

# The JOURNAL OF PUBLIC INQUIRY

A PUBLICATION OF THE INSPECTORS GENERAL OF THE UNITED STATES



*It's Your Birthday!*

FALL/WINTER 1998

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# President's Message to the Inspector General Community

*by President Bill Clinton*

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THE WHITE HOUSE

WASHINGTON

October 5, 1998

I am pleased to congratulate the Offices of Inspector General as our nation marks the 20th anniversary of the passage of the Inspector General Act.

When President Carter signed the Inspector General Act into law on October 12, 1978, not even the bill's sponsors fully realized how important the Inspectors General would become to the functioning of the federal government. Today, there are Offices of Inspector General in each of the major federal agencies. Your work has returned billions of dollars to the national treasury and has enabled federal managers to make important improvements to agency operations and public services.

In many instances, your work has prevented attempts by companies and individuals to defraud the government. You have also worked with program managers to find ways to make federal programs less vulnerable to fraud. Through audits, inspections, investigations, and technical advice to management, you have made important and lasting contributions to the integrity and security of our government.

On behalf of the American people, I thank you and your staffs for your professionalism and commitment to excellence. As you mark this milestone, I extend best wishes for a wonderful anniversary celebration and every future success.



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# A Message from the PCIE Vice-Chair

by Eleanor Hill

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## PRESIDENT'S COUNCIL on INTEGRITY & EFFICIENCY

Dear Colleagues,

Looking back over the first 20 years since passage of the IG Act, there have been many significant accomplishments that attest to the wisdom and the value of this legislation. Monetary savings identified by audits and investigations alone are significant and have far outweighed the operational costs of conducting them. In A Progress Report to the President, Fiscal Year 1996, the numbers are impressive, the PCIE reported over \$15 billion in funds put to better use as a result of IG recommendations. During that same year, IGs working independently, or with other Federal and non-Federal investigative agencies, obtained 3,372 successful prosecutions of criminal activities. FY 1996 also witnessed a total of 4,609 debarments, exclusions, and suspensions imposed upon individuals and entities doing business with the Federal Government as a result of IG investigations.

Perhaps a more important but less quantifiable indicator of accomplishment may be the degree to which the Inspectors General have been increasingly entrusted to bring needed independent and credible oversight to a wide variety of critical issues throughout Government. The effectiveness of IGs is dependent on establishing a good working relationship with the agency and the Congress. The unique dual reporting requirement creates a clear incentive for objectivity, independence and professionalism in both audits and investigations.

Increasingly over the years, both the Congress and Executive Branch management have turned to the IGs for objective reviews of sensitive issues of all types. At Defense, we have been asked in the last few years to review many controversial and highly visible issues. These reviews were done at the request of Congress or the Department, and in some cases both. This type of reliance on the IG is not unique to the Department of Defense. Just recently, the Commissioner of the Internal Revenue Service sought assistance from the PCIE in conducting a thorough and

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independent review of the IRS Inspection Service, a matter of some concern to the Congress. In short, while clearly the IGs are not perfect, our customers - principally the Congress and the Departments in which we work - increasingly rely on us for objective and professional assessments of critically important issues.

In the 20 years since the passage of the IG Act, the core mission of the IGs has not changed; but, the environment in which we operate is changing dramatically. We are all facing significant new challenges in an era of shrinking Government. As Government downsizes, difficult, and often painful, decisions must be made on where losses will be taken and what core processes need to be preserved. As a result, there has been an intensified effort to combat waste and to streamline and reengineer processes. The Inspector General community has been an integral part of that process on numerous fronts.

At DoD, acquisition reform, financial management, infrastructure reduction, and information technology have all had a major impact on the focus of our audit and investigative efforts. We have worked hard to promote acquisition reform while reporting deficiencies in weapons systems planning and supporting efforts to insert new lower cost and commercial dual use technologies into existing weapons systems. We have recommended the consolidation, automation, and integration of the Department's many financial and accounting systems, hoping to vastly improve the accuracy and reliability of the financial data in those systems.

On another front, while advances in information technology promise improved access to information, it also presents new and substantial additional challenges for Government and for the Inspectors General. As both the benefits and the challenges posed by the information technology revolution continue, the Inspectors General must expand their focus and their capabilities accordingly. The Inspector General community must find ways to ensure appropriate oversight of the many key issues in this very complex and changing area. Those include addressing the serious challenges posed by the Year 2000 conversion program; improving the perilous computer security posture; moving away from decades of disjointed information systems management to fully integrated systems; and effectively implementing the disciplined investment decision making process mandated by the Clinger/Cohen Act.

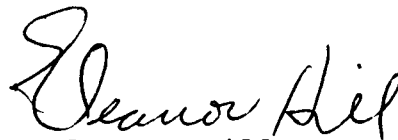
As the problem of computer intrusion grows, we have seen the emergence of "cyber fraud" which presents totally new and uncharted challenges for law enforcement, including the Inspectors General. At DoD, the Defense Criminal Investigative Service, the investigative arm of my organization, is attempting to answer these challenges through a new computer intrusion and computer

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crimes investigations unit as well as close coordination with the FBI and the recently created National Infrastructure Protection Center. The PCIE has lent its support to two governmentwide conferences on cyber fraud, in an effort to raise agency awareness in this difficult but critical area.

Finally, as part of the increased emphasis on a more effective, more efficient, and better managed Government, many Inspectors General have in recent years moved to work more constructively with management, while still maintaining their independence. Our goal should be to become part of the solution process, rather than simply identifying the problems. Over the past 5 years, the DoD IG, has participated in over 100 management process action teams, integrated process teams and working groups that have been the Department's principal means of generating new ideas for reforms and process improvement across the spectrum of DoD business activities. At present we are involved in 57 such groups. The growing level of IG participation on those teams illustrates the good professional working relationships between the IG and the rest of the Department, as well as general acceptance of the need for our advice to be considered during the reengineering of processes, not just after new processes are already put into place.

All of these changes demonstrate that the role of the Inspector General is a dynamic and evolving one. In the last 20 years, Inspectors General have built a solid foundation of success in helping to ensure efficiency, effectiveness, and integrity throughout Government. It would be easy to rest on the accomplishments of the first 20 years but that would be unproductive as well as unwise. I am confident that the professionalism, the independence, and the dedication of the IG community will enable it to surpass past successes and rise to the many challenges - and changes - that the future will most certainly hold.



Eleanor Hill  
Vice Chair



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## Present At Creation

### Introduction:

*The Inspector General Act of 1978 is the legal foundation of the Inspector General (IG) community establishing the responsibilities and duties of an IG. It has created more than 60 IGs in Federal agencies. The IG Act gives wide authority to conduct audits, investigations and inspections in their agencies. The Act was amended in the 1980's adding reporting requirements and extended such offices to additional set of Government organizations. The purpose of the IGs is to promote economy, efficiency, and effectiveness and to prevent and detect fraud, waste, abuse and mismanagement. This year marks the 20th anniversary of the Act. In commemoration of the 20th anniversary of the IG Act, the following articles have been authored by individuals who were "Present at Creation." Each article reflects their personal experiences and views regarding the Office of the Inspector General.*

## Managing Decisions for a New IG: Lessons Learned

by Richard Kusserow



*Richard Kusserow, Former Inspector General, Department of Health and Human Services*

I am an old "has-been" asked to provide my two cents worth about what a new Inspector General (IG) should do upon being appointed to office. I spent 11 years as an IG and have had 6 years to reflect on my experience. One principal that any new IG should keep in mind is that organizations are inherently conservative and resistant to new ideas or new ways of conducting business. Most people prefer the status quo and generally fear change. For this reason it is often difficult to affect change within an organization. A new IG is charged with the responsibility of affecting positive change in an organization. The IG job description should read 'change agent.' There are, however, a few things that must occur before the changes begin. The sum and substance of my brief comments come down to this: do your homework in advance of launching change. It is important to take careful stock and plan innovations carefully. More importantly, be receptive to ideas and suggestions from others. During my years in office I did some

things right, fell short on others, and some things I failed to do at all. The following recounts some of the lessons I learned.

### Appointed, Not Anointed

Know that you are appointed, not anointed to the office. You did not rise to the office by climbing through the ranks in the organization in which you are assuming direction. Chances are someone who knows little of the office selected you. As a result, your staff will not automatically bestow their support on you. It is up to you to prove your merit and earn the support and loyalty of your staff. This situation is analogous to a newly commissioned military officer. The enlisted personnel salute, not out of respect for the individual, but out of respect for the bars on the officer's shoulder. Respect for the individual comes only from proven leadership.

It is also important to use your instincts and perceptive abilities. Do not assume that everyone who fawns before you is sincere. Many will attempt to curry your favor or 'blow smoke' in your eyes. Getting suckered in by people

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playing to your ego will severely hamper any attempts at progress.

## **Study the Terrain**

In many cases IG's are brought to the office from the outside. They neither know the people or organization nor fully appreciate the mission of their agency. The first order of priority should then be to develop an understanding of the terrain. Doing this will provide perspective. You cannot make proper decisions for carrying the organization forward until you understand where it is today. Such information can be gained by talking to as many knowledgeable people outside the organization as possible (including old 'has-beens'). I spent 5 hours debriefing my predecessor and considered it to be an extremely worthwhile effort. It is also important to read everything available about the IG Act and the history of the concept. It is important to possess full knowledge of the guiding principles for the function. Read all the Semiannual reports for at least the past 5 years, and find out what the office did. Requests for appropriations for the past several years should also be read. One may discover many promises and representations that need to be honored.

## **Understand the Expectations of the Office**

The Office of the Inspector General (OIG) has many different constituencies, and numerous people interact with the OIG workforce. All of these people have expectations or rely on the IG and the OIG. Understanding these expectations is essential because success or failure depends on how individuals and entities react to your leadership. You must ask yourself two basic questions: (1) Who must I satisfy to be successful? and (2) What do they expect from the OIG? Your constituencies are of two types, internal and external. Internal constituencies are people you interact with inside the OIG. At the top of the list are the operating divisions of your department or agency. External constituencies include everyone outside the OIG with whom you interface. Another great resource is the peer organizations, the other IG's. I made it a point to have lunch with as many other IG's as I could in my early days in office. They are the only ones who have truly analogous responsibilities. Their experience in addressing problems is invaluable. The President's Council on Integrity and Efficiency (PCIE) is a great forum to get to know these other individuals. External constituencies also include the Department of Justice (and FBI), Office of Management and Budget, Congress, General Accounting Office, and the media. It is important to understand how each of these outside organizations impact on your office and on the mission of your department. Meetings and substantive discussions with each of the identified external constituencies are an important part of getting off to the right start.

## **Get to Know Your People**

And, let them get to know you. Sell yourself. That means taking the time to speak with as many people as you can throughout your organization, at all levels and in many locations. These individuals make up your internal constituencies and they have expectations from their IG. Do not confine this process to the main headquarters, as the field perspective may prove even more illuminating. You will be working with managers and executives in close quarters on a continuing basis. This will not be true of the others. Interview them 'one-on-one' and listen intently. Do this for everyone, no matter the number and, if possible, continue this into the field offices. Individuals in the field offices have information for your benefit. I did this with approximately 125 individuals in my own organization and received tremendous benefit in the form of information, suggestions and advice. I was greatly indebted to all whom I met with for years to come. However, make certain the ground rules are clear for these discussions. You are there to learn from them. You are not meeting with them to solve their personal problems, or that of the organization. That will come later. Take notes. Take heed. Take time. This may be the most valuable investment of effort in your career. No one interview will be critical, but the mosaic picture derived from this exercise will prove inestimable. It will lead to better decision-making later and fewer errors.

## **Know Your Agency**

The same process followed above in learning about your organization extends to the host agency. Learn as much as you can about their mission, history, appropriations, problems, perspective, etc. Talk to anyone who can assist you in better understanding your "client." I made courtesy calls on all the agency heads at the Department of Health and Human Services, including the Administrator of the Health Care Financing Administration, Commissioner of Social Security Administration, Assistant Secretary of Health, Surgeon General, Director of NIH, Assistant Secretary of Human Development Service, etc. In addition, I had extensive meetings with the Chief of Staff and the staff assistant secretaries, such as Planning and Evaluation, Management and Budget, Public Affairs, Human Development Services, Intergovernmental Affairs, and of course General Counsel. Most of them were new and they appreciated the meetings as much as I did. It began a number of friendships and established a collegiality that served me well. I continued this practice with every new agency head that appeared over the next 11 years. I suggest doing this very early on and preferably before confirmation. Ask them questions about the OIG. Ask them where they believe the OIG may be best employed to assist them in carrying out their responsibilities. Make it a point to hear the positive and negative on how they view matters. Develop specific targets, milestones and time frames on matters. Take special note of any complaints they may have about the OIG. If they do

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not like the way reports are prepared or delivered, ask them how they can be improved. However, make few promises. Let them know that you appreciate their advice, counsel, suggestions, and that you will look into matters. I believe you will find many of their ideas to be meritorious. Remember it is always better to hear complaints or concerns before a contentious issue is on the table.

## **Be Proactive**

Once the basic homework is completed, the burden falls on you, the new IG, to chart a course for the organization. In short, what do you want to accomplish in office, other than occupying space and drawing salary. This comes down to creating a vision for the future. This is necessary to set the direction and objectives. Failing to do this will prevent you from operating on your own agenda. Instead, you will end up reacting to the agenda of others and events as they arise. This is dangerous and unproductive. And the leadership, rank and file, deserves to know where the IG's vision is so they can assist in the effort. Your course should initially be described in broad objectives. The whole detailed implementation strategy and operating plans come later.

## **Sell Your Vision to the OIG**

In order to achieve organizational objectives and affect change, your own organization must buy into any new ideas you may have. It is not good enough to just dictate direction. Make sure your vision and ideas are based upon careful investigation and reflection. Half-baked ideas do not sell well and employees at all levels must be sold on the merits of a new administration and new viewpoint. In short, it is necessary to have their support. It is necessary because the IG must meet with and discuss ideas, answer questions, and convince people that the vision has merit. If you do proper homework, including talking to your constituencies, then this will be an easier job to accomplish.

## **Sell Your Vision to the Agency**

It is not enough that you secure support with your internal constituencies. Every effort should be made to educate your external constituencies on your vision. Selling the host agency, OMB, Congress, and others on the direction you wish to take is as important as your internal constituencies.

Having had extensive contact with them, you will know what their expressed needs are and how you can help them with your program.

## **Harness Resources in Furtherance of the Strategic Plan**

The greatest resource to achieving objectives is people. No one has all the answers. Let the staff assist in developing ideas that further the strategic plan. Use them to assist in devising specific targets, milestones and time frames in furtherance of objectives.

## **Benchmark Progress**

It is important to determine methods by which the progress of an organization can be measured. It is important for everyone to know whether they are making headway. It is critical that these milestone objectives be realistic. It is not wise to set objectives that cannot be met.

## **Honor, Integrity and Principle**

The last lesson I will offer from my experience is not to forget the underlying mission of the OIG which is to promote economy, efficiency and honesty in the host agency programs. Part and parcel to these ends is assisting in the reduction of waste, abuse and fraud. Underlying all this is honor, integrity and principle. You must not just talk about it. You must live it. In all your contacts with your own people, host agencies, other OIG's, the Department of Justice, OMB, Congress, media, and others, you must stand by your principles and never lie or misrepresent anything. Any short-term gain that might arise from 'fudging' is worthless compared to the loss credibility once it becomes known that you have abandoned your honor. You can be beaten up on any given day and live to fight again, standing tall. But it is near impossible to recover from lying or cheating, and it cannot be hidden when you do so.

The foregoing is not an exhaustive list of lessons. There are scores of lessons that every IG must learn. However, in the beginning it is important to start off on the right foot with your people and the people you serve. This can only be accomplished by doing proper homework, maintaining an open mind, demonstrating good personal work habits, and living by high principles.□

# Managing the Budget Process

by John Melchner



*John Melchner, Former Inspector General, United States Department of Transportation*

Inspectors General have always had to worry about their budgets. It was clear from the inception of the IG concept in 1978 that we would have to justify our budgetary requests not only to the head of the agency, but to OMB and Congress as well. Given the potentially differing positions between the agency head, OMB and Congress and the IGs regarding the level of resources necessary, no one thought the budget process would be simple. In fact, some cynics early on thought it would be impossible. The issue can be particularly troublesome in a smaller IG office that does not have a full-time professional budget officer to handle budget matters. This article is written with those smaller offices in mind.

Although my “reputation” as an IG is found in the audit community, very few people know that I am a reformed auditor. For almost eight years I worked as a Budget Officer in the Office of the Secretary of Defense. Ironically, the reason I got back into auditing was because of my experience as a Budget Officer. But, that’s another story. The point is that I have a unique perspective about the budget process and how it impacts on the Office of Inspector Generals.

When I was the Director of the Defense Audit Service, I had my own budget account. Subsequent to that when I was the AIG Auditing in the DOD Inspector General organization, I was part of an OIG budget which was part of an even larger budget of the Office of the Secretary of Defense. As IG at the U.S. Department of Transportation, I again had my own budget, so I have seen it from both perspectives.

One of the most important things to do in the budget process for an Inspector General is to maintain your

independence. Whether you have your own budget account or are part of another budget line item, you have to state what your resource requirements are in order to effectively carry out the work of the Inspector General. If you need personnel, training, travel, or other resources, you should be prepared to request them and fully support them. This is especially critical if you need a key resource to accomplish your fundamental mission. Having said that, it is highly likely that you will be operating in a constrained budget environment. In other words you will be told, in some form of budget guidance, what you can request, or how much of a reduction you will have to take. That is fine, except remember that the Inspector General is independent and can (and should) do what the Inspector General believes is necessary. Regardless of the fiscal realities, you should still make the request within your agency for what you genuinely believe you need (and which you can support) in term of budget resources. If you make your needs known on the record, and there is subsequently some question about whether you adequately addressed the issues facing your agency, it will be well in your favor to be able to show you requested the resources you needed but fiscal constraints prevented them from being provided.

If you are going to make a request in excess of the budget guidance, you must have very strong justification and support for the amounts requested. Included in that should be a description of the steps you have taken to try and live within the guidance. Be innovative in your thinking in this regard. Propose new ways of getting the job done within existing resources. Remember, as the Inspector General you are the head of an office or organization. While it may have been your audit, investigative, or other skills that brought you to the position of Inspector General, it is your skills as a manager which have to be brought to bear on all of the problems of the OIG, including managing resources. I will give an example of this approach further on.

Give your arguments the best shot you can within the agency and learn and improve upon your presentation of

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them as you defend your request. Once the agency budget moves to OMB, with whatever resources you are allocated, make a judgement about whether you want to raise the issues again, in whole or part, so that OMB knows you consider those resources necessary to accomplish your work. Once OMB has decided on the resources you will be allocated in the President's budget, you have fought the good fight and you have gotten what you are going to get from the Executive Branch. DO NOT, repeat DO NOT, in any form carry these arguments to Capitol Hill and your Appropriations or other Oversight Committees. At that point your job is to support the President's budget. If asked whether you need additional resources, you should craft an answer that says, in effect, No. If asked what you would do if you had additional resources, you can parade out the arguments that did not carry the day with your Agency and OMB. It is for that reason that you consistently want to make your case throughout the entire budget process. The worst situation you can find yourself in is not having made a request and justification for resources you need to your agency and OMB, but then pulled them out of the hat at a congressional hearing. It's wrong, it's unprofessional, don't do it.

When the Congress acts on the budget, watch your back, particularly if you are part of a larger budget account such as the entire agency or the Office of the Secretary. Many times across-the-board reductions are made and you want to be sure that you are not absorbing a disproportionate share of some across-the-board reductions. You will have to fight that fight within the agency. Don't carry the argument back to Capitol Hill. It will undermine your status in the agency.

Be innovative. Think about what you are trying to get done and see if there are ways to do it within existing resources, or at a lesser cost than if you simply expanded business as usual. Here is an example from my own experience. I will confine my remarks to the audit side of the house since I am more familiar with that career field.

In the 1980's, the Federal Inspector General Community was a growth industry. Every IG organization wanted trained auditors. Demand exceeded supply. The need was immediate and no one wanted to train the auditors. The situation put significant pressure on the overall grade structure within the audit profession, which at the time had the journeyman auditor at GS-12. I was particularly concerned both for my government auditing profession and for our staffing needs at DOT.

We were no longer recruiting for internal auditors at the entry level on college campuses. Our government salary structure was such that we could not compete for the top graduates when compared to industry. We wanted more auditors and we believed we had an agency audit mission that would provide a good training ground for them. Here

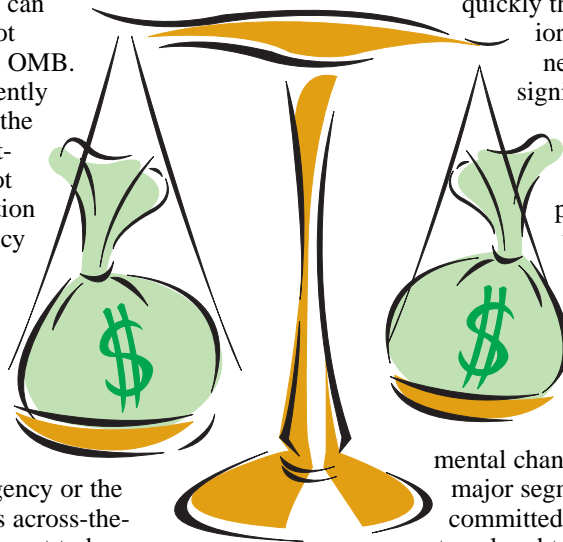
is what we did. We calculated the cost of making our journeyman auditors GS-13's. That would mean, given the personnel rules at the time, that we could promote non competitively through that grade. That meant we could offer a promotion plan and a salary package to college graduates that, while not in the short run, but in the longer run would allow an auditor joining us to see that they could achieve a salary level close to that being offered by industry within a 3 to 5 year period of time. And, of course, our strong selling point was that they would only be competing against themselves for advancement. With that idea in mind, we compared our current costs of keeping GS-12 journeymen auditors in grade until a GS-13 opening occurred with the cost of advancing someone who qualified quickly through the grades to GS-13. The seniority pay (the step increases that the journeyman GS-12's were getting) was significant enough at the time that if we promoted every college graduate that we hired off campus to GS-13 in the minimum number of years, our overall personnel costs through the GS-13 level would be less than they currently were. It was our intent to promote only those who were qualified and find other work for those who were not.

We carefully reviewed this strategy to make sure that it was something that we wanted to do. It was a fundamental change in the way we would manage a major segment of the audit staff and we would be committed to an intern program, some increased travel and training costs, and in some ways, a less skilled staff. On balance we thought it was the right thing to do. I still do.

Armed with our analysis, I sought the approval of the Director of the Office of Personnel Management, who was intrigued enough with the idea that she met with me personally about it. The intriguing point for them was that we would have a Government agency back on campus recruiting auditors at the entry level. We gained OPM's approval and with that were able to present a budget request with an increase in end strength at no additional cost. We got what we wanted, more auditors and a chance to train them in the needs of our agency, and it sailed through the budget process.

That was a long story but I think it illustrates the kinds of things that the Inspector General needs to do in order to be, and be viewed as being, a responsible resource manager.

Another way to increase your chances of success in the budget area is to see yourself as part of the agency as a whole and also try to understand how the agency sees you. Budgets are the financial life blood of the organization. Without additional resources not much new or different happens. Unless things have changed significantly, there is a total budget number allocated to the agency which means there are winners and there are losers if the percentage distribution of resources within the total changes. While we all



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want to be winners, we don't want to do it in such a way that the price we have paid to win is out of proportion to the benefit received.

Let me relate a story from budget folklore. It was the late 1950s and General Curtis LeMay was the Chief of Staff of the Air Force. The Air Force and the Navy at that time were vying for who would have the primary mission of the strategic defense of the country. The Air Force was advocating its land based strategic bombers and intercontinental ballistic missiles. The Navy was advocating its ballistic missile submarines and putting nuclear capable aircraft aboard aircraft carriers. The debate was heated and there was not enough money to do both. The future missions of both services were at stake. An Air Force Colonel was briefing General LeMay on the Soviet threat versus the strategic requirements funded in the budget. The Colonel told General LeMay that the Russians, our enemy, were capable of . . . and at that point General LeMay stopped him. LeMay was quoted as saying, "The Russians are our adversary. The Navy is our enemy."

How do you as the Inspector General not be the "enemy?" First, visit your peers in the organization without having an audit or investigative issue on the table. Take the time to explain to them what your organization does, why it does it, how it does it, and the benefit you see to the Department or Agency overall. Sometimes you will not make much headway. Other times you will. When I ran the Defense Audit Service, among other things I had primary audit responsibility for all of the Defense Agencies, which ranged from the Defense Supply Agency to the National Security Agency. I scheduled meetings with the Directors of those Agencies and concisely explained my audit mission which, in accordance with the Yellow Book of that time, was to do financial and compliance audits, economy and efficiency audits and program results audits. As I described financial and compliance audits, I got a lot of positive feedback. Agency directors did want somebody auditing to see that, for example, overtime controls were in place and were being complied with. They were always interested in being assured by the auditors that financial information they were using was accurate. They wanted to be paying the lowest price for goods and services and wanted the procurement rules complied with. This was a real ice breaker. When I went on to describe that I also did economy and efficiency

audits whose objectives were to review their operations to determine if their activities were being carried out in the most economic and efficient manner, the support for my help chilled considerably. When I went on to describe program results audits such as the need for the head of the Defense Communications Agency to assure that tactical radios procured for use in combat during joint forces operations could in fact all communicate on the same radio frequency, I was one step short of being unceremoniously thrown out.

What's the point? It's this. People have an expectation about what the IG does and how it affects them. Most times it is not the same as the IG's expectation of how management can best use the IG's resources. Clearly we don't want to lose our independence by only doing those things that management's expectations would be having us doing. There is merit in recognizing however that we do have a job to do that is not, in our professional view, the "glory end of the business" where we save big dollars or uncover programs not achieving their purpose.

Think about it this way. If you have never audited overtime controls and a major scandal erupts over false overtime claims, isn't it logical for somebody to say "Where were the auditors?". If cash or supplies or equipment are missing, the normal reaction is - "How did the auditors miss that?". On the other end of the spectrum, if we learn during a joint military exercise that the Army, Navy and Air Force cannot talk to one another on their tactical radios, I doubt you will hear anyone say - "Where were the auditors?". I think you see my point. We need to do it all. We need to cover what managers think we should be covering without having them dictate the portion of our resources devoted to that work. We need to look at the economy and efficiency of operations and program results in balance with what management believes the auditors are there to do. Unless we provide a balanced audit program, and "sell" it as such, the IG can really become the enemy in the budget wars.

In summary, remember your independence and request what you need. Be innovative. Support the President's budget once it is submitted to Congress. Be a salesman for your organization and do everything you can to convince your Department or Agency that what you are "selling" is what they need.□

# Managing Positive Change

by Joseph R. Wright

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*Joseph R. Wright, former Chair of the President's Council on Integrity and Efficiency*

## Background

In 1978, the Inspector General Act was passed creating independent Inspectors General (IGs) at 12 Federal departments and agencies by combining the existing investigative and audit units. Each IG was headed by a Presidential appointee. While the IGs maintain the responsibility for investigations and audits in their departments or agencies, they were also given general directions to assist agency heads with improving the efficiency of their operation and identifying waste, fraud and abuse. Since that time, the IGs have been expanded to additional departments and agencies and have also been asked to play an ever-increasing role in improving the management of the Federal Government.

In 1981, the President's Council on Integrity and Efficiency (PCIE) was established which was made up of all the statutory IGs, and was headed by the Deputy Director of the Office of Management and Budget (OMB). The intent was to provide a forum where IGs could exchange information which would assist them in their difficult job. But the PCIE was also formed to increase the coordination of the IG community in this ongoing, and difficult, effort to improve the overall management of the Federal Government. In this article, I describe the continued series of Presidential efforts to improve management in the Federal Government and the role the IGs have played and can play in the future.

## Past Presidents' Efforts to Improve Management in the Federal Government

Presidents, through the senior officials they have appointed to OMB, have initiated numerous efforts to improve the management of the Federal Government over the years. Few of these efforts have survived the particular Administration during which the initiative was announced.

For example:

- President Johnson introduced a "war on waste" and the PPBS program [planning, programming, budgeting system] throughout the executive branch, which was not continued under President Nixon.
- President Nixon introduced FAR (Federal Assistance Review) which established departmental geographic regions, regional councils and simplification of procurements and grants. The President also issued Circular A-44 which initiated a government-wide management improvement program. Under this program, OMB "swat teams" held meetings with departments and agencies to set up goals for management improvement and to monitor the progress in achieving these goals. Finally, in 1974, the President established a government-wide MBO (management by objectives) system and announced it in his budget message. Most of these ambitious efforts established by President Nixon did not survive his Administration.
- President Ford, in 1976, initiated the PMI (Presidential Management Initiatives) to identify management improvement efforts, integrate these efforts into the budget process, and monitor the results. The PMI program was discontinued when President Carter was elected.
- President Carter issued Circular A-117 (management improvement and the use of evaluation in the Executive Branch) where departments and agencies were asked to make management improvements following the best practices of both government and business and this effort was combined with "zero-based budgeting." This effort was discontinued when President Reagan was elected.

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- And, early in 1989, President Bush established a Presidential MBO (management by objectives) program where each major agency identified key policy priorities which were to be monitored by OMB and those priorities were listed in his FY 91 budget. This initiative was discontinued 2 years later.

All of these efforts were a worthwhile attempt by the Presidents and their staff (mainly OMB) to improve the management of a group of diverse Federal departments and agencies that were driven, on an annual basis, by politics (both from the White House and the Congress) and did not have the incentives or tools available to establish, measure, and effect “real” management improvement. There was no “stability” or “longevity” in terms of these Presidential initiatives, nor oversight or organization from one Administration to another to continue these efforts in the interest of the public — so most of them died.

## **President Reagan, the PCIE, and Management Improvement in the 1980’s**

In 1981, President Reagan asked OMB to begin reducing the cost, intrusion, and role of the Federal Government and announced initiatives to get “quick results” such as reducing regulations, Federal employees, and administrative expenses within the first 2 years. In addition, the President asked OMB to: 1) evaluate why past management improvement efforts in the Federal Government had failed, and 2) present a plan of management improvement that would withstand resistance from bureaucracy, political interference, and change in Administrations.

Thus, a program called “Reform 88” was initiated with a much more “direct emphasis” on making improvements that could actually be implemented and would result in short- and long-term savings. “Reform 88” was intended to use the bureaucracy rather than overrun it — it was intended to focus below the Congressional political screen — and organizations were set up to support these efforts that were considered to have a chance of surviving a change of Administrations.

As a result, the PCIE was formed by Executive Order in March 1981, as mentioned earlier, to improve coordination between the statutory IGs and also to involve the IGs in “Reform 88” and other management improvements to improve the effectiveness and reduce the costs of Federal agencies. In addition, the President’s Council on Management Improvement (PCMI) was established several years later to involve the Assistant Secretaries for Administration in the same effort. This was intended to give the IGs a “partner” in this important initiative(s) at the White House as well as at individual agency levels. In the early 1980’s, “Reform 88” emphasized six areas: financial management (including the development of compatible financial accounting systems), debt/credit management, productivity improvement, information technology, procurement process, and privatization.

Then Congress got into the act. In 1982, Congress passed, at the request of the White House: 1) the Prompt Payment Act requiring Federal agencies to pay bills on time, 2) the Debt Collection Act providing OMB with new authority to improve Federal debt/credit management, and 3) the Federal Managers Financial Integrity Act which gave OMB responsibility to oversee annual reviews of agency accounting administrative control systems.

But Congress went further, again at the request of the White House. The Deficit Reduction Act of 1984 required the President to submit an annual report as part of the budget which described the status of management improvement and cost reduction initiatives in the Federal Government. The first report entitled “Management of the United States Government” was sent up with the FY 1986 budget.

While all of this was underway, the PCIE and PCMI were being expanded and meeting monthly with teams set up to achieve specific initiatives and objectives. This was not a “high level” political exercise, as those in former and later Administrations. This was an effort to make fundamental changes at the department and agency level. Hence, the PCIE and the IGs played invaluable roles since they were the best source of information as to what was actually going on in the departments and agencies, where the problems existed, and what improvements were required. The IGs were also the best source of recommendations on how to improve administrative and management information systems. Finally, the IGs were, and still are, considered to be “above” the political process, whose only task is to pursue better Government.

And an interesting evolution of these efforts has occurred recently in the Congress.

## **GPRA and Its Impact on the PCIE**

The Congress passed the Government Performance and Results Act of 1993 (GPRA) requiring Federal departments and agencies to identify, track, and report on strategic plans to improve programs, along with implementation actions and costs or savings. This legislation goes further in requiring that OMB and the departments and agencies identify specific “measures” that show how each organization will identify and measure their goals and the implementation of those goals. It links strategic plans to annual budgets and requires a formal reporting system.

HR 2883 as passed by the House requires IGs to consult with Agency Management and the Congress on GPRA issues and issue plans detailing what GPRA issues the OIG will review.

And more legislation along these lines, in my opinion, will be passed in the next few years.

These bills can be some of the most exciting management improvement legislation passed in many years, if the Congress follows through with their good intentions by monitoring the implementation of the GPRA and any



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following legislation. But remember, they didn't seem to object when their required "management reports" were discontinued in 1989.

I hope the Congress does maintain a priority on management improvement because the "structure" for that improvement has slowly been coming together with OMB, the PCIE (and the Executive Council on Integrity and Efficiency), the PCMI, the CFOs, and increasingly respectable financial/management accounting systems. Hopefully, there may finally be some pressure to provide annual budgets that match some form of "strategic plan." At least that's what the GPRA legislation calls for. And the PCIE should be asked to provide integral input for the development and reporting of the implementation of these

plans in their biannual reports to the President and the Congress. Otherwise, how else can the White House and the Congress obtain an independent assessment on the effectiveness of every department and agency program and the changes that are recommended to make improvements? I know, from experience, that if the "normal political appointee" reporting process is used through the Cabinet, these will be primarily public relations exercises. If the IGs are involved, these efforts will be real.

I hope the Congress is serious this time. If so, it should be an exciting time for the PCIE and every IG, and I ask, through this article, my successors at OMB and the agencies appreciate the value they have in the PCIE and use it well. □

# Managing Renewal

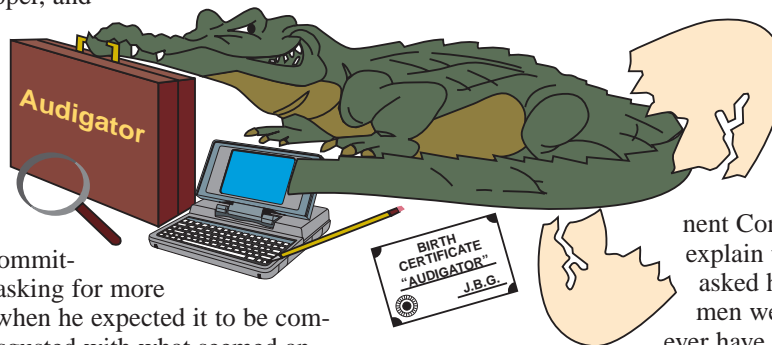
by June Gibbs Brown

Contributions by: John M. Hapchuck, Director, Programs and Operations Audits, Health Care Financing Audits, Office of Inspector General, Department of Health and Human Services



**June Gibbs Brown, Inspector General, Department of Health and Human Services**

**T**wenty years ago I came to Washington. As a result of the Inspector General Act of 1978, I was a newly appointed Inspector General assigned to the Department of the Interior. Shortly after settling into my new office, I received a telephone call from an Assistant Secretary of the Department of the Interior. Cecil Andrus, the Secretary, was at that very moment testifying before a congressional committee on the Union Station Project. Today, Union Station is a beautiful marble structure filled with restaurants, a variety of stores to please the most ardent shopper, and a fully functional railroad station. But in 1979 it was a marble facade behind which a great black hole sucked up appropriated funds with no apparent results. The Secretary had been called before our appropriating committee to explain why he was asking for more money for the project and when he expected it to be completed. The Committee, disgusted with what seemed an endless waste of taxpayers money, was determined to cut the losses. The Secretary was anxious to keep the project going. Since the Congress had established the Inspectors General, the members wanted IG assurance that the project was sound. The IG Act was so new the Secretary was not certain the law, with its independence provisions, permitted him to ask the IG to perform a review. Hence the phone call. I, of course, agreed to do the job. Secretary Andrus told the Committee that he would ask the IG to review the



project and, based on that review, the committee could make a decision regarding the future of Union Station.

I immediately called the heads of Audit and Investigation to my office to discuss their assignment (the Assistant Inspectors General for Audit and Investigations had not yet been selected). We decided to build upon the results of numerous work products already completed. I checked on the progress weekly and then daily as time wore on. Finally the Audit Chief, with considerable fanfare, presented the completed report to me. I delivered a copy to the Secretary, concerned staff, and personally delivered copies to all Committee members. I had a great sense of relief that this first highly visible project had been completed in a timely manner.

The next day I was sitting in my office when the head of Investigations came to see me. He put a report on my desk and stated he had finished the investigation report on the Union Station Project. How could I possibly have two reports? I had personally delivered what I thought was an OIG report to the Secretary and prominent Congressmen. How could I explain that I had a second report? I asked how this could happen? Both men were incredulous. How could I ever have expected one report? The chief auditor insinuated that he could not include the work of investigations in his audit report because investigators do not follow the Yellow Book Standards, and report hearsay and innuendo. The chief investigator indicated he would never consider reporting audit recommendations since they are too general and not supported with compelling evidence of wrongdoing (even

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when an auditor knew it existed, the auditor would take a statistical sample...etc.).

That was a defining moment in my fledgling IG career. It was clear to me that auditors and investigators needed to communicate. Because they had not in the past, Billie Sol Estes had been better able to conceal his fraudulent activities, and wasn't that part of the history of why Inspectors General were established? I recognized that a new type of work product - an "investigative audit" - needed to be created for special situations. Obviously, this new type of activity required a person with expanded skills and perspective - an "audigator."

## What is an Audigator?

An audigator is a complex concept which is difficult to explain in a few words. As it has evolved over time, it has come to represent an expansion of the traditional role of auditors and investigators. For example, an audigator is an auditor who recognizes (and proves) that some "innocent" errors are made on purpose or "with intent." An audigator is an auditor who realizes that his/her work identifying overpayments may be used in the determination of criminal or civil fines, penalties and possible incarceration. By the same token, an audigator is an investigator who recognizes that problems detected in a specific case may exist elsewhere and that the appropriate follow-up work could (and should) lead to a system, policy, or legislative change. Everyone agrees that an audigator is a team player.

### Comparison of Characteristics

Increasingly, my staff has been using investigative audits in criminal and civil actions. An alternate way to explain the audigator concept is to compare and contrast traditional audits with investigative audits in the Department of Health and Human Services.

#### Traditional Audits Performed By Auditors

An entrance conference is held with the auditee and a draft report is issued to solicit the auditee's comments.

A final report is issued to the auditee and program managers.

The final report is available to the public.

Final determination is made by program managers.

There is an administrative recovery of overpayments.

A report may contain recommendations to strengthen entity internal controls.

Auditors help managers to resolve findings.

The existence and degree of intent is usually not determined.

The amount of overpayment is determined within a specified precision.

A follow-up review is within the discretion of the auditor and program officials.

It has a lower potential "sentinel" effect.

It is usually performed by a group of auditors.

#### Investigative Audits Performed By Audigators

Often, there is minimal contact with the suspect.

An internal report is generated and shared with appropriate law enforcement officials.

Public information is available only after a conviction or settlement.

Final determination usually is made by the judicial system.

The judicial decision can involve the recovery of overpayments, fines, penalties, and incarceration.

A compliance plan may be mandated for the offending entity with penalties if not implemented.

Any member of the team may be called as expert witness at a trial.

The intent to defraud must be established.

Often, the amount to be recovered is a negotiable item.

The implementation of any compliance plan is monitored.

It has a higher potential "sentinel" effect.

Often is performed by a multi-disciplinary team (e.g. auditors, medical review specialists, investigators) from various agencies (e.g. HHS, FBI, DOJ).

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## Audigator Benefits

Since I became the Inspector General at the Department of Health and Human Services in November 1993, I have stressed to the staff the benefits of using the audigator concept. As with any new concept, it took time to be fully embraced and used with regularity. Its use, in my opinion, accounts for much of the dramatic increase in our investigative monetary accomplishments. In FY 1994, our traditional investigative actions showed that approximately \$300 million needed to be repaid to the Federal Government. As shown in the following table, investigative fines, restitutions, and other settlements resulting from our criminal convictions and civil settlements amounted to approximately \$1.24 billion in FY 1997. Furthermore, with respect to this \$1.24 billion, audigator teams were responsible for identifying approximately \$6 out of every \$10.

<b>Fines, restitutions and other settlements during Fiscal Year 1997</b>		
<b>How Performed</b>	<b>Amount</b>	<b>Percentage</b>
Traditional Investigations	\$ 479.3 million	39%
Audigator Teams	\$ 759.8 million	61%
Total	\$1,239.1 million	100%

## Summary

In the "old" days, there was a clear demarcation line between audits and investigations and the staff that performed these functions. Although the majority of the work is still segregated by discipline, times and conditions have radically changed and the Inspectors General community needs to more fully integrate these functions as the work dictates. My experience has been that the results of investigative audits are very impressive and that the audigator concept needs to be adopted by others. It is my fervent hope that future potential violators embrace the belief expressed by Jack Mills (the former head of ABC Home Health Agency currently serving a 7-year prison sentence for Medicare fraud) when he stated after sentencing, "I would rather face a punk with a gun than an auditor [audigator] with a sharp pencil."□

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## Present At Creation

# Managing People

by James B. Thomas, Jr., and Gretchen C. Schwarz

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*James B. Thomas, Jr. was the Inspector General, U.S. Department of Education, from 1980 until 1995. He is currently the Director of Auditing, Office of Chief Inspector General, Executive Office of the Governor of Florida.*

*Gretchen C. Schwarz was the Associate Inspector General, U.S. Department of Education, from 1980 until 1995.*

**R**esource management in an Inspector General office is synonymous with personnel management. People are by far the most expensive and essential of IG resources and this is THE tremendous challenge for the IG manager. The challenge to get and keep the best and brightest individuals with the right mix of skills, the challenge to identify and provide quality training to enhance their skills; the challenge to provide an atmosphere of continuous learning and continuous improvement; and the challenge to provide sufficient compensation to keep good staff from being distracted by outside offers are among the challenges for an IG manager. These provide many opportunities for managers to excel.

## Recruiting and Retaining

Historically, IGs often used the tried and true way of obtaining the best and brightest - they raided other IG offices. This has the advantages of providing experienced staff quickly and provides some cross-fertilization among the IG offices. However, it has a significant down side. It does not add to the wealth and the strength of the community as a whole. It does not feed the pipeline. In an ideal world, an IG manager would recruit at those colleges and universities which could provide the type of talent required to round out the skill set needed to carry out the responsibilities of the particular IG office.

Determining the type of talent needed is an issue that IGs now face that was not much of a problem years ago. This reflects the changing nature and focus of IG work - particularly audit work - over the last 2 decades. The IGs increasingly are taking a value-added approach to their

work, an approach which will provide significant tangible program improvements and will be of greater service to agency program managers and to the public. This focus is set out specifically in the Vision Statement of the President's Council on Integrity and Efficiency in 1994. Because IGs have broadened their efforts from dealing primarily with accounting and internal control issues to looking increasingly at program outputs, outcomes, and results/performance measures, skill needs have changed. While IGs used to rely almost exclusively on accountants, now we also need information systems specialists, engineers, medical doctors, statisticians, economists, educators, and social scientists, to name a few. These needs vary significantly among the IGs because each IG's work focuses on the mission of the agency with which it deals. Previously, we may have hired investigators from the traditional law enforcement agencies like the FBI and the Secret Service. Now, with our primary interest in financial crimes, it's more important than ever to have investigators trained in financial transactions. This results in the need to have full integration of auditors with investigators. I believe some of our best investigators were originally hired and trained as auditors.

To identify good candidates, each IG needs to develop continuing relationships with the colleges and universities which can serve the IG's requirements. Through contacts with the schools and its professors, the IGs will be aware of excellent prospects and may have an opportunity to influence the schools to include subjects in the curriculum which might interest the students in seeking work with the Government specifically the IG, and which will help prepare the students for such work.

When IGs participate in the recruitment processes at the universities and colleges, we are of course looking for hard technical skills, but I believe there are two areas we have not paid enough attention to in this process. One area is writing skills. No matter what important facts our work reveals, unless we can effectively communicate, we fail. This is not an issue of putting in the comma to make a

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sentence look nice, but is an issue of putting in the comma to make the meaning clear. In the last 20 years, there has been a decline in the ability of those coming out of school to put together clear sentences into meaningful paragraphs which convey a clear, crisp and concise message. This needs to be an important recruitment criteria.

Another area of concern I feel we have not paid enough attention to in recruitment is the willingness and ability of the prospective employee to work in a team. Little we do in an IG office is done by one individual alone. Almost all is done in a team of some kind. While not an easy issue to focus on, I think it is important in selecting future staff. It can have tremendous impact on the success of the office.

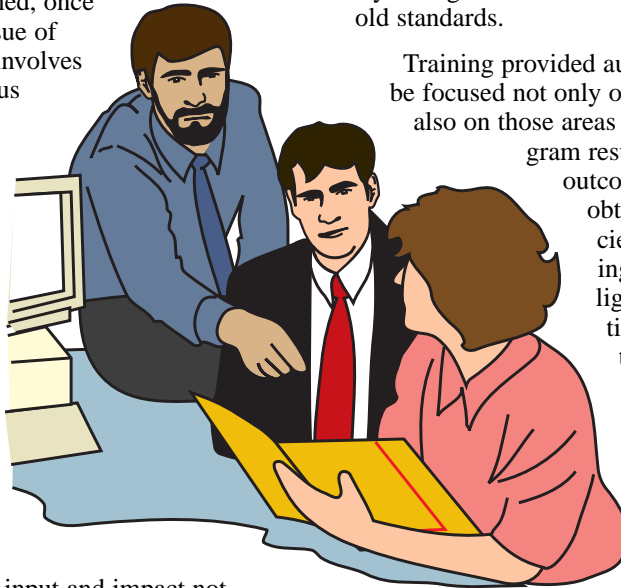
In that perfect world I mentioned, once recruitment has taken place, the issue of retaining staff becomes key. This involves the training, learning and continuous improvement, which I will discuss below, but the best way I have found to retain staff is to provide an environment where individuals feel they are a significant part of the team, where they are consulted, where they feel they are part of the process and where they feel their opinions matter. This requires the "supervisor" to become a "mentor" and an "advisor" and not a "director." The process becomes one of collaboration, cooperation, and mediation so that all members know that they have an opportunity for significant input and impact not only in their work but also in their own personal training and development. Ultimately, staff work together in truly self-directed work teams where they plan, organize, conduct and report on their efforts, and where they assure training and development for one another, with the "supervisor" outside the team being the "advisor and mentor." This team process best taps into staff creativity and encourages innovation in a way that is often discouraged by traditional hierarchical systems.

## Training

When we recruit someone from outside the IG community, we believe that they have all the basic skills that they need to do the job that they were hired to do. Nevertheless, the first thing a new staff member will need is to be initiated into the unique IG world, for an auditor that means an orientation such as provided by the Inspector General Auditor Training Institute (IGATI), and for an investigator a program at the Federal Law Enforcement Training Center (FLETC).

Regardless of the skills brought to the IG, those skills will need to be honed over time and new skills will need to be added. Skills required of auditors and investigators

today, in some cases, were not even in existence as little as 3 years ago and they will continue to change. In addition, the conditions under which those skills are applied are also constantly changing. In Government, many organizations are moving from being regulators to being resources. Many typical government operations (if there are typical operations anymore) are now being contracted out to private business. This "privatization" process, like a "reinvented" internal process, may well not have the kinds of internal controls for accountability that we have come to know in government service. Consequently, the auditor and investigator must know and understand new processes and new ways of assuring accountability so that auditors and investigators won't be accused of interfering with operations and stymieing innovation and creativity by measuring against old standards.



Training provided auditors and investigators thus must be focused not only on important traditional skills, but also on those areas which help them work with program results and assess whether the outcomes called for in legislation are obtained in the most effective and efficient manner. This requires identifying the needs of each individual in light of the demands of the organization, and considering the desires of the staff member. Significant time and resources are required to develop or procure timely and high quality internal training programs or to send individuals to good external programs. It would be hard to overemphasize in our ideal world the importance of providing adequate training, not only to meet the needs of the job, but to retain that valuable resource - the individual staff member.

## Environment for Continuous Learning and Improvement

An environment in which individuals feel appreciated, where they have an opportunity to contribute, and where they believe their ideas are thoughtfully considered will produce an office in which continuous learning and improvement can take place. When IG management provides the best available equipment, technology, and training and where sufficient resources are made available for staff to participate in professional activities, individual members will usually respond by being more committed and involved in work and in the activities for self improvement.

Providing sufficient compensation opportunities for good IG staff members abound - in other IG offices, in program accounting and investigative offices, and in outside accounting and investigative offices. How do we keep the good people? In addition to opportunities to influence their work, have adequate equipment and other resources, and

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develop their skills, even in the ideal world the bottom line is probably cash. However, if IG managers assure development of their staff and provide them with more responsibility, they will be able to justify compensation at a level to hold them.

## One Last Challenge

Over the years, IGs have tried to get auditors and investigators to work more closely together because their joint efforts can produce more than the sum of their separate efforts. We have not succeeded in this to the degree that we should have. Auditors and investigators must be trained together and learn to appreciate each others' skills. Only then can we overcome the "we/them" atmosphere. The office environment always suffers when this atmosphere is present. Teamwork - including having both auditors and investigators on the same teams where all share equally depending upon their skill and experience is imperative. In this supportive environment, knowledge and skills are

shared and we learn to appreciate one another and accomplish more.

## Conclusion

The IG community has come a long way in the last 20 years in updating its approach in ways which contribute more significantly toward improving Government operations. But we have a long way to go. It will take our best leadership skills to assure a staff that is sufficient, trained and ready for the changes here and still to come. We can best do this by bringing in good new talent, by involving the staff in decision making, by providing them training and other resources needed, and by inculcating an environment of continuous learning - an environment that values the individual and stimulates teamwork and synergy between auditors and investigators. Hopefully our 30-year report on resource management will say that we have made great progress toward this goal.□

# Managing the Inspector General and Agency Head

by Sherman M. Funk



*Sherman M. Funk, Former Inspector General, Department of State and Arms Control and Disarmament Agency*

About a week before I was sworn in as Inspector General of the Commerce Department, one of the non-profit watchdog groups in Washington issued a press release attacking Mac Baldrige, the Secretary of Commerce, for waste and abuse. The group charged that Baldrige had chartered a private jet to fly around the country, although he could have traveled by regularly scheduled airline flights and saved taxpayers a bundle. I opened my first investigation as IG a couple of days after my swearing in; the subject was Mr. Baldrige's chartered plane.

Rather to my surprise, the OIG staff thought that this demonstrated considerable guts on my part, although they believed it likely that my tenure as IG would set a record for brevity. I was not at all trying to be brave, nor did I consider my action as foolhardy. I simply thought I was doing what the IG Act enjoined me to do, and I assumed that the Secretary would regard it the same way.

Much later, I learned that Mr. Baldrige had been furious with me for opening the investigation, and even angrier when I issued the report of our findings. These concluded that he had not violated any law or regulation, but had acted "unwisely," spending money as though he still were CEO of a major corporation rather than a presidentially appointed public servant. (We found that his trip had not been a boondoggle. He had flown to a number of cities on a tight schedule, interviewing candidates for a key Undersecretary slot that he wanted – with good reason – to fill ASAP. If he had taken commercial flights, his itinerary would have required several more days of travel.) Fortunately, Mr. Baldrige was as fair-minded and sensible as he was impatient. After the dust settled, we had a good working relationship, and his support smoothed the way for some important innovations in

our work. But I found, somewhat to my amusement, that – at least in the early days – my job as IG was considerably easier because of that initial investigation. After all, the feeling went, if I had taken on the boss as my first investigative target, better not mess around with me.

The nature of agency head/IG working relationships is critical. Virtually all senior executive jobs require the incumbent to maintain a host of important relationships. This is particularly true in the Federal Government where the bureaucracy – no matter how reinvented and downsized – provides a confusing mix of vertical and horizontal lines of command, control, and communication. And, within our bureaucracy, nowhere is this mix broader and more confusing than with Inspectors General, whose very effectiveness depends upon the success of these relationships.

Consider for a moment the bewildering range of IG relationships. They generally include, for all IGs: the OIG staff; other IGs; OMB (both Budget and Management sides); the agency head; the agency's General Counsel; the agency's chief management officers, e.g., head of administration, budget chief, CFO, personnel director; procurement chief; the agency's line assistant secretaries and other program managers; constituent lobbying groups; the Department of Justice, FBI, and other law enforcement agencies at the national, state, and local levels; the media; the Office of Special Counsel; the GAO; private sector accounting firms; and perhaps various offices within the White House. Of course, many IGs have additional special relationships, but we need not be more expansive. Those cited above will suffice.

Quick test: Which of these relationships is the MOST IMPORTANT to an IG, and the MOST DIFFICULT to maintain?

The answer is simple: clearly, that with the agency head.

And the reason? That is not quite as simple. The answer begins with the essential, rock-bottom function of an IG: to

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effect positive change in the IG's agency. Let's trace the path of such a change. Through findings in IG audit, inspection, and investigative reports, the agency becomes aware of deficiencies in its programs and/or operations. When it agrees to adopt the recommendations in these reports, or at least the basic thrust of these recommendations, the agency corrects the cited deficiencies, thereby in effect changing things for the better.

But there is a kicker here. Theoretically, the IGs' work stands on its own. Theoretically too, the validity of each finding and recommendation speaks for itself. In practice, however, changing a bureaucratic status quo is remarkably difficult...and the longer it has been in place, the more difficult it is to change. It is rather like bringing a supertanker to a dead stop in the middle of the ocean, and then changing direction.

The managers of the programs concerned must consent to the changes, which in effect can be taken to mean they were not on top of the program earlier. Obviously, if they had been doing everything right, there would be no reason to change. And if these changes are significant enough to attract public attention (and thus congressional attention), the chances are that senior officials of the agency – tacitly or explicitly – will have to agree with them. Which means, in turn, that the deputy to the agency head must be on board...as well as, perhaps, the Secretary or Administrator.

Let's suppose that the picture the agency head has of the IG is a good one. The IG, in the eyes of the top boss, is a tower of integrity and common sense, a person of stature within the agency, an admirable individual who remains calm in the face of hysteric attack, who never runs off half-cocked or jumps to conclusions before thinking them through. He is well-regarded in the Office of Presidential Personnel and on the Hill. The chances are excellent that the agency head will clearly indicate, without putting anything in writing, that, in general, it is a good idea to support the IGs recommendations.

But now let's suppose, to the contrary, that the agency head hasn't heard a word from anyone at the White House about the incumbent IG since the latter's nomination, or from anyone on Capitol Hill. But the agency head has heard from various senior people in the department generally derogatory information about the IG. He is, allegedly, a glory hound, prone to rash decisions which attract media attention, and that he cares much about his image but little for the agency. In disputes between the OIG staff and a program staff, he invariably supports his people, regardless of the facts. The chances are good that the agency head, without putting anything on paper, will quietly accept a negative attitude towards IG recommendations. It will not take the IG long, in this environment, to realize that each major recommendation from the OIG will trigger a serious fight up and down the line.

In most agencies, it is only the agency head who can make such a profound difference in the way in which the senior staff reacts to the IG.

Again, a personal example very much in point:

When I arrived at State in mid-'87, as its first independent and non-foreign service IG, the senior staff there regarded me with fear and loathing. I was, after all, coming there with the strong personal endorsement of the (then) ranking minority member (now Chair) of the Senate Foreign Relations Committee, who was personally responsible for the new law creating my job – and displacing my predecessor, a popular, tough and very savvy senior foreign service officer (who had been a college classmate of mine). I was viewed as a hanging judge, brought in deliberately to shake up the place. Everyone there knew, and it did not help me at all, that the Secretary, George Shultz, had repeatedly and vehemently argued against having an independent IG at State.

I was asked, when I attended my first Secretary's staff meeting, to address the group, outlining my plans for the new office and describing my proposed *modus operandi*. The meeting, held in the department's Operations Center, was crowded and, when I approached the lectern, the attendees were palpably hostile. I talked about 10 or 12 minutes and, when I finished, asked if there were any questions. There was a long silence, and then came a single question: "Would I routinely send my reports to the Hill?" In reply, I quoted the language in the Act which requires the IGs to keep the Congress "fully and currently informed," and cited the requirements for the Semiannual Report and the Seven-Day Letter. Finally, I noted that, at Commerce, I had frequently testified at oversight hearings, and anticipated doing the same at State. I took my seat at the big oblong table amid a thunderous silence.

Then Mr. Shultz, returning to the lectern, paused where I sat and put his hand on my shoulder. (I did not know this then, but Mr. Shultz is not a very demonstrative person. This made his physical contact with me all the more startling and impressive.) He said that, as everyone there knew, he had opposed the creation of my office, and had lost. In a democracy, he said, you have to expect losses as well as wins, and go on from there. Looking around, with his hand still on my shoulder, he said that he had complete confidence in my ability to do the job and do it fairly. He said flatly that he expected everyone in that room, and in the Department, to give me their full and unstinting support, and requested each attendee to pass this firm expectation on to their staffs.

Soon after, leaving the Ops Center when the meeting ended, I encountered a mass of handshakes and invitations for coffee. Never have I seen a more graphic and immediate impact of an agency head opening a relationship. This did not turn the IG job into a bed of roses; it did, however, make the job do-able.

Another aspect of the agency head-IG relationship arises when the agency head does not understand, or misunderstands, the IG role. A funny example of this occurred when Jim Baker succeeded George Shultz as Secretary. During the Christmas holiday in 1988, while Mr. Baker was still Secretary of State-designate, he asked me to meet with him to discuss the IG role. We met in one of the small rooms he was using as a transition office.

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He came right to the point. “I don’t really understand your situation,” he said. “What kind of tenure do you have?”

“None,” I said. “None at all. I serve at the pleasure of the President. Obviously, I don’t report to him. I report to the Secretary – to you. But the IG Act says that you can’t fire me. Only the president can do that.”

Baker frowned, and pursed his lips. “Of course,” I continued. “That’s not a big deal. All it takes is a telephone call from you.”

Baker grinned. I grinned back, aware that we had just tacitly laid the groundwork for a good working relationship. We then proceeded to explore the IG mission at State.

I have been exceedingly fortunate in the agency heads with whom I’ve had to deal: Baldrige, Shultz, Baker, Eagleburger, and ,for a brief time, Christopher. All of

them understood, and can readily define the meaning of “efficiency” and “economy.” But there is no such certainty when it comes to “effectiveness.” GPRA in large part was developed to plug this gap; its success as yet is uncertain. However, OIG audits are delivering performance results regularly. I can think of few partnerships that would be more productive than a full-bore effort by the agency head and the IG to jointly exploit the unique ability of performance audits to determine the true effectiveness of programs. To be sure, the results in many cases may well be disheartening. But that too tells an important story.

Arguably, the IG Act precludes joint operations taken in concert by the agency head and the IG. But it does not in any manner preclude jointly exploiting work performed by one or the other. Both sides should jump on this, inasmuch as both sides – the agency head and the IG — share a common goal: improving the quality, and reducing the cost, of the products coming out of the agency.□

# Managing the Vision

By James R. Naughton

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*Mr. Naughton is an Attorney and Certified Public Accountant with extensive experience relating to the Federal legislation, programs and operations, including work as a consultant for numerous Federal departments and agencies. Mr. Naughton was Counsel, Intergovernmental Relations and Human Resources Subcommittee, U.S. House of Representatives from 1955 to 1983. In this capacity, he personally drafted much of the legislation (Inspector General Act) that established statutory Offices of the Inspector General (OIG) in Federal departments and agencies. In addition to his role in the establishment of IG offices, Mr. Naughton directed several investigative and reviews of government-related programs and activities.*



*James R. Naughton*

## Genesis of the Inspector General Act

The Inspector General Act of 1978, which provides for Presidentially appointed Inspectors General (IGs) in Federal departments and agencies, will soon reach its twentieth anniversary.

The United States has had military Inspectors General since the 18th century. However, although their name is similar, the statutory positions created by the 1978 Act were not patterned after the military Inspectors General.

The chief sponsor of the 1978 Act was then Congressman L. H. Fountain of North Carolina, the Chairman of the House Government Operations Subcommittee which initiated the IG legislation.

Congressman Fountain and members of his Subcommittee were motivated to a considerable extent by three events related to Subcommittee investigations.

The first event was an extensive investigation by the Subcommittee, beginning in 1962, of the operations of Texas swindler Billie Sol Estes. Estes' activities, the Subcommittee discovered, had been the subject of an "almost unbelievable number" of inquiries and

investigations by agencies of the Federal government over a period of nearly 10 years. However, because of a lack of effective coordination or communication between or within the departments, agencies and subunits involved, Estes was able to continue and expand his illegal activities until they were eventually exposed in a newspaper story.

The Subcommittee investigation further disclosed that audit and investigative activities of the Department of Agriculture were being conducted by a number of separate and uncoordinated units which reported to officials directly responsible for the programs being reviewed. Disclosure of these organizational and procedural deficiencies led then Secretary of Agriculture Orville Freeman to consolidate USDA auditing and investigative responsibilities under a non-statutory Inspector General reporting directly to the Secretary.

The second event was the 1974 decision by then Secretary of Agriculture Earl Butz to dismantle the Department's non-statutory Office of Inspector General, which clearly demonstrated that a statutory basis was needed to assure the continued existence of IG offices.

The third event, which began shortly after the untimely demise of the Agriculture Department Office of Inspector General (OIG), was another Fountain Subcommittee investigation which disclosed serious problems at the Department of Health, Education and Welfare (HEW).

HEW then had more than 129,000 employees and was responsible for about 300 separate programs involving total

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expenditures of more than \$118 billion annually — a third of the entire Federal budget at that time. In spite of these massive expenditures, HEW's central investigative unit had only 10 investigators with a 10-year backlog of uninvestigated cases; moreover, the unit could not initiate any investigation without specific approval of the Secretary or Undersecretary.

Other units responsible for promoting economy and efficiency and combating fraud and abuse in HEW programs were haphazardly scattered throughout the department; no single unit had the overall responsibility and authority necessary for effective leadership and coordination. For example, two separate HEW units were investigating fraud and abuse in the medicare and medicaid programs. Although some medical providers were undoubtedly defrauding both programs, HEW regulations prohibited either investigative unit from telling the other which providers they were investigating or what problems they were finding.

## **Inspector General Act of 1976**

Because of the deplorable situation at HEW, the Fountain Subcommittee developed and secured the enactment of 1976 legislation establishing a statutory Office of Inspector General at HEW. With minor exceptions, powers and duties of the newly created HEW Inspector General (IG) were the same as those subsequently provided for IG offices established under the 1978 Act.

## **Problems Leading to 1978 Act**

In 1977, the Fountain Subcommittee held a series of hearings to determine whether statutory Offices of Inspector General should be established at additional departments and agencies. The Subcommittee found serious problems and deficiencies almost everywhere it looked.

In many instances, audit and investigative units lacked independence because they reported to and were subject to control by officials directly responsible for the programs being examined.

With few exceptions, there were no central offices with overall responsibility for audits and investigations; instead, multiple units reporting to different officials were scattered throughout departments and agencies in haphazard fashion. One department reported having 116 separate audit and investigative units.

In most cases, officials to whom audit and investigative units reported either had conflicting program responsibilities or were otherwise unable or unlikely to provide objective and effective leadership. Moreover, there was usually no single individual who had both the information and the authority necessary to ensure successful coordination of audit and investigative activities both within and among Federal departments and agencies.

Basic information needed to promote economy and efficiency and combat fraud, waste and abuse was often not available. When unfavorable information did surface, there was no assurance it would reach the agency head and Congress or that appropriate corrective action would be taken.

At some agencies, investigators were not permitted to explore allegations of criminal conduct without specific clearance from program officials. In other instances, investigators were not allowed to provide evidence of criminal conduct to the Justice Department without permission of their agency's Office of General Counsel. As a result, potential criminal cases were being held up for months or even years before information was furnished to the Justice Department; in other cases, information was never provided.

There were severe shortages of audit and investigative personnel. Audit cycles were as long as 20 years, while some activities had never been audited. One department had only six trained criminal investigators to look into irregularities in the expenditure of \$25 billion annually. The lack of resources was particularly indefensible in light of estimates that additional investigators would save or recover as much as 20 times their cost.

## **Provisions of 1978 Act**

The 1978 Act contained a number of provisions specifically designed to correct major problems and deficiencies disclosed by the Subcommittee's investigations.

To provide independence, the Act stipulated that IGs are to be appointed and can be removed only by the President. It also authorized IGs to select and employ their own staffs and to make such investigations and reports as they decided were necessary or desirable; moreover, the Act specifically prohibited interference with audits or investigations by agency personnel.

To promote objectivity, the Act required that IGs be appointed without regard to political affiliation and prohibited the transfer of program operating responsibilities to IGs.

To correct organizational problems, the Act transferred existing audit and investigative units to newly created Offices of Inspector General (OIGs). Responsibility for providing leadership and coordination in matters involving the promotion of economy and efficiency and the prevention and detection of fraud and abuse in agency programs and operations was specifically assigned to the Inspectors General.

To help assure the availability of needed information, the Act directed Inspectors General to keep agency heads and the Congress fully and completely informed, through periodic reports and otherwise, about serious problems, abuses and deficiencies and the progress of corrective action. Moreover, the Act provided IGs with strong independent authority to obtain information through subpoenas and other means.

The Act further required IGs to inform the Attorney General of suspected violations of Federal criminal law, thereby eliminating the ability of agency officials to prevent or delay furnishing of such information. (The Act did not require IGs to suspend their own investigations.)

Agency heads were directed by the 1978 Act to provide IGs with adequate office space and necessary equipment, office supplies and maintenance services. Sponsors of the 1978 Act believed that the required reports to Congress on problems and deficiencies would help Inspectors General obtain increased resources for audits and investigations.

## Passage of the 1978 Act

The 1978 IG Act was initially opposed by the Office of Management and Budget (OMB) and all 12 of the affected departments and agencies. It was also opposed by the Justice Department's Office of Legal Counsel (OLC), which contended that some of the Act's provisions were unconstitutional.

Nevertheless, the proposed legislation - which had strong bipartisan support - passed the House by a vote of 388 to 6 and was approved by the Senate without opposition. It was signed into law on October 12, 1978 by then President Carter.

Under the 1978 Act and other statutes, a total of 27 presidentially appointed Inspectors General are now authorized. In 1988, an additional 30 IG positions were authorized at mostly smaller agencies, boards and commissions.

Inspectors General at "designated entities" have the same basic powers and duties as those appointed by the President, but have less independence since they are usually appointed and can be removed by the head of the entity.

## Impact of the Inspector General Act

The Inspector General Act has had a major positive impact. Audit, investigative and related activities have been reorganized. Inspectors General have clear statutory responsibilities and the independence and authority to carry them out.

As a group, the IGs have achieved impressive results. For example, according to a May 1988 statement by then OMB Deputy Director Joseph Wright, IG activities during Fiscal Years 1981 through 1988 resulted in total savings and cost avoidance of \$110 billion and nearly 23,000 successful civil and criminal prosecutions.

Moreover, while it cannot be accurately measured, the work of Inspectors General undoubtedly has had a strong deterrent effect on firms or individuals who might otherwise attempt to defraud the taxpayers. It is worth noting that, according to the Department of Defense (DOD) OIG, 20 of the 100 largest defense contractors were convicted of procurement fraud during the 7 years following establishment of the DOD OIG; by contrast, not one major defense con-

tractor was convicted of such fraud during the preceding 4 decades.

## Problem Areas

While the Inspectors General have generally performed well; there have been - and still are - significant problem areas:

- Through the years, most individuals appointed to IG positions have been well-qualified; some have been outstanding. However, there have been too many instances in which IG positions have remained vacant for extended periods or been filled by appointees without strong qualifications.
- Some programs are so complicated and/or susceptible to fraud and abuse that they are almost impossible to administer or monitor effectively. This is particularly true when the tax code is used to provide benefits for unrelated programs.
- A good IG can and should be an agency head's most valuable source of assistance in avoiding pitfalls and promoting the effective operation of the agency. Unfortunately, some agency heads and program managers do not fully understand or respect the responsibilities and independent status of their Inspector General; as a result, they have sometimes been unwilling to work cooperatively with the IG in addressing problems and deficiencies in agency activities. (It should be noted that there have been instances in which IGs have been accused of limiting their role to criticism after disaster strikes rather than warning about potential problems before bad things happen.)
- Reports by Inspectors General, even when well written, are often not used effectively by agency heads or Congress and are ignored by the media. In the absence of congressional or public interest, there is less assurance that IG findings and recommendations will receive priority attention from agency heads.
- IGs consistently have difficulty in obtaining fully adequate resources. This is true even in situations where it is clear that additional employees would be almost certain to save or recover many times the cost of hiring them.

## The Inspectors General Today and Tomorrow

The fundamental role of the Inspectors General in 1998 is no different than it was in 1978. Their basic mission was - and still is - to promote economy, efficiency and effectiveness and to prevent and detect fraud, waste and abuse in Federal programs and activities. The primary means of accomplishing this mission was - and still is - by providing

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necessary information and appropriate recommendations to Executive agencies and the Congress.

Although the fundamental role of the Inspectors General has remained constant, they obviously have been significantly affected by technological and other changes which are occurring in both government and private sectors. Moreover, enactment of additional financial management legislation has increased workloads and influenced priorities.

The Inspectors General have done a good job during their first 2 decades, but they can and must do even better work in the future.

Some adjustments to the 1978 Act might be helpful. For example, it might be useful to review the detailed reporting requirements imposed by the 1988 amendments to ensure that the usefulness of information required is commensurate with the workload involved in providing it. Other areas which could be examined are whether limited testimonial subpoena authority should be provided and whether necessary law enforcement authority should be available in a more timely and less complicated manner than is presently the case. Any proposed changes should be examined carefully to guard against modifications that might do more harm than good.

However, while useful, any such adjustments would be unlikely to have a significant effect on major problem areas. If the Inspector General Act is to realize its full potential, it is essential that

- Vacancies in IG positions be promptly filled with highly qualified appointees.
- Inspectors General have a cooperative working relationship with agency heads and program managers. This will not happen unless officials with program responsibilities have a clear understanding of the authority, responsibilities and independent status of IGs.
- Potential susceptibility to fraud, waste and abuse be seriously considered when Federal programs and activities are designed and implemented.
- Significant attention be given to IG reports.
- Adequate resources be provided to Inspectors General.

These goals can be achieved without changes in the Inspector General Act, but they will not be realized without significant and sustained efforts by all concerned.□

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# Inspectors General and the Year 2000 Problem

by John Koskinen



*John Koskinen, Assistant to the President and Chair, President's Council on Year 2000 Conversion*

In 1995, Federal agencies were preparing to launch a new era in service delivery. With the introduction of Electronic Benefits Transfer, or EBT cards, agencies would not only be able to make more payments electronically to benefit recipients for programs such as Food Stamps, they would also help to cut overhead costs by replacing multiple Federal and State paper-based benefit delivery systems with a single card system. But before the new system could be put into place, some individuals within the Government raised a red flag. Had the agencies fully examined the security issues so that the cards, if in the hands of someone with bad intentions, could not be used to fleece the taxpayer?

The warning came from what some managers considered an unlikely source — agency Inspectors General. Unlikely because these managers saw IGs as only being involved in auditing and investigating problems long after they had surfaced. Now, they were recognizing the important role IGs have often played on the “front end” of a process, in this instance, delivering valuable recommendations about security that, once fully implemented, would lead to better management of the card system.

In my prior incarnation as Deputy Director for Management at the Office of Management and Budget and Chair of the President's Council on Integrity and Efficiency, I was delighted to use the EBT story to illustrate the important role IGs can play in averting problems. Now, I've returned to the Federal Government as Chair of the President's Council on Year 2000 Conversion, which the President established by Executive Order on February 4, 1998.

The Council's primary mission is to coordinate Federal efforts to address the Year 2000 computer problem. The concern is that on January 1, 2000, many computers will recognize the two-digit date code of “00” not as 2000 but as 1900, causing them to stop running or to start generating erroneous data. In a global economy dependent upon the electronic processing and exchange of financial and other

data, the Year 2000 problem poses a serious threat to public and private organizations worldwide.

As Chair, my job has two key components. One is to encourage Federal agencies to expand their outreach efforts to domestic and international organizations, to increase awareness of the problem and to offer support. The other is to focus on the agencies' progress in preparing their mission-critical systems and external interfaces for the next millennium. It is in this second area that I believe IGs can once again play a significant and meaningful role on the front end of a process — by serving as one of the important resources for auditing, validating, and testing agency system fixes in the months leading up to January 1, 2000.

Why agency IGs? I think there are two reasons: independence and timeliness. OMB has required agencies to subject their systems to independent validation and testing to ensure they will work when we make the transition to the Year 2000. Thus, agency management needs independent, unbiased experts, such as IGs, to assess whether their systems are indeed fixed.

There are those who would say that this is an instance in which management will be looking to compromise the IGs' long tradition of independence to improve the public perception of their agency's progress on making its systems Year 2000 compliant. I disagree. If anything, the Year 2000 problem is a challenge for which management will need the IGs' independence, which is part of the strength of their recommendations. Our overall goal is to do everything we can to solve problems and ensure that agency operations are running as smoothly as they need to be come January 1, 2000. To achieve that, we will need to have all the facts — the good news and the bad news — about agency progress as we move through the process. Sugarcoating the truth in the short-term is not going to help anyone, especially the agencies, in the long-run.

Agencies also need to get information on the status of their system fixes as soon as possible. As I've often said, this is one problem for which neither the President nor the Congress can push back the deadline. If systems are not fixed, or if a change to one system has created problems in another, management needs to get that feedback in real time so they can shift resources and adjust benchmarks

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accordingly. I believe the IGs' proximity to management and their long-standing relationships with those inside the agencies can only help to accelerate this process.

Again, IGs should not be the only resource on which management relies to verify that agency systems are fixed. Indeed, agency managers are working, and should continue to work, with independent validators and testers outside the Government as well, especially in situations where agency IGs do not have the internal resources to do validation and testing. But that doesn't mean IGs cannot play an important role in working with the outside contractors who are doing this work. In these instances, IGs can make a valuable contribution by assisting management in monitoring the contractors' work to ensure that there are not any untested assumptions or unasked questions that might lead to system failures and, subsequently, loss of services. Of course, in none of these situations should the IGs' contributions relieve management of its ultimate responsibility for ensuring that system fixes are working.

Some agencies are already working closely with their IGs on the Year 2000 problem. Shortly after I began my job as Chair in March 1998, I met with approximately 40 agency heads to discuss their individual agency's progress in preparing its systems for the new millennium. Several of them told me that their IGs were serving as independent validators as they fixed their systems, to tell them where things were working and where they still had problems. More importantly, all of these agency heads reported that these IG efforts were of great value to them as they worked to manage their process for responding to the problem. This is a welcome change from some managers' reluctance to work with their IGs on important issues.

IGs across the Government have already provided their agencies with valuable insights and suggestions that have helped move the agencies toward success. In my meetings, for example, the senior leadership teams at the Departments of Agriculture, Justice, and Transportation as well as the Small Business Administration and the Agency for International Development went out of their way to

volunteer descriptions of the positive work their IGs are doing.

The PCIE also has an ongoing role to play in this area by allowing individual IGs to share their experiences, questions, and suggestions about how to deal with various aspects of the Year 2000 problem. While every agency has its own missions and programs, we need to ensure that we don't waste precious resources, the most critical of which is time, by separately solving the same problems. The PCIE has used its "forum" program to help share perspectives, and I hope it will continue to reinforce the work of its individual members.

The immediate goal is for agencies to complete the implementation phase of their Year 2000 preparations by March 1999. But the IGs' role as independent validators and testers of systems should not end there. If anything, that's when the real challenges begin. The primary reason that OMB accelerated the implementation goal from November 1999 to March was so that agencies would have extra time to run their systems and continue to test them for problems. We all know too well that, when you are dealing with information technology resources, you will inevitably find things that still do not work when you start up the full system, even after you have done substantial testing on segments. The smallest change in one program can have untold repercussions for another, creating new problems. Consequently, ensuring that agencies are ready for the Year 2000 is going to require the continual testing of completed work and the ability of systems to deliver services to the American people. IGs need to be part of that effort.

I firmly believe that IGs and agency management have the same ultimate objective — the efficient and effective operation of programs and delivery of services. The Year 2000 problem presents us with an unparalleled challenge to completing that objective. But if agency managers and IGs work together in the months ahead, we will greatly improve the Federal Government's chances of being able to deliver essential services to the American people without major disruptions come January 1, 2000.□



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# If I Were King of the Forest: Allocating Staff in a Multi-Front War

by Paul C. Light\*

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Paul C. Light\*

Inspectors General have never been more popular on Capitol Hill, at least as measured by the new responsibilities the Congress continues to layer onto already over-tasked units. The IGs are not only responsible for audits and investigations, they have a host of secondary duties, including everything from Qui Tam reviews to checking energy efficiency plans. When in doubt about who might assure compliance with its assorted efforts to make Government work, the Congress has unfailingly called on IGs.

(This enthusiasm does not extend to all features of the IG agenda, incidentally. Congress may feel comfortable asking the IGs to monitor this statute and that, but the House and the Senate alike appear to be less and less interested in IG opinions on authorizations and appropriations. At their current pace, the IGs will testify fewer times in the 105th Congress than they have in any other Congress since the 1978 Inspector General Act became law.)

## The Current Allocations

More importantly, the enthusiasm does not extend to OIG staffing. Congress did not exempt the OIGs from the Workforce Restructuring Act, and has been almost as demanding regarding cuts in overall staffing as the White House. As a whole, the presidentially-appointed OIGs took a roughly 10 percent cut, while several OIGs, most notably at Agriculture and the General Services Administration, absorbed particularly sharp reductions.

As individual units, however, some OIGs actually gained staff, in part because their appropriating committees protected them, and in part perhaps because their own departments saw the value in continued strength. The recent PCIE staffing survey suggests that the Defense, Environmental Protection Agency, Health and Human Services, and NASA OIGs did much better than their peers. Interestingly, the Defense and NASA OIGs both gained strength, even as their parents lost employment.

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\*Paul C. Light's next book is *The Shadow of Government: The Changing Shape of the Public Service*. It will be published early next year. He is currently director of the Public Policy Program at The Pew Charitable Trusts in Philadelphia.

Looking back to a 1983 staffing survey for comparison, the 1998 data also suggest that many OIGs bulked up their investigation capacity over the past few years, mostly as a product of hiring more investigators. The shift was particularly pronounced at Defense, HUD, Interior, SBA, State, and Transportation. Many things can change in a 15-year period, of course, including new signals from the White House and Congress on the need for more aggressive investigations, and new hiring opportunities. As the attached comparison of the 1983 and 1998 data suggest, the audit function lost staff in only 5 out of the 17 OIGs studied, and even then only did so dramatically in Interior. Rather, audit simply could not keep up with the hiring frenzy for investigators.

## Fighting a Multi-Front War

Allocating staff is clearly one of the most important jobs an IG must do. He or she must satisfy the authorizing and appropriating committees on Capitol Hill, the Office of Management and Budget, the department and agency, and his or her own staff all at the same time. As the data presented above clearly suggest, past IGs have made very different staffing decisions, resulting in investigation-heavy OIGs such as Agriculture, Labor, and SBA, and audit-heavy OIGs such as Commerce, EPA, and Interior.

Much as some of these differences reflect the type of vulnerabilities each OIG faces, much may also reflect the simple inertia created when the OIGs merged the assortment of audit and investigation shops that existed in each department before the 1978 Act. It is not clear that a single IG could radically alter the staffing structure of an OIG even if he or she wanted to. Reductions in force are no easier in an OIG than they are anywhere else in Government. Although an IG can certainly remake an OIG if he or she has hiring opportunities, steady staffing or attrition-based downsizing hardly provides the sharp edge required to reallocate staff aggressively.

So what is an IG to do in staffing a multi-front war? Given the multitude of obligations to meet, how should an IG divvy up the staffing resources? What is the appropriate blend of in-house versus contract work? What are the core competencies that must be covered? Let me suggest three answers.

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	AUDIT		INVESTIGATION		Percent Investigation of Total	
	1983	1998	1983	1998	1983	1998
Agriculture	387	391	256	299	40%	43%
AID	92	NA	26	NA	22	NA
Commerce	115	121	39	33	25	21
Defense	451	724	146	469	24	39
Education	74	160	59	88	44	35
Energy	81	176	23	66	22	27
EPA	123	288	34	68	22	19
GSA	210	199	102	72	33	27
HHS	540	541	134	235	20	30
HUD	304	325	83	146	21	31
Interior	297	188	36	49	11	21
Labor	194	212	173	210	47	50
NASA	33	107	13	64	29	37
SBA	55	35	49	53	47	60
State	26	98	4	44	13	31
Transportation	316	290	61	92	16	24
VA	205	192	60	75	23	28
Totals	3503	4047	1298	2063	27%	34%

Source: President's Council on Integrity and Efficiency, surveys, 1983 and 1998. The 1998 survey had not been validated at the time this article was written; the 1983 survey is summarized in Paul C. Light, *Monitoring Government: Inspectors General and the Search for Accountability* (Washington, D.C.: Brookings Institution, 1993).

First, there is no question that every OIG must cover its statutory base. That means an adequate complement of audit and investigation staff. The precise share devoted to each must be clearly linked to an IG's assessment of department or agency vulnerabilities, which leads to the general conclusion that if you have seen one OIG, you have seen one OIG. My general sense, however, is that the OIGs are too heavy on investigation these days, perhaps reflecting the more general concern with individual scandal in today's press. Although an IG cannot ignore individual fraud, neither can he or she be distracted from the long-term systemic causes of that fraud by the flurry of congressional delight with proving once again that Government is vulnerable.

Second, as I have argued elsewhere, every OIG should invest in a modest evaluation and inspections capacity. Admittedly, such investments will draw down the audit and investigation capacity, with all that means for congressional resistance. Nevertheless, I remain convinced that an OIG-based evaluation is an essential management tool for departments and agency. Inspections can also generate the kind of short-term products that increase the OIG's visibility and perceived value among senior officials, which in turn, can create political capital during more difficult days.

Does inspections have to be a separate unit? I believe it does, and continue to recommend that Congress create a separate Assistant Inspector General for Inspections. Having watched the inspection function rise and fall at

several agencies over the years, I am convinced that it will always be the first cut during tight times.

Third, as if to complicate staffing further, I believe every OIG should have a handful of management analysts to combat the continuing weakening of management oversight across Government and on Capitol Hill. Although one can admire the efforts by OMB Acting Deputy Director for Management, Ed DeSeve and his remarkably thin staff, there is simply not enough attention being paid to how departments and agencies are currently structured to do their work.

That is why, for example, I continue to argue that the OIGs should take the most aggressive stance possible in overseeing and validating implementation of the Government Performance and Results Act, and why I believe they should be involved in actually designing the performance indicators. If not the OIGs, then who? Political appointees who will be in office for another few

months before moving on? Program analysis units that have been decimated over the past 15 years? Budget units? Personnel shops? There is far less management capacity in Government than either Congress or the reinventing community is willing to admit these days, making the OIGs a safe harbor once again for speaking truth to power.

## Speaking Truth to Power

The IGs remain in a precarious position these days, as is anyone still standing after 5 years of cuts. They and their staffs are increasingly the only ones capable of conducting the honest assessment in an era where even the smallest scandal means big news. The IGs must get the most from their staffs, even as they spread them out over an increasingly wide agenda.

Much as I sympathize with the difficulty of the choices, investments in inspections and management analysis are just as important to the long-term success of Government as continued strength in audit and investigation. It may well be that some audit and investigation staff have to be sacrificed to build the inspections and management analysis capacity, but that may be the better part of valor as the OIGs struggle to fill in the gaps across a Government that most certainly looks smaller today but is under pressure to deliver more and more. □

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# “Upon Being Eaten Alive”<sup>1</sup> – What Agents Can Learn from a Defense Perspective

By *Ira H. Raphaelson*<sup>2</sup>



*Ira H. Raphaelson*

## Introduction

In asking me to cover this topic, I was reminded by one of the assistants to the editor that there is a genuine interest in the Inspector General community in understanding how the defense bar attacks its cases. For those of you hoping to find the secrets to the universe, or at least how to neutralize the defense bar in here, look no further. Ours is a system of justice that is borne of the premise that the power of the Government must be balanced by the presumption of innocence and by the glibness of lawyers to the not so innocent. There are some tricks not worth sharing and others not hard to know.

The best way to understand how I “attack” the Government’s case is to understand that I look at how the case will be presented to and understood by a jury – the same analysis the Justice Department employs in deciding

whether to bring the case. In looking at how the jury will view the case, I focus on how it can be “cross-examined.” In analyzing how to cross-examine, I remain ever mindful of the late Professor Irving Younger. Professor Younger taught, and I believe, that despite an infinite number of styles, there are finite ways in which we cross-examine (attack) evidence. This paper will humbly attempt to build on Professor Younger’s analysis of cross-examination.

As a prosecutor, my greatest frustration was an agent who presented a poorly prepared case. As a defense lawyer, my greatest frustration is an agent who presents a poorly prepared case.

That’s right – this defense lawyer does not like poorly prepared cases. This is not because I want my clients prosecuted – a surprising number of them are actually innocent (as opposed to not guilty) and many others are not guilty of what they are suspected of having done. Rather, it is because the vast majority of my clients cannot afford to go to court – either as a matter of finances or because the threat of exclusion/suspension from Government programs is a daunting one. This is not a trade secret but a well-known fact that prosecutors and agents unfortunately exploit in negotiations all the time. I dislike poorly prepared cases because it is easier to negotiate based on the truth than based on a perception. Of course, perception is a key area for cross-examination according to Professor Younger, whose world we now enter.

## Imagine a courtroom

The power of the agent, the prosecutor, and the defense dwindles before an elevated bench where someone in a robe sits in FULL control. Next to the judge on one side sits the court reporter taking down every word said by everyone – forever. On the other side is a witness chair. From that chair, the evidence is presented – either to a jury or to the judge as fact-finder. When the witness takes the stand, an oath is administered – “Do you swear to tell the truth, the whole truth and nothing but the truth, so help you G-d?” In twenty years, I have never seen a liar helped by G-d. I have, however, seen many a liar tied to the chair as though it was Prometheus’ rock.

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<sup>1</sup> The Journal of Public Inquiry assigned the title to this piece and I honor their choice. It is no doubt drawn from the Greek mythological character Prometheus, who, having offended Zeus, was tied to a rock by day where an eagle picked at his liver — putting him through unspeakable agony. At night, he would heal, only to find himself tied to the rock as bird food with the coming of each new morning.

<sup>2</sup> The author is a partner in the Washington D.C. offices of O’Melveny & Myers LLP where he concentrates his practice on representing individuals and businesses in coping with various regulatory regimes. During 16 years of government service, Mr. Raphaelson was a state and federal prosecutor in Chicago before his appointment by then President Bush as the Justice Department’s Special Counsel for Financial Institutions in Washington. Mr. Raphaelson also wishes to thank Sharon Levin, an associate at his firm for reminding him of Prometheus’ name and otherwise improving this article.

Professor Younger focused on several key methods of attacking the credibility of evidence and portraying witnesses as liars:

## The Oath

Professor Younger notes that the first avenue of attack is the oath – the capacity to understand it and the ability to adhere to it. This seems simple at first blush but it is not. Whether the witness has the capacity to appreciate the oath – truth from fiction — is the basis for a rather complex, and not altogether uniform, set of rules affecting the age at which children may offer testimony in criminal cases. It is also a wonderful way to understand why using informants can be dangerous to the Government’s credibility – liars are liars so why believe them under oath? I remember a public corruption trial where a Government informant testified that he had cheated on his ex-wife in marriage, previously lied under oath in his divorce about beating his wife and lied in a Federal trial about how many people he had paid off for a particular contract. The defense lawyer argued to the jury that they should not consider his prior perjury in evaluating his credibility because he lied in trial to save a friend and lied in divorce from shame. Rather, the prosecution argued the witness was unworthy of belief because he violated his oath of fidelity in marriage – something the jury understood from Sunday school. The jury did not believe the witness for the reasons outlined in the defense closing.

## Perception

Professor Younger spoke of perception as a matter of the five senses rather than perception as a matter of perspective or bias which he treated separately. The ability to know is crucial to a witness’ credibility. Two incidents are instructive. The victim of an armed postal truck robbery was unable to identify the defendant on direct examination during the trial. The defendant had been caught a half mile away fleeing in a car that the victim had accurately described, with mail from the victim’s mail route. On cross-examination, the defense lawyer asked the victim about the addresses on some of the recovered letters. The victim was unable to read the addresses and finally the defense lawyer (mistakenly) asked if the victim needed glasses. The victim reached into her purse, put on her glasses and said that she had been embarrassed to wear them in front of the jury, could now read the address and that the defendant was indeed the man who robbed her. While the cross-examination was inept in that case, it confirmed that the ability to see is important for an eyewitness. One other vantage point story. An agent is cross-examined on the witness stand for hours about video tape recordings made with a fixed lens camera, on a theory that the agency had doctored the tapes to put the defendant’s arm in one ten second sequence. On redirect, the agent was asked where he was standing when the tapes were made. His reply – “At a peephole next to the camera so I could watch the defendant.” On the other hand, if you didn’t see or hear it, do not

pretend that you did. With deference to the cross-examiner of the mail truck robbery victim, most defense lawyers can effectively undermine exaggerations of perception.

## Recollection

I once tried a case as a prosecutor where the agent had been undercover for many years as a trader at a commodities exchange. There were 10,000 corrupt transactions he had been involved in and he needed to testify to 80 of them. While the agent probably could have memorized 19 days of testimony on direct or at least the next day’s testimony if he had to, we concluded that such a recollection would appear to be contrived. Instead, we developed a foundational set of questions that would allow him to refer to the trading records and his reports for each of the transactions to “refresh his recollection” each time. The testimony went so well that the ten defense lawyers each followed the same foundational approach and allowed him to consult his notes on cross. Recollection that is too good or too bad can be impeached. It is that simple.

## Communication

A witness who has been coached either by a prosecutor or agent will be made to look a liar. I once tried a vote fraud case. One of the star witnesses was a heroin addict who disappeared the month before trial. On the last day of trial, the agents found him. We had ten minutes in the hall to remind him of his grand jury appearance before he was before the jury. His direct examination went flawlessly. On cross-examination, the witness was asked how many hours he had spent preparing to testify. The answer of ten minutes brought an incredulous look from the trial judge who asked me before the jury if that were true. I said yes. The jury was out less time than the witness preparation. Another witness in another case was cross-examined at length about having been prepared to testify, during which the lawyers pretended to be defense lawyers, took him to the courtroom, and taught him where to look and how to dress. Normal witness preparation was made to seem subornation of perjury. The jury did not convict.

## Bias

Professor Younger saw two types of bias in cross-examination. The first involves predisposition to favor or dislike. This is the type of perception that means perspective. Do all defense attorneys lie? Are all doctors committing Medicare fraud? Is an investigation an adversarial proceeding? If the answer to any of these (or a hundred other test questions) is yes, your predisposition in a case will cause a jury to question your objectivity and ultimately your judgment and honesty. I have heard IG investigators called zealots and headhunters in their pursuit of internal fraud, waste and abuse. Like all generalizations, these appellations are unfair but a small sample of what those who pursue anything other

than the truth in Government investigations will be called at trial. Another thing to be wary of is the mirror image predisposition to favor. If disparate treatment is afforded those close to the bosses or the bosses themselves – in travel reviews for instance — that tendency to favor will substantially undermine efforts to set a different standard elsewhere. These concepts apply with equal force to lateral fairness (selective prosecution) and retroactivity.

The second type of bias involves prejudice, interest, and corruption. Let me pose a far-fetched hypothetical. A double murder is committed involving the ex-wife of a minority celebrity. A trail of blood evidence and a shoe print make him the likely suspect. A police detective prone to racist language is a key witness. The likely verdict is obvious when an effective cross-examiner gets the officer to first deny the prejudice (perjury) and then admit that he is a liar. The forensics of the case no longer matter because the proponent of the proof and the state that bears the burden of that proof has been stripped of the cloak of objectivity (white hat) upon which its success so often depends. Put simply, if you have problems in the categories covered by Title VII or the witnesses you must use have such problems, your case is subject to effective attack.

## Interest

I once had an IG tell me that her office found corruption by following the financial incentives in private business to see whether interest in cheating had been generated. In turning this concept inward, agents should be wary of personal rewards from cases and even more concerned about deals with witnesses that are conditioned on the outcome of the case. In another context, agents should be concerned about investing themselves emotionally in the outcome of a case. Caring about one's work is different than making it a mission to hurt a person or business. Maintaining objectivity – not caring that anything other than justice occurs – is essential.

Prior Conviction or Bad Acts: Few agents have felony convictions. Many of their witnesses do. The law allows a negative inference from such conviction and most good defense lawyers know how to make the most of it. Bad acts is a much broader category than many agents understand it to be. Several high-profile cases have been dismissed or reversed for “prosecutorial misconduct” where cooperating witnesses did bad things known to the agents but not disclosed in a timely fashion to defense lawyers. The obligation under *Giglio v. United States*, 405 U.S. 150 (1972) to turn over exculpatory impeachment material has been the focus of substantial litigation, little of which has favored the Government. In fact, the Ninth Circuit has gone so far as to require prosecutors to review the personnel files of its agents for such material where requested by the defense to do so. See *United States v. Henthorn*, 931 F.2d 30 (9th Cir. 1991). Indeed, if the files contain evidence of dishonesty or perjurious conduct, the file is subject to mandatory disclosure to the defense for impeachment purposes. Exaggerations — if characterized as lies in those files —

will be used to undermine an agent's credibility. Of course, an agent who lies on the stand, anywhere, anytime about anything, will always be easy prey for the experienced defense lawyer.

Prior Inconsistent Statements: You said “x” today and “not-x” yesterday. Is your memory improving or are you a liar? So simple and elegant is this form of impeachment that it is the first taught in most law schools yet the last mastered by most lawyers. I believe that this concept is best-understood in full context – too much of anything is not good.

## Consistency

An agent or witness who tells the same story consistently is widely understood to be a truth teller. Yet, Professor Younger told the story of a horrible sweatshop fire in New York, which claimed many lives. In a wrongful death action against the sweatshop's owners, the jury was brought to tears by the riveting testimony of a 15-year old survivor who told them in graphic detail of the inhuman conditions of employment, overcrowding, inadequate ventilation, absence of escape routes, etc. To the shock of the judge and spectators, the defense lawyer began his cross-examination by asking the young girl to tell the story of what happened again. She did as he requested in the same detail. He asked her to do it again. As several jurors sobbed openly, she repeated the story again. He asked her to do it a fourth time and the plaintiff's lawyer objected. The witness changed but a single word and when the lawyer asked her about that word, she said she had made a mistake. In closing, he argued that in each retelling, the witness used the exact same words and that this consistency proved she had been coached and had lied. He won. (See Communication above.)

## Inconsistency

I would be remiss in not covering the subject of agents' notes and reports. As a rule, agents' notes and reports are discoverable by the defense in most districts. In the last 21 years, I have never heard a good explanation for why an agent's report is different than an agent's notes. The one I had to accept as a prosecutor was that sometimes witnesses call to correct themselves later and that the agent's report is a narrative rather than a court-reported statement. This is the logic that caused some courts to decide that certain reports of interview are not subject to disclosure under 18 U.S.C. Section 3500. I did not agree with those cases then and I certainly do not agree now. Fortunately, the majority view is that agent reports are Jencks material. Even where they are not, inconsistent statements are Giglio material and the defense bar gets it eventually. I believe that an agent's report should reflect the truth as he or she receives it chronologically. Witness inconsistencies should not be excused, adopted or concealed by creative report

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writing. Where this occurs, a good defense lawyer will undermine the credibility of the witness, the agent and the prosecution.

Reputation: The law says that reputation can undermine credibility and it can raise reasonable doubt. In official corruption cases, we were taught to keep this in mind because public officials generally have good reputations and those who cooperate against them do not. In my experience, cross-examination on the basis of reputation is a two-edged sword for both sides. The one place where reputation is a consistent winner for the defense is where the court allows the reputation of the Government's agents to be put in issue. Attacking the Government's case by attacking its agents is a common and all-too-often successful tactic. I say all-too-often because it is a tactic that I think is overused because everyone saw it on OJ. Overuse may

ultimately undermine the ability of defense lawyers to use it when it should be an issue. A rookie who mishandles evidence is a rookie. That rookie becomes forever tainted if he or she tries to evade the consequences of the mishandling. A reputation for bias will forever undermine an agent's credibility. A reputation for violence will forever undermine an agent's ability to introduce a confession.

## **Conclusion**

The techniques of cross-examination taught by Professor Younger are an effective means of winning trials. They also provide fertile ground for defense lawyers in talking to prosecutors and their supervisors about the risks of trial for the Government and the fairness of bringing a prosecution in the first instance.□

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# “Tool Time”

by Lawrence H. Weintrob and Todd J. Zinser



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*Todd J. Zinser, Assistant Inspector General for Investigations, Office of the Inspector General, Department of Transportation*

In 20 years of audits and investigations, the basic goals of Inspectors General—preventing and detecting fraud, waste and abuse—have not changed. As with many crafts and disciplines, however, the tools and skills needed to accomplish them have changed over time. As a result, the Office of Inspector General (OIG) at the Department of Transportation (DOT) has had to find new approaches to do the job. This includes hiring and deploying personnel with varying expertise and equipping our existing staff with new knowledge.

## Hiring Outside the Box

Over the years, the OIG’s chief task has been conducting audits and investigations. As a result, most personnel in OIGs have degrees or experience in those two areas. And that is perfectly logical. “The auditing tasks of today, however, often require the expertise and professional judgment of a team with a more diverse background,” says Lawrence H. Weintrob, Assistant Inspector General for Auditing at DOT’s OIG.

For example, within DOT, an engineer may be needed to certify that an infrastructure project has been built well or badly. On others, an expert in bond financing may be

helpful in producing a report that helps decisionmakers determine whether a private entity should receive, or be denied, public subsidy.

“When our auditors lack such skills, they are forced to rely on information generated outside our shop — sometimes, from the auditee. That does not do much for independence and objectivity,” Weintrob says.

To improve the situation, OIG at DOT—as well as other Offices of Inspector General—has successfully recruited people who hail from a variety of useful disciplines. DOT’s OIG now has an economist, a former investment banker, people with government and public policy experience and people who specialize in transportation analysis. These special talents add depth the OIG’s analyses and provide a fresh way of looking at things. When new personnel are teamed with DOT OIG’s excellent, experienced staff, they produce more three-dimensional end products.

## Details that Make the Difference

Another successful approach used by OIGs has been to “borrow” expertise from other agencies on an ad-hoc basis, to help with jobs in which that knowledge is especially pertinent but for which no long-term requirement is seen. DOT’s OIG recently conducted an audit in which someone with solid loan-analysis experience was needed for a quick-turnaround look at a Maritime Administration loan guarantee application. The Office of Small and Disadvantaged Business Utilization had a staff member who had worked in investment banking, so DOT’s OIG asked that she be detailed to DOT for a few weeks. The request was granted, and she was a powerful addition to the team. It was a rewarding experience for the OIG and the staff member.

Another case involved a job dealing with aircraft avionics. “There was a senior technical expert at the National Transportation Safety Board who knew the issue — in fact, who had some of the best technical expertise in the country. The OIG asked if it could “borrow” the expert, and it has worked out well.

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## Scaling the Big Pyramid

Combined with this new available talent pool is a new willingness to deploy the players in a flexible way. “Most audit organizations are hierarchical— GS-15s supervise GS-14s who supervise GS-13s. We are working to break this mold,” says Weintrob. They are doing this by giving the OIG’s most talented people more responsibility. By doing this they have been able to get quick, thorough results and provided timely advice to Department managers and Congress.

Having ready access to a diverse pool of talent can help IGs more often live up to Yellow Book expectations. One concept is particularly pertinent. That is the idea that auditing is most worthwhile when management gets timely, relevant and persuasive information before making decisions—instead of just telling managers, after the fact, they made the wrong ones.

It translates, ultimately, to measuring outcome — which is at the heart of the Government Performance and Results Act.

## A New World of Investigations

On the investigative side, where one would think the skills possessed by a strong investigator would position that person to investigate almost anything, there is still a need for new expertise in one major area — computers. The investigators the OIG hires must know how to use computers to help fight crime, and they must know how computers are used to commit crimes.

For Federal employees of all sorts—especially the seasoned ones with several years of service—even learning the ins and outs of a new software upgrade can spell frustration. But the OIG stresses that in investigations, it is not just a question of being computer-literate for the usual office purposes. We are dealing with people who know how to write and decipher code and are keeping up with the changes in that field. Investigators must know how to search computer records and seize and maintain records to use as evidence.

One other area of investigations that is affected by computers is security and the ability of hackers to overcome security barriers in computer systems.

At the National Aeronautics and Space Administration, a staff of investigative computer specialists reports to a special Assistant IG for such issues. Tom Talleur, advanced technical programs executive with NASA, confirms the agency has more than 100 incidents under investigation

involving either deliberate service interruption or “hacking” against the agency.

Most malefactors in the misuse of Government computers either “are trying to put us out of business, communications-wise, or take something of value,” Talleur says. To deal with such issues, NASA has authorized a staff complement of 18.

Even when an agency’s staff delves into the computer world to get ahead of cyber-bad-guys, there is a silver lining. One of the results of developing the capability to investigate high-technology crime is that, in so doing, you are actually moving the work skill sets of your OIG workforce into the 21st Century as fast as you can. Why is that important? Because in 5 years, all records that auditors and investigators will deal with will be electronic and will probably be encrypted. The community will need people who can deal with that.

In addition, a few highly computer-literate employees can help teach their fellow employees.

With computer-intelligent talent much in demand these days, setting up a strong team can be costly.

Zinser notes that each IG organization may have other areas where special expertise makes sense. At DOT, one such area is the environment.

“Much of the crime we pursue involves violations of laws that govern transportation of hazardous materials or oversight of such environmental insults as oil spills. In light of this, hiring an environmental engineer makes great sense,” he says.

As with the ad-hoc auditing teams formed at OIG-DOT, “Such expertise can help us probe such issues as whether the managers of an infrastructure project filed a proper Environmental Impact Statement before work proceeded and public funds were spent.”

The IG community, of course, is a varying landscape that is home to the long-established talents and a wide range of new potential ones. Still, each Office of Inspector General must deal with responsibilities and missions undreamed of when its associated Federal agency was formed and in the 20 years since the IG Act first passed.

OIGs can meet these challenges by hiring a new array of staffers—who, if they are not all renaissance men and women, may collectively form some fine renaissance teams. OIGs can re-empower the highly experienced and loyal staff already on board. And they can focus closely on the computer capabilities of their staffs, to boost their power and productivity. □



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# A Self-Defense Guide for Auditors

by Carol Lessans and Mariann Thomson



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**Y**ou have completed an intensive, full-scope audit, pulled several all-nighters to develop a hard-hitting report, and survived the pain of the report review process. After all that, you think, surely the findings and recommendations are solid enough to elicit a positive response and quick action on the part of the auditee. But how many audit reports have been greeted with a yawn or, worse yet, an attack on the audit methodology itself? Even if the answer is just one, you probably think that number is too high, as we do at the Department of Health and Human Services (HHS) Office of Inspector General (OIG).

To thwart these “slay the messenger” type of responses, we have developed several approaches which have proved invaluable in our efforts to improve the efficiency and effectiveness of HHS programs and to fight health care fraud, waste, and abuse. While not bullet-proof, the approaches described below offer a measure of self-defense to the Government auditor, along with greatly enhanced prospects for responsive action by the audited organization. They are based on the essential elements of:

- collaboration with program officials and with other Federal and State organizations,
- teamwork within the OIG, including thorough preparation and agreement on audit objectives, methodology, and report highlights, and
- timeliness and therefore relevancy.

## Work Planning Process

We put these elements into action at the start of the audit life cycle—the work planning process. Each year our subject experts consult with managers of their respective operating divisions, both formally and informally, as part of their efforts to develop new audit ideas. Many significant focus areas have been developed or refined through this process. Once we have consolidated a Departmentwide audit plan, we formally submit it to the operating divisions for their review and comment. In this way, there are no surprises in the slate of work anticipated for the upcoming year. (And if unanticipated work does arise, because of congressional requests, we rely on our close relationships with agency liaisons to initiate the audits with minimal, if any, problems.) Additionally, the work planning process recognizes that pro-active audits—those that anticipate problems and provide solutions—will more likely be accepted by management than the “gotcha” reactive audits. We are able to focus on pro-active audits through this auditor-auditee collaboration.

## The Audit Process

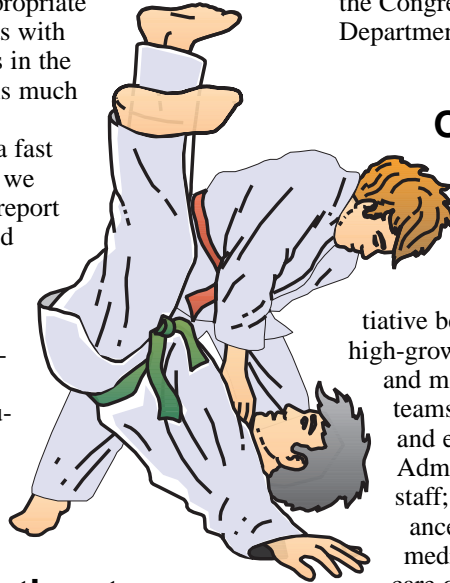
As an audit gets underway, we use The Audit Process (TAP) to keep management apprised of audit activities and findings. This process, which has been detailed in an Office of Audit Services manual since 1993, is the key to effective communication both with agency management and within the audit team. It is a systematic approach to auditing based on team participation, clear objectives for each assignment, and an emphasis on developing the attributes of an audit finding (criteria, condition, cause, effect, and recommendation). To apply TAP during each phase of the audit, we use a standard worksheet as a tool for organizing thoughts and staying focused on the audit objectives, an outline for findings, a focal point for discussion among team members on the progress of the work, and an aid for the independent report review function.

As explained in the TAP manual, meetings with program officials are highly recommended in the pre-survey phase of each audit. These meetings can provide meaningful insights into how a program really works (which may be

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quite unlike the way the Congress intended), what other audits or reviews have revealed, how many and how long auditees have been funded and at what level, and what risk factors could affect the audit approach. Discussions with program officials can also assist the audit team in making preliminary decisions on audit materiality. In addition to funding levels, information may be provided on significant or sensitive issues that could affect materiality thresholds.

Armed with all of this information, the audit team is in a much better position to zero in on the audit objectives and to select the most appropriate sample. Also, by sharing early drafts with program managers and with all units in the OIG report process chain, the team is much more likely to push the audit report through the final review process on a fast track. In fact, since instituting TAP, we have seen a significant reduction in report processing time, and we now applaud TAP for moving the organization beyond the criticism that auditors cannot deliver timely, relevant products. Even more importantly, by following these TAP procedures, the team has opened the lines of communication with program management so that an effective give-and-take continues throughout the audit.



## Review of Plasma Fractionators

To explain how TAP works in “real life,” we were recently challenged to report on a complicated, sensitive issue for a congressional Committee. Specifically, the Chairman of a major House Subcommittee asked us to examine an HHS agency’s effectiveness in conducting inspections of plasma fractionators—the firms responsible for separating the various active components of plasma. Shortly after the review was initiated, the Subcommittee announced a hearing, thus requiring the audit team to step up their pace to ensure not only a report by the time of the hearing but also testimony by our Deputy Inspector General for Audit Services.

With auditors located in various areas of the east coast and bursting with specific questions from the Subcommittee, we would certainly need the close cooperation of the agency to complete the audit on time. Applying TAP, with its emphasis on early identification of specific audit objectives, the team split the individual responsibilities and immediately asked for agency participation on the job. Throughout the fieldwork, auditors maintained almost daily contact with the agency and disclosed their findings to appropriate officials as they completed the various analyses. Additionally, at the completion of fieldwork, the team provided the agency with a discussion draft of the report for informal comments. This became important because with the hearing date fast approaching, it would have been

impossible to obtain written comments and finalize the report before the hearing.

Sharing the discussion draft provided two immediate benefits: (1) we were able to ensure the accuracy and completeness of our findings by incorporating agency comments and suggested changes and (2) at the hearing, the agency was thoroughly prepared for our testimony and was able to skillfully include in its statement details on how it planned to correct the problems identified. In this case, TAP worked to make both the auditor and the auditee look good before the Congress and produced a win/win situation for the Department.

## Operation Restore Trust

Building on already-established partnerships with States and other Federal agencies, Operation Restore Trust took this cooperative tack a step further while targeting fraud, waste, and abuse in the health care industry. This initiative began as a 5-State demonstration project in the high-growth areas of nursing homes, home health agencies, and medical equipment suppliers. It was carried out by teams comprised of HHS/OIG investigators, auditors, and evaluators; the Health Care Financing Administration staff; the Administration on Aging staff; State Medicaid fraud control units; quality assurance specialists from the State surveyors and durable medical equipment regional carriers; State long-term care ombudsmen; and prosecutors from the Department of Justice and the State Attorneys General. The support and participation of the public and the industries audited were also enlisted by establishing a confidential hotline to receive allegations of fraud and abuse.

This 2-year project not only identified overpayments of \$23 for every \$1 spent but also prompted strong corrective measures on the part of the Administration and the Congress. In light of these accomplishments, the project’s interagency, multidisciplinary approach has, in effect, been institutionalized for use in all health care audits nationwide.

## Medicaid Partnership Program

Through another partnership with State auditors, reviews of the Medicaid program have had a financial impact of \$140 million in both Federal and State funds. This initiative, which involves extensive sharing of audit ideas, approaches, and objectives, has proved very successful in ensuring more effective use of scarce audit resources and in providing broader coverage of the Medicaid program. Since the project’s inception in 1994, active partnerships have been developed with 20 State auditors, 11 State Medicaid agencies, and 2 State internal audit groups on such diverse issues as prescription drugs, clinical laboratory services, and durable medical equipment. The OIG is continuing to develop additional partnerships through direct contacts and professional organizations.

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## Other Self-Defense Measures

Beyond working on specific audits or initiatives, we have used many forums—some quite creative—to forge solid relationships with management and to ensure positive action on our findings. Over the last few years, we have been successful in the following efforts:

- **Early Alerts.** By nipping problems in the bud, early alerts have proved a highly effective means of conveying our audit message at the most opportune time, often before the audit is even completed. Such alerts, generally issued as short memorandums, have been used to flag significant deficiencies requiring immediate agency action. For instance, early in an audit, we identified material internal control weaknesses in a major data processing system. Thanks to our early alert, the agency's corrective action was well underway by the end of our fieldwork.
- **Focus groups.** We have gathered valuable information on how HHS/OIG staff are perceived and how we can do our jobs better by inviting senior agency officials to address various issues and perceptions in focus groups.
- **Program conferences.** Conferences offer an excellent venue for establishing cooperative relationships with management on issues ranging from cost principles at colleges and universities to tribal self-determination. When management sees auditors investing travel and training funds, they know the audit organization is serious about its work and will be more likely to accept audit findings.
- **Presentations to senior agency managers.** Auditors should be on the lookout for occasions where they can address groups of managers during nonadversarial meetings. At HHS/OIG, for example, audit officials routinely give presentations on their roles to senior Indian Health Service officials. These presentations, and the question and answer periods that follow, allow both auditors and managers to understand their unique perspectives in a nonthreatening environment.

## Conclusions

Just as we expect our auditees to continually anticipate and prevent problems in their operations and programs, so too should we—the auditors—think in preventive terms vis-a-vis the way we conduct our work. Our experience suggests that the best way to develop this mind set is through an organizational climate of corroboration and clear direction; that is, by embracing partnerships with program officials and among the audit team throughout the audit cycle, by emphasizing well-defined audit objectives and timely sharing of findings with program officials, and by continually fostering positive relationships with auditees. The clear reality is that through this audit approach, we can avert those unfortunate and messy instances when the messenger is slain and, instead, build on our arsenal of trust to really make an impact on program operations.□

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# Contracting: Outsourcing Law Enforcement Services

by Philip M. Renzulli and Allan Kalkstein

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*Contracting-out Office of the Inspector General (OIG) services can make sense and save cents if you know and understand the system. The first article in this 2-part series appeared in the Spring/Summer 1998 edition and provided the "how to's" of contracting-out Government services. This second article, which is more narrow in scope, focuses on contracting-out investigative services.*

**Philip M. Renzulli, Account Executive, Federal Legal Services Division, Aspen Systems Corporation, Retired Federal Law Enforcement**

**Allan Kalkstein, Vice President, Federal Legal Services Division, Aspen System Corporation**

In reflecting back on my 24-year career in Federal law enforcement, it becomes immediately clear to me that the success of our mission depended not only on the contributions of our professional staff, but on the invaluable contributions and support from administrative personnel as well. Federal law enforcement agencies are responding positively to White House and congressional mandates to cut operating costs while increasing enforcement actions. Historically, "doing more with less" has led to operational headaches and less than optimum results. Today, when faced with the reality of budget cutbacks and personnel reductions, progressive law enforcement managers are increasingly turning to contract support services. This partnership with the private sector is a prime example of how Government agencies can ease budget constraints, boost efficiency, and retain flexibility as future requirements lessen or increase.

Senior law enforcement officials are utilizing proven outside resources to perform personnel-intensive functions that were formerly handled by full-time agency employees. As a result, they are able to direct more of their time, energies, and resources towards mission-critical accomplishments. Reputable administrative support firms offer a comprehensive range of services and information technology options to Government managers to assist them in their effort to meet urgent and/or changing needs.

Frequently requested services include: administrative and investigative support (e.g., clerks, data entry technicians, receptionists, paraprofessionals); document acquisition and screening; document/exhibit labeling; image capturing (microfilming, scanning, slide and graphic arts); document indexing or coding; developing and maintaining

searchable data bases; and exhibit management and tracking systems. Other services include but are not limited to, transcript processing and trial preparation. Investigative and litigation support tasks typically include: wiretap transcription, professional language services, witness preparation, link analysis, spreadsheet documentation and trial exhibits (electronic and hard copy). Often, investigative needs dictate that law enforcement agents work in concert with contract employees custom-design data base programs to meet case and prosecution related objectives.

Nowhere is cooperative success with Federal law enforcement more evident than in the support being provided in the asset forfeiture field. Many law enforcement officials believe that this program has done more to thwart organized and white collar criminal enterprises than any other in the past 30 years. This success story could not have been accomplished without contractor support to supplement the Government personnel DOJ component agencies. For the past 10 years, the private sector has provided administrative support to asset forfeiture professionals in a multitude of labor categories from clerks and data analysts to paralegals. The agencies participating in the program include: U.S. Department of Justice (DOJ), U.S. Attorney's Offices, Federal Bureau of Investigation (FBI), U.S. Marshals Service, Drug Enforcement Administration (DEA), U.S. Postal Inspection Service, Food and Drug Administration, Office of Criminal Investigations, U.S. Park Police, and the Immigration and Naturalization Service.

The Secret Service and U.S. Customs also utilize contractors to support similar programs on a smaller scale. This tested and true joint government/private support initiative is not only legal, but it is encouraged for the sake of efficiency and cost effectiveness under OMB Circular A-76, Vice President Albert Gore's National Performance Review (NPR), and other congressional and Federal initiatives. Historically, senior management reviewers evaluate law

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enforcement operations on the basis of successful prosecution of the identified targets, as well as the recovery of assets gained through criminal endeavors. The Justice Department, along with positive results from court actions, has continually validated successful forfeiture operations, indictments and prosecutions.

## **Continuity and Cost Control**

Agency managers and their chief counsel are taking a closer look at their projected personnel and budgetary plans and requirements. Since the ultimate responsibility is to maintain and increase enforcement operations within the spirit of their agency's mission statement, they are reevaluating their approach to performing administrative functions and staffing (including management). By turning to outside contractors for specifically identified needs, office managers can eliminate competing contention for resources and thereby gain the advantage of ad hoc support without interruption of normal operating requirements. Through well orchestrated out sourcing and reliable delivery of administrative services, which can be a time-consuming nuisance, agents can be freed-up to perform their primary duties.

Contracting-out can also provide an opportunity to establish an operating environment that stresses continuity, consistency and control. Every law enforcement challenge is unique from a budget and scope standpoint and must be dealt with on its own merits. Most investigations and task force operations are resource intensive and take an inordinate amount of time in today's litigious society. By assimilating contract personnel into the investigative process, "institutional knowledge" is developed that provides operational continuity, while at the same time affording more time to focus on investigative issues and duties. One of the wonderful advantages of contracting-out is that it can work as simply as turning on and off a faucet. The support is there when you need it, and when the surge requirement goes away, you can turn off the spigot and walk away with no obligation.

## **Keys to Success**

Comparing qualified vendors through an open procurement process can help government managers assure that their agencies secure an organization capable of delivering the services needed without unwanted surprises. Fundamental to this search is a well-constructed statement of work, one that contains a clear work plan and plainly differentiates between services that are mandatory and those that are desirable. As long as the work plan is strong and well defined, contractor proposals will address the most important services and support activities needed. Less frequently discussed, but of equal importance, are the following factors:

## **Comprehensive Knowledge**

Make sure the support firm has a comprehensive understanding of your situation and needs or, your "mission". Expertise in one or two areas of your project is not enough. The firm should exhibit an obvious knowledge of all facets through the questions posed, depth and expertise of their staff, offering cogent and supportable approaches to the solution and by demonstrating they understand the context of your needs, as well as the needs themselves.

## **Management and Personnel**

The proposal for establishing a management plan, on a contract and project basis, must be cohesive and cogently presented. Further, the core group of managers and other key personnel proposed must exhibit the requisite experience and skills.

## **Experience**

Make sure the contractor is experienced in implementing support systems in your area of interest. An experienced designer knows the questions to ask and how to organize data to assure maximum service and efficiency.

## **References**

Request a list of Government, as well as, commercial references for work that is substantially similar in nature to the statement of work at hand. In that way, you will be comparing apples to apples.

## **Reputation**

Remember that contractors usually live up (or down) to their reputation. So, be certain to ask your colleagues if they, or anyone they know and trust, are familiar with the contractor.

Contract Vehicle. Two legal options exist for work placement: 1) riding existing and appropriate government contracts or 2) developing a new procurement (i.e., request for procurement, or RFP). Today, a variety of broad-based authorized contract options exist including GSA supply/service schedules, GWACs (Government-wide Agency contracts), easy-to-use small purchase orders (\$100K limit), issued by your agency. On the other hand, new procurements can be custom-designed to meet an end-user's specific needs; however, even under revised Federal acquisition regulations, the process can be time consuming, cumbersome and, occasionally, frustrating for the requiring agency and bidders.

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## **Stability**

How long has the company been in business? How experienced are its people? What kind of staff turnover or attrition do they have? You want to contract with a solid company that is firmly grounded in the field and committed to its growth and development. Further, you want a company that is client-oriented and will be available for you when, and for as long as you need them.

## **Don't Hesitate to Ask Questions**

Refer to an expert if you have questions about the pros and cons of contract support. Most professionals are happy to provide information to educate you. It's an excellent way

to get to know some of the firms and people within the industry and to start a dialogue with contractors.

Contracting out for support services can be a “life saver” enabling government law enforcement agencies to meet mission-critical and time-sensitive needs. Due to bureaucratic restrictions, legal and procurement-related requirements, which often constitute operational impediments, as well as increased administrative burdens, our nation's law enforcement efforts are often stymied. Thus, it's imperative that alternate forms of support be used that transcend beyond typical methods and current resource allocations. The ultimate goal is on providing focused law enforcement free of administrative burdens — the public should expect and demand no less.□

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# Firing Up the Audit Engine at the General Services Administration Office of Inspector General

Foreword by William E. Whyte

Article by Rhudy J. Tennant

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*Forward: The employees of the Office of Inspector General (OIG), Office of Audits were honored to receive Vice President Gore's Hammer Award for reinventing the audit process at the General Services Administration (GSA). Several years ago, in response to pressures to do more with less, we recognized that doing the same things better was simply not enough. With the Inspector General's endorsement and guidance, we sought to put our clients' interest first and pioneer new methods for providing professional audit products and services. To accomplish the task, we redefined our role in light of the agency's needs, empowered our employees so they could employ innovative methods, eliminated red tape to expedite our processes, and shifted to a team evaluation approach. We believe the end result of our efforts is the delivery of better services to the Federal sector that, in turn, improves the quality of services provided to the American taxpayer. While the transformation was a challenging journey for the organization, the following article highlights the key roadblocks we encountered.*



**William E. Whyte, Jr.** Assistant Inspector General for Auditing, GSA



**Rhudy J. Tennant**, Special Assistant to the Assistant Inspector General for Auditing, GSA

Have you ever felt like your organization was responding like an oversized, underpowered automobile on today's high-speed superhighways? You turn the steering wheel, but the organization continues in the same direction! You step on the gas and your people hesitate! You turn on the emergency flashers, yet nobody seems to notice! Several years ago, the OIG Office of Audits felt that it was operating in such a manner. While our people were working hard, a changing environment demanded products and services that our traditional audit approach could not deliver. As auditors, we could identify the issues, but the real questions revolved around what kind of organization we wanted to become and how we were going to get there. Not having

the option of buying a new vehicle, we knew our "Model T" had to be transformed into a high performance vehicle.

In retrospect, the first and most important step was getting the office leaders - especially the first line managers - to agree that what they had been doing for years was no longer meeting GSA's needs. To gain initial agreement, we started by analyzing those things that auditors are typically the most comfortable: cost, resource use, and timeliness. Analysis revealed our cost/hour was higher than expected. Our resource investment was more than envisioned. And, our audits took too long to complete. An equally important second step was gaining the involvement of every staff member in redefining our organization. It seems like an obvious step now, but at that time our leadership cadre had to overcome some inherent human anxieties before asking for help. The staff's initial reaction to the self-imposed performance analysis was denial, followed by reluctant acceptance and - just as one would expect from auditors - genuine enthusiasm for transforming the organization.

At this stage, we began to formulate what type of audit group we wanted to become. First, we wanted to provide meaningful information to officials for improving agency effectiveness, but this meant defining our efforts relative to the agency's needs - not our own. In addition, we wanted our products to be useful for making critical program decisions, but this meant meeting management's information requirements and deadlines - not our own. Further, we wanted to be seen as a ready source for impartial professional expertise, but this meant expanding the breath

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of analytical services - not just performing audits. Finally, we wanted our services to be cost competitive with the private sector and continue to meet Government auditing standards.

We needed more than a tune up. Our vehicle needed a high performance engine to compete, needed to go in a different direction to be useful, and needed to become user friendly to operate at peak efficiency. In traditional audit language, we needed to:

- Set demanding goals for timeliness, resource cost, and customer satisfaction,
- Provide services that are valued by management, and
- Transform the culture into an empowered team environment.

I would like to tell you we scheduled out a detailed implementation plan, but it didn't happen that way. While we went down a few dead-end streets, we would like to share some important lessons learned along the way.

## Setting Performance Goals

On a national level, real changes were needed to improve audit timeliness and control resource use. Therefore, audit management unilaterally established extremely aggressive 3-year goals for timeliness (days from start to finish) and resource use (cost/audit). In the area of customer satisfaction, we had little reliable information, so steps were initiated to find out what our customers thought of our audit services.

The "sacred cows" had to be challenged if new goals were to be achieved. Corrective action teams, comprised of both auditors and managers, were challenged to come up with methods to achieve our goals. The challenges were significant. Cost or pricing audits that had taken 90 days to complete and required an investment of 311 staff hours were to be done within 60 days and 200 hours. To our surprise, the teams proposed changing processes over which we had complete control. Due to the impact of ever increasing procedural "requirements," we had burdened our auditors with a trunk load (some would say a trailer load) of excess baggage. For instance, work papers could be drastically reduced, if every item examined was not documented; fieldwork could be completed faster, if audit scope was focused toward obtaining the information needed by the contracting officer; and report issuance could be expedited, if redundant verifications were eliminated.

In the area of responsiveness, little data existed telling us whether our audits were satisfying management's needs. An action team was formed to identify a methodology for obtaining input from GSA officials. The only instruction given was that the input needed to be quantifiable so that, as

an office, we could establish goals and track improvements. GSA's managers were contacted to determine the level of satisfaction with historical performance and to request advice for improving products and services. The most important thing we learned is that agency managers wanted more communication with the auditors during the review process as well as more timely reporting of results. Using what management told us, we established customer satisfaction goals and finalized questionnaires that would accompany each final audit product.

## Providing Valued Products and Services

Traditional, compliance-oriented audits can no longer be the lifeblood of an audit organization in today's fast paced, information seeking, decision-driven environment. This is especially true if your organization intends to make a valued contribution to your agency. Accepting this, we fundamentally shifted the emphasis of our audit program to:

- (1) performance reviews that seek to determine whether an activity is meeting Congressional, agency, and customer expectations, operating cost-effectively, and receiving reliable information for decision-making; and

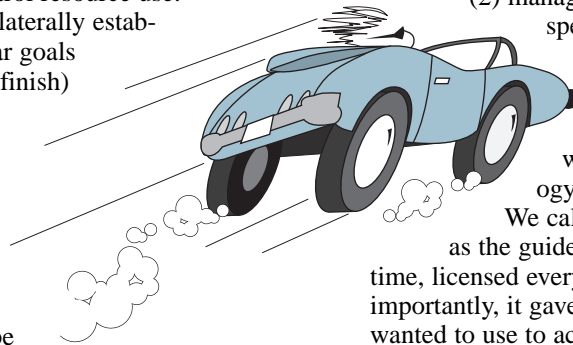
- (2) management assistance services that respond to specific program or operational concerns.

To shift gears quickly and to help overcome the apprehension associated with changing the focus of our audits, we developed a comprehensive methodology for conducting performance reviews.

We call it the Roadmap. The Roadmap served as the guide for performing reviews and, at the same time, licensed everyone to conduct audits differently. Most importantly, it gave a "green light" to the team processes we wanted to use to accomplish reviews. Key concepts include:

- Outlining tasks and expected outcomes before starting each audit phase: Survey, Objectives Setting, Fieldwork, and Report Writing,
- Obtaining audit and agency management's expectations when starting assignments and revalidating them throughout the review process,
- Focusing efforts through team meetings that set priorities, assess alternatives, establish milestones, and review results, and
- Using facilitators to improve team communication and create an environment where auditors can maximize their contribution.

The Roadmap recognized that every team member can energize the team and the entire audit process. For high priority reviews, a headquarters representative facilitates the story conferences. Injecting an external participant into the audit process ensures that the teams continuously emphasize open communication, consensus building, and empowerment concepts. Nationwide training helped ensure





no misunderstandings existed regarding new methods, processes, and responsibilities. The training was developed jointly with the USDA, Inspector General Audit Training Institute and presented by a professional instructor. Unlike training in the past, line auditors and their managers attended training together, heard the same message, and were expected to apply the concepts immediately.

We knew that many of the same skills used for performance auditing could be used to provide management assistance services, but first we had to define the nature of services to be provided. We began by offering consulting services designed to be quick responses to specific concerns - usually completed in less than 60 days. Because consulting services are initiated by request, we gave management the ability to both define and limit the scope of the effort. The results (frequently provided by briefings in lieu of written reports) are distributed only to the requesting official. We also began offering proactive assistance to support ongoing program and operational initiatives. For example, our auditors are available to help ensure that appropriate management controls are provided when reinventing systems or to offer potential solutions to complex financial issues. For the most part, proactive assistance is provided in a "real time" environment where managers get immediate responses based upon the professional judgment of the auditor - not formal opinions that follow detailed assessments.

## Transforming Audit Culture

By far, the most challenging issue faced was how to transform our traditional audit culture into an empowered team environment. In the past, like many audit organizations, we maintained the status quo, expected managers to make all decisions, and closely monitored staff activities. Our challenge was to create an environment where auditors no longer looked into the rear view mirror to see who was checking on them, but focused upon maximizing their contribution to the audit team.

An organization's culture is the means through which an office keeps up with today's rapidly changing conditions. Like the integrated systems of an automobile, all areas must be working together if you want to get the best "mileage" out of the your staff. Here are some of the actions we took to energize the audit environment:

- **Creating a Team Environment** - Our auditors received training with their team members and managers on communicating with others, working in teams, and reaching consensus on issues. Each employee completed a personal "Strength Deployment Inventory" so they would better understand team interactions. Also, managers received additional training geared toward shifting from their traditional role as project controllers to their new role as team leaders.
- **Maintaining Open Communication** - Continuous communication is needed not only to keep everyone informed of initiatives, but also to minimize rumors. Top management held semiannual manager meetings,

increased teleconferences, and briefed field employees directly. We constantly reinforced the importance of two-way communication among peers, within teams, and between operating levels. We also stressed that good communication requires accepting feedback as input, not as criticism.

- **Empowering Employees** - Greater participation was essential for increasing employee buy-in, improving individual performance, and energizing the teams. Open communication coupled with team decision-making created an environment ripe for empowerment. Delegating signature authority for audits to the team leaders persuaded everyone that the audit teams were really responsible for product delivery.
- **Eliminating Roadblocks** - Many of our roadblocks emanated from the existence of prescriptive regulations, processes, or procedures. We identified over 500 pages of restrictive, conflicting, or outdated requirements. Stressing team empowerment and placing greater emphasis on individual professional judgment, we condensed our audit manual to 30 pages of simply stated operating guidance.
- **Increasing Recognition** - Managers were schooled regarding types of recognition (especially informal, non-cash, and peer-to-peer) and given guidelines for giving recognition successfully. We greatly increased individual and team recognition (letters, notes, and E-mail), desktop symbols (coffee cups & paperweights), as well as formal awards by the Inspector General. Extensive efforts were directed toward realizing that asking for input and listening for understanding were important forms of employee recognition.

## What Do You Call Success?

Organizations need to clearly define how to measure success. Our organization sees success in continuing our efforts to achieve our mission statement: "To provide our clients timely, cost-effective, useful, and professional audit products and services." Here are a few of the things that have changed since we fired up the audit engine at the GSA OIG just a little over 3 years ago:

Cost or pricing audits, the mainstay of our contract program, are being issued twice as fast and at half the cost. Now, we are striving to issue these audits within 30 days.

Since expanding services, we have received more than 70 requests to perform consulting or assistance projects. Management and our auditors have embraced these new services as a beneficial means for assessing options and adopting process improvements.

Customer satisfaction has increased more than 30 percent and currently averages about 4.6 on a 5.0 scale. And, we are regularly receiving positive feedback, such as "I am a satisfied customer" and "Keep up the good work."

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We are pleased that Congress recognized our organization's efforts. Our FY 1996 Congressional budget report noted that the OIG "transformed itself from an organization that reacted only after activities are implemented to a pro-active organization ... a model for additional ways in which Inspector Generals can assist in developing a Federal Government that operates more effectively." We also are very appreciative of the recognition bestowed on our organization by Vice President Gore in June 1998. The employees of the OIG Office of Audits were given the Hammer Award for expanding the range of evaluation options, eliminating red tape so audits are completed at

lower taxpayer cost, and empowering teams so innovative methods are more easily adopted.

It would be inappropriate to conclude this article without recognizing the people who made it happen. Every manager, auditor, and staff member served as a first line mechanic and deserves credit for transforming us into a high performance organization. While the race continues, our people know that the checkered flag of success has been waved and they are ready to move on to the challenges of the future. By the way, "What kind of vehicle is your organization driving and where are you headed?" □

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# VA's Office of Healthcare Inspections — A Summary Story

by John H. Mather, M.D., Alanson Schweitzer, M.S.H.A., and George Wesley, M.D.

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*The views and opinions expressed in this paper are those of the authors. They are not official opinions or statements of the U.S. Department of Veterans Affairs or the VA's Office of Inspector General.*



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## Introduction

This paper reviews the objectives and accomplishments of the U. S. Department of Veterans' Affairs (VA) Inspector General's Office of Healthcare Inspections (OHI). The establishment of a U.S. Government office mandated to oversee the clinical quality assurance (QA) programs of a large healthcare organization has been a unique endeavor. We discuss here some of the themes that have emerged from the OHI's daily functioning and public operations.

## Background

In 1988 Congress passed a law specifically mandating that the VA's OIG oversee, monitor and evaluate the Department's QA programs. This law followed a decade of exploration, problems, and often public "soul-searching" as to the quality and nature of VA's clinical activities, and associated QA programs. A public perception had developed that VA was lagging, at least in the area of proficiency in QA processes. The June 1985 General Accounting Office (GAO) report, "VA Has Not Fully Implemented Its Health Care Quality Assurance Systems," was followed on its heels by a U.S. House of Representatives report entitled "Patients At Risk: A Study Of Deficiencies In The Veterans Administration Medical Quality Assurance Program." Both reports took to task VA's formal QA programs and processes.

In addition, GAO's report, "VA's Patient Injury Control Program Not Effective" stated that VA's Medical Inspector office, initially established in response to a perceived lack of effective central oversight and medical investigator capacity, was felt to require substantial revision.

## OIG Formalizes Oversight of Quality Of Healthcare

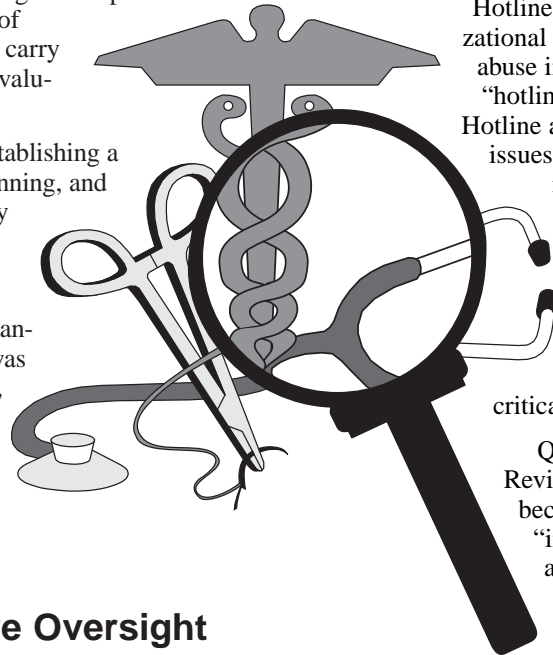
A specific attempt at effecting medical QA oversight through OIG was integral to Public Law 99-166, "The Veterans' Administration Health-Care Amendments of 1985," which required that "The Inspector General of the Veterans' Administration shall allocate sufficient resources including sufficient personnel with the necessary skills and qualifications to enable the Inspector General to monitor the [healthcare] quality assurance program." It was soon apparent that this legislation was insufficient, and the "Veterans' Benefits and Services Act of 1978 (Public Law 100-322), more fully elaborated that VA should engage itself in:

Upgrading and expanding the activities of the Veterans' Administration's Office of Inspector General in overseeing,

*(continued on page 58)*

monitoring, and evaluating the operations of the Department of Medicine and Surgery's [VHA's] quality-assurance programs and activities and its Medical Inspector office so as to provide the Chief Medical Director [Under Secretary for Health], the Administrator [Secretary], and the Congress with clear and objective assessments of the effectiveness of those programs and operations, including ensuring such numbers of, and such skills and training on the part of, employees assigned to the Office of Inspector General as are necessary to carry out such oversight, monitoring, and evaluation effectively.

VA's OIG met this mandate by establishing a support Division within its Policy, Planning, and Resources Office known as the Quality Assurance Review Division (QARD). This Division was staffed in 1989. In 1991, coincident with the increasing prominence of QA and oversight of managed healthcare systems, the QARD was upgraded to a full VA OIG directorate, co-equal organizationally with its Office of Audit and Office of Investigations. This Office was and is named the Office of Healthcare Inspections (OHI).



inquiry, legal, and criminal investigative branches. With so much of VA's personnel and budget allocated for healthcare, it is not surprising that healthcare activities will engender numerous issues for review. OHI has provided project technical assistance in clinical fields such as medicine, nursing, social work, respiratory therapy, nutrition, and clinical pharmacy to OIG auditors, attorneys, and investigators.

**Hotline Inspections:** To fulfill the OIG organizational charge of identifying waste, fraud, and abuse in the agency, VA's OIG maintains a "hotline." OHI inspects healthcare-related Hotline allegations to independently address issues such as allegations of substandard care in a VA medical center.

**Program Evaluations:** Evaluations of VHA's nationwide clinical programs comprised an early and continuing effort by OHI. At the forefront of such program evaluations are assessments of current critical issues in veterans healthcare.

**Quality Program Assistance (QPA) Reviews:** As work in OHI evolved, it became apparent that OHI should indeed "inspect" the system's hospital facilities and inspect QA programs on-site, without the adversarial nature that may accompany a hotline review. To meet this need, OHI pioneered a consultative review system to assist managers in identifying areas that may need to be strengthened. These proactive inspections are called Quality Program Assistance Reviews.

## Approach to Healthcare Oversight

From the outset, it became clear that OHI work would be abundant. Congress' legislation requiring OIG oversight of QA issues and activities in the Nation's largest single healthcare system created a major oversight task.

Oversight tasks, coupled with the need to comply with legislative mandates, have shaped OHI products into six distinctly recognizable categories.

**Oversight of the Office of Medical Inspector (OMI):** The OMI serves as an internal medical oversight office of the Veterans Health Administration (VHA), and in some sense might be considered a predecessor to OHI. However, one major way in which it is distinguished from the OIG and OHI, is that it is internal to VHA with regards to reporting responsibility and is also subject to the control of top VHA managers. Public Law 100-322, on the other hand, provides the OIG with a specific directive to independently oversee the OMI.

**Oversight of VA's QA Programs:** Congress specifically required the OIG to oversee VA's QA programs at every level, and particularly its Headquarters Quality Assurance Office. OHI attempted to meet this mandate in two ways. First, during individual Hotline case inspections, a facility's QA programs are routinely assessed. Second, OHI, in its oversight capacity has systematically evaluated the strengths and weaknesses of VHA's nationwide healthcare programs.

**Technical Support to other OIG Offices:** OHI has provided technical assistance to the OIG's audit, special

## Impact

The Office of Healthcare Inspections has had a most significant impact on the oversight of Veterans Health Administration programs and operations, particularly those relating to medical quality assurance and patient safety. Additionally, there has been an equally important impact internal to VA's OIG.

## External

The advent of a healthcare inspections unit of healthcare professionals within VA's OIG significantly enhances the credibility of VA OIG products as a whole. There is added credibility in discussing healthcare issues. Department clinical and administrative staff have more comfort in discussing medical issues with clinical peers. This helps lower the wall of insularity that sometimes surrounds the healthcare professions. The credibility added is incalculable. We believe that this new OIG expertise creates an environment of mutual respect between OIG and the Department because OHI personnel understand the rigors of working in the health professions. From an oversight perspective, less medical anomaly is now likely to slip by VA's

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OIG, whether in an inspection, audit, or investigation. Finally, we have found that in reporting to Congress, generally on constituent generated hotline complaints, the very fact that the constituent complaint is being reviewed by an OIG healthcare professional strengthens credibility and helps to improve constituent service. This aspect has been viewed favorably by the Congress and the Secretary of Veterans Affairs.

### ***Internal***

With the advent of a healthcare inspections group comprised mainly of healthcare professionals, we are able to provide an element of critical technical support to other OIG oversight functions. For example, potential criminal issues which have healthcare components often are presented to VA's OIG. Such issues include allegations of drug diversion, patient abuse, or suspicious deaths. OHI inspectors have frequently been called upon to provide technical assis-

tance in such criminal investigations. Likewise, VA OIG audits frequently raise issues relative to VA's healthcare efficiency. Again, OHI expertise in these areas has been beneficial to auditors assessing expenditures and cost-effectiveness. OHI staff has assisted auditors in reviewing medical records and other clinical documents.

### **Conclusions**

The development of an inspections unit, particularly an inspections unit of content experts in healthcare, has been a major development in VA's OIG in the 1990s. We believe that OHI's activities have had a salutary effect for the Department and on OIG's credibility in reporting to Congress. OHI is an oversight office, unlike any other in Government, in that it focuses directly on clinical and QA oversight issues through the auspices of VA's OIG. Its necessity has been established historically, and findings to date have validated its significance. □

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# School Days: Inspectors General Auditor Training Institute and The Inspector General's Criminal Investigator Academy

by Andrew J. Pasden, Jr., and Kenneth R. Loudermilk

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*Andrew J. Pasden, Jr., Director,  
Inspectors General Auditor  
Training Institute*



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The Inspector General's Criminal  
Investigator Academy*

**C**hange is probably life's only constant. It is everywhere. It affects us in countless ways. No one can refute that the pace of change is quicker today than ever before in human history, and neither can they refute that it will continue to escalate. Some times the volume and speed of change are overwhelming, while at other times they serve as magnificent stimulants offering us opportunities we could not imagine.

But, to seize on these opportunities we must be ready, willing and able to recognize, understand and adapt to change and, more importantly, to its effects. Twenty years ago, the combined inventory of knowledge, skills and abilities OIG auditors and investigators needed to be effective are very different from those they need now. Continued professional education is far more than a noble goal or an extravagant luxury. It is a must.

The PCIE members are keenly aware that quality training is an absolute necessity to their long term success. Proving its commitment to manage change, the PCIE operates two organizations solely dedicated to providing quality training for its auditors and investigators. This article discusses how these organizations evolved to help prepare the OIGs to successfully master the advances in technology while also addressing the complex issues of the day.

## The Inspectors General Auditor Training Institute

The Inspectors General Auditor Training Institute was established by the President's Council on Integrity and Efficiency (PCIE) in 1991 to be the focal point of professional development for Federal auditors. No other organization has this mission. The PCIE members are keenly aware their effectiveness hinges on their staffs' ability to correctly evaluate and address the myriad of complex issues they face. They understand the importance of quality training, especially in today's rapidly changing environment. By establishing the institute they underscored their commitment to excellence.

Fort Belvoir, Virginia, located in the Washington, D.C. suburbs, has served as the Institute's home since its inception. This location has proven to be an invaluable asset. It is nearby a large number of the Institute's students. Also, its proximity to the headquarters' offices of most of the Inspectors General, as well as to the General Accounting Office and Office of Management and Budget, allows for a ready pool of highly qualified and experienced instructors.

The Institutes main focus is on the audit process, and the skills, knowledge and abilities auditors need to successfully carry out their responsibilities within it. Initially, the Institute concentrated on newly hired auditors. The 3-week basic introductory program, first conducted in July 1991, is still the foundation of the curriculum. As of June 1998, nearly 1,000 people have successfully completed it. Additional programs have been added to teach the skills auditors need as they progress to journeyman and supervisory positions.

Other programs have also been developed to help auditors stay abreast of the many changes they are experiencing. For instance, the Institute has responded to the National Performance Review's call and addresses adjustments the Inspectors General need to make to be more proactive and to add more value to the activities they audit. Likewise, courses had been added to give auditors the ability both to take advantage of advances in technology, as well as, be in a better position to audit them and their impact. Also, new courses are helping auditors respond to the demands

*(continued on page 62)*

imposed by legislation, such as the Chief Financial Officers Act and the Government Performance and Results Act.

Besides developing new training programs, the Institute is serving its customers in other ways. Classes are no longer being taught only at Fort Belvoir. Responding to the need to keep down the cost of training-related travel, the Institute now takes many of its programs “on-the-road” to places auditors are stationed. Also, to better direct training experiences to identified needs, the Institute works closely with individual audit organizations to design and deliver specifically tailored programs.

The Institute and its programs benefit greatly from close ties to the PCIE and its member organizations. Direct oversight is provided by the PCIE’s Audit Committee, which functions as the Institute’s Board of Directors. This Committee approves and reviews all curriculum and budgetary decisions. Ideas for new courses and suggestions for revision to existing ones come principally from Curriculum Advisory Groups, made up of representatives from customer audit organizations. Another group that has been very influential in publicizing and supporting the Institute’s programs is the Federal Audit Executive Council.

Students’ responses to Institute programs have been extraordinary. Over the past several years, they consistently have evaluated the quality of instructors and course content at a level of 4.4 on a scale of 1(low) to 5(high). Written and verbal comments have supported these high evaluation scores.

It was always intended that the Institute be economically self-sufficient. Congress provided money to get it through the start-up phase. But, it was clear to everyone that the Institute would either prove its value and sustain a satisfied paying customer base, or it simply would go out of business. But, due to the dedication and hard work of a totally committed staff and the encouragement and support of the PCIE members, the Institute has succeeded.

The Institute recently entered a new era. In an effort to better serve its customers, it became a business activity within the Department of the Treasury’s Franchise Fund. This move will enhance the Institute’s ability to “act more like a business.” It will no longer be subjected to certain administrative and procedural burdens, and it will be able to respond in providing quicker service. This move in no way lessens the Institute’s commitment to, or involvement with the PCIE and the Federal audit community. The staff members assigned to the Institute will continue to be employees of the Treasury’s Office of Inspector General and the PCIE Audit Committee will still be its Board of Directors.

Twenty years ago, when the Inspector General Act was passed, the combined inventory of knowledge, skills and abilities Inspector General auditors needed to be effective are very different that those they need now. Continued professional training is far more than a noble goal or extravagant luxury. It is a must. The Institute has proven it will play a pivotal role in providing that training.

## **The Inspector General Criminal Investigator Academy**

The Inspector General Criminal Investigator Academy (Academy) was first established to provide basic training to the criminal investigators hired by the various Offices of Inspector General (OIG). Our customers also requested advanced training to enhance investigator skill levels and develop new skills to meet new challenges. The Academy has also taken an active role in meeting the training requirements required for investigators who have been sworn as special deputy U.S. Marshals.

The mission of the Academy is to provide investigative training to the Inspector General community and to represent the community’s interests at the Federal Law Enforcement Training Center (FLETC). The Academy has set forth the following goals:

- 1) To deliver quality, timely and cost-effective investigative training to meet the established needs of the IG community

- 2) To provide training building blocks to meet -

the accepted professional quality standards for the IG investigative community “Quality Standards for Investigations,”

training requirements as outlined in the Memorandum of Understanding (MOU) with the Department of Justice (DOJ) for the deputation of Inspector General investigators as Special Deputy U.S. Marshals, and

the expectations of congressional oversight committees for law enforcement professionals.

The Academy is located on the facilities of the FLETC located at the coastal Georgian town of Brunswick, approximately equidistant from Savannah, Georgia and Jacksonville, Florida. The Academy was established in August 1993, and the PCIE Investigations Committee acts as its Board of Directors.

Being located at the FLETC has several advantages. This includes subject matter expert instructors, state-of-the-art classrooms, meeting rooms, firearms ranges, driving ranges, and a physical training complex. The FLETC can also provide at minimal cost such things as meals, lodging, printing, role players, and ammunition.

Another advantage of being located at the FLETC is the proximity of 20 other law enforcement agency representatives and academies. This allows for the sharing of ideas and resources that could be found nowhere else on earth.

In the 1980s, the PCIE met with the FLETC and designed a 3-week basic training program as a follow-up to the criminal investigator school. Based upon customer input, the Inspector General Basic Training Program (IGBTP) underwent significant changes when the Academy was created in 1993 and again during a curriculum review conference held in April 1997. Each time additional courses

in communication skills and law enforcement skills were added. This reflects the emphasis the OIGs are placing on the entire communications process from interviewing to report writing and the necessity of further developing law enforcement skills to reflect the type of investigations the OIGs are conducting today.

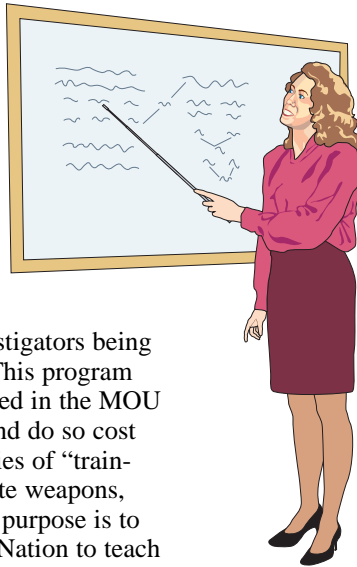
The Academy first developed advanced training programs to enhance the overall skills of the OIG investigators. This included training programs in Contract Fraud, Employee Conduct Investigations, and an Accounting Overview. Later, advanced programs were developed to meet specific needs such as Undercover Agent training.

The Law Enforcement Skills Refresher training program was developed to meet the immediate training needs of investigators being sworn in as special deputy U.S. Marshals. This program provides training in all the skill areas identified in the MOU with DOJ. To maintain these proficiencies and do so cost effectively, the Academy has scheduled a series of “train-the-trainer” programs in firearms, intermediate weapons, defensive tactics, and arrest techniques. The purpose is to provide in-house instructors through-out the Nation to teach and refresh OIG investigators in these skills.

The Academy continues to develop new programs at the request of the community as needs are identified. The Academy is currently developing programs in Communication Skills and Public Integrity Investigations.

Since conducting its first training class in 1994, the Academy has seen an ever increasing demand for its training programs. In Fiscal Year (FY) 94, the Academy conducted

four classes, training 106 students. As the program inventory increased, so did the participation. In FY 95, 11 classes were conducted for 350 students and in FY 96, this increased to 17 classes and 479 students. (FY 97 is not over and we have already trained over 400 students and FY 98 looks to be our biggest year yet.) Current projections indicate we will conduct 13 Inspector General Basic Training Programs as well as requests for over 25 additional classes for a total of over 900 students!



The Academy is constantly looking for ways to provide quality training at the least cost possible. Whenever possible, the Academy exports its programs. Working with the FLETC, the Academy has exported several FLETC programs to various cities. This method of delivery enhances the investigative skills of the OIG investigator in the most cost effective manner possible. The “train-the-trainer” programs also provide the opportunity for cost effective training.

The OIG community, particularly its law enforcement segment, is constantly under scrutiny. It is constantly challenged to maintain the highest levels of integrity and professionalism. This challenge is brought about by new laws and regulations, Congress, the courts, and public perception and opinion. By providing the best and most current training available, the Academy can help to avoid costly mistakes.

As the IG community learns to do “more with less,” the Academy is doing its part to equip the investigator with new and enhanced skills. These skills will allow the investigator to meet the demands of a workload increasing in both complexity and sheer number. □



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# The President's Council on Integrity and Efficiency (PCIE) and The Executive Council on Integrity and Efficiency (ECIE) 1998 Awards Program

by Aletha L. Brown, Inspector General, US Equal Employment Opportunity Commission and ECIE Awards Program Chair

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On Tuesday, September 22, 1998 the PCIE and ECIE honored staff members for their outstanding performance and commitment to work of the Inspectors General community. The Awards for Excellence recognized audit, investigation, inspection and evaluation, legal counsel and management excellence. Jeffrey Rush, Inspector General, U.S. Agency of International Development served as PCIE Awards Program Chair. As co-chairs, Mr. Rush and I succeeded in coordinating the first joint awards program. The ceremony, held at the General Services Administration's Auditorium, was well attended by headquarters and field office staff. During the presentations G. Edward DeSeve, Acting Deputy Director for Management at the Office of Management and Budget, who chairs both the Councils, remarked "All of the current and former Inspectors General have much to be proud of this year, which marks the 20th anniversary of the Inspectors General Act of 1978. Auditors, investigators, and evaluators return billions of dollars to the Federal treasury and enable management to make important improvements to agency programs".

Plaques were presented to the ECIE awardees by vice chair and Smithsonian Institutions' Inspector General Tom Blair and to the PCIE awardees by vice chair and Department of Defense Inspector General Eleanor Hill. The following staff members were recognized.

## AWARDS FOR EXCELLENCE

### Executive Council on Integrity and Efficiency

#### *National Science Foundation*

Paul J. Coleman  
Special Agent-in-Charge

For outstanding leadership of multi-agency investigations of research companies that fraudulently received Small Business Innovation Research awards from several federal agencies. These investigations have resulted in criminal convictions, civil settlements, administrative actions and recoveries exceeding \$7 million.



*Thomas Blair, Inspector General at the Smithsonian Institution presents the Award for Excellence to Paul J. Coleman, Special Agent-in-Charge at the National Science Foundation*

(continued on page 66)

## **Securities and Exchange Commission**

### **Payroll Audit Team**

For outstanding payroll audit work which resulted in a legislative proposal allowing certain senior government officials to be paid in the same manner as federal employees resulting in potential savings of thousands of dollars in administrative expenses.

Lolita Robinson, Auditor  
Nelson Egbert, Audit Manager  
Jon Jenvold, Counsel

## **U.S. Postal Service**

### **Transition Team**

For outstanding service in building the infrastructure to establish the first independent Postal Service Office of Inspector General.

Tom Coogan	Karla Corcoran
Jim Crumpacker	B. Wayne Goleski
Guentzel	Debbie
Brenda Johnson	Cliff Jennings
Al Lamden	Karen King
Connie Lilley	Tammy Laurent
Hubert Sparks	Nan McKenzie
Sylvia Owens	Jerry Olexson
Janet Qualters	Maurice (Bud) Moody
Kim Stroud	Randy Rupp
Tom Talleur	Dewey Sparks
	Jeff Dupilka

## **U.S. Equal Employment Opportunity Commission**

Gregory A. Frazier  
Management Analyst

For leadership, ingenuity and tenacity in tackling a wide range of assignments and projects, particularly for the design and construction of OIG's website.

## **President's Council on Integrity and Efficiency**

### **AUDIT**

## **U.S. Department of Agriculture**

James R. Ebbitt  
Assistant Inspector General for Audit

For leadership in developing audit strategies to address the Electronic Benefits Transfer (EBT) system during development and implementation which will help maintain the integrity of EBT at Federal and State levels.

## **Federal Deposit Insurance Corporation**

Marilyn Rother Kraus  
Deputy Assistant Inspector General

For leadership in audit management, development of effective working relationships with agency management, and commitment to the highest professional standards.

## **U.S. Department of Agriculture**

Richard D. Long  
Deputy Assistant Inspector  
General for Audit

For leadership in the audit of minority access to USDA farm loan programs and success in working with management to address program problems.

## **U.S. Department of Health and Human Services**

Joseph E. Vengrin  
Assistant Inspector General  
for Audit Operations

For leadership of the HHS/OIG audit program, which is distinguished by innovations in performance and financial auditing.



*The Honorable Eleanor Hill, Inspector General at the Department of Defense presents the Career Achievement Award to Kenneth A. Konz, Assistant Inspector General for Audit, U.S. Environmental Protection Agency.*

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## ***U.S. Agency for International Development***

### **Unliquidated Obligations Audit Team**

For the worldwide audit of USAID's unliquidated obligations for project and non-project assistance. Based on audit work at 19 sites, the OIG projected that \$495 million of USAID's unliquidated obligations were excess to current requirements and no longer needed.

David Conner, Director,  
Performance Audit Division

Dianne L. Rawl, Assistant Director  
H. Aida Angeles, Auditor-in-Charge

Christine Byrne, Auditor  
Abel Ortunio, Auditor  
James Rorie, Auditor  
David Young, Auditor  
Elena Prince, Secretary

### ***Regional Inspector General (Bangkok)***

Bruce Watts, Regional Inspector General  
Nathan Lokos, Auditor

### ***Regional Inspector General (Budapest)***

James Bonnell, RIG  
Richard Cain, Auditor  
William Murphy, Auditor  
Robert Norman, Auditor

### ***Regional Inspector General (Cairo)***

Lou Mundy, RIG  
Bruce Boyer, Audit Manager  
Mary Eileen Devitt, AIC

### ***Regional Inspector General (Dakar)***

Thomas Anklewich, RIG  
Henry Barrett, RIG  
Gerry Custor, Auditor  
Gardenia Franklin, Auditor  
Lee Jewell, Auditor  
Mark Norman, Auditor  
John Phee, Auditor

### ***Regional Inspector General (Pretoria)***

Joseph Farinella, RIG  
Randall Ase, Auditor  
Mable Pangle, Auditor  
Dev Sen, Auditor  
Ruth Woodcock, Auditor

## ***Regional Inspector General (San Salvador)***

Wayne Watson, RIG  
Phil Horschler, Auditor  
George Jiron, Auditor  
Lloyd Miller, Auditor  
Craig Nordby, Auditor  
Cindy Pruett, Auditor  
Matthew Rathgeber, Auditor  
Catherine Rodriguez, Auditor

## **INVESTIGATIONS**

### ***National Aeronautics and Space Administration***

#### **Advanced Technology Programs Office Computer Crimes Division**

For their efforts during the development of the computer/network cyber fraud response infrastructure.

Lisa Banks	Steve Kapellas
Charles Coe	Steve Nesbitt
David Carson	Dan Ridge
James Haughton	Mike Sonntag
James Jackson	Tom Talleur

### ***U.S. Department of Education***

#### **Federal Family Loan Program Due Diligence Fraud Investigation**

For their work in a complex and expansive fraud investigation that involved over 15,000 loans in the Federal Student Loan Program which led to a \$30,000,000 civil and criminal settlement.

W. Grant Purdy, Special Agent-in-Charge  
Susan Eager, Special Agent  
Glenn Stewart, Special Agent  
Moraima Ryskind, Special Agent  
Susan Vanore, Special Agent  
Frank Pinner, Auditor  
William Gray, Auditor  
Robert Marlett, Postal Inspector

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**U.S. Department of Health  
and Human Services**

**Health Care Program Exclusions Team**

For an initiative to increase the efficiency of health care exclusions by removing inadequate, fraudulent, or unprincipled providers from the nation's health care systems. The complex and expansive investigation resulted in 2,719 individuals and entities being excluded from the Medicare, Medicaid, and State health care systems.

**Office of Investigations/Headquarters**

Calvin Anderson, Program Analyst  
Maureen Byer, Program Analyst  
Jacqueline M. Freeman, Investigations Assistant  
Mary Joanne Lanahan, Director, Health Care

**Administrative Sanctions Staff**

Katherine B. Petrowski, Program Analyst  
Kathleen A. Pettit, Program Analyst  
Jeannette A. Satterfield, Program Analyst  
Janice Staten, Secretary

**Office of Counsel to the Inspector General**

William Libercci, Programs Analysis Officer

**Boston Field Office**

Barry McCoy, Program Analyst

**New York Field Office**

Cindy Chalet, Investigations Assistant  
Marilyn Garcia, Investigations Assistant

**Atlanta Field Office**

Phyllis Champion, Program Analyst  
Dorothy Swift, Investigations Analyst  
Diane Bookman, Investigations Assistant  
Linda G. Cassady, Investigations Assistant

**Dallas Field Office**

William Hughes, Investigations Analyst

**Los Angeles Field Office**

Pamela Kossack, Investigations Analyst

**Philadelphia Field Office**

Joseph Patti, Program Analyst  
Veronica Hall, Investigations Assistant

**Chicago Field Office**

Donald Monica, Program Analyst  
Genevieve Mermal, Investigations Analyst  
Tamara Parks, Investigations Assistant  
Annette Reed-Davis, Investigations Assistant

**General Services Administration  
and  
Department of Defense**

**Federal Property Management System Review**

For achievements as part of "Operation Camouflage" which was part of the Federal Task Force targeting criminal activity in the Federal Property Management System.

GSA Office of Inspector General,  
Regional Office, San Francisco

Defense Criminal Investigative Service,  
Regional Field Office, Mission Viejo

**LEGAL COUNSEL**

**General Services Administration**

Kathleen S. Tighe  
Counsel to the Inspector General

The award recognizes her extraordinary service to the Inspector General community in connection with government-wide procurement reform initiatives. Her efforts were instrumental in ensuring that the interests of the Inspector General community were effectively represented.

**INSPECTIONS AND EVALUATION**

**U.S. Department of Health  
and Human Services**

Office of Evaluation and Inspections for work nominated from Headquarters, Region Three, Region Five and Region Six

The award recognizes Region Three for work in connection with developing recommendations and strategies to improve the effectiveness of Medicare policies and operations. The award recognizes Headquarters and Region Six for work identifying significant weaknesses in payments and services for nursing home residents. The award recognizes Headquarters and Region Five for the significant study of the Rural Health Clinic Program.

**Region Three**

Robert Vito	Lauren McNulty
Isabelle Buonocore	Nancy Molyneaux David
Graf	Linda Ragone
Nancy Gross	Tara Schmerling
Cynthia Hansford	Amy Sernyak
Robert Katz	David Tawes

**Region Six**

Leah K. Bostick	Kevin K. Golladay
Chester Slaughter	Clark Thomas

**Region Five**

William C. Moran	Natalie Coen
Barbara Butz	Joseph Penkrot

**Headquarters**

Alan Levine	Wynethea Walter
Brian Ritchie	

Tim Elkins,  
U.S. Agency for International Development

Barry Grzechowiak,  
U.S. Postal Service

Susan Hall,  
General Services Administration

Leonard Mead,  
Department of Transportation

Marilyn Richardson,  
Department of Energy

Sharon Tushin,  
Federal Deposit Insurance Corporation

Gregory Simmons,  
Department of Labor

Stephen Whitlock,  
Department of Defense

**MANAGEMENT**

**U.S. Department of State**

Linda Topping

Director of Congressional and Media Relations  
State, ACDA, and USIA, including the Broadcasting  
Board of Governors

For outstanding leadership within the PCIE and collaboration with Congressional staff in the revision of legislation of significance to the Inspector General community.

**U.S. Department of Housing and Urban Development**

HUD Homeless Initiative

For the multi-agency task force investigating criminal activity in connection with the HUD Homeless Initiative Program. The award recognizes the auditors, investigators, State Police officials, Federal Bureau of Investigation agent, and the Assistant U.S. Attorney, Baton Rouge, who, working as a team, audited and investigated the HUD Homeless Initiative Program.

**MULTI-CATEGORY**

**DOD and other Departments and Agencies**

Internal Revenue Service Inspection Service  
Review Team

For a comprehensive assessment of the internal oversight organization of the IRS of vital importance which also serves as a model of PCIE interagency projects.

Patricia Brady,  
Environmental Protection Agency

Alvin Brown,  
U.S. Agency for International Development

Ron Brown,  
Department of Transportation

**HUD Office of Inspector General,  
Fort Worth, Texas**

D. Michael Beard,  
District Inspector General for Audit

Larry D. Chapman, Special Agent-in-Charge

James M. Malloy,  
Assistant Special Agent-in-Charge

Francis E. Baca, Assistant District Inspector  
General/Audit

Windell L. Durant, Senior Auditor

Robert F. Tighe, Special Agent

**U.S. Attorney, Baton Rouge, Louisiana**  
Michael Reese Davis, Assistant U.S. Attorney

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**Federal Bureau of Investigation,  
Baton Rouge, Louisiana**

Karen Gardner, Agent

**Louisiana State Police,  
Baton Rouge, Louisiana**

Kermit Smith, Lieutenant  
Janet Seamon, Auditor

Investigative Database Team

For building the database and accompanying systems to establish OIG's investigative programs.

Mike Shiohama  
Jim Nugent

Bruce Alsop  
Terry Bickle

Audit Partnership

For the first audit partnering effort with the Postal Inspection Service.

Remy Blake  
Hector Rivera

**HONORABLE MENTION**

**Executive Council on Integrity  
and Efficiency**

**Farm Credit Administration**

Staff of the Office of Inspector General

For developing innovative approaches to improving agency programs and management operations at the Farm Credit Administration.

**U.S. Postal Service**

OIG Hotline Team

For in-depth planning and coordination with the Postal Inspection Service's Postal Crimes Hotline, establishing procedures for a focused and flexible operation, and training 25 OIG personnel in complaint handling procedures.

Jim Crumpacker	Beate Cox
Margaret D'Orazio	Robert Hedge
Robin Henry	Allison Whitten
Mary Clair Mielechowski	

Subpoena Team

For partnering with the Inspection Service to establish a system to provide subpoena service to Postal Inspectors nationwide as well as OIG special agents.

OIG

Brenda Wade	Ronnie Wainwright
Shorr	Sharee Anderson
Sylvia Owens	Katherine Johnson
Robert Duffy	Kelly Oliver
Steve Allard	Tom Coogan

Inspection Service

Henry J. Bauman	Terry Findley
Tom Sottile	

**President's Council on Integrity  
and Efficiency**

**General Services Administration**

John C. Lebo, Jr  
Donna R. Thomas

For their outstanding efforts and commitment to provide administrative support for the PCIE Inspector General Criminal Investigator Academy.

**Department of Veterans Affairs**

Special Agent W. Lee Steed

For complex investigations leading to findings of theft, conspiracy, money laundering, false claims and embezzlement.

**Federal Deposit Insurance Corporation**

Stephen M. Beard  
Director, Office of Congressional  
Relations and Evaluations

For outstanding leadership in the areas of policy development, strategic and business plans, evaluation and Congressional relations.

**Social Security Administration**

**Social Security Administration (SSA)  
Fraud, Waste and Abuse Hotline Staff**

For outstanding work by the SSA Hotline Team, which manages one of the largest hotlines in the U.S. Government. The team manages a heavy workload and the staff assumes extra duty resulting from the vast quantities of data.

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**U.S. Department of Health  
and Human Services**

Office of Investigations and the Federal Office of Child  
Support Enforcement

For achievements as a result of the Child Support  
Enforcement Partnership, which has obtained 44  
convictions, 70 arrests, and restitution. The multi-agency,  
cross jurisdictional coordination and cooperation is a model  
for the entire PCIE community.

**HHS/Office of Investigations**

John E. Hartwig,  
Deputy Inspector General for Investigations,  
Headquarters

Matthew P. Kochanski,  
Inspector, Criminal Investigations Division,  
Headquarters

Linda Hillier,  
Assistant Regional Inspector General for  
Investigations, New York Field Office

**Office of Child Support Enforcement**

The Honorable David Gray Ross, Commissioner

Nicholas Soppa,  
Confidential Assistant to the Commissioner

Terry Justin, Program Specialist

Dail Moore, Team Leader

Donald Deering,  
Law Enforcement Liaison Officer

**U.S. Department of Energy**

Gregory Cappetta, Special Agent, FBI

John R. Hartman, Special Agent, DOE/OIG

Marilyn E. Richardson, Inspector, DOE/OIG

Christopher R. Sharpley, Special Agent, DOE/OIG

For outstanding professionalism in conducting an  
administrative inquiry requested by the PCIE Integrity  
Committee.

**Social Security Administration and  
Department of Defense**

Donald G. Franklin  
Office of Inspector General  
Social Security Administration

Kathryn M. Truex  
Office of Inspector General Department of Defense

For extraordinary efforts in organizing the activities of  
the PCIE Information Technology Roundtable, which have  
been of great benefit to the PCIE community.

**U.S. Department of Health  
and Human Services**

HHS Home Health Payment Systems Review

For leadership in forming interagency and multi-disci-  
pline teams to review home health payments in an innova-  
tive manner. Their work led to a better understanding of  
problems and yielded hard evidence to support meaningful  
corrective actions.

**Office of Audit Services**

Region Four

Charles Curtis  
Albert Bustill  
Gerald Dunham

**Headquarters**

Linda Ritter  
John Hapchuk

**Office of Evaluations and Inspections**

**Region Four**

Jessie Flowers	Paula Bowker
Ron Kalil	Tammy Bonney
Christopher Koehler	Peggy Daniel
Josiah Townsel	

**Region Nine**

Paul A. Gottlober	Kaye D. Kidwell
Don Loeb	Kathy Dezotte

**Headquarters**

Jenifer Anitco	Brian Ritchie
Linda Moscoe	Barbara Tedesco

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## **General Services Administration**

### **Office of Audits**

For reinvention and customer focused initiatives and developing a collaborative relationship with management leading to improved decision-making and enhanced program delivery.

William E. Whyte, Jr.,  
Assistant Inspector General for Auditing  
Members of the Office of Audits

## **U.S. Department of Education**

### **Systems Audit Group**

For outstanding accomplishments as a result of the review of Department of Education systems development and implementation. The review was a catalyst for improvements in information technology management.

John P. Higgins, Jr.,  
Deputy Inspector General  
Steven A. McNamara,  
Assistant Inspector General for Audit  
James Cornell,  
Manager, Systems Audit Group  
Brett Baker, Auditor  
Steven Lachenmyer, Auditor  
Jack Rouch, Auditor  
Mark Santucci, Auditor  
Michele Weaver-Dugan, Auditor

## **Department of Veterans Affairs**

Atlanta Audit Operations

Division of the Office of Audit

For outstanding audits of the Pathology and Laboratory Medicine Service, which made an outstanding contribution to the operations of the Veterans Healthcare Administration.

James R. Hudson,  
Division Director  
Yolonda Johnson, Project Manager  
Terry Manning, Lead Auditor  
Barbara Armitage, Staff Auditor  
Ann Baston, Staff Auditor  
Paul Chang, Staff Auditor  
Myra Jones, Staff Auditor  
Leon Roberts, Staff Auditor

### **Contract Review and Evaluation Division**

For outstanding success in instituting new approaches and achieving results. The new approach to contract management demonstrated that collaborative relationships with Department officials contributed to improved decision-making and enhanced program delivery.

### **Central Office Audits Operations Division**

For a comprehensive review of VA claims processing leading to a significant improvement of the Department's delivery of service to veterans, which also resolved long-standing Congressional and Department management concerns.

Stephen Gaskell, Division Director  
Gregory Gibson, Project Manager  
Henry Hoffman, Auditor  
Sandra Miller, Auditor



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# Journal of Public Inquiry

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All journals are available on IGnet: <http://www.ignet.gov/ignet/internal/pcie/pcie.html#gri>. If you would like a hard copy of the following **Journals of Public Inquiry**, please contact the Assistant to the Editor on (410) 966-9135:

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