



## CRS Report for Congress

# Statutory Offices of Inspector General: Past and Present

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### 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.<sup>1</sup> Recent initiatives have added offices, funding for special operations, law enforcement powers to OIGs in establishments, and mechanisms to oversee the Gulf Recovery Program. Various legislative proposals in the 110<sup>th</sup> Congress are designed to strengthen the IGs' independence and establish new posts, including ones in the Architect of the Capitol office, in the Government Accountability Office, and for the Intelligence Community.

**Responsibilities.** The IGs' four principal responsibilities are (1) conducting and supervising audits and investigations relating to the programs and operations of the establishment; (2) providing leadership and coordination and recommending policies for

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<sup>1</sup> 5 U.S.C. Appendix covers all but six of the statutory OIGs. See CRS Report RL34176, *Statutory Inspectors General: Legislative Developments and Legal Issues*, by Vanessa K. Burrows and Frederick M. Kaiser; 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); U.S. Government Accountability Office, *Inspectors General: Office Consolidation and Related Issues*, GAO-02-575, *Highlights of the Comptroller General's Panel on Federal Oversight and the Inspectors General*, GAO-06-931SP, and *Inspectors General: Opportunities to Enhance Independence and Accountability*, GAO-07-1089T; U.S. House Subcommittee on Government Management, Organization, and Procurement, *Inspectors General: Independence and Accountability*, hearing (2007); and U.S. Senate Committee on Homeland Security and Governmental Affairs, *Strengthening the Unique Role of the Nation's Inspectors General*, hearing (2007).

activities designed to promote the economy, efficiency, and effectiveness of such programs and operations; (3) preventing and detecting waste, fraud, and abuse in these; and (4) 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 agencies for employee disclosures of waste, fraud, and abuse (5 U.S.C. 4511).

**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 Central Intelligence Agency (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” (e.g., testimony at hearings), IGs are to keep the agency head and Congress fully and currently informed.

**Independence and Neutrality.** In addition to having their own powers (e.g., to hire staff and issue subpoenas), IGs’ 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, 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 (covered further below). IGs, of course, may voluntarily conduct a review requested by the agency head, their counterparts, the President, or congressional offices.

Other provisions are designed to protect the IGs’ independence and ensure their neutrality. For instance, IGs are specifically prohibited from taking corrective action themselves. Along with this, the Inspector General Act prohibits the transfer of “program operating responsibilities” to an IG. The rationale for both 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 making changes in them or carrying them out.

**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 (USPS) 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 explain his 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 director to prohibit or halt an investigation, audit, or inspection; but he or she must notify the House and Senate intelligence panels of the 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 in establishments 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 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 notify Congress of the reasons.

However, IGs in the 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 Peace Corps IG 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. 12805, issued in 1992, are the President’s Council on Integrity and Efficiency (PCIE), established in 1981, and a parallel Executive Council on Integrity and Efficiency (ECIE). Chaired by the Deputy Director of the Office of Management and Budget (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 also exists.

**Establishment.** Statutory offices of inspector general have 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<sup>2</sup> 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 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>bc</sup>
1987	P.L. 100-213	Arms Control and Disarmament Agency <sup>bc</sup>
1988	P.L. 100-504	<b>Justice,<sup>e</sup> Treasury, Federal Emergency Management Administration,<sup>bf</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>
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.

<sup>2</sup> The Government Printing Office (GPO), Library of Congress (LOC), Capitol Police, CIA, Office of the Director of National Intelligence (ODNI), and the Special Inspector General for Iraq Reconstruction (SIGIR).

- 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 in **bold**)<sup>a</sup>

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

- 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 <sup>a</sup>	IGs Appointed by Head of Entity or Agency	Total
1978 IG Act, as amended	29	29	58
Other statutes	1	5	6
Total	30	34	64

**Note:** CIA IG is by the President. SIGIR, GPO, LOC, U.S. Capitol Police, and ODNI are by agency heads.

**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, including IGs or deputies from affected agencies on a Homeland Security Roundtable, chaired by the IG in DHS; membership on a Hurricane Katrina Contract Fraud Task Force, established by the Justice Department; an official in the DHS office designated to direct its efforts; and additional funding for the OIG in Homeland Security. Other initiatives called for consolidating DFE OIGs under one or more new presidentially appointed IGs or under a related establishment office (GAO-02-575).

Separate recommendations have arisen in the 110<sup>th</sup> 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. The Intelligence Authorization Act for FY2008 (H.R. 2082), as reported by the Senate Intelligence Committee, would create an IG for the entire Intelligence Community (IC), appointed by the President with Senate confirmation; this inspector general, however, would not replace the existing OIGs in IC components. H.R. 401 would add an IG in the Washington Metropolitan Area Transit Authority, while H.R. 2771, Legislative Branch Appropriations Act, 2008, would do the same in the Architect of the Capitol office. In addition, the Government Accountability Office has proposed a statutory inspector general for itself, modeled after, but not identical to, ones in DFEs (H.R. 3268, introduced by request). Other bills — H.R. 928, which passed the House but incurred a threatened presidential veto, and S. 1723 — have been advanced to increase the IGs' independence and powers. These broad initiatives call 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 (with possible reappointment); establishing a Council of Inspectors General for Integrity and Efficiency in statute; revising the pay structure for IGs; allowing for IG subpoena power in any medium; granting law enforcement powers to qualified IGs in DFEs; and requiring that all agency websites link to the separate OIG "hotline" websites to transmit complaints about waste, fraud, and abuse (this across-the-board proposal mirrors similar proposals advanced separately in various agency appropriations bills).