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WASHINGTON, D.C. 20548

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ACCOUNTING AND FINANCIAL
MANAGEMENT DIVISION

B-217594

FEBRUARY 5, 1985

The Honorable William V. Roth, Jr.
Chairman, Committee on Governmental
Affairs
United States Senate

Dear Mr. Chairman:

Subject: Review Groups Not Located in the Offices of
Statutory Inspectors General (GAO/AFMD-85-36)

On May 21, 1984, you asked us to conduct a study of the 19 federal agencies that currently have statutory inspectors general (IGs) to see if management review offices are interfering with or duplicating the work of the IGs. You noted that in enacting the Inspector General Act of 1978, the Congress intended to centralize and coordinate all of the audit and investigative activities into independent offices of inspector general (OIGs) in order to strengthen auditing capabilities, provide for better compliance with audit and investigative standards, and provide greater assurance that the Congress and agency top management are regularly informed of important management problems.

With the agreement of Committee staff, we concentrated our survey efforts in two agencies--the General Services Administration (GSA) and the Department of Health and Human Services (HHS). GSA was selected because you asked us to pay special attention to that agency. HHS was selected because our preliminary information indicated that a significant number of employees outside the OIG were involved in audit and investigative activities.

To identify potential audit and investigative groups at GSA and HHS, we reviewed organizational listings and mission and function statements, and interviewed officials responsible for carrying out evaluation functions similar to audits and investigations. We also talked with OIG officials and officials in the groups outside the IG's office regarding coordination of their respective evaluative efforts. This review was conducted in accordance with generally accepted government auditing standards. While we did not obtain official agency comments, we discussed the results of our review with responsible agency officials and incorporated their comments where appropriate.

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GSA RESULTS

Most of the concern at GSA centered around the Office of Policy and Management Systems and how its more than 700 employees were used. We found that some problems at GSA did exist at one time with regard to investigative authority of the Office of Oversight within the Office of Policy and Management Systems. The Office of Oversight was established in October 1981 by the GSA Administrator and assigned responsibility for, among other things, ". . . receiving and evaluating employee complaints and serving as the Administrator's representative in recommending the resolution of complaints regarding wrongdoing, fraud, waste and mismanagement." Subsequently, in September 1982, the GSA IG, in a report entitled "Review of Selected Investigative Activities of the Office of Oversight," pointed out that GSA field personnel were confused about where to report instances of wrongdoing and how to identify auditing/investigating responsibility. In response to this report, the GSA Administrator revised the functions of this office by eliminating those responsibilities which required the office to conduct investigations.

We also found that approximately 40 people in the Office of Policy and Management Systems were involved in activities similar to auditing. Most of the others were involved in administrative activities such as the internal GSA mail service, reproduction services, audit resolution, and internal security functions. The 40 individuals perform functions similar to the IG in that they conduct studies and reviews designed to (1) identify weaknesses that contribute to fraud, waste, abuse, or mismanagement, (2) improve the economy and efficiency of GSA operations, and (3) determine whether selected GSA units are achieving desired results. We were advised that some of this work was accomplished in accordance with Financial Integrity Act responsibilities.

In reviewing these activities we found a potential for duplication of IG efforts. We could not identify any instances of duplication because the non-OIG studies and reviews generally do not result in written products. However, at our request IG officials analyzed a list of Office of Oversight reviews, then identified 16 completed IG audits and 12 ongoing IG audits that appeared to deal with the same topics as the Office of Oversight reviews. At the completion of our survey we were told by both groups that they had begun efforts to improve coordination of their activities.

The Acting GSA Administrator advised us he uses the 40 employees to analyze situations that require a very fast response and based on their results, he often requests the IG to conduct a more in-depth review. This would account for some of the apparent duplication of titles of reviews conducted by the OIG and the Office of Oversight. The Acting Administrator believes that better coordination with the IG is now occurring.

HHS RESULTS

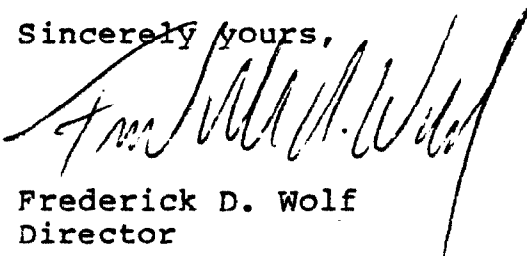
HHS had recently completed the transfer of a number of audit and investigative functions to the IG as the result of an internal study to identify overlap and duplication. The transfer involved 189 full-time equivalent investigative positions from the Social Security Administration's Division of Program Integrity and 182 full-time equivalent positions, including program analysts and auditors, from the Health Care Financing Administration's Office of Program Validation.

HHS's appropriation bill for fiscal year 1985 included a provision, which was deleted in the House/Senate conference, to transfer to the IG 118 full-time equivalent audit positions from the Office of Child Support Enforcement. This office is legislatively mandated to provide audit oversight of states to ensure that absent parents are paying child support. It conducts annual audits and generally advises states on improving the efficiency of their operation of this program.

HHS IG officials were also concerned about certain types of Food and Drug Administration (FDA) criminal investigations. However, FDA officials said these investigations are closely linked to their program responsibilities because they involve criminal violations discovered during FDA inspections of regulated industries, and investigations of consumer complaints, manufacturing processes, and removal of products from the market place.

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As agreed with members of the Committee staff, in view of the limited problems found and the actions taken by GSA and HHS, we do not plan to study the management review groups in the other agencies with statutory IGs at this time. The issues in question will be addressed during our planned management reviews of each agency.

Sincerely yours,

Frederick D. Wolf
Director