

Making a Difference: Developing Actionable IG Recommendations and Getting Them Implemented

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Issues Addressed

- Describe the processes that IG offices use to:
 - focus audits (both financial and performance) and develop recommendations that will be effective in making the changes that the IG staff deem to be needed;
 - address the challenges and opportunities they face in getting their recommendations implemented.
- Describe how IG auditing and investigative work is affected by and may affect the IG's *stakeholders*, *expectations* held by the IG's stakeholders, and *system stressors* in their strategic environment.

Scope and Methods

- During the summer and fall of 2014 Charles A. Johnson and I conducted in-depth case studies of six Inspector General offices (Johnson, Newcomer, and Allison, 2015).
 - The six IG offices included in the study represent a variety of agencies, including cabinet-level departments and smaller federal agencies.
 - Reflecting the size of their host agencies, the size of the OIGs varied substantially, with the largest having several hundred employees, to a relatively small OIG with fewer than 25 employees.
 - Three of the IGs were appointed by the president and confirmed by the U.S. Senate, and three were appointed by agency heads or governing boards, otherwise known as Designated Federal Entities (DFEs).
 - The sample included IGs who served previously in other OIGs, and those with OIG experience prior to their current IG appointments. The time they spent in their current positions ranged from less than three years to more than 15 years in the office.
- We conducted an electronic survey of the Inspector General community in fall 2016 to follow-up on the findings from our six case studies and to broaden our understanding about activities This paper draws on the 26 responses of sitting IGs.
- We subsequently interviewed three additional sitting IGs, and additional agency executives to discuss the role of IG role during the fall of 2016.

What are the U.S Federal Inspectors General?

- Inspectors general were established to address financial challenges facing the U.S. government in the 1970s.
- The mission of the IGs is to ferret-out fraud, waste, and abuse in the federal government and to advance efficient and effective administration of federal programs.
- The development of OIGs was influenced by long term trends in Presidential-Congressional relations which aimed to enhance financial management in the executive branch and to engage Congress with the emerging modern administrative state.
- The 1978 Inspectors General Act shaped the contemporary structure, authority, responsibilities and strategic environment of IGs.

Key Statutory Responsibilities of U.S. Inspectors General

- Provide policy direction for and to conduct, supervise, and coordinate audits and investigations relating to the programs and operations
- Review existing and proposed legislation and regulations relating to programs and operations of such establishment
- Make recommendations in the semiannual reports required by [this legislation] concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by [the host agency] for the prevention and detection of fraud and abuse in such programs and operations
- Recommend policies for, and to conduct, supervise, or coordinate other activities carried out or financed by [the agency] for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations
- Recommend policies for, and to conduct, supervise, or coordinate relationships between such establishment and other Federal agencies, State and local governmental agencies, and nongovernmental entities with respect to (A) all matters relating to the promotion of economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by such establishment, or (B) the identification and prosecution of participants in such fraud or abuse
- Keep the head of such establishment and the Congress fully and currently informed, by means of the reports required by [this legislation] and otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by [the host agency], to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action

Key Statutory Authorities of U.S. Inspectors General

- Have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to [the host agency] which relate to programs and operations with respect to which that Inspector General has responsibilities under this [legislation]
- Make such investigations and reports relating to the administration of the programs and operations of {the host agency} as are, in the judgment of the Inspector General, necessary or desirable
- Request such information or assistance as may be necessary for carrying out the duties and responsibilities provided by this Act from any Federal, State, or local governmental agency or unit thereof
- Require by subpoena the production of all information, documents, reports, answers, records, accounts, papers, and other data in any medium (including electronically stored information, as well as any tangible thing) and documentary evidence necessary in the performance of the functions assigned by this [legislation]
- Administer to or take from any person an oath, affirmation, or affidavit, whenever necessary in the performance of the functions assigned by this [legislation]
- Have direct and prompt access to the head of the establishment involved when necessary for any purpose pertaining to the performance of functions and responsibilities under this [legislation]
- Select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office
- Upon request of an Inspector General for information or assistance . . . the head of any Federal agency involved shall . . . furnish to such Inspector General; . . . Whenever information or assistance requested [under this legislation] is, in the judgment of an Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the head of [the host agency] involved without delay
- Each Inspector General, any Assistant Inspector General for Investigations under such an Inspector General, and any special agent supervised by such an Assistant Inspector General may be authorized by the Attorney General to . . . carry a firearm while engaged in official duties . . . ; make an arrest without a warrant while engaged in official duties . . . ; [and] seek and execute warrants for arrest, search of a premises, or seizure of evidence issued under the authority of the United States upon probable cause to believe that a violation has been committed

IG Work Can Be Proactive or Reactive

Prompt for OIG Action

- Agency Leadership
- Legislative Requirements
- Congressional Requests
- IG Hotline
- GAO
- Media Stories



OIG Fact Finding to Clarify Line of Action



OIG Action

- Investigations
- Financial Audits
- Compliance and Performance Audits
- White Papers, Management Advisories, Etc.
- Referrals to Other Entities

The Size of IG Offices in the Federal Agencies Varies Greatly

Twelve Largest IG Offices (FY 2012)				
Agency	FY 2012 Budget (millions)	FY 2012 Outlays (millions)	FY 2012 FTEs	Number of Agency FTE per OIG FTE
Department of Defense	\$339	\$329	1575	71
Postal Service	\$241	\$241	1136	465
Internal Revenue Service	\$152	\$153	807	116
Department of Homeland Security	\$141	\$154	676	293
State Department	\$129	\$114	233*	55
Department of Housing and Urban Development	\$124	\$129	655	14
Department of Veterans Affairs	\$112	\$116	638	509
Department of Agriculture	\$86	\$92	545	186
Department of Justice	\$84	\$104	465	250
Department of Transportation	\$80	\$86	413	138
Department of Health and Human Services	\$50	\$101	1773	49
Social Security Administration	\$29	\$109	569	114

Median Agencies:				
National Science Foundation	\$14	\$15	78	19
Nuclear Regulatory Agency	\$11	\$10	58	65
**The State Department OIG relies on contractors to conduct inspections				

The Process Through Which Federal Inspectors General Attempt to Improve Management Systems and Operations in their Agencies

OIG Operations Undertaken to Improve Agency Performance

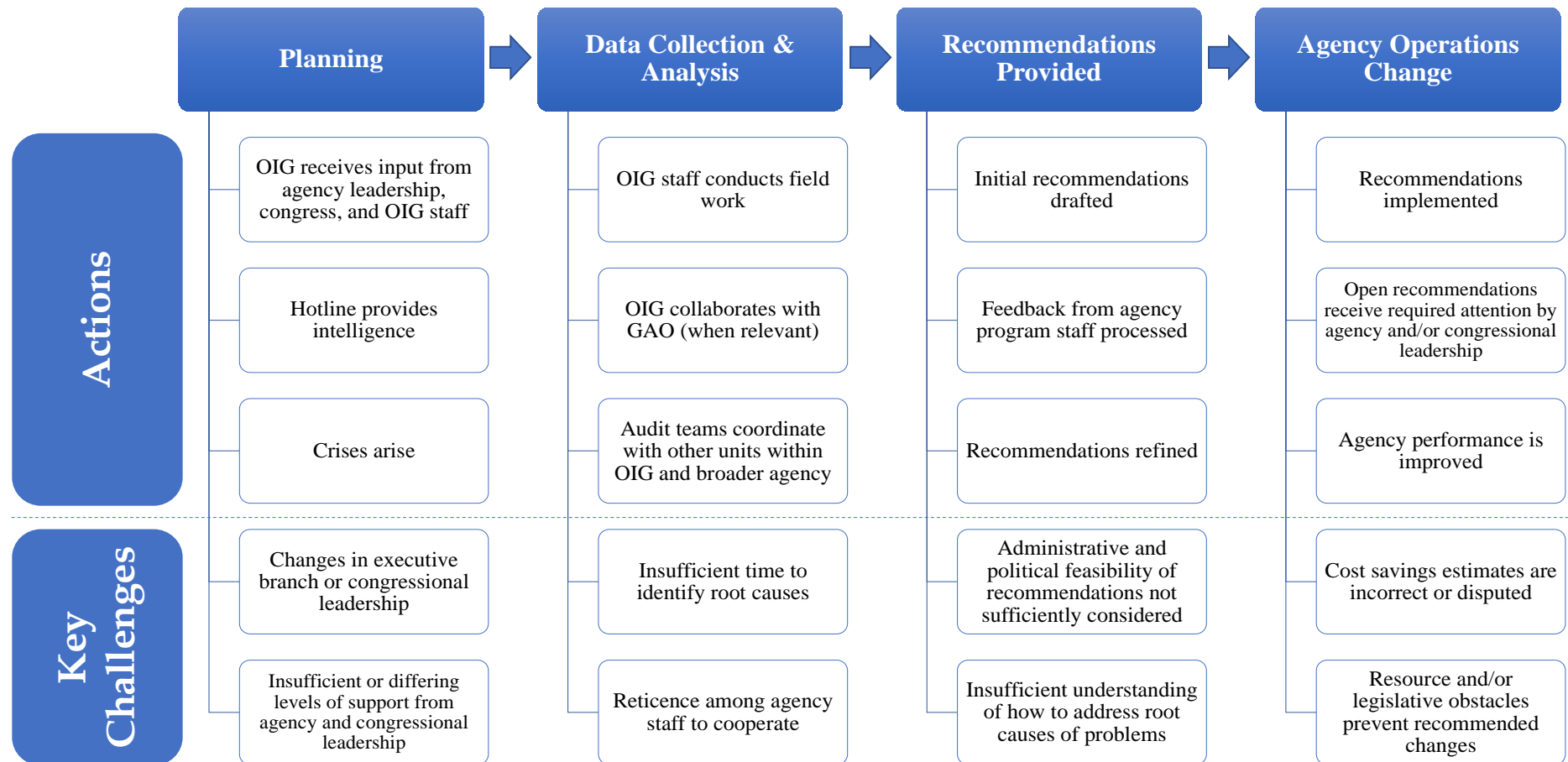
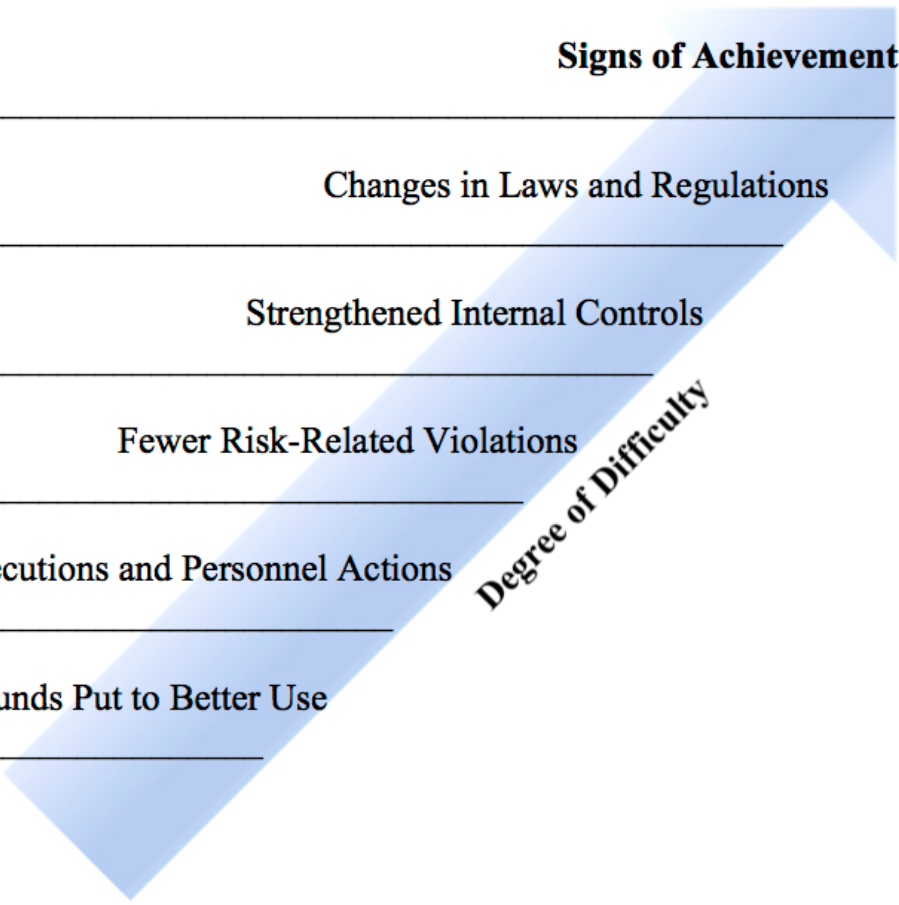


Figure 6.1 Degree of Difficulty for IGs to Improve Agency Performance

Intended IG Impact	Signs of Achievement
Supporting Achievement of Agency Mission	Changes in Laws and Regulations
Improving Processes/Policies	Strengthened Internal Controls
Shaping Agency and Contractor Behavior	Fewer Risk-Related Violations
Holding Employees/Contractors Accountable	Successful Prosecutions and Personnel Actions
Controlling Costs	Agency Funds Put to Better Use



Degree of Difficulty

Required Elements of an OIG Audit Finding: Criteria, Condition, Cause and Effect

Criteria: The laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding the findings.

Condition: Condition is a situation that exists. The condition is determined and documented during the audit.

Cause: The cause identifies the reason or explanation for the condition or the factor or factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria), which may also serve as a basis for recommendations for corrective actions. Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of program management. Auditors may assess whether the evidence provides a reasonable and convincing argument for why the stated cause is the key factor or factors contributing to the difference between the condition and the criteria.

Effect or potential effect: The effect is a clear, logical link to establish the impact or potential impact of the difference between the situation that exists (condition) and the required or desired state (criteria). The effect or potential effect identifies the outcomes or consequences of the condition. When the audit objectives include identifying the actual or potential consequences of a condition that varies (either positively or negatively) from the criteria identified in the audit, “effect” is a measure of those consequences. Effect or potential effect may be used to demonstrate the need for corrective action in response to identified problems or relevant risks.

SOURCE: U.S. GAO, Government Auditing Standards, 2011 Revision, paragraphs 4.11 through 4.14, paged 76-77.

Considerations Important for OIG Staff When Developing Recommendations

Using the scale listed below, what percentage of the time are the following factors important considerations when you are developing draft recommendations? (N=26)					
Answer Options	Responses				
	Never, 0% of the time	About 25% of the time	About 50% of the time	About 75% of the time	Always, 100% of the time
How the recommendation will advance the agency's objectives	0.0%	3.8%	0.0%	23.1%	73.1%
How the recommendation will provide efficiencies in agency operations	0.0%	0.0%	8.0%	20.0%	72.0%
Bringing the agency's actions into compliance with federal laws and policies	0.0%	8.3%	8.3%	12.5%	70.8%
Bringing the agency's financial practices into alignment with general accounting standards	8.3%	8.3%	8.3%	20.8%	54.2%
Administrative feasibility of the recommendation	0.0%	11.5%	7.7%	34.6%	46.2%
Projected cost/benefit ratio	0.0%	16.0%	12.0%	28.0%	44.0%
Views of IG regarding what the agency should be doing to achieve its mission	8.3%	20.8%	29.2%	8.3%	33.3%
Significant budgetary increases or additional funding will be required	8.3%	20.8%	12.5%	25.0%	33.3%
Statutory changes or authorization will be required	12.5%	20.8%	20.8%	16.7%	29.2%
Anticipated agency clienteles' perspectives on the reasonableness, cost, importance and/or challenges in implementation	12.5%	29.2%	16.7%	20.8%	20.8%
Anticipated agency leadership's perspectives on the reasonableness, cost, importance and/or challenges in implementation	4.2%	25.0%	16.7%	33.3%	20.8%
Priorities or goals of IG or OIG	20.0%	32.0%	12.0%	16.0%	20.0%
Anticipated reactions of affected agency managers on the reasonableness, cost, importance and/or challenges in implementation	8.3%	29.2%	8.3%	37.5%	16.7%
Anticipated congressional perspectives on the reasonableness, cost, importance and/or challenges in implementation	22.7%	18.2%	22.7%	27.3%	9.1%
The OIG's assessment that the recommendation will not be fully implemented	25.0%	29.2%	16.7%	20.8%	8.3%

Considerations Important for OIG Staff When Finalizing Recommendations

Using the scale listed below, what percentage of the time are the following factors important considerations when you are finalizing recommendations? (N=26)					
Answer Options	Responses				
	Never, 0% of the time	About 25% of the time	About 50% of the time	About 75% of the time	Always, 100% of the time
Comments from agency officials regarding a recommendation's vagueness or poor writing	12.5%	4.2%	16.7%	12.5%	54.2%
Comments from agency officials about the appropriateness and reasonableness of recommendation	3.8%	15.4%	23.1%	19.2%	38.5%
Comments from agency officials that the report does not identify the root causes sufficiently or correctly to offer a reasonable recommendation	20.0%	4.0%	20.0%	20.0%	36.0%
Views of IG regarding what the agency should be doing to achieve its mission	4.3%	26.1%	30.4%	13.0%	26.1%
Priorities or goals of IG or OIG	28.0%	20.0%	16.0%	16.0%	20.0%
Conclusion by the OIG that the recommendation will not be fully implemented for any number of reasons	38.5%	38.5%	3.8%	7.7%	11.5%
Conclusion by the OIG that a recommendation will not be accepted by agency management	50.0%	30.8%	0.0%	11.5%	7.7%

Factors That Explain Why OIG Recommendations Are Not Implemented

Using the scale listed below, what percentage of the time do the following factors account for recommendations not being implemented by agency management? (N=26)					
Answer Options	Responses				
	Never, 0% of the time	About 25% of the time	About 50% of the time	About 75% of the time	Always, 100% of the time
The affected agency office requires additional resources to take recommended actions	8.7%	34.8%	21.7%	30.4%	4.3%
The recommended change requires longer to accomplish than 2 years due to the need to coordinated with external entities	33.3%	23.8%	19.0%	23.8%	0.0%
Insufficient support from agency leadership to implement the recommended actions	26.1%	39.1%	17.4%	17.4%	0.0%
Managers in the affected agency office do not agree that the recommendations will enhance operations	21.7%	52.2%	17.4%	8.7%	0.0%
The affected agency office requires additional authority to take recommended actions due to legislative or regulatory constraints	45.5%	40.9%	9.1%	4.5%	0.0%
Insufficient vetting of the feasibility (political, administrative, or financial) of implementing the recommendation by the IG team who conducted the audit or inspection	54.5%	36.4%	4.5%	4.5%	0.0%
Lack of clarity in the recommendations as written	62.5%	25.0%	8.3%	4.2%	0.0%
Congressional interest or intervention that works against implementation of the recommendation	85.7%	9.5%	4.8%	0.0%	0.0%
Current negative relationships between your IG office and agency management	91.3%	8.7%	0.0%	0.0%	0.0%

Activities Undertaken by Federal Inspectors General to Get Open Recommendations Implemented

How frequently does your office use activities listed below to follow up on recommendations that have been open for over 12 months, and have these activities resulted in recommended changes? (Please check all that apply) (N=26)				
	Frequency of Activities		Perceived Results of Activities*	
Answer Options	Happens frequently	Does not happen frequently	Has resulted in recommendation being implemented	Has NOT resulted in recommendation being implemented
Having target deadlines for a response from the affected program office	100.0%	0.0%	61.5%	15.4%
Informal conversations with agency staff in offices affected by the recommendations	84.6%	15.4%	61.5%	11.5%
Raising the issue with agency leadership	72.0%	28.0%	48.0%	8.0%
Formal meetings with agency staff in offices affected by the recommendations	69.2%	30.8%	50.0%	15.4%
Raising the issue in testimonies and/or written reports to Congress	56.5%	43.5%	30.4%	13.0%
Raising the issue with the agency's compliance office (if such an office is present in the agency)	53.3%	46.7%	40.0%	13.3%
Informal conversations with relevant congressional staff	39.1%	60.9%	13.0%	17.4%
*The sum of these categories may be less 100% because of missing responses, no opinion, or unclear				

Stakeholders, Expectations held by the IG's Stakeholders, and System Stressors in the IG's Strategic Environment

- Primary Stakeholders: Congress and the leadership in their host agency.
- Secondary Stakeholders:
 - OIG staff; the Government Accountability Office (GAO) and the Office of Special Counsel in the Department of Justice; agency employees whose work IGs review—and upon whom IGs rely for information—for implementation of recommendations; and non-governmental stakeholders, including clients or consumers of an IG's host agency (e.g., contractors hired by the agency) and interest groups dedicated to the host agency (e.g., professional associations or employee unions associated with the agency).

Expectations held by the IG's Stakeholders

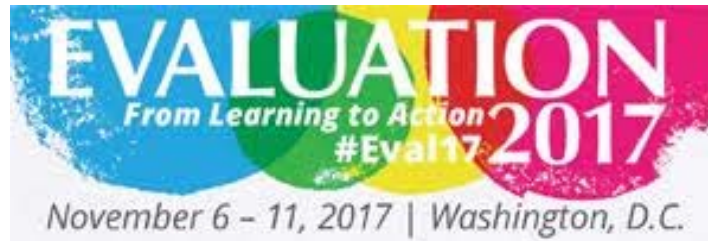
- A reputation for *independence*, fairness, integrity and accuracy in their work is critical to ensure an OIG can secure the cooperation and support of agency leadership and Congress, but especially from the agency employees whose work they review.
- The OIGs communicate often, both formally and informally, with their agency leadership and affected program managers to ensure that their recommendations are feasible and that the implementation of audit recommendations proceeds smoothly
- IGs are *accountable* for the outcomes of their audits and investigations.

System Stressors in the IG's Strategic Environment

- Stress stemming from the shared powers affects the work OIGs undertake
- In particular, this is due to the specification of an IG's authority and resources and OIG follow-up to ensure that recommendations are implemented.
- Disagreements between the executive branch and Congress involving resources and access can create stresses on inspectors general, collectively and individually, which influences their audits and investigations.
- Politicians in either their host agency or the Congress may present particularistic agendas to IGs in terms of desired audits, or even investigations
- Presidents who do not understand the role of IGs may not be forthcoming in nominating candidates to open positions, e.g. Trump!
- Lack of nominations or delayed Senate confirmations can result in IG offices lead by “Acting” officials and for extended periods of time (like now!)

Lessons for Any Public Agencies Recommending Changes in the Operations of Other Agencies

- Understanding and managing relevant stakeholders and their expectations is key- both before and after undertaking the relevant work
- Support from agency leadership to implement the recommended actions is critical
- To enhance the likelihood of implementation, recommendations must:
 - Be perceived as appropriate and reasonable
 - Identify the root causes sufficiently and correctly to convince the affected managers to take the recommended action
 - Be written clearly and with vagueness or any ambiguity



- Please join us in November 6-11!
- "From Learning to Action" is the theme of our American Evaluation Association Annual Conference (3500+ attendees and 120+ workshops & panels), and in line with this theme, I have worked with committee of 17 (from 7 countries) to plan our approach, and we have challenged participants to:
 - think creatively about innovative ways to engage audiences at the annual conference – beyond panels and posters;
 - invite evaluators or evaluation users who might not normally attend AEA, but are clearly stakeholders in our work, to participate in conference sessions; and
 - submit a 60 second video on Learning from Evaluation to highlight how we can foster learning from evaluation in a variety of settings.

Thank You!

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