislation Committee, the PCIE and ECIE community wrote, produced, and distributed a public service announcement that featured former Senator John Glenn speaking about the role of IGs in the Federal government. The announcement, which is featured on [www.ignet.gov](http://www.ignet.gov), has also been distributed to the PCIE and ECIE membership and is appropriate for general information purposes or as a recruiting tool.
- Members of the two Councils are normally responsible for testifying before Congress on matters relating to their own agencies. The Vice Chairs will testify in their PCIE and ECIE capacity on issues where they are representing the community's position. Collectively during FY 2004, PCIE and ECIE members delivered 68 testimonies before congressional committees or subcommittees.
- The PCIE received a request from the House of Representatives for information on OIG oversight activities of homeland security grants. The response, based on a survey of the community members, described the grant oversight functions and discussed them in the context of the budget authority requested for homeland security work by five PCIE members with significant responsibilities in this area.
- The standing committees and working groups serve as representatives of the PCIE and ECIE with outside groups in their respective areas of responsibility. Thus, as noted in the committee activities section of this report, there is an on-going flow of information from the committees to Executive Branch groups and agencies, Congress, professional groups in both government and the private sector, and the public regarding their initiatives, projects, and interests.

**Objective: Establish a centralized clearinghouse for legislation, key documents, and commentaries of concern to the IG community.**

- In addition to its public function, IGNet also serves as the principal clearinghouse and repository of information to be shared throughout the IG community as a basis for decisionmaking on matters of common concern. All PCIE and ECIE members have timely access to legislative material or policy information posted on IGNet.
- The Legislation Committee operates a Legislative Alert system that furnishes up-to-date information to the IG community on significant policy and legislative developments.

## Goal III.

### **ADVOCATE AND IMPLEMENT HUMAN RESOURCE DEVELOPMENT PROGRAMS THAT WILL AID IN THE RECRUITMENT AND RETENTION OF A CORPS OF WELL-TRAINED AND HIGHLY SKILLED OIG STAFF MEMBERS.**

**Objective: The PCIE and ECIE will establish and improve professional staff development programs.**

- The Human Resources Committee has primary responsibility for developing and administering policies supporting the full range of communitywide human resources management responsibilities. As noted in the committee activities section of this report, during FY 2004, the Committee completed a core competency study which identified the skills and abilities needed to work successfully as auditors, investigators, and evaluators and inspectors. This knowledge will support the improvement of all career development programs sponsored by the PCIE and ECIE.

- The committees are involved in human resource development through their sponsorship of training facilities designed to produce highly competent employees in their respective professions. The Audit Committee sponsors the IG Auditor Training Institute in Arlington, Virginia, and the Investigations Committee oversees the IG Criminal Investigator Academy in Glynco, Georgia and Arlington, Virginia. During FY 2004, both of these facilities introduced new courses and curricula, and attendance at their courses increased significantly over 2003 levels.
- Many of the other standing committees and roundtables sponsor or conduct job-relevant informational programs for IG personnel. In particular, the committee activities section highlights the educational activities of the Competitive Sourcing Roundtable and the Information Technology Roundtable, as well as the Inspection and Evaluation Committee.

**Objective: Develop a model for management development and succession planning programs.**

- The Human Resources Committee is responding to the potential consequences of the high rates of executive retirements forecast over the next 5 – 10 years by preparing a new generation of managers through its Leadership Academy. The Academy's program approaches management development through a focus on critical skills such as building high performance organizations, expanding creativity, increasing awareness of the effects of globalization, and coaching for results.
- The IG Management Institute in Arlington, Virginia, began operations in FY 2004. It trains potential supervisors and managers through instruction in skills that are immediately and specifically applicable to job-related situations involving issues faced daily by managers in the IG community.

# Goal IV.

## FOSTER AND ADVANCE THE PROFESSIONAL IMAGE AND EFFECTIVENESS OF THE IG COMMUNITY.

**Objective: Enhance the management system for the Councils to allow the IG community to perform in an effective and timely manner.**

- As noted in the introduction to this chapter, the PCIE and ECIE developed a revised *Strategic Framework* during FY 2004, and formally adopted it in December 2004. The new *Framework* improves many of the management systems used by the two Councils and assigns a stronger role to the Executive Council in integrating the activities of the OIGs into a cohesive voice for improving government programs and operations. Further, the Councils will explore providing operational systems, including cross-servicing arrangements, to their members, as a means of achieving improved efficiency and greater results for resources expended.
- The Human Resources Committee planned and conducted the 2004 Annual PCIE and ECIE Awards Ceremony, which was held on October 27, 2004. This event honors employees who have rendered exceptional service to the community. Pages 39 - 41 of this report contain information regarding the principal awards conferred at the ceremony.
- The Integrity Committee provides a structured and objective forum through which the community can receive, review, and, if warranted, act upon allegations of administrative misconduct against IGs and certain senior members of their staffs. The ability to address potential wrongdoing objectively and professionally is critical to maintaining appropriate standards of conduct and accountability. Information regarding the Integrity Committee's activities in FY 2004 appears on pages 18 and 19 of this report.

**Objective: Develop and keep current PCIE and ECIE orientation programs for new and current IGs on issues facing the IG community.**

- In prior years, the IG Criminal Investigator Academy held a one-day orientation seminar for new Inspectors General to provide them a working knowledge of the significant issues and challenges they may face in their new positions. These seminars have been led by executives from OIGs, the Office of Government Ethics, and the Office of Special Counsel who are conversant with the expectations and requirements facing new IGs. The seminar was not held during FY 2004 because of the relatively small number of new IGs appointed during the year. However, the two Councils plan to hold this event again during 2005.
- The PCIE and ECIE Annual Conference took place in Annapolis, Maryland on March 22 – 24, 2004. Its theme was “Returning America’s Investment in the IGs.” Presentations at the conference focused on the varying contexts in which groups and persons affected by IG activities—such as Congress, GAO, and the public—may perceive the PCIE and ECIE community’s efficiency and effectiveness, and on means of achieving greater efficiency and impact from OIG operations. In addition, a series of discussions and panels allowed the IGs to exchange information and offer their viewpoints on initiatives of the two Councils. The 2004 conference was hosted jointly by the Inspectors General of the Department of Housing and Urban Development and the National Endowment for the Humanities.

**Objective: Establish and maintain professional standards for OIG operations where needed.**

■ The PCIE committees were actively involved in developing professional standards and guidelines during FY 2004. Among the examples noted in the committee activities section of this report are:

- The Audit Committee established a working group of representatives of PCIE and ECIE audit offices that revised the existing guidance on conducting peer reviews of the OIG audit components. The revisions should strengthen the guide and should foster more meaningful and supportive peer review results.
- The Investigations Committee continued to address the heightened need for improved internal review capabilities within the OIG investigations community that has been generated by the OIGs' receipt of full law enforcement authority during 2003.
- The FAEC began planning for development of guidance on performing information security reviews required by the FISMA.
- The Inspection and Evaluation Committee completed a comprehensive revision of its reference guide, *Quality Standards for Inspections*, which had originally been issued in 1993.

# OIG STATISTICAL ACCOMPLISHMENTS

The information on the following pages has been compiled from data reported by the members of the IG community. Taken together, these statistics offer an objective measure of the collective governmentwide impact of the PCIE and ECIE membership. We have placed these productivity indicators in an overall context by providing a multi-year running total for each reporting category.

Beginning with this year's report, we are discontinuing our prior practice of listing performance data on an agency-by-agency basis. Instead, we are reporting a single, combined PCIE and ECIE community number for each reporting category. Full information regarding the statistical performance of individual IG offices is published in their semiannual reports. The online versions of these reports are available on the respective OIG websites, links to which are provided in the appendix beginning on page 43.

We have provided an explanation of each of the reporting categories, as applied in the context of this report. Especially for audit-related categories, the data published in this section generally corresponds to equivalent categories presented in the IG semiannual reports. However, because of data limitations, subsequent adjustments, the reporting practices that various OIGs have established, and the way that this governmentwide report accounts for results generated by joint, cooperative or interagency projects, some variation exists between the summary data presented herein and the collective totals of the IG semiannual reports.

## **AUDIT-RELATED ACCOMPLISHMENTS**

Section 5 of the IG Act establishes a uniform set of statistical categories under which OIGs must report the results of their audit activities in their semiannual reports. The audit-related categories displayed in this report correspond directly to the IG Act definitions. The total accomplishments as shown on the following pages include the results of audits performed by the Defense Contract Audit Agency (DCAA) under agreements with OIGs and agencies. Due to reporting processes, the results of audits performed by DCAA, and the corresponding management decisions, may be reported by more than one OIG.

## RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

The IG Act defines a recommendation that funds be put to better use as follows:

*a recommendation by the Office [of Inspector General] that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation, including (1) reductions in outlays; (2) de-obligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; (5) avoidance of unnecessary expenditures noted in pre-award reviews of contractor or grant agreements; or (6) any other savings which are specifically identified.*

The totals reported in this category represent the calculations of the potential monetary impact of such recommendations, as determined by the OIGs which reported them. The recommendations for each year reflect the amounts appearing in audit reports issued by OIGs and DCAA during that year.

In FY 2004, the OIGs recommended that \$14.9 billion be put to better use. Cumulatively over the past five fiscal years (FYs 2000 through 2004), OIG recommendations for better use of funds have totaled approximately \$161.4 billion.

<b>Reporting Year</b>	<b>Amount of Recommendations for Better Use of Funds</b>
FY 2000	\$15,615,571,720
FY 2001	89,226,582,927
FY 2002	15,153,564,400
FY 2003	26,458,286,927
FY 2004	14,938,468,879
<b>5-YEAR TOTAL</b>	<b>\$161,392,474,853</b>

## MANAGEMENT DECISIONS ON RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

This category reflects the amounts agreed to by agencies as the result of the actions they took to resolve IG and DCAA recommendations. The totals shown for each year include agency decisions made during that year, regardless of when the reports containing such recommendations were actually issued. Because of the timeframes associated with audit resolution processes, a substantial portion of each year's management decisions may relate to recommendations made in OIG reports issued during prior reporting periods.

Recommendations that funds be put to better use can be resolved without an actual monetary recovery or reduction in outlays. In many cases, management may take other corrective action to remedy or remove the condition that led to the IG's recommendation, and may assign a fiscal impact different from the OIG's valuation of the corresponding recommendation. Therefore, the monetary totals shown for this reporting category will not necessarily represent actual monetary savings to the Treasury in a corresponding amount.

Management decisions in FY 2004 agreeing to recommendations that funds be put to better use were \$12.5 billion. This was about 10 percent greater than the FY 2003 total of approximately \$11.3 billion. During the past five fiscal years, management decisions have agreed to a cumulative total of \$120.4 billion in OIG and DCAA recommendations for better use of funds.

<b>Year Management Decision Issued</b>	<b>Amount of Recommendations Agreed To</b>
FY 2000	\$9,524,264,728
FY 2001	22,178,783,933
FY 2002	64,899,592,469
FY 2003	11,334,893,561
FY 2004	12,503,502,362
<b>5-YEAR TOTAL</b>	<b>\$120,441,037,053</b>

## QUESTIONED COSTS

The IG Act defines a questioned cost as:

***a cost that is questioned by the Office [of Inspector General] because of (1) an alleged violation or provision of law, regulation, contract, grant, or cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.***

The totals of questioned costs reported in this document represent the amount of findings stated in audit reports issued by the OIGs and DCAA during the year. Because of data adjustments made in the current and prior periods, the IG community-wide statistics cited in this section may differ slightly from the collective totals for the “Questioned Costs” reporting category in the IG semiannual reports issued during the corresponding years.

During FY 2004, the OIGs questioned costs of \$4.4 billion. This reflected an increase of approximately 42 percent over the FY 2003 total of \$3.1 billion. Cumulatively over the past five fiscal years (FYs 2000 through 2004), costs questioned by OIG reports have totaled approximately \$19.9 billion.

<b>Reporting Year</b>	<b>Amount of Questioned Costs</b>
FY 2000	\$5,207,002,648
FY 2001	4,125,882,715
FY 2002	3,007,702,351
FY 2003	3,112,677,749
FY 2004	4,429,644,538
5-YEAR TOTAL	\$19,882,910,001

## MANAGEMENT DECISIONS ON QUESTIONED COSTS

This category reflects the amounts of questioned costs agreed to by management during the year. The findings themselves may relate to OIG or DCAA recommendations that appeared in reports issued during an earlier fiscal year. Similarly, actual implementation of the recommendation and recovery of funds, if any, may occur or have occurred in a different fiscal year than either issuance of the OIG report or the management decision agreeing to the questioned cost.

Management can resolve questioned costs without actually making a monetary recovery or reducing outlays. For example, management may “agree” to resolve a questioned cost by a corrective action, such as obtaining or supplying appropriate documentation for an unsupported cost or taking other action to remove a condition underlying the IG’s finding, which does not generate a direct fiscal result. Thus, the totals reflected in these two reporting categories will not necessarily represent actual monetary savings to the Treasury in the precise amounts presented in this document.

Management decisions in FY 2004 agreed to \$2.06 billion in questioned costs, an increase of four percent over the FY 2003 total of \$1.98 billion. During the past five fiscal years, management decisions have agreed to a cumulative total of \$10.8 billion in questioned costs.

<b>Year Management Decision Issued</b>	<b>Amount of Questioned Costs Agreed To</b>
FY 2000	\$2,188,429,374
FY 2001	2,341,932,048
FY 2002	2,419,882,927
FY 2003	1,989,689,586
FY 2004	2,063,504,412
<b>5-YEAR TOTAL</b>	<b>\$11,003,438,347</b>

## INVESTIGATIONS-RELATED ACCOMPLISHMENTS

In contrast to its extensive identification of specific reporting categories for the findings of audit reports, the IG Act did not create a uniform system for recording the results of investigative activities. However, OIGs have developed a widely-used set of performance indicators for their semiannual reports that include most of the data presented in the following pages. The categories used in this report reflect the broad range of accomplishments generated by the OIG investigative components.

Investigations work often involves the collaborative efforts of several law enforcement agencies on the same case. OIG investigations offices typically will conduct cases jointly with each other, the “traditional” Federal law enforcement agencies such as the FBI, U.S. Secret Service, and the U.S. Postal Inspection Service, and state or local law enforcement entities. Consistent with the practices used in this report since FY 2001, these investigative statistics have been formulated through a methodology that eliminates duplicate reporting of cases by multiple OIGs. Therefore, these consolidated statistics differ from the collective totals for the equivalent categories in the IG semiannual reports, where each IG participating in a case will normally report the results in full.

For each category in which numerical results are reported, we have provided a subtotal for “joint investigations,” identifying the results of cases in which multiple OIGs were involved.

## SUCCESSFUL CRIMINAL PROSECUTIONS

A prosecution is considered successful when, as the result of OIG activities, its subject is convicted in Federal, state, local, or foreign government venues, under the Uniform Code of Military Justice, or is accepted for a pretrial diversion agreement by the Department of Justice.

During FY 2004, the OIGs produced 6,478 successful prosecutions, of which 552 were attributable to joint investigations. Cumulatively over the past four fiscal years (FYs 2001 through 2004), the OIGs were responsible for 31,385 successful prosecutions, of which 1,448 related to joint investigations.

	<b>From IG Investigations</b>	<b>From Joint Investigations</b>	<b>Total</b>
FY 2001	7,501	108	7,609
FY 2002	10,459	231	10,690
FY 2003	6,051	557	6,608
FY 2004	5,926	552	6,478
<b>4-YEAR TOTAL</b>	<b>29,937</b>	<b>1,448</b>	<b>31,385</b>

## INDICTMENTS AND CRIMINAL INFORMATIONS

The totals reported in this category comprise criminal indictments and informations filed in Federal, state, local, or foreign courts or under the Uniform Code of Military Justice, resulting from cases in which an OIG has had an active investigative role.

During FY 2004, the OIGs produced 6,231 indictments and criminal informations, of which 648 were attributable to joint investigations. Cumulatively over the past four fiscal years, the OIGs were responsible for 23,806 indictments and criminal informations, of which 2,084 were produced through joint investigations.

	From IG Investigations	From Joint Investigations	Total
FY 2001	4,867	113	4,980
FY 2002	5,262	507	5,769
FY 2003	6,010	816	6,826
FY 2004	5,583	648	6,231
4-YEAR TOTAL	21,722	2,084	23,806

## SUCCESSFUL CIVIL ACTIONS

Civil actions reflect the successful resolution of matters arising from OIG investigations, audits, and inspections and evaluations through legal or legal-related action other than criminal prosecution. They include:

- Civil judgments or forfeitures in favor of the United States in Federal, state, local, or foreign government legal systems.
- Settlements negotiated by a governmental authority prior to or following the filing of a formal civil complaint.
- Settlements or agreements in cases governed by the Program Fraud Civil Remedies Act, or other agency-specific civil litigation authority.

During FY 2004, the OIGs generated 594 successful civil actions, of which 45 were attributable to joint cases. Cumulatively over the past four fiscal years, the OIGs were responsible for 2,725 successful civil actions, of which 110 were produced through joint investigations.

	From IG Investigations	From Joint Investigations	Total
FY 2001	901	4	905
FY 2002	567	6	573
FY 2003	598	55	653
FY 2004	549	45	594
4-YEAR TOTAL	2,615	110	2,725

## SUSPENSIONS AND DEBARMENTS

This reporting category includes actions by Federal agencies to suspend, debar, or exclude parties from contracts, grants, loans, and other forms of financial or non-financial transactions with the government, based on findings produced by the OIGs.

During FY 2004, agencies issued 5,045 suspensions and debarments as the result of OIG investigations, of which 154 were attributable to joint cases. Cumulatively over the past four fiscal years, the OIGs were responsible for 29,164 suspensions and debarments, of which 295 related to joint investigations.

	<b>From IG Investigations</b>	<b>From Joint Investigations</b>	<b>Total</b>
FY 2001	8,800	28	8,828
FY 2002	7,668	16	7,684
FY 2003	7,510	97	7,607
FY 2004	4,891	154	5,045
<b>4-YEAR TOTAL</b>	<b>28,869</b>	<b>295</b>	<b>29,164</b>

## PERSONNEL ACTIONS

Personnel actions include reprimands, suspensions, demotions, or terminations of the employees of Federal, state, or local governments, or of Federal contractors and grantees, as the result of OIG activities.

During FY 2004, agencies took 1,989 personnel actions on the basis of OIG cases. Joint cases accounted for 35 of these actions. Cumulatively over the past four fiscal years, OIG cases generated 6,825 personnel actions, of which 48 related to joint investigations.

	<b>From IG Investigations</b>	<b>From Joint Investigations</b>	<b>Total</b>
FY 2001	1,213	0	1,213
FY 2002	1,622	2	1,624
FY 2003	1,988	11	1,999
FY 2004	1,954	35	1,989
<b>4-YEAR TOTAL</b>	<b>6,777</b>	<b>48</b>	<b>6,825</b>

## INVESTIGATIVE RECEIVABLES AND RECOVERIES

Investigative receivables and recoveries reflect the total dollar value of the following amounts:

1. ***Criminal cases: The amount of restitution, criminal fines, and special assessments resulting from successful criminal prosecutions in cases where an OIG had an active investigative role.***
2. ***Civil cases: The amount of damages, penalties, settlements, and forfeitures resulting from successful civil actions during the reporting period that were based on OIG activities.***
3. ***Voluntary repayments: The amounts paid voluntarily or as the result of an agency's administrative processes, by the subject of an investigation in which an OIG has an active role, or the value of government property recovered by an OIG during such an investigation before prosecutorial action is taken.***

Investigative receivables and recoveries occurring in FY 2004 generated by OIG cases amounted to approximately \$3.5 billion. Joint cases accounted for \$895 million of this total. Cumulatively over the past four fiscal years, OIG investigations accounted for more than \$16.3 billion, with approximately \$2.3 billion attributable to joint efforts.

	<b>IG Investigations</b>	<b>Joint Investigations</b>	<b>Total</b>
FY 2001	\$3,595,421,267	\$152,729,630	\$3,748,150,897
FY 2002	4,608,962,268	16,177,145	4,625,139,413
FY 2003	3,264,413,948	1,203,628,314	4,468,042,262
FY 2004	2,587,322,748	895,715,469	3,483,038,217
<b>4-YEAR TOTAL</b>	<b>\$14,056,120,231</b>	<b>\$2,268,250,558</b>	<b>\$16,324,370,789</b>

## JOINT INVESTIGATIONS

This reporting category reflects the percentage of investigations in which an OIG worked a case jointly with another Federal law enforcement entity (not including another OIG).

In FY 2004, 25 of the 29 PCIE OIGs reported conducting joint investigations. Of these, seven agencies indicated that 10 percent or less of their cases were worked jointly; 14 stated that joint cases comprised between 10 to 50 percent of their investigations; and four OIGs conducted more than 50 percent of their cases jointly. The highest portion of joint cases reported by an OIG was 74 percent.

Among the ECIE OIGs, seven of 28 offices reported conducting joint cases; six of these indicated that joint cases did not exceed 25 percent of their investigations.

The FY 2004 totals appear to indicate a substantially higher level of joint case activity than in FY 2003. In the latter year, out of 24 PCIE offices of inspector general reporting joint cases, ten indicated that joint work was less than 10 percent of their caseload, and 13 stated that joint cases comprised from 10 to 50 percent of their total. Only one OIG reported that more than half of their cases were jointly worked. In the ECIE, six IGs reported joint cases for FY 2003, with the highest proportion of joint work at 36 percent.

# Outstanding Accomplishments

The PCIE and ECIE hold an annual awards program to recognize those whose performance and accomplishments reflect an exceptional commitment to fulfilling the IG mission. In 2004, awards sponsored by the Councils went to 98 groups and individuals who collectively represented 35 member agencies. The following awards, conferred by the Councils jointly on recipients drawn from the entire IG community, recognize the very highest levels of service and achievement.

## ALEXANDER HAMILTON AWARD

Recognizes achievements in improving the integrity, efficiency, or effectiveness of Executive Branch agency operations.

*Presented to*

### DEPARTMENT OF TRANSPORTATION Air Traffic Operations Audit Team

For significant contributions in improving the efficiency and cost effectiveness of operations of the Federal Aviation Administration's Air Traffic Control System.

## BETTER GOVERNMENT AWARD

Recognizes contributions to the ideals of the Inspector General Act and actions that improve the public's confidence in government.

*Presented to*

### GENERAL SERVICES ADMINISTRATION South Florida Fuel Fraud Investigative Team

In recognition of their contributions to the South Florida fuel fraud investigation that resulted in the apprehension of numerous individuals involved in theft and resale of fuel on the black market.

## **GLENN/ROTH EXEMPLARY SERVICE AWARD**

Recognizes achievements in furthering relations between a department or agency (or the community) and the Congress. Named in honor of former senators John Glenn and William Roth, who were instrumental in framing the Inspector General Act and the Chief Financial Officers Act.

*Presented to*

### **SOCIAL SECURITY ADMINISTRATION Social Security Protection Act Team**

In recognition of the efforts of the Offices of Audit, Investigations, and Chief Counsel of the Social Security Administration's Office of the Inspector General, for their contributions to the passage of the Social Security Protection Act of 2004.

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## **JUNE GIBBS BROWN CAREER ACHIEVEMENT AWARD**

Recognizes outstanding career-long accomplishment and leadership. Named in honor of June Gibbs Brown, former PCIE Vice Chair who retired as Inspector General of the Department of Health and Human Services.

*Presented to*

### **DEPARTMENT OF JUSTICE Thomas J. Bondurant Assistant Inspector General for Investigations**

In recognition of Mr. Bondurant's 38 years of exceptional service to the Federal law enforcement community, especially his leadership throughout the past 14 years of the Department of Justice OIG's Investigations Division.

### **DEPARTMENT OF VETERANS AFFAIRS Michael G. Sullivan Deputy Inspector General**

In recognition of outstanding leadership and executive excellence, which have enhanced services to the nation's veterans.

### **DEPARTMENT OF HEALTH AND HUMAN SERVICES Michael D. Cesario (retired)**

For more than 24 years of outstanding contributions to the American people, the PCIE, and the Office of Inspector General for HHS.

## INDIVIDUAL ACCOMPLISHMENT AWARD

Honoring an individual's outstanding contributions to the IG community.

*Presented to*

**TENNESSEE VALLEY AUTHORITY**  
**G. Donald Hickman**  
*Assistant Inspector General for Investigations*

For outstanding individual effort and persistence in the development and implementation of a Federal OIG investigation peer review process, resulting in enhanced quality and credibility of all OIG investigation units.

## JOINT PCIE/ECIE AWARD FOR EXCELLENCE

Recognizing exceptional professional work furthering the goals of the PCIE.

*Presented to*

**QUALITY STANDARDS FOR FEDERAL OIGS**  
**Silver Book Update Team**

In recognition of outstanding contributions to the IG community in updating the Quality Standards for Federal Offices of Inspector General.

**DEPARTMENT OF THE INTERIOR**  
**Curtis Crider**  
*Director of Financial Audits*  
*(Nominated by the National Science Foundation)*

In recognition of Mr. Crider's outstanding efforts, personal diligence, and professional commitment in representing the PCIE in developing the GAO/PCIE Financial Audit Manual that sets financial statement audit requirements for all of the Federal Offices of Inspectors General.



# Appendix

## PCIE AND ECIE MEMBERSHIP

### 1. MEMBERS SITTING ON BOTH COUNCILS

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#### OFFICE OF MANAGEMENT AND BUDGET (OMB)

17th and Pennsylvania Avenue, NW  
 Room 350, Eisenhower Executive Office Building  
 Washington, DC 20503  
 (202) 456-7070

Clay Johnson, III  
 Chair, PCIE and ECIE  
 Deputy Director for Management

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#### DEPARTMENT OF ENERGY (DOE)

1000 Independence Avenue, SW  
 Washington, DC 20585  
 (202) 586-4393  
 Website: <http://www.ig.doe.gov>  
 Hotlines: (202) 586-4073 (800) 541-1625  
 Hotline E-mail: [ighotline@hq.doe.gov](mailto:ighotline@hq.doe.gov)

Gregory H. Friedman  
 Vice Chair, PCIE  
 Inspector General

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#### FEDERAL RESERVE BOARD (FRB)

20th and C Street, NW, Mail Stop 300  
 Washington, DC 20551  
 (202) 973-5003  
 Website: <http://www.federalreserve.gov/oig>  
 Hotlines: (202) 452-6400 (800) 827-3340

Barry R. Snyder  
 Vice Chair, ECIE  
 Inspector General

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#### OFFICE OF MANAGEMENT AND BUDGET (OMB)

17th Street and Pennsylvania Avenue, NW  
 Washington, DC 20503

Linda Combs  
 Controller

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**FEDERAL BUREAU OF INVESTIGATION (FBI)**

935 Pennsylvania Avenue, NW  
Washington, DC 20535  
(202) 324-4260

Chris Swecker  
*Assistant Director*  
*Criminal Investigative Division*

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**OFFICE OF GOVERNMENT ETHICS (OGE)**

1201 New York Avenue, NW, Suite 500  
Washington, DC 20005  
(202) 482-9292

Marilyn Glynn  
*Acting Director*

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**OFFICE OF PERSONNEL MANAGEMENT (OPM)**

1900 E Street, NW  
Washington, DC 20415  
(202) 606-1000

Dan Blair  
*Deputy Director*

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**OFFICE OF SPECIAL COUNSEL (OSC)**

1730 M Street, NW, Suite 300  
Washington, DC 20036  
(202) 254-3610

Scott Bloch  
*Special Counsel*

Hotlines: Disclosure hotline (800) 872-9855  
Whistleblower protection (800) 572-2249  
Hatch Act information (800) 85-HATCH

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## 2. MEMBERS OF THE PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY

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**AGENCY FOR INTERNATIONAL DEVELOPMENT (AID)**

The Ronald Reagan Building  
1300 Pennsylvania Avenue, NW  
Washington, DC 20523  
(202) 712-1170  
Website: <http://www.usaid.gov/oig>  
Hotlines: (202) 712-1023 (800) 230-6539

Bruce Crandlemire  
*Acting Inspector General*

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**CENTRAL INTELLIGENCE AGENCY (CIA)**

Room 2X30, New Headquarters Building  
Washington, DC 20505

John L. Helgerson  
*Inspector General*

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**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)**

1201 New York Avenue, NW, Suite 830  
Washington, DC 20525  
(202) 606-5000, x390  
Website: <http://www.cnsig.gov>  
Hotline: (800) 452-8210

Carol Bates  
*Acting Inspector General*

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**DEPARTMENT OF AGRICULTURE (USDA)**

1400 Independence Avenue, SW  
Room 117-W, Jamie L. Whitten Building  
Washington, DC 20250  
(202) 720-8001  
Website: <http://www.usda.gov/oig>  
Hotlines: (202) 690-1622 (800) 424-9121  
Hearing impaired: (202) 690-1202

Phyllis Fong  
*Inspector General*

**DEPARTMENT OF COMMERCE (DOC)**

14TH and Constitution Avenue, NW  
HCHB 7898-C  
Washington, DC 20230  
(202) 482-4661  
Website: <http://www.oig.doc.gov/oig>  
Hotlines: (202) 482-2495 (800) 424-5197  
Hearing impaired: (800) 854-8407

Johnnie E. Frazier  
*Inspector General*

**DEPARTMENT OF DEFENSE (DOD)**

400 Army Navy Drive  
Arlington, VA 22202  
(703) 604-8300  
Website: <http://www.dodig.mil>  
Hotlines: (703) 604-8569 (800) 424-9098  
Hotline website: [www.dodig.mil/HOTLINE/fwacompl.htm](http://www.dodig.mil/HOTLINE/fwacompl.htm)

Joseph E. Schmitz  
*Inspector General*

**DEPARTMENT OF EDUCATION (ED)**

400 Maryland Avenue, SW  
Washington, DC 20024  
(202) 245-6900  
Website: <http://www.ed.gov/about/offices/list/oig>  
Hotline: 800-MIS-USED  
Hotline E-mail: [oig hotline@ed.gov](mailto:oig hotline@ed.gov)

John P. Higgins, Jr.  
*Inspector General*

**DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)**

330 Independence Avenue, SW, Room 5250  
Washington, DC 20201  
(202) 619-3148  
Website: <http://oig.hhs.gov>  
Hotline: (800) 447-8477  
Hotline E-mail: [Hotline@oig.hhs.gov](mailto:Hotline@oig.hhs.gov)

Daniel Levinson  
*Inspector General*

**DEPARTMENT OF HOMELAND SECURITY (DHS)**

245 Murray Drive, Building 410  
Washington, DC 20528  
(202) 254-4100  
Website: [http://www.dhs.gov/dhspublic/interapp/editorial/editorial\\_0330.xml](http://www.dhs.gov/dhspublic/interapp/editorial/editorial_0330.xml)  
Hotline: (800) 323-8603

Rick Skinner  
*Inspector General*

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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)**

451 Seventh Street, SW

Washington, DC 20410

(202) 708-0430

Website: <http://www.hud.gov/offices/oig>

Hotline: (800) 347-3735

Kenneth M. Donohue

*Inspector General*

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**DEPARTMENT OF THE INTERIOR (Interior)**

1849 C Street, NW

Washington, DC 20240

(202) 208-5745

Website: <http://www.oig.doi.gov>

Hotline: (800) 424-5081

Earl E. Devaney

*Inspector General*

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**DEPARTMENT OF JUSTICE (Justice)**

950 Pennsylvania Avenue, NW, Room 4706

Washington, DC 20530

(202) 514-3435

Website: <http://www.usdoj.gov/oig>

Hotline: (800) 869-4499

Hotline E-mail: [oig.hotline@usdoj.gov](mailto:oig.hotline@usdoj.gov)

Glenn A. Fine

*Inspector General*

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**DEPARTMENT OF LABOR (Labor)**

200 Constitution Avenue, NW, Room S5502

Washington, DC 20210

(202) 693-5100

Website: <http://www.oig.dol.gov>

Hotlines: (202) 693-6999 (800) 347-3756

Gordon S. Heddell

*Inspector General*

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**DEPARTMENT OF STATE AND THE BROADCASTING****BOARD OF GOVERNORS (State)**

2121 Virginia Avenue, NW, Suite 8100

Washington, DC 20522-0308

(202) 663-0361

Website: <http://www.oig.state.gov>

Hotlines: (202) 647-3320 (800) 409-9926

Hotline E-mail: [oighotline@state.gov](mailto:oighotline@state.gov)

Howard J. Krongard

*Inspector General*

**DEPARTMENT OF TRANSPORTATION (DOT)**

400 7TH Street, SW, Room 9210  
Washington, DC 20590  
(202) 366-1959  
Website: <http://www.oig.dot.gov>  
Hotlines: (202) 366-1461 (800) 424-9071

Kenneth M. Mead  
*Inspector General*

**DEPARTMENT OF THE TREASURY (Treasury)**

1500 Pennsylvania Avenue, NW  
Room 4436, Main Treasury Building  
Washington, DC 20220  
(202) 622-1090  
Website: <http://www.ustreas.gov/inspector-general>  
Hotline: (800) 359-3898

Harold Damelin  
*Inspector General*

**TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION (TIGTA)**

1125 15th Street, NW  
Washington, DC 20005  
(202) 622-6500  
Website: <http://www.treas.gov/tigta>  
Hotline: (800) 366-4484

J. Russell George  
*Inspector General*

**DEPARTMENT OF VETERANS AFFAIRS (VA)**

810 Vermont Avenue, NW  
Washington, DC 20420  
(202) 565-8620  
Website: <http://www.va.gov/oig>  
Hotline: (800) 488-8244  
Hotline E-mail: [VAOIGHOTLINE@VA.GOV](mailto:VAOIGHOTLINE@VA.GOV)

Jon A. Wooditch  
*Acting Inspector General*

**ENVIRONMENTAL PROTECTION AGENCY (EPA)**

1200 Pennsylvania Avenue, NW  
Mailcode 2410T  
Washington, DC 20460  
(202) 566-0847  
Website: <http://www.epa.gov/oig>  
Hotlines: (202) 566-2476 (888) 546-8740  
Hotline E-mail: [OIG\\_hotline@epa.gov](mailto:OIG_hotline@epa.gov)

Nikki L. Tinsley  
*Inspector General*

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**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)**

801 17TH Street, NW  
Washington, DC 20434  
(202) 416-2026  
Website: <http://www.fdicig.gov>  
Hotline: (800) 964-3342  
Hotline E-mail: [ighotline@fdic.gov](mailto:ighotline@fdic.gov)

Patricia M. Black  
*Acting Inspector General*

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**GENERAL SERVICES ADMINISTRATION (GSA)**

18th and F Streets, NW  
Washington, DC 20405  
(202) 501-0450  
Website: <http://oig.gsa.gov>  
Hotlines: (202) 501-1780 (800) 424-5210

Brian D. Miller  
*Inspector General*

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**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)**

300 E Street, NW, Room 8U70  
Washington, DC 20546  
(202) 358-1220  
Website: <http://oig.nasa.gov>  
Hotline: (800) 424-9183  
Hotline Website: <http://oig.nasa.gov/cyberhotline.html>

Robert W. Cobb  
*Inspector General*

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**NUCLEAR REGULATORY COMMISSION (NRC)**

Mail Stop T5 D28  
Washington, DC 20555  
(301) 415-5930  
Website: <http://www.nrc.gov/insp-gen.html>  
Hotline: (800) 233-3497

Hubert T. Bell  
*Inspector General*

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**OFFICE OF PERSONNEL MANAGEMENT (OPM)**

1900 E Street, NW  
Washington, DC 20415  
(202) 606-1200  
Website: <http://www.opm.gov/oig>  
Hotlines: Fraud/waste/abuse (202) 606-2423  
Healthcare fraud (202) 418-3300

Patrick E. McFarland  
*Inspector General*

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**RAILROAD RETIREMENT BOARD (RRB)**

844 North Rush Street, Room 450  
Chicago, IL 60611  
(312) 751-4690  
Website: [www.rrb.gov/oig/Rrboig.htm](http://www.rrb.gov/oig/Rrboig.htm)  
Hotline: (800) 772-4258

Martin J. Dickman  
*Inspector General*

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**SMALL BUSINESS ADMINISTRATION (SBA)**

409 Third Street, SW  
Washington, DC 20416  
(202) 205-6586  
Website: <http://www.sba.gov/IG>  
Hotlines: (202) 205-7151 (800) 767-0385

Peter L. McClintock  
*Acting Inspector General*

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**SOCIAL SECURITY ADMINISTRATION (SSA)**

Room 300, Altmeyer Building  
6401 Security Boulevard  
Baltimore, MD 21235  
(410) 966-8385  
Website: <http://www.ssa.gov/oig>  
Hotline: (800) 269-0271

Patrick P. O'Carroll, Jr.  
*Inspector General*

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**TENNESSEE VALLEY AUTHORITY (TVA)**

400 West Summit Hill Drive  
Knoxville, TN 37902  
(865) 632-4120  
Website: <http://oig.tva.gov>  
Hotlines: (865) 632-3550 (800) 323-3835

Richard Moore  
*Inspector General*

### 3. MEMBERS OF THE EXECUTIVE COUNCIL ON INTEGRITY AND EFFICIENCY

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#### **AMTRAK**

10 G Street, NE, Suite 3W-300  
Washington, DC 20002  
(202) 906-4600  
Website: <http://www.amtrakoig.com>  
Hotline: (800) 468-5469

Fred E. Weiderhold, Jr.  
*Inspector General*

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#### **APPALACHIAN REGIONAL COMMISSION (ARC)**

1666 Connecticut Avenue, NW, Suite 215  
Washington, DC 20009-1068  
(202) 884-7675  
Website: <http://www.arc.gov/index.do?nodeId=2060>  
Hotlines: (202) 884-7667 (800) 532-4611

Clifford H. Jennings  
*Inspector General*

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#### **COMMODITY FUTURES TRADING COMMISSION (CFTC)**

Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581  
(202) 418-5110  
Website: <http://www.ignet.gov/internal/cftc/cftc.html>  
Hotline: (202) 418-5510

A. Roy Lavik  
*Inspector General*

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#### **CONSUMER PRODUCT SAFETY COMMISSION (CPSC)**

4330 East West Highway  
Bethesda, MD 20814-4408  
(301) 504-7644

Christopher W. Dentel  
*Inspector General*

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#### **CORPORATION FOR PUBLIC BROADCASTING (CPB)**

401 Ninth Street, NW  
Washington, DC 20004-2129  
(202) 879-9660  
Website: <http://www.cpb.org/oig>  
Hotlines: (202) 783-5408 (800) 599-2170

Kenneth Konz  
*Inspector General*

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**EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)**

1801 L Street, NW, Suite 3001  
Washington, DC 20507  
(202) 663-4379  
Website: <http://www.ignet.gov/internal/eeoc/eeoc.html>  
Hotline: (202) 663-7020

Aletha L. Brown  
*Inspector General*

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**FARM CREDIT ADMINISTRATION (FCA)**

1501 Farm Credit Drive  
McLean, VA 22101  
(703) 883-4030  
Website: <http://www.fca.gov/oig.htm>  
Hotlines: (703) 883-4316 (800) 437-7322

Carl A. Clinefelter  
*Inspector General*

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**FEDERAL COMMUNICATIONS COMMISSION (FCC)**

445 12th Street, SW, Room 2-C762  
Washington, DC 20554  
(202) 418-0470  
Website: <http://www.fcc.gov/oig>  
Hotline: (202) 418-0473

H. Walker Feaster, III  
*Inspector General*

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**FEDERAL ELECTION COMMISSION (FEC)**

999 E Street, NW, Room 940  
Washington, DC 20463  
(202) 694-1015  
Website: <http://www.fec.gov/fecig/mission.htm>

Lynne A. McFarland  
*Inspector General*

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**FEDERAL HOUSING FINANCE BOARD (FHFB)**

1625 Eye Street, NW, Room 3095  
Washington, DC 20006  
(202) 408-2544  
Website: [http://www.fhfb.gov/AboutUs/aboutus\\_OIG.htm](http://www.fhfb.gov/AboutUs/aboutus_OIG.htm)  
Hotlines: (202) 408-2900 (800) 276-8329

Edward Kelley  
*Inspector General*

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**FEDERAL LABOR RELATIONS AUTHORITY (FLRA)**

1400 K Street, NW, Room 250  
Washington, DC 20424  
(202) 218-7744  
Website: <http://www.flra.gov/ig/ig.html>  
Hotline: (800) 331-3572

Francine C. Eichler  
*Inspector General*

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**FEDERAL MARITIME COMMISSION (FMC)**

800 North Capitol Street, NW, Room 1054  
Washington, DC 20573  
(202) 523-5863  
Hotline: (202) 523-5865

Bridgette S. Hicks  
*Acting Inspector General*

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**FEDERAL TRADE COMMISSION (FTC)**

600 Pennsylvania Avenue, NW  
Washington, DC 20580  
(202) 326-2800  
Website: <http://www.ftc.gov/oig/>  
Hotline: (202) 326-2618

Howard Sribnick  
*Inspector General*

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**GOVERNMENT PRINTING OFFICE (GPO)**

North Capitol and H Streets, NW, Stop: IG  
Washington, DC 20401  
(202) 512-0039  
Website: <http://www.gpo.gov/oig>  
Hotline: (800) 743-7574

Gregory Brower  
*Inspector General*

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**LEGAL SERVICES CORPORATION (LSC)**

3333 K Street, NW  
Washington, DC 20007  
(202) 295-1650  
Website: <http://www.oig.lsc.gov>  
Hotlines: (202) 295-1670 (800) 678-8868

Richard West  
*Inspector General*

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**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION (NARA)**

8601 Adelphi Road  
College Park, MD 20740-6001  
(301) 837-1532

Website: [http://www.archives.gov/about\\_us/office\\_of\\_the\\_inspector\\_general/index.html](http://www.archives.gov/about_us/office_of_the_inspector_general/index.html)

Hotlines: (301) 713-7305 (800) 786-2551

Paul Brachfeld  
*Inspector General*

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**NATIONAL CREDIT UNION ADMINISTRATION (NCUA)**

1775 Duke Street  
Alexandria, VA 22314-3428  
(703) 518-6351  
Website: <http://www.ncua.gov/oig>  
Hotlines: (703) 518-6357 (800) 778-4806

William A. DeSarno  
*Inspector General*

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**NATIONAL ENDOWMENT FOR THE ARTS (NEA)**

1100 Pennsylvania Avenue, NW, Room 601  
Washington, DC 20506  
(202) 682-5402  
Website: <http://www.nea.gov/about/OIG/Contents.html>  
Hotline: (202) 682-5402

Daniel L. Shaw  
*Inspector General*

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**NATIONAL ENDOWMENT FOR THE HUMANITIES (NEH)**

1100 Pennsylvania Avenue, NW, Room 419  
Washington, DC 20506  
(202) 606-8350  
Website: <http://www.neh.gov/howeare/oig.html>  
Hotline: (202) 606-8423

Sheldon L. Bernstein  
*Inspector General*

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**NATIONAL LABOR RELATIONS BOARD (NLRB)**

1099 14TH Street, NW, Room 9820  
Washington, DC 20570  
(202) 273-1960  
Website: <http://www.nlr.gov/nlr/about/ig/>  
Hotline: (800) 736-2983

Jane E. Altenhofen  
*Inspector General*

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**NATIONAL SCIENCE FOUNDATION (NSF)**

4201 Wilson Boulevard, Room 1135  
Arlington, VA 22230  
(703) 292-7100  
Website: <http://www.nsf.gov/oig>  
Hotline: (800) 428-2189

Christine C. Boesz  
*Inspector General*

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**PEACE CORPS**

1111 20th Street, NW  
Washington, DC 20526  
(202) 692-2900  
Website: <http://www.peacecorps.gov/index.cfm?shell=learn.whatispc.management.inspgen>  
Hotline: (800) 233-5874

Allan Gall  
*Acting Inspector General*

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**PENSION BENEFIT GUARANTY CORPORATION (PBGC)**

1200 K Street, NW, Suite 470  
Washington, DC 20005  
(202) 326-4030, x3437  
Hotline: (800) 303-9737  
Website: <http://www.oig.pbgc.gov>

Robert Emmons  
*Inspector General*

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**SECURITIES AND EXCHANGE COMMISSION (SEC)**

100 F Street, NE  
Stop 1107  
Washington, DC 20549  
(202) 551-6060  
Website: <http://www.sec.gov/about/oig.shtml>  
Hotline: (202) 551-6060

Walter Stachnik  
*Inspector General*

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**SMITHSONIAN INSTITUTION**

Victor Building, Suite 4200  
750 Ninth Street, NW  
Washington, DC 20560-0905  
(202) 275-2244  
Website: <http://www.si.edu/oig/>  
Hotline: (202) 275-1671

Debra Ritt  
*Inspector General*

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**U.S. INTERNATIONAL TRADE COMMISSION (USITC)**

500 E Street, SW, Room 515  
Washington, DC 20436  
(202) 205-2210  
Website: <http://www.usitc.gov/oig>  
Hotline: Ethics Line: (800) 500-0333

Kenneth F. Clarke  
*Inspector General*

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**UNITED STATES POSTAL SERVICE (USPS)**

1735 North Lynn Street  
10th Floor  
Arlington, VA 22209-2020  
(703) 248-2300  
Website: <http://www.uspsoig.gov>  
Hotline: (888) 877-7644

David C. Williams  
*Inspector General*



## *Retirement of Gaston L. Gianni, Jr.*

Gaston L. Gianni, Jr., who had served since May 1999 as Vice Chair of the PCIE, retired at the end of 2004, after a distinguished Federal career of over 40 years. Gaston was the Inspector General of the Federal Deposit Insurance Corporation from April 1996 until his retirement. Before his appointment at FDIC, he held several senior management positions with the (then) General Accounting Office.

Gaston effectively and eloquently advocated the interests of the PCIE and the Inspectors General within the Executive Branch, before Congress, and with private-sector organizations representing the accounting and financial management professions. He encouraged community-based activities and community-wide approaches to addressing issues of efficiency and accountability throughout government. As Vice Chair, Gaston oversaw development of the PCIE community's first strategic plan, and championed the interests of our most important resource—the highly skilled professional employees of the Inspector General offices—by strengthening PCIE-sponsored training, professional development, and human resources management programs. Before being named as PCIE Vice Chair, he served as Chair of the PCIE Audit Committee.

In recognition of his contributions to the Inspector General community and his lifelong commitment to efficient and effective government, the PCIE has renamed one of its most prestigious awards in his honor. The **Gaston L. Gianni, Jr. Better Government Award** will be given annually to recognize persons who contribute to attaining the ideals of the Inspector General Act and work to improve the public's confidence in government.



PRESIDENT'S COUNCIL ON  
INTEGRITY AND EFFICIENCY

EXECUTIVE COUNCIL ON  
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