SURVEY OF INSPECTION AND EVALUATION UNITS IN THE FEDERAL INSPECTOR GENERAL COMMUNITY

February 2004

INSPECTION AND EVALUATION COMMITTEE

PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY
EXECUTIVE COUNCIL ON INTEGRITY AND EFFICIENCY
Faculty Meeting Minutes

Date: February 27, 2004

MEMORANDUM FOR MEMBERS OF THE
PCIE AND ECIE

SUBJECT: Survey of Inspection and Evaluation Units In the Federal Inspector
General Community

On behalf of the PCIE Inspection and Evaluation Committee, I am pleased to provide the
results of our 2003 survey of inspection and evaluation units in federal Offices of Inspector
General. It revealed that the OIG inspection and evaluation (I&E) community is growing.
But equally important, it revealed that OIGs are embracing a wide range of innovative
means to maximize their effectiveness and efficiency in preventing and combating fraud,
waste and abuse.

There are now 26 distinct I&E units, with several new offices being created, others enlarged,
and still others melded with other OIG units. The I&E community continues to offer new
and refurbished tools and greater flexibility to the IGs— the flexibility to be able to adjust to
the needs of OIG managers, demands of budget, and evolving organizational missions. In
many cases, the Inspectors General have combined a multitude of disciplines and expertise
in these units to review a broad range of programs and operations within their agencies and
to conduct interagency reviews.

The Inspections and Evaluation Roundtable conducted the survey for the Inspection and
Evaluation Committee of the President's Council on Integrity and Efficiency (PCIE) and the
Executive Council on Integrity and Efficiency (ECIE). This publication provides profiles of
the 26 inspection and evaluation units, including their personnel, budgets, and the types of
work and issues they address. It also highlights crosscutting issues of concern to multiple
OIGs and provides ideas for future OIG work or internal management initiatives. Finally,
this report will also be useful to others who may be interested in establishing inspection and
evaluation units.

Our special thanks go to the Department of Health and Human Services' Office of Inspector
General for taking the lead in conducting this survey and to the Commerce OIG staff who
worked to finalize and prepare the report for publication. For additional information about
the survey, please contact my office at (202) 482-4661.

Johnnie E. Frazier, Chair
Inspection and Evaluation Committee
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The results of a 2003 survey of inspection and evaluation units in federal Offices of Inspector General reveal that the OIG inspection and evaluation community is growing and addressing a number of government-wide issues as well as agency specific problems and concerns. The Inspections and Evaluation Roundtable conducted the survey for the Inspection and Evaluation Committee of the President’s Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE). It updates similar reviews completed in 1995 and 1999.

The 2003 survey was sent to all 57 federal OIGs. The survey responses identified 26 OIGs that had or were establishing distinct inspection and evaluation units. This publication offers a concise analysis of those responses, providing profiles of the 26 units, including their personnel, budgets, and the types of work and issues they address.

The survey showed that new units are being created, others enlarged, and still others melded with other OIG units. These changes offer new and refurbished tools and greater flexibility to the IGs—the flexibility to be able to constantly adjust to the needs of managers, demands of budget, and evolving organizational missions. The Inspectors General have combined a multitude of disciplines and expertise in these units to review a broad range of programs and operations within their agencies and to conduct interagency reviews.

The survey also serves to illustrate continuing crosscutting issues of concern to multiple OIGs and provides ideas for future work or internal management initiatives.

- There was significant interest in doing work on crosscutting issues, security concerns being foremost among those issues.
- Government contracting and related issues was another major area of concern and a suggested topic for studies of crosscutting issues.
- Training opportunities for I&E staff were also an area of interest. Many believe there should be increased cooperation to develop multiagency efforts to train I&E personnel.
- Survey respondents offered interesting ideas for developing “helpful” products for use by all I&E units and others, such as additional best-practice guides on common issues (similar to ones already developed for purchase and travel cards), or training materials to improve evaluation skills.

Finally, this report will also serve to provide other interested parties—especially new inspectors general and those interested in establishing evaluation units—with information about the value that inspection and evaluation units bring to the OIGs’ mission.
The purpose of this survey report is to provide a brief but comprehensive analysis of the information gleaned from the 2003 survey of inspection and evaluation units in federal Offices of Inspector General (OIGs). It offers a current profile of 26 of these units presently conducting inspections and/or evaluations. The survey covers the make-up and function of these units, and highlights some of their recent work. Information from the survey can be used to (1) illustrate crosscutting issues of concern to different OIGs, (2) provide ideas for future OIG work or internal OIG management initiatives, and (3) educate others—especially new Inspectors General and those interested in establishing evaluation units—about the value of having inspection and evaluation units to aid the OIGs in accomplishing their mission.

To accomplish their missions, the councils have also developed policies, standards, and approaches that have helped build a well-trained and highly skilled OIG workforce. In addition, the PCIE and ECIE conduct interagency audit, inspection, and investigative projects aimed at promoting economy, efficiency, and effectiveness in federal programs and operations. Because the PCIE and ECIE are made up of members from many federal agencies, these projects can effectively address crosscutting or government-wide issues of fraud, waste, and abuse.

**Inspection and Evaluation Committee**

The Inspection and Evaluation Committee contributes to the OIG community as well as the federal government as a whole by helping to improve (1) the management of federal programs, (2) the practice of inspections and evaluations by sharing effective practices and insights, and (3) the analytic and administrative skills of OIG inspectors and evaluators by providing training on a variety of relevant topics. The Committee is supported by a very active Inspections and Evaluation Roundtable, which serves as an adjunct to the Committee. The Roundtable, created in 1993, is generally comprised of the directors or heads of inspection and evaluation units within the federal Offices of Inspector General. Its purpose is to promote the professional development of employees in those units, improve the practice of evaluation and analysis, and provide positive contributions to the OIG community.

The President’s Council on Integrity and Efficiency (PCIE), primarily composed of the Presidentially appointed IGs, and the Executive Council on Integrity and Efficiency (ECIE), mainly composed of IGs appointed by agency heads, were established by Executive Order 12805, May 11, 1992, to address integrity, economy, and effectiveness issues that transcend individual government agencies, and to increase the professionalism and effectiveness of OIG personnel throughout the government.
Surveys of federal inspection and evaluation units have been conducted twice before, in 1995 and 1999, to provide a broad overview of this segment of the OIG community. Data has been collected on characteristics such as personnel, budget, longevity, output, organizational structure, placement within each OIG structure, and types of work completed. In the fall of 2002, because of a number of recent changes in the community, the PCIE Inspection and Evaluation Committee asked the Inspection and Evaluation Roundtable to administer a new survey, to provide a current profile of federal I&E units.

The focus of and data collected for each of the three surveys have differed slightly; thus not all data collected for the three is comparable, making broad historical comparisons impossible. However, the general thrust of the survey has remained the same—to assess the current state of federal OIG inspection and evaluation units.

In 1995 and 1999 the questionnaires were only sent to members of the Roundtable. The 2003 survey was sent to all 57 federal OIGs, including members of both the PCIE and ECIE. The survey was conducted by staff of the Office of Evaluation and Inspections in the Department of Health and Human Services Office of Inspector General, working with members of the Department of Commerce Office of Inspector General.

“The survey team sent questionnaires to all 57 PCIE/ECIE inspectors general . . .”
I. Profile of Inspection and Evaluation Units

A. Number of I&E Units has Significantly Increased

Twenty-six I&E units were identified in the 2003 survey, compared with 15 in 1999 and 19 in 1995. Two agencies—the Departments of Commerce and State—report having two distinct evaluation groups within their IG offices and the Department of Defense has three. The 2003 survey also revealed three significant changes in the I&E community: I&E units previously attached to the Department of Treasury and the Federal Emergency Management Agency have become part of the I&E unit in the new Department of Homeland Security; the Corporation for National and Community Service’s OIG established a new evaluation unit in 2003; and Amtrak, the Environmental Protection Agency, and the Department of Education have all established new I&E units since the 1999 survey was administered.

Of the 26 distinct I&E units, 18 are a separate office within their Office of Inspector General, and 8 exist within another OIG unit (such as an Office of Audit) or are combined with another OIG entity (such as a management and policy office).

B. Unit Size and Structure Varies

As in the two previous surveys, data show that the I&E units fall into two general demographic categories—large and well-established organizations, and smaller units in existence for less than a decade. Six units have staffs of at least 25 full-time equivalents (FTEs) and budgets of more than $2.5 million a year, and all of these have existed for a decade or more. The Department of Justice Evaluation and Inspections Division, for example, was established in 1989 and has a budget of $2.8 million and a staff of 28 FTEs.

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FTEs of the Six Largest OIG I&E Units in 2003
HHS OIG continues to have the largest I&E unit, with 136 FTEs and a budget of $13.2 million in FY 2003. In terms of staff, the HHS I&E unit is nearly three times the size of the next largest unit; its counterpart in the Department of Veterans Affairs employs 46 FTEs. Both Defense and Homeland Security are currently building large inspection units. Staffing numbers in the remaining evaluation units tend to range from 5 to 23 FTEs, with budgets less than $2.2 million.

### C. I&E Units Perform A Variety of Functions

While some units report conducting both inspections and evaluations, most reported performing one or the other with more indicating evaluations. Furthermore distinctions between inspections and evaluations vary among OIGs. Overall, however, an evaluation tends to be a more in-depth review of a major program, function, or activity, whereas an inspection is generally a more concise review of a specific office, event, issue, or problem. A significant number of OIG respondents noted that they also produce quick reaction reports (10), crosscutting issue reports (8), best practice reports (8), and unannounced inspections (6).

In addition to conducting inspections and evaluations, a number of the responding units reported performing a variety of functions in addition to conducting reviews: at least 6 are responsible for preparing the IG’s semiannual reports to the Congress, and 5 provide technical support and consulting services for the other offices in their OIG. Other duties mentioned included responding to OIG hotline referrals and conducting legislative, regulatory, and/or departmental policy reviews or other clearances (such as responding to GAO reports).
Some duties that are unique to specific I&E units include:

1. IT security evaluations required by the Federal Information Security Management Act (Commerce’s Office of Systems Evaluation);
2. Compliance follow-up reports (both Peace Corps and State’s Office of Security and Intelligence Oversight);
3. Peer reviews of an OIG (Postal Service); and
4. Combined assessments, bringing together the work of auditors, investigators, and evaluators for comprehensive reviews (Veterans Affairs, Environmental Protection Agency, and Homeland Security).

D. I&E Processes Show Some Consistencies Among Units

Work Initiation

Most I&E units’ projects are self-initiated, developed as a result of internal analysis and/or the OIG’s planning process; 14 respondents cited these methods as their single-most important source of ideas for new reviews. Requests from OIG senior management and from departmental senior management were the second and third source of ideas, respectively; Congressional interest was the fourth; followed by regular or rotational coverage of agency programs or offices, hotline allegations, and referrals from OIG audit and investigative offices. These results were similar to those from the 1999 survey.

Work Plan Dissemination

All but 2 of the 26 I&E units said they prepare a formal schedule or plan of work specifying particular agencies or issues for review. Nearly all such schedules are part of an overall OIG work plan. “Unannounced” inspections, by their nature, are not explicitly cited in work plans.

Eighteen of the units reported that they disseminate their work plans outside the OIG.

Work Duration of Inspections/Evaluations

Respondents were asked to indicate how long it takes to conduct an inspection or evaluation, depending on how they classified their own work. Inspections, generally speaking, took significantly less time to complete than evaluations—on average, 7.5 weeks for an inspection versus 26.6 weeks for an evaluation.

Report Distribution

All I&E units said they routinely distribute their reports to department and agency program managers, and all but 2 indicated they normally send reports to the head of the department or agency. Only 14 of the 26 units regularly send their reports to Congress, 8 to OMB, and 5 to GAO. In the previous survey, about half of the units stated that they routinely sent reports to OMB and GAO. The decreased distribution may be related to an increase in OIGs’ internet presence.
Internet Presence

About half of all units use e-mail and/or their web site to disseminate reports available to the public, media, and other government agencies or Congress and notify stakeholders when new reports are available. HHS, for example, uses a regular “listserve” mailing list to announce by e-mail when a new final report has been released and loaded onto its web site. By using the internet to distribute reports, the costs and resources needed to produce hard copies are reduced. At least 16 units, however, continue to distribute paper copies of new reports to key personnel.

Within overall OIG web sites, 10 I&E units (roughly 38 percent) have a separate link to information specifically about their office.

Operations/Procedures Manuals

Twenty I&E units said they use an operations or procedures manual in their work, roughly equaling the same percentage that did so in 1999. Four of these units (HHS, EPA, CIA, and State) reported that their manuals are available on-line.

E. Staffs are Diverse and Offer Broad Expertise

Because inspection and evaluation work frequently covers a range of issues, requiring expertise in a variety of disciplines and input from several staff with the requisite knowledge, I&E staff tend to be hired at higher than entry levels. The majority of staff in most I&E units are GS-13 or above. Only units at HHS and the Department of Labor had a higher percentage of staff at GS-12 or below. More than half of the 26 I&E units were headed by a member of the senior executive service (SES).
Most I&E unit staff are in the GS-0343/program analyst job series category—nearly 85 percent of I&E units have at least some staff in this job series. About half have staff in the miscellaneous administrative job series (GS-0301), and a little less than one-third have at least some staff in the auditor job series (GS-0511).

As would be expected in organizations that deal with highly diverse subject matter, many I&E units employ staff in more specialized job series. For example, the State Department has a large percentage of foreign service officers, the Department of Veterans Affairs’ I&E unit is mostly made up of health systems specialists, and the Department of Energy’s unit is made up of general inspection and investigative staff (GS-1801). Several other I&E units employ IT specialists, mathematicians, statisticians, contract or procurement officers, economists, engineers, environmental scientists, labor and industrial relations specialists, and lawyers. At least 7 units have, at minimum, one lawyer on staff; 4 have engineers and IT specialists; 3 each identified security professionals and contract specialists; and 2 reported having several CPAs.

F. Most Units Offer Training Opportunities

In addition to opportunities to share knowledge among the various professional disciplines represented among I&E staff, the units also provide a variety of training opportunities. Half of the 26 units report offering their staff training in general evaluation methods and processes, and 9 respondents note that they provide training in more specific evaluation methods such as interviewing, survey design, and analytical techniques. Training in writing skills is also provided by at least 10 I&E units. Auditing and auditing standards, computer skills, management and/or supervision, and procurement constitute additional training provided by at least 5 I&E units. One respondent also noted providing interactive training on subjects such as team building.

Training is provided through a number of sources. At least 10 offices reported offering some training in-house. CIA and HHS, for example, each provide a significant amount of in-house training on conducting evaluations, and HHS’ I&E unit has been a leader in providing evaluation writing skills courses to other OIGs. The outside vendor most commonly mentioned for training is the Inspectors General Auditor Training Institute (IGATT), which provides courses on evaluation, presentations, writing, and auditing. Another source is the Department of Agriculture’s Graduate School; at least 7 respondents use this resource for training in information security, management skills, procurement, and computer-related, or information technology courses. Another 4 I&E units used the Evaluators’ Institute to provide training in analysis techniques and general evaluation issues.
II. RECOMMENDATIONS FOR ENHANCING THE INSPECTION AND EVALUATION COMMUNITY

A. Respondents Offer Suggestions for Improving I&E Work

Increasing and improving training opportunities was mentioned most often as a way to improve inspections work in the OIG community. Some suggested expanded use of IGnet, the PCIE/ECIE web site, to identify good training opportunities. Still others thought that video training, in such areas as IT security, would be helpful.

Many survey respondents also expressed an interest in increased interaction with their counterparts in other agencies as a means to communicate throughout the community the procedures and policies that most quickly and efficiently produce the desired results. The Department of Defense suggested an exchange program, allowing inspectors and evaluators to be detailed to different departments to learn and share methods.

Three I&E units, NASA, Justice, and EEOC, stressed the value of using an interdisciplinary approach when dealing with complex evaluation issues—that is, using staff with expertise in different disciplines to identify systemic problems and develop solutions. A few units thought that staff from the program being evaluated could be used as part of an OIG evaluation team to provide such relevant expertise.

Other suggestions for improving evaluation work include the following:

- Use the internet and organizational web site to conduct data gathering, especially for surveys.
- Put more emphasis on the use of evaluation methods for ensuring sound methodology in the work.
- Provide adequate resources for training and skills development, with increased emphasis on program analysis skills for inspectors/evaluators as well as organizational and leadership skills for senior IG representatives.
- Create a positive work environment, including good equipment, flexible hours, telecommuting, an effective reward system, and career development opportunities.
- Increase use of data mining. (Data mining is the process of extracting previously unknown, valid, and actionable information from large databases and then using the information to make critical decisions.)
- Create a model policies and procedures manual for inspection and evaluation units that goes beyond the PCIE Quality Standards for Inspections.
- Include benchmark and best practices information for program areas common to most government agencies, such as procurement, on IGnet.
B. Ideas for Crosscutting Work Merit Attention

Security and procurement/contracting were the two most frequently mentioned topics suitable for crosscutting projects among the various I&E units. As might be expected in the wake of the September 11, 2001, terrorist attacks and other such threats, concerns about many aspects of security and emergency preparedness are prominent among the I&E community. Security issues, techniques, and best practices were mentioned by more than half of the respondents as being an important issue for multiagency study. As one respondent stated, “The physical security of government facilities and personnel has become a significant crosscutting issue. A joint project in this area might have significant impact government-wide.”

Security issues considered suitable for study include
- physical security of government buildings and facilities,
- counterterrorism measures,
- the security of biological agents or other materials that have potential use in weapons of mass destruction,
- coordination of visa and immigration concerns, and
- emergency preparedness.

Government contracting and related issues was a second important concern. Respondents expressed interest in contract administration and procurement practices, identifying opportunities for outsourcing agency operations, analyzing the efficiency and effectiveness of using contractors, and determining whether small businesses are benefiting from federal contract dollars.

Other issues mentioned for possible crosscutting studies include purchase/travel card reviews, career development and management training, assessing the possible impact of telework/telecommuting, and sharing administrative functions among different agencies.

C. Helpful Product Suggestions Could Provide Valuable Tools for the OIG Community

Survey respondents provided many interesting ideas for products to help staff of the inspections and evaluation community. Several units expressed interest in “best practice” guides on procurement, leveraging and maximizing I&E resources (since many I&E units are relatively small), and other topics. As one respondent stated, “I hope this practice matures into a viable network resource that evaluation units could access to obtain best practices information in an efficient and reliable manner.”

Product ideas included the following:

- Continue developing guides for conducting reviews of government-wide issues, such as the two already produced by the I&E Roundtable—A Practical Guide for Reviewing Government Purchase Card Programs and Common Problems and Uncommon Solutions: How OIGs are Helping Improve Federal Travel Card Programs.
Create additional online clearinghouse bibliographies or listings of OIG inspection, evaluation, and audit reports by subject matter (such as the On-Line Directory of Purchase and Travel Card Reports available at IGnet);

Publish crosscutting or summary findings reports based on OIG work on current event topics such as counterterrorism, homeland security, intelligence, and agencies’ preparations for emergencies, or conduct interagency analyses of these topics to identify systemic issues.

Develop a model “memorandum of understanding” containing the basic framework for conducting government-wide or joint I&E reviews (there have been instances in the past when getting all parties to agree to the ground rules took longer than the actual evaluation).

For relevant OIGs, monitor the employment of healthcare professionals who may be listed on the HHS Exclusion list, National Practitioner Data Bank, or Federation of State Licensing Board Disciplinary files.

Finalize the recently initiated effort to identify the knowledge, skills, and abilities deemed critical by agencies for the selection and growth of employees in I&E units (core competencies); continue to work toward a unified training approach (content and delivery) for I&E professionals; and develop a recommended “curriculum” of courses that includes basic core courses of instruction, advanced courses, and master courses.

Develop critiques of inspection/evaluation methodologies, as well as data and evaluation results, to identify best practices and flaws in methodology and evaluation results and to provide strategies and techniques to correct or preclude the flaws.

Conduct seminars on lessons learned from reviews of various crosscutting or government-wide issues, focusing on aspects of the individual review that are applicable to many departments and that reviewers should be watchful for when conducting future inspections/evaluations.

Publish standardized templates for inspection and evaluation projects and reports.

Develop guidelines and best practices for issuing video reports.
## APPENDIX A: SUMMARY PROFILE OF OIG INSPECTION AND EVALUATION UNITS

<table>
<thead>
<tr>
<th>Department</th>
<th>Title of Unit(s)</th>
<th>Title of Unit Head</th>
<th>Reports to:</th>
<th>Location within OIG (date estab.)</th>
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<td>FY 2004</td>
<td>FY 2005</td>
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<td>$.3.6 million</td>
<td>$.3.0 million</td>
<td>$.3.7 million</td>
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</table>

**ABBREVIATIONS:**
- AIG – assistant inspector general
- DIG – deputy inspector general
- E&I – evaluation and inspection
- IG – inspector general
- I&E – inspection and evaluation
- N/A – Material was either not available (for instance, budget information cannot be separated from larger OIG budget), or material was not provided by the agency for security reasons.
- S&IO – Security and Intelligence Oversight

**NOTES:**
- Units formerly attached to the Federal Emergency Management Agency and Department of the Treasury evaluation units are now part of the Department of Homeland Security OIG’s I&E unit.
- OIGs that responded to the survey but do not appear to have stand-alone evaluation units are not included in this analysis. They are the Corporation for Public Broadcasting, Farm Credit Administration, Federal Communication Commission, Federal Labor Relations Authority, Federal Maritime Commission, Federal Reserve Board, Government Printing Office, Interior Department, International Trade Commission, National Endowment for the Arts, National Labor Relations Board, Pension Benefit Guaranty Corporation, Social Security Administration, and the Department of Transportation.
- Agencies that do not have an OIG evaluation unit and did not send in a survey are the Agency for International Development, Agriculture Department, Appalachian Regional Commission, Consumer Product Safety Commission, Federal Election Commission, General Services Administration, National Archives and Records Administration, National Credit Union Administration, National Science Foundation, Railroad Retirement Board, Securities & Exchange Commission, Smithsonian Institution, and the Treasury IG for Tax Administration.
### APPENDIX B: TITLES OF SOME RECENT I&E REPORTS AND NOTABLE ACCOMPLISHMENTS

<table>
<thead>
<tr>
<th>Department</th>
<th>Recent Report Titles</th>
<th>Other Results/Accomplishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amtrak</td>
<td>Evaluation of Billing Process for Reimbursable Projects</td>
<td>Led and facilitated a 2-year project to ensure train conductors are remitting all monies generated from on-train ticket sales.</td>
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<td></td>
<td>Evaluation of Ft. Worth Refurbishment Project</td>
<td>Assisted in a major evaluation/audit/investigation of the $500 million construction project to electrify the track between New Haven and Boston to allow high-speed operation (on-going).</td>
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<td></td>
<td>Evaluation of Compliance with NTSB Recommendations</td>
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<td></td>
<td>Evaluation of Conductor Non Remittances</td>
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<tr>
<td>Central Intelligence Agency</td>
<td>Inspection Report of Exploitation of Technical Tools</td>
<td>N/A</td>
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<td></td>
<td>Inspection Report of the Agency’s Budget Formulation and Execution Programs</td>
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<td>Inspection Report of the Agency’s Counter Intelligence/Counter Espionage Programs</td>
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<td>Inspection Report of the Foreign Broadcast Information Service</td>
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<tr>
<td>Department of Commerce Office of Inspections and Program Evaluations</td>
<td>There Are Lessons to Be Learned from the October 1999 Fire and PCB Accident in the Herbert C. Hoover Building</td>
<td>Department’s Emergency Preparedness and Physical Security – OIPE conducted a complex and comprehensive review at 27 Department of Commerce facilities, including multiple headquarters operations/buildings in Washington, D.C. Completed shortly after the Sept. 11, 2001, terrorists attacks, the report highlighted what needed to be done to prepare for future emergencies. (Team received PCIE award.)</td>
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<td></td>
<td>Improvements Are Needed to Better Enforce Dual-Use Export Control Laws</td>
<td>Commerce’s Efforts to Enforce Export Controls – OIPE undertook a broad review of Commerce’s domestic and international efforts to identify and help prosecute violators of U.S. export control laws and regulations. We looked at management of investigations and interagency cooperative efforts, handling of firearms, and a broad range of enforcement operations and management oversight. This is the first effort by OIG to look at enforcement results. Commerce also worked with State, DOD, CIA, Energy, and Treasury OIGs to review interagency enforcement efforts.</td>
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<td></td>
<td>National Marine Fisheries Service Should Take a Number of Actions to Strengthen Fisheries Enforcement</td>
<td>Department’s Administrative Services – During this review of administrative services, we found a major weakness in the way the Department makes awards to employees for special achievements. Our recommendations to correct the systemic problem were far reaching and got the immediate attention of the CFO who directed that the problem be fixed.</td>
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<tr>
<td></td>
<td>The Commercial Service Needs to Improve Management of Its Operations in Turkey</td>
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</table>
| Department of Commerce Office of Systems Evaluation | Additional Senior Management Attention Needed to Strengthen USPTO’s Information Security Program  
Improvements Made in CAMS [Commerce Administrative Management System] Contract Management but Additional Actions Needed  
Data Capture System 2000 Needs Acquisition and Management Improvements (Census Bureau)  
NPOESS [National Polar Orbiting Environmental Satellite System] Acquisition Well Planned, but Life-Cycle Cost Estimates for Critical Sensors Are Overstated | OSE devoted a large share of its resources to information security reviews in the past year to meet Federal Information Security Management Act (FISMA) reporting requirements. Accomplishments include:  
- Getting Commerce to continue to report information security as a material weakness and to focus on meaningful certification and accreditation of systems.  
- Getting the U.S. Patent and Trademark Office’s top management to give information technology high priority and additional resources. USPTO completely revamped its information security program, funded five new information security positions, and agreed to identify information security as a material weakness in its FY 2002 Accountability Report.  
- Getting the top management of the National Institute of Standards and Technology to give information technology high priority and attention, leading to significant improvements in its information security program, and getting NIST to assign a CIO position and organization reporting to the director or deputy director, with strengthened authority and appropriate responsibilities. Previously this was a collateral duty of a lab director. |
|---|---|---|
| Defense Intelligence Agency | DIA Regulatory and Statutory Compliance Evaluation  
Asset Validation Program Inspection  
Defense Intelligence Senior-Level (DISL) Selection Process Inquiry  
Evaluation of Agency Management Control Program  
Pre-Deployment Process Evaluation (during deployment activity in support of Operation Enduring Freedom) | Command Climate Assessment of Joint Intelligence Task Force – Combating Terrorism. Notable because it identified and measured specific leadership and management deficiencies within the newly developed high profile organization. Recommendations for improvement were immediately acted on and instituted. Timely and emphatic responsiveness resulted in observable and beneficial impact.  
Evaluations of Disaster Preparedness and Pre-Deployment Processes. Notable because they assessed the agency’s ability and readiness to respond to disasters and unconventional threats while gauging the agency’s simultaneous capacity to sustain contingency intelligence support at both the national and theater levels. The resulting observations and recommendations were critically relevant to defense and intelligence transformation initiatives.  
Evaluation of Agency Management Control Program. Notable because it brought strategic emphasis to DIA’s approach to management controls at a pivotal time of change within the agency’s financial management structure. It also highlighted the necessity for sufficient rigor in process and practice to ensure credibility and validity regarding the agency’s statement of assurance. |
| Department of Defense | Coalition Intelligence Disclosure Policy for the Global War on Terrorism  
Effect of the Raytheon Defense Business Acquisitions on Pension Plans and DOD-funded Pension Assets  
Summary Report on Homeland Defense, Chemical and Biological Defense, and Other Matters Related to Counterterrorist Military Operations  
Interagency Review of Federal Automated Export Licensing Systems | DoD Fire and Emergency Services Program. This evaluation was conducted to determine the adequacy and effectiveness of the DoD Fire and Emergency Services Program. The report discussed how shortfalls for staffing and apparatus could adversely impact firefighter safety and installation missions.  
DoD Explosives Safety Program Oversight. The evaluation was conducted to determine whether policies, procedures, regulations, and organizational structures for management of DoD munitions and explosives safety supported management of efficient and effective safety programs. The report discussed program weaknesses associated with inadequate planning and oversight and the need to restructure the DoD oversight board so it will become more effective in identifying and minimizing risks associated with explosives safety hazards. |
| Department of Education | Review of the Office of Student Financial Assistance Performance Plan  
Review of Contracting Officer’s Representative Training and Risk Level Designations  
Review of Graduation Rates for Less Than Two-Year Postsecondary Institutions | Policies and Practices of the Defense Organizations Employing Criminal Investigators with Respect to Control Over Firearms. The purpose of the study was to identify possible best practices regarding the control over firearms within six DoD criminal investigative agencies. The report explained how some DoD components need to improve their firearms accountability and loss reporting policies and practices. |
| Department of Energy | Inspection of Explosives Safety at Selected Department of Energy Sites  
Inspection of the Licensing of Trade Secrets by Sandia National Laboratories  
Inspection of Firearms Internal Controls at Los Alamos National Laboratory  
Inspection of Nuclear Safety at the Ashtabula Environmental Management Project | Intelligence Support to Personnel Recovery Operations. N/A |

**Department of Education**

- Review of the Office of Student Financial Assistance Performance Plan
- Review of Contracting Officer’s Representative Training and Risk Level Designations
- Review of Graduation Rates for Less Than Two-Year Postsecondary Institutions

**Department of Energy**

- Inspection of Explosives Safety at Selected Department of Energy Sites
- Inspection of the Licensing of Trade Secrets by Sandia National Laboratories
- Inspection of Firearms Internal Controls at Los Alamos National Laboratory
- Inspection of Nuclear Safety at the Ashtabula Environmental Management Project

**Policies and Practices of the Defense Organizations Employing Criminal Investigators with Respect to Control Over Firearms.** The purpose of the study was to identify possible best practices regarding the control over firearms within six DoD criminal investigative agencies. The report explained how some DoD components need to improve their firearms accountability and loss reporting policies and practices.

**Intelligence Support to Personnel Recovery Operations.** N/A

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**Review of the Department of Education’s Annual Plan 2002-2003 Reveals Strengths and Areas for Improvement** – This was a timely evaluation of the Department’s Annual Plan providing recommendations for improvement prior to the publication of a new plan in 2003.

**Results of the 2002 Department of Education Safety and Security Survey** – This report provided the Department with a concise summary of safety and security issues to be addressed in its facilities nationwide.

**A Practical Guide for Reviewing Government Purchase Card Programs** – Published in cooperation with the Department of Commerce OIG, this PCIE/ECIE reference guide provided sample methods and resources developed during our review of the Department of Education’s internal controls over the use of purchase cards. (Best practices from other OIG reviews were also included.)

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**Our most notable achievements for the past year deal with the role the Office of Inspections plays with regard to oversight of Department of Energy (DOE) security and safety. This includes the following examples:**

- **In our classified report “Inspection of Department of Energy Fresh Pursuit Policies and Practices,” we identified that fresh pursuit policies were not being consistently followed at the four sites reviewed. As a result, the Department reviewed the fresh pursuit policies and practices at all the National Laboratories. The inspection findings and recommendations assisted DOE in improving the preparedness of its protective forces against outside attacks.**

- **Our report “Inspection of the Licensing of Trade Secrets by Sandia National Laboratory” identified that since 1995 Sandia issued trade secret licenses to 11 private companies for information/data owned by the Department without the Department’s knowledge or approval. Sandia’s trade secret licensing activities could have jeopardized national security by releasing technologies without review for potential weapons applications.**

- **Our report “Inspection of the Accountability and Control of Sealed Radioactive Sources at Selected Department of Energy Sites” identified that DOE needed to take additional actions to assure that sealed radioactive sources were properly controlled, inventoried, and leak-tested in accordance with applicable federal rules and local site procedures. We also noted that DOE had not issued specific guidelines to ensure there were viable and cost-effective disposition paths for surplus sealed radioactive sources.**
<table>
<thead>
<tr>
<th>Environmental Protection Agency</th>
<th>Air: Open Market Trading Program for Air Emissions Needs Strengthening</th>
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<tr>
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<td>Federal Facility Cleanups: EPA Region 10 Needs to Improve Oversight of Remediation Activities of the Hanford Superfund 100-K Area</td>
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<td>R&amp;D: Design for Objective 8.4 Could be Improved by Reorienting Focus on Outcomes</td>
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<tr>
<td></td>
<td>A Compendium of Federal Environmental Programs</td>
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**Open Market Trading Program for Air Emissions Needs Strengthening** — The evaluation received considerable attention from the press. However, perhaps the most noteworthy recognition of the team’s long-term accomplishments came from EPA’s Deputy Assistant Administrator for Air and Radiation. In his September 26, 2002, written agency comments, he noted that the OIG’s report would help EPA strengthen the OMT program, help states develop effective trading programs, and “help the Nation meet its air quality goals.” Implementation of the OIG team’s recommendations for safeguards governing the design, operation, enforcement, and oversight of OMT programs will minimize the risk of open market trading of invalid and questionable emissions credits in the future, and help to ensure that OMT programs contribute to - - and do not detract from - - improved environmental quality and human health.

**Federal Facility Cleanups: EPA Region 10 Needs to Improve Oversight of Remediation Activities of the Hanford Superfund 100-K Area** — The Hanford Superfund site, at a size of 586 square miles, has been identified as the largest environmental cleanup project in the world. The team reviewed a tremendous volume of data and numerous reports on sampling results of groundwater data, environmental risk assessment reports, and EPA records on cleanup decisions and actions at the Hanford Superfund site. The results obtained indicated that, in the area under review, the Department of Energy had an inadequate groundwater monitoring and sampling network. A new system was needed in order to ensure that pollutants from the Superfund site were not entering the Columbia River. Last, because of the size, magnitude, and characteristics of the Hanford Superfund site, issues related to its cleanup are sensitive and complex. Therefore, we took extra efforts to ensure that the work was conducted in a transparent way. The agency accepted the findings and generally accepted the recommendations.

**Observations on EPA’s Plans for Implementing Brownfields Performance Measures** — Our contributions have resulted in Agency activities and progress in developing new performance measures for the Brownfields clean up program. Agency requests for ongoing assistance from the OIG in these efforts, and awarding of contract funds to help improve the performance measures. We observed that the existing Brownfields performance measures do not indicate EPA’s progress in reducing or controlling the risk to human health and the environment despite the fact that the Agency’s strategic plan and the Government Performance and Results Act require this. The Agency agreed with our observations and has been actively involved and committed since then to reviewing and evaluating new performance measures, including those the OIG recommended. These activities have involved EPA staff across the nation, OIG staff, and have contributed to helping the Agency obtain needed resources to develop meaningful performance measures for the high-profile Brownfields program.

<table>
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<tr>
<th>Equal Employment Opportunity Commission</th>
<th>Reducing Infrastructure Costs Through Increased Telework</th>
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<tr>
<td></td>
<td>Assessment of the Implementation of the Federal Personnel/Payroll System</td>
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<td>Evaluation of Government Performance &amp; Results Act Reporting</td>
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<td>Independent Assessment of EEOC’s Compliance with the Government Information Security Act</td>
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</table>

**Reducing Infrastructure Costs Through Increased Telework** — The project is notable because it is forward thinking proactive work which resulted in providing options for savings in real estate rental costs, which is 11 percent of the Agency’s very tight budget. We assessed four field offices; consulted with telework experts from government and private industry; employed various data collection methods including focus group meetings; and developed a cost model. The report received high marks from GSA, OMB and the National Academy of Public Administration.

**Assessment of the Implementation of the Federal Personnel/Payroll System** — Our monitoring of the implementation of two new agency systems provided real time feedback to the Offices of Chief Financial Officer, Human Resources, and Information Technology. Information technology management presents a challenge to the Agency. We followed the critical steps, asked questions, provided observations and concluded that the first year of operations was successful.

**Independent Assessment of EEOC’s Compliance with Gov’t Information Security Reform Act** — As a result of this work two critical weaknesses were identified regarding computer information security. These were the absence of an Agency security training program and the need to conduct physical security assessments of EEOC field offices.
### Federal Deposit Insurance Corporation

<table>
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<tr>
<th>Evaluation of the Federal Financial Institutions Examinations Council</th>
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<tr>
<td>Evaluation of Physical Security for the FDIC’s Washington, D.C. Area Facilities</td>
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<tr>
<td>Evaluation of FDIC’s Corporate Readiness Plan</td>
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<tr>
<td>The New Financial Environment Project</td>
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</table>

**Joint Evaluation of the Federal Financial Institutions Examinations Council (FFIEC)** – This evaluation was notable because it was a collaborative effort with the Office of Inspector General of the Department of the Treasury (Treasury) and the Board of Governors of the Federal Reserve System (FRB). The FFIEC is a formal interagency body consisting of five financial regulatory agencies and is empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by its member agencies. The member agencies consist of the FRB, the FDIC, the National Credit Union Administration (NCUA), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS).

**Evaluations of Physical Security for the FDIC’s Washington, D.C.-Area Facilities and Field Sites** — Largely in light of the events of September 11, 2001, we identified an emerging issue that the FDIC needed to address: the security of the FDIC physical and human resources. The Corporation devoted considerable attention to these issues since the tragic events of that day and continues to do so. We completed work regarding these issues at both the Washington, D.C. area facilities and regional and field office locations and issued two reports conveying our results.

**Evaluation of the FDIC’s Corporate Readiness Plan** — This Plan is the Corporation’s contingency plan for responding to a series of institution failures that would exceed the FDIC’s capacity to address with its own resources. We reviewed key plan elements, assumptions, and deliverables. We concluded that the Plan was reasonable and provided sufficient flexibility for the FDIC to handle a wide range of institution failures without causing significant disruption to other aspects of the Corporation’s mission.

### Department of Health and Human Services

| Medicare Maintenance Payments for Capped Rental Equipment |
| Recruiting Foster Parents |
| State and Local Bioterrorism Preparedness |
| Payment for Procedures in Outpatient Departments and Ambulatory Surgical Centers |

**Report on Medicare payments for maintenance associated with capped rental equipment, which took up the issue of ensuring economy and efficiency in one aspect of the Medicare program**

**Report on Medicare payments for hospital outpatient departments compared to ambulatory surgical centers – economy and efficiency of the Medicare program**

**Reports related to the National Pharmaceutical Stockpile Preparedness – bioterrorism**

### Department of Homeland Security

| N/A – just formed |

| N/A |
| Department of Justice | The Immigration and Naturalization Service’s Removal of Aliens Issued Final Orders  
Follow-Up Review on the INS’s Efforts to Track Foreign Students in the United States through the Student and Exchange Visitor Information System  
The Bureau of Prisons’ (BOP) Drug Interdiction Activities  
Review of the Office of International Affairs’ Role in the International Extradition of Fugitives | The Evaluation and Inspections Division’s most notable achievements for the past year have been its reports on subjects related to the September 11, 2001, terrorist attacks. In the immediate aftermath of September 11, the Evaluation and Inspections Division initiated and completed five follow-up reviews on critical immigration topics affecting national security. The reviews provided the Attorney General and Congress with important information about continuing vulnerabilities.  
Our evaluators participated in a joint project along with the OIG’s attorneys and investigators to examine the Immigration and Naturalization Service’s (INS) contacts with two September 11 terrorists. As part of this project (report issued May 2002), the evaluators assessed the INS’s old and new systems for tracking foreign students studying in the United States. This assessment, which was the basis for two congressional hearings, alerted the Attorney General and Congress of progress and problems in revamping the INS’s student and exchange visitor program. The Evaluation and Inspections Division issued a follow-up report in March 2003 that again highlighted continuing problems with the INS’s student database and program.  
In furtherance of our responsibilities under the USA Patriot Act of 2001, the OIG’s evaluators, attorneys, and investigators initiated a joint review of the treatment of September 11 detainees held by the Department of Justice in two facilities – the Passaic County Jail in Paterson, New Jersey, and the BOP’s Metropolitan Detention Center in Brooklyn, New York. In this review, we examined three primary issues: Detainees’ ability to obtain legal counsel, the government’s timing for issuing criminal or administrative charges, and conditions of detention experienced by the detainees, including allegations of physical and verbal abuse, restrictions on visitation, medical care, duration of detention, confinement policies, and housing conditions. As part of this review, we also examined pre- and post-September 11 policies and procedures concerning detention, deportation, immigration bonds, immigration hearings, and administrative and criminal charging. |
| Department of Labor | - Evaluation of the Department of Labor’s Purchase Card Program  
- Evaluation of the Department of Labor’s Travel Card Program  
- Evaluation of the Department of Labor’s Telework Program  
- Youth Offenders Demonstration Grants  
- MSHA’s Handling of Inspections of W.R. Grace Mine in Libby, Montana | At the request of the Department, the OIG evaluated the DOL’s motor vehicle fleet program. We found that the motor vehicle fleet could be used more efficiently and the DOL could save $2.5 million annually by eliminating underutilized motor vehicles from its motor vehicle fleet.  
The OIG evaluated the DOL’s travel card program, which we found was not administered consistently throughout the Department. The DOL agreed with our recommendations to strengthen the program and decrease travel card misuse and payment delinquency. |
| NASA | Assessment of the Security of Wireless Networks at a NASA Installation (multi-installation series; currently underway)  
Assessment of a NASA Installation Network Firewall and Other Information Technology Security Measures (multi-installation series; several reports issued)  
Management Alert – Review of Performance-Based Service Contract Quality Assurance Surveillance Plans  
Review of Performance-Based Service Contract Quality Assurance Surveillance Plans | Our initiation of a series of installation reviews on wireless network security is a key example of our flexibility in quickly identifying important new Agency vulnerabilities, obtaining necessary training, planning a technical approach, and quickly moving forward to conduct and report on our activities.  
Our team of Procurement Analysts has consistently made a positive impact on improving Agency acquisition practices and procedures through inspections involving timely and relevant procurement issues. Recent inspection topics include Agency competition practices, quality assurance surveillance under Agency service contracts, and the effectiveness of the Agency’s procurement management system. This team has also facilitated the office’s outreach initiatives during the past year by conducting procurement fraud awareness training at various NASA and external forums including the IG Training Academy in Glynco, Georgia. |
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<tr>
<th>National Reconnaissance Office</th>
<th>Inspection of HQS Facility Physical Security Posture</th>
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<tr>
<td></td>
<td>Inspection of Cell Phones, Pagers, &amp; Calling Cards</td>
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<td>Inspection of the NRO Operations Center (NROC)</td>
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<td>Intelligence Oversight Inspection of Our Mission Field Sites</td>
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<td>Russia: Audit, Evaluation and Safety and Security Assessment</td>
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<td>Follow-up of Romania Evaluation: Inspection, Evaluation and Safety and Security Assessment</td>
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<th>U.S. Postal Service</th>
<th>Efficiency of Work Performed at Bulk Mail Centers</th>
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<td>Postal Service’s Transformation Plan</td>
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<td>Review of Contracts Associated With Biohazard Threat</td>
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<td>Peer Review of an Office of Inspector General</td>
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<th>Small Business Administration</th>
<th>Modernizing Human Resource Management</th>
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<td>Guaranty Purchase Survey of District Directors and Loan Officers</td>
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<td>SBA’s Experience with Defaulted Franchise Loans</td>
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<td>SBA’s Federal and State Technology Partnership (FAST) Program</td>
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|                               | Physical Security Posture – As a result of 9/11 and other world events |
|                               | NROC – Our first Inspection, many Commendables in report            |
|                               | Intelligence Oversight- Our first venture into IO inspections       |

**Preliminary Report on the Evaluation of the Volunteer Delivery System** — A cross-organizational review of the system used for the selection, screening, and placement of Peace Corps volunteers. This evaluation facilitated the agency’s establishment of an Office of Compliance in the Office of the Director.

**Efficiency of Work Performed atBulk Mail Centers** — The Postal Service has numerous bulk mail centers located throughout the country. Instead of performing one big review, we are conducting a series of reviews with each review concentrating on bulk mail centers in a particular location. We have conducted three reviews to date and each has identified monetary benefits and the same findings.

**Postal Service’s Transformation Plan** — The Postal Service issued a Transformation Plan in April 2002 which discussed commitments and strategies to maintain its financial viability and fulfill its universal service mission. We issued a report that summarized all of the work the OIG has done and our recommendations related to commitments and strategies in the Transformation Plan.

**Review of Contracts Associated With Biohazard Threat** — The Postal Service responded to the October 2001 emergency when anthrax was sent through the mail. At the time of our report, the Postal Service expected to receive $675 million in emergency funding from Congress. This review included contracts and delivery totaling $70.3 million that were awarded in response to the threat. The Postal Service used deviated purchasing procedures to award the contracts and delivery orders, and our review identified ways that the Postal Service could minimize its exposure to increased financial risk.

Our work resulted in corrections of misinformation on SBA’s public web site regarding small business opportunities.

We focused Agency attention on extreme delays in human resource initiatives that interfered with the Agency’s ability to address workforce transformation issues. This attention resulted in rapid revision and implementation of management initiatives intended to remedy workforce issues.

In conjunction with the Audit Division, we surveyed Agency employees responsible for the critical loan process in order to identify vulnerabilities and conditions leading to loss of Federal funds.
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The review of non-immigrant visa issuance policy and processing in the wake of 9/11 provides a framework and specific actions the State Department needs to take to improve the visa process and reduce vulnerabilities to unlawful entry to the United States.

Our focus on the accountability of managers helps the Department assess its managers and the training needed to develop better managers and leaders. The Department’s training institute agreed to meet regularly with our inspectors to discuss the strengths and weaknesses of managers reviewed during the course of inspections. A deputy chief of mission and a charge d’affaires were removed from their posts by the Department in conjunction with inspection work that highlighted their poor management abilities. Ambassadors at several embassies were counseled and coached to improve their management and leadership styles. The State Department values such assessments and increasingly calls on OIG to perform such reviews above and beyond those we conduct as part of our normal inspection cycle.

Inspection work at several embassies and consulates has highlighted inadequate planning for the construction of multi-million dollar new office buildings.

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**Limited Security Oversight Inspection of Embassy Moscow** — First evaluation following the move-in of the embassy to its new office building. This established a baseline of the embassy’s security systems and procedures.

**Security Oversight Inspection of Embassy Beijing** — Comprehensive security review of the embassy and its constituent posts.

**Security Oversight of China New Office Construction** (Special Review) — Comprehensive review of the security of the new office building construction.

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**Review of the Department’s Controls and Security Precautions over Dangerous Biologicals, Chemicals, and Radioactive Substances in VA Research and Diagnostic Facilities** — We completed this comprehensive, nationwide review in less than 3 months and continue following up to ensure the Department implements stringent controls and security measures over substances that can be potentially converted to weapons of mass destruction.

We conducted aggressive follow-up of all VHA medical facility research and clinical laboratory areas to ensure implementation of the recommendations developed by the review. This was significant because of the serious national security implications of Department managers not aggressively implementing the recommendations. The Deputy Secretary of Veterans Affairs personally requested this follow-up.

A Nationwide evaluation of the **Veterans Health Administration’s (VHA) oversight of veterans’ treatment and safety in contract community nursing homes**. Inadequate oversight and surveillance of VA patients have been problematic for more than 10 years, yet VA managers had not established effective controls to ensure the safety and well-being of elderly vulnerable patients. This program evaluation resulted in recommendations that VA managers supported and began to vigorously implement.
PROMOTING ECONOMY, EFFICIENCY, EFFECTIVENESS, AND INTEGRITY THROUGHOUT THE FEDERAL GOVERNMENT

President's Council on Integrity and Efficiency
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