

# CRS Report for Congress

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## Statutory Offices of Inspector General: Past and Present

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### Summary

Statutory offices of inspector general (OIGs) consolidate responsibility for audits and investigations within a federal agency. Established by public law as permanent, nonpartisan, independent offices, they are authorized 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 amendments of 1988 — inspectors general (IGs) have been granted substantial independence and powers to carry out their mandate to combat waste, fraud, and abuse.<sup>1</sup> Recent laws have added offices in agencies, funding for special operations, and law enforcement powers to OIGs in establishments. Other initiatives call for a term of office for the IGs, removal only for “cause,” reporting to Congress on their initial budget request, and various mechanisms to oversee the recovery and reconstruction programs in the aftermath of Hurricane Katrina. This report will be updated as events require.

**Responsibilities.** IGs have three principal responsibilities under the Inspector General Act of 1978:

- conducting and supervising audits and investigations relating to the programs and operations of the establishment;

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<sup>1</sup> 5 U.S.C. Appendix directly covers all but six statutorily authorized OIGs, which operate under similar but distinct guidelines: Central Intelligence Agency (CIA); Office of the Director for National Intelligence (ODNI), where the Director has full discretion in setting it up; Special Inspector General for Iraq Reconstruction (SIGIR); along with three legislative branch entities (i.e., Government Printing Office (GPO), Library of Congress (LOC), and U.S. Capitol Police). See President’s Council on Integrity and Efficiency, *A Strategic Framework, 2005-2010* (2004) at [<http://www.ignet.gov>]; Frederick M. Kaiser, “The Watchers’ Watchdog: The CIA Inspector General,” *International Journal of Intelligence and Counterintelligence*, vol. 3, 1989, pp. 55-75; Paul C. Light, *Monitoring Government: Inspectors General and the Search for Accountability* (Washington: Brookings, 1993); Government Accountability Office, *Inspectors General: Office Consolidation and Related Issues*, GAO Report GAO-02-575 (August 2002); and U.S. Congress, House Subcommittee on Government Efficiency, *25<sup>th</sup> Anniversary of the Inspector General Act and Improving IG Functionality and Independence*, hearings (Washington: GPO, 2003 and 2004).

- providing leadership and coordination and recommending policies for activities designed to promote the economy, efficiency, and effectiveness of such programs and operations, and preventing and detecting 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 the administration of such programs and operations, 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. Following the terrorist attacks on September 11, 2001, moreover, some IG staff were redeployed to assist in airline security and in terrorist investigations.

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 also have reporting obligations with regard to findings, conclusions, and recommendations for corrective action. 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 of the CIA 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), the IGs’ independent status is reinforced in a number of other ways: protection of their budgets, qualifications on their appointment and removal, prohibitions on interference with their activities and operations, a proscription on operating responsibilities, and self-determination of their audits and investigations, except when required by law.

**Appropriations.** Presidentially appointed IGs in the larger federal agencies have a separate appropriations account (a separate budget account in the case of the CIA) for

their offices. This prevents agency administrators from limiting, transferring, or otherwise 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, designated federal entities are appointed by and can be removed by the agency head, who must notify Congress in writing when exercising the power. In the U.S. Postal Service, by comparison, the governors appoint the inspector general, one of only two IGs with a set term (7 years). The other is in the Capitol Police (5 years), who is appointed by and can be removed by the Capitol Police Board. The USPS inspector general is also the only one with the qualification that he or she can be removed only “for cause” and then only by the written concurrence of at least seven of the nine governors.

***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 during the course of any audit or investigation.”

Under the IG Act, the heads of only five agencies — the Departments of Defense, Homeland Security, Justice, and Treasury, plus the U.S. Postal Service — 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 to protect on-going criminal investigations, among others. When exercising this power, the department head must transmit an explanatory statement for such action to the House Government Reform Committee, the Senate Homeland Security and Governmental Affairs Committee, and other appropriate congressional panels within 30 days. Under the CIA IG Act, the Director may similarly prohibit the inspector general from conducting investigations, audits, or inspections and then must notify the House and Senate Intelligence Committees of the reasons for such action within seven days.

***Coordination and Controls.*** Several presidential orders have been issued to improve coordination among the IGs and provide a means for investigating charges of wrongdoing by the IGs themselves and other top echelon officers. In 1981, President Ronald Reagan established the President’s Council on Integrity and Efficiency (PCIE) to coordinate and enhance efforts at promoting integrity and efficiency in government programs and to combat waste, fraud, and abuse (E.O. 12301). Chaired by the Deputy Director of the Office of Management and Budget, the PCIE is composed of the existing statutory IGs plus other officials from relevant agencies. In 1992, the concept was extended to IGs in designated federal entities, through of a parallel Executive Council on Integrity and Efficiency (ECIE). Both PCIE and the ECIE now operate under E.O. 12805, issued by President George H.W. Bush in 1992. A separate 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 — has been instituted in the meantime.

Investigations of alleged wrongdoing by IGs themselves or other high-ranking officials in an office of inspector general (under the IG act) are conducted by a special Integrity Committee, composed of PCIE and ECIE members and chaired by the FBI representative (E.O. 12993, issued by President Clinton in 1996). If deemed warranted, the panel refers complaints to be investigated to an executive agency with appropriate jurisdiction, usually the FBI, or a special investigative unit composed of council members.

**Establishment.** Statutory offices of inspector general been authorized in 62 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 (**Table 1**).
- (2) 32 are appointed by the head of the entity in the 27 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 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**)<sup>a</sup>

Year	Statute	Establishment
1976	P.L. 94-505	<b>Health, Education, and Welfare (now Health and Human Services)</b>
1977	P.L. 95-91	<b>Energy</b>
1978	P.L. 95-452	<b>Agriculture, Commerce, Community Services Administration,<sup>b</sup> 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)</b>
1979	P.L. 96-88	<b>Education</b>
1980	P.L. 96-294	U.S. Synthetic Fuels Corporation <sup>b</sup>
1980	P.L. 96-465	<b>State<sup>c</sup></b>
1981	P.L. 97-113	<b>Agency for International Development<sup>d</sup></b>
1982	P.L. 97-252	<b>Defense</b>
1983	P.L. 98-76	<b>Railroad Retirement Board</b>
1986	P.L. 99-399	U.S. Information Agency <sup>b,c</sup>
1987	P.L. 100-213	Arms Control and Disarmament Agency <sup>b,c</sup>
1988	P.L. 100-504	<b>Justice,<sup>e</sup> Treasury, Federal Emergency Management Administration,<sup>b,f</sup> Nuclear Regulatory Commission, Office of Personnel Management</b>
1989	P.L. 101-73	Resolution Trust Corporation <sup>b</sup>
1989	P.L. 101-193	<b>Central Intelligence Agency<sup>a</sup></b>

Year	Statute	Establishment
1993	P.L. 103-82	<b>Corporation for National and Community Service</b>
1993	P.L. 103-204	<b>Federal Deposit Insurance Corporation</b>
1994	P.L. 103-296	<b>Social Security Administration</b>
1994	P.L. 103-325	Community Development Financial Institutions Fund <sup>b</sup>
1998	P.L. 105-206	<b>Treasury Inspector General for Tax Administration<sup>g</sup></b>
2000	P.L. 106-422	<b>Tennessee Valley Authority<sup>h</sup></b>
2002	P.L. 107-189	<b>Export-Import Bank</b>
2002	P.L. 107-296	<b>Homeland Security<sup>f</sup></b>

- 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, including DEA and the FBI.
- 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 now is the only case where a separate statutory OIG exists within an establishment or entity that is otherwise covered by its own statutory office.
- 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**)<sup>a</sup>

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

- a. All these agencies — except SIGIR, CIA, 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 Amendments.
- 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, when United States responsibility for the Canal was transferred 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 was separated from the Chief Postal Inspector and now exists as an independent position. The IG is appointed by, and can be removed by, the governors.
- j. In 2005, the Legislative Branch Appropriations Act, 2006 (P.L. 109-55) added IGs to LOC, following closely the IG Act of 1978 as amended, and the Capitol Police, whose IG has specialized requirements.
- k. P.L. 108-458 grants the Director of National Intelligence full discretion in creating an OIG in his Office.

**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	27	56
Other statutes	1 <sup>a</sup>	5 <sup>b</sup>	6
Total	30	32	62

a. CIA Inspector General.

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

## Recent Initiatives

**Response to Hurricane Katrina.** In the aftermath of Hurricane Katrina, various initiatives have arisen to increase OIG capabilities in overseeing the unprecedented funding for recovery and rebuilding efforts. Several in effect are: the President’s call, echoed by legislators, for a “team” of IGs or deputies from affected agencies to coordinate their efforts, an additional \$15 million for the OIG in Homeland Security (P.L. 109-62), and an official in the DHS office designated to direct its work. Other proposals, in addition to increasing funds for existing OIGs, are: setting up a long-term task force or coordinative mechanism of IGs from relevant agencies; extending the jurisdiction of SIGIR; and creating a similar office of inspector general with jurisdiction for gulf recovery (H.R. 3737 and H.R. 3810, 109<sup>th</sup> Congress).

**General Proposals.** Separate ideas for change include consolidating small OIGs in DFEs and making the Postal Service IG a presidential appointment (H.R. 22, 109<sup>th</sup> Congress). Other plans, advanced to increase the independence and powers of the IGs across the board, recommend: initial OIG budget submissions to Congress and OMB; removal of an IG only “for cause;” a set term of office for IGs; the statutory establishment of a Council of Inspectors General for Integrity and Efficiency, combining and replacing the PCIE and ECIE; and personnel flexibilities for IGs (H.R. 2489, 109<sup>th</sup> Congress).