



Overview of Organization and Responsibilities of the

Federal Inspector General Community and the Federal Deposit Insurance Corporation Office of Inspector General

Briefing for Official from Russia
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FDIC Inspector General
and PCIE Vice Chair

Overview



- ★ Federal Inspector General Community
- ★ Federal Deposit Insurance Corporation (FDIC)
- ★ FDIC Office of Inspector General
- ★ Questions and Web Sites

Federal Inspector General Community

★ History and Size

- ◆ First Inspector General (IG) established in 1976 to test concept
- ◆ IG Act of 1978 established 12 OIGs
- ◆ IG Act Amendments of 1988 established additional OIGs
- ◆ Currently 57 IGs
- ◆ Approximately 11,000 auditors, evaluators, investigators, and other staff
- ◆ FY 2003 budgets total \$1.9 Billion



Federal Inspector General Community

★ Responsibilities Under the IG Act

- ◆ Conduct and supervise independent and objective audits, investigations, and inspections
- ◆ Prevent and detect waste, fraud, and abuse
- ◆ Promote economy, efficiency, and effectiveness
- ◆ Review pending legislation and regulations
- ◆ Keep agency head and the Congress fully and currently informed



Federal Inspector General Community

★ Appointment and Removal

- ◆ President appoints IGs at cabinet-level departments and major agencies (29 IGs)
- ◆ IGs are appointed without regard to political affiliation
- ◆ Appointment based on integrity and ability in:
 - ▶ accounting, auditing, financial analysis
 - ▶ law, management analysis, public administration
 - ▶ investigations



Federal Inspector General Community

- ★ Appointment and Removal (cont.)
 - ◆ Senate confirmation required of Presidentially appointed IGs
 - ◆ Presidentially appointed IGs can only be removed by the President
 - ◆ Agency heads appoint and remove IGs at designated federal entities and corporations (28 IGs)
 - ◆ The Senate and House of Representatives must be notified if an IG is removed



Federal Inspector General Community

★ Independence and Oversight

- ◆ IGs are authorized to:
 - ▶ have direct access to all records and information of the agency
 - ▶ have ready access to the agency head
 - ▶ conduct investigations and issue reports as appropriate
 - ▶ issue subpoenas for information and documents outside the agency
 - ▶ administer oaths for testimony
 - ▶ hire and control their own staff and contract resources



Federal Inspector General Community

★ Independence and Oversight (cont.)

- ◆ IGs serve under “general supervision” of the agency head
- ◆ IGs have dual reporting responsibility to the agency head and to the Congress
- ◆ Allegations of misconduct against an IG are referred to the Integrity Committee
- ◆ OIGs headed by Presidentially appointed IGs must have a separate appropriations account



Federal Inspector General Community

★ Reporting

- ◆ Audit, investigation, and evaluation reports are prepared in accordance with professional standards
- ◆ Semiannual reports are issued to the Congress
- ◆ 7-day letters are used to report egregious and flagrant problems and abuses to the agency head, and thereafter to the Congress within 7 days



Federal Inspector General Community

★ Reporting (cont.)

- ◆ Unreasonable refusal to provide information to the OIG within the agency is reported to the agency head and the Congress
- ◆ Suspected violations of federal criminal law are reported to the Attorney General
- ◆ Strategic and annual performance plans are issued/provided to show OIG's performance as part of the Government Performance and Results Act (GPRA)



Federal Inspector General Community

★ Drivers of OIG Audit & Evaluation Activity

- ◆ Congressional Mandates
- ◆ Requests from Congress
- ◆ Presidential Priorities
- ◆ Internal Planning
- ◆ Agency Input
- ◆ Agency Crises
- ◆ Hotline



Federal Inspector General Community

★ Drivers of OIG Investigation Activity

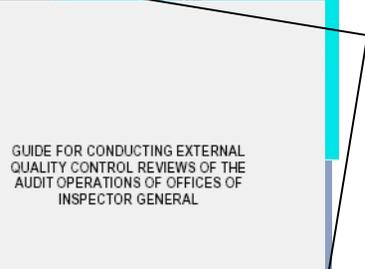
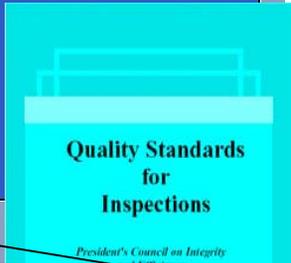
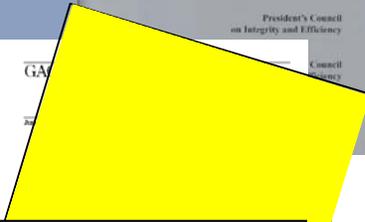
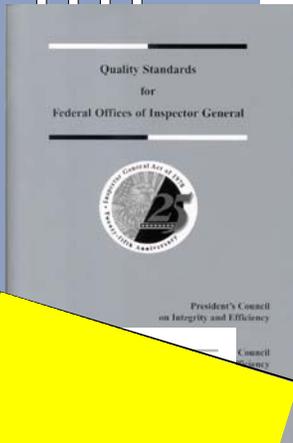
- ◆ Request from Agency Official
- ◆ Employee and Contractor Referrals
- ◆ Hotline
- ◆ Other OIGs and Law Enforcement Agencies
- ◆ Congressional Inquiries



Federal Inspector General Community

★ Standards Governing IG Activity (on IGnet)

- ◆ Quality Standards for Federal OIGs (Silver Book)
- ◆ Government Auditing Standards (Yellow Book)
- ◆ Quality Standards for Investigations
- ◆ Quality Standards for Inspections
- ◆ Guides for Conducting External Quality Control Reviews (peer reviews of audit and investigation operations)



Federal Inspector General Community

- ★ President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency (ECIE)
 - ◆ Established by Executive Orders in 1981 and 1992, respectively
 - ◆ Coordinate and enhance governmental efforts to promote integrity and efficiency
 - ◆ Promote efforts to detect and prevent fraud, waste, and abuse in federal programs
 - ◆ Increase the professionalism and effectiveness of Federal IG personnel



Federal Inspector General Community

- ★ PCIE/ECIE Membership includes:
 - ◆ Presidentially appointed Inspectors General for PCIE members
 - ◆ Agency Head appointed Inspectors General for ECIE members
 - ◆ Office of Management and Budget (OMB)
 - ◆ Office of Government Ethics (OGE)
 - ◆ Office of Special Counsel (OSC)
 - ◆ Federal Bureau of Investigation (FBI)
 - ◆ Office of Personnel Management (OPM)



Federal Inspector General Community

★ PCIE and ECIE Organization

- ◆ Chair is OMB's Deputy Director for Management
- ◆ Vice Chair appointed from member IGs
- ◆ Six standing committees
 - ▶ Audit Committee
 - ▶ Human Resources Committee
 - ▶ Inspection and Evaluation Committee
 - ▶ Integrity Committee
 - ▶ Investigations Committee
 - ▶ Legislation Committee



Federal Inspector General Community

★ Investigations Committee

- ◆ Address cross-cutting investigative issues
- ◆ Share best practices among its community
- ◆ Coordinate law enforcement training to ensure professionalism
 - IG Criminal Investigator Academy
 - Federal Law Enforcement Training Center
- ◆ Promulgate *Quality Standards for Investigations*
- ◆ Administer peer review process for investigative units



Federal Inspector General Community

★ Integrity Committee

- ◆ Formally established by Executive Order 12993 on March 21, 1996
- ◆ Allegations against IGs and senior staff are appropriately and expeditiously resolved
- ◆ Chaired by the Federal Bureau of Investigation
- ◆ Members include OSC, OGE, and IGs appointed by the PCIE & ECIE Chair
- ◆ Processed and closed over 300 cases since 1990



Federal Inspector General Community

- ★ Relationships with Federal Oversight or Other Coordinating Organizations
 - ◆ OGE
 - ◆ OSC
 - ◆ Chief Financial Officer Council
 - ◆ Chief Information Officer Council
 - ◆ Federal Acquisition Council
 - ◆ Federal, State, and Local Law Enforcement Organizations
 - ◆ National and International Audit Organizations (such as: General Accounting Office, Association of Inspectors General, Institute of Internal Auditors, International Organization of Supreme Audit Institutions)



Federal Inspector General Community

★ Relationships with Law Enforcement Community

- ◆ Department of Justice
- ◆ U.S. Attorneys
- ◆ Federal Bureau of Investigation
- ◆ Investigation Advisory Subcommittee
- ◆ Other Federal Law Enforcement Organizations (i.e., Secret Service, Internal Revenue Service, U.S. Postal Inspection Service, etc.)
- ◆ State and Local Law Enforcement Organizations
- ◆ Various Intergovernmental Task Forces



Federal Inspector General Community

★ Strategic Framework Goals

- ◆ **Goal 1.** Improve Federal Programs and Operations
- ◆ **Goal 2.** Communicate Reliable and Timely Information
- ◆ **Goal 3.** Advocate and Implement Human Resource Programs
- ◆ **Goal 4.** Foster and Advance Professional Image and Effectiveness

Federal Inspector General Community

★ Significant Initiatives

- ◆ Financial Statement Audits
- ◆ Information Security and Privacy
- ◆ Critical Infrastructure Protection
- ◆ Performance Management
- ◆ Fraud & Corruption Activities
 - ▶ Identity Theft
 - ▶ Terrorism Funding & Money Laundering
 - ▶ Health Care Fraud
 - ▶ Electronic Crimes
 - ▶ Airport Security
 - ▶ Erroneous or Improper Payments
 - ▶ Purchase and Travel Card Abuse
 - ▶ Misconduct in Research



Federal Inspector General Community

★ Fiscal Year 2003 Statistical Highlights (estimated)

- ◆ Potential savings of nearly \$17 billion
- ◆ Nearly 4,000 successful prosecutions
- ◆ Suspensions or debarments of over 7,500 individuals or businesses
- ◆ Over 2,600 civil or personnel actions
- ◆ More than 6,700 Indictments and Criminal Informations
- ◆ Nearly 200,000 complaints processed
- ◆ Over 4,600 audit/evaluation reports issued
- ◆ More than 80 testimonies before Congress



Federal Deposit Insurance Corporation

★ History and Purpose

- ◆ Government Corporation created in 1933 to maintain stability and public confidence in the U.S. financial system
- ◆ Insures deposits up to \$100,000 in nearly 9,200 banks and savings associations
- ◆ Promotes safety and soundness of depository institutions
- ◆ Arranges for resolution of failed institutions



Federal Deposit Insurance Corporation

★ Organization

- ◆ Board of Directors comprised of five members from:
 - ▶ FDIC (Chairman, Vice Chair, & Director),
 - ▶ Office of the Comptroller of the Currency, and
 - ▶ Office of Thrift Supervision
- ◆ Approximately 5,300 employees with locations in 9 major cities and about 80 small field offices
- ◆ Independent Presidentially appointed IG



Federal Deposit Insurance Corporation

Mission

The FDIC contributes to stability and public confidence in the nation's financial system

Strategic Goals

- ◆ Insured depositors are protected from loss without recourse to taxpayer funding
- ◆ FDIC supervised institutions are safe and sound
- ◆ Consumers' rights are protected and FDIC supervised institutions invest in their communities
- ◆ Recovery to creditors of receiverships is achieved



Federal Deposit Insurance Corporation

★ Current Priorities

- ◆ Promote the **stability** of the financial services industry
- ◆ Develop and effectively articulate **sound policy**
- ◆ Provide good **stewardship** of the deposit insurance funds (approximately \$46 billion)



FDIC

Office of Inspector General

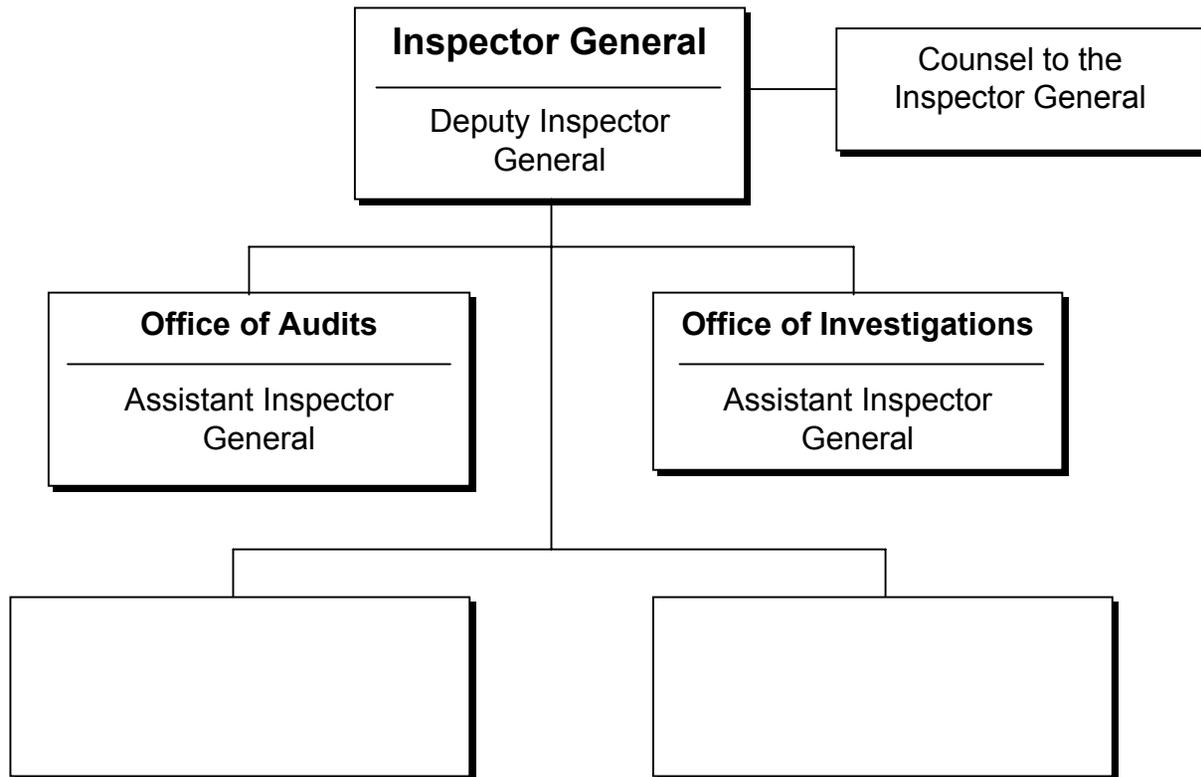
★ FDIC OIG Mission

- ◆ Assist and augment the FDIC's contribution to stability and public confidence in the nation's financial system
- ◆ Promote economy, efficiency, and effectiveness of FDIC programs and operations
- ◆ Protect against fraud, waste, and abuse



FDIC Office of Inspector General

★ Organization



FDIC

Office of Inspector General

★ Staff and Qualifications

- ◆ Fiscal year 2004 budget of \$30.7 million
- ◆ 168 staff authorized for FY 2004
- ◆ Current staff of 150 consists of:
 - ▶ 78 Auditors
 - ▶ 33 Criminal Investigators
 - ▶ 39 Attorneys, Analysts, and Administrative Staff
- ◆ Qualifications include 152 licenses and professional certifications, 141 undergraduate degrees, and 39 advanced degrees



FDIC

Office of Inspector General

Relationship of 2004 FDIC and OIG Goals and Objectives



**Deposit
Insurance**

**Safety and
Soundness**

**Consumer
Protection**

Resolution

**OIG activities
directly
support the
FDIC
strategic
goals**

Value and Impact

**Communication and
Outreach**

Human Capital

Productivity

FDIC

Office of Inspector General

★ Focus of Investigative Activities

- ◆ Protect Corporation's Main Business Lines and Processes
- ◆ Bank/Thrift Operations – 55%
 - ▶ Restitution and Other Debt – 28%
 - ▶ Asset Management and Sales – 7%
- ◆ Contribute to Ensuring Stability and Public Confidence in Nation's Banking System
- ◆ Foster Cooperation Among Other Law Enforcement Agencies
 - ▶ 101 Joint Investigations in FY 2003



FDIC

Office of Inspector General

★ FY 2003 Statistical Accomplishments Reported in Semiannual Reports to the Congress

◆ Audit/Evaluation Reports	47
◆ Potential Monetary Benefits	\$2.56 million
◆ Non-monetary Recommendations	193
◆ Investigations Closed	43
◆ Subpoenas	22
◆ Convictions	22
◆ Fines, Restitutions, Recoveries	\$94.3 million
◆ Policies, Legislation, and Regulations Reviewed	90





Questions? and Web Sites

FDIC: www.fdic.gov

FDIC OIG: www.fdicig.gov

Federal OIGs: www.ignet.gov

GAO: www.gao.gov

IIA: www.theiaa.org

INTOSAI: www.intosai.org