

tion (c) and otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by the Department, to recommended corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action; and

[(5) to seek to coordinate his actions with the actions of the Comptroller General of the United States with a view of avoiding duplication.

[(c)(1) The Inspector General shall, not later than May 31 and November 30 of each year, submit to the Secretary and the Congress semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30. Such reports shall include, but need not be limited to—

[(A) a description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the Department disclosed by such activities during the reporting period;

[(B) a description of the recommendations for corrective action made by the Office during the reporting period with respect to significant problems, abuses, or deficiencies identified pursuant to subparagraph (A);

[(C) an identification of each significant recommendation described in previous reports under this subsection on which corrective action has not been completed;

[(D) a summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted; and

[(E) information concerning the numbers and types of audit reports completed by the Office during the reported period.

[(2) Within sixty days of the transmission of each semiannual report to the Congress, the Secretary shall make copies of such report available to the public upon request and at a reasonable cost.

[(d) The Inspector General shall report immediately to the Secretary, to the Federal Energy Regulatory Commission as appropriate, and, within seven days thereafter, to the appropriate committees or subcommittees of the Congress whenever the Office becomes aware of particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs and operations of the Department. The Deputy and Assistant Inspectors General shall have particular responsibility for informing the Inspector General of such problems, abuses, or deficiencies.

[(e) The Inspector General (1) may make such additional investigations and reports relating to the administration of the programs and operations of the Department as are, in the judgment of the Inspector General, necessary or desirable, and (2) shall provide such additional information or documents as may be requested by either House of Congress or, with respect to matters within the jurisdiction, by any committee or subcommittee thereof.

[(f) Notwithstanding any other provision of law, the reports, information, or documents required by or under this section shall be transmitted to the Secretary, to the Federal Energy Regulatory

Commission, if applicable, and to the Congress, or committees or subcommittees thereof, by the Inspector General without further clearance or approval. The Inspector General shall insofar as feasible, provide copies of the reports required under subsection (c) to the Secretary and the Commission, if applicable, sufficiently in advance of the due date for the submission to Congress to provide a reasonable opportunity for comments of the Secretary and the Commission to be appended to the reports when submitted to Congress.

[(g) In addition to the authority otherwise provided by this section, the Inspector General, in carrying out the provisions of this section, is authorized—

[(1) to have access to all records, reports, audits, reviews, documents, papers, recommendations, and other material available to the Department which relate to programs and operations with respect to which the Inspector General has responsibilities under this section;

[(2) to require by subpoena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of the functions assigned by this section, which subpoena, in the case of contumacy or refusal to obey, shall be enforceable by order of any appropriate United States district court; and

[(3) to have direct and prompt access to the Secretary when necessary for any purpose pertaining to the performance of functions under this section.

[(h) In carrying out the responsibilities specified in subsection (b)(1), the Inspector General shall—

[(1) comply with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions;

[(2) establish guidelines for determining the appropriate use of non-Federal auditors; and

[(3) take appropriate steps to assure that any work performed by non-Federal auditors complies with the standards established by the Comptroller General as described in paragraph (1).

[(i) In carrying out his duties and responsibilities under this section, the Inspector General shall give particular regard to the activities of the Comptroller General with a view toward avoiding duplication and insuring effective coordination and cooperation.

[(j) In carrying out his duties and responsibilities under this section, the Inspector General shall report expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of Federal criminal law.]

* * * * *

ACT OF OCTOBER 15, 1976

AN ACT To authorize conveyance of the interests of the United States in certain lands in Salt Lake County, Utah, to Shriners' Hospitals for Crippled Children, a Colorado corporation

* * * * *

[TITLE II—OFFICE OF INSPECTOR GENERAL

[SEC. 201. In order to create an independent and objective unit—

[(1) to conduct and supervise audits and investigations relating to programs and operations of the Department of Health and Human Services;

[(2) to provide leadership and coordination and recommend policies for activities designed (A) to promote economy and efficiency in the administration of, and (B) to prevent and detect fraud and abuse in, such programs and operations; and

[(3) to provide a means for keeping the Secretary and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action;

there is hereby established in the Department of Health and Human Services an Office of Inspector General.

[OFFICERS

[SEC. 202. (a) There shall be at the head of the Office an Inspector General who shall be appointed by the President, by and with the advice and consent of the Senate, solely on the basis of integrity and demonstrated ability and without regard to political affiliation. The Inspector General shall report to and be under the general supervision of the Secretary or, to the extent such authority is delegated, the Under Secretary, but shall not be under the control of, or subject to supervision by, any other officer of the Department.

[(b) There shall also be in the Office a Deputy Inspector General appointed by the President, by and with the advice and consent of the Senate, solely on the basis of integrity and demonstrated ability and without regard to political affiliation. The Deputy shall assist the Inspector General in the administration of the Office and shall, during the absence or temporary incapacity of the Inspector General, or during a vacancy in that office, act as Inspector General.

[(c) The Inspector General or the Deputy may be removed from office by the President. The President shall communicate the reasons for any such removal to both Houses of Congress.

[(d) The Inspector General and the Deputy shall each be subject to the provisions of subchapter III of chapter 73, title 5, United States Code, notwithstanding any exemption from such provisions which might otherwise apply.

[(e) The Inspector General shall, in accordance with applicable laws and regulations governing the civil service—

[(1) appoint an Assistant Inspector General for Auditing who shall have the responsibility for supervising the perform-

ance of the functions, powers, and duties transferred by section 206(a)(1), and

[(2) appoint an Assistant Inspector General for Investigations who shall have the responsibility for supervising the performance of the functions, powers, and duties transferred by section 206(a)(2).

[DUTIES AND RESPONSIBILITIES

[SEC. 203. (a) It shall be the duty and responsibility of the Inspector General—

[(1) to supervise, coordinate, and provide policy direction for auditing and investigative activities relating to programs and operations of the Department;

[(2) to recommend policies for, and to conduct, supervise, or coordinate other activities carried out or financed by the Department for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;

[(3) to recommend policies for, and to conduct, supervise, or coordinate relationships between the Department and other Federal agencies, State and local governmental agencies, and nongovernmental entities with respect to (A) all matters relating to the promotion of economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by the Department, or (B) the identification and prosecution of participants in such fraud or abuse; and

[(4) to keep the Secretary and the Congress fully and currently informed, by means of the reports required by section 4 and otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by the Department, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action.

[(b) In carrying out the responsibilities specified in subsection (a)(1), the Inspector General shall—

[(1) comply with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions;

[(2) establish guidelines for determining the appropriate use of non-Federal auditors;

[(3) take appropriate steps to assure that any work performed by non-Federal auditors complies with the standards established by the Comptroller General as described in paragraph (1); and

[(4) shall report expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of Federal criminal law.

[(c) In carrying out the duties and responsibilities provided by this Act, the Inspector General shall give particular regard to the activities of the Comptroller General of the United States with a

view to avoiding duplication and insuring effective coordination and cooperation.

[(d) The Inspector General shall establish within his office an appropriate and adequate staff with specific responsibility for devoting their full time and attention to antifraud and antiabuse activities relating to the medicaid, medicare, renal disease, and maternal and child health programs. Such staff shall report to the Deputy.

【REPORTS

【SEC. 204. (a) The Inspector General shall, not later than May 31 and November 30 of each year, submit to the Secretary and the Congress semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30. Such reports shall include, but need not be limited to—

【(1) a description of significant problems, abuses, and deficiencies relating to the administration of programs and operations of the Department disclosed by such activities during the reporting period;

【(2) a description of the recommendations for corrective action made by the Office during the reporting period with respect to significant problems, abuses, or deficiencies identified pursuant to paragraph (1);

【(3) an identification of each significant recommendation described in previous reports under this section on which corrective action has not been completed;

【(4) a summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted;

【(5) a summary of each report made to the Secretary under section 205(b)(2) during the reporting period; and

【(6) information concerning the numbers and types of audit reports completed by the Office during the reporting period.

【(b) Within sixty days of the transmission of each semiannual report to the Congress, the Secretary shall make copies of such report available to the public upon request and at a reasonable cost.

【(c) The Inspector General shall report immediately to the Secretary, and within seven calendar days thereafter to the appropriate committees or subcommittees of the Congress, whenever the Office becomes aware of particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs and operations of the Department. The Deputy and Assistant Inspectors General shall have particular responsibility for informing the Inspector General of such problems, abuses, or deficiencies.

【(d) The Inspector General (A) may make such additional investigations and reports relating to the administration of the programs and operations of the Department as are, in the judgment of the Inspector General, necessary or desirable, and (B) shall provide such additional information or documents as may be requested by either House of Congress or, with respect to matters within their jurisdiction, by any committee or subcommittee thereof.

[(e) Notwithstanding any other provision of law, the reports, information, or documents required by or under this section shall be transmitted to the Secretary and the Congress, or committees or subcommittees thereof, by the Inspector General without further clearance or approval. The Inspector General shall, insofar as feasible, provide copies of the reports required under subsections (a) and (b) to the Secretary sufficiently in advance of the due date for their submission to Congress to provide a reasonable opportunity for comments of the Secretary to be appended to the reports when submitted to Congress.

[AUTHORITY; ADMINISTRATION PROVISIONS

[SEC. 205. (a) In addition to the authority otherwise provided by this Act, the Inspector General, in carrying out the provisions of this Act, is authorized—

[(1) to have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to the Department which relate to programs and operations with respect to which the Inspector General has responsibilities under this Act;

[(2) to request such information or assistance as may be necessary for carrying out the duties and responsibilities provided by this Act from any Federal, State, or local governmental agency or unit thereof;

[(3) to require by subpoena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of the functions assigned by this Act, which subpoena, in the case of contumacy or refusal to obey, shall be enforceable by order of any appropriate United States district court;

[(4) to have direct and prompt access to the Secretary when necessary for any purpose pertaining to the performance of functions and responsibilities under this Act;

[(5) in the event that a budget request for the Office of Inspector General is reduced, before submission to Congress, to an extent which the Inspector General deems seriously detrimental to the adequate performance of the functions mandated by this Act, the Inspector General shall so inform the Congress without delay;

[(6) to select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

[(7) to obtain services as authorized by section 3109 of title 5, United States Code, at daily rates not to exceed the equivalent rate prescribed for grade GS-18 of the General Schedule by section 5332 of title 5, United States Code;

[(8) to the extent and in such amounts as may be provided in advance by appropriations Acts, to enter into contracts and other arrangements for audits, studies, analyses, and other

services with public agencies and with private persons, and to make such payments as may be necessary to carry out the provisions of this Act.

[(b)(1) Upon request of the Inspector General for information or assistance under subsection (a)(2), the head of any Federal agency involved shall, insofar as is practicable, and not in contravention of any existing statutory restriction, or regulation of the Federal agency from which the information is requested, furnish to the Inspector General, or to an authorized designee, such information or assistance.

[(2) Whenever information or assistance requested under subsection (a)(1) or (a)(2) is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the Secretary and to the appropriate committees or subcommittees of the Congress without delay.

[(3) In the event any record or other information requested by the Inspector General under subsection (a)(1) or (a)(2) is not considered to be available under the provisions of section 552a(b) (1), (3), or (7) of title 5, United States Code, such record or information shall be available to the Inspector General in the same manner and to the same extent it would be available to the Comptroller General.

[(c) The Secretary shall provide the Inspector General and his staff with appropriate and adequate office space at central and field office locations of the Department, together with such equipment, office supplies, and communications facilities and services as may be necessary for the operation of such offices, and shall provide necessary maintenance services for such offices and the equipment and facilities located therein.

[(d)(1) The Inspector General shall receive compensation at the rate provided for level IV of the Executive Schedule by section 5315 of title 5, United States Code.

[(2) The Deputy shall receive compensation at the rate provided for level V of the Executive Schedule by section 5316 of title 5, United States Code.

[TRANSFER OF FUNCTIONS

[SEC. 206. (a) There are hereby transferred to the Office of Inspector General the functions, powers, and duties of—

[(1) the agency of the Department referred to as the "HEW Audit Agency";

[(2) the office of the Department referred to as the "Office of Investigations"; and

[(3) such other offices or agencies, or functions, powers, or duties thereof, as the Secretary may, with the consent of the Inspector General, determine are properly related to the functions of the Office and would, if so transferred, further the purposes of this Act.

except that there shall not be transferred to the Inspector General under clause (3) program operating responsibilities

[(b) The personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising

from, available or to be made available, of any office or agency the functions, powers, and duties of which are transferred under subsection (a) are hereby transferred to the Office of Inspector General.

[(c) Personnel transferred pursuant to subsection (b) shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions except that the classification and compensation of such personnel shall not be reduced for one year after such transfer.

[(d) In any case where all the functions, powers, and duties of any office or agency are transferred pursuant to this subsection, such office or agency shall lapse. Any person who, on the effective date of this Act, held a position compensated in accordance with the General Schedule, and who, without a break in service, is appointed in the Office to a position having duties comparable to those performed immediately preceding such appointment shall continue to be compensated in the new position at not less than the rate provided for the previous position, for the duration of service in the new position.

DEFINITIONS

[SEC. 207. As used in this Act—

[(1) the term "Secretary" means the Secretary of Health and Human Services;

[(2) the term "Department" means the Department of Health and Human Services;

[(3) the term "Inspector General" means the Inspector General of the Department;

[(4) the term "Deputy" means the Deputy Inspector General of the Department; and

[(5) the term "Federal agency" means an agency as defined in section 552(e) of title 5, United States Code, but shall not be construed to include the General Accounting Office.]

SECTION 23 OF THE RAILROAD RETIREMENT ACT OF 1974

[INSPECTOR GENERAL

[SEC. 23. For the purposes of the Inspector General Act of 1978 (5 U.S.C. App.) the Railroad Retirement Board is an "establishment" and the Chairman of the Railroad Retirement Board is the "head of the establishment" with respect to such Board. For the purpose of section 2 of such Act, the Railroad Retirement Board is one of "such establishments".]

SECTION 1105 OF TITLE 31, UNITED STATES CODE

§ 1105. Budget contents and submission to Congress

(a) On or before the first Monday after January 3 of each year (or on or before February 5 in 1986); the President shall submit a budget of the United States Government for the following fiscal year. Each budget shall include a budget message and summary and supporting information. The President shall include in each budget the following:

(1) * * *

[(25) a separate statement, for each agency having an Office of Inspector General, of the amount of the appropriation requested for the Office.]

(25) a separate appropriation account for appropriations for each Office of Inspector General established by section 2 of the Inspector General Act of 1978.

TITLE 44, UNITED STATES CODE

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**CHAPTER 39—GOVERNMENT PRINTING OFFICE: OFFICE OF
INSPECTOR GENERAL**

Sec.

3901. Purpose and establishment and Office of Inspector General.

3902. Appointment of Inspector General; supervision; removal.

3903. Duties, responsibilities, authority, and reports of the Inspector General.

§ 3901. Purpose and establishment and Office of Inspector General

In order to create an independent and objective office—

(1) to conduct and supervise audits and investigations relating to the Government Printing Office;

(2) to provide leadership and coordination and recommend policies to promote economy, efficiency, and effectiveness; and

(3) to provide a means of keeping the Public Printer and the Congress fully and currently informed about problems and deficiencies relating to the administration and operations of the Government Printing Office;

there is hereby established an Office of Inspector General in the Government Printing Office.

§ 3902. Appointment of Inspector General; supervision; removal

(a) **APPOINTMENT OF INSPECTOR GENERAL.**—There shall be at the head of the Office of Inspector General, an Inspector General who shall be appointed by the Public Printer without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations. The Inspector General shall report to, and be under the general supervision of, the Public Printer. The Public Printer shall have no authority to prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

(b) **REMOVAL.**—The Inspector General may be removed from office by the Public Printer. The Public Printer shall, promptly after such removal, communicate in writing the reasons for any such removal to each House of the Congress.

§ 3903. Duties, responsibilities, authority, and reports of the Inspector General

(a) Sections 4, 5, 6 (other than subsection (a)(7) thereof), and 7 of the Inspector General Act of 1978 (5 U.S.C. App.) shall apply to the Inspector General of the Government Printing Office and the Office of such Inspector General and shall be applied to the Government Printing Office and the Public Printer by substituting—

- (1) "Government Printing Office" for "establishment"; and
- (2) "Public Printer" and "head of the establishment".

(b) The Inspector General, in carrying out the provisions of this chapter, is authorized to select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General subject to the provisions of this title governing appointments and employment in the Government Printing Office.

[Appendix 1]

COMMITTEE ON GOVERNMENT OPERATIONS OVERSIGHT HEARINGS, REPORTS AND STUDY CONCERNING THE ESTABLISHMENT OF OFFICES OF INSPECTOR GENERAL

"The Need for a Statutory Inspector General in the Department of Justice," A Study Prepared for the Legislation and National Security Subcommittee of the House Committee on Government Operations, June 1988.

"Inspector General Act Amendments of 1988," Hearing before the Legislation and National Security Subcommittee of the House Committee on Government Operations, May 17, 1988.

"Inspector General Act Amendments of 1986," Committee on Government Operations, House Report 99-828, 99th Congress, 2d Session, September 16, 1986.

"Inspector General Act Amendments of 1985," Hearing before the Legislation and National Security Subcommittee of the House Committee on Government Operations, June 26, 1986.

"The Impact of the Budget Process on Offices of Inspector General," Committee on Government Operations, House Report 99-46, 99th Congress, 1st Session, April 17, 1985.

"The Budget Process: Potential Impairment of the Independence of Inspectors General," Hearing before the Legislation and National Security Subcommittee of the House Committee on Government Operations, September 26, 1984.

"Inspector General Act Amendments of 1983," Committee on Government Operations, House Report 98-586, 98th Congress, 1st Session, December 7, 1983.

"Inspector General Act Amendments of 1983," Hearing before the Legislation and National Security Subcommittee of the House Committee on Government Operations, October 26, 1983.

"Statutory Offices of Inspector General (Leadership and Resources)," Committee on Government Operations, House Report 97-211, 97th Congress, 1st Session, July 30, 1981.

"Oversight of Offices of Inspector General," Hearings before the Intergovernmental Relations and Human Resources Subcommittee of the House Committee on Government Operations, April 1 and June 10, 1981.

"Department of Defense Authorization Act, 1982," Committee on Government Operations, House Report 97-71, Part 3, 97th Congress, 1st Session, June 12, 1981.

"Department of Defense Authorization Act of 1982," Hearing before the Legislation and National Security Subcommittee of the House Committee on Government Operations, June 3, 1981.

"Inspector General Act Amendments of 1981," Committee on Government Operations, House Report 97-40, 97th Congress, 1st Session, May 14, 1981.

"The Inspector General Act of 1981," Hearing before the Legislation and National Security Subcommittee of the House Committee on Government Operations, April 8, 1981.

"HUD Management's Responsiveness to Inspector General Reports," Hearings before the Manpower and Housing Subcommittee of the House Committee on Government Operations, March 11 and 12, 1981.

"Inspector General Act Amendments of 1980," Committee on Government Operations, House Report 96-1414, 96th Congress, 2d Session, September 26, 1980.

"The Inspector General Act Amendments of 1980," Hearings before the Legislation and National Security Subcommittee of the House Committee on Government Operations, August 27 and 28, 1980.

"Operations and Internal Evaluation Process of the State Department Inspector General, Foreign Service," Committee on Government Operations, House Report 96-806, 96th Congress 2d Session, March 6, 1980.

"Operation and Internal Evaluation Process of the State Department Inspector General for Foreign Service," Hearing before the Legislation and National Security Subcommittee of the House Committee on Government Operations, September 24, 1979.

"Establishment of Offices of Inspector General in Certain Executive Departments and Agencies," Committee on Government Operations, House Report 95-584, 95th Congress, 1st Session, August 5, 1977.

"Establishment of Offices of Inspector General," Hearings before the Intergovernmental Relations and Human Resources Subcommittee of the House Committee on Government Operations, May 17 and 24, June 1, 7, 13, 21, and 29, July 25 and 27, 1977.

"Department of Energy Organization Act," Committee on Government Operations, House Report 95-346, Part 1, 95th Congress, 1st Session, May 16, 1977.

"Department of Energy Organization Act," Hearings before the Legislation and National Security Subcommittee of the House Committee on Government Operations, March 28 and 29, April 5, 6, 18, and 19, 1977.

"HEW Office of Inspector General," Committee on Government Operations, House Report 94-1573, 94th Congress, 2d Session, September 10, 1976.

"Establishment of an Office of Inspector General in the Department of Health, Education and Welfare," Hearings before the Intergovernmental Relations and Human Resources Subcommittee of the House Committee on Government Operations, May 25 and 26, 1976.

LEXSEE 133 CONG REC S 4562

Congressional Record — Senate

Friday, April 3, 1987;
(Legislative day of Monday, March 30, 1987)

100th Cong. 1st Sess.

*133 Cong Rec S 4562***REFERENCE:** Vol. 133 No. 55**TITLE:** STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS**SPEAKER:** Mr. GLENN; Mr. ROTH; Mr. SASSER**TEXT:** By Mr. GLENN (for himself, Mr. Roth, Mr. Chiles, Mr. Pryor, Mr. Sasser, Mr. Heinz, Mr. Levin, Mr. Rudman, Mr. Bingaman, Mr. Mitchell, Mr. Stevens, Mr. Nunn, Mr. Tribble, and Mr. Cohen):

S. 908. A bill to amend the Inspector General Act of 1978; to the Committee on Governmental Affairs.

INSPECTOR GENERAL ACT AMENDMENTS

Mr. GLENN. Mr. President, I rise to introduce a bill, the Inspector General Act Amendments of 1987, to improve the ability of the executive branch to fight waste, fraud and mismanagement and to aid Congress' oversight function. The bill will establish new statutory offices of inspector general in several Federal establishments with important missions and potentially vulnerable programs. These are the Department of the Treasury, the Federal Emergency Management Agency, the Office of Personnel Management, and the Nuclear Regulatory Commission.

In addition to creating these new statutory inspectors general, the bill will strengthen the internal audit capability in the numerous other Federal agencies that make up the executive branch.

I am pleased to report that every one of my distinguished colleagues on the Governmental Affairs Committee has joined me in sponsoring this legislation.

In 1978, the Committee on Governmental Affairs, which I now chair, secured the enactment of the Inspector General Act. This legislation established offices of inspector general in most of the Federal Cabinet-level departments and some of the larger agencies. The purpose of this act was to create a more independent atmosphere for audit and investigative activities and to achieve more efficient and effective management operations in key Federal establishments. The act required consolidation of the various audit and investigative units in affected agencies under the leadership of an inspector general. This person reports to the agency head and Congress concerning significant abuses or deficiencies and makes recommendations for corrective action. At the time the original law was enacted, we in Congress believed that the inspector general concept was sound, but we were not sure how well the program would work. Indeed, Congress passed the original legislation in the face of opposition from every department and agency affected.

Today, it is widely recognized that the statutory inspectors general — who now number 19 — have had outstanding success in improving the operations of their respective Federal establishments. According to a recent report from the council that coordinates IG activities, these offices have saved more than \$71 billion of the taxpayers' money over the past 5 years alone. During the same period, they have been responsible for obtaining over 16,000 successful prosecutions and 15,000 administrative actions. GAO recently reported that the inspectors general have been "a key factor in correcting deficiencies and strengthening Federal internal audit and investigative activities."

The success of these offices calls for continued bipartisan congressional support of the inspector general concept. To this end, one of the first hearings of the Governmental Affairs Committee in this Congress focused on the operations and needs of the inspectors general. The representatives of the IG community endorsed legislation which would standardize inspector general authorizing legislation and provide uniform protections and authorities for all the statutory inspectors general. The bill I am introducing includes such provisions.

Moreover, the bill incorporates GAO's recommendation for establishing new statutory offices of inspector general in the Treasury Department, FEMA, OPM, and the NRC. These are major Federal establishments, with important missions and programs that require strict controls against fraud and abuse. A statutory, independent inspector general is needed at all these agencies.

Specifically with regard to the NRC, the bill also provides certain statutory protections for the agency's existing Office of Investigations. This office is responsible for investigating potential wrongdoing by NRC licensees and applicants for licenses. In my view, this bill will enhance public trust in the regulation of commercial nuclear power. The committee has scheduled a hearing on April 9 to address the concerns raised about current NRC operations. In the near future, the committee will hold additional hearings on the operations of the Treasury Department, FEMA, and OPM, and on the status of the internal audit and investigative units now administratively established in the Justice Department.

The bill responds to the concerns raised by GAO and the current inspectors general about the need to improve internal audits and investigations in the numerous smaller agencies, regulatory boards and commissions, and Government corporations that make up the executive branch. Many of these entities have organized their audit units in a way that compromises their independence and restricts their authority to audit all of the agency's programs. The remaining agencies are completely without audit capability, in violation of the Accounting and Auditing Act of 1950 and OMB Circular A-73.

The bill addresses these problems by extending to these entities the consolidation, reporting and other requirements found in the 1978 act, without creating additional statutory IG positions. If those entities remain without audit capability, they must periodically inform GAO and OMB of their situation so that appropriate oversight and corrective action is possible.

The bill makes changes in the reporting requirements to ensure that Congress receives accurate and reliable information concerning the audit resolution process. The 1978 IG Act requires inspectors general to report on their audit results to their agency heads and Congress. It is clear that further steps must be taken to ensure that the inspectors general avoid overstating the actual savings that can be attributed to their work, a problem GAO has identified in the past. The bill requires more detailed statistical analysis from the inspectors general and requires periodic reporting to Congress by the agency heads on their implementation of recommended corrective action. This means savings will be realized and reported when such action is completed.

This bill represents another important step in improving management and reducing fraud and abuse in Federal programs and activities, and I encourage my colleagues to give it their support.

I would also like to take this opportunity to request that the administration act immediately on a related but important issue. It is obvious that the offices of inspector general will not remain "our first line of defense in attacking fraud, waste, and abuse" — in the words of President Reagan — if the offices remain vacant. In fact, one inspector general testified that the "thing that suffers during such extended vacancies, naturally, is leadership."

Let me give you an example. President Reagan gave his praise of inspectors general in 1983 on the swearing in of Mr. Joseph Sherick as inspector general of the Department of Defense. Mr. Sherick ably performed his job and then, 11 months ago, he announced that he would soon be quitting the post. In fact, he vacated that position in June 1986, but today, 9 months later, no person has been nominated to replace Mr. Sherick. Early this year the Secretary of Defense promised that a nomination would soon be forthcoming. His promise has not been fulfilled thus far. It is a disservice to the American public to leave such an important position vacant for so long.

I ask unanimous consent that the text of this bill and a section-by-section analysis be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 908

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That this Act may be cited as the "Inspector General Act Amendments of 1987".

CONFORMATION OF AUTHORITIES OF EXISTING OFFICES OF INSPECTORS GENERAL

Sec. 2. (a) Section 2(1) of the Inspector General Act of 1978 is amended to read as follows:

"(1) to conduct and supervise audits and investigations relating to the programs and operations of the establishments listed in section 11(2);".

(b) Section 9(a)(1) of such Act is amended —

(1) by striking out subparagraph (I);

(2) by redesignating subparagraphs (M) and (N) as subparagraphs (O) and (P), respectively;

(3) by redesignating subparagraphs (J) through (L) as subparagraphs (K) through (M), respectively;

(4) by redesignating subparagraphs (E) through (H) as subparagraphs (G) through (J), respectively;

(5) by inserting after subparagraph (D) the following new subparagraphs:

"(E) of the Department of Energy, the Office of Inspector General (as established by section 208 of the Department of Energy Organization Act);

"(F) of the Department of Health and Human Services, the Office of Inspector General (as established by title II of Public Law 94-505);"; and

(6) by inserting after subparagraph (M) (as redesignated by paragraph (3) of this subsection) the following new subparagraph:

"(N) of the Railroad Retirement Board, the Office of Inspector General (as established by section 23 of the Railroad Retirement Act of 1974);".

(c) Section 11 of such Act is amended —

(1) by inserting "Energy, Health and Human Services," after "Education," each place it appears in paragraphs (1) and (2);

(2) by striking out "Community Services," in paragraph (1);

(3) by striking out "the Community Services Administration," in paragraph (2);

(4) by inserting "or the Chairman of the Railroad Retirement Board;" before "as the case may be" in paragraph (1); and

(5) by inserting "the Railroad Retirement Board," after "National Aeronautics and Space Administration," in paragraph (2).

(d)(1)(A) Section 208 of the Department of Energy Organization Act is repealed.

(B) The table of contents in the first section of such Act is amended by striking out the item relating to section 208.

(2) Title II of Public Law 94-505 is repealed.

(3) Section 23 of the Railroad Retirement Act of 1974 is repealed.

(e) The transfer of functions under the amendments made by subsection (b) shall not affect any individual, who on the date of enactment of this Act, is serving as the Inspector General of the Department of Energy, the Department of Health and Human Services, or the Railroad Retirement Board. Any such individual shall continue to serve in such position until such individual dies, resigns, or is removed from office in accordance with the Inspector General Act of 1978.

UNIFORM SALARIES FOR INSPECTORS GENERAL

Sec. 3. (a) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraphs:

"Inspector General, Department of Commerce.

"Inspector General, Department of the Interior.

"Inspector General, Agency for International Development.

"Inspector General, Environmental Protection Agency.

"Inspector General, General Services Administration.

"Inspector General, National Aeronautics and Space Administration.

"Inspector General, Railroad Retirement Board.

"Inspector General, Small Business Administration.".

(b) Section 5316 of such title is amended by striking out the paragraphs relating to —

- (1) the Inspector General of the Department of Commerce;
- (2) the Inspector General of the Department of the Interior;
- (3) the Inspector General of the Agency for International Development;
- (4) the Inspector General of the Community Services Administration;
- (5) the Inspector General of the Environmental Protection Agency;
- (6) the Inspector General of the General Services Administration;
- (7) the Inspector General of the National Aeronautics and Space Administration; and
- (8) the Inspector General of the Small Business Administration.

ESTABLISHING AN OFFICE OF INSPECTOR GENERAL IN THE DEPARTMENT OF THE TREASURY, THE FEDERAL EMERGENCY MANAGEMENT AGENCY, THE NUCLEAR REGULATORY COMMISSION, AND THE OFFICE OF PERSONNEL MANAGEMENT

Sec. 4. (a) Section 9(a)(1) of the Inspector General Act of 1978 (as amended by section 2(b) of this Act) is further amended —

- (1) by redesignating subparagraphs (O) and (P) (as redesignated by paragraph (2) of section 2(b) of this Act) as subparagraphs (S) and (T), respectively;
 - (2) by redesignating subparagraph (N) (as added by paragraph (6) of section 2(b) of this Act) as subparagraph (R);
 - (3) by redesignating subparagraphs (K), (L), and (M) (as redesignated by paragraph (3) of section 2(b) of this Act) as subparagraphs (L), (N), and (O), respectively;
 - (4) by inserting after subparagraph (J) (as redesignated by paragraph (4) of section 2(b) of this Act) the following new subparagraph:

"(K) of the Department of the Treasury, the office of that department referred to as the 'Office of Inspector General', and that portion of each of the offices of that department referred to as the 'Office of Internal Affairs, Bureau of Alcohol, Tobacco, and Firearms', the 'Office of Internal Affairs, United States Customs Service', the 'Office of Inspections, Internal Revenue Service', and the 'Office of Inspections, United States Secret Service' which is engaged in internal audit activities;"
 - (5) by inserting after subparagraph (L) (as redesignated by paragraph (3) of this subsection) the following new subparagraph:

"(M) of the Federal Emergency Management Agency, the office of that agency referred to as the 'Office of Inspector General';"; and
 - (6) by inserting after subparagraph (O) (as redesignated by paragraph (3) of this subsection) the following new subparagraphs:

"(P) of the Nuclear Regulatory Commission, the office of that commission referred to as the 'Office of Inspector and Auditor';

"(Q) of the Office of Personnel Management, the offices of that agency referred to as the 'Office of Inspector General', the 'Insurance Audits Unit, Retirement and Insurance Group', and the 'Program Integrity Section of the Retirement Inspection Branch, Retirement and Insurance Group';".
- (b)(1) Section 11(1) of such Act (as amended by section 2(c) of this Act) is further amended —

(A) by striking out "or Transportation or" and inserting in lieu thereof "Transportation, or the Treasury;"

(B) by striking out ", or the Director of the United States Information Agency" and inserting in lieu thereof a semicolon and "the Director of the Federal Emergency Management Agency, the Office of Personnel Management, or the United States Information Agency;"; and

(C) by inserting "the Nuclear Regulatory Commission or" before "the Railroad Retirement Board" (as added by section 2(c)(4) of this Act).

(2) Section 11(2) of such Act (as amended by section 2(c) of this Act) is further amended —

(A) by striking out "or Transportation" and inserting in lieu thereof "Transportation, or the Treasury;";

(B) by inserting "the Federal Emergency Management Agency," after "the Environmental Protection Agency,"; and

(C) by inserting "the Nuclear Regulatory Commission, the Office of Personnel Management," after "the National Aeronautics and Space Administration,".

(c) The Inspector General Act of 1978 is amended by inserting after section 8A the following new sections:

"SPECIFIC PROVISIONS CONCERNING THE NUCLEAR REGULATORY COMMISSION

"Sec. 8B. (a) The Chairman of the Commission may delegate the authority specified in the second sentence of section 3(a) to another member of the Nuclear Regulatory Commission, and shall not delegate such authority to any other officer or employee of the Commission.

"(b) Whenever the Inspector General of the Commission has reasonable grounds to believe there has been a violation of Federal criminal law, the Inspector General shall report to the Attorney General in accordance with section 4(d), and neither the Chairman nor any other member of the Commission shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any such report.

"(c) In addition to the other duties and responsibilities specified in this Act, the Inspector General of the Commission shall have the authority to perform audits and internal investigations of the activities of the Office of Investigations of the Commission.

"(d) The Director of the Office of Investigations of the Commission shall report to and be under the general supervision of the Chairman and other members of the Commission, but shall not report to, or be subject to supervision by, any other officer or employee of the Commission, except as provided in subsection (c). Neither the Chairman nor any other member of the Commission may prevent or prohibit the Director of the Office of Investigations from initiating, carrying out, or completing any investigation.

"(e) Whenever the Director of the Office of Investigations of the Commission has reasonable grounds to believe there has been a violation of Federal criminal law, the Director shall report such violation to the Attorney General. Neither the Chairman nor any other member of the Commission shall prevent or prohibit the Director from initiating, carrying out, or completing any such report.

"SPECIAL PROVISIONS REGARDING THE DEPARTMENT OF THE TREASURY

"Sec. 8C. (a) In carrying out the duties and responsibilities specified in this Act, the Inspector General of the Department of the Treasury shall have general oversight responsibility for the internal investigations performed by the Office of Internal Affairs of the Bureau of Alcohol, Tobacco and Firearms, the Office of Internal Affairs of the United States Customs Service, the Office of Inspections of the Internal Revenue Service, and the Office of Inspections of the United States Secret Service. The head of each such office shall periodically report to the Inspector General the significant investigative activities currently being carried out by such office.

"(b) Notwithstanding subsection (a), the Inspector General of the Department of the Treasury may conduct the investigation of any officer or employee of such Department if —

"(1) the Secretary of the Treasury or the Deputy Secretary of the Treasury directs the Inspector General to conduct an investigation;

"(2) the investigation concerns senior officers or employees of the Department of the Treasury, including officers appointed by the President, members of the Senior Executive Service, and individuals in positions classified at grade GS-

15 of the General Schedule or above; or

"(3) the investigation involves alleged notorious conduct or any other matter which, in the opinion of the Inspector General, is especially sensitive or of departmental significance.

"(c) If the Inspector General of the Department of the Treasury initiates an investigation under subsection (b), and the officer or employee of the Department of the Treasury subject to investigation is employed by or attached to a bureau or service referred to in subsection (a), the Inspector General shall provide the Secretary of the Treasury or the Deputy Secretary of the Treasury and the head of the office of such bureau or service referred to in subsection (a) with written notice that the Inspector General has initiated such an investigation. If the Inspector General issues a notice under the preceding sentence concerning the investigation of an officer or employee, no other investigation shall be initiated into the matter under investigation by the Inspector General and any other investigation of such matter shall cease."

(d) Section 5315 of title 5, United States Code (as amended by section 3(a) of this Act), is further amended by adding at the end thereof the following new items:

"Inspector General, Department of the Treasury.

"Inspector General, Federal Emergency Management Agency.

"Inspector General, Nuclear Regulatory Commission.

"Inspector General, Office of Personnel Management."

REQUIREMENTS AND PROTECTIONS FOR AUDIT AND INVESTIGATION UNITS

Sec. 5. (a) The Inspector General Act of 1978 (as amended by section 4(c) of this Act) is further amended by inserting after section 8C the following new section:

"PROTECTIONS AND REQUIREMENTS FOR AUDIT AND INVESTIGATION UNITS AT FEDERAL ENTITIES

"Sec. 8D. (a) An internal audit unit established in a Federal entity shall be responsible for the conduct of audits and investigations of the programs and operations of such entity in accordance with the requirements of this section.

"(b)(1) After the date which is 180 days after the date of enactment of this section, there shall be no more than one internal audit unit in any Federal entity. The head of the Federal entity shall transfer to the internal audit unit established in such entity the offices, units, or other components, or functions, powers or duties thereof, that the head of the Federal entity determines are properly related to the functions of the internal audit unit and would, if so transferred, further the purposes of this section. There shall not be transferred to an internal audit unit any program operating responsibilities.

"(2) If, after the date which is 180 days after the date of enactment of this section, there is a Federal entity in which there is no internal audit unit, the head of the Federal entity shall prepare and transmit to the Comptroller General of the United States and the Director of the Office of Management and Budget a notice which —

"(A) states that such an internal audit unit does not exist in such entity; and

"(B) specifies the action being taken by the head of such entity to ensure that adequate audits are conducted of the programs and operations of such entity.

"(3) If, on October 31 of the year after the year in which the head of a Federal entity transmits a notice required under paragraph (2), or on October 31 of any subsequent year, an internal audit unit does not exist in such entity, the head of such entity shall, on such October 31, transmit to the Comptroller General of the United States and the Director of the Office of Management and Budget a notice which contains the information described in subparagraphs (A) and (B) of such paragraph.

"(c)(1) The internal audit unit director shall be appointed by the head the Federal entity in accordance with the applicable laws and regulations governing appointments within the Federal entity.

"(2) Each internal audit unit director shall report to and be under the general supervision of the head of the Federal entity or, to the extent such authority is delegated, the officer next in rank below such head, but shall not report to, or be subject to supervision by, any other officer of such Federal entity. Neither the head of the Federal entity nor the officer next in rank below such head shall prevent or prohibit the internal audit unit director from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

"(d) If an internal audit unit director is removed from office or is involuntarily transferred to another position or location, the head of the Federal entity shall promptly communicate the reasons for any such removal or involuntary transfer to both Houses of Congress.

"(e)(1) The Chief Postal Inspector of the United States Postal Service shall be the internal audit unit director of the United States Postal Service, and shall be appointed by, report to, and be under the general supervision of the Postmaster General. The Chief Postal Inspector may be removed from office or involuntarily transferred to another position or location if the Postmaster General issues a written order stating the reason for such action and such order is ratified by a two-thirds vote of the Governors of the United States Postal Service. If the Chief Postal Inspector is removed or transferred in accordance with this subsection, the Postmaster General shall promptly notify both Houses of Congress of the reasons for such removal or transfer.

"(2) For purposes of paragraph (1), the term 'Governors' has the same meaning as in section 102(3) of title 39, United States Code.

"(f) Sections 4, 5, 6, and 7 of this Act shall be applied to each internal audit unit, internal audit unit director, Federal entity, and head of the Federal entity (as such terms are defined in subsection (g)) by substituting —

"(1) 'internal audit unit director' for 'Inspector General';

"(2) 'Federal entity' for 'establishment';

"(3) 'internal audit unit' for 'Office'; and

"(4) 'head of the Federal entity' for 'head of the establishment'.

"(g) As used in this section —

"(1) the term 'Federal entity' means an agency (as defined in section 552(e) of title 5, United States Code), other than (A) an establishment (as defined in section 11(2) of this Act) or part of an establishment, (B) the Executive Office of the President, (C) the agency referred to in section 5102(a)(1)(v) of title 5, United States Code, (D) the General Accounting Office, (E) the Department of Justice, or (F) any entity in the judicial or legislative branches of the Government (including the Administrative Office of the United States Courts and the Architect of the Capitol and any activities under the direction of the Architect of the Capitol);

"(2) the term 'head of the Federal entity' means the chief executive officer of a Federal entity;

"(3) the term 'internal audit unit' means a component of a Federal entity which carries out audits or investigations, or both, of the programs and operations of such entity, but does not include a component that carries out audits or investigations as an integral part of the conduct of the programs and operations of such entity; and

"(4) the term 'internal audit unit director' means the head of an internal audit unit."

(b) Section 410(b) of title 39, United States Code, is amended —

(1) by striking out "and" at the end of paragraph (6);

(2) by striking out the period at the end of paragraph (7) and inserting in lieu thereof a semicolon;

(3) by striking out "The" in paragraph (8) and inserting in lieu thereof "the";

(4) by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon and "and"; and

(5) by adding at the end thereof the following new paragraph:

"(9) the provisions of section 8D of the Inspector General Act of 1978."

PROVISIONS TO ENSURE UNIFORMITY AND RELIABILITY OF INSPECTOR GENERAL REPORTS

Sec. 6. (a) Section 5(a) of the Inspector General Act of 1978 is amended —

(1) by striking out "and" at the end of paragraph (5); and

(2) by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) a listing of each audit report issued by the Office during the reporting period and the amounts of ineligible and

unsupported costs in each such report, together with a summary of the significant reports;

"(7) a detailed statistical analysis of audit reports, depicting in tables arranged by audit status information concerning —

"(A) the number of audit reports in each audit status;

"(B) the number of such reports for which an audit determination was not made within 6 months of the date of issuance of such reports; and

"(C) the amounts of ineligible costs, ineligible costs that were disallowed, unsupported costs, and unsupported costs that were disallowed;

"(8) a summary of each significant audit report for which a determination was not made within 6 months after the date of issuance of such report and an explanation of the reason such determination was not made;

"(9) a description of, and explanation of the reasons for, any significant revised audit determinations made during the reporting period; and

"(10) information concerning any significant audit determination with which the Inspector General is in disagreement.".

(b) Section 5 of such Act is further amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e)(1) The head of each establishment shall, not later than April 30 and October 31 of each year, prepare semiannual reports listing each audit report made by that establishment's Office of Inspector General which was not resolved within one year after the date on which an audit determination was made on such report. Such reports shall include —

"(A) an explanation of the reason such audit was not resolved; and

"(B) the amount of disallowed costs that are under administrative or judicial appeal and the amount of disallowed costs returned or offset by the government.

"(2) The semiannual reports of the head of each establishment under this subsection shall be transmitted by such head to the appropriate committees and subcommittees of Congress not later than April 30 and October 31 of each year, together with a report by the Office of Inspector General of the establishment containing any comments such Office deems appropriate.

"(3) Within sixty days after the transmission of the semiannual reports of each establishment head under this subsection to the Congress, the head of each establishment shall make copies of such report available to the public upon request and at a reasonable cost.".

(c) Section 5 of such Act is further amended by adding at the end thereof the following new subsection:

"(g) As used in this section —

"(1) the term 'ineligible cost' means an incurred cost that is questioned by the Office of Inspector General because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;

"(2) the term 'unsupported cost' means an incurred cost that is questioned by the Office of Inspector General because the Office found that, at the time of the audit, such cost was not supported by adequate documentation;

"(3) the term 'disallowed cost' means an ineligible cost or unsupported cost that the management of an establishment has concluded, in an audit determination, should not be charged to the Federal Government;

"(4) the term 'audit determination' means the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a written final decision by management concerning its response, including corrective actions concluded to be necessary, to such findings and recommendations;

"(5) the term 'audit resolution' means the completion of all corrective actions that the management of an establishment has concluded, in an audit determination, are necessary with respect to the findings and recommendations included in an audit report, and, in the event that the management of an establishment concludes no corrective action is necessary, 'audit resolution' occurs when an audit determination has been reached; and

"(6) the term 'audit status' includes the following four categories:

"(A) audits for which the audit report was issued before the reporting period and for which —

"(i) the audit determination was made before or during such period; and

"(ii) the audit determination was not made by the end of such period; and

"(B) audits for which the audit report was issued during the reporting period and for which —

"(i) the audit determination was made during such period; and

"(ii) the audit determination was not made by the end of such period."

(d) Section 3512(b)(2) of title 31, United States Code, is amended by adding at the end thereof the following: "Such standards shall include (A) a definition of audit resolution consistent with section 5(g)(5) of the Inspector General Act of 1978, and (B) a standard to ensure that an audit determination will be made on each audit report within 6 months after the issuance of such report, in the case of an audit performed by a Federal auditor, and within 6 months after receipt by the executive agency responsible for the program concerned, in the case of each audit performed by a non-Federal auditor. No order, circular, or directive prescribed by the Director of the Office of Management and Budget shall include an inconsistent definition or standard with respect to audit resolution."

OATH ADMINISTRATION AUTHORITY

Sec. 7. Section 6(a) of the Inspector General Act of 1978 is amended —

(1) by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively, and

(2) by inserting after paragraph (4) the following new paragraph:

"(5) to administer to or take from any person an oath, affirmation, or affidavit, whenever necessary in the performance of the functions assigned by this Act, which oath, affirmation, or affidavit when administered or taken by or before an investigator or such other employee of an Office of Inspector General designated by the Inspector General shall have the same force and effect as if administered or taken by or before an officer having a seal;"

APPROPRIATION ACCOUNTS

Sec. 8. Section 1105(a)(25) of title 31, United States Code, is amended to read as follows:

"(25) a separate appropriation account for appropriations for each Office of Inspector General established by the Inspector General Act of 1978."

SECTION-BY-SECTION ANALYSIS

SHORT TITLE

The opening section states the title of this bill as the "Inspector General Act Amendments of 1987".

CONFORMATION OF AUTHORITIES OF EXISTING OFFICES OF INSPECTORS GENERAL

Section 2(a) is a technical amendment.

Sections 2 (b) and (c) bring the statutory Offices of Inspector General in the Departments of Energy and Health and Human Services and in the Railroad Retirement Board under the Inspector General Act of 1978, conforming their authorities and responsibilities to those of the other IG offices established under that Act. Sections (d) and (e) repeal existing laws establishing these three statutory offices, but also provide that the persons occupying such Inspector General positions on the date of enactment shall not be affected. References to the Community Services Administration are deleted because that agency was abolished.

UNIFORM SALARIES FOR INSPECTORS GENERAL

Section 3 provides that all statutory Inspectors General will be compensated at the Executive Level IV rate, regardless of the establishment in which they serve. Under present laws, statutory IGs are compensated at different rates even though their duties are the same.

ESTABLISHING AN OFFICE OF INSPECTOR GENERAL IN THE TREASURY DEPARTMENT, FEMA, NRC AND OPM

Sections 4 (a) and (b) establish new statutory Offices of Inspector General in the Department of the Treasury, the Federal Emergency Management Agency, the Nuclear Regulatory Commission, and the Office of Personal Management, and mandate the transfer of certain existing audit and investigative units in these establishments to the newly-created statutory IG offices.

Section 4(c) adds specific provisions to the IG Act of 1978 (in new Section 8B) concerning the authorities and responsibilities of the NRC's statutory Inspector General, and the NRC's existing separate Office of Investigations, responsible for investigating potential wrongdoing by NRC licensees and applicants for licenses. Further, it sets forth special provisions (in new Section 8C) regarding the authorities of the Inspector General established in the Treasury Department.

Section 4(d) amends section 5315 of title 5 (as previously amended by section 3 of this bill) to provide the uniform rate of pay for the newly-created Inspectors General.

REQUIREMENTS AND PROTECTIONS FOR AUDIT AND INVESTIGATION UNITS

Section 5 amends the Inspector General Act of 1978 by inserting a new Section 8D establishing requirements for the internal audit units in certain Federal organizations not now covered by the Act.

Subsection (a) provides that an "internal audit unit" in a "Federal entity" (both terms defined in the bill) shall be responsible for conducting audits and investigations of the entity's programs and operations in accordance with the requirements of Section 5. This makes the internal audit unit solely responsible for such audits and investigations.

Subsection (b) provides for the consolidation of existing audit and investigative units in Federal entities into a single unit within 180 days after the date of enactment of Section 5. No program operating responsibilities may be transferred to such a unit. Any entity now having audit, or audit and investigative staff would be covered. Any entity which later establishes audit, or audit and investigative capability of its own would also be covered.

It also provides that in the event a Federal entity remains without an internal audit unit, such entity shall report that fact to the Comptroller General and OMB on an annual basis, along with information concerning the steps such entity has taken to provide adequate audit coverage of its programs.

Subsection (c) requires the internal audit unit director to be appointed by the Federal entity head in accordance with the applicable laws and regulations governing appointments within the Federal entity. Further, it provides that the internal audit unit director is to report to the Federal entity head, or to the extent such authority is delegated, to the deputy head. Neither of these officials shall prevent or prohibit the internal audit unit director from initiating, carrying out, or completing any audit or investigation.

Subsection (d) provides that if an internal audit unit director is removed or involuntarily transferred, the Federal entity head shall promptly communicate to both Houses of Congress the reasons for such action.

Subsection (e) provides additional protection against unilateral removal of the Chief Postal Inspector of the United States Postal Service, who is deemed to be the "internal audit unit director" at that Federal entity.

Subsections (f) and (g) extends to the internal audit units certain provisions of the Inspector General Act of 1978 (in sections 4-7) and provides definitions for (1) "Federal entity," (2) "head of the Federal entity," (3) "internal audit unit," and (4) "internal audit unit director".

Section 5(b) is a technical amendment.

PROVISIONS TO ENSURE UNIFORMITY AND RELIABILITY OF INSPECTOR GENERAL REPORTS

Section 6 amends section 5(a) of the Inspector General Act of 1978 to require more uniform and statistically reliable reports.

Section 6(a) sets forth the information to be provided in reports issued by Inspectors General on their audit findings.

Section 6(b) sets forth the information to be provided in reports on audit resolution to be issued by the heads of federal entities and the reporting dates.

Section 6(c) defines: (1) "ineligible cost," (2) "unsupported cost," (3) "disallowed cost," (4) "audit determination," (5) "audit resolution," and (6) "audit status".

Section 6(d) amends section 3512(b)(2) of title 31 to establish a standard definition for the term "audit resolution".

OATH ADMINISTRATION AUTHORITY

Section 7 amends section 6(a) of the Inspector General Act of 1978 to authorize all Inspectors General to administer oaths, affirmations and affidavits in the performance of their assigned duties. During the conduct of investigations, it is often necessary for IG personnel to take voluntary sworn statements. Most IG offices now have authority to administer oaths for this purpose but a few do not. This amendment makes the authority uniform for all IG offices.

APPROPRIATIONS ACCOUNTS

Section 8(a) amends section 1205(a)(2) of title 31 to require the President to include in his budget submission a "separate appropriation account" for appropriations for each Office of Inspector General. At present, many, but not all, of the statutory Offices of Inspector General receive their appropriations through separate appropriation accounts. The others have their funds commingled in accounts which include funds for other agency activities. The first method prevents agency heads from transferring funds into or out of the IGs' account without statutory authority. This method is preferable because it enhances the independence of the Inspector General offices from the agency's program offices.

Mr. ROTH. Mr. President, I am pleased to join Chairman Glenn and all of our colleagues on the Governmental Affairs Committee in introducing the Inspector General Act Amendments of 1987.

The introduction of this bill is a continuation of efforts since the enactment of the Inspector General Act of 1978 to expand and improve the inspector general concept throughout the Government. The bill is comprised in large part of provisions from bills passed in the last Congress by the House (H.R. 3077) and the Senate (S. 2005). Given the broad bipartisan and bicameral support for the ideas contained in this legislation, I am confident that we can enact constructive improvements to the inspector general offices and processes.

Inspectors general have clearly proven their worth, since the first Office of Inspector General [OIG] was created at the Department of Health and Human Services in 1976. According to the President's recently issued management message, we have avoided \$84 billion in expenditures due to the efforts of our inspectors general since 1981. The President's Council on Integrity and Efficiency [PCIE] recently reported to our committee that, just in the last 6 months of fiscal 1986, our inspectors general were able to recover \$1 billion and avoid unnecessary expenditures of \$6.3 billion. Their work included: 2,363 successful prosecutions; 1,145 debarments and suspensions of persons or firms doing business with the Government; and, 580 administrative sanctions against Federal and contractor employees.

Following on the establishment of 12 OIG's in the Inspector General Act of 1978, I am pleased to say that during my tenure as chairman of the Committee on Governmental Affairs, an OIG was established in 1982 at the Defense Department. But, several large and many small agencies do not have the elements which have enabled our existing inspectors general to be successful in rooting out fraud and abuse in Federal programs. Those elements are: Consolidation into one office of all of the internal audit and investigative functions of the agency; protection of the integrity of the audit and investigative functions through independence from program functions and program supervisors, with the audit chief reporting directly to the agency head; and, the audit and investigative authorities of the Inspector General Act of 1978.

The need to bring the concepts embodied in the Inspector General Act of 1978 to smaller agencies of Government has been thoroughly documented. In May 1984, the General Accounting Office [GAO] issued a report (AFMD 84-45) on the audit capability of agencies not subject to the Inspector General Act. GAO found that some agencies were not complying with Office of Management and Budget [OMB] circulars on Federal program audits and audit followup or with GAO's audit standards; some agencies had no audit coverage; in some agencies, the internal auditor did not report to the agency head or deputy, instead reporting in some instances to the program people whose programs they were to audit; and, at several agencies that had more than one audit or investigative unit, there were no procedures for coordination.

A followup study issued by GAO last year (AFMD 86-11) found that, at 41 agencies without statutory IG's, problems similar to those reported in 1984 continued to exist. Demonstrating the importance of this issue is the fact that these 41 agencies had a combined total budget authority of over \$100 billion and employed more than a quarter of a million people.

I asked the PCIE to conduct a study of the extent and effectiveness of internal audit and investigative activities at Federal entities, particularly those which would not have internal audit units in conformity with the provisions of S. 2005.

The preliminary findings of that study were recently provided to our committee, and they are similar to those of GAO.

Given the success of the Inspector General Act in consolidating and strengthening the audit and investigative units in cabinet departments and other executive agencies, its provisions should be extended to other smaller Federal agencies.

In hearings before our committee in 1986, OMB Director James C. Miller expressed the administration's support for the efforts of the committee to extend the IG concept to smaller agencies.

The administration also recommended several improvements to the functions of inspectors general, specifically: Elimination of the disparity of salary levels of the statutory IG's; provision of the authority of the IG's to administer oaths; and, conformation of the separate statutory IG's at the Departments of Energy and HHS with the provisions of the Inspector General Act.

Those provisions to improve the audit and investigative functions at the smaller agencies and the three provisions recommended by the administration formed the heart of S. 2005, which I introduced on January 22, 1986, and which passed the Senate on October 18, 1986. I am pleased that the provisions of S. 2005 have been carried over into the bill we introduce today.

This bill contains other provisions which I believe the time has come to enact:

First, the bill would amend the Inspector General Act to establish Offices of Inspector General at the Treasury Department, the Federal Emergency Management Agency [FEMA], the Nuclear Regulatory Commission [NRC], and the Office of Personnel Management [OPM].

Next, the bill contains provisions intended to ensure the uniformity and reliability of IG reports.

Finally, the bill would provide separate appropriation accounts for the statutory Offices of Inspector General.

I wish to comment in more detail about each of these matters.

First, with respect to separate appropriation accounts, several OIG's already receive their funds through separately identified appropriation accounts rather than having their funds commingled with other agency accounts. James Richards, inspector general at the Department of the Interior and Chairman of the President's Council on Integrity and Efficiency, recently reported to our committee that most IG's would prefer to have the separate line item, feeling that it assures independence and management control over resources.

I believe that there are additional advantages: It fosters accountability for the IG's management of resources, and thereby fosters Congress' oversight of the economy and efficiency of the OIG's.

Next, with respect to the need for uniformity and reliability of IG reports, consistency in format and in the terminology used in IG reports would aid the Congress in performing its oversight functions and would seem to be useful to OMB in carrying out its management oversight functions.

With respect to reporting requirements generally, I am sensitive to concerns that have been raised about imposing the full panoply of reporting requirements in the Inspector General act on the smaller agencies. Accordingly, I also asked the PCIE to study the most appropriate and efficient methods of assuring effective audits and investigations at Federal entities, and the extent to which additional authorities, duties, and responsibilities specified in sections 4 through 7 of the Inspector General Act should be provided to all of the Federal entities covered by S. 2005. I believe that my colleagues share the same sensitivity and, with the help to be provided by the final report of the PCIE, which we expect to receive shortly and in advance of our hearings on this bill, I am confident that we can craft reasonable reporting provisions.

Finally, with respect to creating statutory OIG's at Treasury, FEMA, NRC, and OPM, careful consideration has gone into the decision to recommend the creation of OIG's at these agencies and further consideration will be given to the particular functions of these agencies and the role of the IG in them as we proceed through the hearings and markup of this bill.

Creation of a statutory OIG at the Treasury Department was recommended by GAO last year in response to my request for its assessment of the need for a statutory IG at Treasury (AFMD 86-3). I believe that we will adequately respond to the concerns of Treasury Department officials who, like their colleagues in other agencies prior to creation of OIG's in those agencies, feel that the Department's functions militate against the creation of a statutory IG.

The same devotion exists on the committee with respect to the creation of OIG's at FEMA, NRC, and OPM. The

committee is giving particular attention to both the internal and external investigative functions of the Nuclear Regulatory Commission. In 1981, GAO issued a report (EMD 81-72) in which it concluded that the independence of the Office of Inspector and Auditor — which would become the OIG under the terms of this bill — needed to be strengthened. GAO suggested that Congress consider establishing a statutory inspector general office at the NRC stating that —

Such an office could help ensure that the Congress and the Commissioners receive objective information on problems within the Commission and enhance public trust in the regulation of commercial nuclear power.

Evidence developed by the committee in recent weeks suggests that while the Office of Inspector and Auditor has been conforming its procedures to those of the statutory OIG's, it lacks the insurance that only statutory independence can provide.

In the course of the committee's investigation of the audit and investigative functions of the NRC, a number of questions have arisen over the organization and operation of those units and their relationship to the Commissioners and the Commission staff. Some of those questions go to the very organization of the Commission, a multimember rather than single-administrator agency. As a move to create a statutory OIG at the NRC, we must exercise great care to avoid stepping over into organizational questions which pertain to the conduct of the substantive responsibilities of the NRC. Our focus should be directed toward the assurance that the NRC has an inspector general who is independent and in charge of a consolidated internal audit and investigative unit and separated from program responsibilities.

I commend the chairman for his leadership in continuing this issue. I am pleased by the cosponsorship of all of our committee colleagues and would welcome other Senators to cosponsor this bill.

Mr. SASSER. Mr. President, I am pleased to join as an original cosponsor of this important piece of legislation. Throughout my service in the Senate, I have made the war against Federal waste and abuse a top priority. Our legislation makes great strides in this effort.

Today, we proposed to amend the Inspector General Act of 1978 to create inspector general positions in several new areas. We provide for these Government watchdogs at the Nuclear Regulatory Commission, the Department of the Treasury, the Federal Emergency Management Agency and the Office of Personnel Management.

Mr. President, creating an inspector general at the NRC is particularly important. Proper oversight of this Nation's nuclear utilities is an enormous responsibility. As the Chernobyl disaster vividly displayed to the world, mishaps at nuclear facilities threaten entire regions of our planet. We are still learning the horrible dimensions of that tragedy. We must take every step possible to safeguard against just this type of disaster in our country.

Guaranteeing that the NRC will take a tough stance when examining the safety of nuclear facilities in America is central to this effort. And placing an inspector general at the NRC will insure that we have an objective check on the performance of our only nuclear regulator.

Mr. President, an inspector general will also help ensure equal application of absolutely necessary safety standards. We must be certain that safety regulations are rigorously enforced and uniformly enforced. Mr. President, I fear that we have entered a period of unequal enforcement of critical nuclear safety standards.

Let me cite a few examples of what I mean, Mr. President. After the Three Mile incident, the NRC was brought in to investigate the plant's operations. One of the employees at the plant brought to the NRC's attention allegations of falsified leak rates at the plant. Yet, the NRC failed to investigate these allegations for over 18 months.

In California, we have the Diablo Canyon Nuclear Plant constructed precariously on a fault line. In addition to the questionable judgment that permitted this site decision, the NRC failed to catch other problems in the construction of this plant. It seems that the blueprints for the plant were reversed during construction and this problem went unnoticed by the NRC.

The Zimmer Plant in Midland, MI, was constructed so poorly that it will likely never operate. The NRC failed to catch these problems.

At the D.C. Cook Plant, the NRC delayed for an inordinate amount of time the investigation of material false statements made by the management of the plant. Officials at this plant were ultimately indicted by other Government bodies, despite the inaction by the NRC.

At the same time we see the NRC taking to task Steven White of the Tennessee Valley Authority for making material

false statements. We see many of TVA's nuclear operations examined with a fine tooth comb by the NRC.

Mr. President, I don't want to leave the wrong impression here. TVA, like all other nuclear facilities, should be scrupulously and diligently regulated. TVA should indeed be held to exacting safety standards. That is the law of the land and it should be enforced.

However, just as TVA is closely and carefully examined in its nuclear operations, so should all other nuclear power facilities be vigorously overseen. I am not convinced that this has been the case for the past few years. The standard for private facilities must be the same as the standard for public utilities. All nuclear plants should be required to live up to a uniformly high standard of safety practices.

I believe the residents of the Tennessee Valley will benefit from stringent oversight by the NRC. Yet, I also believe that the safety of other regions of our country is being called into question by recent NRC policy. It is my hope that establishing an inspector general at the NRC will help rectify this situation.

We need a policy of evenhanded application of nuclear safety standards. Only through such an evenhanded approach can we guarantee the safety of all regions of our country which utilize nuclear power.

Our legislation will help return us to such a policy. I urge my colleagues to join in our effort.

SUBJECT: AUDITS (91%); LEGISLATION (91%); ACCOUNTING (90%); MISCONDUCT (78%);

LEXSEE 134 CONG REC S 10914

Congressional Record — Senate

Thursday, August 4, 1988

100th Cong. 2nd Sess.

134 Cong Rec S 10913

REFERENCE: Vol. 134 No. 115

TITLE: INSPECTOR GENERAL ACT AMENDMENTS

SPEAKER: Mr. BYRD

TEXT: [*S10913] Mr. BYRD. Mr. President, on behalf of Mr. Glenn, I ask that the Chair lay before the Senate a message from the House on S. 908, the Inspector General Act.

The PRESIDING OFFICER. laid before the Senate the following message from the House of Representatives:

RESOLVED, That the bill from the Senate (S. 908) entitled "An Act to amend the Inspector General Act of 1978", do pass with the following amendments:

Strike out all after the enacting clause and insert:

TITLE I — INSPECTOR GENERAL ACT AMENDMENTS

SECTION 101. SHORT TITLE.

This Act may be cited as the "Inspector General Act Amendments of 1988".

SEC. 102. ESTABLISHMENT OF NEW OFFICES OF INSPECTOR GENERAL.

(a) Purpose; Establishment. — Section 2(1) of the Inspector General Act of 1978 (Public Law 95-452; 5 U.S.C. App.) is amended to read as follows:

"(1) to conduct and supervise audits and investigations relating to the programs and operations of the establishments listed in section 11(2);".

(b) Addition of Departments of Energy, Health and Human Services, Justice, and Treasury, FEMA, and Railroad Retirement Board to List of Covered Establishments. — Section 11 of such Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) the term 'head of the establishment' means the Secretary of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, the Interior, Labor, State, Transportation, or the Treasury; the Attorney General; the Administrator of the Agency for International Development, Environmental Protection, General Services, National Aeronautics and Space, Small Business, or Veterans' Affairs; the Director of the Federal Emergency Management Agency or the United States Information Agency; or the Chairman of the Railroad Retirement Board; as the case may be;

"(2) the term 'establishment' means the Department of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, or the Treasury; the Agency for International Development, the Environmental Protection Agency, the Federal Emergency Management Agency, the General Services Administration, the National Aeronautics [*S10914] and Space Administration, the Railroad Retirement Board, the Small Business Administration, the United States Information Agency, or the Veterans' Administration; as the case may be;".

(c) Transfers of Existing Audit and Investigation Units. — Section 9(a)(1) of such Act is amended —

(1) by striking out subparagraph (I), relating to the Community Services Administration;

(2) by redesignating subparagraphs (J) through (N) as subparagraphs (I) through (M), respectively;

(3) by striking out "and" at the end of subparagraphs (L) and (M) (as so redesignated); and

(4) by adding at the end thereof the following new subparagraphs:

"(N) of the Department of Justice, the offices of that Department referred to as (i) the 'Audit Staff, Justice Management Division', (ii) the 'Policy and Procedures Branch, Office of the Comptroller, Immigration and Naturalization Service', the 'Office of Professional Responsibility, Immigration and Naturalization Service', and the 'Office of Program Inspection, Immigration and Naturalization Service', (iii) the 'Office of Internal Inspection, United States Marshals Service', (iv) the 'Financial Audit Section, Office of Financial Management, Bureau of Prisons' and the 'Office of Inspections, Bureau of Prisons', and (v) from the Drug Enforcement Administration, that portion of the 'Office of Inspections' which is engaged in internal audit activities and that portion of the 'Office of Planning and Evaluation' which is engaged in program review activities;

"(O) of the Department of the Treasury, the offices of that Department referred to as the 'Office of Inspector General', and, notwithstanding any other provision of law, that portion of each of the offices of that department referred to as the 'Office of Internal Affairs, Bureau of Alcohol, Tobacco and Firearms', the 'Office of Internal Affairs, Customs Service', and the 'Office of Inspections, Secret Service', which is engaged in internal audit activities;

"(P) of the Federal Emergency Management Agency, the office of that agency referred to as the 'Office of Inspector General';

"(Q) of the Department of Energy, the Office of Inspector General (as established by section 208 of the Department of Energy Organization Act);

"(R) of the Department of Health and Human Services, the Office of Inspector General (as established by title II of Public Law 94-505); and

"(S) of the Railroad Retirement Board, the Office of Inspector General (as established by section 23 of the Railroad Retirement Act of 1974);".

(d) Technical and Conforming Amendments. — (1) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraphs:

"Inspector General, Department of Justice.

"Inspector General, Department of the Treasury.

"Inspector General, Agency for International Development.

"Inspector General, Department of Commerce.

"Inspector General, Department of the Interior.

"Inspector General, Environmental Protection Agency.

"Inspector General, Federal Emergency Management Agency.

"Inspector General, General Services Administration.

"Inspector General, National Aeronautics and Space Administration.

"Inspector General, Small Business Administration.

"Inspector General, Railroad Retirement Board.".

(2) Section 5316 of such title is amended by striking out each of the following paragraphs:

"Inspector General, Agency for International Development.

"Inspector General, Department of Commerce.

"Inspector General, Department of the Interior.

"Inspector General, Community Services Administration.

"Inspector General, Environmental Protection Agency.

"Inspector General, General Services Administration.

"Inspector General, National Aeronautics and Space Administration.

"Inspector General, Small Business Administration.".

(3)(A)(i) Section 208 of the Department of Energy Organization Act is repealed.

(ii) The table of contents in the first section of such Act is amended by striking out the item relating to section 208.

(B) Title II of Public Law 94-505 is repealed.

(C) Section 23 of the Railroad Retirement Act of 1974 is repealed.

(4) Any individual who, on the date of enactment of this Act, is serving as the Inspector General of the Department of Energy, the Department of Health and Human Services, or the Railroad Retirement Board, shall continue to serve in such position until such individual dies, resigns, or is removed from office in accordance with section 3(b) of the Inspector General Act of 1978.

SEC. 103. EXTENSION OF INSPECTOR GENERAL ACT PROTECTIONS AND REQUIREMENTS TO CERTAIN DESIGNATED FEDERAL ENTITIES.

The Inspector General Act of 1978 is further amended by inserting after section 8A the following new section:

"PROTECTIONS AND REQUIREMENTS FOR CERTAIN DESIGNATED FEDERAL ENTITIES

"Sec. 8B. (a) Not later than 180 days after the date of enactment of this section, there shall be established in each designated Federal entity an Office of Inspector General. The head of the designated Federal entity shall transfer to such Office the offices, units, or other components, and the functions, powers, or duties thereof, that such head determines are properly related to the functions of the Office of Inspector General and would, if so transferred, further the purposes of this section. There shall not be transferred to such Office any program operating responsibilities.

"(b) Each Inspector General shall report to and be under the general supervision of the head of the designated Federal entity involved, but shall not report to, or be subject to supervision by, any other officer of such designated Federal entity. The head of the designated Federal entity shall not prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

"(c) Except as provided in subsection (g), the Inspector General shall be appointed by the head of the designated Federal entity in accordance with the applicable laws and regulations governing appointments within the designated Federal entity.

"(d) If the Inspector General is removed from office or is transferred to another position or location, the head of the designated Federal entity shall promptly communicate the reasons for any such removal or transfer to each House of the Congress.

"(e)(1) Sections 4, 5, 6 (other than subsections (a)(7) and (a)(8) thereof), and 7 of this Act shall apply to each Inspector General and Office of Inspector General of a designated Federal entity and such sections shall be applied to each designated Federal entity and head of the designated Federal entity (as such terms are defined in subsection (h)) by substituting —

"(A) 'designated Federal entity' for 'establishment'; and

"(B) 'head of the designated Federal entity' for 'head of the establishment'.

"(2) In addition to the other authorities specified in this Act, an Inspector General is authorized to select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General and to obtain the temporary or intermittent services of experts or consultants or an organization thereof, subject to the applicable laws and regulations that govern such selections, appointments, and employment, and the obtaining of such services, within the designated Federal entity.

"(f) Within one year after the date of enactment of this section, and on October 31 of each succeeding calendar year, the head of each Federal entity which is not a designated Federal entity shall prepare and transmit to the Director of the

Office of Management and Budget and to each House of the Congress a report which —

"(1) states whether there has been established in the Federal entity an internal audit office that meets the requirements of this section;

"(2) specifies the actions taken by the Federal entity otherwise to ensure that audits are conducted of its programs and operations in accordance with the standards for audit of governmental organizations, programs, activities, and functions issued by the Comptroller General of the United States, and includes a list of each audit report completed by a Federal or non-Federal auditor during the reporting period and a summary of any particularly significant findings; and

"(3) summarizes any matters relating to the personnel, programs, and operations of the Federal entity referred to prosecutive authorities, including a summary description of any preliminary investigation conducted by or at the request of the Federal entity concerning these matters, and the prosecutions and convictions which have resulted.

"(g) The Chief Postal Inspector of the United States Postal Service shall also hold the position of Inspector General of the United States Postal Service, and for purposes of this section, shall report to, and be under the general supervision of, the Postmaster General of the United States Postal Service. The Chief Postal Inspector shall be appointed by the Governors of the United States Postal Service and may be removed from office or transferred to another position or location within the United States Postal Service by the Governors. If the Chief Postal Inspector is removed or transferred in accordance with this subsection, the Governors shall promptly notify each House of the Congress of the reasons for such removal or transfer.

"(h) Notwithstanding section 11 of this Act, as used in this section —

"(1) the term 'Federal entity' means any Government corporation (within the meaning of section 103(1) of title 5, United States Code), any Government controlled corporation (within the meaning of section 103(2) of such title), or any other entity in the executive branch of the Government, or any independent regulatory agency, but does not include —

[*S10915] "(A) an establishment (as defined in section 11(2) of this Act) or part of an establishment;

"(B) the Executive Office of the President;

"(C) the Central Intelligence Agency;

"(D) the General Accounting Office; or

"(E) any entity in the judicial or legislative branches of the Government, including the Administrative Office of the United States Courts and the Architect of the Capitol and any activities under the direction of the Architect of the Capitol;

"(2) the term 'designated Federal entity' means ACTION, Amtrak, the Appalachian Regional Commission, the Board of Governors of the Federal Reserve System, the Board for International Broadcasting, the Commodity Futures Trading Commission, the Consumer Product Safety Commission, the Equal Employment Opportunity Commission, the Farm Credit Administration, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Federal Labor Relations Authority, the Federal Maritime Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Legal Services Corporation, the National Archives and Records Administration, the National Credit Union Administration, the National Endowment for the Arts, the National Endowment for the Humanities, the National Labor Relations Board, the National Science Foundation, the Nuclear Regulatory Commission, the Office of Personnel Management, the Panama Canal Commission, the Peace Corps, the Pension Benefit Guaranty Corporation, the Securities and Exchange Commission, the Smithsonian Institution, the Tennessee Valley Authority, the United States International Trade Commission, and the United States Postal Service;

"(3) the term 'head of the Federal entity' means the director, administrator, president, or chief policy-making officer or board of a Federal entity, or any other person or persons designated by statute as the head of a Federal entity;

"(4) the term 'head of the designated Federal entity' means the director, administrator, president, or chief policy-making officer or board of a designated Federal entity, or any other person or persons designated by statute as the head of a designated Federal entity;

"(5) the term 'Office of Inspector General' means an Office of Inspector General of a designated Federal entity; and

"(6) the term 'Inspector General' means an Inspector General of a designated Federal entity.".

SEC. 104. PROVISIONS TO ENSURE UNIFORMITY AND RELIABILITY OF INSPECTOR GENERAL REPORTS.

(a) Report Information Required on Audits. — Section 5(a) of the Inspector General Act of 1978 is amended by striking out "and" at the end of paragraph (5) and by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) a listing, subdivided according to subject matter, of each audit report issued by the Office during the reporting period, and, where applicable, the amounts of costs reported as ineligible costs and the amounts of costs reported as unsupported costs, in each such report;

"(7) a summary of each particularly significant report; and

"(8) statistical tables showing the total number of audit reports and, where applicable, the total dollar amounts of costs reported as ineligible costs and costs reported as unsupported costs, such amounts which management, in a management decision, has agreed to recover, amounts of funds recommended to be put to better use and the amounts of such funds which management has agreed should be put to better use, for audit reports —

"(A) for which no management decision had been made by the beginning of the period,

"(B) which were issued during the period,

"(C) for which a management decision was made during the period,

"(D) for which no management decision has been made by the end of the period, and

"(E) which were over six months old with no management decision at the end of the period;

"(9) a summary of each particularly significant audit report issued before the commencement of the reporting period for which a management decision was not made within 6 months after the date of issuance of such report, an explanation of the reason such management decision was not made, and a statement as to the current status of each such report;

"(10) a description of, and explanation of the reasons for, any significant revised management decision made during the reporting period;

"(11) information concerning any significant management decision with which the Inspector General is in disagreement; and

"(12) separate sections that include, with respect to each audit and investigative office of the establishment outside the Office of Inspector General (other than audit or investigative offices that conduct audits or investigations as an integral part of a program of the establishment), the matters required to be included under paragraphs (1) through (5) and (7) through (11) of this subsection."

(b) Report on Final Action. — Section 5(b) of such Act is amended —

(1) by inserting "(1)" after "(b)"; and

(2) by striking out "containing any comments such head deems appropriate." and inserting the following:

"containing —

"(A) any comments such head deems appropriate;

"(B) a list of audit reports issued by the establishment's Office of Inspector General on which final action had not been taken within one year after the date on which a management decision was made in response to such report and an explanation of the reason final action had not been taken, except that such list may exclude audit reports under formal administrative or judicial appeal but shall identify the number of reports so excluded; and

"(C) statistical tables showing the total number of audit reports and, where applicable, the total dollar amounts of ineligible and unsupported costs agreed upon; such amounts actually returned to or offset by the Federal Government; the amounts of funds which management agreed to put to better use; and the amounts of funds put to better use as a result of final action on a management decision; for audit reports for which a management decision had been made by the end of the period but on which final action —

"(i) had not been taken by the beginning of the period,

"(ii) was taken during the period,

"(iii) was pending at the end of the period, and

"(iv) has not been taken within one year of the date of the management decision.

"(2) Within 60 days after the transmission of the semiannual reports of each establishment head to the Congress, the head of each establishment shall make copies of such report available to the public upon request and at a reasonable cost."

(c) Conforming Amendment: Definitions. — Section 5 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) As used in this section —

"(1) the term 'ineligible cost' means a cost that is questioned by the Office because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;

"(2) the term 'unsupported cost' means a cost that is questioned by the Office because the Office found that, at the time of the audit, such cost was not supported by adequate documentation;

"(3) the term 'management decision' means the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a written final decision by management concerning its response, including actions concluded to be necessary, to such findings and recommendations.

"(4) the term 'final action' means the completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit report, and, in the event that agency management concludes no corrective action is necessary, final action occurs when a management decision has been reached."

SEC. 105. OATH ADMINISTRATION AUTHORITY.

Section 6(a) of the Inspector General Act of 1978 is amended —

(1) by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively, and

(2) by inserting after paragraph (4) the following new paragraph:

"(5) to administer to or take from any person an oath, affirmation, or affidavit, whenever necessary in the performance of the functions assigned by this Act, which oath, affirmation, or affidavit when administered or taken by or before an employee of an Office of Inspector General designated by the Inspector General shall have the same force and effect as if administered or taken by or before an officer having a seal;"

SEC. 106. EXTERNAL REVIEWS.

Section 4(b) of the Inspector General Act of 1978 is amended —

(1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;

(2) by inserting "(1)" after "(b)"; and

(3) by adding at the end the following:

"(2) For purposes of determining compliance with paragraph (1)(A) with respect to whether internal quality controls are in place and operating and whether established audit standards, policies, and procedures are being followed by Offices of Inspector General and internal audit offices described in section 8B(f)(1), reviews shall be performed exclusively by an audit entity in the Federal Government, including the General Accounting Office or another Office of Inspector General."

SEC. 107. TECHNICAL AMENDMENT.

(a) Senior Executive Service Positions. — Section 6 of the Inspector General Act of 1978 is amended by adding at the end thereof the following:

"(d) For purposes of the provisions of title 5, United States Code, governing the Senior Executive Service, any reference in such provisions to the 'appointing authority' for a member of the Senior Executive Service or for a Senior

Executive Service position shall, if such member or position is or would be within the office of an Inspector General, be deemed to be a reference to such Inspector General."

[*S10916] (b) Coast Guard Operation as Part of Department or Agency. — Section 8(e) of the Inspector General Act of 1978 is amended by inserting before the period at the end thereof the following: ", except that, when the Coast Guard operates as a service of another department or agency of the Federal Government, a member of the Coast Guard shall be deemed to be an employee of such department or agency".

SEC. 108. REPORT ON IMPLEMENTATION.

Within one year after the date of enactment of this Act, the head of each designated Federal entity (as such term is defined in section 8B(h) of the Inspector General Act of 1978) shall submit to the Director of the Office of Management and Budget and to each House of the Congress a report on the status of the implementation by that agency of the requirements of section 8B of such Act. Such report shall identify any area or areas in which implementation is not complete and describe the reasons for that failure.

SEC. 109. PAYMENT AUTHORITY SUBJECT TO APPROPRIATIONS.

Any authority to make payments under this Act shall be effective only to such extent as provided in appropriations Acts.

SEC. 110. APPROPRIATION ACCOUNTS.

Section 1105(a)(25) of title 31, United States Code, is amended to read as follows:

"(25) a separate appropriation account for appropriations for each Office of Inspector General established by section 2 of the Inspector General Act of 1978."

SEC. 111. DISCLOSURE OF TAX RETURNS AND RETURN INFORMATION.

Section 5(e)(3) of the Inspector General Act of 1978 is amended by striking out "Nothing" in the first sentence and inserting in lieu thereof "Except to the extent provided in section 6103(f) of the Internal Revenue Code of 1986, nothing".

SEC. 112. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect 180 days after the date of enactment of this Act, except that section 5(b)(1) (A), (B), and (C) of the Inspector General Act of 1978 (as amended by section 104(b) of this Act) shall take effect one year after the date of enactment of this Act.

TITLE II — GOVERNMENT PRINTING OFFICE INSPECTOR GENERAL

SEC. 201. SHORT TITLE.

This Act may be cited as the "Government Printing Office Inspector General Act of 1988".

SEC. 202. OFFICE OF INSPECTOR GENERAL.

Title 44 of the United States Code is amended by adding at the end the following new chapter:

"CHAPTER 39 — GOVERNMENT PRINTING OFFICE: OFFICE OF INSPECTOR GENERAL

"Sec.

"3901. Purpose and establishment and Office of Inspector General.

"3902. Appointment of Inspector General; supervision; removal.

"3903. Duties, responsibilities, authority, and reports of the Inspector General.

"§ 3901. Purpose and establishment and Office of Inspector General

"In order to create an independent and objective office —

"(1) to conduct and supervise audits and investigations relating to the Government Printing Office;

"(2) to provide leadership and coordination and recommend policies to promote economy, efficiency, and effectiveness;
and

"(3) to provide a means of keeping the Public Printer and the Congress fully and currently informed about problems and deficiencies relating to the administration and operations of the Government Printing Office;

there is hereby established an Office of Inspector General in the Government Printing Office.

"§ 3902. Appointment of Inspector General; supervision; removal

"(a) Appointment of Inspector General. — There shall be at the head of the Office of Inspector General, an Inspector General who shall be appointed by the Public Printer without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations. The Inspector General shall report to, and be under the general supervision of, the Public Printer. The Public Printer shall have no authority to prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

"(b) Removal. — The Inspector General may be removed from office by the Public Printer. The Public Printer shall, promptly after such removal, communicate in writing the reasons for any such removal to each House of the Congress.

"§ 3903. Duties, responsibilities, authority, and reports of the Inspector General

"(a) Sections 4, 5, 6 (other than subsection (a)(7) thereof), and 7 of the Inspector General Act of 1978 (5 U.S.C. App.) shall apply to the Inspector General of the Government Printing Office and the Office of such Inspector General and shall be applied to the Government Printing Office and the Public Printer by substituting —

"(1) 'Government Printing Office' for 'establishment'; and

"(2) 'Public Printer' for 'head of the establishment'.

"(b) The Inspector General, in carrying out the provisions of this chapter, is authorized to select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General subject to the provisions of this title governing appointments and employment in the Government Printing Office."

SEC. 203. AMENDMENT TO TABLE OF CHAPTERS.

The table of chapters for title 44, United States Code, is amended by adding at the end the following new item:

"39. Government Printing Office:	3901".
Office of Inspector General	

SEC. 204. EFFECTIVE DATE.

The provisions of this title and the amendments made by this title shall take effect 180 days after the date of enactment of this Act.

Amend the title so as to read: "An Act to amend the Inspector General Act of 1978 to establish offices of inspector general in certain departments, and for other purposes."

Mr. BYRD. Mr. President, I move that the Senate disagree to the amendments of the House and request a conference with the House on the disagreeing votes of the two Houses, and that the Chair be authorized to name the conferees on the part of the Senate.

The motion was agreed to, and the Chair (Mr. Levin) appointed Mr. Glenn, Mr. Chiles, Mr. Sasser, Mr. Pryor, Mr. Roth, Mr. Stevens, and Mr. Heinz, and for the purposes of the Nuclear Regulatory Commission provisions only, Mr. Breaux, and Mr. Simpson conferees on the part of the Senate.

SUBJECT: AUDITS (90%);

LEXSEE 134 CONG REC S 14446

Congressional Record — Senate

Tuesday, October 4, 1988;
(Legislative day of Monday, September 26, 1988)

100th Cong. 2nd Sess.

*134 Cong Rec S 14446***REFERENCE:** Vol. 134 No. 139**TITLE:** INSPECTOR GENERAL ACT**SPEAKER:** Mr. BYRD; Mr. GLENN; Mr. PRYOR; Mr. ROTH; Mr. SASSER**TEXT:** [*S14446] Mr. BYRD. Mr. President, I submit a report of the committee of conference on S. 908 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 908) to amend the Inspector General Act of 1978 to establish Offices of Inspector General in certain departments, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the Record of September 30, 1988.)

Mr. GLENN. Mr. President, I commend to my colleagues passage of the conference report on S. 908, a bill to amend the Inspector General Act of 1978 to establish Offices of Inspector General in certain departments, and for other purposes. This bill is the result of one of my first initiatives as chairman of the Governmental Affairs Committee — to review the status of audit and investigative coverage throughout government. Specifically, I sought to determine whether a case could be made for expanding the inspector general concept to departments, agencies and other federally-funded entities not currently covered by the 1978 Inspector General Act.

That law, which will be 10 years old on October 12, established permanent Offices of Inspector General in 12 departments and agencies, to join the two already in the Department of Health, Education and Welfare and the Energy Department. These offices, as well as several more created by subsequent legislation, were established to serve as an important check on government waste, fraud and mismanagement and to aid the Congress' oversight committees by providing invaluable information from their audits, investigations and analyses. In short, they were setup to maintain and elevate public confidence in Government.

With the assistance and cooperation of the Ranking Minority Member, Senator Roth, the committee held three hearings in 1987 on the operations and needs of the inspector general community and conducted numerous interviews with knowledgeable Government officials. The statistics the committee heard from the current IG community were quite impressive:

From March 1981 through fiscal year 1987, the current inspectors general claim that over \$100 billion in Federal funds have been saved or put to better use as a result of management actions on their findings and recommendations;

During this same period, the IG's claim responsibility for over 23,000 successful prosecutions against wrongdoers who defrauded Federal programs and over 8,000 administrative sanctions against unscrupulous individuals and firms doing business with the Government.

The accomplishments of the IG community in fulfilling the mandate of the 1978 legislation and the Governmental Affairs Committee's own review made it clear that there was a need to establish better audit and investigation capabilities in a number of departments, agencies, and federally funded entities not covered by the 1978 law.

I introduced S. 908 in April 1987. The bill, which was cosponsored by every member of the Governmental Affairs Committee, passed the Senate in February 1988 by a vote of 85 to 0. H.R. 4054, the House version of the bill, introduced by Congressmen Brooks and Horton, was adopted on July 26 by voice vote.

There were several important substantive differences between the two bills which were resolved in conference. S. 908 will extend the statutory inspector general concept to nearly 40 additional departments, agencies, and designated Federal entities. In addition, S. 908 contains some long needed amendments to the Inspector General Act of 1978 by providing uniform definitions, standards, and authorities applicable to all inspectors general. S. 908 includes several changes made to the bill by the House which, in my judgment, have the effect of strengthening and clarifying the IG's role in government. All of these changes are important and timely adjustments of the IG system, so that it will work even more successfully in the years to come.

S. 908 creates Offices of Inspector General — headed by Presidentially appointed, Senate-confirmed IG's — in the Departments of Justice and the Treasury, the Office of Personnel Management, the Federal Emergency Management Agency, and the Nuclear Regulatory Commission. The creation of these new Offices of Inspector General is supported by the General Accounting Office.

All of these agencies were left out of the original law 10 years ago. But they are major agencies, with huge budgetary authority, important missions, and programs that require strict controls against fraud, waste, and abuse. In particular, the committee's investigation of serious deficiencies in the audit and investigation functions at the NRC demonstrated the need for a truly independent inspector general in that independent regulatory agency. Unlike the current situation at the NRC, a statutory inspector general would have the authority and expertise to investigate wrongdoing wherever it occurs, even if it may involve the office of an NRC Commissioner.

Currently, the Justice and Treasury Departments are the only two Cabinet-level Departments without statutory Offices of Inspector General. In April 1981, President Reagan supported legislation creating additional inspectors general (quote) "who will have powers tailored to the specific needs of the Departments of *** Treasury, and Justice." (end quote)

However, the administration subsequently retreated from this position and over the years the two Departments at issue resisted enactment of such legislation, arguing that no legislative formulation specifically met their particular needs.

The Governmental Affairs Committee's recent, in-depth reviews of the Justice and Treasury Departments indicate that such opposition to inspector general legislation is unjustified. These departments, like the 19 Federal agencies before them, share the basic need for the leadership of an independent statutory inspector general. Such an individual will better assist the department heads and their program managers to make the most efficient, effective and legal use of the resources available for their law enforcement and myriad other missions. Moreover, the semiannual reports summarizing the IGs' audit and investigative activities will aid the Treasury Secretary's, Attorney General's and Congress oversight of the departments' programs and operations.

At the same time, the committee recognizes the propriety of including "special provisions" for these departments designed to accommodate their specific needs and unique missions. The precedent for this was established in 1982 legislation creating the IG Office at the Defense Department.

With regard to the Treasury Department, the "special provisions" which were included in the initial Senate bill have been retained, with one major revision. Unlike the Senate-passed bill, the conference agreement does not include a separate IG for the IRS. Instead, the conference agreement provides [*S14447] that the single Treasury IG must abide by procedures governing access to and disclosure of taxpayer returns and return information. The Treasury Department and IRS do not object to S. 908, as revised in conference.

The Justice Department was not included in the initial Senate bill to provide the Senate with more time to fully evaluate the GAO's 1986 recommendation for a statutory IG in the Department. In May 1987, the Governmental Affairs Committee held a hearing that focused in part on the status of the audit and internal investigative functions at the Justice Department. Among the many concerns expressed at the hearing was the fact that the audit activities were not consolidated in one Department-level office, and that too many individuals were responsible for this function. The Justice Department indicated that it was proposing a reorganization of its audit activities by creating an "Office of Audit and Review" that

would be a single, independent office reporting directly to a high-level official. This proposal would not have transferred the Department's Office of Professional Responsibility or any other internal investigation offices into the Office of Audit and Review.

This reorganization never occurred. Since the Governmental Affairs Committee's hearing, the Legislation and National Security Subcommittee of the House Committee on Government Operations has finished its review of the problems in Justice's 14 separate audit and internal investigations units. In June 1988 the committee published the results of its study for use in considering the House bill to extend the statutory IG concept to the Departments of Justice and the Treasury.

Frankly, the most difficult issue for the conference committee to resolve was the relationship between the Justice Department's Office of Professional Responsibility, known as "O-P-R", and the proposed Office of Inspector General. OPR is a small unit of 6 to 8 attorneys, who supervise and carry out internal investigations of Department and bureau employees. Normally, such a function would be automatically transferred to the new Office of Inspector General.

The conference agreement reflects an effort to accommodate the Attorney General's concern about impinging upon the Attorney General's authority to investigate allegations of misconduct by officers and employees of the Justice Department, especially those who perform attorney, criminal investigations or other law enforcement functions. In deference to the specific request of the current Attorney General, who assisted in the creation of OPR in 1975, the Senate receded to the House and retained OPR outside the Office of Inspector General.

In addition, the conference agreement requires the IG to refer to the head of OPR, for investigation, any information or allegations relating to alleged misconduct on the part of Justice Department attorneys, criminal investigators, and law enforcement personnel. Under this arrangement, I expect that every effort will be made by the IG and the head of OPR to coordinate efforts, share resources and combine their expertise to provide the Attorney General and the Department's program managers with the best possible audit and investigative coverage.

In the future the Attorney General may determine that the Office of Professional Responsibility and several other audit, internal investigation, and inspection units remaining outside the Office of Inspector General should be consolidated in that Office. Pursuant to the Inspector General Act, the Attorney General is authorized to effect the transfer of resources and functions necessary to achieve this consolidation. Such a transfer would be consistent with the inspector general concept, and I urge that the Attorney General give early and careful consideration to this action.

Mr. President, this administration was initially unwilling to consider extending the statutory inspector general concept to the Justice and Treasury Departments.

However, with diligence and hard work, we were able to bring the administration to the negotiating table to work out a reasonable and workable compromise. In view of the extensive discussions held with representatives of this administration to reach agreement on this legislation, particularly the former Secretary of the Treasury and the current Attorney General, I am confident that this bill specifically meets the particular needs of these two Departments.

I ask unanimous consent to insert into the Record a September 26, 1988 letter from Attorney General Thornburgh to me stating that the Department of Justice will not object to the enactment of S. 908, as revised in conference.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Office of the Attorney General,
Washington, DC, September 26, 1988.

Hon. John Glenn,
Chairman, Committee of Governmental Affairs, U.S. Senate, Washington, DC.

Dear Mr. Chairman: Several days ago, in light of an apparent consensus among the Members of Congress that an Inspector General for the Department of Justice should be included in the report resulting from the Conference of the House and the Senate on S. 908, I authorized my staff to work with yours to develop language that would meet our basic concerns with the House bill.

As I indicated in my letter of September 13, I believe that any Attorney General must have the authority to investigate allegations of misconduct by officers and employees of this Department, especially, investigative, prosecutorial, and law enforcement personnel. I argued that the Office of Professional Responsibility (OPR), which was created during my previous tenure in the Department, has handled this function efficiently and with unquestioned integrity. The proposed

compromise responds, in large part, to that issue by recognizing the existence of OPR, and by requiring the Inspector General to refer to OPR any allegations relating to the conduct of attorney, investigative, or law enforcement personnel.

The proposed compromise also provides authority for the Attorney General to prohibit the IG from carrying out certain audits or investigations, if to do so would involve sensitive matters involving ongoing investigations or proceedings, undercover operations, confidential sources, or intelligence and other national security matters.

I want to know that I very much appreciate the considerable efforts that you and the Senate Committee staff, on both sides of the aisle, have made to craft language that retains OPR and that attempts to address the other reservations reflected by my letter. While we have made significant progress, thanks in large part to the willingness of you and Senator Roth to work with us, points of disagreement still remain.

Specifically, the bill treats differently the law enforcement agencies within the Executive Branch. The U.S. Marshals Service, the Immigration and naturalization Service, and the Bureau of Prisons are, unlike comparable agencies such as the Secret Service and the Bureau of Alcohol, Tobacco, and Firearms, required to transfer to the new Inspector General all of their internal affairs or internal investigative resources. In my judgment, no law enforcement agency should be precluded from having the authority to investigate and to react instantly to situations that strike at the very heart of its mission. We appreciate your attempt to address this issue by including in the compromise a provision that requires the IG to transfer back to OPR 20 positions, which will give OPR additional resources to conduct misconduct investigations throughout the Department.

In addition, I remain concerned about the effect that an Inspector General may have on some of the Department's unique investigative and law enforcement functions, particularly those of the Federal Bureau of Investigation and the Drug Enforcement Administration, as well as the effect on the exercise of prosecutorial and litigative discretion.

Mr. Chairman, I continue to believe, personally, that a statutory Inspector General for the Department of Justice is unnecessary and unwarranted as a matter of policy and law. This has been the long-standing position of the Department as well, both in this and in previous Administrations. However, I recognize and am grateful for your good faith and responsible efforts to address our heartfelt concerns, and I accept the fact that the legislative environment precludes us from going any further at this time. On that basis, I intend to recommend to the President that we not oppose adoption of the agreed-upon Conference provisions.

Sincerely,
Dick Thornburgh,
Attorney General.

Mr. GLENN. Before turning the floor over to the distinguished ranking minority member of the Governmental Affairs Committee, I would like to take this opportunity to revisit an early action of the Reagan administration and sound a note of caution for future administrations concerning the IG community. Under the law, the IG's are required to be appointed by [*S14448] the President "without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financing analysis, law, management analysis, public administration, or investigations." Unlike most Presidential appointees, inspectors general are not permitted to engage in partisan, political activities. An Inspector General may only be removed by the President and if removed, the President must communicate the reasons to both Houses of Congress.

On January 20, 1981, as one of his first official acts, President Reagan ordered the mass removal of all incumbent inspectors general. In his letter to the Speaker of the House and the President of the Senate, President Reagan made clear that the inspectors general were being treated in the same manner as other political appointees. I believe President Reagan's wholesale removal of all incumbent inspectors general without any meaningful examination of their qualifications and performance was a serious mistake that should not be repeated by any future President. Such mass removal gives the appearance of an attempt to politicize these nonpolitical offices, an act which flies in the face of the spirit, if not the letter of the law.

Mr. President, Senator Roth, the ranking minority member of the Governmental Affairs Committee and an original cosponsor of S. 908, deserves special tribute for his leadership in the area of fighting Government waste, fraud and abuse. During the time we have served together on the Governmental Affairs Committee, he has tirelessly worked for more efficient Government. Over the years he has consistently introduced or cosponsored legislation to improve and fine-tune the Inspector General system. His contribution to crafting this legislation has been considerable and I greatly

appreciate his cooperation in moving it forward so we have it under consideration today. I also want to give particular credit to the staff members of the Governmental Affairs Committee who were instrumental in producing this legislation and negotiating it through the Senate and the conference.

Dr. Leonard Weiss, the staff director, planned the project with me and supervised it from the beginning. Lorraine Lewis and Stephen Ryan, counsels to the committee, carried the heavy day-to-day burden of investigations, hearings, and negotiations needed to bring the legislation to its final form and to a successful conclusion. The assistance and cooperation of the minority staff, particularly John Parisi and Martha Morrison, who also put in long hours to work out the necessary details of this legislation, were essential to this success.

I also would like to thank the other members of the conference committee — Senators Chiles, Sasser, Pryor, Stevens, and Heinz — and their staffs, for contributing to the success of this bill and doing such an outstanding job.

With those comments, Mr. President, I yield the floor.

Mr. ROTH. Mr. President, I am pleased to join the distinguished Governmental Affairs Committee chairman, my friend, John Glenn, to urge our colleagues to support the conference report on S. 908, the Inspector General Act Amendments of 1988. This is a most important piece of legislation that has been forged with strong bipartisan support. I believe it is particularly appropriate that we are considering this legislation now — during the 10th anniversary of the Inspector General Act of 1978.

As my colleagues know, the IG Act was designed to improve the auditing and investigative functions in Federal agencies so that American taxpayers could be more confident that their tax dollars are being spent appropriately and wisely. Each Office of Inspector General established was intended to consolidate under one independent official the responsibility of preventing and detecting waste, fraud, and abuse in Federal programs, as well as to promote the efficiency and effectiveness of those programs.

Charging the IG's with the responsibility to carry out all audits and investigations related to management efficiency, Congress intended that the IG's would be our first line of defense in attacking waste, fraud, and abuse. Because of their responsibility to report semiannually to Congress on their findings and activities, and to immediately notify Congress whenever they encounter a particularly flagrant example of fraud or mismanagement, the IG's have a unique role in our Government.

The concept has proven over the past decade to be highly successful in improving the use of Federal resources. The inspectors general more than pay for themselves in terms of misspent funds recovered as well as costs avoided. In fact, in a statement delivered recently before a congressional panel, Joe Wright, Deputy Director of OMB, testified that "for every dollar we spend on the IG's, we have gotten about \$45 in return in better use of funds and recoveries."

Moreover, the President's Council on Integrity and Efficiency [PCIE] has reported that in fiscal year 1987 alone, the inspectors general reported \$20 billion in recoveries, savings, and avoidance of unnecessary expenditures; 4,365 convictions; and 2,059 administrative sanctions against persons or firms doing business with the Government. I think my colleagues will agree that the IG's have collectively achieved some very notable successes in the fight against poor management and fraudulent activities.

As I have stated in the past, I believe it is very important that we continue to extend the IG concept to those establishments that have not had the benefit of this checkpoint. The conference report we bring to the floor today will do just that by establishing new statutory Offices of Inspector General with Presidentially appointed IG's in the Departments of the Treasury and Justice — the only two remaining Departments in the Federal Government without statutory IG's — as well as the Federal Emergency Management Agency, the Nuclear Regulatory Commission, and the Office of Personnel Management.

As the chairman has indicated, the statutory establishment of these Presidentially appointed IG's has been recommended by the General Accounting Office on several occasions. While the President has in the past supported the establishment of statutory IG's "who will have powers tailored to the specific needs of the Departments of *** Treasury and Justice," there has been considerable resistance within the Departments themselves to the idea. Consequently, we have made very concerted and sincere efforts to respond to the legitimate concerns of Treasury and Justice Department officials.

This conference agreement represents many long, difficult hours of negotiation with representatives of both Departments. We have attempted to remain sensitive to the important and unique roles of these two Departments by

granting the Treasury Secretary and the Attorney General, respectively, the authority to halt the IGs' work to preserve the confidentiality of sensitive information or to protect the national interests of the United States. We have reiterated the facts that the IG Act; First, specifically prohibits the IG from disclosing information that is "prohibited from disclosure by any other provision of law;" and second, specifically prohibits the transfer of any program operating responsibilities to the IG.

Moreover, in direct response to the specific request of the Attorney General, we have agreed to keep the Office of Professional Responsibility intact and outside the Office of Inspector General.

In addition to establishing these Presidentially appointed IG's, I am very pleased that our conference agreement addresses the audit and investigative needs of the smaller agencies and federally funded entities by establishing Offices of Inspector General in 33 "designated Federal entities." The IG for each of these designated entities will be appointed by the head of the entity and will be responsible for reporting activities to the agency head as well as Congress. As I indicated in February during Senate consideration of S. 908, the need to bring the concepts embodied in the Inspector General Act to these entities has been thoroughly documented by the General Accounting Office and the President's Council on Integrity and Efficiency. The administration has expressed support for our efforts [*S14449] to extend the IG concept to smaller entities as well.

The conference agreement includes a number of amendments to the Inspector General Act that have been advocated for several years. Among these changes are modifications to the reporting requirements intended to assure more uniformity and attention to audit follow-up; a uniform salary level for all Inspectors General; separate appropriations accounts for Offices of Inspector General; and conformation of existing OIG's at the Departments of HHS and Energy and Railroad Retirement Board under the IG Act.

Mr. President, the conference agreement we have before us is a reasonable compromise that I believe merits the support of our colleagues. I am very proud of my longstanding involvement in promoting the Inspector General concept and this legislation builds logically and realistically on the original act. For his exemplary leadership, I want to congratulate Senator Glenn and to commend him for his tireless efforts and personal commitment to reach agreement on this legislation. I truly appreciate all that he has done and all that his fine staff, particularly Steve Ryan and Lorraine Lewis, have done to lead us to this juncture. The conference agreement is a true bipartisan effort and I commend it to my colleagues.

Mr. SASSER. Mr. President, I rise today in support of the conference report on the Inspector General Act Amendments of 1988.

I am pleased to have been an original cosponsor of this important piece of legislation. Inspectors general are watchdogs for the American taxpayer — a front line of defense against waste and fraud in the Federal Government.

These amendments establish an office headed by a Presidentially appointed inspector general in the following five agencies: the Department of the Treasury, the Internal Revenue Service, the Office of Personnel Management, the Nuclear Regulatory Commission, and the Federal Emergency Management Agency.

This bill also extends some of the provisions of the Inspector General Act to 33 smaller Federal agencies, such as: the Equal Employment Opportunity Commission, the National Science Foundation, the National Labor Relations Board, the Federal Communications Commission, and the Federal Trade Commission.

For many years I have been a staunch supporter of inspectors general and I have made the fight against waste and fraud in the Federal Government a priority during my service in the Senate. In my work on the Committee on Government Affairs I have seen that the work of inspectors general can result in significant savings to the American taxpayer.

In fact, Joseph J. Wright, Deputy Director of the Office of Management and Budget, reported that since 1978 when the Inspector General Act was enacted, more than \$120 billion in Federal funds have been saved by these inspectors general.

The hearing record on this legislation is replete with testimony supporting the value of inspectors general. For example, between 1981 and 1987, there were 23,000 successful prosecutions against wrongdoing as the result of the work of inspectors general. These prosecutions resulted in the imposition of 8,000 administrative sanctions against individuals or firms.

The intent of this bill is to give some real teeth to the audit and investigative capabilities of a Federal agency. As our conference report indicates, all too often audits and investigations are not conducted in an effective manner. Or, they may be conducted — but are not followed up on — by agency heads. In that case, the audit function is underutilized.

But with this legislation, inspectors general, heads of internal audit units, and agency heads have a responsibility to see audits and investigations through to their logical conclusion — promoting more efficient and economical agency operations.

This bill very wisely creates four new statutory inspectors general and requires centralized internal audit units in more than 30 smaller agencies. Another set of very small Federal agencies is required to follow more uniform audit and review procedures.

We conferees have been involved in extensive negotiations with the Departments of Justice and Treasury on this bill. The Justice Department has been particularly resistant to a Presidentially appointed inspector general. The Department prefers its existing Office of Professional Responsibility to a statutory inspector general. The record however does not support the view that the Office of Professional Responsibility is effectively policing the Justice Department.

But after long, hard negotiations, we have reached a compromise wherein the Office of Professional Responsibility will deal with issues of professional ethics and the Office of Inspector General will investigate fiscal matters.

Congress has indicated strong support for the inspector general concept. S. 908 was reported by a unanimous vote from the Senate Governmental Affairs Committee, passed the Senate by a unanimous vote of 85 to 0 on February 2, and the House on July 26 (H.R. 4054). That vote indicates strong bipartisan support for this legislation.

Given the overwhelming support for this measure, I would urge all of my colleagues to vote for this conference report — thereby expressing a resounding vote of confidence for the inspector general concept.

Mr. PRYOR. Mr. President, I rise today in support of the conference report on S. 908, a bill that makes several important changes to the Inspector General Act of 1978. The bill establishes Offices of Inspector General in the Departments of Justice and the Treasury, the Nuclear Regulatory Commission, the Office of Personnel Management and the Federal Emergency Management Agency.

Though there are presently some level of internal audit and program review capacities at these agencies, this bill elevates these offices to Presidentially appointed inspectors general. We have seen, over the 10-year history of the original Inspector General Act, the importance of having these offices as independent as possible. I believe that the improvements required by this bill will greatly increase the ability of the Federal Government to fight waste, fraud, and mismanagement. Furthermore, this strengthening of the inspectors general will greatly assist the Congress in performing its vital oversight function.

Mr. President, while there is much to commend in this bill, I want especially to draw attention to the elevation of the inspector general at the Department of the Treasury from being a creation of the Department to being one that is statutory. As most of you know, the taxpayers bill of rights is one of my top legislative priorities for this Congress. A key aspect of the taxpayers bill of rights is the creation of a statutory inspector general at the Department of the Treasury. As a conferee on this bill, I have been most interested in making sure this important component of the taxpayers bill of rights was included.

For far too long the Department of the Treasury has thrown a protective mantle around the Internal Revenue Service and kept it away from adequate internal review. This is all part of a calculated attempt to keep the IRS both mysterious and frightening to the average citizen. With the creation of a statutory inspector general at Treasury, both the Congress and the public will be assured that the IRS, like almost every other Government entity, is subject to sufficient internal oversight.

Mr. President, I should point out that while we have given the inspector general the authority to audit and review the internal workings of the IRS, we have also maintained the safeguards that govern the access to information contained on the returns of taxpayers.

As chairman of the Senate Finance Subcommittee with oversight over the IRS, I have become increasingly convinced that a strong and independent inspector general is vital to correcting some of that agency's all too frequent abuses. In a series of hearings that I have chaired over the past 2 years, I have heard testimony time and time again from average taxpayers, small business owners, and even from IRS employees, of cases in which the IRS was acting inappropriately. Having a statutory inspector general will give these parties an effective avenue [*S14450] through which they can express their grievances. IRS employees, business people, and taxpayers shouldn't have to wait for a congressional hearing to have someone review the potentially inappropriate activity of a Government agency, especially when it is an agency like the IRS that touches all of our lives.

Mr. President, in closing, I am delighted that a key portion of the taxpayers bill of rights is today one step closer to becoming the law of the land. My colleagues can rest assured that I will continue working to see that the rest of the taxpayers bill of rights is enacted.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

MOTION TO RECEDE FROM DISAGREEMENT WITH THE HOUSE ON THE TITLE

Mr. BYRD. Mr. President, I move that the Senate recede from its disagreement to the amendment of the House to the title of the bill.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

SUBJECT: LEGISLATION (90%);

LEXSEE 134 CONG REC S 17263

Congressional Record — Senate

Friday, October 21, 1988;
(Legislative day of Tuesday, October 18, 1988)

100th Cong. 2nd Sess.

*134 Cong Rec S 17263***REFERENCE:** Vol. 134 No. 151**TITLE:** S. 908, INSPECTOR GENERAL LEGISLATION**SPEAKER:** Mr. DeCONCINI; MR. GLENN**TEXT:** Text that appears in UPPER CASE identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

[*S17263] MR. GLENN. IT HAS COME TO MY ATTENTION THAT THERE IS LANGUAGE IN THE CURRENT TREASURY DEPARTMENT APPROPRIATIONS ACT — PUBLIC LAW 100-440 — WHICH STATES THAT "[N]ONE OF THE FUNDS MADE AVAILABLE BY [THAT] ACT MAY BE USED TO PLACE THE UNITED STATES SECRET SERVICE, THE UNITED STATES CUSTOMS SERVICE, OR THE BUREAU OF ALCOHOL, TOBACCO AND FIREARMS UNDER THE OPERATIONS, OVERSIGHT, OR JURISDICTION OF THE INSPECTOR GENERAL OF THE DEPARTMENT OF THE TREASURY." THIS PROHIBITION BECAME EFFECTIVE ON SEPTEMBER 22, 1988.

ON OCTOBER 18, 1988, THE PRESIDENT SIGNED INTO LAW S. 908, THE INSPECTOR GENERAL ACT AMENDMENTS OF 1988, WHICH PLACES THE TREASURY DEPARTMENT UNDER THE COVERAGE OF THE INSPECTOR GENERAL ACT OF 1978. SECTION 102(D) OF THAT LAW — PUBLIC LAW 100-504 — PROVIDES THAT, "NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THAT PORTION OF EACH OF THE OFFICES OF THE TREASURY DEPARTMENT REFERRED TO AS THE OFFICE OF INTERNAL AFFAIRS, BUREAU OF ALCOHOL, TOBACCO AND FIREARMS, THE OFFICE OF INTERNAL AFFAIRS, UNITED STATES CUSTOMS SERVICE, AND THE OFFICE OF INSPECTIONS, UNITED STATES SECRET SERVICE WHICH IS ENGAGED IN INTERNAL AUDIT ACTIVITIES SHALL BE TRANSFERRED TO THE STATUTORY OFFICE OF INSPECTOR GENERAL." THE "NOTWITHSTANDING *** LAW" LANGUAGE OF PUBLIC LAW 100-504 WAS CONTAINED IN THE ORIGINAL SENATE VERSION OF S. 908 AND ITS INCLUSION WAS EXPLAINED IN THE GOVERNMENTAL AFFAIRS COMMITTEE'S REPORT TO ACCOMPANY THE BILL (S. RPT. 100-150) AT PAGE 29. THIS LANGUAGE WAS INCLUDED SPECIFICALLY TO OVERRIDE PROVISIONS IN TREASURY APPROPRIATIONS MEASURES WHICH PROHIBIT THE USE OF FUNDS TO PLACE THE CUSTOMS SERVICE, SECRET SERVICE, AND BATF UNDER THE INSPECTOR GENERAL.

EVEN THOUGH SECTION 102(D) OF PUBLIC LAW 100-504 DOES NOT BECOME EFFECTIVE UNTIL 180 DAYS AFTER OCTOBER 18, 1988, IT WAS OUR INTENTION THAT THE TREASURY DEPARTMENT USE THIS PERIOD TO PLAN FOR EFFECTING AN ORDERLY TRANSFER OF THE INTERNAL AUDIT FUNCTIONS OF THE CUSTOMS SERVICE, SECRET SERVICE, AND BATF TO THE STATUTORY OFFICE OF INSPECTOR GENERAL AND THAT THE TRANSFER WOULD BE EXECUTED BY THE 181ST DAY. IS THIS CONSISTENT WITH YOUR UNDERSTANDING OF THE RELATIONSHIP BETWEEN PUBLIC LAW 100-440 AND PUBLIC LAW 100-504?

Mr. DeCONCINI. As chairman of the Subcommittee on Treasury, Postal Service, and General Government of the Committee on Appropriations, I carefully followed the progress of S. 908 and supported its enactment into law. I agree with your analysis of the relationship between Public Law 100-440 and Public Law 100-504 and see no reason why the Treasury Department cannot immediately plan for effecting an orderly transfer of the internal audit functions of the Customs Service, Secret Service, and BATF to the Office of Inspector General.

Mr. GLENN. Thank you for your continuous support of S. 908, which made possible its enactment into law.

SUBJECT: LEGISLATION (91%); APPROPRIATIONS (90%); CUSTOMS (90%); AUDITS (89%);

LEXSEE 134 CONG REC H 5827

Congressional Record — House

Tuesday, July 26, 1988

100th Cong. 2nd Sess.

134 Cong Rec H 5827

REFERENCE: Vol. 134 No. 108

TITLE: INSPECTOR GENERAL ACT AMENDMENTS OF 1988

SPEAKER: Mr. BROOKS; Mr. HORTON

TEXT: [*H5827] Mr. BROOKS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4054) to amend the Inspector General Act of 1978 to establish offices of inspector general in certain departments, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4054

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED,

TITLE I — INSPECTOR GENERAL ACT AMENDMENTS

SECTION 101. SHORT TITLE.

This Act may be cited as the "Inspector General Act Amendments of 1988".

SEC. 102. ESTABLISHMENT OF NEW OFFICES OF INSPECTOR GENERAL.

(a) Purpose; Establishment. — Section 2(1) of the Inspector General Act of 1978 (Public Law 95-452; 5 U.S.C. App.) is amended to read as follows:

"(1) to conduct and supervise audits and investigations relating to the programs and operations of the establishments listed in section 11(2);".

(b) Addition of Departments of Energy, Health and Human Services, Justice, and Treasury, FEMA, and Railroad Retirement Board to List of Covered Establishments. — Section 11 of such Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) the term 'head of the establishment' means the Secretary of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, the Interior, Labor, State, Transportation, or the Treasury; the Attorney General; the Administrator of the Agency for International Development, Environmental Protection, General Services, National Aeronautics and Space, Small Business, or Veterans' Affairs; the Director of the Federal Emergency Management Agency or the United States Information Agency; or the Chairman of the Railroad Retirement Board; as the case may be;

"(2) the term 'establishment' means the Department of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, or the Treasury; the Agency for International Development, the Environmental Protection Agency, the Federal Emergency Management Agency, the General Services Administration, the National Aeronautics and Space Administration, the Railroad Retirement Board, the Small Business Administration, the United States Information Agency, or the Veterans' Administration; as the case may be;".

(c) Transfers of Existing Audit and Investigation Units. — Section 9(a)(1) of such Act is amended —

- (1) by striking out subparagraph (I), relating to the Community Services Administration;
- (2) by redesignating subparagraphs (J) through (N) as subparagraphs (I) through (M), respectively;
- (3) by striking out "and" at the end of subparagraphs (L) and (M) (as so redesignated); and
- [*H5828] (4) by adding at the end thereof the following new subparagraphs:

"(N) of the Department of Justice, the offices of that Department referred to as (i) the 'Audit Staff, Justice Management Division', (ii) the 'Policy and Procedures Branch, Office of the Comptroller, Immigration and Naturalization Service', the 'Office of Professional Responsibility, Immigration and Naturalization Service', and the 'Office of Program Inspection, Immigration and Naturalization Service', (iii) the 'Office of Internal Inspection, United States Marshals Service', (iv) the 'Financial Audit Section, Office of Financial Management, Bureau of Prisons' and the 'Office of Inspections, Bureau of Prisons', and (v) from the Drug Enforcement Administration, that portion of the 'Office of Inspections' which is engaged in internal audit activities and that portion of the 'Office of Planning and Evaluation' which is engaged in program review activities;

"(O) of the Department of the Treasury, the offices of that Department referred to as the 'Office of Inspector General', and, notwithstanding any other provision of law, that portion of each of the offices of that department referred to as the 'Office of Internal Affairs, Bureau of Alcohol, Tobacco and Firearms', the 'Office of Internal Affairs, Customs Service', and the 'Office of Inspections, Secret Service', which is engaged in internal audit activities;

"(P) of the Federal Emergency Management Agency, the office of that agency referred to as the 'Office of Inspector General';

"(Q) of the Department of Energy, the Office of Inspector General (as established by section 208 of the Department of Energy Organization Act);

"(R) of the Department of Health and Human Services, the Office of Inspector General (as established by title II of Public Law 94-505); and

"(S) of the Railroad Retirement Board, the Office of Inspector General (as established by section 23 of the Railroad Retirement Act of 1974);".

(d) Technical and Conforming Amendments. — (1) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraphs:

- "Inspector General, Department of Justice.
- "Inspector General, Department of the Treasury.
- "Inspector General, Agency for International Development.
- "Inspector General, Department of Commerce.
- "Inspector General, Department of the Interior.
- "Inspector General, Environmental Protection Agency.
- "Inspector General, Federal Emergency Management Agency.
- "Inspector General, General Services Administration.
- "Inspector General, National Aeronautics and Space Administration.
- "Inspector General, Small Business Administration.
- "Inspector General, Railroad Retirement Board.".

(2) Section 5316 of such title is amended by striking out each of the following paragraphs:

- "Inspector General, Agency for International Development.";
- "Inspector General, Department of Commerce.";
- "Inspector General, Department of the Interior."; and

"Inspector General, Community Services Administration.

"Inspector General, Environmental Protection Agency.

"Inspector General, General Services Administration.

"Inspector General, National Aeronautics and Space Administration.

"Inspector General, Small Business Administration.".

(3)(A)(i) Section 208 of the Department of Energy Organization Act is repealed.

(ii) The table of contents in the first section of such Act is amended by striking out the item relating to section 208.

(B) Title II of Public Law 94-505 is repealed.

(C) Section 23 of the Railroad Retirement Act of 1974 is repealed.

(4) Any individual who, on the date of enactment of this Act, is serving as the Inspector General of the Department of Energy, the Department of Health and Human Services, or the Railroad Retirement Board, shall continue to serve in such position until such individual dies, resigns, or is removed from office in accordance with section 3(b) of the Inspector General Act of 1978.

SEC. 103. EXTENSION OF INSPECTOR GENERAL ACT PROTECTIONS AND REQUIREMENTS TO CERTAIN DESIGNATED FEDERAL ENTITIES.

The Inspector General Act of 1978 is further amended by inserting after section 8A the following new section:

"PROTECTIONS AND REQUIREMENTS FOR CERTAIN DESIGNATED FEDERAL ENTITIES

"Sec. 8B. (a) Not later than 180 days after the date of enactment of this section, there shall be established in each designated Federal entity an Office of Inspector General. The head of the designated Federal entity shall transfer to such Office the offices, units, or other components, and the functions, powers, or duties thereof, that such head determines are properly related to the functions of the Office of Inspector General and would, if so transferred, further the purposes of this section. There shall not be transferred to such Office any program operating responsibilities.

"(b) Each Inspector General shall report to and be under the general supervision of the head of the designated Federal entity involved, but shall not report to, or be subject to supervision by, any other officer of such designated Federal entity. The head of the designated Federal entity shall not prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

"(c) Except as provided in subsection (g), the Inspector General shall be appointed by the head of the designated Federal entity in accordance with the applicable laws and regulations governing appointments within the designated Federal entity.

"(d) If the Inspector General is removed from office or is transferred to another position or location, the head of the designated Federal entity shall promptly communicate the reasons for any such removal or transfer to each House of the Congress.

"(e)(1) Sections 4, 5, 6 (other than subsections (a)(7) and (a)(8) thereof), and 7 of this Act shall apply to each Inspector General and Office of Inspector General of a designated Federal entity and such sections shall be applied to each designated Federal entity and head of the designated Federal entity (as such terms are defined in subsection (h)) by substituting —

"(A) 'designated Federal entity' for 'establishment'; and

"(B) 'head of the designated Federal entity' for 'head of the establishment'.

"(2) In addition to the other authorities specified in this Act, an Inspector General is authorized to select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General and to obtain the temporary or intermittent services of experts or consultants or an organization thereof, subject to the applicable laws and regulations that govern such selections, appointments, and employment, and the obtaining of such services, within the designated Federal entity.

"(f) Within one year after the date of enactment of this section, and on October 31 of each succeeding calendar year, the head of each Federal entity which is not a designated Federal entity shall prepare and transmit to the Director of the Office of Management and Budget and to each House of the Congress a report which —

"(1) states whether there has been established in the Federal entity an internal audit office that meets the requirements of this section;

"(2) specifies the actions taken by the Federal entity otherwise to ensure that audits are conducted of its programs and operations in accordance with the standards for audit of governmental organizations, programs, activities, and functions issued by the Comptroller General of the United States, and includes a list of each audit report completed by a Federal or non-Federal auditor during the reporting period and a summary of any particularly significant findings; and

"(3) summarizes any matters relating to the personnel, programs, and operations of the Federal entity referred to prosecutive authorities, including a summary description of any preliminary investigation conducted by or at the request of the Federal entity concerning these matters, and the prosecutions and convictions which have resulted.

"(g) The Chief Postal Inspector of the United States Postal Service shall also hold the position of Inspector General of the United States Postal Service, and for purposes of this section, shall report to, and be under the general supervision of, the Postmaster General of the United States Postal Service. The Chief Postal Inspector shall be appointed by the Governors of the United States Postal Service and may be removed from office or transferred to another position or location within the United States Postal Service by the Governors. If the Chief Postal Inspector is removed or transferred in accordance with this subsection, the Governors shall promptly notify each House of the Congress of the reasons for such removal or transfer.

"(h) Notwithstanding section 11 of this Act, as used in this section —

"(1) the term 'Federal entity' means any Government corporation (within the meaning of section 103(1) of title 5, United States Code), any Government controlled corporation (within the meaning of section 103(2) of such title), or any other entity in the executive branch of the Government, or any independent regulatory agency, but does not include —

"(A) an establishment (as defined in section 11(2) of this Act) or part of an establishment;

"(B) the Executive Office of the President;

"(C) the Central Intelligence Agency;

"(D) the General Accounting Office; or

"(E) any entity in the judicial or legislative branches of the Government, including the Administrative Office of the United States Courts and the Architect of the Capitol and any activities under the direction of the Architect of the Capitol;

"(2) the term 'designated Federal entity' means ACTION, Amtrak, the Appalachian Regional Commission, the Board of Governors of the Federal Reserve System, the Board for International Broadcasting, the [*H5829] Commodity Futures Trading Commission, the Consumer Product Safety Commission, the Equal Employment Opportunity Commission, the Farm Credit Administration, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Federal Labor Relations Authority, the Federal Maritime Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Legal Services Corporation, the National Archives and Records Administration, the National Credit Union Administration, the National Endowment for the Arts, the National Endowment for the Humanities, the National Labor Relations Board, the National Science Foundation, the Nuclear Regulatory Commission, the Office of Personnel Management, the Panama Canal Commission, the Peace Corps, the Pension Benefit Guaranty Corporation, the Securities and Exchange Commission, the Smithsonian Institution, the Tennessee Valley Authority, the United States International Trade Commission, and the United States Postal Service;

"(3) the term 'head of the Federal entity' means the director, administrator, president, or chief policy-making officer or board of a Federal entity, or any other person or persons designated by statute as the head of a Federal entity;

"(4) the term 'head of the designated Federal entity' means the director, administrator, president, or chief policy-making officer or board of a designated Federal entity, or any other person or persons designated by statute as the head of a designated Federal entity;

"(5) the term 'Office of Inspector General' means an Office of Inspector General of a designated Federal entity; and

"(6) the term 'Inspector General' means an Inspector General of a designated Federal entity."

SEC. 104. PROVISIONS TO ENSURE UNIFORMITY AND RELIABILITY OF INSPECTOR GENERAL REPORTS.

(a) Report Information Required on Audits. — Section 5(a) of the Inspector General Act of 1978 is amended by striking out "and" at the end of paragraph (5) and by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) a listing, subdivided according to subject matter, of each audit report issued by the Office during the reporting period, and, where applicable, the amounts of costs reported as ineligible costs and the amounts of costs reported as unsupported costs, in each such report;

"(7) a summary of each particularly significant report; and

"(8) statistical tables showing the total number of audit reports and, where applicable, the total dollar amounts of costs reported as ineligible costs and costs reported as unsupported costs, such amounts which management, in a management decision, has agreed to recover, amounts of funds recommended to be put to better use and the amounts of such funds which management has agreed should be put to better use, for audit reports —

"(A) for which no management decision had been made by the beginning of the period,

"(B) which were issued during the period,

"(C) for which a management decision was made during the period,

"(D) for which no management decision has been made by the end of the period, and

"(E) which were over six months old with no management decision at the end of the period;

"(9) a summary of each particularly significant audit report issued before the commencement of the reporting period for which a management decision was not made within 6 months after the date of issuance of such report, an explanation of the reason such management decision was not made, and a statement as to the current status of each such report;

"(10) a description of, and explanation of the reasons for, any significant revised management decision made during the reporting period;

"(11) information concerning any significant management decision with which the Inspector General is in disagreement; and

"(12) separate sections that include, with respect to each audit and investigative office of the establishment outside the Office of Inspector General (other than audit or investigative offices that conduct audits or investigations as an integral part of a program of the establishment), the matters required to be included under paragraphs (1) through (5) and (7) through (11) of this subsection."

(b) Report on Final Action. — Section 5(b) of such Act is amended —

(1) by inserting "(1)" after "(b)"; and

(2) by striking out "containing any comments such head deems appropriate." and inserting the following:

"containing —

"(A) any comments such head deems appropriate;

"(B) a list of audit reports issued by the establishment's Office of Inspector General on which final action had not been taken within one year after the date on which a management decision was made in response to such report and an explanation of the reason final action had not been taken, except that such list may exclude audit reports under formal administrative or judicial appeal but shall identify the number of reports so excluded; and

"(C) statistical tables showing the total number of audit reports and, where applicable, the total dollar amounts of ineligible and unsupported costs agreed upon; such amounts actually returned to or offset by the Federal Government; the amounts of funds which management agreed to put to better use; and the amounts of funds put to better use as a result of final action on a management decision; for audit reports for which a management decision had been made by the end of the period but on which final action —

- "(i) had not been taken by the beginning of the period,
- "(ii) was taken during the period,
- "(iii) was pending at the end of the period, and
- "(iv) has not been taken within one year of the date of the management decision.

"(2) Within 60 days after the transmission of the semiannual reports of each establishment head to the Congress, the head of each establishment shall make copies of such report available to the public upon request and at a reasonable cost."

(c) Conforming Amendment: Definitions. — Section 5 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) As used in this section —

"(1) the term 'ineligible cost' means a cost that is questioned by the Office because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;

"(2) the term 'unsupported cost' means a cost that is questioned by the Office because the Office found that, at the time of the audit, such cost was not supported by adequate documentation;

"(3) the term 'management decision' means the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a written final decision by management concerning its response, including actions concluded to be necessary, to such findings and recommendations.

"(4) the term 'final action' means the completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit report, and, in the event that agency management concludes no corrective action is necessary, final action occurs when a management decision has been reached."

SEC. 105. OATH ADMINISTRATION AUTHORITY.

Section 6(a) of the Inspector General Act of 1978 is amended —

- (1) by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively, and
- (2) by inserting after paragraph (4) the following new paragraph:

"(5) to administer to or take from any person an oath, affirmation, or affidavit, whenever necessary in the performance of the functions assigned by this Act, which oath, affirmation, or affidavit when administered or taken by or before an employee of an Office of Inspector General designated by the Inspector General shall have the same force and effect as if administered or taken by or before an officer having a seal;"

SEC. 106. EXTERNAL REVIEWS.

Section 4(b) of the Inspector General Act of 1978 is amended —

- (1) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively;
- (2) by inserting "(1)" after "(b)"; and
- (3) by adding at the end the following:

"(2) For purposes of determining compliance with paragraph (1)(A) with respect to whether internal quality controls are in place and operating and whether established audit standards, policies, and procedures are being followed by Offices of Inspector General and internal audit offices described in section 8B(f)(1), reviews shall be performed exclusively by an audit entity in the Federal Government, including the General Accounting Office or another Office of Inspector General."

SEC. 107. TECHNICAL AMENDMENT.

(a) Senior Executive Service Positions. — Section 6 of the Inspector General Act of 1978 is amended by adding at the end thereof the following:

"(d) For purposes of the provisions of title 5, United States Code, governing the Senior Executive Service, any

reference in such provisions to the 'appointing authority' for a member of the Senior Executive Service or for a Senior Executive Service position shall, if such member or position is or would be within the office of an Inspector General, be deemed to be a reference to such Inspector General."

(b) Coast Guard Operation as Part of Department or Agency. — Section 8(e) of the Inspector General Act of 1978 is amended by inserting before the period at the end thereof the following: ", except that, when the Coast Guard operates as a service of another department or agency of the Federal Government, a member of the Coast Guard shall be deemed to be an employee of such department or agency".

SEC. 108. REPORT ON IMPLEMENTATION.

Within one year after the date of enactment of this Act, the head of each designated Federal entity (as such term is defined in section 8B(h) of the Inspector General Act of 1978) shall submit to the Director of the Office of Management and Budget and to each House of the Congress a report on the [*H5830] status of the implementation by that agency of the requirements of section 8B of such Act. Such report shall identify any area or areas in which implementation is not complete and describe the reasons for that failure.

SEC. 109. PAYMENT AUTHORITY SUBJECT TO APPROPRIATIONS.

Any authority to make payments under this Act shall be effective only to such extent as provided in appropriations Acts.

SEC. 110. APPROPRIATION ACCOUNTS.

Section 1105(a)(25) of title 31, United States Code, is amended to read as follows:

"(25) a separate appropriation account for appropriations for each Office of Inspector General established by section 2 of the Inspector General Act of 1978."

SEC. 111. DISCLOSURE OF TAX RETURNS AND RETURN INFORMATION.

Section 5(e)(3) of the Inspector General Act of 1978 is amended by striking out "Nothing" in the first sentence and inserting in lieu thereof "Except to the extent provided in section 6103(f) of the Internal Revenue Code of 1986, nothing".

SEC. 112. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect 180 days after the date of enactment of this Act, except that section 5(b)(1) (A), (B), and (C) of the Inspector General Act of 1978 (as amended by section 104(b) of this Act) shall take effect one year after the date of enactment of this Act.

TITLE II — GOVERNMENT PRINTING OFFICE INSPECTOR GENERAL

SEC. 201. SHORT TITLE.

This Act may be cited as the "Government Printing Office Inspector General Act of 1988".

SEC. 202. OFFICE OF INSPECTOR GENERAL.

Title 44 of the United States Code is amended by adding at the end the following new chapter:

"CHAPTER 39 — GOVERNMENT PRINTING OFFICE: OFFICE OF INSPECTOR GENERAL

"Sec.

"3901. Purpose and establishment and Office of Inspector General.

"3902. Appointment of Inspector General; supervision; removal.

"3903. Duties, responsibilities, authority, and reports of the Inspector General.

"§ 3901. Purpose and establishment and Office of Inspector General

"In order to create an independent and objective office —

"(1) to conduct and supervise audits and investigations relating to the Government Printing Office;

"(2) to provide leadership and coordination and recommend policies to promote economy, efficiency, and effectiveness;

and

"(3) to provide a means of keeping the Public Printer and the Congress fully and currently informed about problems and deficiencies relating to the administration and operations of the Government Printing Office;

there is hereby established an Office of Inspector General in the Government Printing Office.

"§ 3902. Appointment of Inspector General; supervision; removal

"(a) Appointment of Inspector General. — There shall be at the head of the Office of Inspector General, an Inspector General who shall be appointed by the Public Printer without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations. The Inspector General shall report to, and be under the general supervision of, the Public Printer. The Public Printer shall have no authority to prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

"(b) Removal. — The Inspector General may be removed from office by the Public Printer. The Public Printer shall, promptly after such removal, communicate in writing the reasons for any such removal to each House of the Congress.

"§ 3903. Duties, responsibilities, authority, and reports of the Inspector General

"(a) Sections 4, 5, 6 (other than subsection (a)(7) thereof), and 7 of the Inspector General Act of 1978 (5 U.S.C. App.) shall apply to the Inspector General of the Government Printing Office and the Office of such Inspector General and shall be applied to the Government Printing Office and the Public Printer by substituting —

"(1) 'Government Printing Office' for 'establishment'; and

"(2) 'Public Printer' for 'head of the establishment'.

"(b) The Inspector General, in carrying out the provisions of this chapter, is authorized to select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General subject to the provisions of this title governing appointments and employment in the Government Printing Office."

SEC. 203. AMENDMENT TO TABLE OF CHAPTERS.

The table of chapters for title 44, United States Code, is amended by adding at the end the following new item:

"39. Government Printing Office: 3901".
Office of Inspector General

SEC. 204. EFFECTIVE DATE.

The provisions of this title and the amendments made by this title shall take effect 180 days after the date of enactment of this Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. HORTON. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas [Mr. Brooks] will be recognized for 20 minutes and the gentleman from New York [Mr. Horton] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Texas [Mr. Brooks].

Mr. BROOKS. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BROOKS asked and was given permission to revise and extend his remarks.)

Mr. BROOKS. Mr. Speaker, H.R. 4054, the Inspector General Act Amendments of 1988, would establish statutory offices of inspector general in all regulatory agencies and other Federal entities that receive more than \$100 million in appropriations. It would combine existing audit and investigative functions in these 33 entities and provide them more independence.

In three of the entities — the Departments of Justice and Treasury, and the Federal Emergency Management Agency — the inspector general would be Presidentially appointed. In the others, the inspector general would be appointed by the head of the entity. The authorities, duties, and protections of the Inspector General Act of 1978 would be extended to all inspectors general. The bill would also conform offices of inspector general created in the Departments of Energy and Health and Human Services and in the Railroad Retirement Board to the 1978 act thereby bringing all statutorily established inspectors general in the executive branch under one act.

In addition, the bill provides for more uniform reporting of the inspectors generals' activities and requires each inspector general and the head of each entity to make semiannual reports to the Congress. Such reports would detail the work of the inspector general and the success of management in implementing the inspectors generals' recommendations. The bill also provides definitions and other guidance to improve the reports of the inspectors general.

Further, at the request of Chairman Annunzio of the Joint Committee on Printing to consider establishment of a statutory inspector general in the Government Printing Office, the committee amended the bill for that purpose.

Recognizing the unique structure of the National Labor Relations Act and the NLRB, our intent is that the "head of the designated Federal entity" for the purposes of this bill will be the chair of the NLRB. The chair shall exercise such authority consistent with the past practices of the Board which has been to balance the responsibilities of the Board and the unique responsibilities of the general counsel.

The purpose of the amendment to section 6 of the Inspector General Act of 1978, adding a new subsection (d), is to clarify the authority of inspectors general with respect to Senior Executive Service [SES] positions within the offices of an inspector general. The amendment makes clear that the inspector general is the appointing authority under the provisions of title V, United States Code, with respect to SES members and positions which are, or would be, within the office of the inspector general.

Specifically, it is intended that each inspector general shall have the authority to: First, select and appoint individuals to SES positions within the office of inspector general; second, fix the rate of pay under section 5383 of title V for senior executives appointed by the inspector general; third, appraise the performance of senior executives under section 4314 of title V; and fourth, remove senior executives because of poor performance under section 3592 of title V.

[*H5831] With respect to suspensions and removals for cause under the provisions of section 7543 of title V, and reassignments under section 3395, it is expected that such actions may be initiated by the agency head only with the concurrence of the inspector general.

Finally, where appropriate, agency heads should consider delegating to inspectors general other authorities under the SES provisions of title V with respect to SES members and positions within the offices of inspectors general.

Statutorily established offices of inspector general are urgently needed in all of these Federal entities. They are particularly needed in the Departments of Justice and Treasury — the last two Cabinet departments without statutory officers of inspector general — to help the Attorney General and Secretary of the Treasury to make the most efficient use of limited resources. I urge all Members to support this bill.

Mr. HORTON. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, as you know, we have repeatedly over the years attempted to extend the provisions of the Inspector General Act of 1978 to major departments and agencies of the Federal Government that lack coordinated and consolidated audit and investigative units. In each of the past four Congresses, the House has overwhelmingly passed legislation very similar to the bill we have before us today.

At our Legislation and National Security Subcommittee hearing on H.R. 4054 held in May, we received testimony from the General Accounting Office, the Office of Management and Budget, and several inspectors general. The efforts of the IG's over the past decade received unanimous praise. Joseph J. Wright, Deputy Director of OMB, reported that since enactment of the IG Act of 1978, "more than \$120 billion in Federal funds has been saved or put to better use because of inspector general recommendations." Mr. Speaker, let me repeat that figure: \$120 billion. I believe all my colleagues

would agree that is a very impressive figure.

It is because of our strong commitment to the IG concept and the indisputable preponderance of evidence that IG's have greatly improved operations in their departments and agencies, in addition to saving the American taxpayers literally billions of dollars, that we have continued to pursue this goal. We may now be very close to realizing that objective.

As an original cosponsor of the IG Act, I feel very much like a proud parent when reciting the accomplishments of the inspectors general. Much like a child's growth and development in the formative years, the experiences gained by the inspector general community provide a base for further growth and refinement. The lessons we have learned over the past 10 years and the successes we have witnessed form the basis for the legislation we have before us today.

This bill, which would establish statutory offices of inspector general at the Department of Justice and the Department of the Treasury, is intended to assure that the programs and operations of these departments are reviewed by independent units in terms of effectiveness and efficiency. We do not intend that the IG's second-guess prosecutorial or other law enforcement decisions. But we are convinced that these two departments — the only remaining departments in the Government without statutory IG's — The Federal Emergency Management Agency, and the Government Printing Office can benefit greatly from the improved internal audit and investigative functions that statutory IG's can provide.

H.R. 4054 would strengthen existing audit and investigative offices in agencies without statutory inspectors general. This would be accomplished by consolidating audit operations in each agency and by providing that each audit operation be given the same duties and responsibilities now provided to statutory inspectors general.

Additionally, H.R. 4054 makes important modifications to the reporting requirements to assure more uniformity and attention to audit followup.

Mr. Speaker, we have a tremendous opportunity before us this year. Senate passage of an inspector general bill this past February was a significant and long-awaited milestone. Our Committee on Government Operations unanimously approved H.R. 4054 last month. It is a good bill. I am very optimistic about the prospects for IG legislation during this Congress and urge my colleagues to support this bill.

Mr. Speaker, I yield back the balance of my time.

Mr. BROOKS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. Montgomery). The question is on the motion offered by the gentleman from Texas [Mr. Brooks] that the House suspend the rules and pass the bill, H.R. 4054, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations be discharged from further consideration of the Senate bill (S. 908) to amend the Inspector General Act of 1978, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 908

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That this Act may be cited as the "Inspector General Act Amendments of 1988".

CONFORMATION OF AUTHORITIES OF EXISTING OFFICES OF INSPECTORS GENERAL

Sec. 2. (a) Section 2(1) of the Inspector General Act of 1978 is amended to read as follows:

"(1) to conduct and supervise audits and investigations relating to the programs and operations of the establishments listed in section 11(2);".

(b) Section 9(a)(1) of such Act is amended —

(1) by striking out subparagraph (I);

(2) by redesignating subparagraphs (M) and (N) as subparagraphs (O) and (P), respectively;

(3) by redesignating subparagraphs (J) through (L) as subparagraphs (K) through (M), respectively;

(4) by redesignating subparagraphs (E) through (H) as subparagraphs (G) through (J), respectively;

(5) by inserting after subparagraph (D) the following new subparagraphs:

"(E) of the Department of Energy, the Office of Inspector General (as established by section 208 of the Department of Energy Organization Act);

"(F) of the Department of Health and Human Services, the Office of Inspector General (as established by title II of Public Law 94-505);"; and

(6) by inserting after subparagraph (M) (as redesignated by paragraph (3) of this subsection) the following new subparagraph:

"(N) of the Railroad Retirement Board, the Office of Inspector General (as established by section 23 of the Railroad Retirement Act of 1974);".

(c) Section 11 of such Act is amended —

(1) by inserting "Energy, Health and Human Services," after "Education," each place it appears in paragraphs (1) and (2);

(2) by striking out "Community Services," in paragraph (1);

(3) by striking out "the Community Services Administration," in paragraph (2);

(4) by inserting "or the Chairman of the Railroad Retirement Board," before "as the case may be" in paragraph (1); and

(5) by inserting "the Railroad Retirement Board," after "National Aeronautics and Space Administration," in paragraph (2).

(d)(1)(A) Section 208 of the Department of Energy Organization Act is repealed.

(B) The table of contents in the first section of such Act is amended by striking out the item relating to section 208.

(2) Title II of Public Law 94-505 is repealed.

(3) Section 23 of the Railroad Retirement Act of 1974 is repealed.

(e) The transfer of functions under the amendments made by subsection (b) shall not affect any individual, who on the date of enactment of this Act, is serving as the Inspector General of the Department of Energy, the Department of Health and Human Services, or the Railroad Retirement Board. Any such individual shall continue to serve in such position until such individual dies, resigns, or is removed from office in accordance with the Inspector General Act of 1978.

[*H5832] UNIFORM SALARIES FOR INSPECTORS GENERAL

Sec. 3. (a) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraphs:

"Inspector General, Department of Commerce.

"Inspector General, Department of the Interior.

"Inspector General, Agency for International Development.

"Inspector General, Environmental Protection Agency.

"Inspector General, General Services Administration.

"Inspector General, National Aeronautics and Space Administration.

"Inspector General, Railroad Retirement Board.

"Inspector General, Small Business Administration.".

(b) Section 5316 of such title is amended by striking out the paragraphs relating to —

- (1) the Inspector General of the Department of Commerce;
- (2) the Inspector General of the Department of the Interior;
- (3) the Inspector General of the Agency for International Development;
- (4) the Inspector General of the Community Services Administration;
- (5) the Inspector General of the Environmental Protection Agency;
- (6) the Inspector General of the General Services Administration;
- (7) the Inspector General of the National Aeronautics and Space Administration; and
- (8) the Inspector General of the Small Business Administration.

ESTABLISHING AN OFFICE OF INSPECTOR GENERAL IN THE DEPARTMENT OF THE TREASURY, THE INTERNAL REVENUE SERVICES, THE FEDERAL EMERGENCY MANAGEMENT AGENCY, THE NUCLEAR REGULATORY COMMISSION, AND THE OFFICE OF PERSONNEL MANAGEMENT

Sec. 4. (a) Section 9(a)(1) of the Inspector General Act of 1978 (as amended by section 2(b) of this Act) is further amended —

- (1) by redesignating subparagraphs (O) and (P) (as redesignated by paragraph (2) of section 2(b) of this Act) as subparagraphs (T) and (U), respectively;
- (2) by redesignating subparagraph (N) (as added by paragraph (6) of section 2(b) of this Act) as subparagraph (S);
- (3) by redesignating subparagraphs (K), (L), and (M) (as redesignated by paragraph (3) of section 2(b) of this Act) as subparagraphs (M), (O), and (P), respectively;
- (4) by inserting after subparagraph (J) (as redesignated by paragraph (4) of section 2(b) of this Act) the following new subparagraphs:
 - "(K) of the Department of the Treasury, the office of that department referred to as the 'Office of Inspector General', and, notwithstanding any other provision of law, that portion of each of the offices of that department referred to as the 'Office of Internal Affairs, Bureau of Alcohol, Tobacco, and Firearms', the 'Office of Internal Affairs, United States Customs Service', and the 'Office of Inspections, United States Secret Service' which is engaged in internal audit activities;
 - "(L) of the Department of the Treasury, in the Internal Revenue Service of such department, the office of that service referred to as the 'Office of Assistant Commissioner (Inspection), Internal Revenue Service';";
- (5) by inserting after subparagraph (M) (as redesignated by paragraph (3) of this subsection) the following new subparagraph:
 - "(N) of the Federal Emergency Management Agency, the office of that agency referred to as the 'Office of Inspector General';"; and
- (6) by inserting after subparagraph (P) (as redesignated by paragraph (3) of this subsection) the following new subparagraphs:
 - "(Q) of the Nuclear Regulatory Commission, the offices of that commission referred to as the 'Office of Inspector and Auditor';
 - "(R) of the Office of Personnel Management, the offices of that agency referred to as the 'Office of Inspector General', the 'Insurance Audits Division, Retirement and Insurance Group', and the 'Analysis and Evaluation Division, Administration Group';".

(b)(1) Section 11(1) of such Act (as amended by section 2(c) of this Act) is further amended —

(A) by striking out "or Transportation or" and inserting in lieu thereof "Transportation, or the Treasury;"

(B) by striking out ", or the Director of the United States Information Agency" and inserting in lieu thereof a semicolon and "the Director of the Federal Emergency Management Agency, the Office of Personnel Management, or the United States Information Agency;"

(C) by inserting "the Nuclear Regulatory Commission or" before "the Railroad Retirement Board" (as added by section 2(c)(4) of this Act); and

(D) by inserting "or the Commissioner of Internal Revenue" before "as the case may be".

(2) Section 11(2) of such Act (as amended by section 2(c) of this Act) is further amended —

(A) by striking out "or Transportation" and inserting in lieu thereof "Transportation, or the Treasury;"

(B) by inserting "the Federal Emergency Management Agency," after "the Environmental Protection Agency,"

(C) by inserting "the Nuclear Regulatory Commission, the Office of Personnel Management," after "the National Aeronautics and Space Administration," and

(D) by inserting "Internal Revenue Service" before "as the case may be".

(c) The Inspector General Act of 1978 is amended by inserting after section 8A the following new sections:

"SPECIFIC PROVISION CONCERNING THE NUCLEAR REGULATORY COMMISSION

"Sec. 8B. The Chairman of the Commission may delegate the authority specified in the second sentence of section 3(a) to another member of the Nuclear Regulatory Commission, and shall not delegate such authority to any other officer or employee of the Commission.

"SPECIAL PROVISIONS REGARDING THE DEPARTMENT OF THE TREASURY

"Sec. 8C. (a) In carrying out the duties and responsibilities specified in this Act, the Inspector General of the Department of the Treasury shall have oversight responsibility for the internal investigations performed by the Office of Internal Affairs of the Bureau of Alcohol, Tobacco and Firearms, the Office of Internal Affairs of the United States Customs Service, and the Office of Inspections of the United States Secret Service. The head of each such office shall report to the Inspector General the significant investigative activities being carried out by such office.

"(b) Notwithstanding subsection (a), the Inspector General of the Department of the Treasury may conduct an investigation of any officer or employee of such Department (other than the Internal Revenue Service) if —

"(1) the Secretary of the Treasury or the Deputy Secretary of the Treasury requests the Inspector General to conduct an investigation;

"(2) the investigation concerns senior officers or employees of the Department of the Treasury, including officers appointed by the President, members of the Senior Executive Service, and individuals in positions classified at grade GS-15 of the General Schedule or above or classified at a grade equivalent to such grade or above such equivalent grade; or

"(3) the investigation involves alleged notorious conduct or any other matter which, in the opinion of the Inspector General, is especially sensitive or of departmental significance.

"(c) If the Inspector General of the Department of the Treasury initiates an investigation under subsection (b), and the officer or employee of the Department of the Treasury subject to investigation is employed by or attached to a bureau or service referred to in subsection (a), the Inspector General may provide the head of the office of such bureau or service referred to in subsection (a) with written notice that the Inspector General has initiated such an investigation. If the Inspector General issues a notice under the preceding sentence, no other investigation shall be initiated into the matter under investigation by the Inspector General and any other investigation of such matter shall cease.

"(d)(1) Notwithstanding the last two sentences of section 3(a), the Inspector General of the Department of the Treasury and the Inspector General of the Internal Revenue Service shall be under the authority, direction, and control of the Secretary of the Treasury and the Commissioner of Internal Revenue, respectively, with respect to audits or investigations, or the issuance of subpoenas, which require access to information concerning —

"(A) ongoing criminal investigations or proceedings;

"(B) sensitive undercover operations;

"(C) the identity of confidential sources, including protected witnesses;

"(D) deliberations and decisions on policy matters, including documented information used as a basis for making policy decisions, the disclosure of which could reasonably be expected to have a significant influence on the economy or market behavior;

"(E) intelligence or counterintelligence matters; or

"(F) other matters the disclosure of which would constitute a serious threat to national security or to the protection of any person or property authorized protection by section 3056 of title 18, United States Code, section 202 of title 3, United States Code, or any provision of the Presidential Protection Assistance Act of 1976 (18 U.S.C. 3056 note; Public Law 94-524).

"(2) With respect to the information described in paragraph (1), the Secretary of the Treasury or the Commissioner of Internal Revenue may prohibit the Inspector General of the Department of the Treasury or the Inspector General of the Internal Revenue Service, respectively, from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena, after such Inspector General has decided to initiate, carry out, or complete such audit or investigation or to issue such subpoena, if the Secretary or the Commissioner determines that such prohibition is necessary to preserve the confidentiality of or prevent the disclosure of any information described in paragraph (1).

"(3)(A) If the Secretary of the Treasury exercises any power under paragraph (1) or (2), the Secretary of the Treasury shall notify the Inspector General of the Department of the Treasury in writing of such exercise. Within 30 days after receipt of any such notice, the Inspector General of the Department of the Treasury shall transmit [*H5883] a copy of such notice to the Committee on Governmental Affairs of the Senate and the Committee on Government Operations of the House of Representatives, and to other appropriate committees or subcommittees of Congress.

"(B) If the Commissioner of Internal Revenue exercises any power under paragraph (1) or (2), the Commissioner shall notify the Inspector General of the Internal Revenue Service in writing of such exercise. Within 30 days after receipt of such notice, the Inspector General shall transmit a copy of such notice to the Committee on Governmental Affairs and the Committee on Finance of the Senate and to the Committee on Government Operations and the Committee on Ways and Means of the House of Representatives."

(d) Section 5315 of title 5, United States Code (as amended by section 3(a) of this Act) is further amended by adding at the end thereof the following new items:

"Inspector General, Department of the Treasury.

"Inspector General, Internal Revenue Service.

"Inspector General, Federal Emergency Management Agency.

"Inspector General, Nuclear Regulatory Commission.

"Inspector General, Office of Personnel Management."

(e) In addition to the standards prescribed by the first sentence of section 3(a), the Inspector General of the Internal Revenue Service shall at the time of appointment be in a career reserved position in the Senior Executive Service in the Internal Revenue Service as defined under section 3132(a)(8) of title 5, United States Code, with demonstrated ability in investigative techniques or internal audit functions with respect to the programs and operations of the Internal Revenue Service.

(f)(1) In addition to the duties and responsibilities specified in this Act, the Inspector General of the Internal Revenue Service shall perform such duties and exercise such powers as may be prescribed by the Commissioner of Internal Revenue, to the extent such duties and powers are not inconsistent with the purposes of this Act.

(2) No audit or investigation conducted by the Inspector General of the Department of the Treasury or the Inspector General of the Internal Revenue Service shall affect a final decision of the Secretary of the Treasury or his designee described in section 6406 of the Internal Revenue Code of 1986.

REQUIREMENTS AND PROTECTIONS FOR AUDIT AND INVESTIGATION UNITS

Sec. 5. (a) The Inspector General Act of 1978 (as amended by section 4(c) of this Act) is further amended by inserting after section 8C the following new section:

"SPECIFIC REQUIREMENTS FOR FEDERAL ENTITIES

"Sec. 8D. (a) As used in this section —

"(1) the term 'Federal entity' means any Government corporation (within the meaning of section 103(1) of title 5, United States Code), any Government controlled corporation (within the meaning of section 103(2) of such title), or any other entity in the Executive branch of the Government, or any independent regulatory agency, but does not include —

"(A) an establishment (as defined in section 11(2) of this Act) or part of an establishment;

"(B) the Executive Office of the President;

"(C) the Central Intelligence Agency;

"(D) the General Accounting Office;

"(E) the Department of Justice; or

"(F) any entity in the judicial or legislative branches of the Government, including the Administrative Office of the United States Courts and the Architect of the Capitol and any activities under the direction of the Architect of the Capitol;

"(2) the term 'designated Federal entity' means ACTION, Amtrak, the Appalachian Regional Commission, the Board of Governors of the Federal Reserve System, the Board for International Broadcasting, the Commodity Futures Trading Commission, the Consumer Product Safety Commission, the Corporation for Public Broadcasting, the Equal Employment Opportunity Commission, the Farm Credit Administration, the Federal Communications Commission, the Federal Deposit Insurance Corporation, the Federal Election Commission, the Federal Home Loan Bank Board, the Federal Labor Relations Authority, the Federal Maritime Commission, the Federal Trade Commission, the Interstate Commerce Commission, the Legal Services Corporation, the National Archives and Records Administration, the National Credit Union Administration, the National Endowment for the Arts, the National Endowment for the Humanities, the National Labor Relations Board, the National Science Foundation, the Panama Canal Commission, the Peace Corps, the Pension Benefit Guaranty Corporation, the Securities and Exchange Commission, the Smithsonian Institution, the Tennessee Valley Authority, the United States International Trade Commission, and the United States Postal Service;

"(3) the term 'head of the Federal entity' means the director, administrator, president, chairman, or chief executive officer of a Federal entity, or any other body designated by statute as the head of a Federal entity;

"(4) the term 'head of the designated Federal entity' means the director, administrator, president, chairman, or chief executive officer of a designated Federal entity, or any other body designated by statute as the head of a designated Federal entity;

"(5) the term 'internal audit unit' means a component of a Federal entity which carries out audits or investigations, or both, of the programs and operations of such entity, but does not include a component that carries out audits or investigations as an integral part of the conduct of the programs and operations of such entity; and

"(6) the term 'internal audit unit director' means the head of an internal audit unit.

"(b) After the date which is 180 days after the date of enactment of this section, there shall be established in each designated Federal entity an internal audit unit. The head of the designated Federal entity shall transfer to the internal audit unit established in such entity the offices, units, or other components, and the functions, powers, or duties thereof, that such head determines are properly related to the functions of the internal audit unit and would, if so transferred, further the purposes of this section. There shall not be transferred to an internal audit unit any program operating responsibilities.

"(c) The internal audit unit director shall be appointed by the head of the designated Federal entity in accordance with the applicable laws and regulations governing appointments within the designated Federal entity.

"(d) Each internal audit unit director shall report to and be under the general supervision of the head of the designated Federal entity, but shall not report to, or be subject to supervision by, any other officer or employee of such designated Federal entity. The head of the designated Federal entity shall not prevent or prohibit the internal audit unit director from

initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation.

"(e) If an internal audit unit director is removed from office or is transferred to another position or location within a designated Federal entity, the head of the designated Federal entity shall promptly communicate the reasons for any such removal or transfer to both Houses of Congress.

"(f)(1) The Chief Postal Inspector of the United States Postal Service shall be the internal audit unit director of the United States Postal Service, and for purposes of this section, shall report to, and be under the general supervision of, the Postmaster General. The Chief Postal Inspector may be removed from office or transferred to another position or location within the United States Postal Service if the Postmaster General issues a written order stating the reason for such action and two-thirds of the Governors of the United States Postal Service vote to ratify such order. If the Chief Postal Inspector is removed or transferred in accordance with this subsection, the Postmaster General shall promptly notify both Houses of Congress of the reasons for such removal or transfer.

"(2) For purposes of paragraph (1), the term 'Governors' has the same meaning as in section 102(3) of title 39, United States Code.

"(g)(1) Sections 4, 5, 6, and 7 of this Act (other than sections 6(a)(7) and 6(a)(8)) shall be applied to each internal audit unit, internal audit unit director, designated Federal entity, and head of the designated Federal entity (as such terms are defined in subsection (a)) by substituting —

"(A) 'internal audit unit director' for 'Inspector General';

"(B) 'designated Federal entity' for 'establishment';

"(C) 'internal audit unit' for 'Office'; and

"(D) 'head of the designated Federal entity' for 'head of the establishment'.

"(2) In addition to the other authorities specified in this Act, an internal audit unit director is authorized to select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the internal audit unit and to obtain the temporary or intermittent services of experts or consultants or an organization thereof, subject to the applicable laws and regulations that govern such selections, appointments, and employment, and the obtaining of such services, within the designated Federal entity.

"(3) The provisions of subsection (d) of section 8C (other than the provisions of subparagraphs (A), (B), (C), and (E) of subsection (d)(1)) shall apply to the internal audit unit director of the Board of Governors of the Federal Reserve System and the Chairman of the Board of Governors of the Federal Reserve System in the same manner as such provisions apply to the Inspector General of the Department of the Treasury and the Secretary of the Treasury, respectively.

"(h) Within one year after the date of enactment of this section, and on October 31 of each calendar year thereafter, the head of each Federal entity which is not a designated Federal entity shall prepare and transmit to the Director of the Office of Management and Budget a report which —

"(1) states whether there has been established in the Federal entity an internal audit unit that meets the requirements of this section;

"(2) specifies the actions taken by the Federal entity to ensure that audits are conducted of its programs and operations in accordance [*H5834] with the standards for audit of governmental organizations, programs, activities, and functions issued by the Comptroller General of the United States, including a list of each audit report completed by a Federal or non-Federal auditor during the reporting period; and

"(3) summarizes any matters relating to the personnel, programs, and operations of the Federal entity referred to prosecutive authorities, including a summary description of any preliminary investigation conducted by or at the request of the Federal entity concerning these matters, and the prosecutions and convictions which have resulted."

(b) Section 410(b) of title 39, United States Code, is amended —

(1) by striking out "and" at the end of paragraph (6);

(2) by striking out the period at the end of paragraph (7) and inserting in lieu thereof a semicolon;

(3) by striking out "The" in paragraph (8) and inserting in lieu thereof "the";

(4) by striking out the period at the end of paragraph (8) and inserting in lieu thereof a semicolon and "and"; and

(5) by adding at the end thereof the following new paragraph:

"(9) the provisions of section 8D of the Inspector General Act of 1978."

PROVISIONS TO ENSURE UNIFORMITY AND RELIABILITY OF INSPECTOR GENERAL REPORTS

Sec. 6. (a) Section 5(a) of the Inspector General Act of 1978 is amended —

(1) by striking out "and" at the end of paragraph (5); and

(2) by striking out paragraph (6) and inserting in lieu thereof the following:

"(6) a list, subdivided according to subject matter, of each audit report completed by the Office during the reporting period, together with a summary of the significant reports;

"(7) a detailed statistical analysis of audit reports, depicting in tables arranged by audit status information concerning —

"(A) the number of audit reports in each audit status;

"(B) the number of such reports for which an audit determination was not made within 6 months of the date of completion of such reports;

"(C) where applicable, the amounts of ineligible costs, ineligible costs that were disallowed, unsupported costs, and unsupported costs that were disallowed; and

"(D) where applicable, the amount of disallowed costs returned to, or offset by, the Government;

"(8) a summary of each significant audit report completed before the commencement of the reporting period and identified under paragraph (7)(B), together with an explanation of the reason the audit determination was not made during the period described in such paragraph;

"(9) a description of, and an explanation of the reasons for, any significant revised audit determinations made during the reporting period; and

"(10) information concerning any significant audit determination with which the Inspector General is in disagreement."

(b) Section 5(b) of such Act is amended by inserting "(1)" after "containing" and by inserting before the period a comma and "(2) a list of each audit report made by the establishment's Office of Inspector General which was not resolved within one year after the date on which an audit determination was made on such report, (3) an explanation of the reason such audit was not resolved, and (4) for each such audit report, the amount of disallowed costs that are under administrative or judicial appeal and the amount of any disallowed costs returned to, or offset by, the Government".

(c) Section 5(c) of such Act is amended by adding at the end thereof the following new sentence: "The head of each establishment shall also make copies of the report of such head required under subsection (b) available to the public upon request and at a reasonable cost."

(d) Section 5 of such Act is further amended by adding at the end thereof the following new subsection:

"(f) As used in this section —

"(1) the term 'ineligible cost' means an incurred cost that is questioned by the Office of Inspector General because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;

"(2) the term 'unsupported cost' means an incurred cost that is questioned by the Office of Inspector General because the Office found that, at the time of the audit, such cost was not supported by adequate documentation;

"(3) the term 'disallowed cost' means an ineligible cost or unsupported cost that the management of an establishment has concluded, in an audit determination, should not be charged to the Federal Government;

"(4) the term 'audit determination' means the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a written final decision by management concerning its

response, including corrective actions concluded to be necessary, to such findings and recommendations;

"(5) the term 'audit resolution' means the completion of all corrective actions that the management of an establishment has concluded, in an audit determination, are necessary with respect to the findings and recommendations included in an audit report, and, in the event that the management of an establishment concludes no corrective action is necessary, 'audit resolution' occurs when an audit determination has been reached; and

"(6) the term 'audit status' includes the following six categories:

"(A) audits for which the audit report was completed before the commencement of the reporting period and for which —

"(i) the audit determination was not made by the end of such period;

"(ii) the audit determination was made during such period and for which audit resolution has not occurred; and

"(iii) the audit determination was made during such period and for which audit resolution has occurred; and

"(B) audits for which the audit report was completed during the reporting period and for which —

"(i) the audit determination was not made by the end of such period;

"(ii) the audit determination was made during such period and for which audit resolution has not occurred; and

"(iii) the audit determination was made during such period and for which audit resolution has occurred.".

(e) Section 3512(b)(2) of title 31, United States Code, is amended by adding at the end thereof the following: "Such standards shall include (A) a definition of audit resolution consistent with section 5(f)(5) of the Inspector General Act of 1978, and (B) a standard to ensure that an audit determination will be made on each audit report within 6 months after the completion of such report, in the case of an audit performed by a Federal auditor, and within 6 months after receipt by the executive agency responsible for the program concerned, in the case of each audit performed by a non-Federal auditor. No order, circular, or directive prescribed by the Director of the Office of Management and Budget shall include an inconsistent definition or standard with respect to audit resolution.".

OATH ADMINISTRATION AUTHORITY

Sec. 7. Section 6(a) of the Inspector General Act of 1978 is amended —

(1) by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively, and

(2) by inserting after paragraph (4) the following new paragraph:

"(5) to administer to or take from any person an oath, affirmation, or affidavit, whenever necessary in the performance of the functions assigned by this Act, which oath, affirmation, or affidavit when administered or taken by or before an investigator or such other employee of an Office of Inspector General designated by the Inspector General shall have the same force and effect as if administered or taken by or before an officer having a seal;".

APPROPRIATION ACCOUNTS

Sec. 8. Section 1105(a)(25) of title 31, United States Code, is amended to read as follows:

"(25) a separate appropriation account for appropriations for each Office of Inspector General established by the Inspector General Act of 1978.".

DISCLOSURE OF TAX RETURNS AND RETURN INFORMATION

Sec. 9. Section 5(e)(3) of the Inspector General Act of 1978 is amended by striking out "Nothing" in the first sentence and inserting in lieu thereof "Except to the extent provided in section 6103(f) of the Internal Revenue Code of 1986, nothing".

MOTION OFFERED BY MR. BROOKS

Mr. BROOKS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Brooks moves to strike all after the enacting clause of the Senate bill, S. 908, and to insert in lieu thereof the provisions of H.R. 4054, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to amend the Inspector General Act of 1978 to establish offices of inspector general in certain departments, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 4054) was laid on the table.

SUBJECT: AUDITS (90%); LEGISLATION (90%);

LEXSEE 134 CONG REC H 9607

Congressional Record — House

Wednesday, October 5, 1988

100th Cong. 2nd Sess.

134 Cong Rec H 9607

REFERENCE: Vol. 134 No. 140

TITLE: CONFERENCE REPORT ON S. 908, INSPECTOR GENERAL ACT AMENDMENTS OF 1988

SPEAKER: Mr. BROOKS; Mr. HORTON; Mr. WALKER

TEXT: [*H9607] Mr. BROOKS. Mr. Speaker, I call up the conference report on the Senate bill (S. 908) to amend the Inspector General Act of 1978 to establish Offices of Inspector General in certain departments, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of [*H9608] Friday, September 30, 1988, at page H9197).

The SPEAKER pro tempore. The gentleman from Texas [Mr. Brooks] will be recognized for 30 minutes and the gentleman from New York [Mr. Horton] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. Brooks].

Mr. BROOKS. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BROOKS asked and was given permission to revise and extend his remarks.)

Mr. BROOKS. Mr. Speaker, since the first Office of Inspector General was established in 1976 in the then Department of Health, Education, and Welfare, 20 additional offices of inspector general have been established, bringing the total number of agencies with offices of inspector general to 21.

The inspectors general have proved to be a sound investment in good government. They have contributed substantially to improved efficiency and effectiveness in the departments and agencies where they are located.

Mr. Speaker, with approval of this conference report, offices of inspector general, headed by Presidentially appointed IG's, will be created in the Federal Emergency Management Agency, the Nuclear Regulatory Commission, the Office of Personnel Management and the two departments remaining without them — the Departments of Justice and the Treasury. The conferees have worked hard to fashion an agreement that meets the special needs of these two Departments, and, we have done so without sacrificing the independence of the inspectors general.

This conference report represents agreement among the conferees to extend the inspector general concept to all departments, all regulatory agencies and to all entities that receive \$100 million or more in appropriations. In addition, it places all of the inspectors general under the same act so that there will be uniformity in duties, responsibilities, reporting, and expectations.

Mr. Speaker, the compromise is a good one and I urge all Members to vote in favor of this conference report.

Mr. HORTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill was unanimously reported from the Legislation and National Security Subcommittee and the full Government Operations Committee.

It expands on the tested inspector general concept and raises to 56 the number of statutory inspectors general in

Federal agencies and departments. Ten years ago Chairman Brooks and I authored landmark legislation — the Inspector General Act of 1978. In the past decade inspectors general have saved literally tens of billions of dollars in direct savings, in improved operational efficiencies and in curbing waste, fraud, and abuse of taxpayer dollars.

The major provisions of this conference report are those creating statutory inspectors general in the Departments of Justice and Treasury — the only two departments currently operating without IG's. In addition, more than 30 agencies would be equipped with inspectors general if this conference report becomes law.

Mr. Speaker, this conference report is the result of numerous oversight hearings, and countless hours of drafting and negotiation between the House, the Senate, and the affected agencies. This is a solid piece of legislation and I urge my colleagues to support it.

Mr. HORTON. Mr. Speaker, I yield back the balance of my time.

Mr. BROOKS. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count.

Two hundred nineteen Members are present, a quorum.

Mr. WALKER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were — yeas 418, nays 0, not voting 13, as follows:

(See Roll No. 429 in the ROLL segment.)

[*H9609] Mr. CONYERS changed his vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ROLL:

[Roll No. 429]

YEAS--418

Ackerman	Akaka	Alexander
Anderson	Andrews	Annunzio
Anthony	Applegate	Archer
Armey	Aspin	Atkins
AuCoin	Badham	Baker
Ballenger	Barnard	Bartlett
Barton	Bateman	Bates
Beilenson	Bennett	Bentley
Bereuter	Berman	Bevill
Bilbray	Bilirakis	Bliley
Boehlert	Boggs	Boland
Bonior	Bonker	Borski

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[Roll No. 429]

Bosco	Boucher	Boxer
Brennan	Brooks	Broomfield
Brown (CA)	Brown (CO)	Bruce
Bryant	Buechner	Bunning
Burton	Bustamante	Byron
Callahan	Campbell	Cardin
Carper	Carr	Chandler
Chapman	Chappell	Cheney
Clarke	Clay	Clement
Clinger	Coats	Coble
Coelho	Coleman (MO)	Collins
Combest	Conte	Conyers
Cooper	Costello	Coughlin
Courter	Coyne	Craig
Crane	Crockett	Dannemeyer
Darden	Davis (IL)	Davis (MI)
de la Garza	DeFazio	DeLay
Dellums	Derrick	DeWine
Dickinson	Dicks	Dingell
DioGuardi	Dixon	Donnelly
Dorgan (ND)	Dornan (CA)	Downey
Dreier	Durbin	Dwyer
Dymally	Dyson	Early
Eckart	Edwards (CA)	Edwards (OK)
Emerson	English	Erdreich
Espy	Evans	Fascell
Fawell	Fazio	Feighan
Fields	Fish	Flake
Flippo	Florio	Foglietta
Foley	Ford (MI)	Ford (TN)
Frank	Frenzel	Frost
Gallegly	Gallo	Garcia
Gaydos	Gejdenson	Gekas
Gephardt	Gibbons	Gilman
Gingrich	Glickman	Gonzalez
Goodling	Gordon	Gradison
Grandy	Grant	Gray (IL)
Gray (PA)	Green	Guarini
Gunderson	Hall (OH)	Hall (TX)
Hamilton	Hammerschmidt	Hansen
Harris	Hatcher	Hawkins
Hayes (IL)	Hayes (LA)	Hefley
Hefner	Henry	Herger
Hertel	Hiler	Hochbrueckner
Holloway	Hopkins	Horton
Houghton	Hoyer	Hubbard
Huckaby	Hughes	Hunter
Hutto	Hyde	Inhofe
Ireland	Jacobs	Jeffords
Jenkins	Johnson (CT)	Johnson (SD)
Jones (NC)	Jones (TN)	Jontz
Kanjorski	Kaptur	Kasich
Kastenmeier	Kennedy	Kennelly



LEXSEE 110 P.L. 409

UNITED STATES PUBLIC LAWS
110th Congress 2nd Session
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PROPERTIES INC.

PUBLIC LAW 110-409 [H.R. 928]
OCT. 14, 2008
INSPECTOR GENERAL REFORM ACT OF 2008

110 P.L. 409; 122 Stat. 4302; 2008 Enacted H.R. 928; 110 Enacted H.R. 928

BILL TRACKING REPORT: 110 Bill Tracking H.R. 928
FULL TEXT VERSIONS(S): 110 H.R. 928
CIS LEGIS. HISTORY DOCUMENT: 110 CIS Legis. Hist. P.L. 409

An Act

To amend the Inspector General Act of 1978 to enhance the independence of the Inspectors General, to create a Council of the Inspectors General on Integrity and Efficiency, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
<<NOTE: Inspector General Reform Act of 2008.>>

SECTION 1. <<NOTE: 5 USC app. 1 note.>> SHORT TITLE.

This Act may be cited as the "Inspector General Reform Act of 2008".

SEC. 2. APPOINTMENT AND QUALIFICATIONS OF INSPECTORS GENERAL.

Section 8G(c) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended by adding at the end "Each Inspector General shall be appointed without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations."

SEC. 3. REMOVAL OF INSPECTORS GENERAL.

(a) Establishments.-- <<NOTE: President. Deadline.>> Section 3(b) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended by striking the second sentence and inserting "If an Inspector General is removed from office or is transferred to another position or location within an establishment, the President shall communicate in writing the reasons for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer. Nothing in this subsection shall prohibit a personnel action otherwise authorized by law, other than transfer or removal."

(b) Designated Federal <<NOTE: Deadline.>> Entities.--Section 8G(e) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended by striking "shall promptly communicate in writing the reasons for any such removal or transfer to both Houses of the Congress." and inserting "shall communicate in writing the reasons for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer. Nothing in this subsection shall prohibit a personnel action otherwise authorized by law, other than transfer or removal."

SEC. 4. PAY OF INSPECTORS GENERAL.

(a) Inspectors General at Level III of Executive Schedule.--

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(1) In general.--Section 3 of the Inspector General Act of 1978 (5 U.S.C. App.), is amended by adding at the end the following:

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"(e) The annual rate of basic pay for an Inspector General (as defined under section 12(3)) shall be the rate payable for level III of the Executive Schedule under *section 5314 of title 5, United States Code*, plus 3 percent."

(2) Technical and conforming amendments.-- *Section 5315 of title 5, United States Code*, is amended by striking the item relating to each of the following positions:

- (A) Inspector General, Department of Education.
- (B) Inspector General, Department of Energy.
- (C) Inspector General, Department of Health and Human Services.
- (D) Inspector General, Department of Agriculture.
- (E) Inspector General, Department of Housing and Urban Development.
- (F) Inspector General, Department of Labor.
- (G) Inspector General, Department of Transportation.
- (H) Inspector General, Department of Veterans Affairs.
- (I) Inspector General, Department of Homeland Security.
- (J) Inspector General, Department of Defense.
- (K) Inspector General, Department of State.
- (L) Inspector General, Department of Commerce.
- (M) Inspector General, Department of the Interior.
- (N) Inspector General, Department of Justice.
- (O) Inspector General, Department of the Treasury.
- (P) Inspector General, Agency for International Development.
- (Q) Inspector General, Environmental Protection Agency.
- (R) Inspector General, Export-Import Bank.
- (S) Inspector General, Federal Emergency Management Agency.
- (T) Inspector General, General Services Administration.
- (U) Inspector General, National Aeronautics and Space Administration.
- (V) Inspector General, Nuclear Regulatory Commission.
- (W) Inspector General, Office of Personnel Management.
- (X) Inspector General, Railroad Retirement Board.
- (Y) Inspector General, Small Business Administration.
- (Z) Inspector General, Tennessee Valley Authority.
- (AA) Inspector General, Federal Deposit Insurance Corporation.
- (BB) Inspector General, Resolution Trust Corporation.
- (CC) Inspector General, Central Intelligence Agency.
- (DD) Inspector General, Social Security Administration.

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(EE) Inspector General, United States Postal Service.

(3) Applicability <<NOTE: 5 USC app. 3 note.>> to other inspectors general.--

(A) In general.--Notwithstanding any other provision of law, the annual rate of basic pay of the Inspector General of the Central Intelligence Agency, the Special Inspector General for Iraq Reconstruction, and the Special Inspector General for Afghanistan Reconstruction shall be that of an Inspector General as defined under section 12(3) of [*4304] the Inspector General Act of 1978 (5 U.S.C. App.) (as amended by section 7(a) of this Act).

(B) Prohibition of cash bonus or awards.--Section 3(f) of the Inspector General Act of 1978 (5 U.S.C. App.) (as amended by section 5 of this Act) shall apply to the Inspectors General described under subparagraph

(A).

(4) Additional technical and conforming amendment.--Section 194(b) of the National and Community Service Act of 1990 (42 U.S.C. 12651e(b)) is amended by striking paragraph (3).

(b) Inspectors <<NOTE: 5 USC app. 3 note.>> General of Designated Federal Entities.--

(1) In general.--Notwithstanding any other provision of law, the Inspector General of each designated Federal entity (as those terms are defined under section 8G of the Inspector General Act of 1978 (5 U.S.C. App.)) shall, for pay and all other purposes, be classified at a grade, level, or rank designation, as the case may be, at or above those of a majority of the senior level executives of that designated Federal entity (such as a General Counsel, Chief Information Officer, Chief Financial Officer, Chief Human Capital Officer, or Chief Acquisition Officer). The pay of an Inspector General of a designated Federal entity (as those terms are defined under section 8G of the Inspector General Act of 1978 (5 U.S.C. App.)) shall be not less than the average total compensation (including bonuses) of the senior level executives of that designated Federal entity calculated on an annual basis.

(2) Limitation on adjustment.--

(A) In general.--In the case of an Inspector General of a designated Federal entity whose pay is adjusted under paragraph (1), the total increase in pay in any fiscal year resulting from that adjustment may not exceed 25 percent of the average total compensation (including bonuses) of the Inspector General of that entity for the preceding 3 fiscal years.

(B) Sunset of limitation.--The limitation under subparagraph (A) shall not apply to any adjustment made in fiscal year 2013 or each fiscal year thereafter.

(c) Savings Provision for Newly Appointed Inspectors General.--

(1) In general.--The <<NOTE: Applicability.>> provisions of *section 3392 of title 5, United States Code*, other than the terms "performance awards" and "awarding of ranks" in subsection (c)(1) of such section, shall apply to career appointees of the Senior Executive Service who are appointed to the position of Inspector General.

(2) Nonreduction in pay.--Notwithstanding any other provision of law, career Federal employees serving on an appointment made pursuant to statutory authority found other than in *section 3392 of title 5, United States Code*, shall not suffer a reduction in pay, not including any bonus or performance award, as a result of being appointed to the position of Inspector General.

(d) Savings Provision.--Nothing in this section shall have the effect of reducing the rate of pay of any individual serving on the date of enactment of this section as an Inspector General of--

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(1) an establishment as defined under section 12(2) of the Inspector General Act of 1978 (5 U.S.C. App.) (as amended by section 7(a) of this Act);

(2) a designated Federal entity as defined under section 8G(2) of the Inspector General Act of 1978 (5 U.S.C. App.);

(3) a legislative agency for which the position of Inspector General is established by statute; or

(4) any other entity of the Government for which the position of Inspector General is established by statute.

SEC. 5. PROHIBITION OF CASH BONUS OR AWARDS.

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Section 3 of the Inspector General Act of 1978 (5 U.S.C. App.) (as amended by section 4 of this Act) is further amended by adding at the end the following:

"(f) An Inspector General (as defined under section 8G(a)(6) or 12(3)) may not receive any cash award or cash bonus, including any cash award under chapter 45 of title 5, United States Code."

SEC. 6. SEPARATE COUNSEL TO SUPPORT INSPECTORS GENERAL.

(a) Counsels to Inspectors General of Establishment.--Section 3 of the Inspector General Act of 1978 (5 U.S.C. App.) (as amended by sections 4 and 5 of this Act) is further amended by adding at the end the following:

"(g) Each Inspector General shall, in accordance with applicable laws and regulations governing the civil service, obtain legal advice from a counsel either reporting directly to the Inspector General or another Inspector General."

(b) Counsels to Inspectors General of Designated Federal Entities.--Section 8G(g) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended by adding at the end the following:

"(4) Each Inspector General shall--

"(A) <<NOTE: Appointments.>> in accordance with applicable laws and regulations governing appointments within the designated Federal entity, appoint a Counsel to the Inspector General who shall report to the Inspector General;

"(B) obtain the services of a counsel appointed by and directly reporting to another Inspector General on a reimbursable basis; or

"(C) obtain the services of appropriate staff of the Council of the Inspectors General on Integrity and Efficiency on a reimbursable basis."

(c) Rule <<NOTE: 5 USC app. 3 note.>> of Construction.--Nothing in the amendments made by this section shall be construed to alter the duties and responsibilities of the counsel for any establishment or designated Federal entity, except for the availability of counsel as provided under sections 3(g) and 8G(g) of the Inspector General Act of 1978 (5 U.S.C. App.) (as amended by this section). The Counsel to the Inspector General shall perform such functions as the Inspector General may prescribe.

SEC. 7. ESTABLISHMENT OF COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY.

(a) Establishment.--The Inspector General Act of 1978 (5 U.S.C. App.) is amended by redesignating sections 11 and 12 as sections 12 and 13, respectively, and by inserting after section 10 the following:

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"SEC. 11. <<NOTE: 5 USC app. 11.>> ESTABLISHMENT OF THE COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY.

"(a) Establishment and Mission.--

"(1) Establishment.--There is established as an independent entity within the executive branch the Council of the Inspectors General on Integrity and Efficiency (in this section referred to as the Council').

"(2) Mission.--The mission of the Council shall be to--

"(A) address integrity, economy, and effectiveness issues that transcend individual Government agencies; and

"(B) increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General.

"(b) Membership.--

"(1) In general.--The Council shall consist of the following members:

"(A) All Inspectors General whose offices are established under--

"(i) section 2; or

"(ii) section 8G.

"(B) The Inspectors General of the Office of the Director of National Intelligence and the Central Intelligence Agency.

"(C) The Controller of the Office of Federal Financial Management.

"(D) A senior level official of the Federal Bureau of Investigation designated by the Director of the Federal Bureau of Investigation.

"(E) The Director of the Office of Government Ethics.

"(F) The Special Counsel of the Office of Special Counsel.

"(G) The Deputy Director of the Office of Personnel Management.

"(H) The Deputy Director for Management of the Office of Management and Budget.

"(I) The Inspectors General of the Library of Congress, Capitol Police, Government Printing Office, Government Accountability Office, and the Architect of the Capitol.

"(2) Chairperson and executive chairperson.--

"(A) Executive chairperson.--The Deputy Director for Management of the Office of Management and Budget shall be the Executive Chairperson of the Council.

"(B) Chairperson.--The Council shall elect 1 of the Inspectors General referred to in paragraph (1)(A) or

(B) to act as Chairperson of the Council. The term of office of the Chairperson shall be 2 years.

"(3) Functions of chairperson and executive chairperson.--

"(A) Executive chairperson.--The Executive Chairperson shall--

"(i) preside over meetings of the Council;

"(ii) <<NOTE: Reports.>> provide to the heads of agencies and entities represented on the Council summary reports of the activities of the Council; and

"(iii) provide to the Council such information relating to the agencies and entities represented on [*4307] the Council as assists the Council in performing its functions.

"(B) Chairperson.--The Chairperson shall--

"(i) convene meetings of the Council--

"(I) at least 6 times each year;

"(II) monthly to the extent possible; and

"(III) more frequently at the discretion of the Chairperson;

"(ii) carry out the functions and duties of the Council under subsection (c);

"(iii) <<NOTE: Appointments.>> appoint a Vice Chairperson to assist in carrying out the functions of the Council and act in the absence of the Chairperson, from a category of Inspectors General described in subparagraph (A)(i), (A)(ii), or (B) of paragraph (1), other than the category from which the Chairperson was elected;

"(iv) make such payments from funds otherwise available to the Council as may be necessary to carry out the functions of the Council;

"(v) select, appoint, and employ personnel as needed to carry out the functions of the Council subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates;

"(vi) <<NOTE: Contracts.>> to the extent and in such amounts as may be provided in advance by appropriations Acts, made available from the revolving fund established under subsection

(c)(3)(B), or as otherwise provided by law, enter into contracts and other arrangements with public agencies and private persons to carry out the functions and duties of the Council;

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"(vii) establish, in consultation with the members of the Council, such committees as determined by the Chairperson to be necessary and appropriate for the efficient conduct of Council functions; and

"(viii) <<NOTE: Reports. Deadline.>> prepare and transmit a report annually on behalf of the Council to the President on the activities of the Council.

"(c) Functions and Duties of Council.--

"(1) In general.--The Council shall--

"(A) continually identify, review, and discuss areas of weakness and vulnerability in Federal programs and operations with respect to fraud, waste, and abuse;

"(B) <<NOTE: Plans.>> develop plans for coordinated, Governmentwide activities that address these problems and promote economy and efficiency in Federal programs and operations, including interagency and interentity audit, investigation, inspection, and evaluation programs and projects to deal efficiently and effectively with those problems concerning fraud and waste that exceed the capability or jurisdiction of an individual agency or entity;

"(C) develop policies that will aid in the maintenance of a corps of well-trained and highly skilled Office of Inspector General personnel;

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"(D) <<NOTE: Web site.>> maintain an Internet website and other electronic systems for the benefit of all Inspectors General, as the Council determines are necessary or desirable;

"(E) maintain 1 or more academies as the Council considers desirable for the professional training of auditors, investigators, inspectors, evaluators, and other personnel of the various offices of Inspector General;

"(F) <<NOTE: Recommendations.>> submit recommendations of individuals to the appropriate appointing authority for any appointment to an office of Inspector General described under subsection (b)(1)(A) or (B);

"(G) <<NOTE: Reports.>> make such reports to Congress as the Chairperson determines are necessary or appropriate; and

"(H) perform other duties within the authority and jurisdiction of the Council, as appropriate.

"(2) Adherence and participation by members.--To the extent permitted under law, and to the extent not inconsistent with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions, each member of the Council, as appropriate, shall--

"(A) adhere to professional standards developed by the Council; and

"(B) participate in the plans, programs, and projects of the Council, except that in the case of a member described under subsection (b)(1)(I), the member shall participate only to the extent requested by the member and approved by the Executive Chairperson and Chairperson.

"(3) Additional administrative authorities.--

"(A) Interagency funding.--Notwithstanding *section 1532 of title 31, United States Code*, or any other provision of law prohibiting the interagency funding of activities described under subclause (I), (II), or (III) of clause (i), in the performance of the responsibilities, authorities, and duties of the Council--

"(i) the Executive Chairperson may authorize the use of interagency funding for--

"(I) Governmentwide training of employees of the Offices of the Inspectors General;

"(II) the functions of the Integrity Committee of the Council; and

"(III) any other authorized purpose determined by the Council; and

"(ii) upon the authorization of the Executive Chairperson, any department, agency, or entity of the executive branch which has a member on the Council shall fund or participate in the funding of such activities.

"(B) Revolving fund.--

"(i) In general.--The Council may--

"(I) establish in the Treasury of the United States a revolving fund to be called the Inspectors General Council Fund; or

"(II) enter into an arrangement with a department or agency to use an existing revolving fund.

"(ii) Amounts in revolving fund.--

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"(I) In general.--Amounts transferred to the Council under this subsection shall be deposited in the revolving fund described under clause

(i)(I) or (II).

"(II) Training.--Any remaining unexpended balances appropriated for or otherwise available to the Inspectors General Criminal Investigator Academy and the Inspectors General Auditor Training Institute shall be transferred to the revolving fund described under clause (i)(I) or (II).

"(iii) Use of revolving fund.--

"(I) In general.--Except as provided under subclause (II), amounts in the revolving fund described under clause (i)(I) or (II) may be used to carry out the functions and duties of the Council under this subsection.

"(II) Training.--Amounts transferred into the revolving fund described under clause (i)(I) or (II) may be used for the purpose of maintaining any training academy as determined by the Council.

"(iv) Availability of funds.--Amounts in the revolving fund described under clause (i)(I) or

(II) shall remain available to the Council without fiscal year limitation.

"(C) Superseding provisions.--No provision of law enacted after the date of enactment of this subsection shall be construed to limit or supersede any authority under subparagraph (A) or (B), unless such provision makes specific reference to the authority in that paragraph.

"(4) Existing authorities and responsibilities.--The establishment and operation of the Council shall not affect--

"(A) the role of the Department of Justice in law enforcement and litigation;

"(B) the authority or responsibilities of any Government agency or entity; and

"(C) the authority or responsibilities of individual members of the Council.

"(d) Integrity Committee.--

"(1) Establishment.--The Council shall have an Integrity Committee, which shall receive, review, and refer for investigation allegations of wrongdoing that are made against Inspectors General and staff members of the various Offices of Inspector General described under paragraph (4)(C).

"(2) Membership.--The Integrity Committee shall consist of the following members:

"(A) The official of the Federal Bureau of Investigation serving on the Council, who shall serve as Chairperson of the Integrity Committee, and maintain the records of the Committee.

"(B) Four Inspectors General described in subparagraph (A) or (B) of subsection (b)(1) appointed by the Chairperson of the Council, representing both establishments and designated Federal entities (as that term is defined in section 8G(a)).

"(C) The Special Counsel of the Office of Special Counsel.

"(D) The Director of the Office of Government Ethics.

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"(3) Legal advisor.--The Chief of the Public Integrity Section of the Criminal Division of the Department of Justice, or his designee, shall serve as a legal advisor to the Integrity Committee.

"(4) Referral of allegations.--

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"(A) Requirement.--An Inspector General shall refer to the Integrity Committee any allegation of wrongdoing against a staff member of the office of that Inspector General, if--

"(i) review of the substance of the allegation cannot be assigned to an agency of the executive branch with appropriate jurisdiction over the matter; and

"(ii) the Inspector General determines that--

"(I) an objective internal investigation of the allegation is not feasible; or

"(II) an internal investigation of the allegation may appear not to be objective.

"(B) Definition.--In this paragraph the term 'staff member' means any employee of an Office of Inspector General who--

"(i) reports directly to an Inspector General; or

"(ii) is designated by an Inspector General under subparagraph (C).

"(C) Designation of staff members.-- Each <<NOTE: Deadline.>> Inspector General shall annually submit to the Chairperson of the Integrity Committee a designation of positions whose holders are staff members for purposes of subparagraph (B).

"(5) Review of allegations.--The Integrity Committee shall--

"(A) review all allegations of wrongdoing the Integrity Committee receives against an Inspector General, or against a staff member of an Office of Inspector General described under paragraph (4)(C);

"(B) refer any allegation of wrongdoing to the agency of the executive branch with appropriate jurisdiction over the matter; and

"(C) refer to the Chairperson of the Integrity Committee any allegation of wrongdoing determined by the Integrity Committee under subparagraph (A) to be potentially meritorious that cannot be referred to an agency under subparagraph (B).

"(6) Authority to investigate allegations.--

"(A) Requirement.--The Chairperson of the Integrity Committee shall cause a thorough and timely investigation of each allegation referred under paragraph (5)(C) to be conducted in accordance with this paragraph.

"(B) Resources.--At the request of the Chairperson of the Integrity Committee, the head of each agency or entity represented on the Council--

"(i) may provide resources necessary to the Integrity Committee; and

"(ii) may detail employees from that agency or entity to the Integrity Committee, subject to the control and direction of the Chairperson, to conduct an investigation under this subsection.

"(7) Procedures for investigations.--

[*4311]

"(A) Standards applicable.--Investigations initiated under this subsection shall be conducted in accordance with the most current Quality Standards for Investigations issued by the Council or by its predecessors (the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency).

"(B) Additional policies and procedures.--

"(i) Establishment.--The Integrity Committee, in conjunction with the Chairperson of the Council, shall establish additional policies and procedures necessary to ensure fairness and consistency in--

"(I) determining whether to initiate an investigation;

"(II) conducting investigations;

"(III) reporting the results of an investigation; and

"(IV) providing the person who is the subject of an investigation with an opportunity to respond to any Integrity Committee report.

"(ii) Submission to congress.--The Council shall submit a copy of the policies and procedures established under clause (i) to the congressional committees of jurisdiction.

"(C) Reports.--

"(i) Potentially meritorious allegations.-- For allegations described under paragraph (5)(C), the Chairperson of the Integrity Committee shall make a report containing the results of the investigation of the Chairperson and shall provide such report to members of the Integrity Committee.

"(ii) Allegations of wrongdoing.--For allegations referred to an agency under paragraph

(5)(B), the head of that agency shall make a report containing the results of the investigation and shall provide such report to members of the Integrity Committee.

"(8) Assessment and final disposition.--

"(A) In general.--With respect to any report received under paragraph (7)(C), the Integrity Committee shall--

"(i) assess the report;

"(ii) <<NOTE: Deadline.>> forward the report, with the recommendations of the Integrity Committee, including those on disciplinary action, within 30 days (to the maximum extent practicable) after the completion of the investigation, to the Executive Chairperson of the Council and to the President (in the case of a report relating to an Inspector General of an establishment or any employee of that Inspector General) or the head of a designated Federal entity (in the case of a report relating to an Inspector General of such an entity or any employee of that Inspector General) for resolution; and

"(iii) <<NOTE: Executive summary. Deadline.>> submit to the Committee on Government Oversight and Reform of the House of Representatives, the Committee on Homeland Security and Governmental Affairs of the Senate, and other congressional committees of jurisdiction an executive summary of such report and recommendations within 30 days after [*4312] the submission of such report to the Executive Chairperson under clause (ii).

"(B) Disposition.--The <<NOTE: Reports.>> Executive Chairperson of the Council shall report to the Integrity Committee the final disposition of the matter, including what action was taken by the President or agency head.

"(9) Annual report.--The Council shall submit to Congress and the President by December 31 of each year a report on the activities of the Integrity Committee during the preceding fiscal year, which shall include the following:

"(A) The number of allegations received.

"(B) The number of allegations referred to other agencies, including the number of allegations referred for criminal investigation.

"(C) The number of allegations referred to the Chairperson of the Integrity Committee for investigation.

"(D) The number of allegations closed without referral.

"(E) The date each allegation was received and the date each allegation was finally disposed of.

"(F) In the case of allegations referred to the Chairperson of the Integrity Committee, a summary of the status of the investigation of the allegations and, in the case of investigations completed during the preceding fiscal year, a summary of the findings of the investigations.

"(G) Other matters that the Council considers appropriate.

"(10) Requests for more information.--With respect to paragraphs (8) and (9), the Council shall provide more detailed information about specific allegations upon request from any of the following:

"(A) The chairperson or ranking member of the Committee on Homeland Security and Governmental Affairs of the Senate.

"(B) The chairperson or ranking member of the Committee on Oversight and Government Reform of the House of Representatives.

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"(C) The chairperson or ranking member of the congressional committees of jurisdiction.

"(11) No right or benefit.--This subsection is not intended to create any right or benefit, substantive or procedural, enforceable at law by a person against the United States, its agencies, its officers, or any person."

(b) Allegations <<NOTE: 5 USC 1211 note.>> of Wrongdoing Against Special Counsel or Deputy Special Counsel.--

(1) Definitions.--In this section--

(A) the term "Integrity Committee" means the Integrity Committee established under section 11(d) of the Inspector General Act of 1978 (5 U.S.C. App), as amended by this Act; and

(B) the term "Special Counsel" refers to the Special Counsel appointed under *section 1211(b) of title 5, United States Code*.

(2) Authority of integrity committee.--

(A) In general.--An allegation of wrongdoing against the Special Counsel or the Deputy Special Counsel may be received, reviewed, and referred for investigation by the Integrity Committee to the same extent and in the same manner as in the case of an allegation against an Inspector General (or a member of the staff of an Office of Inspector General), subject to the requirement that the Special Counsel recuse himself or herself from the consideration of any allegation brought under this paragraph.

(B) Coordination with existing provisions of law.-- This subsection does not eliminate access to the Merit Systems Protection Board for review under section 7701 of title 5, United <<NOTE: Deadline.>> States Code. To the extent that an allegation brought under this subsection involves section 2302(b)(8) of that title, a failure to obtain corrective action within 120 days after the date on which that allegation is received by the Integrity Committee shall, for purposes of section 1221 of such title, be considered to satisfy section 1214(a)(3)(B) of that title.

(3) Regulations.--The Integrity Committee may prescribe any rules or regulations necessary to carry out this subsection, subject to such consultation or other requirements as might otherwise apply.

(c) Effective Date and Existing Executive Orders.--

(1) Council.--Not <<NOTE: Deadline. 5 USC app. 11 note.>> later than 180 days after the date of the enactment of this Act, the Council of the Inspectors General on Integrity and Efficiency established under this section shall become effective and operational.

(2) Executive orders.--Executive <<NOTE: Termination date. 31 USC 501 note.>> Order No. 12805, dated May 11, 1992, and Executive Order No. 12933, dated March 21, 1996 (as in effect before the date of the enactment of this Act) shall have no force or effect on and after the earlier of--

(A) the date on which the Council of the Inspectors General on Integrity and Efficiency becomes effective and operational as determined by the Executive Chairperson of the Council; or

(B) the last day of the 180-day period beginning on the date of enactment of this Act.

(d) Technical and Conforming Amendments.--

(1) Inspector general act of 1978.--The Inspector General Act of 1978 (5 U.S.C. App.) is amended--

(A) in sections 2(1), 4(b)(2), and 8G(a)(1)(A) by striking "section 11(2)" each place it appears and inserting "section 12(2)"; and

(B) <<NOTE: 5 USC app. 8G.>> in section 8G(a), in the matter preceding paragraph (1), by striking "section 11" and inserting "section 12".

(2) Separate appropriations account.-- *Section 1105(a) of title 31, United States Code*, is amended by striking the first paragraph (33) and inserting the following:

"(33) a separate appropriation account for appropriations for the Council of the Inspectors General on Integrity and Efficiency, and, included in that account, a separate statement of the aggregate amount of appropriations requested for each academy maintained by the Council of the Inspectors General on Integrity and Efficiency."

110 P.L. 409; 122 Stat. 4302, *;
2008 Enacted H.R. 928; 110 Enacted H.R. 928

SEC. 8. SUBMISSION OF BUDGET REQUESTS TO CONGRESS.

Section 6 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended by adding at the end the following:

[*4314]

"(f)(1) For each fiscal year, an Inspector General shall transmit a budget estimate and request to the head of the establishment or designated Federal entity to which the Inspector General reports. The budget request shall specify the aggregate amount of funds requested for such fiscal year for the operations of that Inspector General and shall specify the amount requested for all training needs, including a certification from the Inspector General that the amount requested satisfies all training requirements for the Inspector General's office for that fiscal year, and any resources necessary to support the Council of the Inspectors General on Integrity and Efficiency. Resources necessary to support the Council of the Inspectors General on Integrity and Efficiency shall be specifically identified and justified in the budget request.

"(2) In transmitting a proposed budget to the President for approval, the head of each establishment or designated Federal entity shall include--

"(A) an aggregate request for the Inspector General;

"(B) amounts for Inspector General training;

"(C) amounts for support of the Council of the Inspectors General on Integrity and Efficiency; and

"(D) any comments of the affected Inspector General with respect to the proposal.

"(3) <<NOTE: President.>> The President shall include in each budget of the United States Government submitted to Congress--

"(A) a separate statement of the budget estimate prepared in accordance with paragraph (1);

"(B) the amount requested by the President for each Inspector General;

"(C) the amount requested by the President for training of Inspectors General;

"(D) the amount requested by the President for support for the Council of the Inspectors General on Integrity and Efficiency; and

"(E) any comments of the affected Inspector General with respect to the proposal if the Inspector General concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the office."

SEC. 9. SUBPOENA POWER.

Section 6(a)(4) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended--

(1) by inserting "in any medium (including electronically stored information, as well as any tangible thing)" after "other data"; and

(2) by striking "subpena" and inserting "subpoena".

SEC. 10. PROGRAM FRAUD CIVIL REMEDIES ACT.

Section 3801(a)(1) of title 31, United States Code, is amended--

(1) in subparagraph (D), by striking "and" after the semicolon;

(2) in subparagraph (E), by striking the period and inserting "; and"; and

(3) by adding at the end the following:

"(F) a designated Federal entity (as such term is defined under section 8G(a)(2) of the Inspector General Act of 1978);".

[*4315]

SEC. 11. LAW ENFORCEMENT AUTHORITY FOR DESIGNATED FEDERAL ENTITIES.

110 P.L. 409; 122 Stat. 4302, *;
2008 Enacted H.R. 928; 110 Enacted H.R. 928

Section 6(e) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended--

(1) in paragraph (1) by striking "appointed under section 3"; and

(2) by adding at the end the following:

"(9) In this subsection, the term Inspector General' means an Inspector General appointed under section 3 or an Inspector General appointed under section 8G."

SEC. 12. APPLICATION OF SEMIANNUAL REPORTING REQUIREMENTS WITH RESPECT TO INSPECTION REPORTS AND EVALUATION REPORTS.

Section 5 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended--

(1) in each of subsections (a)(6), (a)(8), (a)(9), (b)(2), and (b)(3)--

(A) by inserting ", inspection reports, and evaluation reports" after "audit reports" the first place it appears; and

(B) by striking "audit" the second place it appears; and

(2) in subsection (a)(10) by inserting ", inspection reports, and evaluation reports" after "audit reports".

SEC. 13. INFORMATION ON WEBSITES OF OFFICES OF INSPECTORS GENERAL.

(a) In General.--The Inspector General Act of 1978 (5 U.S.C. App.) is amended by inserting after section 8K the following:

"SEC. 8L. INFORMATION ON WEBSITES OF OFFICES OF INSPECTORS GENERAL.

"(a) Direct Links to Inspectors General Offices.--

"(1) In general.--Each agency shall establish and maintain on the homepage of the website of that agency, a direct link to the website of the Office of the Inspector General of that agency.

"(2) Accessibility.--The direct link under paragraph (1) shall be obvious and facilitate accessibility to the website of the Office of the Inspector General.

"(b) Requirements for Inspectors General Websites.--

"(1) Posting of reports and audits.--The Inspector General of each agency shall--

"(A) not later than 3 days after any report or audit (or portion of any report or audit) is made publicly available, post that report or audit (or portion of that report or audit) on the website of the Office of Inspector General; and

"(B) ensure that any posted report or audit (or portion of that report or audit) described under subparagraph (A)--

"(i) is easily accessible from a direct link on the homepage of the website of the Office of the Inspector General;

"(ii) includes a summary of the findings of the Inspector General; and

"(iii) is in a format that--

"(I) is searchable and downloadable; and

[*4316]

"(II) facilitates printing by individuals of the public accessing the website.

"(2) Reporting of fraud, waste, and abuse.--

"(A) In general.--The Inspector General of each agency shall establish and maintain a direct link on the homepage of the website of the Office of the Inspector General for individuals to report fraud, waste, and abuse. Individuals reporting fraud, waste, or abuse using the direct link established under this paragraph shall not be required to provide personally identifying information relating to that individual.

"(B) Anonymity.--The Inspector General of each agency shall not disclose the identity of any individual making a report under this paragraph without the consent of the individual unless the Inspector General determines that such a disclosure is unavoidable during the course of the investigation."

110 P.L. 409; 122 Stat. 4302, *;
2008 Enacted H.R. 928; 110 Enacted H.R. 928

(b) Repeal.--Section 746(b) of the Financial Services and General Government Appropriations Act, 2008 (5 U.S.C. App. note; 121 Stat. 2034) is repealed.

(c) Implementation.--Not <<NOTE: Deadline. 5 USC app. 8L note.>> later than 180 days after the date of enactment of this Act, the head of each agency and the Inspector General of each agency shall implement the amendment made by this section.

SEC. 14. OTHER ADMINISTRATIVE AUTHORITIES.

(a) In General.--Section 6(d) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended to read as follows:

"(d)(1)(A) <<NOTE: Applicability.>> For purposes of applying the provisions of law identified in subparagraph (B)--

"(i) each Office of Inspector General shall be considered to be a separate agency; and

"(ii) the Inspector General who is the head of an office referred to in clause (i) shall, with respect to such office, have the functions, powers, and duties of an agency head or appointing authority under such provisions.

"(B) This paragraph applies with respect to the following provisions of title 5, United States Code:

"(i) Subchapter II of chapter 35.

"(ii) Sections 8335(b), 8336, 8344, 8414, 8468, and 8425(b).

"(iii) All provisions relating to the Senior Executive Service (as determined by the Office of Personnel Management), subject to paragraph (2).

"(2) For purposes of applying *section 4507(b) of title 5, United States Code*, paragraph (1)(A)(ii) shall be applied by substituting the Council of the Inspectors General on Integrity and Efficiency (established by section 11 of the Inspector General Act) shall' for the Inspector General who is the head of an office referred to in clause (i) shall, with respect to such office,'."

(b) Authority of Treasury Inspector General for Tax Administration To Protect Internal Revenue Service Employees.--Section 8D(k)(1)(C) of the Inspector General Act of [*4317] 1978 (5 U.S.C. App.) is amended by striking "physical security" and inserting "protection to the Commissioner of Internal Revenue".

Approved October 14, 2008.

HISTORY:

LEGISLATIVE HISTORY--H.R. 928 (S. 2324):

HOUSE REPORTS: No. 110-354 (Comm. on Oversight and Government Reform).

SENATE REPORTS: No. 110-262 accompanying S. 2324 (Comm. on Homeland Security and Governmental Affairs).

CONGRESSIONAL RECORD:

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Oct. 3, considered and passed House.

Vol. 154 (2008):

Sept. 24, considered and passed

Senate, amended.

Sept. 25, 27, House considered and concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS:

Vol. 44 (2008):

Oct. 14, Presidential statement.

DESCRIPTORS: COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY; FEDERAL DEPARTMENTS AND AGENCIES; GOVERNMENT ACCOUNTABILITY OFFICE; GOVERNMENT EFFICIENCY; GOVERNMENT INVESTIGATIONS; GOVERNMENT REORGANIZATION; INSPECTOR GENERAL



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COMMITTEE REPORTS

110th Congress, 2nd Session

SENATE Report 110-262

110 S. Rpt. 262

INSPECTOR GENERAL REFORM ACT OF 2007

R E P O R T

of the

COMMITTEE ON HOMELAND SECURITY AND

GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

to accompany

S. 2324

TO AMEND THE INSPECTOR GENERAL ACT OF 1978 (5 U.S.C. APP.) TO EN-
HANCE THE OFFICES OF THE INSPECTORS GENERAL, TO CREATE A COUN-
CIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY, AND
FOR OTHER PURPOSES

February 22, 2008--Ordered to be printed

TEXT:

NOTICE:

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FEBRUARY22, 2008.--ordered to be printed

Filed, under authority of the order of the Senate of February 14, 2008

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2008 Committee Reports, February 22, 2008

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Report

February 22, 2008.--ordered to be printed

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 2324) to amend the Inspector General Act of 1978 (5 U.S.C. App.) to enhance the Offices of the Inspectors General, to create a Council of the Inspectors General on Integrity and Efficiency, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill do pass.

I. Purpose and Summary

S. 2324 is a bipartisan bill to strengthen the Inspector General system within the federal government. It has been almost 30 years since Congress created the Inspector General system to improve government efficiency and accountability. The Inspector General Act of 1978 (IG Act)¹ established a network of internal watchdogs within key federal agencies to help prevent and uncover waste, fraud and abuse. In 1988, the IG Act was expanded to reach most major departments and agencies.

1

The IG Act (PL 95-452) and its subsequent amendments are codified at 5 U.S.C. Appendix and *31 U.S.C. Section 1105(a)(25)*.

By and large, the IG Act has worked well to help the Executive Branch and Congress alike strive to ensure more effective and efficient government. However, time has revealed some shortcomings in the existing Act. It is essential that Inspectors General operate with sufficient independence to do their jobs well, yet the current IG structure does not go far enough to safeguard this independence. At the same time, it is imperative to strengthen the oversight process for the IGs themselves, to ensure they do not abuse their unique authorities. This legislation, therefore, would make certain adjustments in the structure and organization of the Inspector General community. It strengthens and modernizes this community to provide for both greater independence and greater accountability of the Inspectors General.

II. Background and Need for the Legislation

Today it is easy to take for granted the network of federal Inspectors General, who serve a unique and indispensable role as internal watchdogs within executive departments and agencies. Yet while the Inspector General concept dates back to the beginnings of our government, the modern statutory Inspector General community is a relatively new institution. The framework for these statutory IGs was laid out in the Inspector General Act of 1978, and expanded in the 1988 amendments to that Act. These Inspectors General are charged with conducting audits and investigations to promote the effective, efficient and ethical operation of the government agencies. They do this as senior officials within their respective agencies, where they operate with a broad mandate and report directly to the agency head. Yet the IGs

are also charged with reporting directly to Congress, giving them a unique status and responsibility to inform and facilitate effective Congressional oversight of the Executive Branch.

There are currently 58 Inspector General offices established under the IG Act. Of these, 29 are appointed by the President with Senate confirmation (presidential IGs) and 29 are appointed by their agency heads in designated federal entities (DFE IGs). In addition, there are three statutory Inspectors General already established in the legislative branch--for the Government Printing Office (GPO),² the Library of Congress³ and the Capitol Police.⁴ A fourth legislative branch Inspector General--for the Architect of the Capitol--was authorized after this legislation was considered in the Committee.⁵

2

44 U.S.C. Section 3902.

3

U.S.C. Section 185.

4

2 U.S.C. Section 1909.

5

Public Law 10-161, Consolidated Appropriations Act, 2008, Division H.

Pursuant to executive orders, the IG community is organized into two interagency councils: the President's Council on Integrity and Efficiency (PCIE) for presidential IGs and the Executive Council on Integrity and Efficiency (ECIE) for the DFE IGs.⁶ The Deputy Director for Management in the Office of Management and Budget chairs both councils.

6

Executive Order 12805, May 11, 1992; Executive Order 12993, March 2, 1996.

The work of these Inspectors General has been invaluable. Investigations by Inspectors General have helped the government recover billions of dollars in fraudulent charges, and their audit recommendations could create billions more in savings. Their work has also shut down possible future abuses by laying the groundwork for thousands of prosecutions, suspensions, debarments and personnel actions. In 2006 alone, audits by Inspector General offices resulted in \$9.9 billion in potential savings from audit recommendations and \$6.8 billion in investigative recoveries.⁷

7

Honorable Clay Johnson III, testimony, Homeland Security and Governmental Affairs Committee, July 11, 2007.

An example from the Committee's recent work illustrates the tremendous value of the work of the IGs. In a six-month period following the Hurricane Katrina disaster, the Department of Homeland Security (DHS) IG operation produced 29 reports related to the recovery efforts that included such alarming discoveries as that 63 percent of the DHS purchase-card transactions made during the response had no documentation of goods or services actually being received.⁸ The DHS IG investigations overall in this period helped produce 243 convictions for fraud or related offenses, and recovery of millions of taxpayer dollars.⁹

8

Department of Homeland Security Office of Inspector General, Semiannual Report to Congress April 1, 2006--September 30, 2006, p. 3.

9

Id.

The investigations and reports of Inspectors General throughout the government help Congress shape legislation and oversight activities--improving the government's performance, providing important transparency into programs, and giving Americans better value for their tax dollar. Their work goes beyond dollar savings, however; by revealing unethical or unlawful conduct, the Inspectors General also help safeguard the integrity and credibility of government. For instance, the Department of Justice Office of Inspector General (OIG) revealed the sloppy and sometimes inappropriate use of National Security Letters to conduct wiretaps within this country.¹⁰

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"Department of Justice Office of Inspector General, "A Review of the Federal Bureau of Investigation's Use of National Security Letters," March 2007.

To achieve these results, Inspectors General must operate without fear of improper intervention or intimidation by management or political forces. That is why the IG Act gives the Inspectors General a high degree of operational autonomy and authorizes a direct reporting channel to Congress. It is critical that agency management respect this independence and not attempt to retaliate against a vigorous Inspector General by threatening his or her tenure or budget, or otherwise interfere in effective oversight by the IG.

For the most part, the Inspectors General have been able to operate with sufficient independence. However, the Committee is aware of several instances of real or perceived encroachments on IG authority. Just in the past year, for instance, there have been several public accounts from current or former Inspectors General who believed they were being improperly pressured or denied resources to carry out needed oversight. The Committee is aware of additional complaints from several OIGs.

The Committee is also concerned about oversight of the Inspectors General, because with their heightened autonomy comes a heightened risk of abuse of power. Again, recent years have brought to light significant misconduct allegations against several Inspectors General. To maintain the effectiveness of the IGs and faith in their oversight, there must be a credible and effective channel to investigate complaints against an Inspector General or his senior staff, so as to deter and punish real or potential misconduct. The Integrity Committee of the PCIE has provided an important channel for investigating such complaints. However the Integrity Committee operates without clearly understood procedures or effective Congressional oversight. It is critical that this oversight process become more transparent and more accountable.

S. 2324 would build on the strengths of the IG Act, while addressing some of these recent concerns. Some key aspects of the legislation are discussed below.

Qualifications and Compensation

This legislation amends the Inspector General Act of 1978 to explicitly require appointments on the basis of ability and integrity, not political affiliation. This is already required for the presidentially appointed IGs, and the legislation would extend these requirements to the DFE IGs as well.

With respect to compensation, the legislation would ensure that Inspectors General receive compensation that is appropriate to their status and responsibilities yet also assure that this compensation does not present any real or apparent conflict of interest.

Currently there are two problems with compensation for the Inspectors General. First, the compensation of some Inspectors General depends on bonuses awarded by officials they oversee. Presidentially appointed IGs have generally agreed to forego such bonuses, but they remain an important part of the overall compensation of some DFE IGs. This presents at least the appearance of a conflict of interest, and should not be part of the IG pay structure.

Second, some Inspectors General earn too little. Many Inspectors General are paid considerably less than officials they supervise. In some cases this is linked to a self-imposed ban on bonuses, in others it is simply the result of the Inspector General being slotted too low on the pay scale.

The bill prohibits any Inspector General from receiving a bonus but would ensure that the overall compensation of any IG is appropriate and adequate to attract and retain skilled professionals. For presidentially appointed IGs, the bill includes a specific, statutory pay raise to Executive Schedule III plus 3 percent. For DFE IGs, the legislation requires that the Inspector General be classified at a grade, level, or rank designation at or above those of a majority of the senior level executives of that agency. In addition, it requires that DFE IGs receive not less than the average compensation of

those senior executives within the agency. To ensure that this formula yields appropriate salaries for the DFE IGs, the legislation also requires that Government Accountability Office (GAO) report back to Congress on the implementation of these pay provisions.

Strengthening Independence

In addition to adjusting the qualifications and compensation provisions for Inspectors General, the legislation would add certain structural protections to safeguard their independence.

The bill includes a requirement that the President or appropriate agency head notify Congress 30 days before transferring or removing an Inspector General. This would allow for an appropriate dialogue with Congress in the event that the planned transfer or removal is viewed as an inappropriate or politically motivated attempt to terminate an effective Inspector General. As part of this advance notice, the Administration would be required to supply written reasons for the planned transfer or termination. This advance notice provision was widely endorsed by the IG community as a useful deterrent against improper intimidation or dismissal. By contrast, the Inspectors General were divided over proposals to create fixed terms for IGs with dismissal only "for cause."¹¹

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GAO, Highlights of the Comptroller General's Panel on Federal Oversight and the Inspectors General, GAO-06-931SP (Washington, D.C.; Sept. 11, 2006).

While we hope that this advance notice will encourage useful communication between Congress and the Executive Branch on IG performance and serve as an effective deterrent against improper terminations, we note that the provision does not alter the President's ultimate authorities with respect to Executive Branch employees.

The legislation also would safeguard IG independence in the budget process, by requiring a separate budget line for Inspectors General that includes their overall budget and training needs. Currently, there is not necessarily a separate line item for each OIG within the budget of its respective agency and no requirement that training expenses or contributions to the work of the PCIE or ECIE be clearly identified. This budget requirement will create greater transparency regarding IG program and training needs, to help ensure these offices are adequately funded and to protect against any punitive budget cuts.

The legislation includes several other measures designed to strengthen the operational authorities of the Inspectors General, including enhancing their authority to manage their own staff.

council

The existing IG Councils (the PCIE and the ECIE) serve as vehicles for individual Inspectors General to forge common standards and provide resources to support their respective missions. The PCIE also includes an Integrity Committee that is the mechanism for reviewing misconduct allegations against Inspectors General or their top staff members.

While these Councils play a valuable role, they are badly in need of strengthening. The Councils operate on an ad hoc, shoestring budget, have no dedicated staff, and have limited legal authority for joint endeavors, such as a standardized training program for OIG staff. In testimony and numerous interviews with Committee staff, the Inspectors General have cited strengthening the resources and authorities of the Councils as a key component of improving the effectiveness of the IG community.

This legislation would create a more robust IG Council to promote the work of the Inspectors General, and also provide more effective oversight for the IG community. It would replace the two existing councils with one, statutory council for the entire IG community. The bill gives the new Council a broad charter to conduct activities to build a strong, professional IG community and explicitly authorizes individual Inspectors General to pool resources for Council programs, including training. Additionally, as noted above, the budget provisions of the bill require that the Inspectors General and Administration identify the amounts sought and recommended for Council expenses and training--a provision designed to bring greater transparency to the cost of Council activities and which the Committee intends will encourage adequate funding for these extremely important activities. The Committee also supports enhanced funding for the Council through any other appropriate mechanism.

The bill would also codify an Integrity Committee to review allegations of misconduct by Inspectors General and their top staff, as described below.

accountability

This legislation also addresses issues of how the Inspectors General are to be held accountable. Unfortunately, the Inspectors General are not immune from real or alleged misconduct or mismanagement and it is critical that there be an effective and credible mechanism to address these complaints when they arise. Currently, the Integrity Committee of the PCIE serves as a forum for allegations against Inspectors General and their senior staff. The bill would strengthen the Integrity Committee by codifying it and requiring greater transparency and Congressional oversight for its work. Congress currently has no systematic or assured way to learn of serious allegations against an Inspector General or learn the results of an investigation into those allegations. The new Integrity Committee would be required to notify Congress of its procedures, and prepare regular reports on investigations it undertakes. The Committee is also concerned that there are not dedicated resources for the Integrity Committee and intends that the budget provisions of this bill be used to help assure sufficient resources for effective Integrity Committee work, as well as other Council activities.

Additionally, S. 2324 requires that the Government Accountability Office prepare a report analyzing the policies and practices of the Integrity Committee, as well as other mechanisms for handling complaints against an Inspector General or his staff.

department of justice oig

Another provision of the bill would eliminate a statutory restriction on the jurisdiction of the Department of Justice (DOJ) OIG. Currently, the DOJ OIG does not have authority to investigate misconduct allegations concerning Department attorneys acting in a legal capacity or investigators acting at an attorney's direction. Those cases are instead referred to the Office of Professional Responsibility (OPR). No other statutory Office of Inspector General has such a limitation; alleged misconduct by career lawyers at other federal departments and agencies is within the purview of that agency's Inspector General.

This bill would eliminate that restriction. The Committee believes it is appropriate to give the DOJ OIG a "right of first refusal" on allegations involving Department lawyers, as well as other officials. OPR does not operate with the same structural independence as the OIG, and its reports are rarely made public. The Committee believes it is more appropriate that the OIG investigate matters involving high ranking Department attorneys or widespread policies or practices at the Department. It is troubling, for instance, that the investigations into the U.S. attorney firing scandal was initially referred to OPR; the OIG was allowed to participate only after objecting to the Department leadership.¹² The current arrangement also can lead to unproductive duplication of effort between the OIG and OPR when an investigation implicates matters within the IG's jurisdiction as well as some aspects of attorney conduct.

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The Honorable Glenn A. Fine, testimony, Senate Homeland Security and Governmental Affairs Committee, July 11, 2007.

By including this provision, the Committee is not seeking to diminish or disparage the important contributions of OPR. The Committee recognizes that OPR is generally highly regarded for its expertise and integrity. For the most part, the work of OPR would continue as it does now; the Committee does not anticipate or intend that the OIG would normally investigate routine attorney misconduct cases involving line attorneys that are the core of OPR's work. The Committee anticipates that the OIG and OPR would work out a protocol to determine which cases should be referred to OPR and which retained by the OIG--much as the Inspector General has with other investigative elements of the Department of Justice.

Additional Enhancements

S. 2324 includes additional provisions that improve and strengthen the IG system:

The bill would clarify that the subpoena authority of Inspectors General extends to electronic documents.

The bill would require that agencies provide a clear link to that agency's Inspector General website, and that OIG reports be promptly posted on agency websites.

The bill would allow DFE IGs to apply to the Department of Justice for law enforcement designation and seek recoveries under the Program Fraud Civil Remedies Act, authorities currently exercised only by presidential IGs.

III. Legislative History

S. 2324 was introduced on November 8, 2007, by Senator McCaskill with Senators Collins, Lieberman and Coburn as original cosponsors. The bill was read twice and referred to the Committee on Homeland Security and Government Affairs on November 8, 2007.

S. 2324 was grounded in two earlier legislative proposals--S. 680 and S. 1723. S. 680, the Accountability in Government Contracting Act of 2007, was introduced on February 17, 2007 by Senator Collins and originally included some of the reforms included in this legislation. However, the provisions of S. 680 governing Inspectors General were removed from that bill during markup on August 1, 2007. S. 1723, the Improvement in Government Accountability Act of 2007, was introduced on June 28, 2007 by Senator McCaskill and also contained many of the provisions included in S. 2324.

In addition, the Committee held a hearing on July 11, 2007 to consider the status of the Inspector General system and the need for possible reforms. Witnesses at that hearing were: The Honorable Clay Johnson III, Deputy Director for Management, Office of Management and Budget; The Honorable Glenn A. Fine, Inspector General, Department of Justice; the Honorable Earl E. Devaney, Inspector General, Department of the Interior; the Honorable Eleanor J. Hill, former Inspector General, Department of Defense; and Danielle Brian, Executive Director, Project on Government Oversight. The Committee also received written testimony from: the Honorable Phyllis K. Fong, Inspector General, Department of Agriculture; Dr. Christine Boesz, Inspector General, National Science Foundation; David M. Walker, Comptroller General of the United States; Jane E. Altenhofen, Inspector General, National Labor Relations Board; and Susan Khoury, former Special Agent, Office of the Inspector General, Nuclear Regulatory Commission.

Following the July hearing, Senators McCaskill, Collins, Lieberman and Coburn collaborated to draft a new version of Inspector General reform legislation, which was then introduced as S. 2324.

On November 14, 2007, the Committee considered S. 2324. Senators Lieberman, Collins, McCaskill and Coburn offered a manager's amendment, which made technical changes and added a section relating to investigations of allegations against the Special Counsel or Deputy Special Counsel. The amendment was adopted by voice vote. The bill, as amended, was adopted by the Committee by voice vote and ordered reported to the Senate. Members present for the vote on the manager's amendment were Senators Lieberman, Carper, McCaskill, Tester, Collins, Stevens, Voinovich and Coleman. Members present for the vote on the bill as amended were Senators Lieberman, Carper, McCaskill, Tester, Collins, Stevens, Voinovich, Coleman and Coburn.

Senators Akaka, Clinton and Obama joined as cosponsors on November 13, 2007. Senators Carper and Stevens joined as cosponsors on November 14, 2007, Senator Levin joined as a cosponsor on November 15, 2007 and Senator Coleman joined as a cosponsor on November 16, 2007. Senator Grassley joined as a cosponsor on December 19, 2007.

IV. Section by Section Analysis

Section 1: Title

Section 2: This section requires that Inspectors General for the designated federal entities (non-presidential appointees) be selected on the basis of skills and integrity and without regard to political affiliation--the same requirements that currently apply to presidentially appointed IGs. This section is designed to ensure that Inspectors General are selected on the basis of their qualifications to perform this important role and not any other basis. This section eliminates the unintentional distinction between presidentially appointed IGs and non-presidentially appointed IGs.

Section 3: This section requires that before an Inspector General can be removed or transferred, Congress must be provided with 30 days advance written notice including reasons for termination or transfer. This section applies to presidentially appointed IGs, those at designated federal entities, and the three statutory IGs within the legislative branch. The Committee intends that Inspectors General who fail to perform their duties properly whether through malfeasance or nonfeasance, or whose personal actions bring discredit upon the office, be removed. The requirement to notify the Congress in advance of the reasons for the removal should serve to ensure that Inspectors General are not removed for political reasons or because they are doing their jobs of ferreting out fraud, waste and abuse.

Section 4: This section is necessary to ensure that the compensation of Inspectors General is set at a level to attract highly competent and skilled individuals to public service and to retain these individuals as long as they continue to perform at the highest levels. The Committee has evidence that the current pay for Inspectors General has created disparities where some IGs are being paid less than their deputies or other members of their office. Combine these pay disparities with the fact that many Inspectors General choose to refuse bonuses awarded their peers in order to avoid the appearance of impropriety, and the pay disparities in the current system actually serve as a disincentive for individuals to seek out and retain the Office of Inspector General.

Subsection (a) adjusts the pay for presidentially appointed IGs. Pay for these Inspectors General would rise from Executive Schedule IV to Executive Schedule III, plus 3 percent. Currently, most presidentially appointed IGs earn less than subordinates in the Senior Executive Service (SES). This disparity is exacerbated by the fact that SES employees are eligible for performance awards or bonuses, which the presidential IGs have voluntarily agreed to forego and which would be prohibited for them under this legislation. By increasing the pay of the presidentially appointed IGs to Executive Schedule III plus 3 percent, the Committee hopes to eliminate or significantly diminish this disparity.

Subsection (b) would adjust the classification and pay for the Inspectors General of designated federal entities. For the DFE IGs, grade, level or rank designation would be set at or above those of a majority of the senior level executives of the agency, such as the General Counsel, the Chief Acquisition Officer, the Chief Information Officer, the Chief Financial Officer and the Chief Human Capital Officer at that agency. The Inspector General's pay can not be less than the average total compensation of the senior level executives at that agency.

Section 5: Prohibits any Inspector General from receiving a cash bonus or award. It is already the practice of many Inspectors General to refuse bonuses from the agencies they serve. They do so to avoid the appearance of impropriety that accepting a bonus from the organization they are providing oversight to might cause them to be less than vigorous in their pursuit of fraud, waste and abuse. The Committee believes it is appropriate to extend the no-bonus policy to all Inspectors General. At the same time, the Committee recognizes that bonuses are currently a significant part of the overall compensation for some DFE IGs, and has attempted in Section 4 to adjust the salaries of these IGs such that they will not be significantly harmed by the no-bonus policy.

Section 6: Requires that each Inspector General have his or her own legal counsel or obtain necessary legal counsel from another OIG or the Council of Inspectors General on Integrity and Efficiency (created in Section 7 of this bill). This provision does not require that each OIG have its own Counsel. It does require that each Inspector General obtain advice from a lawyer that is employed by an Inspector General or the IG Council so as to preserve the independence of the Inspectors General.

Section 7: Subsection (a) creates a new Inspector General council that would merge, codify and strengthen the two existing councils, created by Executive Order, for the presidentially appointed and designated federal entity IGs respectively. The council's mission is to "address integrity, economy and effectiveness issues that transcend individual government agencies, and also to increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the Offices of Inspectors General."

This subsection establishes an Integrity Committee within the council to receive, review, investigate or refer for investigation allegations of wrongdoing that are made against Inspectors General or certain senior staff members within an OIG. The Integrity Committee is chaired by an official of the Federal Bureau of Investigation, and would also include the Office of Government Ethics and the Office of Special Counsel, as well as several Inspectors General. The Integrity Committee would be required to report to Congress on its activities.

The Council would also submit recommendations of individuals to fill IG vacancies. The purpose of this provision is to provide the President and agency heads the benefit of the advice of the IG community, not to tie the hands of the President or agency head in selecting Inspectors General. The committee believes that this practice will provide valuable advice to selecting officials and improve the quality and professionalism of the IG community.

The Council is authorized to develop a budget, and to establish a fund to support the Integrity Committee functions and to fund training across the government and for other authorized purposes. This will allow the Inspectors General to incorporate in their agency budget submissions requirements to support the Council and for the Council to "pool" funds among the IGs to ensure that required training is provided for IGs and their employees. It will ensure that necessary funding is clearly identified and apportioned among the agencies to support the vital and necessary functions of the Council.

This section also specifies, in subsection (b), that the Integrity Committee can review allegations of wrongdoing against the Special Counsel of the Office of Special Counsel, provided that the Special Counsel recuse himself from considering any such allegation.

Section 8: This section specifies that Inspector General budget requests at the agency level clearly document the amounts requested and specifically identify amounts needed for training and support of Council activities. The section also requires that the President's budget submission state how much money they are requesting for each IG office, as well as the funding level each Inspector General requested from their agency. This provision will provide Congress with transparency into the funding of the agency IGs but does not interfere with the agency head's or the President's right to formulate and transmit a budget to Congress. Ensuring adequate funding of the Office of the Inspector General in each agency through the current budget process is essential to ensuring the independence of the Inspectors General.

Section 9: This section extends the subpoena power of the Inspectors General to address information stored in any medium, including electronically stored information. Nothing in this section is intended to provide for the disclosure of information otherwise exempted from release pertaining to the witness protection program. It does, however, clarify that IG authority extends to all documents whether generated or stored in hard copy or electronic media.

Section 10: This section would authorize Inspectors General at designated federal entities (DFEs) to pursue fraud claims and recoup losses under the Program Fraud Civil Remedies Act (an authority currently given to the presidentially appointed IGs). This clarifies the authority of the Inspectors General in the DFEs but does not require that they exercise this authority if it is not consistent with authorities already exercised by the agency.

Section 11: This section authorizes all Inspectors General appointed under Sections 3 or 8(G) of the IG Act to apply to the Justice Department for law enforcement authorities for its agents, an authority currently held only by the presidentially appointed IGs. This eliminates the unnecessary distinction between presidentially appointed and designated federal entity IGs.

Section 12: This section broadens the requirements for the IG semiannual reports to encompass inspection and evaluation reports as well as audits.

Section 13: This section requires several enhancements of Inspector General websites. It requires a direct link to the IG website from the agency homepage; requires all reports and audits to be posted within 3 working days of its public release; and requires that IG websites include a direct link for individuals to anonymously report fraud, waste or abuse. The requirement for the 3 working day posting is subject to the support received by the Inspectors General from their respective agencies in managing their websites.

Section 14: This section would eliminate a statutory restriction on the jurisdiction of the DOJ OIG, enabling the OIG to investigate allegations of wrongdoing by all Department employees. Currently, the OIG cannot investigate misconduct involving attorneys and investigators operating at their direction and these cases are referred to the Office of Professional Responsibility (OPR). The Committee anticipates that OPR will continue to investigate most of the routine misconduct cases involving Department attorneys. However, as evidenced by the issues raised by the recent dismissal of certain U.S. Attorneys, there are some cases of alleged attorney misconduct that should be reviewed by the OIG—for instance because they involve high ranking Department lawyers or reflect broad policies or practices of the Department. This provision affirms the primary jurisdiction of the OIG over all Departmental misconduct, without prejudicing or precluding all appropriate referrals to OPR.

Section 15: Subsection (a) enhances certain personnel authorities for Inspectors General, specifying that they, rather than the agency head for their respective entities, will be considered the "agency head" with respect to certain personnel matters. It should expedite personnel actions and give the Inspectors General greater leeway to structure and staff their offices as they consider necessary. Subsection (b) authorizes the Treasury Inspector General for Tax Administration to help provide physical security for Internal Revenue Service employees.

Section 16: Subsection (a) requires GAO to report on the adequacy of oversight mechanisms for the Inspectors General, including the practices of the Integrity Committee and the handling of complaints against Inspectors General through other channels. Subsection (b) requires a report on the implementation of the pay provisions of this legislation in Section 4.

V. Evaluation of Regulatory Impact

2008 Committee Reports, February 22, 2008

Pursuant to the requirement of paragraph 11(b)(1) of rule XXVI of the Standing Rules of the Senate the Committee has considered the regulatory impact of this bill. CBO states that there are no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and no costs on State, local, or tribal governments. The legislation contains no other regulatory impact.

VI. Congressional Budget Office Cost Estimate

DECEMBER 3, 2007.

Hon. JOSEPH I. LIEBERMAN, *Chairman*,
Committee on Homeland Security and Governmental Affairs,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2324, the Inspector General Reform Act of 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

PETER R. ORSZAG.

Enclosure.

S. 2324--Inspector General Reform Act of 2007

Summary: S. 2324 would amend the Inspector General Act of 1978. In general, the legislation would strengthen the independence of inspectors general (IGs) from their respective federal agencies. The bill would:

- Require Congressional notification on the removal of an inspector general;
- Expand the reporting requirements for IG budget requests;
- Require IGs to have their own legal counsel;
- Establish an IG Council;

Provide IGs with some additional investigative, law enforcement, and personnel authorities and require additional reports by IGs and the Government Accountability Office (GAO).

CBO estimates that implementing S. 2324 would cost \$83 million over the 2008-2012 period, assuming the appropriation of the necessary funds. The legislation could affect direct spending and revenues, but CBO estimates that any such effects would be negligible.

S. 2324 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budget of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 2324 is shown in the following table. The costs of this legislation fall within budget function 800 (general government) and all other budget functions where federal agencies employ inspectors general.

	By fiscal year, in millions of dollars--				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Inspector General Authorities:					
Estimated Authorization Level	6	12	12	12	12
Estimated Outlays	6	11	12	12	12
Council of Inspectors General on Integrity and Efficiency:					
Estimated Authorization Level	5	5	5	5	5
Estimated Outlays	4	5	5	5	5

2008 Committee Reports, February 22, 2008

	By fiscal year, in millions of dollars--				
	2008	2009	2010	2011	2012
Pay Provisions:					
Estimated Authorization Level	1	1	1	1	1
Estimated Outlays	1	1	1	1	1
Other Provisions:					
Estimated Authorization Level	1	*	0	0	0
Estimated Outlays	1	*	0	0	0
Total Changes:					
Estimated Authorization Level	13	18	18	18	18
Estimated Outlays	12	17	18	18	18

Note--* = less than \$500,000.

Basis of estimate: For this estimate, CBO assumes that the bill will be enacted near the end of calendar year 2007, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar activities.

The Inspector General Act of 1978 created independent offices headed by inspectors general responsible for conducting and supervising audits and investigations; promoting economy, efficiency, and effectiveness; and preventing and detecting fraud and abuse in government programs and operations. There are two types of IGs. There are 30 IGs who are appointed by the President with Senate confirmation (known as Presidential IGs), half of whom serve the 15 cabinet departments. Another 34 IGs serve as designated federal entity (DFE) IGs at smaller agencies and are appointed (and may be removed) by the head of the agency. The Government Accountability Office reported that IGs had appropriated budgets of almost \$2 billion in 2006 and employ over 12,000 employees.

Spending subject to appropriation

Inspector General Authorities. Under current law, many IG activities come under the purview of the agency they oversee. The budgets for IG activities are included as part of the agency's overall budget request to the Congress, with funding determined by the Congress through the appropriations process. Personnel matters, including hiring and retirement issues, are handled by each IG's agency. IGs at some of the larger agencies have independent law enforcement authorities, such as carrying firearms and executing warrants for arrests; those at smaller agencies are usually deputized by the U.S. Marshall Service to perform such functions. In addition, IGs issue semi-annual reports on their activities and operations.

S. 2324 would amend existing law to make all IG offices separate agencies with the same powers and duties as the agency they monitor and investigate. IGs would be authorized to submit specified budget requests to OMB that would include their requests, the President's request, training requirements, and the funding needs of the IG council. The legislation would also require IGs to have their own legal counsel as well as additional reporting requirements for IGs and their websites. Under S. 2324, IGs would be given additional personnel authorities, including more flexible hiring authorities. In addition, S. 2324 would provide new law enforcement authorities to IGs appointed by agency heads, including the ability to carry firearms and execute warrants.

Based on information from IG offices and the cost of similar authorities, CBO estimates that those provisions would cost \$53 million over the 2008-2012 period, mostly for additional personnel costs. CBO expects that few IG offices would become wholly independent of the administrative support of their agencies, but most would require additional personnel, especially the smaller IG offices. This estimate includes the cost of additional staff, training for budget and human resources functions, website development, as well as additional law enforcement training.

Council of Inspectors General on Integrity and Efficiency. Currently, there are two advisory councils for IG functions: inspectors general appointed by the President are members of the President's Council on Integrity and Efficiency (PCIE), while DFE IGs are members of the Executive Council on Integrity and Efficiency (ECIE). The two councils were created by Presidential Executive Orders and usually meet separately. They receive no specific appropriation but are funded by the various IGs on an ad hoc basis.

S. 2324 would establish a single council with duties and functions similar to the PCIE and ECIE. It would charge the new council with identifying, reviewing, and discussing areas of weakness and fraud in federal operations and pro-

grams; developing plans for coordinated governmentwide activities that address those problems; developing policies and professional programs for IG personnel; and investigating allegations against IGs. Based on information from PCIE and ECIE regarding their current operations, CBO estimates that implementing this provision would cost \$25 million over the 2008-2012 period, primarily for the cost of professional training for IGs.

Pay Provisions. Section 4 would amend the Inspector General Act of 1978 to raise the annual salary level of 31 IGs specified in the legislation from Level IV to Level III of the executive schedule plus an additional 3 percent. The bill would set a minimum level of pay for IGs of designated federal entities at the average level of total compensation received by senior level staff members at those entities. In addition, section 5 would prohibit payment of cash awards and bonuses to IGs.

Based on data and information provided by the Office of Personnel Management, CBO estimates that increasing the pay for IGs would cost \$4 million over the 2008-2012 period, subject to the availability of appropriated funds.

Other Provisions. The legislation would require GAO to prepare two reports within one year on the practices, policies, and procedures of the IG council and the pay of IGs. Based on the cost of similar reports, CBO estimates that preparing and distributing the report would cost about \$1 million over the 2008-2009 period.

Direct spending and revenues

A few IGs are employed by offices that have direct spending authority to pay salaries and expenses. Amendments made by S. 2324 would have an insignificant impact on spending by those offices. Enacting S. 2324 could affect federal revenues from civil penalties as a result of allowing IGs appointed by their agency heads to investigate and report false claims and recoup losses resulting from fraud involving amounts under \$150,000. Collections of civil penalties are recorded in the budget as revenues and deposited in the general fund of the Treasury. Based on information from Presidential IGs, CBO estimates that any change in revenues that would result from enacting the bill would not be significant.

Intergovernmental and private-sector impact: S. 2324 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budget of state, local, or tribal governments.

Previous CBO estimate: On September 27, 2007, CBO transmitted a cost estimate for H.R. 928, the Improving Government Accountability Act, as ordered reported by the House Committee on Oversight and Government Reform on August 2, 2007. The two pieces of legislation have similar provisions relating to IGs, but S. 2324 has additional personnel and reporting requirements. The cost estimates reflect those differences.

Estimate prepared by: Federal Spending: Inspectors General--Matthew Pickford, Pay and benefits--Barry Blom; Impact on state, local, and tribal governments: Elizabeth Cove; Impact on the private sector: Paige Piper/Bach.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

VIII. Changes in Existing Law Made by the Bill, as Reported

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the following changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, existing law in which no change is proposed is shown in *roman*):

UNITED STATES CODE

TITLE 2--THE CONGRESS

CHAPTER 5--LIBRARY OF CONGRESS

(c) * * *

(2) REMOVAL. The Inspector General may be removed from office by the Librarian of Congress. {D> The Librarian of Congress shall, promptly upon such removal, communicate in writing the reasons for any such removal to each House of the Congress. <D} *If the Inspector General is removed from office or is transferred to another position or location within the Library of Congress, the Librarian of Congress shall communicate in writing the reasons for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer.*

CHAPTER 29--CAPITOL POLICE**Subchapter I--Organization and Administration**

(b) * * *

(3) REMOVAL. {D> The Inspector General may be removed from office prior to the expiration of his term only by the unanimous vote of all of the voting members of the Capitol Police Board, and the Board shall communicate the reasons for any such removal to the Committee on House Administration, the Senate Committee on Rules and Administration and the Committees on Appropriations of the House of Representatives and of the Senate. <D} *The Inspector General may be removed or transferred from office before the expiration of his term only by the unanimous vote of all voting members of the Capitol Police Board. If an Inspector General is removed from office or is transferred to another position or location within the Capitol Police, the Capitol Police Board shall communicate in writing the reasons for any such removal or transfer to the Committee on Rules and Administration of the Senate, the Committee on House Administration of the House of Representatives, and the Committees on Appropriations of the Senate and the House of Representatives, not later than 30 days before the removal or transfer.*

TITLE 5--GOVERNMENT ORGANIZATION AND EMPLOYEES**PART III--EMPLOYEES****CHAPTER 53--PAY RATES AND SYSTEMS****Subchapter II--Executive Schedules and Pay Rates**

Level IV of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate determined with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

- {D> Inspector General, Department of Education <D}
- {D> Inspector General, Department of Energy <D}
- {D> Inspector General, Department of Health and Human Services <D}
- {D> Inspector General, Department of Agriculture <D}
- {D> Inspector General, Department of Housing and Urban Development <D}
- {D> Inspector General, Department of Labor <D}
- {D> Inspector General, Department of Transportation <D}
- {D> Inspector General, Department of Veterans Affairs <D}
- {D> Inspector General, Department of Homeland Security <D}
- {D> Inspector General, Department of Defense <D}
- {D> Inspector General, Department of State <D}
- {D> Inspector General, Department of Commerce <D}
- {D> Inspector General, Department of the Interior <D}
- {D> Inspector General, Department of Justice <D}
- {D> Inspector General, Department of the Treasury <D}
- {D> Inspector General, Agency for International Development <D}
- {D> Inspector General, Environmental Protection Agency <D}
- {D> Inspector General, Export-Import Bank <D}
- {D> Inspector General, Federal Emergency Management Agency <D}

{D> Inspector General, General Services Administration <D}

{D> Inspector General, National Aeronautics and Space Administration <D}

{D> Inspector General, Nuclear Regulatory Commission <D}

{D> Inspector General, Office of Personnel Management <D}

{D> Inspector General, Railroad Retirement Board <D}

{D> Inspector General, Small Business Administration <D}

{D> Inspector General, Tennessee Valley Authority <D}

{D> Inspector General, Federal Deposit Insurance Corporation <D}

{D> Inspector General, Resolution Trust Corporation <D}

{D> Inspector General, Central Intelligence Agency <D}

{D> Inspector General, Social Security Administration <D}

{D> Inspector General, United States Postal Service <D}

APPENDIX

Inspector General Act of 1978

In order to create independent and objective units--

(1) to conduct and supervise audits and investigations relating to the programs and operations of the establishments listed in section {D> 11(2) <D} 12(2);

(b) An Inspector General may be removed from office by the President. {D> The President shall communicate the reasons for any such removal to both Houses of Congress. <D} *If an Inspector General is removed from office or is transferred to another position or location within an establishment, the President shall communicate in writing the reasons for such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer.*

(e) *The annual rate of basic pay for an Inspector General (as defined under section 11(3)) shall be the rate payable for level III of the Executive Schedule under section 5314 of title 5, United States Code, plus 3 percent.*

(f) *An Inspector General (as defined under section 8G(a)(6) or 11(3)) may not receive any cash award or cash bonus, including any cash award under chapter 45 of title 5, United States Code.*

(g) *Each Inspector General shall, in accordance with applicable laws and regulations governing the civil service, obtain legal advice from a counsel either reporting directly to the Inspector General or another Inspector General.*

(b) * * *

(2) For purposes of determining compliance with paragraph (1)(A) with respect to whether internal quality controls are in place and operating and whether established audit standards, policies, and procedures are being followed by Offices of Inspector General of establishments defined under section {D> 11(2) <D} 12(2), Offices of Inspector General of designated Federal entities defined under section 8F(a)(2),1 and any audit office established within a Federal entity defined under section 8F(a)(1),1 reviews shall be performed exclusively by an audit entity in the Federal Government, including the General Accounting Office or the Office of Inspector General of each establishment defined under section 11(2), or the Office of Inspector General of each designated Federal entity defined under section 8F(a)(2).

(a) * * *

(6) a listing, subdivided according to subject matter, of each audit report, *inspection reports and evaluation reports* issued by the Office during the reporting period and for each {D> audit <D} report, where applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs) and the dollar value of recommendations that funds be put to better use;

(8) statistical tables showing the total number of audit reports, *inspection reports and evaluation reports* and the total dollar value of questioned costs (including a separate category for the dollar value of unsupported costs), for {D> audit <D} reports--

(9) statistical tables showing the total number of audit reports, *inspection reports and evaluation reports* and the dollar value of recommendations that funds be put to better use by management, for {D> audit <D} reports--

(10) a summary of each audit report, *inspection reports and evaluation reports* issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report;

(b) * * *

(2) statistical tables showing the total number of audit reports, *inspection reports and evaluation reports* and the dollar value of disallowed costs, for {D> audit <D} reports--

(3) statistical tables showing the total number of audit reports, *inspection reports and evaluation reports* and the dollar value of recommendations that funds be put to better use by management agreed to in a management decision, for {D> audit <D} reports--

(a) * * *

(4) to require by {D> subpoena <D} *subpoena* the production of all information, documents, reports, answers, records, accounts, papers, and other data *in any medium (including electronically stored information, as well as any tangible thing)* and documentary evidence necessary in the performance of the functions assigned by this Act, which {D> subpoena <D} *subpoena*, in the case of contumacy or refusal to obey, shall be enforceable by order of any appropriate United States district court: *Provided*, That procedures other than {D> subpoenas <D} *subpoenas* shall be used by the Inspector General to obtain documents and information from Federal agencies;

(d) {D> For purposes of the provision of Title 5, United States Code, governing the Senior Executive Service, any reference in such provisions to the "appointing authority" for a member of the Senior Executive Service or for a Senior Executive Service position shall, if such member or position is or would be within the Office of an Inspector General, be deemed to be a reference to such Inspector General. <D> (1)(A) *For purposes of applying the provisions of law identified in subparagraph (B)--*

(i) each Office of Inspector General shall be considered to be a separate agency; and

(ii) the Inspector General who is the head of an office referred to in clause (i) shall, with respect to such office, have the functions, powers, and duties of an agency head or appointing authority under such provisions.

(B) This paragraph applies with respect to the following provisions of title 5, United States Code:

(i) Subchapter II of chapter 35.

(ii) Sections 8335(b), 8336, 8344, 8414, 8468, and 8425(b).

(iii) All provisions relating to the Senior Executive Service (as determined by the Office of Personnel Management), subject to paragraph (2).

(2) For purposes of applying *section 4507(b) of title 5, United States Code*, paragraph (1)(A)(ii) shall be applied by substituting 'the Council of the Inspectors General on Integrity and Efficiency (established by section 11 of the Inspector General Act) shall' for 'the Inspector General who is the head of an office referred to in clause (i) shall, with respect to such office,

(e) * * *

(1) In addition to the authority otherwise provided by this Act, each Inspector General {D> appointed under section 3 <D}, any Assistant Inspector General for Investigations under such an Inspector General, and any special agent supervised by such an Assistant Inspector General may be authorized by the Attorney General to--

(9) In this subsection the term 'Inspector General' means an Inspector General appointed under section 3 or an Inspector General appointed under section 8G.

(f)(1) For each fiscal year, an Inspector General shall transmit a budget estimate and request to the head of establishment or designated Federal entity to which the Inspector General reports. The budget request shall specify the aggregate amount of funds requested for such fiscal year for the operations of that Inspector General and shall specify the amount requested for all training requirements, including a certification from the Inspector General that the amount requested satisfies all training needs for the Inspector General's office for that fiscal year, and any resources necessary to support the Council of the Inspectors General on Integrity and Efficiency. Resources necessary to support the Council of the Inspectors General on Integrity and Efficiency shall be specifically identified and justified in the budget request.

(2) In transmitting a proposed budget to the President for approval, the head of each establishment or designated Federal entity shall include--

- (A) an aggregate request for the Inspector General;
- (B) amounts for Inspector General training;
- (C) amounts for support of the Council of the Inspectors General on Integrity and Efficiency; and
- (D) any comments of the affected Inspector General with respect to the proposal.

(3) The President shall include in each budget of the United States Government submitted to Congress--

- (A) a separate statement of the budget estimate prepared in accordance with paragraph (1);
- (B) the amount requested by the President for each Inspector General;
- (C) the amount requested by the President for training of Inspectors General;
- (D) the amount requested by the President for support for the Council of the Inspectors General on Integrity and Efficiency; and

(E) any comments of the affected Inspector General with respect to the proposal, including whether the budget request submitted by the head of the establishment or designated Federal entity would substantially inhibit the Inspector General from performing the duties of the office.

(k) * * *

(l) * * *

(C) shall be responsible for protecting the Internal Revenue Service against external attempts to corrupt or threaten employees of the Internal Revenue Service, but shall not be responsible for the conducting of background checks {D} and the providing of physical security <D>; and

(b) In carrying out the duties and responsibilities specified in this Act, the Inspector General of the Department of Justice--

(1) may initiate, conduct and supervise such audits and investigations in the Department of Justice as the Inspector General considers appropriate;

(2) except as specified in subsection (a) {D} and paragraph (3) <D>, may investigate allegations of criminal wrongdoing or administrative misconduct by an employee of the Department of Justice, or may, in the discretion of the Inspector General, refer such allegations to the Office of Professional Responsibility or the internal affairs office of the appropriate component of the Department of Justice;

{D} (3) shall refer to the Counsel, Office of Professional Responsibility of the Department of Justice, allegations of misconduct involving Department attorneys, investigators, or law enforcement personnel, where the allegations relate to the exercise of the authority of an attorney to investigate, litigate, or provide legal advice, except that no such referral shall be made if the attorney is employed in the Office of Professional Responsibility; <D>

{D} (4) <D> (3) may investigate allegations of criminal wrongdoing or administrative misconduct by a person who is the head of any agency or component of the Department of Justice; and

{D} (5) <D> (4) shall forward the results of any investigation conducted under paragraph {D} (4) <D> (3), along with any appropriate recommendation for disciplinary action, to the Attorney General.

(d) The Attorney General shall ensure by regulation that any component of the Department of Justice receiving a nonfrivolous allegation of criminal wrongdoing or administrative misconduct by an employee of the Department of Justice, except with respect to allegations described in subsection (b)(3), shall report that information to the Inspector General.

(a) Notwithstanding section 11 of this Act, as used in this section--

(1) * * *

(A) an establishment (as defined under section 11(2) of this Act) or part of an establishment;

(c) Except as provided under subsection (f) of this section, the Inspector General shall be appointed by the head of the designated Federal entity in accordance with the applicable laws and regulations governing appointments within the designated Federal entity. *Each Inspector General shall be appointed without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations.*

(e) If an Inspector General is removed from office or is transferred to another position or location within a designated Federal entity, the head of the designated Federal entity shall promptly communicate in writing the reasons for any such removal or transfer to both Houses of the Congress shall communicate in writing the reason for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer.

(g) * * *

(4) Each Inspector General shall, in accordance with applicable laws and regulations governing appointments within the designated Federal entity, appoint a Counsel to the Inspector General who shall report to the Inspector General or obtain the services of a counsel appointed by and directly reporting to another Inspector General or the Council of the Inspectors General on Integrity and Efficiency on a reimbursable basis.

"(a) "DIRECT LINKS TO INSPECTORS GENERAL OFFICES.--

"(1) IN GENERAL.--Each agency shall establish and maintain on the homepage of the website of that agency, a direct link to the website of the Office of the Inspector General of that agency.

"(2) ACCESSIBILITY.--The direct link under paragraph (1) shall be obvious and facilitate accessibility to the website of the Office of the Inspector General.

"(b) REQUIREMENTS FOR INSPECTORS GENERAL WEBSITES.--

"(1) POSTING OF REPORTS AND AUDITS.--The Inspector General of each agency shall--

"(A) in accordance with *section 552a of title 5, United States Code* (commonly referred to as the Privacy Act), not later than 3 working days after any report or audit (or portion of any report or audit), that is subject to release under section 552 of that title (commonly referred to as the Freedom of Information Act), is made publicly available, post that report or audit (or portion of that report or audit) on the website of the Office of the Inspector General; and

"(B) ensure that any posted report or audit (or portion of that report or audit) described under subparagraph (A)--

"(i) is easily accessible from a direct link on the homepage of the website of the Office of the Inspector General;

"(ii) includes a summary of the findings of the Inspector General; and--

"(iii) is in a format that

"(2) REPORTING OF FRAUD, WASTE, AND ABUSE.--

"(A) IN GENERAL.--The Inspector General of each agency shall establish and maintain a direct link on the homepage of the website of the Office of the Inspector General for individuals to report fraud, waste, and abuse. Individuals reporting fraud, waste, or abuse using the direct link established under this paragraph shall not be required to provide personally identifying information relating to that individual.

"(B) ANONYMITY.--The Inspector General of each agency shall not disclose the identity of any individual making a report under this paragraph without the consent of the individual unless the Inspector General determines that such a disclosure is unavoidable during the course of the investigation."

(b) IMPLEMENTATION.--Not later than 180 days after the date of enactment of this Act, the head of each agency and the Inspector General of each agency shall implement the amendment made by this section.

"(a) ESTABLISHMENT AND MISSION.--

"(1) Establishment.--There is established as an independent entity within the executive branch the Council of the Inspectors General on Integrity and Efficiency (in this section referred to as the 'Council').

(2) MISSION.--The mission of the Council shall be to--

"(A) address integrity, economy, and effectiveness issues that transcend individual Government agencies; and

"(B) increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General.

"(b) MEMBERSHIP.--

"(1) IN GENERAL.--The Council shall consist of the following members:

"(A) All Inspectors General whose offices are established under--

"(i) section 2; or

"(ii) section 8G.

"(B) The Inspectors General of the Office of the Director of National Intelligence and the Central Intelligence Agency.

"(C) The Controller of the Office of Federal Financial Management.

"(D) A senior level official of the Federal Bureau of Investigation designated by the Director of the Federal Bureau of Investigation.

"(E) The Director of the Office of Government Ethics.

"(F) The Special Counsel of the Office of Special Counsel.

"(G) The Deputy Director of the Office of Personnel Management.

"(H) The Deputy Director for Management of the Office of Management and Budget.

"(I) The Office of Inspectors General of the Library of Congress, Capitol Police, and the Government Printing Office.

"(J) Any other members designated by the President.

"(2) CHAIRPERSON AND EXECUTIVE CHAIRPERSON.--

"(A) EXECUTIVE CHAIRPERSON.--The Deputy Director for Management of the Office of Management and Budget shall be the Executive Chairperson of the Council.

"(B) CHAIRPERSON.--The Council shall elect 1 of the Inspectors General referred to in paragraph (1)(A) or (B) to act as Chairperson of the Council. The term of office of the Chairperson shall be 2 years.

"(3) FUNCTIONS OF CHAIRPERSON AND EXECUTIVE CHAIRPERSON.--

"(A) EXECUTIVE CHAIRPERSON.--The Executive Chairperson shall--

"(i) preside over meetings of the Council;

"(ii) provide to the heads of agencies and entities represented on the Council summary reports of the activities of the Council; and

"(iii) provide to the Council such information relating to the agencies and entities represented on the Council as assists the Council in performing its functions.

"(B) CHAIRPERSON.--The Chairperson shall--

"(i) convene meetings of the Council--

"(ii) exercise the functions and duties of the Council under subsection (c);

"(iii) appoint a Vice Chairperson to assist in carrying out the functions of the Council and act in the absence of the Chairperson, from a category of Inspectors General described in subparagraph (A)(i), (A)(ii), or (B) of paragraph (1), other than the category from which the Chairperson was elected;

"(iv) make such payments from funds otherwise available to the Council as may be necessary to carry out the functions of the Council;

"(v) select, appoint, and employ personnel as needed to carry out the functions of the Council subject to the availability of appropriations and the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates;

"(vi) to the extent and in such amounts as may be provided in advance by appropriations Acts, enter into contracts and other arrangements with public agencies and private persons to carry out the functions and duties of the Council;

"(vii) establish, in consultation with the members of the Council, such committees as determined by the Chairperson to be necessary and appropriate for the efficient conduct of Council functions; and

"(viii) prepare and transmit a report annually on behalf of the Council to the President on the activities of the Council.

"(c) FUNCTIONS AND DUTIES OF COUNCIL.--

"(1) IN GENERAL.--The Council shall--

"(A) continually identify, review, and discuss areas of weakness and vulnerability in Federal programs and operations with respect to fraud, waste, and abuse;

"(B) develop plans for coordinated, governmentwide activities that address these problems and promote economy and efficiency in Federal programs and operations, including interagency and interentity audit, investigation, inspection, and evaluation programs and projects to deal efficiently and effectively with those problems concerning fraud and waste that exceed the capability or jurisdiction of an individual agency or entity;

"(C) develop policies that will aid in the maintenance of a corps of well-trained and highly skilled Office of Inspector General personnel;

"(D) maintain an Internet website and other electronic systems for the benefit of all Inspectors General, as the Council determines are necessary or desirable;

"(E) maintain 1 or more academies as the Council considers desirable for the professional training of auditors, investigators, inspectors, evaluators, and other personnel of the various offices of Inspector General;

"(F) submit recommendations of individuals to the appropriate appointing authority for any appointment to an office of Inspector General described under subsection (b)(1)(A) or (B);

"(G) make such reports to Congress as the Chairperson determines are necessary or appropriate; and

"(H) perform other duties within the authority and jurisdiction of the Council, as appropriate.

"(2) ADHERENCE AND PARTICIPATION BY MEMBERS.--To the extent permitted under law, and to the extent not inconsistent with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions, each member of the Council shall adhere to professional standards developed by the Council and participate in the plans, programs, and projects of the Council, as appropriate.

"(3) ADDITIONAL ADMINISTRATIVE AUTHORITIES.--

"(A) INTERAGENCY FUNDING.--Notwithstanding *section 1532 of title 31, United States Code*, or any other provision of law prohibiting the interagency funding of activities described under subclause (I), (II), or (III) of clause (i), in the performance of the responsibilities, authorities, and duties of the Council--

"(i) the Executive Chairperson may authorize the use of interagency funding for--

"(ii) upon the authorization of the Executive Chairperson, any department, agency, or entity of the executive branch which has a member on the Council shall fund or participate in the funding of such activities.

"(B) SUPERSEDING PROVISIONS.--No provision of law enacted after the date of enactment of this subsection shall be construed to limit or supersede the authority under paragraph (1), unless such provision makes specific reference to the authority in that paragraph.

"(4) EXISTING AUTHORITIES AND RESPONSIBILITIES.--The establishment and operation of the Council shall not affect--

"(A) the role of the Department of Justice in law enforcement and litigation;

"(B) the authority or responsibilities of any Government agency or entity; and

"(C) the authority or responsibilities of individual members of the Council.

"(d) INTEGRITY COMMITTEE.--

"(1) ESTABLISHMENT.--The Council shall have an Integrity Committee, which shall receive, review, and refer for investigation allegations of wrongdoing that are made against Inspectors General and staff members of the various Offices of Inspector General described under paragraph (4)(C).

"(2) MEMBERSHIP.--The Integrity Committee shall consist of the following members:

"(A) The official of the Federal Bureau of Investigation serving on the Council, who shall serve as Chairperson of the Integrity Committee.

"(B) Three or more Inspectors General described in subparagraph (A) or (B) of subsection (b)(1) appointed by the Chairperson of the Council, representing both establishments and designated Federal entities (as that term is defined in section 8G(a)).

"(C) The Special Counsel of the Office of Special Counsel.

"(D) The Director of the Office of Government Ethics.

"(3) LEGAL ADVISOR.--The Chief of the Public Integrity Section of the Criminal Division of the Department of Justice, or his designee, shall serve as a legal advisor to the Integrity Committee.

"(4) REFERRAL OF ALLEGATIONS.--

"(A) REQUIREMENT.--An Inspector General shall refer to the Integrity Committee any allegation of wrongdoing against a staff member of the office of that Inspector General, if--

"(i) review of the substance of the allegation cannot be assigned to an agency of the executive branch with appropriate jurisdiction over the matter; and

"(ii) the Inspector General determines that--

"(B) DEFINITION.--In this paragraph the term `staff member' means--

"(i) any employee of an Office of Inspector General who reports directly to an Inspector General; or

"(ii) who is designated by an Inspector General under subparagraph (C).

"(C) DESIGNATION OF STAFF MEMBERS.--Each Inspector General shall annually submit to the Chairperson of the Integrity Committee a designation of positions whose holders are staff members for purposes of subparagraph (B).

"(5) REVIEW OF ALLEGATIONS.--The Integrity Committee shall--

"(A) review all allegations of wrongdoing the Integrity Committee receives against an Inspector General, or against a staff member of an Office of Inspector General described under paragraph (4)(C);

"(B) refer any allegation of wrongdoing to the agency of the executive branch with appropriate jurisdiction over the matter; and

"(C) refer to the Chairperson of the Integrity Committee any allegation of wrongdoing determined by the Integrity Committee under subparagraph (A) to be potentially meritorious that cannot be referred to an agency under subparagraph (B).

"(6) AUTHORITY TO INVESTIGATE ALLEGATIONS.--

"(A) REQUIREMENT.--The Chairperson of the Integrity Committee shall cause a thorough and timely investigation of each allegation referred under paragraph (5)(C) to be conducted in accordance with this paragraph.

"(B) RESOURCES.--At the request of the Chairperson of the Integrity Committee, the head of each agency or entity represented on the Council--

"(i) may provide resources necessary to the Integrity Committee; and

"(ii) may detail employees from that agency or entity to the Integrity Committee, subject to the control and direction of the Chairperson, to conduct an investigation under this subsection.

"(7) PROCEDURES FOR INVESTIGATIONS.--

"(A) STANDARDS APPLICABLE.--Investigations initiated under this subsection shall be conducted in accordance with the most current Quality Standards for Investigations issued by the Council or by its predecessors (the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency).

"(B) ADDITIONAL POLICIES AND PROCEDURES.--

"(i) ESTABLISHMENT.--The Integrity Committee, in conjunction with the Chairperson of the Council, shall establish additional policies and procedures necessary to ensure fairness and consistency in--

"(ii) SUBMISSION TO CONGRESS.--The Council shall submit a copy of the policies and procedures established under clause (i) to the congressional committees of jurisdiction.

"(C) REPORTS.--

"(i) POTENTIALLY MERITORIOUS ALLEGATIONS.--For allegations described under paragraph (5)(C), the Chairperson of the Integrity Committee shall make a report containing the results of the investigation of the Chairperson and shall provide such report to members of the Integrity Committee.

"(ii) ALLEGATIONS OF WRONGDOING.--For allegations referred to an agency under paragraph (5)(B), the head of that agency shall make a report containing the results of the investigation and shall provide such report to members of the Integrity Committee.

"(8) ASSESSMENT AND FINAL DISPOSITION.--

"(A) IN GENERAL.--With respect to any report received under paragraph (7)(C), the Integrity Committee shall--

"(i) assess the report;

"(ii) forward the report, with the recommendations of the Integrity Committee, including those on disciplinary action, within 30 days (to the maximum extent practicable) after the completion of the investigation, to the Executive Chairperson of the Council and to the President (in the case of a report relating to an Inspector General of an establishment or any employee of that Inspector General) or the head of a designated Federal entity (in the case of a report relating to an Inspector General of such an entity or any employee of that Inspector General) for resolution; and

"(iii) submit to the congressional committees of jurisdiction an executive summary of such report and recommendations within 30 days after the submission of such report to the Executive Chairperson under clause (ii).

"(B) DISPOSITION.--The Executive Chairperson of the Council shall report to the Integrity Committee the final disposition of the matter, including what action was taken by the President or agency head.

"(9) ANNUAL REPORT.--The Council shall submit to Congress and the President by December 31 of each year a report on the activities of the Integrity Committee during the preceding fiscal year, which shall include the following:

"(A) The number of allegations received.

"(B) The number of allegations referred to other agencies, including the number of allegations referred for criminal investigation.

"(C) The number of allegations referred to the Chairperson of the Integrity Committee for investigation.

"(D) The number of allegations closed without referral.

"(E) The date each allegation was received and the date each allegation was finally disposed of.

"(F) In the case of allegations referred to the Chairperson of the Integrity Committee, a summary of the status of the investigation of the allegations and, in the case of investigations completed during the preceding fiscal year, a summary of the findings of the investigations.

"(G) Other matters that the Council considers appropriate.

"(10) REQUESTS FOR MORE INFORMATION.--With respect to paragraphs (8) and (9), the Council shall provide more detailed information about specific allegations upon request from any of the following:

"(A) The chairperson or ranking member of the Committee on Homeland Security and Governmental Affairs of the Senate.

"(B) The chairperson or ranking member of the Committee on Oversight and Government Reform of the House of Representatives.

"(C) The chairperson or ranking member of the congressional committees of jurisdiction.

"(11) NO RIGHT OR BENEFIT.--This subsection is not intended to create any right or benefit, substantive or procedural, enforceable at law by a person against the United States, its agencies, its officers, or any person."

TITLE 31--MONEY AND FINANCE

Subtitle II--The Budget Process

CHAPTER 11--THE BUDGET AND FISCAL, BUDGET, AND PROGRAM INFORMATION

(a) * * *

(33) {D} a separate appropriation account for appropriations for the Inspectors General Criminal Investigator Academy and the Inspectors General Forensic Laboratory of the Department of the Treasury. <D> *a separate appropriation account for appropriations for the Council of the Inspectors General on Integrity and Efficiency, and, included in that account, a separate statement of the aggregate amount of appropriations requested for each academy maintained by the Council of the Inspectors General on Integrity and Efficiency.*

Subtitle III--Financial Management

CHAPTER 38--ADMINISTRATIVE REMEDIES FOR FALSE CLAIMS AND STATEMENTS

(a) * * *

(1) * * *

(D) the United States Postal Service; {D} and <D>

(E) National Science Foundation; *and*

(F) *a designated Federal entity (as such term is defined under section 8G(a)(2) of the Inspector General Act of 1978).*

TITLE 42--THE PUBLIC HEALTH AND WELFARE

CHAPTER 129--NATIONAL AND COMMUNITY SERVICE

Subchapter I--National and Community Service State Grant Program

Division G--Corporation for National and Community Service

(b) * * *

{D> (3) Compensation The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5. <D}

TITLE 44--PUBLIC PRINTING AND DOCUMENTS

CHAPTER--GOVERNMENT PRINTING OFFICE: OFFICE OF INSPECTOR GENERAL

(b) The Inspector General may be removed from office by the Public Printer. {D> The Public Printer shall, promptly upon such removal, communicate in writing the reasons for any such removal to each House of the Congress. <D} *If the Inspector General is removed from office or is transferred to another position or location within the Government Printing Office, the Public Printer shall communicate in writing the reasons for any such removal or transfer to both Houses of Congress, not later than 30 days before the removal or transfer.*

SUBJECT: LEGISLATIVE BODIES (90%); INVESTIGATIONS (90%); LEGISLATION (89%); MISCONDUCT (79%); US FEDERAL GOVERNMENT (79%); AGENCY RULEMAKING (59%); WAGE DISCRIMINATION (59%); CONFLICTS OF INTEREST (59%); WAGES & SALARIES (59%); NATIONAL SECURITY (59%); LAW ENFORCEMENT (59%); BUDGET (59%); LAWYERS (59%); JUSTICE DEPARTMENTS (59%); LEGISLATORS (59%); EXECUTIVE ORDERS (59%); GOVERNMENT BUDGETS (59%); AUDITS (59%); APPROPRIATIONS (59%)

LOAD-DATE: February 25, 2008



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COMMITTEE REPORTS

110th Congress, 1st Session

HOUSE Report 110-354

H.R. 928

110 H. Rpt. 354

IMPROVING GOVERNMENT ACCOUNTABILITY ACT

September 27, 2007--Ordered to be printed

SPONSOR: Mr. Waxman submitted the following

COMMITTEE: From the Committee on Oversight and Government Reform

TEXT:

NOTICE:

{D> Text within these symbols is deleted <D}

September 27, 2007.--Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WAXMAN, from the Committee on Oversight and Government Reform, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 928]

[Including cost estimate of the Congressional Budget Office]

The Committee on Oversight and Government Reform, to whom was referred the bill (H.R. 928) to amend the Inspector General Act of 1978 to enhance the independence of the Inspectors General, to create a Council of the Inspectors General on Integrity and Efficiency, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**--This Act may be cited as the "Improving Government Accountability Act".

(b) **TABLE OF CONTENTS.**--The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Enhancing independence of Inspectors General.

Sec. 3. Direct submission of budget requests to Congress.

Sec. 4. Establishment of Council of the Inspectors General on Integrity and Efficiency.

Sec. 5. Pay and bonuses of Inspectors General.

Sec. 6. Miscellaneous enhancements.

Sec. 7. Program Fraud Civil Remedies Act.

Sec. 8. Application of semiannual reporting requirements with respect to inspection reports and evaluation reports.

SEC. 2. ENHANCING INDEPENDENCE OF INSPECTORS GENERAL.

(a) **REMOVAL FOR CAUSE.**--The Inspector General Act of 1978 (5 U.S.C. App.) is amended--

(1) in section 3(b) by adding at the end the following: "An Inspector General may be removed from office prior to the expiration of his or her term only on any of the following grounds:

"(1) Permanent incapacity.

"(2) Inefficiency.

"(3) Neglect of duty.

"(4) Malfeasance.

"(5) Conviction of a felony or conduct involving moral turpitude."; and

(2) in section 8G(e) by striking "an Inspector General" and all that follows through the period at the end and inserting the following: "the head of a designated Federal entity intends to remove an Inspector General from office or transfer an Inspector General to another position or location within such designated Federal entity, the head of such entity shall communicate in writing the reasons for any such removal or transfer to both Houses of Congress at least 30 days before such removal or transfer."

(b) ESTABLISHMENT OF TERMS OF OFFICE.--The Inspector General Act of 1978 (5 U.S.C. App.) is amended--

(1) in section 3 by adding at the end the following:

"(e)(1) The term of office of each Inspector General shall be seven years. An individual may serve for more than one term in such office. Any individual appointed and confirmed to fill a vacancy in such position, occurring before the expiration of the term for which his or her predecessor was appointed, shall be appointed and confirmed for a full seven-year term.

"(2) An individual may continue to serve as Inspector General beyond the expiration of the term for which the individual is appointed until a successor is appointed and confirmed, except that such individual may not continue to serve for more than 1 year after the date on which the term would otherwise expire under paragraph (1)."; and

(2) in section 8G(c) by inserting "(1)" after "(c)", and by adding at the end the following:

"(2) The term of office of each Inspector General shall be seven years. An individual may serve for more than one term in such office. Any individual appointed to fill a vacancy in such position, occurring before the expiration of the term for which his or her predecessor was appointed, shall be appointed for a full 7-year term."

(c) APPLICATION.--The amendments made by this section shall apply to any Inspector General appointed on or after the date of the enactment of this Act.

SEC. 3. DIRECT SUBMISSION OF BUDGET REQUESTS TO CONGRESS.

Section 6 of the Inspector General Act of 1978 (5 U.S.C. App.) is amended by adding at the end the following:

"(f)(1) For each fiscal year, an Inspector General may transmit an appropriation estimate and request to the Director of the Office of Management and Budget and to the appropriate committees or subcommittees of the Congress, in addition to any appropriation estimate and request submitted to the head of the establishment concerned.

"(2) The President shall include in each budget of the United States Government submitted to the Congress--

"(A) a separate statement of the amount of appropriations requested by each Inspector General who has submitted an appropriation estimate under paragraph (1); and

"(B) a statement comparing each such appropriation estimate and request submitted by an Inspector General and the funds requested by the head of the establishment concerned."

SEC. 4. ESTABLISHMENT OF COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY.

(a) ESTABLISHMENT.--The Inspector General Act of 1978 (5 U.S.C. App.) is amended by redesignating sections 11 and 12 in order as sections 12 and 13, and by inserting after section 10 the following new section:

"ESTABLISHMENT OF THE COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY

"SEC. 11. (a) ESTABLISHMENT.--There is established as an independent entity within the executive branch the Inspectors General Council (in this section referred to as the `Council'). The Council's mission shall be to increase the professionalism and effectiveness of personnel by developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of the Inspectors General.

"(b) MEMBERSHIP.--

"(1) IN GENERAL.--The Council shall consist of the following members:

2007 Committee Reports, September 27, 2007

"(A) All Inspectors General whose offices are established under--

"(i) section 2; or

"(ii) section 8G.

"(B) The Inspectors General of the Central Intelligence Agency and the Government Printing Office.

"(C) The Controller of the Office of Federal Financial Management.

"(D) A senior level official of the Federal Bureau of Investigation designated by the Director of the Federal Bureau of Investigation.

"(E) The Director of the Office of Government Ethics.

"(F) The Special Counsel of the Office of Special Counsel.

"(G) The Deputy Director of the Office of Personnel Management.

"(H) The Deputy Director for Management of the Office of Management and Budget.

"(2) CHAIRPERSON AND EXECUTIVE CHAIRPERSON.--

"(A) EXECUTIVE CHAIRPERSON.--The Deputy Director for Management of the Office of Management and Budget shall be the Executive Chairperson of the Council.

"(B) CHAIRPERSON.--The Council shall elect one of the Inspectors General referred to in paragraph (1)(A) or (B) to act as Chairperson of the Council. The term of office of the Chairperson shall be two years.

"(3) FUNCTIONS OF CHAIRPERSON AND EXECUTIVE CHAIRPERSON.--

"(A) EXECUTIVE CHAIRPERSON.--The Executive Chairperson shall--

"(i) preside over meetings of the Council;

"(ii) provide to the heads of agencies and entities represented on the Council with summary reports of the activities of the Council; and

"(iii) provide to the Council such information relating to the agencies and entities represented on the Council as will assist the Council in performing its functions.

"(B) CHAIRPERSON.--The Chairperson shall--

"(i) convene meetings of the Council--

"(ii) exercise the functions and duties of the Council under subsection (c);

"(iii) appoint a Vice Chairperson to assist in carrying out the functions of the Council and act in the absence of the Chairperson, from a category of Inspectors General described in subparagraph (A)(i), (A)(ii), or (B) of subsection (b)(1), other than the category from which the Chairperson was elected;

"(iv) make such payments from funds otherwise available to the Council as may be necessary to carry out the functions of the Council;

"(v) select, appoint, and employ personnel as needed to carry out the functions of the Council subject to the availability of appropriations and the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates;

"(vi) to the extent and in such amounts as may be provided in advance by appropriations Acts, enter into contracts and other arrangements with public agencies and private persons to carry out the functions and duties of the Council;

"(vii) establish, in consultation with the members of the Council, such committees as determined by the Chairperson to be necessary and appropriate for the efficient conduct of Council functions; and

"(viii) prepare and transmit a report annually on behalf of the Council to the President on the activities of the Council.

"(c) FUNCTIONS AND DUTIES OF COUNCIL.--

"(1) IN GENERAL.--The Council shall--

"(A) continually identify, review, and discuss areas of weakness and vulnerability in Federal programs and operations with respect to fraud, waste, and abuse;

"(B) develop plans for coordinated, Government-wide activities that address these problems and promote economy and efficiency in Federal programs and operations, including interagency and inter-entity audit, investigation, inspection, and evaluation programs and projects to deal efficiently and effectively with those problems concerning fraud and waste that exceed the capability or jurisdiction of an individual agency or entity;

"(C) develop policies that will aid in the maintenance of a corps of well-trained and highly skilled Office of Inspector General personnel;

"(D) maintain an Internet Web site and other electronic systems for the benefit of all Inspectors General, as the Council determines are necessary or desirable;

"(E) maintain one or more academies as the Council considers desirable for the professional training of auditors, investigators, inspectors, evaluators, and other personnel of the various offices of Inspector General; and

"(F) make such reports to the Congress as the Chairperson determines are necessary or appropriate.

"(2) ADHERENCE AND PARTICIPATION BY MEMBERS.--Each member of the Council should, to the extent permitted under law, and to the extent not inconsistent with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions, adhere to professional standards developed by the Council and participate in the plans, programs, and projects of the Council.

"(3) EXISTING AUTHORITIES AND RESPONSIBILITIES.--The creation and operation of the Council--

"(A) shall not affect the preeminent policy-setting role of the Department of Justice in law enforcement and litigation;

"(B) shall not affect the authority or responsibilities of any Government agency or entity; and

"(C) shall not affect the authority or responsibilities of individual members of the Council.

"(d) INTEGRITY COMMITTEE.--

"(1) ESTABLISHMENT.--The Council shall have an Integrity Committee, which shall receive, review, and refer for investigation allegations of wrongdoing that are made against Inspectors General and certain staff members of the various Offices of Inspector General.

"(2) MEMBERSHIP.--The Integrity Committee shall consist of the following members:

"(A) The official of the Federal Bureau of Investigation serving on the Council, who shall serve as Chairperson of the Integrity Committee.

"(B) 3 or more Inspectors General described in subparagraph (A) or (B) of subsection (b)(1) appointed by the Chairperson of the Council, representing both establishments and designated Federal entities (as that term is defined in section 8G(a)).

"(C) The Special Counsel of the Office of Special Counsel.

"(D) The Director of the Office of Government Ethics.

"(3) LEGAL ADVISOR.--The Chief of the Public Integrity Section of the Criminal Division of the Department of Justice, or his designee, shall serve as a legal advisor to the Integrity Committee.

"(4) REFERRAL OF ALLEGATIONS.--

"(A) REQUIREMENT.--An Inspector General shall refer to the Integrity Committee any allegation of wrongdoing against a staff member of his or her office, if--

"(i) review of the substance of the allegation cannot be assigned to an agency of the executive branch with appropriate jurisdiction over the matter; and

"(ii) the Inspector General determines that--

"(B) STAFF MEMBER DEFINED.--In this subsection the term `staff member' means--

"(i) any employee of an Office of Inspector General who reports directly to an Inspector General; or

"(ii) who is designated by an Inspector General under subparagraph (C).

"(C) DESIGNATION OF STAFF MEMBERS.--Each Inspector General shall annually submit to the Chairperson of the Integrity Committee a designation of positions whose holders are staff members for purposes of subparagraph (B).

"(5) REVIEW OF ALLEGATIONS.--The Integrity Committee shall--

"(A) review all allegations of wrongdoing it receives against an Inspector General, or against a staff member of an Office of Inspector General; and

"(B) refer to the Chairperson of the Integrity Committee any allegation of wrongdoing determined by the Integrity Committee to be meritorious that cannot be referred to an agency of the executive branch with appropriate jurisdiction over the matter.

"(6) AUTHORITY TO INVESTIGATE ALLEGATIONS.--

"(A) REQUIREMENT.--The Chairperson of the Integrity Committee shall cause a thorough and timely investigation of each allegation referred under paragraph (5)(B) to be conducted in accordance with this paragraph.

"(B) RESOURCES.--At the request of the Chairperson of the Integrity Committee, the head of each agency or entity represented on the Council--

"(i) may provide resources necessary to the Integrity Committee; and

"(ii) may detail employees from that agency or entity to the Integrity Committee, subject to the control and direction of the Chairperson, to conduct an investigation pursuant to this subsection.

"(7) PROCEDURES FOR INVESTIGATIONS.--

"(A) STANDARDS APPLICABLE.--Investigations initiated under this subsection shall be conducted in accordance with the most current Quality Standards for Investigations issued by the Council or by its predecessors (the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency).

"(B) ADDITIONAL POLICIES AND PROCEDURES.--The Integrity Committee, in conjunction with the Chairperson of the Council, shall establish additional policies and procedures necessary to ensure fairness and consistency in--

"(i) determining whether to initiate an investigation;

"(ii) conducting investigations;

"(iii) reporting the results of an investigation; and

"(iv) providing the person who is the subject of an investigation with an opportunity to respond to any Integrity Committee report.

"(C) REPORT.--With respect to any investigation that substantiates any allegation referred to the Chairperson of the Integrity Committee under paragraph (5)(B), the Chairperson of the Integrity Committee shall--

"(i) submit to the Executive Chairperson of the Council a report on the results of such investigation, within 180 days (to the maximum extent practicable) after the completion of the investigation; and

"(ii) submit to Congress a copy of such report within 30 days after the submission of such report to the Executive Chairperson under clause (i).

"(8) NO RIGHT OR BENEFIT.--This subsection is not intended to create any right or benefit, substantive or procedural, enforceable at law by a person against the United States, its agencies, its officers, or any person.

"(e) APPLICATION.--The provisions of this section apply only to the Inspectors General (and their offices) listed in subsection (b)(1)(A) and (B)."

(b) EXISTING EXECUTIVE ORDERS.--Executive Order 12805, dated May 11, 1992, and Executive Order 12993, dated March 21, 1996, shall have no force or effect.

(c) CONFORMING AMENDMENTS.--

(1) INSPECTOR GENERAL ACT OF 1978.--The Inspector General Act of 1978 (5 U.S.C. App.) is amended--

(A) in sections 2(1), 4(b)(2), and 8G(a)(1)(A) by striking "section 11(2)" each place it appears and inserting "section 12(2)"; and

(B) in section 8G(a), in the matter preceding paragraph (1), by striking "section 11" and inserting "section 12".

(2) TITLE 31, U.S.C.--*Section 1105(a) of title 31, United States Code*, is amended by striking the first paragraph (33) and inserting the following:

"(33) a separate appropriation account for appropriations for the Inspectors General Council, and, included in that account, a separate statement of the aggregate amount of appropriations requested for each academy maintained by the Inspectors General Council."

SEC. 5. PAY AND BONUSES OF INSPECTORS GENERAL.

(a) PROHIBITION OF CASH BONUS OR AWARDS.--Section 3 of the Inspector General Act of 1978 (5 U.S.C. App.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following:

"(f) An Inspector General (as defined under section 8G(a)(6) or 11(3)) may not receive any cash award or cash bonus, including any cash award under chapter 45 of title 5, United States Code."

(b) INSPECTORS GENERAL AT LEVEL III OF EXECUTIVE SCHEDULE.--

(1) IN GENERAL.--Section 3 of the Inspector General Act of 1978 (5 U.S.C. App.), as amended by the preceding provisions of this Act, is further amended by adding at the end the following:

"(g) The annual rate of basic pay for an Inspector General (as defined under section 11(3)) shall be the rate payable for level III of the Executive Schedule under *section 5314 of title 5, United States Code*, plus 3 percent."

(2) CONFORMING AMENDMENT.--*Section 5315 of title 5, United States Code*, is amended by striking the item relating to each of the following positions:

- (A) Inspector General, Department of Education.
- (B) Inspector General, Department of Energy.
- (C) Inspector General, Department of Health and Human Services.
- (D) Inspector General, Department of Agriculture.
- (E) Inspector General, Department of Housing and Urban Development.
- (F) Inspector General, Department of Labor.
- (G) Inspector General, Department of Transportation.
- (H) Inspector General, Department of Veterans Affairs.
- (I) Inspector General, Department of Homeland Security.
- (J) Inspector General, Department of Defense.
- (K) Inspector General, Department of State.
- (L) Inspector General, Department of Commerce.
- (M) Inspector General, Department of the Interior.
- (N) Inspector General, Department of Justice.
- (O) Inspector General, Department of the Treasury.
- (P) Inspector General, Agency for International Development.

- (Q) Inspector General, Environmental Protection Agency.
- (R) Inspector General, Export-Import Bank.
- (S) Inspector General, Federal Emergency Management Agency.
- (T) Inspector General, General Services Administration.
- (U) Inspector General, National Aeronautics and Space Administration.
- (V) Inspector General, Nuclear Regulatory Commission.
- (W) Inspector General, Office of Personnel Management.
- (X) Inspector General, Railroad Retirement Board.
- (Y) Inspector General, Small Business Administration.
- (Z) Inspector General, Tennessee Valley Authority.
- (AA) Inspector General, Federal Deposit Insurance Corporation.
- (BB) Inspector General, Resolution Trust Corporation.
- (CC) Inspector General, Central Intelligence Agency.
- (DD) Inspector General, Social Security Administration.
- (EE) Inspector General, United States Postal Service.

(3) SAVINGS PROVISION.--Nothing in this subsection shall have the effect of reducing the rate of pay of any individual serving as an Inspector General on the effective date of this subsection.

(c) INSPECTORS GENERAL OF DESIGNATED FEDERAL ENTITIES.--Notwithstanding any other provision of law, the Inspector General of each designated Federal entity (as those terms are defined under section 8G of the Inspector General Act of 1978) shall, for pay and all other purposes, be classified at a grade, level, or rank designation, as the case may be, comparable to those of a majority of the senior staff members of such designated Federal entity (such as, but not limited to, a General Counsel, Deputy Director, or Chief of Staff) that report directly to the head of such designated Federal entity. The head of a designated Federal entity shall set the annual rate of basic pay for an Inspector General (as defined under such section 8G) 3 percent above the annual rate of basic pay for senior staff members classified at a comparable grade, level, or rank designation (or, if those senior staff members receive different rates, the annual rate of basic pay for a majority of those senior staff members, as determined by the head of the designated Federal entity concerned).

SEC. 6. MISCELLANEOUS ENHANCEMENTS.

(a) OFFICES AS DISCRETE AGENCIES.--Section 6(d) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended to read as follows:

"(d)(1)(A) For purposes of applying the provisions of law identified in subparagraph (B)--

"(i) each Office of Inspector General shall be considered to be a separate agency; and

"(ii) the Inspector General who is the head of an office referred to in clause (i) shall, with respect to such office, have the functions, powers, and duties of an agency head or appointing authority under such provisions.

"(B) This paragraph applies with respect to the following provisions of title 5, United States Code:

"(i) Subchapter II of chapter 35.

"(ii) Sections 8335(b), 8336, 8414, and 8425(b).

"(iii) All provisions relating to the Senior Executive Service (as determined by the Office of Personnel Management), subject to paragraph (2).

"(2) For purposes of applying *section 4507(b) of title 5, United States Code*, paragraph (1)(A)(ii) shall be applied by substituting `the Council of the Inspectors General on Integrity and Efficiency (established by section 11 of the In-