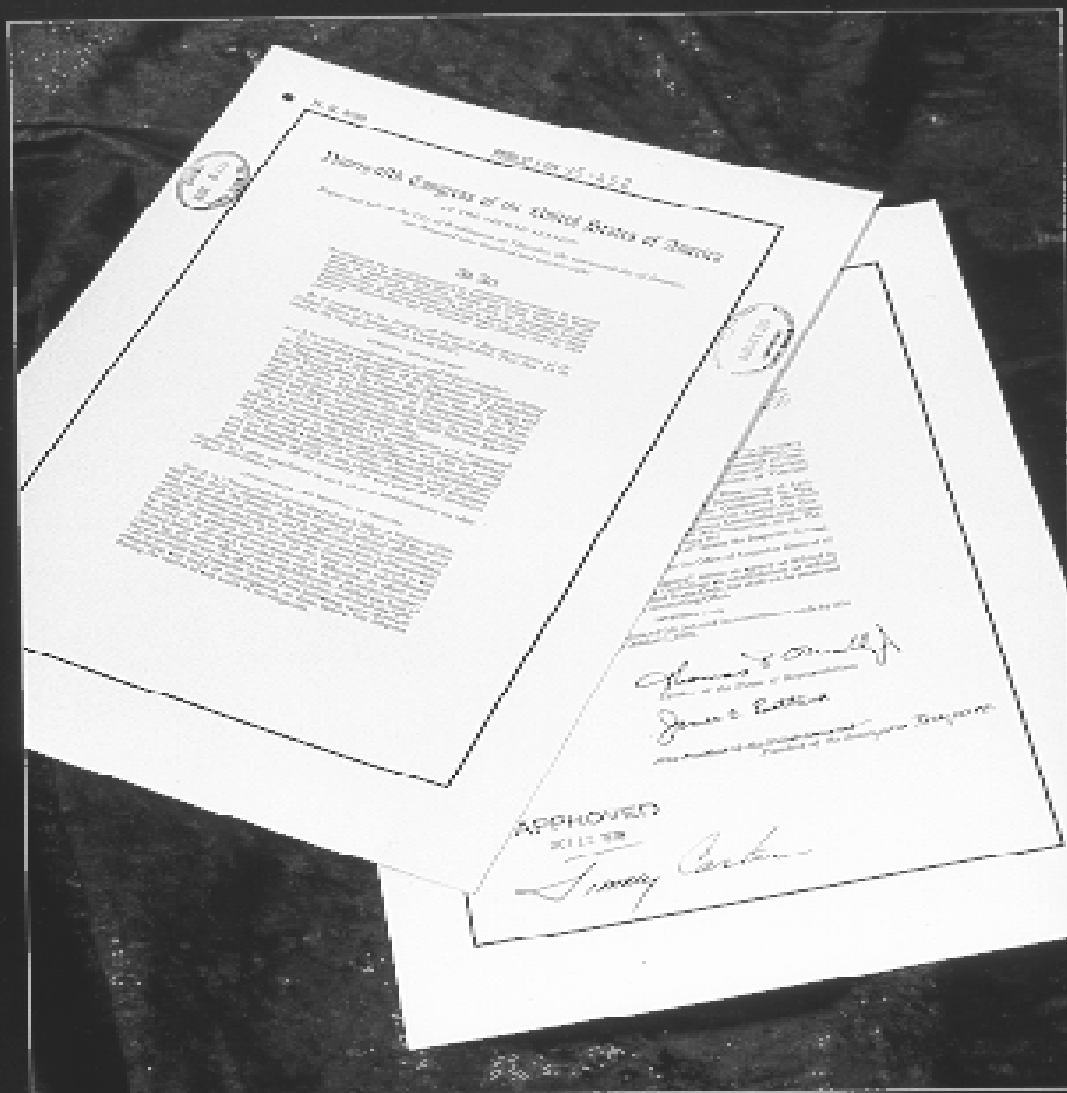


Fiscal Year 1998

# ***A PROGRESS REPORT TO THE PRESIDENT***

President's Council on Integrity and Efficiency  
Executive Council on Integrity and Efficiency

## *INSPECTOR GENERAL ACT*



1978-1998 **20**TH ANNIVERSARY

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## Foreword

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*The President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) are proud to present our joint annual report highlighting results of the Office of Inspector General (OIG) community during fiscal year (FY) 1998. This report attests to the excellent progress that the community has made in its efforts to promote more efficient, economical, and effective programs and operations throughout the Federal Government. Our progress is evident in three major areas, serving agency management and the American people; safeguarding taxpayer funds; and working as a community and with other partners to maximize our collective effectiveness.*

*Our report contains countless examples where OIG auditors and evaluators have helped agency officials accomplish goals and successfully address the challenges they confront. We have worked to strengthen agency financial management, help agencies conform to legislative mandates such as the Government Performance and Results Act (GPRA), see that managers use technology and information systems to their fullest potential, and make efficient use of funds budgeted. During FY 1998 alone, reports issued by PCIE and ECIE members identified nearly \$16 billion of Federal funds that could be put to better use by government managers. But the Inspector General (IG) community's impact goes far beyond the walls of the agencies where OIG staff conduct their work. Results of OIG work ultimately affect every facet of daily American life, health care, education, aging, insurance, banking, airline safety, taxes, childcare, and the environment. The American public is clearly a beneficiary of the IG community's work and we are proud of our accomplishments on its behalf.*

*The goal of safeguarding taxpayer dollars by preventing and detecting fraud in Federal programs and activities also drives the work of the IG community. During FY 1998, the PCIE and ECIE IGs and their investigative staffs have met that challenge. Nearly 15,000 wrongdoers were successfully prosecuted. Almost \$1.4 billion in restitution and investigative recoveries has been realized and more than 7,000 unscrupulous individuals or firms were disqualified from receiving government contracts or otherwise participating in government programs.*

*While the individual PCIE/ECIE member agencies conduct work to address issues of principal concern to our respective agencies, we do not do so in isolation. Rather we rely on cooperative efforts with one another, committee work and joint projects, sharing of best practices, and partnerships with law enforcement agencies, other government bodies, and private sector groups, all in the interest of maximizing our effectiveness and better serving the*

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government. We are constantly using new tools, products, services, and approaches in conducting our work, many of which are described in this report.

While this report is intended to capture the value and impact of our work in FY 1998, it is important to note that the progress of the past fiscal year has laid a solid foundation for our present and the future. For example, as we approach the Year 2000, our efforts to ensure governmentwide readiness and compliance over the past year and a half will serve us well. As we rely increasingly on information and technology resources and address concerns related to data integrity and security, our work in those areas will help ensure that our new tools function efficiently and that information and data generated by government systems are reliable and safe. Together we have made strides in identifying and resolving these types of cross-cutting challenges that all Federal agencies face.

Because progress, by definition, suggests moving forward, it is appropriate in this report to share the PCIE/ECIE vision for the future. Our priorities as we move ahead are to prepare a comprehensive strategic plan to guide us, address emerging issues connected with systems security, enhance financial management practices with an eye toward obtaining clean opinions on audited agency financial statements, continue to foster GPRA principles, and bring to successful completion our intensive Year 2000 activities. As for investigative issues, we will continue our work in such areas as benefits fraud and contractor wrongdoing.

We could not accomplish our goals without the valuable input of each member of every Office of Inspector General. On behalf of the PCIE/ECIE, we thank them for their contributions, dedication, and service. The PCIE/ECIE community appreciates the continued support of the Administration, Members of Congress, and the agency management with whom we work. As we celebrate over 20 years of IG history and approach the millennium, we feel privileged to serve the American people. We are committed to making continuous progress in pursuit of our mission to ensure the highest degree of integrity and success in Federal programs.

*Gaston L. Gianni, Jr.*  
*Vice Chair*  
*President's Council on*  
*Integrity and Efficiency*

*Thomas D. Blair*  
*Vice Chair*  
*Executive Council on*  
*Integrity and Efficiency*

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# ***PROFILE OF PERFORMANCE–FISCAL YEAR 1998***

## ***Summary of Combined Statistical Accomplishments by PCIE and ECIE Members***

	<i>TOTAL</i>
' Recommendations That Funds Be Put To Better Use .....	\$15.8 Billion
' Management Decisions On Recommendations That Funds Put To Better Use.....	\$ 6.4 Billion
' Questioned Costs.....	\$ 3.5 Billion
' Management Decisions On Questioned Costs.....	\$ 1.9 Billion
' Successful Criminal Prosecutions.....	14,885
' Civil Actions.....	1,918
' Personnel Actions .....	1,273
' Suspensions/Debarments.....	7,104
' Investigative Recoveries.....	\$ 1.4 Billion

Detailed information by agency begins on page 38



# *Table of Contents*

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Foreword	
The Inspector General Community .....	1
Inspectors General Address Management Challenges, Innovative Solutions, and Areas of Agency Vulnerability. ....	4
Top Management Challenges Reported By Agency IGs. ....	5
Helping Federal Agencies Resolve Management Challenges .....	6
Best and Innovative Practices In Federal Agencies .....	10
Improving Federal Program Management and Performance. ....	15
Improving Financial Management .....	18
Improving Procurement and Grant Management. ....	21
Preventing Fraud and Vulnerability to Waste and Abuse. ....	24
Recoveries and Results From Fraud Investigations .....	26
Civil Actions From Fraud Investigations. ....	32
PCIE/ECIE Committees and Projects .....	34
Summaries of Statistical Accomplishments. ....	38
PCIE Membership Addresses and Hotline Numbers .....	52
ECIE Membership Addresses and Hotline Numbers .....	53
Glossary of Common Acronyms and Abbreviations .....	54

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## THE INSPECTOR GENERAL COMMUNITY

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Congress passed the Inspector General Act of 1978, which created independent audit and investigative offices within 12 Federal agencies. Before that time, most Federal audit and investigative resources were under the management of specific Federal program offices—meaning that Federal auditors and investigators were frequently under the direction of the programs they were reviewing. This splintered system also made it hard for these small audit and investigative offices to see a pattern of abuse against their agency’s programs.

In the last 21 years, the Inspector General (IG) concept has proven to be of significant benefit to the government—each year billions of dollars are returned to the Federal Government or better spent based on the recommendations from IG reports. Because of this success, the IG concept has been gradually expanded to most of the Federal Government. In FY 1998, there were 57 Offices of Inspector General (OIGs) providing oversight to 59 Federal agencies.

“Inspector General” may seem an unusual name for a civilian auditor/investigator. The modern civilian IG was derived from the military custom of having an independent “Inspector General.” IGs were first used in the American military during the Revolutionary War, when General Washington charged General von Steuben with providing an independent review of the combat readiness of the Continental Army’s troops. Today’s civilian IGs are charged with a similar mission: detecting and preventing fraud, waste, and abuse and promoting economy, effectiveness, and efficiency so that their agencies can best serve the public.

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### *IG Independence*

The major way IGs are different from other Federal officials is their independence. The Inspector General Act authorizes IGs to:

- ’ conduct such investigations and issue such reports as they believe appropriate (with limited national security and law enforcement exceptions);
- ’ issue subpoenas for information and documents outside the agency (with same limited exceptions);
- ’ have direct access to all records and information of the agency;
- ’ have ready access to agency heads;
- ’ administer oaths for taking testimony;
- ’ hire and control their own staff and contract resources; and
- ’ request assistance from any Federal, State, or local government.

This statutory independence is meant to ensure the impartiality of IG audits and investigations. The IGs articulated their view of how this independent, yet cooperative, relationship with management should work in their 1994 *Inspectors General Vision and Statement and Strategies to Apply Our Reinvention Principles*. IGs are interested in input on what projects they should pursue. Except in special circumstances, IGs share drafts of their reports with their agencies and respond to agency comments in final reports. IGs also frequently provide “technical advice” on a particular issue or piece of legislation to the Administration and to Members of Congress. Many IGs participate in their agencies’ senior councils, and frequently OIG staff provide advice to agency “reinvention councils” as management policies are developed.

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In simple terms, the IGs have two basic roles: to find and report on current problems and to foster good program management to prevent future problems. This report describes many examples of how the OIGs meet their specific statutory mission to:

- ' conduct and supervise audits and investigations relating to the programs and operations of their agencies;
- ' review existing and proposed legislation and regulations relating to the programs and operations of their agencies;
- ' provide leadership for activities designed to promote economy, effectiveness, and efficiency and fight fraud, waste, and abuse in their agencies' programs; and
- ' inform their agency heads and the Congress of problems in their agencies' programs.

In performing this mission, the IGs prepare a variety of reports, including:

**Audit Reports.** Most OIG resources are spent on audits. OIG audits evaluate the performance of agency programs and supporting administrative and financial systems; compliance with relevant laws and regulations; whether there are ways that funds could be put to better use; whether contractors and/or grantees have met their responsibilities to the government; and whether people or firms doing business or receiving benefits from the government have received funds to which they are not entitled and should make restitution. By law, OIG audits are performed under auditing standards set by the General Accounting Office (GAO). In FY 1998 alone, OIG audits (and the related discipline of OIG inspections) led to managers making decisions to better spend more than \$6.4 billion and to seek the return to the government of almost \$2 billion.

**Inspection Reports.** Inspections are similar to policy and program evaluations. Several of the OIGs have adopted inspections as a quick way to spot test the effectiveness of their agency programs or to do a broad review on issues affecting agency programs. The PCIE and ECIE have adopted professional standards to ensure the validity and independence of IG inspections.

**Investigation Reports.** In accordance with professional standards and guidelines established by the Department of Justice (DOJ), OIGs perform investigations of both criminal and administrative wrongdoing against agency programs. When they deem necessary, IGs investigate outside beneficiaries, contractors or grantees, or Federal officials—indeed, IGs are empowered to investigate anyone who may have defrauded their agencies' programs. IGs are required to report suspected violations of criminal law directly to the Attorney General and frequently work cooperatively with DOJ on criminal investigations. In FY 1998 alone, OIG investigations led to the recovery of almost \$1.4 billion, nearly 14,900 successful prosecutions, the suspension or debarment of over 7,000 people or businesses doing business with the government, and almost 2,000 civil actions.

**Semiannual Reports to Congress.** These reports are specifically required by the Inspector General Act. IGs must summarize their most significant recent reports and management's action on significant IG recommendations. These reports provide a useful overview of OIG activity and demonstrate the value each IG contributes.

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## *IG Appointments*

IGs are appointed on the basis of their personal integrity and their expertise in:

- ' accounting, auditing, financial analysis;
- ' law, management analysis, public administration; and
- ' investigations.

The IGs serving at the cabinet-level departments and major sub-cabinet agencies are nominated by the President and confirmed by the Senate. These IGs can be removed only by the President. IGs at smaller independent agencies and corporations are appointed by their agency heads, who can also remove them from office. In either case, both houses of Congress must be notified of the reasons for removal.

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## *The President's Council on Integrity and Efficiency (PCIE)*

The Presidentially-appointed Inspectors General work together and coordinate their professional activities through the PCIE, which was created by an Executive Order dated March 26, 1981, and updated in 1986 and 1992. The PCIE works to promote collaboration on integrity, economy, and efficiency issues that transcend individual governmental agencies and to increase the professionalism and effectiveness of IG personnel throughout the government. The PCIE is chaired by the Deputy Director for Management of the Office of Management and Budget (OMB), who is responsible for reporting to the President on its activities. In addition to the Presidentially-appointed IGs, members include the Controller of the Office of Federal Financial Management at OMB, the Special Counsel of the Office of Special Counsel (OSC), the Director of the Office of Government Ethics, the Deputy Director of the Office of Personnel Management (OPM), and a representative of the Director of the Federal Bureau of Investigation (FBI).

Most of the work of the PCIE is done by its committees. That work is summarized later in this report. The PCIE also maintains two training centers for OIG staff: the Inspectors General Auditor Training Institute at Fort Belvoir, VA and the Inspector General Criminal Investigator Academy at the Federal Law Enforcement Training Center, Glynco, GA. PCIE members also join together in a number of substantive working groups, including the Government Performance and Results Act Roundtable and the Information Technology Roundtable. Updated information on PCIE and individual OIG work can be found at the IG community webpage, known as *IGNet*, located at <http://www.ignet.gov>.

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## *The Executive Council on Integrity and Efficiency (ECIE)*

The ECIE, comprised primarily of the IGs appointed by agency heads, was created by Executive Order on May 11, 1992. The ECIE has the same mission as the PCIE: address integrity and efficiency issues that transcend individual government agencies and increase the professionalism and effectiveness of IG personnel throughout the government. The ECIE is also chaired by the Deputy Director for Management of OMB. In addition to the agency head-appointed IGs, members include the Controller of the Office of Federal Financial Management at OMB, the Special Counsel of OSC, Director of the Office of Government Ethics, the Deputy Director of OPM, and the Assistant Director, Criminal Investigative Division of the FBI.

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## ***INSPECTORS GENERAL ADDRESS MANAGEMENT CHALLENGES, INNOVATIVE SOLUTIONS, AND AREAS OF AGENCY VULNERABILITY***

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The following narratives highlight how OIGs use audits, investigations, and inspection reviews to identify material management challenges and weaknesses, opportunities and solutions for improvements, innovative practices, and areas vulnerable to fraud, waste or abuse.

OIGs devote the bulk of their resources to audits and related services. This work is performed by OIG audit staff, other Federal auditors under cost-reimbursable agreements, or non-federal auditors under various contracting or partnering arrangements.

Inspections are similar to policy and program evaluations and are designed to support the overall missions of the OIGs and their respective agencies by promoting economy, efficiency, and effectiveness in program administration. Inspections differ from audits in their comparatively short time-frames, flexibility, and use of multi-discipline teams.

The IG Act requires IGs to provide policy direction for, and to conduct, supervise, and coordinate investigations relating to their entities' programs and operations. The OIG investigations cover a full range of criminal, civil, and administrative issues.

This report summarizes some of the more significant results of OIG audits, inspections, and investigations during FY 1998. The examples provided are grouped into the following subject areas:

- ' Top Management Challenges Reported By Agency IGs;
- ' Helping Federal Agencies Resolve Management Challenges;
- ' Best and Innovative Practices In Federal Agencies;
- ' Improving Federal Program Management and Performance;
- ' Improving Financial Management;
- ' Improving Procurement and Grant Management;
- ' Preventing Fraud and Vulnerability to Waste and Abuse;
- ' Recoveries and Results From Fraud Investigations; and
- ' Civil Actions From Fraud Investigations.

## ***TOP MANAGEMENT CHALLENGES REPORTED BY AGENCY IGs***

Below is a schedule of the Top Management Challenges most frequently identified by PCIE members within their respective departments and agencies for FY 1998. Because of their commonality among Federal agencies, these Top Management Challenges are considered cross-cutting, government-wide issues. *Other Top Management Challenges which are common to certain groups of agencies are listed on the bottom of this page.*

The narratives on the following pages highlight several of these Top Management Challenges, and how the OIGs are helping their respective agencies to recognize and resolve them.

Agency	Financial Management & CFO Statements	Year 2000 Compliance	Information & Technology Resources	GPRA Compliance, Implementation & Accountability	Security & Data Integrity	Procurement & Grant Management
DOC	U	U	U	U		U
DOD	U	U	U			U
DOE		U	U	U	U	U
DOI	U	U				
DOJ	U	U	U		U	
DOL	U	U	U	U		U
DOS	U	U		U	U	
DOT	U	U		U		
ED		U	U	U	U	
EPA			U	U	U	U
FEMA	U	U	U	U	U	U
GSA		U	U		U	U
HHS	U	U				
HUD	U					U
NASA	U	U	U			U
NRC	U		U			U
OPM	U			U		
SBA	U		U	U	U	U
SSA		U		U	U	
Treas	U	U	U		U	
USAID	U	U	U	U	U	
USDA	U		U			
VA	U	U		U	U	
<b>TOTAL</b>	<b>18</b>	<b>17</b>	<b>15</b>	<b>13</b>	<b>12</b>	<b>11</b>

***Other Top Management Challenges Common Among Several Agencies Include:***

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>' Loan, Assistance, &amp; Debt Management</li> <li>' Environmental &amp; Waste Management</li> <li>' Health Care, Insurance, &amp; Pension Mgmt.</li> </ul> | <ul style="list-style-type: none"> <li>' Infrastructure &amp; Asset Management</li> <li>' Safety: Food, Transportation, Energy</li> <li>' Resource Allocation &amp; Org. Change</li> </ul> |
|--|--|

## **HELPING FEDERAL AGENCIES RESOLVE MANAGEMENT CHALLENGES**

### ***FDIC OIG Addresses Y2K in the Banking Industry***

Potential computer glitches in Year 2000 (Y2K) are “the number one safety and soundness priority” facing FDIC and the banking industry. To effectively manage the FDIC’s roles of supervising institutions, maintaining public confidence in the financial system, and resolving institutions that fail, the Corporation established a five-phased approach to ready its internal systems and monitor the efforts it oversees. The OIG is proactively monitoring these five phases to assist the Corporation in ensuring effective assessment, remediation, testing, and implementation of its mission-critical systems. FDIC management has taken prompt action in response to OIG suggestions for improving its internal and external Y2K activities. In overseeing the FDIC’s supervisory efforts, the OIG advocated consistency in Y2K examination ratings by suggesting that the Corporation establish working groups nationwide and recommended that ratings be based solely on the examination results, rather than on commitments by the institution to correct weaknesses. Finally, the OIG alerted the FDIC to a potential problem that many small banks may not have the expertise to interpret and apply test results conducted by outside servicers. **(FDIC)**

### ***Collaboration Improves Financial Reporting***

In auditing the Treasury consolidated financial statements of 15 bureaus such as Internal Revenue Service, Customs, and ATF, the OIG implemented a strategic partnership agreement with GAO. This collaborative effort helped maximize overall audit efficiency, while meeting mutual audit objectives for the Treasury Department by the OIG, and government-wide reporting by GAO. The agreement allows both parties to leverage resources and serves as a model for close and effective working relationships in the Federal audit community. The OIG also continued working with Department and bureau financial management to uncover problems, develop solutions, and identify corrective actions to address deficiencies in financial systems and management controls. These efforts resulted in significantly improved financial reporting. OIG managers and staff serve as resources for Department and bureau officials striving to correct material weaknesses and other reportable conditions. **(Treas)**

### ***PCIE Members Address Eligibility Verification***

During 1998, an ad hoc committee of the PCIE issued a report entitled "Eligibility Verification Needed to Deter and Detect Fraud in Federal Government Benefit and Credit Programs." Many departments and agencies administer benefit and credit programs where eligibility depends, at least in part, on the amount of an applicant's income or other financial resources and on other criteria such as marital status or number of dependents. When applicants misrepresent qualifying criteria, they may be awarded benefits to which they would not otherwise be eligible at the expense of the taxpayers and eligible applicants who may be denied assistance. The report represents the concerns and recommendations of the OIGs from USDA, ED, HHS, HUD, DOL, VA, FEMA, and SBA based on audit and investigative work involving benefit and credit programs within their departments and agencies. The report also proposed solutions for executive action and elements that would be desirable in legislation to more efficiently and effectively address the cross-cutting problem of deterring and detecting fraud in all Federal benefit and credit programs. **(SBA)**

*HUD OIG  
Recommends  
Immediate Action*

On January 1, 2000, some of the Department of Housing and Urban Development computer systems could malfunction or produce incorrect information. HUD recognized this problem and established a Year 2000 Project in the Office of Information Technology. Both the awareness and assessment phases of the project have been completed. However, as recommended by the OIG, HUD needs to use several industry-recognized best practices to minimize the risk and impact of system failures. While some progress has been made, immediate action needs to be taken to assure that systems function properly in the Year 2000. First, HUD should establish an agency-level program office to manage and coordinate Year 2000 activities. Second, HUD must control changes made to systems software and associated documentation throughout the development and operational life of the system. Finally, HUD must develop contingency plans to handle system failures in the Year 2000. **(HUD)**

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*Moving Towards a  
Results-Oriented  
Organization*

Department of Education OIG reported that the Department has prepared a strategic plan, an annual performance plan, and designated a framework for the verification and validation of its performance indicators. Education's strategic plan and annual performance plan can provide the Department with the foundation to meet the many challenges in moving towards a results-oriented culture, the importance of senior leadership involvement, the challenging nature of measuring the Federal contribution, and the importance of the information used by Congress and the Department in decision making. Because of the importance of valid and reliable data, the Department, following recommendations of the OIG, adopted the following assertion requirement in its Strategic Plan: "By 2000, all ED (Department) managers will assert that the data used for their program's performance measurements are reliable and valid or will have plans for improvement." **(ED)**

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*OIG  
Recommendations  
Improve USPS  
Productivity Model*

The U.S. Postal Service uses several measures to track productivity, including the Total Factor Productivity measurement system which measures the changes between outputs and related resource inputs. It provides a means of measuring productivity over time. An OIG audit of the total productivity model disclosed that unit measurements were calculated consistently with the model equation using USPS data. However, the model did not always match resource inputs with related outputs. As a result, productivity measurements may be skewed and Total Factor Productivity measurements may not accurately portray USPS productivity. OIG recommended that management develop a plan to introduce timeliness and quality of service-related measurements to the Total Factor Productivity model. Management officials concurred with the findings and recommendations, and stated that a longer time series of service quality data was needed to find a statistical relationship between service quality and Total Factor Productivity. In the meantime, management will identify service issues that impact productivity performance when Total Factor Productivity results are reported. **(USPS)**

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*New Tools for  
Information  
Security*

NASA is a significant investor in information technology (IT) and spent \$1.6 billion on IT in FY 1997. To streamline operations, NASA is further consolidating and outsourcing various IT operations, including local area networks and desktop computers, mid-range computing, administrative mainframe computer operations, and supercomputing. But all of this presents a high risk for security of vital information and systems. The OIG has established a Computer Crimes Unit that investigates felonious intrusions into NASA's systems. An OIG Inspections Unit also is proactive in selected security issue reviews. NASA is committed to implementing a wide range of improvements in the IT program. The agency faces the challenges of ensuring data security, integrity, and application controls; protecting operations and communications with spacecraft; and monitoring and evaluating the streamlining of operations through outsourcing IT operations for cost efficiencies, dependency on the vendor and its viability for technological direction, and vulnerability of strategic information to outsiders. **(NASA)**

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*DOD OIG Assists  
in Y2K Conversion*

The DOD depends on about 28,000 information systems and hundreds of thousands of equipment items with millions of embedded chips. To help meet the formidable Year 2000 conversion challenge, informal partnerships were established between the Chief Information Officers and DOD audit organizations, resulting in intensive monitoring of all commands and agencies as they executed the DOD Year 2000 Management Plan. Over 200 DOD OIG audit reports with several hundred findings covered all aspects of the conversion effort, including the accuracy of system status reporting, contingency planning, system assessment, testing, identification of interfaces, contracting, resource allocation and outreach to allies, supplies, and other agencies. Managers consistently took prompt action in reaction to audit advice, including additional Secretary of Defense guidance and major revisions to the Management Plan. IG staff actively participated in the DOD Year 2000 Steering Group and many workshops and task forces the DOD used to coordinate the effort. **(DOD)**

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*OIG Assists FTC  
With Financial  
Statements*

The OIG collaborated with management in preparing for its first financial statement audit by supplying statement preparation expertise and advice. Both agency management and the OIG recognize the value that audited financial statements provide to the agency's many external customers and stakeholders, and the substantial benefits that flow from major system improvements resulting from such an effort. The FY 1997 statement package included a custodial activity statement that distinguishes the Federal Trade Commission from many other Federal entities as it provides information on judgments totaling approximately \$150 million and a snapshot of how the agency enforcement activities affect the everyday lives of American customers. This audit effort resulted in an unqualified opinion by the OIG and a firm foundation to begin to evaluate agency performance under GPRA in later years. **(FTC)**

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*Audit Guide  
Improves Health  
Insurance  
Accountability*

The OPM OIG and the agency's Retirement and Insurance Service (RIS) combined their efforts through the Experience-Rated Health Insurance Carrier Quality Improvement Team (ERCQIT). One of the most significant results of the ERCQIT has been the development of an audit guide for better financial accountability and increased oversight of the Federal Employees Health Benefits Program (FEHBP). The majority of benefits paid through the FEHBP are provided by experience-rated carriers. The audit guide describes expanded reporting requirements for carriers and audit procedures to be conducted on carriers' FEHBP operations by their independent public accountants (IPA) beginning in FY 1998. By combining the work of the IPAs with OIG other work, the OIG will be able to significantly expand oversight of FEHBP carrier operations. These additional audit procedures were critical steps in eliminating the disclaimer of opinion on the FEHBP financial statements. **(OPM)**

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*Better Protection  
of Private Pension  
Plans*

Through audits and semiannual reports, over several years, the DOL OIG has raised a concern regarding the way pension plans, controlling over \$3.5 trillion in assets, are audited under the Employee Retirement Income Security Act (ERISA). Specifically, ERISA exempts from audit coverage all pension plan assets that have been invested in institutions, such as savings and loans, banks, and insurance companies, already regulated by Federal or State governments. Because of this scope limitation, IPAs conducting audits of pension plans cannot render an opinion on the plans' financial statements, and nearly half of pension plan audits receive a disclaimer of opinion. The OIG recommended that this restriction be repealed and that IPAs and plan administrators be required to report serious ERISA violations directly to the Department to enhance oversight of plan assets. As a result, the Department submitted a legislative proposal to the 105<sup>th</sup> Congress that would amend ERISA by repealing the limited scope exemption and require direct reporting of certain violations. **(DOL)**

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*Meeting the Y2K  
Challenge*

The Department of State OIG has issued many short, narrowly focused interim memorandum reports directly to the DOS Chief Information Officer, Y2K Project Management Office, and other senior DOS and USIA officials responsible for implementing Y2K remediation. The first memorandum resulted in the reduction in the number of DOS systems that were initially reported to OMB as compliant from 26 to none; greater focus on DOS-wide project management tracking; the addition of seven new applications to the DOS' system-tracking database; and development of a new rating system to track and evaluate system interfaces. In addition, greater attention is now being paid to Y2K vulnerabilities of both the classified and unclassified local area networks. The second memorandum highlighted improvements in the DOS' Y2K efforts. **(DOS)**

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*Performance  
Measures Revised*

The Legal Services Corporation OIG initiated audits of the caseload data submitted by grantees, which are the basis for key GPRA performance measures. The first audits disclosed significant over-counting by some grantees, and identified the root causes and many variations of error types. The audit information permitted Corporation management to revise its guidance for caseload reporting to improve the accuracy and reliability of the information supporting its strategic planning and performance measurement. **(LSC)**

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## ***BEST AND INNOVATIVE PRACTICES IN FEDERAL AGENCIES***

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### *Team Problem Solving*

DOD began process reengineering efforts in essentially all of its activities, but previous management reform efforts often were unsuccessful because they did not include all involved organizations and functional specialties. To ensure a more integrated approach, it has become routine practice to use task forces and teams to define problems, identify opportunities for improvement, design new processes, and establish performance metrics. Simultaneously, the DOD audit community has become more involved in the development of new systems and processes supplementing the audit program with large-scale participation by individual auditors and evaluators as advisors to management-led problem-solving teams. During FY 1998, DOD OIG provided advice to 38 teams on topics ranging from valuation of inventory to recycling initiatives. This process allows managers real time access to IG expertise, helps integrate the IG audit plan with ongoing departmental initiatives, and contributes significantly to the successes of these diverse projects. **(DOD)**

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### *OIG Gangs Up On Energy Computer Crime*

The DOE OIG has determined that leading-edge research and nationally- recognized programs involving energy development, nuclear weapons stockpile stewardship, environmental clean-up, and waste management are vulnerable to individuals and groups with an aim to disrupt DOE operations using computer systems and common networks. In response to the need for an active and substantial cyber criminal investigative presence within DOE, the OIG has developed a Technology Crimes Section. The Technology Crimes Section will operate as an integral component of DOE and FBI efforts to combat cyber attacks and intrusions throughout the DOE complex. **(DOE)**

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### *Credit Bureaus Can Locate Backwage Recipients*

The OIG conducted an audit to determine whether the Department of Labor's Wage and Hour Division (WHD) could more successfully distribute back wages by using credit bureau information to find workers and identify problems in WHD's accounting and administrative controls that should be addressed in the Backwage Collection and Disbursement System's (BCDS) redesign. The OIG found that credit bureaus are an effective tool for locating workers owed money. OIG projected that, by using credit bureau data, WHD could distribute \$5 million to over 17,000 workers. However, success in this area is also dependent on improving WHD's data systems and the procedures used to track enforcement activities. The OIG recommended that WHD increase its efforts to locate and distribute back wages and, if additional funding is needed, that the Secretary's support be solicited in asking the Congress to allow use of a portion of unclaimed back wages to fund worker search activities. **(DOL)**

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*ED Audits  
Resolved  
Cooperatively*

The Department of Education OIG is working with State and local agencies in a collaborative effort known as the Cooperative Audit Resolution and Oversight Initiative (CAROI). The concept of CAROI began when ED officials took a look at audit resolution practices and found that audits with questioned costs were subject to lengthy legal battles that often produced insignificant monetary recoveries, developed significant ill will, and did not result in permanent corrective action. With these recurring conditions, students suffered, and ED determined to seek a new approach to audit resolution. From this determination came the concept of CAROI. In FY 1998 the CAROI team and ED program officers completed the most ambitious CAROI project to date, with the resolution of over 100 single audit findings affecting numerous agencies in the Commonwealth of Pennsylvania. The resulting agreement not only resolved the numerous existing findings, but should also improve future audit resolution and program performance. **(ED)**

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*Farm Credit  
Regulation  
Development  
Process*

The Farm Credit Administration OIG audited the regulation development process to identify ways it could be streamlined and made more “user friendly.” As a result, management adopted an initiative to incorporate “clear and plain” language into its regulations and other documents, and increase the use of technology for considering public comments about proposed regulations, including a website to receive online comments from the public, and a database which makes public comments available to Agency staff during the consideration period. **(FCA)**

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*Child Support  
Enforcement  
Teams*

In 1998, OIG joined with the Office of Child Support Enforcement to create a multi-agency task force to operate in Ohio, Michigan, and Illinois. Partnered together are criminal justice and social service agencies whose goals are to identify, investigate, and prosecute the most egregious child support offenders at the Federal and State levels and to create a streamlined system of case referral and adjudication for use nationwide. The success of this task force and its promise for institutionalizing a new approach to child support enforcement in the criminal justice arena led to the concept gaining rapid and far-reaching support and expansion to additional geographic areas. As of the end of FY 1998, OIG had investigated 378 child support cases nationwide, resulting in 75 convictions and court-ordered restitution of over \$6.6 million. **(HHS)**

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*Joint Review With  
State Agency*

During FY 1998, the Appalachian Regional Commission OIG conducted a joint review with the Alabama State Agency responsible for ensuring that foreign physicians granted waivers to remain in the United States after completion of training were conducting primary care practices at the approved locations. This initiative, which will be expanded to other states in FY 1999, offered the opportunity to maximize use of limited OIG resources, increase state agency attention to monitoring activities, increase the number of verification visits, and establish an improved line of communication between Federal and State officials. **(ARC)**

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*New HUD Tools  
Verify Benefit  
Eligibility*

HUD spent \$18 billion in FY 1997 for rent and operating subsidies to benefit 4 million lower-income households through its Public Housing and Section 8 Programs. HUD's controls did not provide assurances that these funds were expended by public housing agencies (PHAs) and project owners in compliance with authorizing laws and regulations. The Congress provided HUD with access to Federal income tax data to ensure that subsidies are based on correct tenant income. Computer matching pilot projects are currently underway in both the Offices of Housing and Public and Indian Housing. HUD estimates housing subsidy overpayments of \$939 million based on computer income matching with Federal income tax data. However, HUD 2020 Management Reform plans did not identify how the Department plans to permanently staff an ongoing income matching program. Legislation does not allow HUD to disclose Federal income tax data to PHAs, contract administrators, or project owners. In light of plans to contract out the subsidy payment process to contract administrators, HUD must decide how it will use these matching tools in the future and whether additional legislative authorities are needed. **(HUD)**

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*NRC Procurement  
Streamlining  
Implemented*

In 1993, as a result of Vice President Gore's National Performance Review, the NRC was designated as a procurement reinvention laboratory. NRC used this NPR laboratory status to streamline its procurement process in an effort to reduce procurement lead times and remove some of the burdensome aspects of the contracting process. The OIG found that streamlining had a positive effect on NRC's procurement process as the NRC Contract Tracking System showed a reduction in procurement lead times when NRC applied streamlining measures. The OIG also found that the agency could improve the streamlining data it tracks by updating its assessment criteria and reassessing its estimated savings to ensure that the reported benefits are accurate and that tracking them remains worthwhile. **(NRC)**

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*Auditors Expedite  
an Evaluation*

An important part of the National Archives and Records Administration mission is to make our nation's documentary history available for public viewing throughout the country. Finding ways of safely transporting priceless documents and artifacts as they travel around the country as well as maintaining absolute control during the process is a critical but vulnerable management function. Senior management requested that OIG auditors quickly evaluate existing controls and make recommendations for improvements. To expedite the process, management immediately provided OIG auditors with narrative summaries of their transportation methods; instructed their staff to have pertinent records ready and waiting for OIG auditors; instructed staff members to cooperate fully with OIG auditors; and made themselves available for an OIG briefing/exit conference. Because of this support, OIG auditors were able to quickly respond and communicate recommendations on management's concerns. **(NARA)**

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*Single Audit  
Enhances User  
Fee Revenue*

The government collects user fees to pay the cost of the inspection of arriving air and sea passengers by Customs, the Department of Agriculture, and the Immigration and Naturalization Service. These fees generated over \$650 million a year for the 3 years ending in FY 1996. Because air and sea carriers are not required to provide support for the remittance of the fees collected, agencies must rely heavily on their audit functions to ensure industry compliance. The OIG recommended that a coordinated single audit approach amongst the Departments of the Treasury, Agriculture, and Justice offered many benefits to the government and private industry. The OIG estimated that the government could have realized nearly \$49 million in additional revenue had one agency audited on behalf of the other two during the 3½ years reviewed. Customs' management has formally endorsed the single audit concept; an interagency memorandum of understanding has been executed; and Customs and USDA are working to standardize their audit approach, expand their audit coverage, leverage their resources, and streamline their billings and collections. **(Treas)**

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*Workers'  
Compensation  
Costs Reduced*

During FY 1998, the USPS paid injury-related cash outlays of approximately \$589 million. OIG and Postal Inspection Service audits and investigations identified best medical cost-containment practices to reduce program costs. An audit concluded that the USPS could realize financial benefits by using medical error-detection software to reduce unwarranted charges and by taking advantage of lower medical costs provided through preferred provider organizations. In a limited review at one of the 10 postal areas, the OIG identified USPS overpayments to the Department of Labor of \$124,000. Additionally, as a result of workers' compensation investigations, the Inspection Service arrested 59 individuals after workers' compensation investigations resulting in a cost-avoidance totaling over \$100 million. **(USPS)**

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*Statistics Improve  
VA Health Care*

The OIG assisted the Department of Veterans Affairs, Veterans Health Administration (VHA) in developing a strong statistical capability to facilitate early detection of adverse changes in selected clinical monitors that may signal the onset of unwanted clinical behaviors or practices adversely affecting patient care. The VA OIG offered VHA a methodology that the OIG has successfully used to identify subtle changes in health care quality monitors long before other commonly used methods can. This statistical method is based on an analysis of time-series data, which the OIG has found to effectively identify changes in monitors, particularly those that track mortality, very early after they first occur. If properly applied to existing VHA automated databases, this method may enhance VHA's ability to have an early warning system of unwanted changes in selected health care monitors. **(VA)**

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*Alternative Dispute  
Mediation*

Federal Labor Relations Board management encourages the use of alternative dispute mediation and resolution between dissenting parties with the intent of having the parties solve the problem, thus avoiding costly litigation. The FLRA IG is also a certified mediator and incorporates the mediation process in the OIG process, when feasible, to avoid costly and time consuming investigations. Alternative dispute mediation is especially effective with abuse and mismanagement allegations. **(FLRA)**

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*OIG, CIO, CFO  
Address Financial  
Controls*

To proactively support NASA in developing its integrated financial management system, the OIG entered into a memorandum of understanding (MOU) with NASA's Chief Financial Officer (CFO) and Chief Information Officer (CIO). Under the MOU, the OIG participates in the Security and Internal Control Working Group (SICWG) to address security and internal control issues related to the configuration and implementation of the Integrated Financial Management Project (IFMP) and to help resolve any security and internal control issues identified during the independent verification and validation process. This working group is a unique opportunity for the CFO, CIO, OIG, and the independent contractor who is performing verification and validation of the IFMP to assist NASA in meeting user requirements. The SICWG is monitoring Center data conversion activities to ensure they are effectively controlled, contractors use correct procedures for implementation of the IFMP, and evaluate the adequacy of testing procedures for the new system. **(NASA)**

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*NSF Audit  
Coordination*

In conjunction with the National Science Foundation CFO, the OIG established an Audit Coordination Committee, composed of senior representatives from NSF management and the OIG, that meets regularly to share information and address issues of mutual concern. This Committee facilitates open dialogue between the OIG and the CFO on all audit and audit resolution issues, provides advice and guidance to the OIG as well as the CFO and, when appropriate, involves other NSF managers. The partnership with the CFO led to the development of an innovative framework for cooperation between the OIG and NSF management during the audit of the agency's financial statements, which is required by the Chief Financial Officers Act. **(NSF)**

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*OIG Examines  
Performance  
Measurement*

In an early effort to define a role for IGs in implementing the Government Performance and Results Act (GPRA), the SBA OIG conducted an inspection that assessed performance measurement efforts in the Small Business Development Center (SBDC) program. The OIG's review of methods used by SBDCs for reporting on economic impact and customer satisfaction revealed significant inconsistencies not only among the 57 SBDCs, but also within their individual networks of sub-centers. These differences created data integrity problems, and aggregating the impact data for national reporting was virtually impossible. The inspection report suggested "best practices" that would promote consistency and ensure that the SBDCs adhered to sound data collection principles, and provided guidance to SBA and the SBDCs on ways to improve current performance measurement to fulfill internal management needs and GPRA requirements. SBA is currently in the process of implementing the OIG's recommendations. **(SBA)**

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## **IMPROVING FEDERAL PROGRAM MANAGEMENT AND PERFORMANCE**

### *Privatize NOAA's Light Aircraft Operations*

The Commerce Department's National Oceanic and Atmospheric Administration operates a fleet of 14 aircraft, composed of 2 heavy craft, 1 mid-size jet, 8 light fixed-wing aircraft, and 3 helicopters. The OIG conducted an audit to determine whether outsourcing is a more cost-effective alternative to in-house operation in meeting NOAA's aircraft requirements. The audit concluded that the full in-house cost of operating NOAA's fleet of light fixed-wing aircraft and helicopters averaged 42 percent more than the cost to operate similar aircraft in the private sector. The OIG recommended that NOAA privatize its light aircraft operations. NOAA can save up to \$11.8 million over 2 years through the procurement of light aircraft services from the most cost-effective sources and through the sale of its light aircraft and helicopters. **(DOC)**

### *Improvements Needed for 2000 Decennial Census*

The Department of Commerce OIG devoted considerable resources to evaluating the Census Bureau's preparations for the 2000 Decennial Census—an enormous, complex task that is one of the most difficult that the Federal Government has to undertake. To examine the bureau's decennial efforts, the OIG called upon staff from its Offices of Audits, Inspections and Program Evaluations, and Systems Evaluation to review a broad range of activities—from major programs designed to capture data from census forms and develop improved address lists, to administrative activities, such as payroll processing and the delivery of supplies. Much of the OIG effort focused on the 1998 Dress Rehearsal, which was designed to be the major test of many of the bureau's operations to be used in the decennial. Six OIG reports covering operations at the three dress rehearsal sites identified a number of areas needing management attention before the 2000 decennial is conducted. **(DOC)**

### *Overseas Security Enhancements*

In FY1998 the State Department OIG's Office of Security and Intelligence Oversight (SIO) included in its overseas reviews medium and low threat posts, many of which had never been inspected. At these missions, SIO identified many vulnerabilities, including the absence of setback, and recommended measures to mitigate the threat of terrorist attacks. SIO's analysis of the bomb attacks on the embassies in Nairobi and Dar es Salaam in August 1998 and in the 1997 Khobar Towers bombing concluded that the majority of casualties came from flying glass. Furthermore, since there were only seconds between the recognition of an imminent attack and the subsequent blast, current alarms and bomb procedures could not provide timely warning. In September 1998, the OIG recommended that the Department create a new alarm for imminent bombing and require "duck and cover" drills at every mission. Embassy Nairobi and Embassy Dar es Salaam Accountability Review Boards strongly endorsed this as the Board's first recommendation. **(DOS)**

*\$1.5 Billion  
Wasted on Air  
Traffic Control  
System*

Late in 1997, the Senate Appropriations Committee's Subcommittee on Transportation asked OIG to examine the costs of FAA's Advanced Automation System (AAS), the centerpiece of FAA's air traffic control modernization efforts in the 1980s and early 1990s. Because of serious cost growth and schedule delays, AAS was restructured into more manageable pieces in 1994. OIG reported that, of \$2.6 billion spent on AAS, about \$1.5 billion, or 57 percent, represented losses to the Federal Government. OIG also looked into issues of liability and culpability. Though the contract was restructured and most liability issues were waived, the government reserved the right to act against contractor fraud or waste. **(DOT)**

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*Energy Waste  
Disposal Program  
Needs  
Improvements*

An OIG audit of the DOE's FY 1993-1996 disposals of low-level and mixed waste found that the DOE generally did not dispose of such waste as cost effectively as possible. Most facilities stored large quantities of waste on-site, and disposal of low-level waste was often not cost effective. Also, DOE built disposal facilities at Savannah River and Oak Ridge, at a cost of \$27.1 million, even though off-site disposal would have been more cost effective. The OIG recommended that the DOE: revise its disposal strategy; require justification and a cost-benefit analysis before constructing any additional on-site disposal facilities; and periodically evaluate sites' implementation of the DOE's strategy to ensure disposal is made in a cost effective manner. DOE management concurred, stating that the report will be used as part of the structure being developed to support the low-level and mixed waste management program. **(DOE)**

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*Joint Vulnerability  
Review*

SSA personnel, OIG's Offices of Investigations and Audit, and State Disability Determination Service staff members formed a team to evaluate allegations that four generations of a family of Supplemental Security Income (SSI) recipients may have been coached to malingering during initial consultative examinations and continuing disability reviews (CDR). The Office of Audit analyzed 66 case files from the suspect CDRs, which resulted in the cessation of SSI benefits. The 66 recipients received \$1.06 million in SSI disability benefits through June 1995, including over \$431,000 in benefits to 24 individuals who malingered on current examinations. Since the OIG completed its analysis, SSA has identified and ceased paying benefits to an additional 90 members of the family. The Office of the Chief Actuary estimates the savings to the SSI program of \$1.7 million to \$2.5 million. **(SSA)**

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*Inaccuracy of Rent  
Billings*

General Services Administration receives rent revenue from agencies for occupying space. Quarterly rent bills are generated from a 20-year old computer system, which was widely believed to contain inaccurate data. The OIG partnered with GSA in a review to determine the degree of inaccuracy in the system and assisted GSA in reaching decisions in installing a new information system. Rent rates, set to be commercially comparable, were reasonably accurate and only minor problems with tenant identification existed. Space discrepancies, however, arose in approximately half of the tenants reviewed through errors in measurement, classification, or application of standards. Inaccuracies totaled about \$3 million in net underbillings. GSA's arrangement with some client agencies to bill differently from the way it was occupied resulted in another underbilling of about \$1 million. GSA agreed to correct revenue-related data giving consideration to cost effectiveness, and adopt a process minimizing errors or outdated information. **(GSA)**

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*Security  
Enhancements in  
Federal Buildings*

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Immediately after the 1995 Federal building bombing in Oklahoma City, GSA established a Committee to address security concerns at each of its facilities. Congress authorized \$240 million for security enhancements, and GSA allocated the funds for over 5,000 countermeasures affecting thousands of Federally-controlled facilities nationwide. The OIG reviewed security upgrading activities, and issued alert reports notifying management that: controls to ensure program implementation were ineffective; the database information contained numerous inaccurate data entries; and most importantly, actual implementation of enhanced security countermeasures was overstated. The OIG concluded that a reportable control weakness existed concerning the installation and reported status of security countermeasures. Management concurred with reported findings and promptly initiated corrective actions. **(GSA)**

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*Inconsistent  
Beneficiary  
Entitlement Period*

The OIG assessed the financial impact of two inconsistencies in the entitlement periods for retirement and survivors' benefits. The first inconsistency results from legislation that produced differences in the first month of entitlement for different categories of retirees. For example, workers must be age 62 for a full month to be entitled to reduced benefits. However, surviving spouses are entitled to reduced benefits in the month they turn 60. Thus, surviving spouses receive an extra month of benefits when compared to workers who apply for early retirement. The second inconsistency results from the common law definition of age attainment, which holds that individuals attain a given age on the day before their birthdays. Collectively, the cost of these inconsistencies is expected to be about \$1.47 billion over the next 5 years. The OIG recommended that SSA propose legislation to define the first month of entitlement as the month after the individual's birthday, and age attainment as occurring on a person's birthday. **(SSA)**

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*Labor  
Management  
Relations*

Improving labor management relations is one of the most critical issues facing USPS. At the close of FY 1998, USPS had a backlog of 112,000 employee grievances pending arbitration. During FY 1998, OIG focused on the grievance-arbitration process, individual allegations, and workplace violence. The OIG grievance-arbitration work identified several opportunities for improvement, including enhancing supervisor knowledge of union contracts and the need to develop and distribute national contract guidance to supervisors. OIG work in reviewing individual allegations of abusive management included harassment, discrimination, sexual harassment, retaliation, mismanagement, and verbal and physical abuse. Over half of OIG reports to management addressed violence in the workplace issues, including violence prevention policies and USPS identification of potential area hot spots. In support of USPS initiatives, OIG staff has monitored and participated, where appropriate, in all violence in the workplace task forces. **(USPS)**

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*Improving  
Administrative  
Proceedings*

An audit of the Securities and Exchange Commission's processing of administrative proceedings made significant recommendations to improve timeliness and management while maintaining fairness. The OIG's recommendations covered improved reporting, better selection procedures for Administrative Law Judges and use of settlement judges to help resolve issues, and steps to reduce delays in appeals of decisions to the Commission. **(SEC)**

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## **IMPROVING FINANCIAL MANAGEMENT**

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### *Divesting Elk Hills Naval Petroleum Reserve*

The OIG assisted the DOD in the largest divestiture of Federal property in the history of the U.S. Government. The DOD and Occidental Petroleum Corporation concluded the divestiture of Federal property in February 1998. Occidental paid \$3.65 billion for the government's interest in the Elk Hills Reserve. This valuable oil field property had been owned by the Federal Government since President Taft created the Reserve in 1912. This transfer completed a privatization process that began in 1995 when the Administration proposed selling the Elk Hills Reserve, which is near Bakersfield, California. At the request of the DOD's investment banker, the OIG audited the DOD's financial statements and concluded that management's representation of the financial position of the Reserve was presented fairly, in all material respects, including cash flows for the period preceding and in conformity with the applicable accounting policies. The OIG was informed that its report was an integral part of the documentation supporting the sale. **(DOD)**

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### *Black Lung Trust Fund Deficit*

DOL administers a trust fund to provide disability benefits and medical services to eligible workers in the coal mining industry, when a mine operator cannot be determined liable for providing such benefits. The OIG is concerned with the escalating indebtedness of the Black Lung Disability Trust Fund. The Department's consolidated financial statements for FY 1996 reflected that the trust fund was in debt \$5.1 billion to the U.S. Treasury, which had risen to \$5.9 billion for FY 1998. The debt results from advances, which have become an annual necessity for the trust fund. The advances were originally obtained to fund benefit payments that could not be met by coal excise tax collections (the principal source of revenue to the fund). Although the current excise taxes are sufficient to pay benefits and administrative costs, the trust fund must continue to borrow from the Treasury to pay the interest due on past advances. Of the \$5 billion of cumulative advances in FY 1996, only \$2 billion were spent for benefit payments-\$3 billion were spent on interest. The Department has acknowledged that if current operating conditions continue, a change in the trust fund's statutory operating structure will be necessary. **(DOL)**

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### *EPA's Working Capital Fund (WCF) Financial Statements*

The OIG could not determine if FY 1997 Working Capital Fund (WCF) financial statements reporting over \$41 million were fairly presented. EPA did not have policies and procedures in place to accumulate and report timely all WCF revenue and expenses, and related receivables and payables. The OIG was also unable to determine whether WCF financial information was properly presented because EPA had not adequately identified or computed the value of its WCF property. Internal control weaknesses were material since they impacted the overall management of the WCF operations. The WCF billing rates were inconsistent with EPA's FY 1997 Appropriation Act requiring WCF rates to be established that would return in full all expenses of operations. The WCF Board decided to exclude certain costs in developing the FY 1997 billing rates. Further, EPA did not have policies and procedures in place to timely identify and return overbillings. This resulted in any one-year appropriations expiring before the overbillings could be returned to EPA's program offices. **(EPA)**

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*Poor Cash Management Practices Cost Millions*

The OIG reviewed California's payments process for public assistance grants. The subgrantees, primarily local governments and other governmental entities, received Federal grants to repair infrastructure damaged by the Northridge Earthquake in January 1994. Because of deficiencies in California's cash management procedures, subgrantees were holding approximately \$177 million of funds that should have been returned to the Federal Government. While the State advanced \$201 million to the subgrantees for emergency needs, \$135 million of the advances were not needed and never used. The OIG calculated that the subgrantees may have earned \$31 million in interest on the unused funds. The State also erroneously overpaid subgrantees \$11 million because the State did not verify that work was done before making the payments, nor did the State's cash management system track payments by approved projects. The OIG recommended that FEMA recover the \$135 million of outstanding advances and the \$11 million of overpayments, and that the State return the interest earned by subgrantees on FEMA funds. **(FEMA)**

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*HHS Financial Statement Audit*

In its audit of HHS' FY 1997 financial statements, OIG reported that the six primary accounting systems were not electronically linked; depended on external sources, such as Medicare contractors, for essential information; and could not automatically generate timely, complete, and reliable financial statements. The OIG considered this to be a material weakness in internal controls and noncompliance with the Federal Financial Management Improvement Act of 1996. Additionally, HHS needed to ensure that complete and auditable documentation to support financial statement amounts is retained and that general ledger account balances are periodically reconciled with supporting records; systemic problems in these areas contributed to the Department's receiving a qualified opinion on its financial statements. Further, OIG noted significant improper Medicare fee-for-service payments. Through detailed medical and audit review of a statistical selection of 600 beneficiaries nationwide with 8,048 claims processed for payment during FY1997, OIG found that 1,907 claims did not comply with Medicare laws and regulations. Projecting these sample results, OIG estimated that FY 1997 net overpayments totaled about \$20.3 billion nationwide, about 11 percent of total Medicare fee-for-service benefit payments. The improper payments primarily resulted from provider billings for services that were insufficiently documented, medically unnecessary, incorrectly coded or noncovered. **(HHS)**

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*Inappropriate Charges to Health Program*

One of the primary responsibilities of OPM's OIG is to conduct audits of the health insurance plans participating in the \$17 billion Federal Employees Health Benefits Program (FEHBP). During FY 1998, the OIG issued final reports on 44 plans. Thirty-one of the reports contained recommendations for the plans to return a total of \$123.1 million, including lost investment income, to the FEHBP for inappropriate charges. For example, the auditors reported that from 1991 through 1995 the premium rates that TakeCare Health Plan of Ohio, Inc. charged the FEHBP exceeded those allowed by contract. Total overpayments were more than \$6.5 million, with lost investment income amounting to \$1.7 million. Based on OIG recommendations, program officials have initiated many changes in carrier contracts to clarify the requirements. **(OPM)**

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The Smithsonian Institution OIG reviewed the accounts payable module in its financial management system and found that, although the module was operating as designed,

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*Improving  
Payments Process*

unit personnel did not always ensure that payments were valid, properly supported, and processed timely. The OIG made recommendations for the Comptroller to strengthen these deficiencies. **(SI)**

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*Problems With  
Investment  
Committee*

The Railroad Retirement Board's OIG continued monitoring the agency's Investment Committee and its activities. An evaluation of the investment activity identified three major weaknesses: a conflict of interest, the lack of a long-term strategy, and the lack of a formal procedure for documenting and supporting investment decisions. The OIG expressed concern that Committee members lacked formal experience and expertise to manage trust fund investments exceeding \$17 billion. The Committee continued to actively trade and provided no justification for its actions. Further, the RRB planned to expand its investments in securities issued by Federal Government agencies. The RRB OIG contacted officials of the U. S. Treasury to discuss the RRB's investment activities. **(RRB)**

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*Medical Care Cost  
Recovery*

The OIG conducted an audit to determine whether Veterans Integrated Service Networks had successfully implemented cost recovery programs, which had identified opportunities to increase recoveries by \$83 million. In FY 1997, VA established a minimum Veterans Health Administration (VHA) collection goal of \$544.1 million. The OIG concluded that VHA could enhance Medical Care Cost Recovery by requiring program officials to manage more actively by establishing performance standards, monitoring performance results, taking action to improve performance gaps, and incorporating other billing and collection improvements. The Department concurred. **(VA)**

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*Unliquidated  
Obligations*

U.S. Agency for International Development's guidelines for estimating amounts to be obligated and its procedures for reviewing unliquidated obligation balances were inadequate to ensure that all excessive obligation balances were detected and deobligated. Based on a sample of obligations tested at 19 locations around the world, OIG projected that \$495 million (5 percent) of USAID's \$9.7 billion in unliquidated obligations was in excess of current requirements or no longer needed. **(USAID)**

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## **IMPROVING PROCUREMENT AND GRANT MANAGEMENT**

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### *Savings on Spare Parts*

A series of DOD audits indicated that new, commercial-type contracts for military aviation spare parts were not being used effectively. Because of uncoordinated purchasing, failure to challenge excessive sole-source prices, and lack of reliable demand forecasting, many parts cost up to several hundred times more than previously paid prices. DOD paid higher prices even when it was simply doing routine buying for its warehouse inventory. In response to the audits, the Department took aggressive actions, including contract renegotiations and more training for procurement personnel on commercial catalog pricing. In addition, the Congress held a hearing and passed legislation to help address the problem. Long term savings will be very significant. On just one of over a dozen major contracts where catalog pricing for spares was an issue, about \$86 million will be saved annually. **(DOD)**

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### *Prime Contract Fee Policy Issues*

In FY 1996, the Department of Energy's major contractors awarded \$5.3 billion in subcontracts. The DOE's Acquisition Regulations allow payment of a fee to major operating contractors based on factors such as difficulty of work and level of required skills. Subcontractor costs, under the regulations, should be excluded from the fee base to the extent that such costs do not accurately reflect a major operating contractor's technical and management effort. An OIG audit of 12 major contractors found that the DOE did not adjust the fee bases of the major contractors to reflect actual managerial and technical effort associated with the oversight of subcontractors. In effect, both prime contractors and their subcontractors received fees for the same effort. For the entities audited, the 12 major contractors were paid \$34 million in fees for work performed by subcontractors. The OIG recommended that the DOE issue specific guidance to its procurement offices identifying the types of subcontractor costs and the extent to which these subcontractor costs may be included in prime contractor fee bases. DOE management did not take exception to the audit finding and recommendations, but suggested that a new fee policy, which limits the subcontracted costs that can be included in prime contractors' fee bases to 80 percent, was appropriate. **(DOE)**

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### *New Prison Construction*

Due to the importance of the prison construction program to the Bureau of Prisons (BOP) and the Department of Justice, the OIG conducted an audit of the BOP's management of new prison construction. The audit, while revealing some improvements in the BOP's management of construction contracts, found more progress was needed in construction planning and contract administration. The OIG determined that BOP: had incurred about \$3 million in costs for contract modifications that could have been avoided; could have saved from \$7 million to \$8 million in construction costs at one Federal correctional complex had it not compressed the construction schedule; did not follow established controls for ensuring timely and accurate contract payments and, as a result, made nearly \$1.5 million in questionable payments and did not withhold funds for non-conforming work valued at \$1.2 million; and did not evaluate potential architectural and engineering firm errors or omissions worth \$6.6 million. **(DOJ)**

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### *Contract Management and Personal Services*

While EPA has taken positive steps to address contract management deficiencies since 1992, management needs to focus on personal services and contractor access to confidential or sensitive data. Instances of personal services, or the appearance of such, occurred in 13 of 23 (56 percent) contracts, and among nearly all of the major program offices reviewed. Some EPA program office employees exercised excessive supervision of contractor and subcontractor staff. Also, contract language and Agency oversight need improvement. EPA improperly treated contractor staff as government employees. Obtaining personal services by contract rather than by direct hire circumvents civil service laws and Office of Management and Budget personnel ceilings. The OIG recommended that a new Agency-level weakness entitled *Agency's Relationship with Contractors* be declared, focusing on the issue of personal services contracts. **(EPA)**

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### *Closing Out High Risk Contracts*

In FY 1998, the OIG completed a 2-year joint effort with FDIC management to closeout 414 high-risk asset management contracts that transitioned to the FDIC from the Resolution Trust Corporation at RTC's sunset on December 31, 1995. The OIG completed 91 comprehensive reviews of contractors and 323 limited evaluations to facilitate management's proper and timely closeout of these high-risk RTC contracts. Problems were found with accountability over assets and the failure to return funds held by contractors in bank accounts to the RTC or FDIC. The OIG also facilitated the resolution of more than 1,000 open recommendations from 254 management reports issued by a RTC oversight group before RTC's sunset. As a result of this project, FDIC disallowed or sought to recover a total of \$123 million, including \$94 million in improper contractor fees and expenses and \$29 million in unclosed bank accounts held by contractors. Of equal importance, the OIG reviews provided management with an important level of assurance, prior to contract closeout, on the accuracy of more than \$322 million in fees paid to contractors and on the accuracy of inventory records for assets with a book value exceeding \$33 billion. The project demonstrated a cooperative OIG/management partnership to protect corporate interest. **(FDIC)**

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### *Grantees Not Complying with Requirements*

FEMA grantees (the States) were not fully complying with FEMA guidelines and Federal grant regulations. Specifically, FEMA failed to enforce grantee compliance with requirements for providing cost-share funds, managing cash, and accounting for and reporting on grant funds. The OIG reviewed the grant management practices of nine grantees who had received \$6.5 billion in FEMA funds between 1985 and 1997. Eight of nine grantees included in the sample did not properly record, report, collect, or return \$28.5 million in overpayments that were either not collected from subgrantees or collected and not returned to FEMA. The same grantees also drew down almost \$10 million in Federal funds in excess of immediate needs and retained them for extended periods. These problems occurred and went undetected because FEMA did not have an effective grants management system. Subsequent to audit completion, FEMA's Office of Financial Management formed a grants management team to develop policies and procedures to assist FEMA's regional offices improve their grants management practices. **(FEMA)**

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*Public Housing  
Drug Elimination  
Program*

HUD OIG conducted a multi-district audit of the Public Housing Drug Elimination Program (PHDEP) for FYs 1994 through 1997, encompassing 21 external audits of PHDEP grantees nationwide. The goal of the PHDEP is to eliminate drug-related crimes and the problems associated with drugs in and around public housing. Between FYs 1989 and 1997, HUD awarded 3,344 PHDEP grants totaling in excess of \$1.3 billion. The OIG audits revealed over \$4 million in ineligible and unsupported costs. One review of grants for three housing authorities found that grant recipients could not or did not document the basic level of law enforcement services provided prior to the awarding of grants, and therefore could not determine the amount of additional security and protective services beyond the basic level which would be funded by the grants. Another housing authority overpaid a police department more than \$372,000 for police services under two separate contracts. These funds came from PHDEP grants and a HUD comprehensive rehabilitation grant. The audits made many recommendations for increased monitoring of grant recipients, repayment of ineligible costs, and justification of unsupported costs. **(HUD)**

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*Costs Not  
Recovered for  
Commercial  
Payloads on  
Shuttle*

NASA contracts with SPACEHAB, Inc., for the lease of pressurized modules for NASA payloads to be flown on the Space Shuttle. As part of this \$43 million contract, NASA agreed to allow non-NASA customers (secured by SPACEHAB) to share payload capacity on Space Shuttle missions covered by the contract. An OIG audit showed that NASA sought consideration for the associated transportation costs allocable to non-NASA payloads through a reduced price for the contract. However, because clear guidance on how to determine the appropriate amount of consideration did not exist, NASA had no assurance that sufficient consideration was received. Based on a method used for previous contracts involving non-NASA payloads, the OIG calculated that transportation costs should have been \$19.12 million more than NASA received. The OIG recommended that NASA develop guidance for calculating transportation fees for non-NASA payloads flown on the Space Shuttle's SPACEHAB module. NASA concurred with the recommendation and initiated corrective actions. **(NASA)**

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*Federal Supply  
Schedule  
Proposals*

The VA OIG completed 39 pre-award reviews of Federal Supply Schedule (FSS) proposals from pharmaceutical, dental, and X-ray suppliers, and equipment manufacturers and recommended better use of funds totaling \$230 million on contracts with estimated sales value of \$3.3 billion. Better use of funds represent the difference between FSS-offered prices compared to prices offered to most favored customers with terms, conditions, and volume similar to the FSS. The success of the pre-award review efforts was the result of VA auditors, contracting officers, acquisition resources personnel, and attorneys working as a team. **(VA)**

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## ***PREVENTING FRAUD AND VULNERABILITY TO WASTE AND ABUSE***

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### *Trucking Safety*

One of OIG's investigative priorities is truck driver "log fraud," in which drivers of large commercial trucks often at the instigation of company owners or managers falsify their daily trip logs to misstate their hours behind the wheel. Federal regulations limit the number of hours truckers can drive without rest because fatigue is a significant factor in human errors that cause accidents and fatalities. Current standards call for no more than 10 hours of driving followed by 8 hours of rest. OIG investigations have found truckers behind the wheel after as much as 34 hours without a break for rest. The OIG has made it a priority to educate State and Federal truck inspectors to better prepare them for their work. During the first half of FY 1998, OIG auditors and investigators gave presentations in 24 courses across the nation, reaching about 600 officials of State governments and the Federal Office of Motor Carriers. Areas covered included log fraud, illegal transportation of hazardous materials by truck, and OIG audits of trucking-related activities. **(DOT)**

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### *E-Mail Security*

An OIG review of the Federal Trade Commission's E-mail security has led to system enhancements aimed at eliminating access vulnerabilities. The review identified weaknesses allowing current and former employees including consultants, contractors and students to access private and group E-mail accounts of other current employees. Management worked with the OIG to address these vulnerabilities as they were discovered, including disabling 200 former employee accounts, changing remote access procedures to enhance security, and working directly with staff to establish universal password protection on agency E-mail accounts. Management also agreed to hire a security officer to guard against a recurrence of these and other information systems security vulnerabilities. **(FTC)**

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### *Industry Guidance*

Industry outreach and education are critical components of the HHS OIG's fraud prevention efforts. During FY 1998, HHS OIG, in consultation with the Department of Justice, published final regulations implementing a process for issuing written advisory opinions to the public on the sanction authorities enforced by OIG, including the anti-kickback statute and the Civil Monetary Penalties Law. In accordance with these rules, OIG issued 15 formal advisory opinions on a wide range of concerns. Moreover, requests to the OIG for opinions in the last quarter of the year reflected a growing industry recognition of the value of the advisory opinion process. The OIG also successfully completed the first negotiated rulemaking with industry on an exception to the anti-kickback statute or "safe harbor" for managed care organizations, the first such negotiated rule establishing an exception to a criminal statute. **(HHS)**

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### *Fraud Prevention Guidance in Health Care*

A cornerstone of HHS OIG's fraud prevention efforts has been the development of "compliance program guidance" to encourage and assist the private health care industry to fight fraud and abuse. The guidance, developed in conjunction with the provider community, identifies steps that health care providers may voluntarily take to ensure adherence to Medicare and Medicaid rules. Each guidance sets forth seven elements that OIG views as necessary for an effective compliance program for that particular industry sector, and also identifies risk areas for the specific industry sector. In 1998, OIG issued compliance program guidance for use by hospitals and home health agencies, and issued a revised guidance for clinical laboratories. The OIG also solicited input from the durable medical equipment industry on issues that should be addressed in guidance for that health care sector. **(HHS)**

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*New Debarment  
Authority*

During the 1998 session, Congress passed H.R. 1836, the "Federal Employees Health Care Protection Act of 1998," which was signed by the President on October 19, 1998, as Public Law 105-226. Section 2 of the new law is a revision to the Federal Employees Health Benefits Program (FEHBP) administrative sanctions authority. Passage of this bill had been a high priority over several years for both OPM and the OIG, because earlier legislation required the agency to allow full due process hearings in all cases and prevented debarment prior to exhaustion of appeals. This encouraged the prolonged litigation that the debarment process was intended to avoid. Public Law 105-226 gives OPM an effective enforcement device against health care provider fraud, as well as an efficient means of protecting the integrity of the FEHBP and the financial interests of the taxpayers. **(OPM)**

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*Operation Talon  
Apprehending  
Fugitives*

Operation Talon, a nationwide Presidential law enforcement initiative led by the OIG, was designed to locate and apprehend fugitive felons, many of them dangerous and violent offenders, who are current or former food stamp recipients. This ongoing initiative matches felony fugitive files with food stamp recipient records, enabling OIG agents and other law enforcement officers to apprehend the fugitives. More than 3,650 fugitive felons have been arrested. A White House press announcement in which the Vice President announced the results of Operation Talon to the nation prompted further interest in the initiative. A number of Governors and law enforcement officials throughout the country have extolled the operation. Two deputy sheriffs said that Operation Talon was the "best thing that has happened" in their efforts to locate fugitives and that they were impressed that the information now available through the OIG enabled them to locate the fugitives sought at 90 percent of the addresses provided. **(USDA)**

## **RECOVERIES AND RESULTS FROM FRAUD INVESTIGATIONS**

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### *Environmental Laboratory Fined \$5.5 Million*

Hess Environmental Laboratories, Inc. (Hess), of East Stroudsburg, PA , was sentenced to pay over \$5.5 million in restitution and a \$3,600 assessment and was placed on 5 years probation after pleading guilty to charges of conspiracy, false statements, false claims, mail fraud, and violations of the Clean Water Act, acknowledging that it repeatedly provided false water, sewage, and soil test results for an estimated 415 customers from January 1988 to February 1997. Hess did not have the proper equipment to perform certain environmental tests and was not performing the tests according to EPA methods. Hess customers relied on the test results to comply with Federal and State environmental laws and to determine where and when remedies were needed to control hazardous, toxic, or contaminated substances. The conspiracy affected schools, hospitals, local governments, and businesses, including the Tobyhanna Army Depot in Pennsylvania. As a result of this investigation, Hess closed in May 1997, and Michael Klusaritz, the former laboratory director, and Judith McCoy, the former laboratory technical director, were convicted of Federal charges. Klusaritz is serving a one-year prison sentence. William L. Hopkins, Jr., the former president of Hess, was convicted conspiracy, making false statements, violating the Clean Water Act, and mail fraud. This investigation was conducted jointly by the EPA and the U.S. Army Criminal Investigation Command. **(EPA)**

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### *Airplane Parts Provider Fined \$5 Million*

Arrow Air of Miami, FL was fined \$5 million by a U.S. District Court judge after pleading guilty of making false statements to the FAA. Arrow Air, an all-cargo air carrier, removed some 3,000 aircraft parts from planes not registered or operated in the United States, then represented the parts as FAA-sanctioned for installation in this country. In a precedent-setting ruling, \$2 million of the levy against the firm was categorized as restitution, designated for the use of the Center for Aerospace Safety Education at Embry-Riddle Aeronautical University in Daytona Beach, FL. The school will use the funds to educate and perform research related to problems caused by unapproved parts in civil aviation. **(DOT)**

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### *Concealment Nets \$2.9 Million Restitution*

Resulting from a joint investigation with the FBI and the IRS, an FDIC debtor was convicted on charges of conspiracy, wire fraud, and IRS fraud, sentenced to serve 37 months in prison, and ordered to pay \$2.9 million in restitution. The debtor was the president and owner of a mail-order computer corporation. The corporation declared bankruptcy after defaulting on a \$4.9 million loan from the former Seaman's Bank for Savings, in New York, which closed in 1990. During bankruptcy proceedings the debtor conspired with others to conceal his financial interests in two corporations by supplying creditors, including the FDIC, with false documents concerning his assets and liabilities. The debtor also defrauded the IRS through unreported cash receipts from his mail-order business, using the funds to pay employees and purchase inventory. **(FDIC)**

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*HUD Grantee  
Embezzles Funds*

The director of a nonprofit HUD grantee in Brooklyn, NY, pled guilty to charges of making payoffs to a public official and embezzling grant funds received from HUD and other Federal and State agencies. The former director of the grantee was also convicted on charges of mail fraud and embezzling grant funds received from HUD and other Federal and State agencies. The individuals were previously indicted with others in a \$660,000 diversion of grant funds. The grantee and a related organization have received \$7.1 million in special purpose grants from HUD since 1993, which were authorized by special Congressional appropriations to create and administer business outreach centers in targeted neighborhoods, and serve elderly Holocaust survivors and immigrants. Some of the diverted funds were used to pay a New York State Assemblyman's personal and political expenses, including tuition expenses and fund-raising dinners. The organizations received their funds by telephoning into HUD's Line of Credit Control System, which then transferred the money directly into their bank accounts. The individuals diverted the funds to a bogus company, which spent them for other than their intended purpose. This was a joint investigation by the HUD OIG, IRS, U.S. Attorney's Office, Postal Inspection Service, and the New York City Department of Investigation. **(HUD)**

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*Government  
Exonerated by  
Investigation*

The DOJ OIG, in coordination with the CIA OIG, investigated allegations contained in a series of *San Jose Mercury News* articles that individuals associated with the Nicaraguan Contras were responsible for flooding Los Angeles with crack cocaine in the 1980s, and that U.S. Government officials were aware of these activities and either protected or ignored the individuals involved. The investigation did not substantiate the implication that any of the individuals cited in the articles received special consideration or leniency by the Department because of their Contra connections. While the Department's investigative efforts suffered to some degree from a lack of coordination and insufficient resources, they were not affected by anyone's suspected ties to the Contras. The DOJ OIG did not find that the drug trafficking by individuals discussed in the articles was connected to the CIA or that their drug trafficking was the cause of the crack cocaine explosion in Los Angeles or across the country. **(DOJ)**

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*Former Tribal  
Officials  
Sentenced*

A joint investigation with the FBI into allegations of embezzlement by former officials of a California Indian tribe resulted in the indictment and conviction of the former tribal chairman and the former secretary-treasurer. The two individuals were charged with converting to their personal use a \$176,469 Bureau of Indian Affairs check payable to the tribe, plus 19 other checks made payable to the tribe. The former tribal chairman was also charged with using a tribal credit card to purchase personal items, worth more than \$7,800. They were found guilty of conspiracy and embezzlement and each sentenced to 27 months in Federal prison, to be followed by 3 years of supervised probation. The former secretary-treasurer was ordered to pay restitution of \$180,303 to the tribe and a special assessment of \$1,050. The former tribal chairman was ordered to pay a special assessment of \$1,400. **(DOI)**

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*Operation "Kiddie Care" Continues To Detect Fraud*

Operation "Kiddie Care," OIG's national Presidential initiative in the Child and Adult Care Food Program (CACFP), continues to detect fraud committed by CACFP sponsors around the country. A total of 53 sponsors in 23 States have been audited or investigated. The investigations have thus far led to criminal convictions of 16 individuals, resulting in court-ordered fines and restitution of more than \$3.8 million. In an ongoing investigation in Ohio, 7 people so far have been charged with conspiring to set up more than 40 false providers, resulting in the submission of false claims for reimbursements totaling approximately \$1.1 million. Four of them have been sentenced to prison terms ranging from 6 to 33 months, and ordered to pay restitution between \$68,000 and \$800,000 each. Two others have been sentenced to probation and ordered to pay restitution. Sentencing for a seventh defendant is pending. As part of Operation "Kiddie Care," 15 sponsors have been terminated from CACFP. These 15 had been receiving \$27 million in program funds annually to administer the program and to reimburse the food costs of the homes and centers under their sponsorship. These funds may now go to legitimate sponsors to feed needy children. **(USDA)**

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*"Steal Me Blue" Task Force*

To investigate the loss of over 240 Interim Assistance Reimbursement (IAR) checks that were sent to the New York City Department of Social Services, an ad hoc task force named "Steal Me Blue" was formed consisting of individuals from the OIG, U.S. Attorney's Office, U.S. Postal Inspection Service, U.S. Secret Service, and New York City Department of Inspection. During the investigation, an additional 110 IAR checks totaling about \$900,000 were identified as stolen. "Stop Notices" were placed on over \$1.4 million in IAR checks, and the Office of the Comptroller of the Currency issued an alert to all domestic banks and several major overseas banks concerning the schemes used to negotiate the stolen IAR checks. As a result, a number individuals were arrested; five for negotiating the stolen IAR checks, one for firearms possession, two for robbery, and an Internal Revenue Service employee and three co-conspirators who obtained fraudulent tax refunds for unemployed individuals. **(SSA)**

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*Conspiracy to Overcharge DOD*

A number of companies and individuals pled guilty to conspiracy and/or related charges after participating in a scheme to overcharge the Defense Fuel Supply Center more than \$21 million by overstating prices, falsifying competitive quotes, concealing overcharges in payments to shell corporations, and dividing the proceeds among co-conspirators. The president of a petroleum company was sentenced to 27 months in prison, and 3 years probation. Restitution of \$15,000 and a judgment of \$56 million were ordered against him and the company. Another petroleum company president was sentenced to 12 months and 1 day in prison and 3 years probation and is personally liable for \$1 million restitution if the company fails to pay restitution of \$2.1 million. Both the company and its president have been suspended from government contracting. Additionally, a former corporate attorney for one of the companies who established off-shore corporate accounts used to transfer monies between conspirators pled guilty to income tax issues and was sentenced to 4 months home confinement, and 2 years probation, and was fined \$2,000. **(DOD)**

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### *Fraud Involving Foreign Nurses*

In a case involving DOL, State Department, IRS, and Immigration and Naturalization Service, Billy Jewell, the owner of a chain of nursing homes in Texas and Oklahoma, and several others were sentenced after pleading guilty to conspiracy, wire fraud, visa fraud, and aiding and abetting charges. The OIG investigation revealed that Clara Kim, Veronica Hewitt, and Holly Arthur Estreller entered into agreements with Billy Jewell to obtain H1-A non-immigrant work visas for nurses employed at nursing homes in Lubbock, TX. Once there, the nurses were underpaid, assigned other places to work and, in some instances, money was extorted from them with the threat of reporting them to the INS for working out of status. Jewell was fined \$100,000 sentenced to serve 37 months in prison followed by 36 months' supervised release, and ordered to pay restitution of over \$1.5 million to DOL as back wages to 402 nurses. Kim was fined \$5,000 sentenced to 4 months' imprisonment and 2 years' probation. Estreller was fined \$5,000, and received 5 months' imprisonment and 2 years' probation. Hewitt received 3 years' probation and was ordered to perform 200 hours of community service. **(DOL)**

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### *Teamsters Pension Fund Fraud*

Over \$9 million was embezzled by service providers of Teamsters Local 875 Pension Fund of New York in what began as a kickback scheme from investors to officials of the pension fund. Albert DeAngelis, former official and trustee of the pension fund, was sentenced and ordered to pay \$53,000 in restitution in a scheme to receive kickbacks from Edward Wright, an investment broker for Prudential Securities, in exchange for \$37 million of the fund monies for investment. Approximately \$10 million of this fund money was transferred to an account at Bear Stearns on the advice of Sanford Pollack, former counsel of the pension fund, for investing in prime bank debentures. Pollack was sentenced for receiving kickbacks and was ordered to serve 71 months' incarceration and to pay restitution of more than \$9 million. Mulk Raj Dass and Chloe Peterson of the Infinity International Investments Group were charged with fraudulently inducing pension fund representatives into transferring \$9.3 million of pension fund assets to purchase prime bank debentures. The money was never used to purchase the prime bank debentures, but subsequently transferred to various accounts held by the defendants and others. Glenn Pellegrin, a Louisiana securities dealer, was sentenced for his part in the "prime bank debentures" scheme and was ordered to serve 60 months in prison. **(DOL)**

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### *TVA and the DOJ Fight Fraud*

The Tennessee Valley Authority OIG, with assistance from the FBI and a state police agency, conducted an investigation resulting in an indictment of a former executive of a non-profit agency partially funded by TVA for money laundering, bank fraud, and criminal forfeiture. In a similar case, the TVA OIG found a non-profit agency's treasurer had embezzled agency funds. The treasurer pled guilty to theft of government property and was sentenced to probation and ordered to make restitution. TVA OIG investigations of Federal Employees' Compensation Act fraud led to recoveries and potential long-term savings of over \$2.3 million. One such investigation led to the convictions of a former steam fitter and his wife, after the steam fitter collected \$140,000 in Federal disability compensation without reporting his active participation in a trucking company his wife owned. **(TVA)**

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## *Operation Safe Home*

As the HUD OIG continued its Operation Safe Home initiatives in combating violent crime in public and assisted housing, fraud in public housing administration, and equity skimming in multi-family insured housing, its efforts resulted in an improved quality of life for residents. OIG continued working with law enforcement agencies on all levels and participated in task forces to identify and pursue cases involving drugs and crime, embezzlement, bribery, conspiracy, false claims, and illegal use of any assets/income of HUD properties. OIG also continued providing witness relocation services, enabling witnesses to crime in public and assisted housing to testify against the criminal element while at the same time remaining safe. During FY 1998, over 4,000 arrests were made for violent crime and drug activities, and over \$1.6 million in cash was seized. As an example, in New York City, law enforcement officers from the FBI, HUD OIG, and New York City Police Department executed over 100 arrest warrants on indicted members of the Almighty Latin King and Queen Nation gang. The drug-related violence of this gang has victimized residents of numerous New York City Housing Authority properties. In the fraud area, an individual was arrested for presenting a counterfeit performance bond in response to contractual requirements for about \$2.2 million in construction work contracted by the Michigan City Housing Authority. In the multi-family equity skimming area, the former owner/management agent of two HUD-insured projects in Fort Myers, FL, was sentenced to prison and ordered to pay over \$755,000 in restitution to HUD. He created false vendors to take more than \$798,000 out of the defaulted projects. **(HUD)**

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## *Financial Aid Consultants Match With IRS*

During FY 1998, the Department of Education OIG experienced an increase in the number of investigations involving financial aid consultants who assist students and their parents in obtaining student financial aid (SFA) funds fraudulently. The consultants provided assistance in applying for SFA typically by completing Free Applications for Federal Student Aid (FAFSAs) with false information such as the understatement of parental income, incorrect parental marital status, independent/dependent student status and/or the number of family members enrolled in college. Many of the consultants also prepare false tax returns to submit to colleges and universities in support of the fraudulent FAFSAs. ED OIG investigative efforts have resulted in the criminal prosecution of five consultants with court-ordered fines and restitution in excess of \$1.87 million, as well as about 500 criminal prosecutions and/or civil settlements with students and/or their parents with total recoveries exceeding \$3.6 million. Congress recently enacted a provision in the Higher Education Act amendments, which authorized verification of income data submitted on the FAFSA with the IRS. The comparison of data will ensure that SFA recipients accurately report income to qualify for financial aid. **(ED)**

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## *Education Certification Fraud*

The Corporation for National Service OIG investigations identified "novel" approaches used by AmeriCorps members to account for and accrue service hours. Included were the "team concept" where everyone on a team earns the total accumulated hours of the team for the day and the "inherited service hours" where new AmeriCorps members "inherit" the service hours of a departing member. An OIG investigation resulted in a guilty plea for reporting and certifying service for someone who never performed any service hours, but was enrolled merely on paper. **(CNS)**

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*Printing  
Contractor Fraud*

The Government Printing Office OIG investigated fraud, waste, and abuse concerning the procurement of printing services with private contractors. The most frequent violations investigated were the submission of false claims, false statements, and violations of the Small and Disadvantaged Business Program. However, cases involving allegations of bribes, gratuities, and kickbacks have also been investigated. In FY 1998, the OIG noticed an increase in the number of allegations of fraud in the Federal Employees' Compensation Act (FECA) program. The OIG, working with Department of Labor and the GPO Labor and Employee Relations Division, investigates allegations of employee misconduct to include thefts, embezzlement of government funds, narcotics, and travel voucher and time and attendance fraud in the prosecution of criminal and civil cases, settlements, and recovery/restitution of funds to the agency. The OIG investigations also result in contractor suspension, debarments, and employee terminations. **(GPO)**

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*Joint OIG/U.S.  
Attorney  
Investigation*

In a matter jointly investigated by the FCC OIG and the FBI, a former FCC subcontractor and accomplice pled guilty to Federal offenses. OIG auditors developed information to assist the court in establishing restitution requirements for sentencing. As a result of the investigation, an FCC subcontractor was sentenced to 20 months' imprisonment, ordered to pay \$40,000 in restitution, and assume a tax liability to the IRS of approximately \$168,000. A co-conspirator was sentenced to 5 years' probation and ordered to make restitution to the IRS of \$21,348. Both were suspended from performing work for the Federal Government pending permanent debarment. **(FCC)**

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*Contractor Fraud  
Yields \$8.7  
Million Recovery*

During FY 1998, a contractor investigation culminated in the largest monetary recovery in the FDIC OIG's history. After pleading guilty of corruptly interfering with the functions of the Resolution Trust Corporation (RTC), an Ohio mortgage company was ordered to pay over \$4.2 million in fines, more than \$3.5 million in restitution to the FDIC, and over \$1 million in interest. The mortgage company was one of many contractors the then-RTC used to service loans that had been acquired from failed savings and loans. Acting on information provided by a former employee of the contractor, the OIG investigated and uncovered a complex scheme where the contractor misrepresented the amount of funds it collected in servicing loans. **(FDIC)**

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## ***CIVIL ACTIONS FROM FRAUD INVESTIGATIONS***

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### ***Health Care Fraud***

A \$15 million civil settlement was reached with Quest Diagnostics, Incorporated, successor to Damon Clinical Laboratories, Incorporated. Damon was suspected of submitting false claims to the CHAMPUS and Medicare. Damon allegedly conspired with other medical facilities to manipulate the normal blood tests of patients suffering from end stage renal disease solely to increase billings. Instead of conducting the normal 19 blood tests a month, the blood tests were allegedly split into two tests on two separate days, resulting in unnecessary blood draws for each patient and inflated profits. Medically unnecessary tests were also allegedly added to the patients' bills to obtain additional revenue. This investigation was conducted jointly by the Defense Criminal Investigative Service, Health and Human Services OIG, and the Federal Bureau of Investigation. **(DOD)**

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### ***\$45 Million Settlement in Underpayment of Royalties***

In 1998, the Department of Justice announced that a major oil company, under an agreement with the DOI and two Indian tribes, had paid \$45 million to resolve claims that it underpaid the government royalties for oil produced on Federal and Indian land. The settlement resolved allegations that the oil company under-reported the value of oil it produced on Federal and Indian land from 1980 to 1997, resulting in the company paying less royalties than it owed. **(DOI)**

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### ***Due Diligence Fraud Investigation Brings Criminal Conviction, Civil Settlement***

Cybernetics and Systems, Inc. (CSI), a subsidiary of CSX Corporation, after pleading guilty to charges of possessing false papers with intent to defraud the United States, was ordered to pay a \$2 million criminal fine and agreed to pay a \$28 million civil settlement. Both the criminal and civil settlements have been paid in full in resolution of this 7-year joint ED OIG and U.S. Postal Inspection Service investigation. During the 1980's, CSI, operated a business in Jacksonville, FL, which serviced Federally-insured student loans under the Federal Family Education Loan Program. The criminal information charged that a CSI employee intentionally falsified a record concerning due diligence requirements for loan servicing to support a claim against the Department for reinsurance under the program. Although CSI was charged with only one incident, CSI agreed that numerous instances of similar conduct occurred during the period, resulting in the payment of numerous fraudulent claims by the Federal Government. **(ED)**

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### ***Joint Investigation***

As the result of a joint investigation by VA OIG and U.S. Postal Inspection Service, five individuals were charged with a scheme where student veterans received VA educational benefits without attending regularly scheduled classes. According to the indictment, the individuals implemented a special program for retired student veterans where they attended certain group meetings in lieu of regular classes, received high grades without class attendance required, and paid kickbacks of up to \$200 per student per semester. At least 300 student veterans participated in the program over a 7-year period and obtained educational assistance benefits in excess of \$3.8 million. The U.S. Attorney's Office negotiated civil settlement agreements with 241 students for total restitution of \$2.8 million. **(VA)**

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*Civil Settlement of  
\$1.8 Million*

Ashland Chemical Company, Drew Industrial Division, a supplier of water treatment chemicals for heating and cooling systems and boiler fuel oil additives to Federal customers under an ongoing Multiple Award Schedule contract, agreed to pay \$1.8 million to resolve its potential civil False Claims Act liability. The government alleged that the company failed to accurately disclose its commercial discounting policies to GSA negotiators. As a result, Federal customers paid too much for the company's products since the contract began. The OIG audit found that despite disclosures claiming no regular discounts were offered to any of its commercial customers, except to its most favored customer, the company actually offered numerous high regular discounts to many of its customers. The audit also found numerous examples of price reduction violations it failed to pass along to the government, as required by the contract, reductions in prices granted to customers during the contract period, as well as minor over billings. **(GSA)**

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*Patient Dumping*

Some of the OIG's most significant work during 1998 focused on the extent and quality of care furnished to beneficiaries of HHS programs. As an example, OIG greatly increased enforcement actions under the patient anti-dumping statute. Federal law requires that an emergency medical screening examination and stabilizing treatment be provided by the emergency department of a Medicare-participating hospital. The OIG is investigating over 150 instances, referred by the Health Care Financing Administration (HCFA), where individuals allegedly were refused medical screening or treatment. In 1998, OIG entered into 53 settlement agreements with hospitals and physicians in such cases, and collected civil monetary penalties of \$1.8 million. This is a marked increase from the previous high of 18 settlements in 1996, and reflects the commitment of both HCFA and OIG to ensure patient access to appropriate emergency medical services. **(HHS)**

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*Retroactive Refund  
Recovered*

A NASA OIG investigation with the Defense Contract Management Command (DCMC) resulted in the government's recovery of \$43 million from a contractor. The investigation stemmed from a recent State court ruling making defense contractors eligible to receive retroactive refunds from the State for sales and use taxes paid on Federal Government contracts. The contractor had received a refund of approximately \$52 million. The DCMC negotiated with the contractor to settle the sales and tax refund issues. **(NASA)**

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*Corporation Repays  
\$4.3 Million, Forgoes  
\$9.6 Million*

IT-Davy Joint Venture, International Technology Corporation, and Davy-McKee Corporation (collectively IT-Davy) entered into a civil settlement to resolve fraud allegations involving an environmental cleanup project at the Helen Kramer Landfill in Mantua, NJ. In 1989, the Army Corps of Engineers (COE), on behalf of the EPA, contracted with IT-Davy to perform the site cleanup. Project specifications and site condition changes delayed the project and IT-Davy incurred additional costs over the original contract price. A joint investigation by EPA's OIG, DCIS, DCAA, and the Army Criminal Investigation Command found that IT-Davy had submitted false claims in connection with the additional costs by double charging for labor and equipment costs using a complex accounting scheme. As a result of the investigation, IT-Davy has agreed to pay \$4.3 million in restitution of all claims under the cleanup contract. Of over \$24 million in submitted but unpaid claims, the COE has agreed that only \$14.5 million in additional costs were legitimate. Therefore, the United States has realized an additional \$9.6 million in savings from the repudiated claims. **(EPA)**

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## PCIE/ECIE COMMITTEES AND PROJECTS

### *Audit Committee*

The PCIE, in conjunction with the ECIE, maintains committees to examine important issues and to assist them in their ongoing efforts to improve the effectiveness of their members in fighting fraud, waste, and abuse throughout the Federal Government.

During FY 1998, the PCIE Audit Committee undertook several projects directed at its primary mission: taking a leadership role within the Inspector General community to improve audit quality. Many of these projects will require continued involvement and oversight on the part of the Audit Committee. Over the year, the Committee also worked to maintain and, if necessary, re-energize relationships with various councils, committees, and groups throughout government that have an interest in enhancing audit professionalism.

#### *IGATI*

Over the past year, the Audit Committee continued to oversee the Inspectors General Audit Training Institute (IGATI) operations with an emphasis toward improved business processes. In August 1998, the Audit Committee, which is IGATI's Board of Directors, successfully arranged to transfer IGATI to the Treasury Franchise Fund to become its own business entity. The Committee worked with the IGATI Director to establish performance expectations and goals for 1999 with a focus toward marketing and course development.

#### *Financial Audit*

Within the financial audit arena, the Audit Committee focused its attention on two projects. In conjunction with OMB, the Audit Committee hosted two financial audit forums to discuss recently-issued OMB bulletins and other financial audit issues. These sessions were conducted in December 1997 and September 1998 before audiences of about 200 participants. In addition, an Audit Committee task force issued a draft memorandum recommending that the PCIE adopt, with modifications, GAO's *Financial Audit Manual (FAM)* as its guidance for performing financial audits. At the close of FY 1998, the task force was consolidating its comments to begin meaningful discussions with GAO to resolve conceptual differences, improve flexibility, and eliminate prescriptive language within the current Manual.

#### *Single Audit*

In January 1998, the Audit Committee initiated its efforts related to Single Audit. The Committee linked with the Federal Audit Executive Council (FAEC) to update the *Uniform Quality Control Review Guide for A-133 Audits* and *Uniform Initial Review Guide for A-133 Audits*. These guides were in the review and comment phase at the end of FY 1998. Also, at the end of FY 1998, the Committee began working with OMB to develop a survey of Inspectors General of grant-making agencies to determine the nature and extent of their involvement in Single Audit activities. The Committee plans to use these results to guide its 1999 Single Audit efforts.

*Inspection and  
Evaluation Committee*

The PCIE Inspection and Evaluation Committee issued two reports during FY 1998. One was on pre-screening of Federal grants and loans, and the other was on the working relationships of inspection and evaluation units

*Prescreening Grants*

The Committee issued a report on pre-screening of Federal grants and loans by Offices of Inspector General and their agencies' grant and loan offices, and surveyed the procedures used by OIGs and their respective agencies to review Federal assistance projects. The purpose of the report was to assist OIGs in establishing more effective methods for preventing as well as detecting waste, fraud, and abuse by Federal grant and loan recipients. The survey also found strong support among OIGs for greater coordination in identifying problem recipients of Federal financial assistance. It recommended that the PCIE consider developing a community-wide clearinghouse to facilitate the exchange of information on problem grantees and loan recipients.

*Inspection and Evaluation Units*

The Committee also issued a report on working relationships of OIG inspection and evaluation units. It surveyed the working relationships of 15 inspection and evaluation units with components inside and outside their OIGs. Its aim was to identify practices for developing successful working relations between the units and the groups with which they work.

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*Integrity Committee*

The PCIE Integrity Committee receives, reviews, and forwards for further investigation any allegations of wrongdoing by an Inspector General, or under certain circumstances, OIG staff members.

*Complaints*

FY 1998 was another busy and productive year for the Integrity Committee (IC). The IC met five times and reviewed 38 new complaints. Forty separate complaint matters were processed and brought to closure. These included 21 matters which were outside the IC's purview and referred to other agencies for their consideration. Sixteen complaints were determined by the Committee to be unsubstantiated, frivolous, and/or lacked sufficient details to warrant further action. Two matters were closed at the request of the complainant. Also, the IC supervised one investigation into allegations of misconduct against an Inspector General (IG) and forwarded the findings to the PCIE Chairman for appropriate action. The IC currently has 21 pending cases. Since 1990, the IC has processed and brought to closure 234 cases.

*FBI Support*

The FBI has shown its support to the IC by increasing the Committee's working group staff. Formerly, the working group consisted of one Special Agent supervisor, one attorney from the FBI's Office of General Counsel, and one analyst. The IC has now enhanced its working group by adding an additional Special Agent supervisor, enabling the working group to conduct more in-depth analysis of IC matters, enhance the presentation of cases, expedite the processing of cases, and carry out IC decisions more efficiently and effectively.

*Processing Cases Efficiently*

The IC now meets bimonthly rather than quarterly, a change necessitated by the increase of IC matters since the signing of the Executive Order. This change has markedly improved the IC's operations by speeding up the Committee's case processing time and making the Committee's actions more timely. In addition, the IC has established a 30-day limit when soliciting IGs or complainants for information, which has further enhanced the case processing time. These improvements have led to a significant improvement in the efficiency with which cases are processed. While the number of new cases the IC has opened has steadily increased, the time to process these cases has steadily gone down. In 1990, when the IC opened 24 new cases, the average case processing time was 28.7 months. Whereas, in 1997, when the IC opened 46 new cases, the average case processing time had gone down to 4.8 months.

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The Investigations Committee worked to implement recommendations on the operations at Glynco, GA established a subcommittee of select Assistant Inspectors General for Investigations (AIGIs,) and distributed an electronic pamphlet on investigations.

*Glynco Operations*

During FY 1998, the PCIE Investigations Committee placed special emphasis on implementing the recommendations of a study group that reviewed the operations of the Inspector General Criminal Investigator Academy (Academy) located at Glynco. Among the issues the Committee worked on were staffing, funding, improved delivery of services, better planning, and improved communications links with the Inspector General community. A transition coordinator was detailed to the Academy to begin implementation of the recommendations during FY 1998. There was increased urgency in improving the delivery of training since the number of training requests for FY 1999 has increased by 50 percent over 1998.

*AIGI Participation*

The Committee also recognized the need to increase the participation of the AIGIs in improving investigative activities within the Inspector General community. With this in mind, they established an Investigations Advisory Subcommittee comprised of select AIGIs from the PCIE and ECIE who recommend to the full Committee issues involving investigative practices, policies, training, and Academy oversight.

*Electronic Information Pamphlet*

Using input from several AIGIs and legal counsels in the PCIE, the Investigations Committee in FY 1998 released a generic information pamphlet on OIG criminal investigations entitled "OIG Investigations and You." This electronic pamphlet explains the basic rights and obligations of civilian employees who participate in an OIG investigation. The pamphlet was distributed to all PCIE members for their use or reference.

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## *Legislative Committee*

The Legislative Committee serves the community by ensuring that its members are kept abreast of matters in the Congressional arena that may affect Inspectors General or their statutory duties. The Committee is also responsible for developing and coordinating official PCIE positions with regard to particular legislation. Finally, the Committee acts as a resource-base for the community on Congressional operations, information, and procedure.

### *20<sup>th</sup> Anniversary Commemoration*

To honor the 20<sup>th</sup> anniversary of the Inspector General Act of 1978, the Legislative Committee worked with key Congressional Members and staff, especially on oversight committees, to pass Senate Joint Resolution 58 (Public Law 105-349). The Resolution, introduced by Senator Glenn and cosponsored by Senators Thompson, Collins, Levin, Lieberman, Durbin, and Cleland, was unanimously passed by the Senate on October 1, 1998. With the support of several House Members, including Representatives Burton, Waxman, Horn, and Kucinich, and Delegate Norton, and the assistance of House Majority Leader Arney, the full House approved the Resolution on October 10, 1998, without dissent. The Joint Resolution recognizes the accomplishments of Inspectors General in combating Federal waste, fraud, and abuse. It also acknowledges the role Inspectors General play in promoting the economy, efficiency, and effectiveness in the administration of government programs and operations. Finally, the Resolution commends Inspectors General and their employees on their dedication and professionalism. On November 2, 1998, President Clinton signed the Joint Resolution into law.

### *Survey of Inspector General Act Amendments*

In response to a request from Senator Collins, Chair of the Senate Governmental Affairs Committee Permanent Subcommittee on Investigations, the Legislative Committee undertook a survey on S. 2167, the Inspector General Act Amendments of 1998. This measure, sponsored by Senator Collins, would make several changes to the Inspector General Act. All 27 PCIE Inspectors General and 25 of 30 ECIE Inspectors General responded to the survey, which was officially presented for the record at the Committee on Governmental Affairs September 9, 1998, hearing on the "State of the Inspector General Community." Besides summarizing the viewpoints of the community on the main provisions of the bill, the survey also included suggested modifications and technical amendments recommended to further clarify and enhance the bill.

## *Professional Development Committee*

During 1998, the Professional Development Committee hosted a number of symposia and courses allowing PCIE and ECIE members along with others in the government to exchange information and expertise on emerging issues impacting OIG work. For example, EPA, in conjunction with the Committee, hosted a day-long "Seminar on Paperless Auditing", featuring 21 speakers on topics such as the behavioral obstacles, Electronic Freedom of Information Act, encryption technology, application software, electronic publishing, who is doing what, and lessons they have learned. Additionally, a PCIE-CFO Workgroup on GPRA issues was created and presented four half-day Dialogue Seminars.

## SUMMARIES OF STATISTICAL ACCOMPLISHMENTS

### *Audits and Inspections*

The tables on the following pages demonstrate the impact of OIG audits and inspections. The tables summarize key statistical accomplishments reported by IGs to the Congress for FY 1998. The statistical accomplishments relate to recommendations that funds be put to better use, management decisions on recommendations that funds be put to better use, questioned costs, and management decisions on questioned costs.

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#### *Recommendations That Funds Be Put To Better Use*

The IG Act defines a recommendation that funds be put to better use as “ a recommendation by the Office that funds could be used more efficiently if management of an establishment took actions to implement and complete the recommendation, including (A) reductions in outlays; (B) deobligations of funds from programs or operations; (C) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (D) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; (E) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (F) any other savings which are specifically identified.”

Tables I-P&E summarize statistical accomplishments of the OIGs for FY 1998. PCIE member audits recommended that about \$15.7 billion be put to better use; ECIE member audits recommended that about \$168 million be put to better use.

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#### *Management Decisions on Recommendations That Funds Be Put To Better Use*

Tables II-P&E report on the status of FY 1998 management decisions on OIG audit recommendations that funds be put to better use. PCIE agency managers agreed with about \$6.3 billion in recommendations that funds be put to better use; ECIE entity managers agreed with about \$147 million in recommendations that funds be put to better use.

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#### *Questioned Costs*

The IG Act defines questioned costs as “a cost that is questioned by the Office because of (a) an alleged violation or provision of law, regulation, contract, grant, or cooperative agreement, or other agreement or document governing the expenditure of funds; (b) a finding that at the time of the audit, such cost is not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.”

Tables III-P&E, and Tables IV-P&E present, respectively, the total costs questioned by OIGs in FY 1998 and the total amount of management decisions to disallow costs questioned by OIGs. During FY 1998, PCIE OIG audits resulted in about \$3.3 billion in questioned costs and ECIE audits resulted in about \$184 million in questioned costs. Tables IV-P&E show, respectively, the status of FY1998 management decisions to disallow costs questioned by the OIGs. PCIE/ECIE agency managers agreed with about \$1.9 billion in questioned costs.

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Table I-P  
PCIE - Recommendations That Funds Be Put To Better Use <sup>1</sup>

Entity	OIG	DCAA*	Total
CNS	1,618,000	0	1,618,000
DOC	23,904,451	0	23,904,451
DOD	2,563,328,000	4,729,696,400	7,293,024,400
DOE	595,119,557	0	595,119,557
DOI <sup>2</sup>	152,921,704	2,670,956	155,592,660
DOJ	82,911,990	0	82,911,990
DOL	4,100,000	0	4,100,000
DOS	4,520,000	0	4,520,000
DOT	1,059,120,000	0	1,059,120,000
ED	2,900,000	0	2,900,000
EPA	1,977,860	3,212,370	5,190,230
FDIC	1,007,000	0	1,007,000
FEMA	192,713,024	1,399,785	194,112,809
GSA	290,677,904	0	290,677,904
HHS	2,089,204,000	0	2,089,204,000
HUD	456,000	0	456,000
NASA <sup>3</sup>	99,690,000	0	99,690,000
NRC	0	359,682	359,682
OPM	11,920	0	11,920
RRB	2,407,600	0	2,407,600
SBA	12,546,236	0	12,546,236
SSA	2,340,207,842	0	2,340,207,842
Treasury	73,275,000	5,280,000	78,555,000
USAID	499,563,115	0	499,563,115
USDA <sup>4</sup>	116,474,628	1,215,861	117,690,489
USIA	504,000	0	504,000
VA	699,284,000	2,264,000	701,548,000
<b>TOTALS</b>	<b>\$10,910,443,831</b>	<b>\$4,746,099,054</b>	<b>\$15,656,542,885</b>

<sup>1</sup> Includes results from inspections, where applicable.

<sup>2</sup> Includes \$6,775,620 for OIG-negotiated indirect cost proposals.

<sup>3</sup> Includes investigations, inspections, and other reports.

<sup>4</sup> Reflects adjustment made after FY 1998.

\*DCAA - Defense Contract Audit Agency performs audits of government contracts by agreement with the respective OIGs

Table I-E  
 ECIE - Recommendations That Funds  
 Be Put To Better Use

Entity	Total
Amtrak	\$892,073
Appalachian Regional Commission (ARC)	\$994,000
Federal Housing Finance Board (FHFB)	26,211
Federal Labor Relations Authority (FLRA)	46,440
Federal Reserve Board (FRB)	267,000
Federal Trade Commission (FTC)	2,054,383
Government Printing Office (GPO)	1,341
National Archives and Records Administration (NARA)	625,000
National Science Foundation (NSF)	31,409,082
Smithsonian Institution (SI)	413,712
Tennessee Valley Authority (TVA)	2,578,703
U.S. Postal Service (USPS) <sup>1</sup>	128,669,699
<b>TOTAL</b>	<b>\$167,977,644</b>

<sup>1</sup> Figures reflect work done directly by both the U.S. Postal Service Office of Inspector General and by U.S. Postal Service audit and investigation units under the oversight of the OIG.



Table II-P  
PCIE - Management Decisions On Recommendations  
That Funds Be Put To Better Use <sup>1</sup>

Entity	No Mgmt. Decision Start FY 1998	Recommendations Issued in FY 1998	Recommendations Agreed to by Mgmt.	Recommendations Not Agreed to by Mgmt.	No Mgmt. Decision End FY 1998
CNS	0	1,618,000	9,000	0	1,609,000
DOC <sup>2</sup>	47,760,278	23,904,451	2,653,251	46,461,831	22,031,128
DOD	8,996,189,000	7,293,024,400	3,643,563,000	1,828,254,000	10,817,396,400
DOE	191,326,237	595,119,557	306,735,988	36,333,920	443,375,886
DOI	369,612,554	155,592,660	182,144,203	3,021,454	340,039,557
DOJ	7,503,301	82,911,990	58,415,049	0	32,000,242
DOL	73,200,000	4,100,000	69,400,000	500,000	7,400,000
DOS	4,526,000	4,520,000	1,100,000	600,000	7,346,000
DOT	77,836,000	1,059,120,000	728,700,000	260,000	407,996,000
ED	23,106,552	2,900,000	7,000,000	815,000	18,191,552
EPA	5,391,970	5,190,230	5,266,230	5,315,970	0
FDIC	0	1,007,000	1,007,000	0	0
FEMA	231,069,440	194,112,809	10,353,073	222,837,591	191,991,585
GSA <sup>3</sup>	18,361,543	289,974,204	55,802,775	2,088,409	250,444,563
HHS	56,476,000	2,089,204,000	162,458,000	738,704,000	1,244,518,000
HUD	4,013,000	456,000	102,000	0	4,367,000
NASA <sup>4</sup>	85,072,033	54,356,000	62,081,136	9,795,000	67,551,897
NRC	0	359,682	359,682	0	0
OPM	0	11,920	11,920	0	0
RRB	0	2,407,600	2,407,600	0	0
SBA	9,437,477	12,546,236	3,036,296	0	18,947,417
SSA	20,400,000	2,340,207,842	289,128,680	2,071,479,162	0
Treasury	70,026,000	78,555,000	52,860,000	22,116,000	73,605,000
USAID <sup>5</sup>	78,097,000	503,773,314	17,325,033	79,626,189	484,919,092
USDA <sup>6</sup>	1,212,295,693	117,690,489	127,866,222	1,095,181,206	107,758,037
USIA	701,000	504,000	1,205,000	0	0
VA	77,400,000	701,548,000	501,800,000	31,700,000	245,448,000
<b>TOTALS</b>	<b>\$11,659,801,078</b>	<b>\$15,614,715,384</b>	<b>\$6,292,791,138</b>	<b>\$6,195,089,732</b>	<b>\$14,786,936,356</b>

<sup>1</sup> Includes results from inspections, where applicable.

<sup>2</sup> Management agreed to funds to be put to better use which exceeded recommended amounts by \$518,519.

<sup>3</sup> \$703,700 was removed from resolution process pending litigation.

<sup>4</sup> Not included is \$45,334,000 of recommendations in inspection, DCAA, and other reports agreed to by management.

<sup>5</sup> Reflects an increase in recommendations of \$4,210,199 made after FY 1998.

<sup>6</sup> Reflects a variance of \$819,283 between beginning and ending balance because of adjustments in management decisions.

Table II-E  
 ECIE - Management Decisions On Recommendations  
 That Funds Be Put To Better Use

Entity	No Mgmt. Decision Start FY 1998	Recommendations Issued In FY 1998	Recommendations Agreed to by Mgmt.	Recommendations Not Agreed to by Mgmt.	No Mgmt. Decision End FY 1998
Amtrak	\$8,961,171	\$892,073	\$8,961,171	\$0	\$892,073
ARC	0	994,000	646,000	48,000	300,000
CPB	70,000	0	0	0	70,000
FHFB	0	26,211	22,711	3,500	0
FLRA	0	46,440	0	0	46,440
FRB	0	267,000	267,000	0	0
FTC	0	2,054,383	2,054,383	0	0
GPO	0	1,341	780	0	561
NARA	0	625,000	625,000	0	0
NSF	104,441,221	31,409,082	92,819,326	36,490,566	6,540,411
PC	30,000	0	0	0	30,000
SI	0	413,712	69,382	71,012	273,318
TVA	4,737,549	2,578,703	5,864,432	1,451,820	0
USPS <sup>1</sup>	79,748,787	128,669,699	35,671,648	0	172,746,838
<b>TOTALS</b>	<b>\$197,988,728</b>	<b>\$167,977,644</b>	<b>\$147,001,833</b>	<b>\$38,064,898</b>	<b>\$180,899,641</b>

<sup>1</sup>Figures reflect work done directly by both the U.S. Postal Service Office of Inspector General and by U.S. Postal Service audit and investigation units under the oversight of the OIG.

Table III-P  
PCIE - Questioned Costs

Entity	OIG	DCAA	Total
CNS	1,776,000	0	1,776,000
DOC	5,012,142	0	5,012,142
DOD	0	2,176,142,699	2,176,142,699
DOE	1,180,375	0	1,180,375
DOI	139,355,201	10,946,258	150,301,459
DOJ	67,694,334	0	67,694,334
DOL	23,600,000	0	23,600,000
DOS	781,000	592,000	1,373,000
DOT	13,484,000	0	13,484,000
ED	17,011,401	0	17,011,401
EPA	15,133,511	901,834	16,035,345
FDIC	21,644,658	0	21,644,658
FEMA	54,936,735	0	54,936,735
GSA	29,062,918	0	29,062,918
HHS	197,241,559	2,441	197,244,000
HUD <sup>1</sup>	61,431,000	792,000	62,223,000
NASA <sup>2</sup>	27,465,448	4,537,128	32,002,576
NRC	0	357,068	357,068
OPM <sup>3</sup>	126,317,911	0	126,317,911
RRB	0	0	0
SBA	1,854,132	0	1,854,132
SSA	14,661,078	0	14,661,078
Treasury	2,218,000	2,673,000	4,891,000
USAID	9,295,325	10,263,682	19,559,007
USDA	220,317,087	91,602	220,408,689
USIA	0	0	0
VA	20,400,000	0	20,400,000
<b>TOTALS</b>	<b>\$1,071,873,815</b>	<b>\$2,207,299,712</b>	<b>\$3,279,173,527</b>

<sup>1</sup> Includes \$9,216,000 in settlements from 10 reviews not issued as audit reports.

<sup>2</sup> Includes \$2,900,000 of questioned costs from inspection and other reports.

<sup>3</sup> Includes \$3,500,000 of questioned costs in a joint audit and investigation effort with U.S. Attorney's Office, and the figure is also included in Table IX- Investigative Recoveries.

Table III-E  
ECIE - Questioned Costs

Entity	Total
Amtrak	\$9,826,345
ARC	1,093,000
CPB	158,450
FCA	31,892
FCC	12,420
FHFB	350
GPO	641,080
LSC	607,735
NARA	7,572
NEA	239,862
NSF	7,024,157
PBGC	21,192
PC	11,041
PCC	496,884
TVA	2,959,679
USITC	941
USPS <sup>1</sup>	160,393,022
<b>TOTAL</b>	<b>\$183,525,622</b>

<sup>1</sup>Figures reflect work done directly by both the U.S. Postal Service Office of Inspector General and by U.S. Postal Service audit and investigation units under the oversight of the OIG.

Table IV-P  
PCIE - Management Decisions On Audits With Questioned Costs

Entity	No Mgmt. Decision Start FY 1998	Recommendations Issued in FY 1998	Recommendations Agreed to by Mgmt.	Recommendations Not Agreed to by Mgmt.	No Mgmt. Decision End FY 1998
CNS	3,085,000	1,776,000	1,050,000	2,008,000	1,803,000
DOC <sup>1</sup>	10,002,583	5,012,142	3,090,755	3,518,491	8,426,122
DOD	7,391,300,000	2,176,142,699	1,113,700,000	590,400,000	7,863,342,699
DOE	6,717,811	1,180,375	98,000	41,000	7,759,186
DOI	39,417,786	150,301,459	6,713,551	4,799,125	178,206,569
DOJ	24,194,664	67,694,334	43,660,814	0	48,228,184
DOL	37,100,000	23,600,000	11,100,000	2,600,000	47,000,000
DOS <sup>2</sup>	0	781,000	636,000	0	145,000
DOT	62,656,000	13,484,000	13,380,000	30,877,000	31,883,000
ED	199,338,889	17,011,401	16,601,814	92,321,731	107,426,745
EPA	283,471,850	16,035,345	77,225,700	111,379,342	110,902,153
FDIC <sup>3</sup>	0	21,644,658	11,917,754	9,127,542	727,945
FEMA	9,449,796	54,936,735	12,800,757	16,057,915	35,527,859
GSA <sup>4</sup>	5,892,985	29,062,918	27,531,756	1,904,590	7,382,625
HHS	438,230,000	197,244,000	146,523,000	141,220,000	347,731,000
HUD <sup>5</sup>	22,835,000	62,223,000	48,485,000	4,267,000	22,306,000
NASA <sup>6</sup>	60,471,584	24,565,448	74,034,600	1,369,400	9,633,032
NRC	118,010	357,068	475,078	0	0
OPM <sup>7</sup>	9,810,850	126,317,911	74,563,505	33,312,366	28,252,890
RRB	0	0	0	0	0
SBA	2,961,619	1,854,132	1,449,206	368,883	2,997,662
SSA	398,011	14,661,078	14,668,902	0	390,187
Treasury	11,429,000	4,891,000	832,000	2,078,000	13,410,000
USAID <sup>8</sup>	12,387,473	19,434,886	2,810,171	9,284,430	19,727,758
USDA <sup>9</sup>	485,518,160	220,408,689	112,456,119	151,956,720	413,931,298
USIA	3,913,000	0	178,000	570,000	3,165,000
VA	5,700,000	20,400,000	26,100,000	0	0
<b>TOTALS</b>	<b>\$9,126,400,071</b>	<b>\$3,271,020,278</b>	<b>\$1,842,082,482</b>	<b>\$1,209,461,535</b>	<b>\$9,310,305,914</b>

<sup>1</sup> Management agreed to questioned costs which exceeded recommended amounts by \$20,643.

<sup>2</sup> Does not include costs questioned by DCAA.

<sup>3</sup> Management disallowed \$128,583 more than the amounts questioned.

<sup>4</sup> Includes \$1,863,068 above recommended amounts that management decided to seek.

<sup>5</sup> Includes \$9,216,000 in settlements from 10 reviews not issued as audit reports, and \$784,000 agreed to by management.

<sup>6</sup> Does not include \$32,200,000 of recommendations in inspection, DCAA, and other reports agreed to by management.

<sup>7</sup> Includes \$3,500,000 in questioned costs in a joint effort with U.S. Attorney's Office.

<sup>8</sup> Reflects an increase of \$87,154 in *Start FY 1998*, but not a decrease of \$124,121 in *Recommendations Issued in FY 1998*, from adjustments from prior period, made after FY 1998.

<sup>9</sup> Reflects a variance of \$27,582,712 between beginning and ending balances because of adjustments in management decisions.

Table IV-E  
ECIE - Management Decisions On Audits With Questioned Costs

Entity	No Mgmt. Decision Start FY 1998	Recommendations Issued In FY 1998	Recommendations Agreed to by Mgmt.	Recommendations Not Agreed to by Mgmt.	No Mgmt. Decision End FY 1998
Amtrak	\$16,898,661	\$9,826,345	\$21,177,355	\$509,811	\$5,037,840
ARC	15,000	1,093,000	14,000	85,000	1,009,000
CPB	0	158,450	0	0	158,450
FCA	0	31,892	0	0	31,892
FCC	265,180	12,420	12,420	0	265,180
FHFB	0	350	0	350	0
GPO	1,153,717	641,080	937,034	211,771	645,992
LSC	0	607,735	0	607,735	0
NARA	0	7,572	7,572	0	0
NEA	14,630	239,862	239,862	14,630	0
NEH	20,000	0	20,000	0	0
NSF	8,532,906	7,024,157	1,628,647	3,289,794	10,638,622
PBGC	0	21,192	21,192	0	0
PC	17,957	11,041	1,321	19,060	8,617
PCC	917,462	496,884	385,986	289,695	738,665
SI	1,100,878	0	0	0	1,100,878
TVA	55,543	2,959,679	2,292,357	678,197	44,668
USITC	0	941	941	0	0
USPS <sup>1</sup>	5,749,457	160,393,022	3,012,318	1,140,505	161,989,656
<b>TOTALS</b>	<b>\$34,741,391</b>	<b>\$183,525,622</b>	<b>\$29,751,005</b>	<b>\$6,846,548</b>	<b>\$181,669,460</b>

<sup>1</sup> Figures reflect work done directly by both the U.S. Postal Service Office of Inspector General and by U.S. Postal Service audit and investigation units under the oversight of the OIG.

*Investigations*

The following Tables V-IX, illustrate the results obtained through OIG investigations during FY1998. They summarize the statistical accomplishments reported to the Congress as of March 31 and September 30, 1998. The accomplishments: successful criminal prosecutions, administrative sanctions, and investigative and civil recoveries include results of joint investigations.

During FY 1998, PCIE OIG investigations resulted in 5,187 successful criminal prosecutions; ECIE OIG investigations resulted in 9,698 successful criminal prosecutions, of which, 9,642 were accomplished by the U.S. Postal Service. During FY 1998, PCIE OIG investigations resulted in 887 personnel actions; ECIE OIG investigations resulted in 386 personnel actions.

PCIE OIG investigations resulted in more than 7,000 suspensions or debarments during FY 1998, and ECIE OIG investigations resulted in 17 suspensions or debarments. During FY 1998 PCIE OIG investigations resulted in about \$1.3 billion in recoveries; ECIE OIG investigations resulted in about \$34.7 million in recoveries.

**Table V**  
**PCIE and ECIE – Successful Criminal Prosecutions**

PCIE		ECIE	
Entity	Total	Entity	Total
CNS	1	Amtrak	7
DOC	3	CPB	1
DOD	241	FCC	3
DOE	11	FTC	1
DOI	23	GPO	1
DOJ	111	LSC	2
DOL	274	NLRB	2
DOS	7	NSF	2
DOT	120	PBGC	1
ED	86	PCC	19
EPA	9	TVA	17
FDIC	22	USPS	9,642
FEMA	17		
GSA	19		
HHS	261		
HUD	281		
NASA	39		
NRC	0		
OPM	20		
RRB	100		
SBA	58		
SSA	2,761		
Treasury	8		
USAID	1		
USDA	601		
USIA	2		
VA	111		
<b>TOTALS</b>	<b>5,187</b>		<b>9,698</b>

Table VI  
PCIE and ECIE- Civil Actions

PCIE		ECIE	
Entity	Total	Entity	Total
CNS	0	GPO	1
DOC	1	NSF	2
DOD	188	PCC	9
DOE	8	TVA	6
DOI	5		
DOJ	1		
DOL	25		
DOS	0		
DOT	22		
ED	200		
EPA	7		
FDIC	19		
FEMA	0		
GSA	8		
HHS	927		
HUD	24		
NASA	5		
NRC	0		
OPM	2		
RRB	73		
SBA	21		
SSA	3		
Treasury	10		
USAID	3		
USDA	123		
USIA	2		
VA	223		
<b>TOTALS</b>	<b>1,900</b>		<b>18</b>

**Civil Actions:** include the total number of matters arising from OIG investigations, audits, and other reviews, other than criminal prosecutions, that are successfully resolved during the year. The term includes civil judgments and settlements, and administratively-imposed penalties and assessments (such as under the Program Fraud Civil Remedies Act or Civil Monetary Penalties Law). Note that resolutions of personnel actions and debarments/exclusions are covered in other tables and are not reported as Civil Actions.



Table VII  
PCIE and ECIE – Personnel Actions

PCIE		ECIE	
Entity	Total	Entity	Total
CNS	2	Amtrak	23
DOC	30	EEOC	2
DOD	192	FCC	12
DOE	20	FRB	1
DOI	25	FTC	1
DOJ	102	GPO	20
DOL	35	NARA	3
DOS	34	NEH	1
DOT	52	NLRB	7
ED	11	NSF	2
EPA	13	PBGC	2
FDIC	9	PC	2
FEMA	8	PCC	10
GSA	13	SEC	53
HHS	4	SI	7
HUD	4	TVA	20
NASA	51	USITC	2
NRC	25	USPS <sup>1</sup>	218
OPM	1		
RRB	9		
SBA	4		
SSA	32		
Treasury	24		
USAID	8		
USDA	75		
USIA	9		
VA	95		
<b>TOTALS</b>	<b>887</b>		<b>386</b>

**Personnel Actions:** the total number reprimands, suspensions, demotions, or terminations of Federal, State, and local (including Federal contractor/grantee) employees resulting from OIG work or subsequent actions.

<sup>1</sup> Figures reflect work done directly by both the U.S. Postal Service Office of Inspector General and by U.S. Postal Service audit and investigation units under the oversight of the OIG.

Table VIII  
PCIE and ECIE – Suspensions/Debarments

PCIE		ECIE	
Entity	Total	Entity	Total
CNS	0	FCC	1
DOC	0	GPO	12
DOD	335	NSF	2
DOE	25	PCC	1
DOI	0	USPS <sup>1</sup>	1
DOJ	0		
DOL	18		
DOS	2		
DOT	12		
ED	20		
EPA	9		
FDIC	3		
FEMA	0		
GSA	86		
HHS	3,021		
HUD	102		
NASA	30		
NRC	0		
OPM	2,929		
RRB	0		
SBA	0		
SSA	0		
Treasury	5		
USAID	1		
USDA	464		
USIA	0		
VA	25		
<b>TOTALS</b>	<b>7,087</b>		<b>17</b>

**Suspensions/Debarments:** the total number of individuals and entities, including contractors, grantees, and assistance recipients, restricted from doing business with the Federal Government.

<sup>1</sup> Figures reflect work done directly by both the U.S. Postal Service Office of Inspector General and by U.S. Postal Service audit and investigation units under the oversight of the OIG.

**Table IX**  
**PCIE and ECIE – Investigative Recoveries**

PCIE		ECIE	
Entity	Total	Entity	Total
CNS	9,450	Amtrak	\$169,600
DOC	3,243,592	EEOC	1,900
DOD	389,436,035	FCC	60,000
DOE	3,254,932	GPO	16,200
DOI	55,898,116	LSC	27,068
DOJ	899,707	NARA	8,831
DOL	52,143,870	NEH	1,100,000
DOS	367,553	NLRB	21,459
DOT	16,853,420	NSF	2,055,180
ED	50,474,913	PBGC	334,861
EPA	15,000,000	PCC	40,574
FDIC	29,081,368	SI	3,397
FEMA	2,983,000	TVA	1,227,199
GSA	11,940,058	USPS <sup>1</sup>	29,585,714
HHS	515,901,674		
HUD	7,445,603		
NASA	52,700,000		
NRC	2,844		
OPM	5,477,507		
RRB	1,975,859		
SBA	7,707,167		
SSA	23,320,449		
Treasury	342,117		
USAID	196,185		
USDA	74,391,488		
USIA	124,962		
VA	16,570,550		
<b>TOTALS</b>	<b>\$1,337,742,419</b>		<b>\$34,651,983</b>

<sup>1</sup> Figures reflect work done directly by both the U.S. Postal Service Office of Inspector General and by U.S. Postal Service audit and investigation units under the oversight of the OIG.

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## ***GLOSSARY OF COMMON ACRONYMS AND ABBREVIATIONS***

<b>ACDA</b>	Arms Control and Disarmament Agency	<b>INS</b>	Immigration and Naturalization Service
<b>ARC</b>	Appalachian Regional Commission	<b>IRS</b>	Internal Revenue Service
<b>ATF</b>	Bureau of Alcohol, Tobacco and Firearms	<b>LSC</b>	Legal Services Corporation
<b>CNS</b>	Corporation for National Service	<b>NARA</b>	National Archives and Records Administration
<b>CPB</b>	Corporation for Public Broadcasting	<b>NASA</b>	National Aeronautics and Space Administration
<b>DCAA</b>	Defense Contract Audit Agency	<b>NEA</b>	National Endowment for the Arts
<b>DCIS</b>	Defense Criminal Investigative Service	<b>NEH</b>	National Endowment for the Humanities
<b>DOC</b>	Department of Commerce	<b>NOAA</b>	National Oceanic and Atmospheric Administration
<b>DOD</b>	Department of Defense	<b>NRC</b>	Nuclear Regulatory Commission
<b>DOE</b>	Department of Energy	<b>NSF</b>	National Science Foundation
<b>DOI</b>	Department of the Interior	<b>OIG</b>	Office of Inspector General
<b>DOJ</b>	Department of Justice	<b>OMB</b>	Office of Management and Budget
<b>DOL</b>	Department of Labor	<b>OPM</b>	Office of Personnel Management
<b>DOS</b>	Department of State	<b>PBGC</b>	Pension Benefit Guaranty Corporation
<b>DOT</b>	Department of Transportation	<b>PC</b>	Peace Corps
<b>ECIE</b>	Executive Council on Integrity and Efficiency	<b>PCC</b>	Panama Canal Commission
<b>ED</b>	Department of Education	<b>PCIE</b>	President's Council on Integrity and Efficiency
<b>EEOC</b>	Equal Employment Opportunity	<b>RRB</b>	Railroad Retirement Board
<b>EPA</b>	Environmental Protection Agency	<b>RTC</b>	Resolution Trust Corporation
<b>FBI</b>	Federal Bureau of Investigation	<b>SBA</b>	Small Business Administration
<b>FCA</b>	Farm Credit Administration	<b>SEC</b>	Securities and Exchange Commission
<b>FCC</b>	Federal Communications Commission	<b>SI</b>	Smithsonian Institution
<b>FDIC</b>	Federal Deposit Insurance Corporation	<b>SSA</b>	Social Security Administration
<b>FEMA</b>	Federal Emergency Management Agency	<b>Treas</b>	Department of the Treasury
<b>FHFB</b>	Federal Housing Finance Board	<b>TVA</b>	Tennessee Valley Authority
<b>FLRA</b>	Federal Labor Relations Authority	<b>USAID</b>	U.S. Agency for International Development
<b>FRB</b>	Federal Reserve Board	<b>USDA</b>	Department of Agriculture
<b>FTC</b>	Federal Trade Commission	<b>USIA</b>	U.S. Information Agency
<b>GAO</b>	General Accounting Office	<b>USITC</b>	U.S. International Trade Commission
<b>GPO</b>	Government Printing Office	<b>USPS</b>	U.S. Postal Service
<b>GPRA</b>	Government Performance and Results Act	<b>VA</b>	Department of Veterans Affairs
<b>GSA</b>	Government Services Administration	<b>Y2K</b>	Year 2000
<b>HHS</b>	Department of Health and Human Services		
<b>HUD</b>	Department of Housing and Urban Development		
<b>IG</b>	Inspector General		
<b>IGATI</b>	Inspectors General Audit Training Institute		