



CRS Report for Congress

Statutory Offices of Inspector General: Past and Present

Frederick M. Kaiser
Specialist in American National Government
Government and Finance Division

Summary

Statutory offices of inspector general (OIG) consolidate responsibility for audits and investigations within a federal agency. Established by public law as permanent, nonpartisan, independent offices, they now exist in more than 60 establishments and entities, including all departments and largest agencies, along with numerous boards and commissions. Under two major enactments — the Inspector General Act of 1978 and its amendments of 1988 — inspectors general are granted substantial independence and powers to carry out their mandate to combat waste, fraud, and abuse.¹ Recent laws have added offices, funding for special operations, and law enforcement powers to OIGs in establishments. Recent initiatives have set up mechanisms to oversee the Gulf Recovery Program, while various legislative proposals in the 110th Congress are designed to strengthen the IGs' independence and establish new posts, among other matters.

Responsibilities. The IGs' three principal responsibilities are:

- conducting and supervising audits and investigations relating to the programs and operations of the establishment;
- providing leadership and coordination and recommending policies for activities designed to promote the economy, efficiency, and effectiveness

¹ 5 U.S.C. Appendix covers all but six of the statutory OIGs. See U.S. President's Council on Integrity and Efficiency, *A Strategic Framework, 2005-2010* [<http://www.ignet.gov>]; Frederick Kaiser, "The Watchers' Watchdog: The CIA Inspector General," *International Journal of Intelligence* (1989); Paul Light, *Monitoring Government: Inspectors General and the Search for Accountability* (1993); Government Accountability Office, *Inspectors General: Office Consolidation and Related Issues*, GAO-02-575, and *Highlights of the Comptroller General's Panel on Federal Oversight and the Inspectors General*, GAO-06-931SP; U.S. House Subcommittee on Government Efficiency, *25th Anniversary of the Inspector General Act, and Improving IG Functionality and Independence*, hearings (2003 and 2004); U.S. House Subcommittee on Government Management, Organization, and Procurement, *Inspectors General: Independence and Accountability*, hearing (2007); and Peter Stone, "The Watchdogs," *National Journal*, May 12, 2007, pp. 30-35.

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 21 JUN 2007		2. REPORT TYPE		3. DATES COVERED 00-00-2007 to 00-00-2007	
4. TITLE AND SUBTITLE Statutory Offices of Inspector General: Past and Present				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service, The Library of Congress, 101 Independence Ave, SE, Washington, DC, 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT See Report					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 6	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

- of such programs and operations, and preventing and detecting waste, fraud, and abuse in such programs and operations; and
- providing a means for keeping the establishment head and Congress fully and currently informed about problems and deficiencies relating to such programs and the necessity for and progress of corrective action.

Authority and Duties. To carry out these purposes, IGs have been granted broad authority to: conduct audits and investigations; access directly all records and information of the agency; request assistance from other federal, state, and local government agencies; subpoena information and documents; administer oaths when taking testimony; hire staff and manage their own resources; and receive and respond to complaints from agency employees, whose confidentiality is to be protected. In addition, the Homeland Security Act of 2002 gave law enforcement powers to criminal investigators in offices headed by presidential appointees. IGs, moreover, implement the cash incentive award program in their agency for employee disclosures of waste, fraud, and abuse (5 U.S.C. 4511).

Notwithstanding these powers and duties, IGs are *not* specifically authorized to take corrective action themselves. Along with this, the Inspector General Act prohibits the transfer of “program operating responsibilities” to an IG. The rationale here is that it would be difficult, if not impossible, for IGs to audit or investigate programs and operations impartially and objectively if they were directly involved in carrying them out.

Reporting Requirements. IGs have reporting obligations regarding their findings, conclusions, and recommendations. These include reporting (1) suspected violations of federal criminal law directly and expeditiously to the Attorney General; (2) semiannually to the agency head, who must submit the IG report (along with his or her comments) to Congress within 30 days; and (3) “particularly serious or flagrant problems” immediately to the agency head, who must submit the IG report (with comments) to Congress within seven days. The CIA IG must also report to the Intelligence Committees if the Director or Acting Director is the focus of an investigation or audit. By means of these reports and “otherwise,” IGs are to keep the agency head and Congress fully and currently informed. Other means of communication include testifying at congressional hearings; meeting with Members and staff of Congress; and responding to congressional requests for information and reports.

Independence. In addition to having their own powers (e.g., to hire staff and issue subpoenas), IG independent status is reinforced in other ways: protection of their budgets in the larger establishments, qualifications on their appointment and removal, prohibitions on interference with their activities and operations, a proscription on operating responsibilities, and fixing the priorities and projects for their office without outside direction. One exception to the IGs’ rule occurs when a review is ordered in statute, while another is the contrary: in the few instances when an establishment head prevents or halts an audit or investigation. IGs, of course, may voluntarily conduct a review requested by the agency head, President, or congressional offices.

Supervision. IGs serve under the “general supervision” of the agency head, reporting exclusively to the head or to the officer next in rank if such authority is delegated. With but a few specified exceptions, neither the agency head nor the officer next in line “shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena....” Under the IG

Act, the heads of only six agencies — the Departments of Defense, Homeland Security, Justice, and Treasury, plus the U.S. Postal Service and Federal Reserve Board — may prevent the IG from initiating, carrying out, or completing an audit or investigation, or issuing a subpoena, and then only for specified reasons: to preserve national security interests or protect ongoing criminal investigations, among others. When exercising this power, the agency head must transmit an explanatory statement for such action within 30 days to the House Government Oversight and Reform Committee, the Senate Homeland Security and Governmental Affairs Committee, and other appropriate congressional panels. The CIA IG Act similarly allows the agency head to prohibit the inspector general from conducting investigations, audits, or inspections; but the director must then notify the House and Senate intelligence panels of his reasons, within seven days.

Appropriations. Presidentially appointed IGs in the larger federal agencies — but not in designated federal entities (DFEs) — are granted a separate appropriations account (a separate budget account in the case of the CIA) for their offices. This restricts agency administrators from transferring or reducing IG funding once it has been specified in law.

Appointment and Removal. Under the Inspector General Act, IGs are to be selected without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial and management analysis, law, public administration, or investigations. The CIA IG, who operates under a different statute, is to be selected under these criteria as well as prior experience in the field of foreign intelligence and in compliance with the security standards of the agency. Presidentially nominated and Senate-confirmed IGs can be removed only by the President. When so doing, he must communicate the reasons to Congress.

However, IGs in the (usually) smaller DFEs are appointed by and can be removed by the agency head, who must notify Congress in writing when exercising the power. In the Postal Service, by comparison, the governors appoint the inspector general, one of only two IGs with a set term (seven years) specified in law. The USPS IG, moreover, is the only one with qualified removal: only “for cause” and then with the written concurrence of at least seven of the nine governors. The other is in the Capitol Police (five years), who is appointed by and can be removed by the Capitol Police Board. Indirectly, the IG in the Peace Corps also faces an effective limited tenure, because all positions in the entity are restricted to a certain period (from five to 8½ years).

Coordination and Controls. Several presidential orders govern coordination among the IGs and investigating charges of wrongdoing by the IGs themselves and other top echelon officers. Two councils, now governed by E.O. 12993, are the President’s Council on Integrity and Efficiency (PCIE), established in 1981, and a parallel Executive Council on Integrity and Efficiency (ECIE), in 1992. Chaired by the Deputy Director of the OMB, each is composed of the relevant statutory IGs plus officials from other agencies, such as the Federal Bureau of Investigation (FBI) and Special Counsel. Investigations of alleged wrongdoing by IGs or other high-ranking OIG officials (under the IG act) are governed by a special Integrity Committee, composed of PCIE and ECIE members and chaired by the FBI representative (E.O. 12993), with investigations referred to an appropriate executive agency or to an IG unit. An Intelligence Community Inspectors General Forum — a coordinative body of the inspectors general from the IC agencies along with observers from the FBI and several defense units — also exists.

Establishment. Statutory offices of inspector general been authorized in 64 current federal establishments and entities, including all 15 cabinet departments; major executive branch agencies; independent regulatory commissions; various government corporations and boards; and three legislative branch agencies. All but six of the OIGs — in GPO, LOC, Capitol Police, CIA, ODNI, and the Special Inspector General for Iraq Reconstruction (SIGIR) — are directly and explicitly under the 1978 Inspector General Act. Each office is headed by an inspector general, who is appointed in one of two ways:

- (1) 30 are nominated by the President and confirmed by the Senate in the federal establishments, including all departments and the larger agencies under the IG act specifically, plus the CIA under its separate statutory authority (**Table 1**).
- (2) 34 are appointed by the head of the entity in the 28 designated federal entities — usually smaller boards and commissions — and in five other units, where the IGs operate under separate but parallel authority: SIGIR, ONDI, and three legislative agencies (i.e., GPO, LOC, and U.S. Capitol Police) (**Table 2**).

Table 1. Statutes Authorizing Inspectors General Nominated by the President and Confirmed by the Senate, 1976-Present
(current offices are in **bold**)^a

Year	Statute	Establishment
1976	P.L. 94-505	Health, Education, and Welfare (now Health and Human Services)
1977	P.L. 95-91	Energy
1978	P.L. 95-452	Agriculture, Commerce, Community Services Administration,^b Housing and Urban Development, Interior, Labor, Transportation, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, Small Business Administration, Veterans Administration (now the Veterans Affairs Department)
1979	P.L. 96-88	Education
1980	P.L. 96-294	U.S. Synthetic Fuels Corporation ^b
1980	P.L. 96-465	State^c
1981	P.L. 97-113	Agency for International Development^d
1982	P.L. 97-252	Defense
1983	P.L. 98-76	Railroad Retirement Board
1986	P.L. 99-399	U.S. Information Agency ^{b,c}
1987	P.L. 100-213	Arms Control and Disarmament Agency ^{b,c}
1988	P.L. 100-504	Justice,^e Treasury, Federal Emergency Management Administration,^{b,f} Nuclear Regulatory Commission, Office of Personnel Management
1989	P.L. 101-73	Resolution Trust Corporation ^b
1989	P.L. 101-193	Central Intelligence Agency^a
1993	P.L. 103-82	Corporation for National and Community Service
1993	P.L. 103-204	Federal Deposit Insurance Corporation
1994	P.L. 103-296	Social Security Administration
1994	P.L. 103-325	Community Development Financial Institutions Fund ^b
1998	P.L. 105-206	Treasury Inspector General for Tax Administration^g
2000	P.L. 106-422	Tennessee Valley Authority^h
2002	P.L. 107-189	Export-Import Bank
2002	P.L. 107-296	Homeland Security^f

a. All except the CIA IG are directly under the 1978 Inspector General Act, as amended.

b. CSA, Synfuels Corporation, USIA, ACDA, RTC, CDFIF, and FEMA have been abolished or transferred.

- c. The State Department IG had also served as the IG for ACDA. In 1998, P.L. 105-277 transferred the functions of ACDA and USIA to the State Department and placed the Broadcasting Board of Governors and the International Broadcasting Bureau under the jurisdiction of the State IG.
- d. The Inspector General in AID may also conduct reviews, investigations, and inspections of the Overseas Private Investment Corporation (22 U.S.C. 2199(e)).
- e. In 2002, P.L. 107-273 expanded the jurisdiction of the Justice OIG to cover all department components.
- f. P.L. 107-296, which established the Department of Homeland Security, transferred FEMA's functions to it and also granted law enforcement powers to OIG criminal investigators in establishments.
- g. The OIG for Tax Administration in Treasury is the only case where a separate IG, under the 1978 IG Act, exists within an establishment or entity that is otherwise covered by its own statutory IG.
- h. P.L. 106-422, which re-designated TVA as an establishment, also created, in the Treasury Department, a Criminal Investigator Academy to train IG staff and an Inspector General Forensic Laboratory.

Table 2. Designated Federal Entities and Other Agencies with Statutory IGs Appointed by the Head of the Entity or Agency
(current offices are in **bold**)^a

ACTION^b	Interstate Commerce Commission^f
Amtrak	Government Printing Office^a
Appalachian Regional Commission	Legal Services Corporation
Board of Governors, Federal Reserve System	Library of Congress^a
Board for International Broadcasting ^c	National Archives and Records Administration
Coalition Provisional Authority (in Iraq) ^a	National Credit Union Administration
Commodity Futures Trading Commission	National Endowment for the Arts
Consumer Product Safety Commission	National Endowment for the Humanities
Denali Commission^m	National Labor Relations Board
Corporation for Public Broadcasting	National Science Foundation
Election Assistance Commission^l	Office of Director of National Intelligence^{ak}
Equal Employment Opportunity Commission	Panama Canal Commission ^g
Farm Credit Administration	Peace Corps
Federal Communications Commission	Pension Benefit Guaranty Corporation
Federal Deposit Insurance Corporation ^d	Securities and Exchange Commission
Federal Election Commission	Smithsonian Institution
Federal Home Loan Bank Board ^e	Special IG for Iraq Reconstruction^a
Federal Housing Finance Board^e	Tennessee Valley Authority ^h
Federal Labor Relations Authority	U.S. Capitol Police^{aj}
Federal Maritime Commission	U.S. International Trade Commission
Federal Trade Commission	U.S. Postal Serviceⁱ

- a. All these agencies — except SIGIR, ODNI, GPO, LOC, and Capitol Police — are considered “designated federal entities” and placed directly under the 1978 IG Act by the 1988 Amendments and subsequent acts. The CPA was dissolved in mid-2004 and its IG was converted to SIGIR.
- b. In 1993, P.L. 103-82 merged ACTION into the new Corporation for National and Community Service.
- c. The BIB was abolished by P.L. 103-236 and its functions transferred to the International Broadcasting Bureau within USIA, which was later abolished and its functions transferred to the State Department.
- d. In 1993, P.L. 103-204 made the IG in FDIC a presidential appointee, subject to Senate confirmation.
- e. In 1989, P.L. 101-73 abolished the FHLBB and placed the new FHFB under the 1988 IG Act.
- f. The ICC was abolished in 1995 by P.L. 104-88.
- g. The Panama Canal Commission, replaced by the Panama Canal Commission Transition Authority, was phased out with the transfer of the Canal to the Republic of Panama (22 U.S.C. 3611).
- h. P.L. 106-422 re-designated TVA as a federal establishment.
- i. In 1996, the U.S. Postal Service Inspector General post was separated from the Chief Postal Inspector. The separated IG is appointed by, and can be removed only by, the governors.

- j. The Legislative Branch Appropriations Act, FY2006 (P.L. 109-55) added IGs to LOC, following the IG Act of 1978 closely, and the Capitol Police, whose IG has specialized responsibilities.
- k. P.L. 108-458 grants the Director of National Intelligence (DNI) full discretion to create and construct an OIG in his Office (based on provisions in the IG Act). This occurred in 2006. ODNI, *Report on the Progress of the DNI in Implementing “the Intelligence Reform Act of 2004,”* May 2006; and House Select Committee on Intelligence, *Intelligence Authorization Act for FY 2007* (H.Rept. 109-411).
- l. P.L. 107-252, the Help America Vote Act of 2002.
- m. P.L. 105-277 (42 U.S.C. 3121), Denali Commission Act of 1998, as amended.

Table 3. Tabulation of Existing Federal Establishments, Entities, or Agencies with IGs Authorized in Law

Controlling statute	IGs nominated by President and confirmed by Senate	IGs appointed by head of entity or agency	Total
1978 IG Act, as amended	29	29	58
Other statutes	1 ^a	5 ^b	6
Total	30	34	64

a. CIA Inspector General.

b. SIGIR, GPO, LOC, U.S. Capitol Police, and ODNI inspectors general.

Recent Initiatives. Initiatives in response to the 2005 Gulf Coast Hurricanes arose to increase OIG capacity and capabilities in overseeing the unprecedented recovery and rebuilding efforts: an initial coordinating team of IGs or deputies from affected agencies has evolved into the Homeland Security Roundtable, chaired by the IG in DHS; a Hurricane Katrina Contract Fraud Task Force, established by the Justice Department, includes relevant inspectors general; an official in the DHS office has been designated to direct its effort here; and an additional \$15 million for the OIG in Homeland Security was approved (P.L. 109-62). Other proposals included setting up a long-term task force or coordinative mechanism of IGs from relevant agencies (H.R. 3737 and 3810, 109th Cong.), while another would have established an IG post in the office of the Architect of the Capitol (H.R. 5521, 109th Cong.). Other initiatives have called for consolidating DFE OIGs under one or more new presidentially appointed IGs or under a related establishment office (GAO-02-575) and granting law enforcement authority to DFE IGs.

Separate recommendations have arisen in the 110th Congress. H.R. 785 and S. 461 would establish an inspector general for the Judicial Branch, appointed by and removable by the Chief Justice for a renewable four-year term. H.R. 401 would create an IG in the Washington Metropolitan Area Transit Authority, while H.R. 2771, Legislative Branch Appropriations Act, 2008, would do so in the Architect of the Capitol office. A far-reaching proposal (H.R. 928), advanced to increase the IGs’ independence and powers, calls for sending initial OIG budget estimates to Congress and OMB for later comparison with the final amount in the President’s budget submission, removing an IG only for “cause,” setting a term of office for IGs (seven years with possible reappointment), establishing a Council of Inspectors General for Integrity and Efficiency in statute (thus, replacing the PCIE and ECIE), revising the pay structure for IGs, allowing for IG subpoena power “in any medium,” and granting law enforcement powers to qualified IGs in designated federal entities. Another proposal (S. 680) would increase the pay level for presidentially appointed IGs, prohibit cash awards or bonuses for them, set qualifications for the appointment and removal of IGs in designated federal entities, and grant IGs subpoena power in any medium.