

August 1999

INSPECTORS GENERAL

Views on Semiannual Reporting



G A O

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United States General Accounting Office
Washington, D.C. 20548

**Accounting and Information
Management Division**

B-282804

August 25, 1999

The Honorable Dan Burton
Chairman
Committee on Government Reform
House of Representatives

The Honorable Stephen Horn
Chairman, Subcommittee on Government Management,
Information and Technology
Committee on Government Reform
House of Representatives

This report responds to your request that we review the semiannual reporting requirements contained in the Inspector General (IG) Act of 1978, as amended. The IG Act requires each Inspector General to issue semiannual reports summarizing the results of his or her work and identifies the type of information that the reports are to contain. The IG Act also requires the IG to submit the report to the agency head who transmits the report, with management's response, to the appropriate congressional committees or subcommittees.

Our review included 27 IGs who are appointed by the President with Senate confirmation.¹ Our review also included the 30 IGs at designated federal entities (DFE) who are appointed by the agency head.² Appendix I lists the presidentially appointed IGs and appendix II lists the DFE IGs included in our review.

¹The IG Act identifies 26 of the 27 IGs. Public Law 101-193 established an IG for the Central Intelligence Agency (CIA) who is appointed by the President and confirmed by the Senate, but is not subject to the IG Act. Public Law 101-193 contains semiannual reporting requirements similar to those in the IG Act. The Office of the IG for the CIA did not provide us copies of its semiannual reports, but did participate in other parts of our review. In addition, Public Law 105-206 amended the IG Act in 1998 to establish an IG for Tax Administration within the Department of the Treasury. The Senate confirmed the IG in April 1999. At the time of our review, the IG had not issued a semiannual report and, therefore, was not included in this report.

²Public Law 100-504 separately created an IG for the Government Printing Office (GPO). For purposes of this report, we included GPO in the term "designated federal entity" because the GPO IG has similar duties and responsibilities as the 29 DFE IGs.

Our objectives were to obtain (1) information on the composition of the semiannual reports and (2) the views of a range of individuals—IGs, agency managers, and congressional staff—on the usefulness of the current reports and what modifications, if any, should be made to the current semiannual reporting requirements. To accomplish our first objective, we reviewed the September 30, 1997, and March 31, 1998, semiannual reports for 26 of the 27 presidentially appointed IGs and the 30 DFE IGs—a total of 112 reports. These were the two most recent semiannual reports available at the time we initiated our review. We did not independently verify the information—for example, dollar savings—contained in the semiannual reports. To obtain views on semiannual reporting, we (1) held focus groups with the IG or his or her designee and agency managers and (2) obtained the views of congressional staff through the use of a questionnaire.

In planning for the focus groups, we requested that each IG and a representative of each agency participate. The agency managers who attended the focus groups were in senior-level positions within their agencies. Many of the attendees were their agency's Chief Financial Officer, while others served as their agency's Deputy Director for Administration, Deputy Executive Director, Controller, and Director, Office of Resource Management.

To identify appropriate congressional staff, we asked each IG to provide us a list of the congressional committees, subcommittees, members, and congressional staff that are provided a copy of the semiannual report. From this information, we developed a list of congressional staff to whom the questionnaire was sent. The congressional staff who responded represented a cross-section of the Senate and House oversight, appropriations, and authorization committees. Prior to sending out the questionnaire, it was pretested and revised, as necessary. Appendix III provides further details on our objectives, scope, and methodology. We performed our review from September 1998 through May 1999 in accordance with generally accepted government auditing standards.

We requested comments on a draft of this report from the 57 IGs included in our review and two officials in the Office of Management and Budget (OMB): the Deputy Director of OMB and the Acting Controller, Office of Federal Financial Management. The Acting Controller provided oral comments on behalf of OMB. At the time we finalized our report, we had received written or oral comments from all 57 IGs. The written responses that contained comments on the draft report or provided additional views

on the issue of semiannual reports are discussed in the “Agency Comment” section and reprinted in appendix VI.

Results in Brief

Overall, the semiannual reports generally addressed the reporting requirements specified in the IG Act, as amended. Approximately 91 percent of the reports (102 of 112) addressed all 12 of the required areas. Additionally, we found that the semiannual reports discussed governmentwide issues, such as information technology, computer security, and the Year 2000 computer problems, to varying degrees. Many of the semiannual reports by presidentially appointed IGs—38 of 52—discussed information technology, but far fewer discussed computer security and the Year 2000 computer problem. In the DFE IG semiannual reports we reviewed, 26 of the 60 discussed information technology issues, but relatively few discussed computer security and the Year 2000 computer problem.

Congressional staff, for the most part, viewed the semiannual reports as being useful. They noted that the reports were used in preparing for hearings as well as providing insight into the activities of the IGs and the agencies. The congressional staff were also generally satisfied with the current reporting requirements, including the requirement that the report be issued semiannually. They were of the opinion, however, that more emphasis needed to be placed on the systemic issues confronting each agency’s management and that agency’s implementation of the IG recommendations.

There was a general consensus among the IGs and agency managers that the semiannual reports should be streamlined. They generally agreed that the reports should focus on the significant issues that need to be brought to the attention of the Congress and agency management. In this regard, agency managers noted that the current semiannual reports are not very useful because they encompass all of the work performed over the past 6 months and it is sometimes difficult to identify the most significant issues. There was also strong sentiment in both groups for the issuance of the IG semiannual report to be annually. However, about half of the DFE IGs wanted to retain the current semiannual reporting requirement.

OMB and the IGs generally agreed with the contents of our report with some of the IGs providing additional perspective on semiannual reporting. Additionally, other IGs provided technical comments on the report, which have been incorporated, as appropriate.

Background

As enacted in 1978, the Inspector General Act of 1978 identified six specific areas that were to be discussed in each semiannual report. For example, the semiannual report was to provide a description of the significant problems in the agency's programs and operations, a summary of matters referred to prosecutive authorities and resulting convictions, and a list of each audit report completed during the reporting period. The semiannual reports are to be prepared for the periods ending March 31 and September 30 of each year and are generally transmitted to the Congress within 60 days of the end of the reporting period.

Although not addressed specifically in the act, the legislative history of the act clearly sets forth the purpose of the semiannual reports. For example, House Report 95-584, dated August 5, 1977, noted that the IG report should describe significant problems, abuses, and deficiencies in agency operations and programs disclosed by activities of the offices, together with recommendations made for corrective action and an evaluation of the progress made in implementing the recommendations. In addition, the IG semiannual reports were to be limited to recommendations that the IG regards as particularly important, rather than constituting a list of all recommendations for corrective action on which adequate management progress is not being made. Additional legislative history noted that the "reports will ordinarily be transmitted to Congress by the agency head without alteration or deletion." In addition, the legislative history pointed out that this requirement was fundamental to the IG legislation and provides the foundation of the IG's independence.

The Inspector General Act amendments of 1988 changed the reporting requirements. One of the original reporting requirements was modified and six requirements were added. Appendix IV lists the 12 specific areas that are to be covered by each semiannual report. The modification and additions were made, according to Senate Report 100-150, because "IGs' semi-annual reports vary widely in the format and in terms used to describe the audit resolution process. As a result, it is difficult for Congress to analyze individual agencies and develop an overall picture of the Federal Government's progress against waste, fraud and mismanagement." Additionally, Senate Report 100-150 noted that the changes in the reporting requirements would require more uniform and statistically reliable reports from the IGs and require agency heads to provide additional information on the progress made in implementing corrective actions.

Content of the IG Semiannual Reports

The following questions and answers discuss the (1) extent to which the 112 semiannual reports address each of the IG Act's 12 reporting requirements and (2) degree to which selected governmentwide management issues are addressed.

1. To what extent did the semiannual reports we reviewed address the 12 specific areas required by the Inspector General Act of 1978, as amended?

Overall, the semiannual reports generally addressed the reporting requirements specified in the IG Act, as amended. Approximately 91 percent of the reports (102 of 112) addressed all 12 of the required areas. For the presidential IGs, 85 percent, or 44 of the 52 reports, addressed the 12 areas. In the case of the DFE IGs, 97 percent, or 58 of the 60 reports, addressed the required areas.

The following charts provide an overview of the extent to which the IG semiannual reports addressed each of the 12 reporting requirements. For reporting purposes, we classified the reporting requirements into three categories, which are

1. requirements to identify significant concerns IGs have with agency operations,
2. requirements to address concerns IGs have with actions taken by agency management, such as not providing requested information, and
3. requirements for statistical tables.

In terms of our overall analysis, a “discussed” response means that the semiannual reports contained some information for a particular reporting requirement, whereas a “not discussed” response means that the semiannual report did not contain information related to the particular reporting requirement. A “no information to report” response means that the IG indicated that he or she had no information to report for a particular reporting requirement.

The first category includes the following five reporting requirements:

1. A description of significant problems (requirement #1).

2. A description of the recommendations for corrective action (requirement #2).

3. A description of any recommendations for which corrective actions are incomplete (requirement #3).

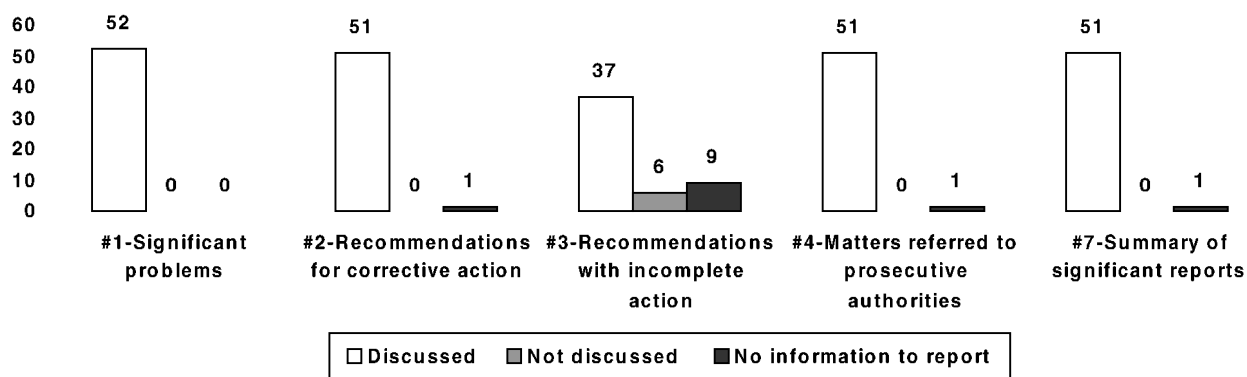
4. A summarization of matters referred to prosecutive authorities (requirement #4).

5. A summarization of significant reports (requirement #7).

As shown in figure 1 (for the presidential IGs) and figure 2 (for the DFE IGs) their respective semiannual reports generally provided information for the five reporting requirements.

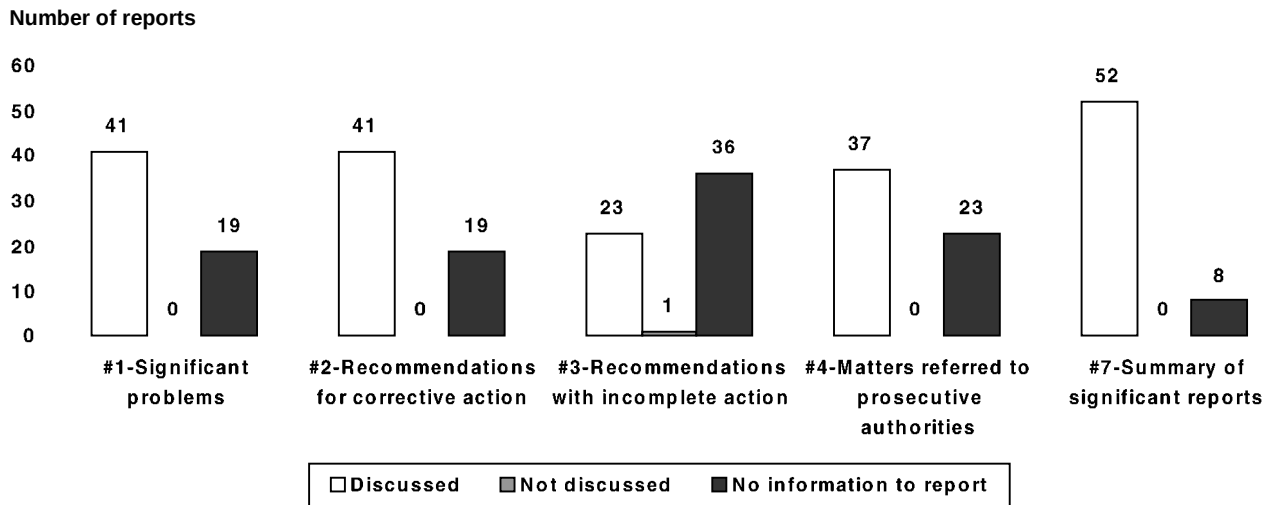
Figure 1: Reporting Requirements That Provide the Presidential IGs the Opportunity to Identify Significant Concerns With Agency Operations

Number of reports



Note: There are 52 presidential reports.

Figure 2: Reporting Requirements That Provide the DFE IGs the Opportunity to Identify Significant Concerns With Agency Operations



Note: There are 60 DFE IG reports.

Four of the requirements shown in figures 1 and 2 were part of the original reporting requirements set forth in the 1978 Act and were aimed at identifying significant concerns the IG has with agency operations.

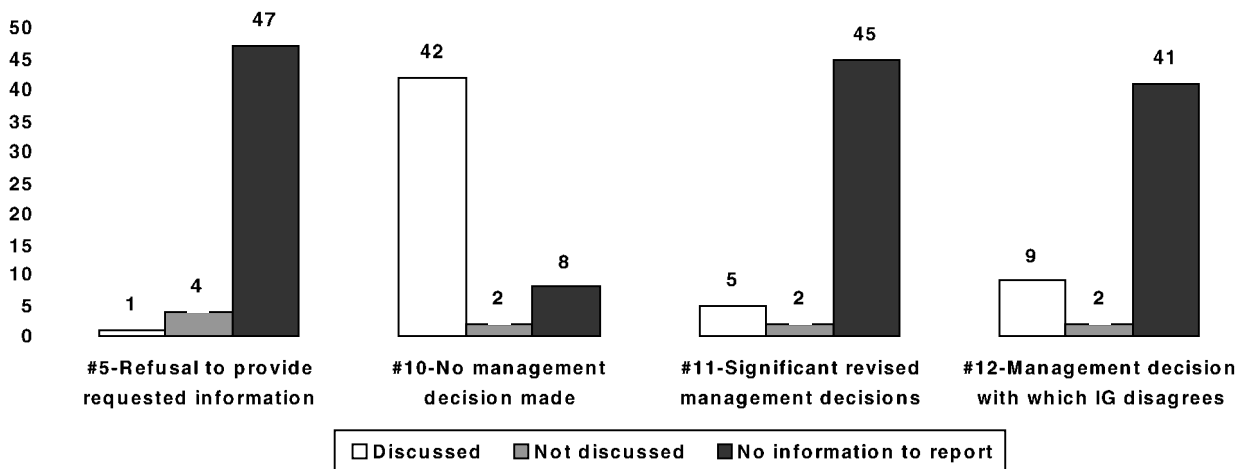
The second category of requirements addresses concerns that the IGs have with actions being taken by agency management. This category includes the following four reporting requirements:

1. A summary of matters for which the IG determined that there has been an unreasonable refusal to provide requested information or assistance (requirement #5).
2. A summarization of each report issued in previous reporting periods for which no management decision had been made (requirement #10).
3. A description and explanation of the reasons for any significant revised management decision (requirement #11).
4. Information concerning any significant management decision with which the IG is in disagreement (requirement #12).

As shown in figures 3 and 4, the semiannual reports we reviewed frequently provided a “no information to report” response for these four reporting requirements.

Figure 3: Reporting Requirements That Provide the Presidential IGs the Opportunity to Identify Concerns With Actions Taken by Agency Management

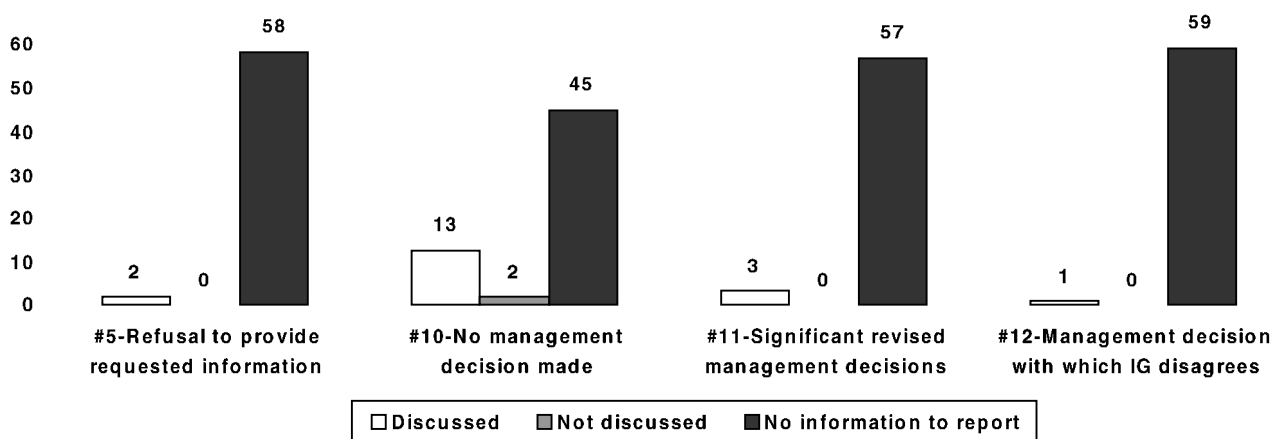
Number of reports



Note: There are 52 presidential reports.

Figure 4: Reporting Requirements That Provide the DFE IGs the Opportunity to Identify Concerns With Actions Taken by Agency Management

Number of reports



Note: There are 60 DFE reports.

The third category of current reporting requirements involves the statistical tables. These three requirements (6, 8, and 9) require that monetary savings, if applicable, that result from the work performed by the IGs be identified. For requirement 6, the IGs are to prepare an overall table showing the total dollar value of (1) questioned costs³ and (2) recommendations that funds be put to better use⁴ for all audit reports issued during the reporting period. Further, these reports are to be subdivided by subject matter. The IG Act also requires that the semiannual report contain separate tables on questioned costs (requirement 8) and funds to be put to better use (requirement 9).⁵ These requirements were

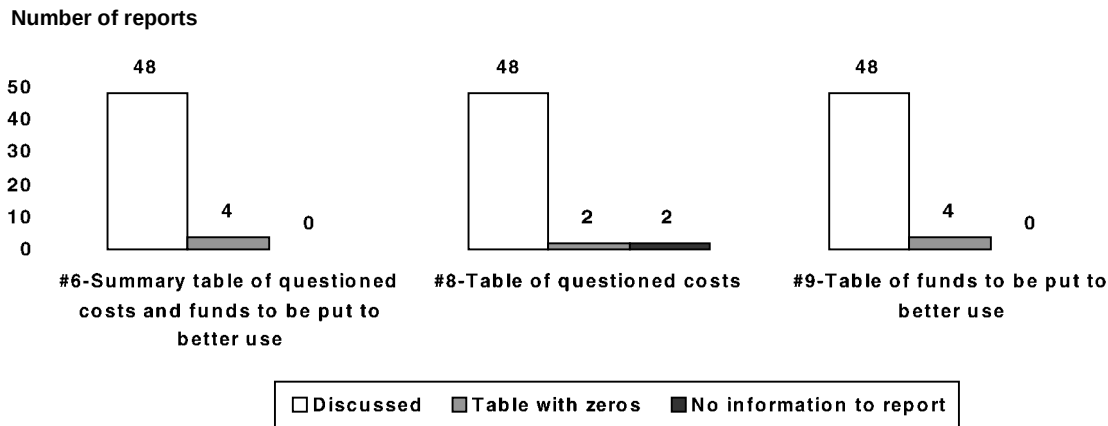
³House Conference Report 100-1020 defines questioned costs to mean those costs questioned by the IG because of (1) an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds, (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation, or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

⁴Recommendations that funds be put to better use refers to recommendations made by the IG that funds could be used more efficiently if agency management "took actions to implement and complete the recommendation including (A) reductions in outlays; (B) deobligation of funds from programs or operations; (C) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (D) cost not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; (E) avoidance of unnecessary expenditures noted in preaward reviews of contract or grant agreements; or (F) any other savings which are specifically identified."

added to the IG Act by the 1988 amendments in an attempt to provide the Congress with more uniform and statistically reliable information on the federal government's progress against fraud, waste, and abuse.

As shown in figure 5, virtually all of the presidential IG semiannual reports contained dollar amounts for the three reporting requirements related to the statistical tables.

Figure 5: Summary of Presidential IG Semiannual Reports—Statistical Table Requirements



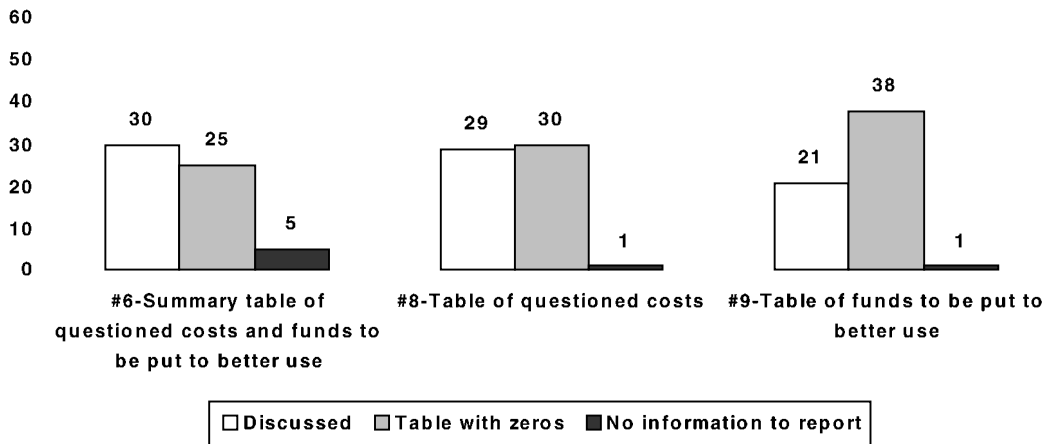
Note: There are 52 presidential IG reports.

The information reported by the DFE IGs was different. As shown in figure 6, less than half of the DFE IG reports contained dollar amounts, with the majority reporting zeros in the tables or stating that the information was not applicable.

⁵Each table is to show the total number of audit reports and the total dollar value for audit reports (1) for which no management decision had been made by the commencement of the reporting period, (2) which were issued during the reporting period, (3) for which a management decision had been made during the reporting period, and (4) for which no management decision had been made by the end of the reporting period.

Figure 6: Summary of DFE IG Semiannual Reports—Statistical Table Requirements

Number of reports



Note: There are 60 DFE IG reports.

2. Besides the reporting requirements specified in the IG Act, did the IG semiannual reports discuss governmentwide issues such as the results of financial statement audits, information technology, the Year 2000 computer problem,⁶ computer security, and their agency's implementation of the Results Act?⁷

The IG semiannual reports discussed these governmentwide issues to varying degrees. As shown in figure 7, about 73 percent of the presidential IG semiannual reports (38 of 52) discussed the IGs' efforts in the area of information technology. The Year 2000 problem and computer security were discussed to a lesser extent. Eleven of the 52 reports discussed

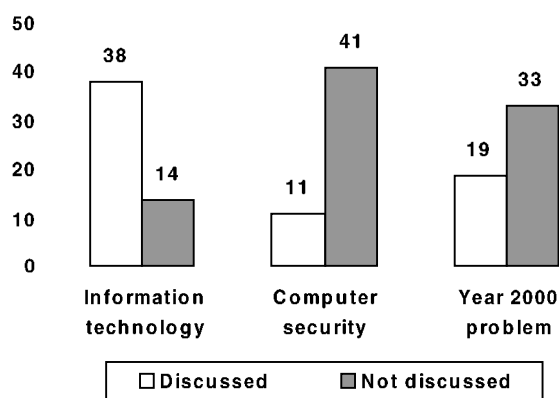
⁶The Year 2000 computer problem involves the inability of computer programs at the Year 2000 to interpret the correct century from a recorded or calculated date having only two digits to indicate the year.

⁷The Results Act—officially known as the Government Performance and Results Act of 1993—requires that each agency covered by the act develop a strategic plan that contains the following elements: (1) a comprehensive mission statement, (2) general goals and objectives for all major functions and operations, (3) approaches or strategies and the resources needed to achieve the goals and objectives, (4) a description of the relationship between the goals and objectives and the annual performance goals, (5) an identification of key factors external to the agency beyond its control that could significantly affect the achievement of the goals, and (6) a description of how past program evaluations were used to establish revised goals and a schedule for future program evaluations.

computer security, whereas the Year 2000 problem was discussed in 19 of the 52 reports.

Figure 7: Number of Presidential IG Reports That Discuss Information on Governmentwide Issues

Number of reports

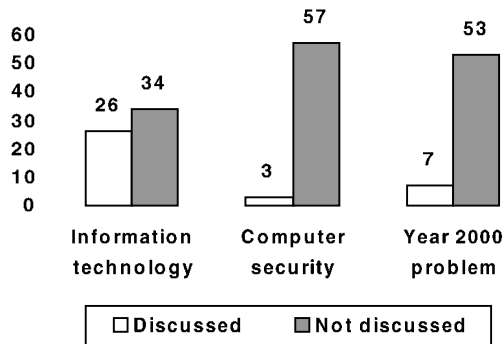


Note: There are 52 presidential reports.

As shown in figure 8, for the DFE IGs, almost half of the semiannual reports (26 of 60) discussed information technology issues. Relatively few reports discussed computer security (3 of 60) and the Year 2000 computer problem (7 of 60).

Figure 8: Number of DFE IG Reports That Discuss Information on Governmentwide Issues

Number of reports



Note: There are 60 DFE IG reports.

As shown in figure 9, 25 of the presidential IGs discussed the results of their respective agency's financial statement audits and 16 discussed the Results Act in at least one of the two semiannual reports we reviewed for each IG.

Figure 9: Number of Presidential IGs That Discuss Financial Statement Audits and the Results Act

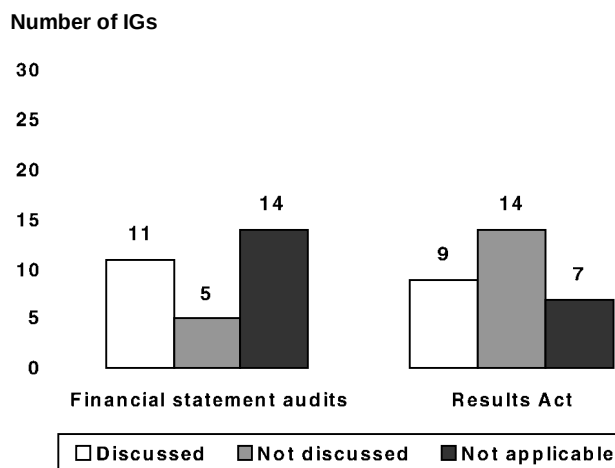
Number of IGs



Note: Reporting related to the financial statement audits and the Results Act occurs annually. Therefore, if these two areas were discussed in either of the two semiannual reports reviewed for each IG, we considered them as being addressed. As a result, the information presented for the financial statement audits and Results Act is based upon the number of IGs. We reviewed the semiannual reports for 26 presidential IGs.

Not all designated federal entities are required to have financial statement audits. We found that 16 of the 30 entities had financial statement audits and, as shown in figure 10, 11 of the DFE IGs included a discussion of the results within one of the two semiannual reports. In addition, 23 of the 30 DFE IGs' respective agencies are required to comply with the Results Act and 9 of the 23 DFE IGs discussed the Results Act within one of the two semiannual reports we reviewed from each IG.

Figure 10: Number of DFE IGs That Discuss Financial Statement Audits and the Results Act



Note: Reporting related to the financial statement audits and the Results Act occurs annually. Therefore, if these two areas were discussed in either of the two semiannual reports reviewed, we considered them as being addressed. As a result, the information presented for the financial statement audits and Results Act is based upon the number of IGs—there are 30 DFE IGs.

Views of Congressional Staff and Agency Managers on the Usefulness of IG Semiannual Reports

We developed and administered a questionnaire to obtain the views of the congressional staff on the usefulness of the semiannual reports. We obtained the views of agency managers through focus groups. In total, we obtained the views of 47 congressional staff and 29 agency managers.

3. Do congressional staff and agency managers find the information contained in the IGs semiannual reports to be useful?

From an overall perspective, most of the congressional staff responding to our questionnaire indicated that the semiannual reports were useful. On

the other hand, 19 of the 29 agency managers told us that the semiannual reports were not useful to them. A primary reason cited was that the semiannual reports do not contain any new information. These two groups' respective views are discussed in more detail below.

Views of Congressional Staff

In response to the questionnaire, 36 of the 47 congressional staff indicated that the usefulness of the semiannual reports ranged from "moderate" to "a very great extent." The staff indicated that they used the reports primarily to stay apprised of what was occurring in the agency (42 of 47) and within the IG's office (38 of 47). Congressional staff also noted that the semiannual reports were beneficial in preparing for hearings (26 of 47) and as a reference document (26 of 47). In their comments, congressional staff indicated that the reports were used to generate ideas for hearings and legislation, view issues from a multiagency perspective, and identify Results Act and Year 2000 compliance.

Views of Agency Management

Agency managers were of the opinion that the semiannual reports did not provide any new information or perspectives and were too detailed to be of use to management. They noted that the semiannual reports were a recap of the previously issued reports that had been commented upon by agency management. Their view was that, as a result, it was sometimes difficult to determine which were the most significant issues that should be the focus of management's attention. Additionally, some of the managers noted that the semiannual reports are not very useful in a small agency where only a few reports are issued in a 6-month period.

Modifications to the Current Reporting Requirements

We also obtained the views of the congressional staff, IGs, and agency managers on (1) what modifications, if any, should be made to the current semiannual reporting requirements and (2) how the semiannual reports could be improved.

4. What modifications, if any, did the congressional staff, IGs, and agency managers believe should be made to the current reporting requirements?

All three groups indicated a general satisfaction with most of the current semiannual reporting requirements, except for the requirements related to the statistical tables. Appendix V provides a summary of each group's

opinion in regard to each of the 12 current reporting requirements, including suggested modifications.

5. What suggestions did congressional staff, IGs, and agency managers have for improving semiannual reports?

From an overall perspective, the congressional staff, IGs, and agency managers agreed that the primary purpose of semiannual reporting is to inform the Congress of the various problems confronting each agency. There was also general agreement that not all issues need to be discussed in the semiannual report, but rather that the semiannual report should focus on significant issues that the Congress and agency management need to address.

Each group did suggest ways in which the semiannual reports could be improved. The views of each group are discussed in more detail below. The views presented below are not all inclusive, but rather represent the most common views that were provided by each group.

Views of the Congressional Staff

Although the congressional staff found the current reports to be useful and were in favor of the current reporting requirements, they offered various suggestions as to how they think the reports could be made more useful. For instance, 26 of the 47 staff responding to the questionnaire were of the opinion that additional emphasis should be placed on the “significant issues” facing agency management, such as the high-risk areas and the top 10 management issues. Second, 20 congressional staff noted that the IG reports should provide additional insight into the actions being taken by agency management to implement the recommendations made by the IG. Additionally, 16 staff noted that the IG reports should discuss the systemic problems agency management must resolve. The majority of the congressional staff (30 of 47) favored retaining the current semiannual reporting requirement. Only six congressional staff favored annual IG reporting.

Views of the IGs

Among the IG community, there was a general consensus that the report should be more streamlined. The IG focus groups made the following suggestions.

- Twenty-nine IGs suggested that the report contain an executive summary that would highlight the results of the IG’s work.

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- Ten IGs suggested that the report provide an overview of the agency, discuss the IG's resources, and summarize the activities of the IG. These particular IGs were of the opinion that the report needs to be meaningful, brief, and "not padded."
 - The report should be limited to 20 pages and discuss the five most important issues within the agency. Along the same line, others suggested that the report should discuss the top 10 management issues affecting the agency. These two comments were supported by 10 IGs.
 - About two thirds of the presidential IGs (17 of 24) were in favor of the report being issued annually rather than semiannually. However, about half of the DFE IGs (11 of 24) favored continuing with the current semiannual reporting requirement. These IGs were of the opinion that semiannual reporting to the Congress encourages agency management to act upon the IG's recommendations in a timely manner.

There was also some support among the IGs—presidential and DFE—that the semiannual report should relate the activities of the IG to their respective agency's strategic plan and performance plan to focus the IG on the important issues of the agency. As previously discussed, these plans must be prepared by most agencies in order to comply with the Results Act.

The IGs were also of the opinion that their reports should remain distinct from any other reporting done by the agency. They emphasized that separate reporting by the IGs was critical in order to maintain some degree of leverage in having agency management act upon their recommendations. They were also of the opinion that if the IG's report were to be combined with a report prepared by the agency that the IG's report would "get lost."

Views of the Agency Managers

Like the IGs, for the most part, agency managers were of the opinion that the semiannual report should be streamlined. From an overall perspective, agency managers noted that the report should focus more on the significant issues that agency management must resolve. They offered the following suggestions to improve the usefulness of the semiannual reporting.

- The report should discuss the top 10 management issues, be in the form of a letter, and include management's response.
- Less significant issues do not need to be included in the semiannual report to the Congress, but they should continue to be reported to agency management. The act requires the IG to include significant issues in the semiannual report to the Congress, but in the view of agency managers the term "significant" has not been clearly defined. As

a result, the agency managers view the current semiannual report as basically all inclusive of the work performed by the IG during the 6-month period.

- The IG's report should discuss systemic problems and identify the course of action that should be followed to resolve the problems.
- The IG's report should discuss the results of the IG's latest peer review. Under generally accepted government auditing standards, the IGs are to have an external quality control review every 3 years. Such reviews are generally performed by an IG in another agency and are intended to provide reasonable assurance that established policies and procedures and applicable auditing standards are being followed.
- There was also general consensus among the agency managers that the report should be issued annually, rather than semiannually.

There was also support among the agency managers for incorporating the IG's report into the agency's Accountability Report. The Government Management Reform Act of 1994 authorized OMB to implement a pilot program to streamline and consolidate certain statutory financial management and performance reports into a single, annual agency Accountability Report. However, as discussed above, some of the IGs were opposed to any type of consolidated reporting, noting that the IG's report could "get lost" if combined with a report prepared by the agency.

Agency Comments

We received oral comments from OMB and oral or written comments from all 57 IGs. OMB and the IGs generally agreed with the contents of the report. We have incorporated their comments as appropriate.

We are sending copies of this report to Representative Henry A. Waxman, Ranking Minority Member, House Committee on Government Reform; Representative Jim Turner, Ranking Minority Member, Subcommittee on Government Management, Information and Technology, House Committee on Government Reform; Senator Fred Thompson, Chairman, and Senator Joseph Liberman, Ranking Minority Member, Senate Committee on Governmental Affairs; and the Honorable Jacob Lew, Director, Office of Management and Budget; and the 57 IGs, included in our review. Copies will be made available to others upon request.

Key contributors to this report are listed in appendix VII. If you have any questions concerning this report, please contact me at (202) 512-6240.

A handwritten signature in black ink that reads "Linda D. Koontz". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Linda D. Koontz
Associate Director, Audit Oversight and Liaison

Contents

Letter	1
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Appendix I Presidentially Appointed Inspectors General Included in Our Review	24
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Appendix II Designated Federal Entity Inspectors General Included in Our Review	26
---	----

Appendix III Objectives, Scope, and Methodology	28
---	----

Appendix IV Semiannual Reporting Requirement of the Inspector General Act, as Amended	31
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Appendix V Summary of the Views of IGs, Agency Managers, and Congressional Staff on the Current Semiannual Reporting Requirements	32
Appendix VI Comments From the Inspectors General	33
Appendix VII GAO Contacts and Staff Acknowledgements	48
Figures	
Figure 1: Reporting Requirements That Provide the Presidential IGs the Opportunity to Identify Significant Concerns With Agency Operations	6
Figure 2: Reporting Requirements That Provide the DFE IGs the Opportunity to Identify Significant Concerns With Agency Operations	7
Figure 3: Reporting Requirements That Provide the Presidential IGs the Opportunity to Identify Concerns With Actions Taken by Agency Management	8
Figure 4: Reporting Requirements That Provide the DFE IGs the Opportunity to Identify Concerns With Actions Taken by Agency Management	9
Figure 5: Summary of Presidential IG Semiannual Reports—Statistical Table Requirements	10
Figure 6: Summary of DFE IG Semiannual Reports—Statistical Table Requirements	11

Figure 7: Number of Presidential IG Reports That Discuss Information on Governmentwide Issues	12
Figure 8: Number of DFE IG Reports That Discuss Information on Governmentwide Issues	13
Figure 9: Number of Presidential IGs That Discuss Financial Statement Audits and the Results Act	13
Figure 10: Number of DFE IGs That Discuss Financial Statement Audits and the Results Act	14

Abbreviations

CIA	Central Intelligence Agency
DFE	designated federal entity
GPO	Government Printing Office
IG	inspector general
OMB	Office of Management and Budget

Presidentially Appointed Inspectors General Included in Our Review

Agency for International Development

Central Intelligence Agency

Corporation for National and Community Service

Department of Agriculture

Department of Commerce

Department of Defense

Department of Education

Department of Energy

Department of Health and Human Services

Department of Housing and Urban Development

Department of the Interior

Department of Justice

Department of Labor

Department of State

Department of Transportation

Department of the Treasury

Department of Veterans Affairs

Environmental Protection Agency

Federal Deposit Insurance Corporation

Federal Emergency Management Agency

General Services Administration

Appendix I
Presidentially Appointed Inspectors General
Included in Our Review

National Aeronautics and Space Administration

Nuclear Regulatory Commission

Office of Personnel Management

Railroad Retirement Board

Small Business Administration

Social Security Administration

Designated Federal Entity Inspectors General Included in Our Review

Amtrak

Appalachian Regional Commission

Commodity Futures Trading Commission

Consumer Product Safety Commission

Corporation for Public Broadcasting

Equal Employment Opportunity Commission

Farm Credit Administration

Federal Communications Commission

Federal Election Commission

Federal Housing Finance Board

Federal Labor Relations Authority

Federal Maritime Commission

Federal Reserve Board

Federal Trade Commission

Government Printing Office

Legal Services Corporation

National Archives and Records Administration

National Credit Union Administration

National Endowment for the Arts

National Endowment for the Humanities

National Labor Relations Board

Appendix II
Designated Federal Entity Inspectors
General Included in Our Review

National Science Foundation

Panama Canal Commission

Peace Corps

Pension Benefit Guaranty Corporation

Securities and Exchange Commission

Smithsonian Institution

Tennessee Valley Authority

United States International Trade Commission

United States Postal Service

Objectives, Scope, and Methodology

Our objectives were to obtain (1) information on the composition of the semiannual reports and whether the 12 specific areas identified in the Inspector General Act of 1978, as amended, were discussed in the semiannual reports and (2) the views of a range of individuals who are familiar with the semiannual reports—the IGs, agency managers, and congressional staff—on the usefulness of the current reports and what modifications, if any, should be made.

To accomplish our first objective, we reviewed the September 30, 1997, and March 31, 1998, semiannual reports issued by 26 presidential and 30 DFE IGs—a total of 112 reports. These were the two most recent semiannual reports available at the time we initiated our review.¹ We compared the 12 areas specifically identified in the act to each report to determine if the items were included, or identified by the IG as not being applicable. In those instances in which all 12 areas were not clearly identified within the semiannual reports, we followed up with the respective IG's office to ascertain why it was not included. In most instances, the IG's office commented that there was nothing to report. In those cases, we considered the response to be “not applicable”—which we have considered as being responsive to the IG Act reporting requirements. In terms of our overall analysis, a “discussed” response means the semiannual reports contained some information for a particular reporting requirement, whereas, a “not discussed” response means the semiannual report did not provide data for a reporting requirement. A “no information to report” response means that the IG indicated he or she had no information to report for that particular reporting requirement. We did not independently verify the information—for example, dollar savings—contained in the semiannual reports.

In reviewing these reports, we also determined if the semiannual reports addressed selected key management issues related to the results of financial statement audits, information technology, the Year 2000 computer problem, computer security, and their respective agency's implementation of the Government Performance and Results Act—commonly referred to as the Results Act. Three of these issues—financial statement audits, implementation of the Results Act, and information technology—have been the subject of major management reform legislation in recent years and as such are of particular interest to the Congress. The remaining two issues—

¹The Office of the Inspector General for the Central Intelligence Agency did not provide us copies of the semiannual reports and therefore, was not part of our analysis. However, the CIA IG did participate in our focus groups.

the Year 2000 problem and computer security—have been identified by us as being governmentwide areas at high risk² and are likewise of particular interest to the Congress, because such problems could disrupt the continuity of key government operations.

To accomplish our second objective, we held focus groups with the IGs and agency management. In planning for the focus groups, we requested that each IG and a representative of each agency participate in the meetings. Fifty of the IGs or their designees attended the meetings—26 presidential IGs and 24 DFE IGs. The 29 agency managers who attended the focus group meetings were in senior-level positions within their respective agency. For example, many of the attendees were their respective agency's Chief Financial Officer, while others served as their agency's Deputy Director for Administration, Deputy Executive Director, Controller, or Director, Office of Resource Management.

We obtained the views of the congressional staff through the use of a questionnaire.³ In developing the list of congressional staff to whom we sent the questionnaire, we asked each IG to list the congressional committees, subcommittees, members, and congressional staff that are provided a copy of the semiannual report. Prior to sending out the questionnaire, it was pretested and revised as necessary. The questionnaire was sent to 232 congressional staff and responses were received from 57⁴ staff. The congressional staff that responded represented a cross-section of the Senate and House oversight, appropriation, and authorization committees.

In regard to the purpose and usefulness of the semiannual reports, we asked the agency managers and congressional staff their views as users of the reports. Also, we asked each group its respective views on the current reporting requirements and what modifications, if any, should be considered. Appendix V summarizes the views of all three groups with regard to the current reporting requirements. We performed our review

²High-Risk Series: *An Overview* (GAO/HR-97-1, February 1997).

³Two focus group sessions were held with congressional staff. Since only eight attended, we used a questionnaire to obtain a broader spectrum of views. The views presented at the focus groups were used to demonstrate how congressional staff use the semiannual reports. The questionnaire results were used to quantify information such as the data presented in appendix V.

⁴We received responses from 57 congressional staff, but 10 indicated that they either do not receive the semiannual reports or do not use them.

from September 1998 through May 1999, in accordance with generally accepted government auditing standards.

We requested comments on a draft of this report from the 57 IGs included in our review and two officials in the Office of Management and Budget (OMB): the Deputy Director of OMB and the Acting Controller, Office of Federal Financial Management. The Acting Controller provided oral comments on behalf of OMB. At the time we finalized our report, we had received written or oral comments from all 57 IGs. The written responses that contained comments on the draft report or provided additional views on the issue of semiannual reports are discussed in the “Agency Comment” section and reprinted in appendix VI.

Semiannual Reporting Requirement of the Inspector General Act, as Amended

Sub-section	Section 5(a) reporting requirements
1	A description of significant problems, abuses and deficiencies relating to the administration of programs and operations of such establishment disclosed by such activities during the reporting period
2	A description of the recommendations for corrective action made by the IG during the reporting period with respect to significant problems, abuses, or deficiencies identified pursuant to subsection 1
3	An identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed
4	A summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted
5	A summary of each report made to the head of the establishment when the IG judges that there has been an unreasonable refusal to provide requested information or assistance
6	A list, subdivided according to subject matter, of each audit report issued by the IG during the reporting period and for each audit report, where applicable, the total dollar value of questioned costs and the dollar value of recommendations that funds be put to better use
7	A summary of each particularly significant report
8	Statistical tables showing the total number of audit reports and the total dollar value of questioned costs audit reports a. for which no management decision had been made, b. which were issued during the reporting period, c. for which a management decision was made during the period, and d. for which no management decision had been made by the end of the reporting period
9	Statistical tables showing the total number of audit reports and the dollar value recommendations that funds be put to better use by management, for audit reports a. for which no management decision had been made by the commencement of the reporting period, b. which were issued during the reporting period, c. for which a management decision was made during the period, and d. for which no management decision had been made by the end of the reporting period
10	A summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period, an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report
11	A description and explanation of the reasons for any significant revised management decision made during the reporting period
12	Information concerning any significant management decision with which the Inspector General disagrees

Summary of the Views of IGs, Agency Managers, and Congressional Staff on the Current Semiannual Reporting Requirements

Requirement ^a	Keep				Delete				Modify ^b			
	IGs	AM	CS	Total	IGs	AM	CS	Total	IGs	AM	CS	Total
1	41	20	37	98	1	2	0	3	6	4	5	15
2	41	15	38	94	1	3	0	4	6	8	4	18
3	36	13	32	81	5	6	1	12	5	7	6	18
4	40	13	34	87	3	7	2	12	5	5	2	12
5	44	16	30	90	2	6	1	9	2	3	2	7
6	28	7	31	66	10	11	2	23	10	6	3	19
7	38	10	34	82	5	12	2	19	5	4	2	11
8	13	5	27	45	21	9	6	36	14	10	1	25
9	13	3	25	41	20	12	5	37	15	9	3	27
10	25	15	26	66	14	7	2	23	9	4	7	20
11	28	15	27	70	14	8	2	24	6	3	4	13
12	41	16	35	92	5	5	0	10	2	4	3	9

Legend:

IG--inspector general

AM--agency managers

CS--congressional staff

Note: Not all of the IGs or their designees (50), agency managers (29), or congressional staff (47), provided their views on each of the current reporting requirements. Therefore, the number of responses will not in all cases add to 50 for the IGs, 29 for the agency managers, or 47 for the congressional staff.

^aSee appendix IV for the specific wording for each of the listed reporting requirements.

^bIn some instances, the respondents suggested that the current reporting element be modified, but did not provide any specifics. In other instances, it was suggested that the specific words within a given requirement be revised or additional explanation provided. While others suggested combining several requirements.

Comments From the Inspectors General

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



APPALACHIAN
REGIONAL
COMMISSION *A Proud Past,
A New Vision*

Office of the Inspector General

June 29, 1999

Ms. Linda D. Koontz, Associate Director
Audit Oversight and Liaison
AIMD/GDIS, Room 4482
US General Accounting Office
441 G Street, NW
Washington, DC 20548

re: GAO Draft Report GAO/AIMD-99-203

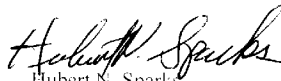
Dear Ms. Koontz:

Thank you for the opportunity to comment on the draft report dealing with OIG semiannual reports (SARs). I have no problem with the report and offer the following supplemental comments.

Although Congress asked for information, I would recommend that, if possible, the report include some dialogue as to whether the report is generally meeting expectations and/or recommendations concerning whether an annual or semiannual report is more appropriate. On this point, I have heard some discussion about a streamlined or brief 6-month report with a detailed report, in accordance with the Act, being issued annually. I did not see this alternative noted.

I concur that many semiannual reports are all inclusive; and this is probably particularly true for the smaller OIGs, be they designated or presidential. However, this is a catch-22 issue since the volume of work is such at smaller entities that restricting the SARs to significant issues/reports could result in very limited reporting during a particular period. While this may be fully justifiable, the assessment of OIGs, unfortunately, often tends to be perception based, with one of the primary criteria being how big is the SAR. Thus, until there are more realistic criteria that provide for assessment based on performance in relation to resource availability, I suspect the all-inclusive approach will be viewed as a survival approach.

Sincerely,


Hubert N. Sparks
Inspector General

1666 CONNECTICUT AVENUE, NW WASHINGTON, DC 20235 (202) 884-7675 FAX (202) 884-7691

Alabama Kentucky Mississippi North Carolina Pennsylvania Tennessee West Virginia
Georgia Maryland New York Ohio South Carolina Virginia

See comment 1.

Appendix VI
Comments From the Inspectors General

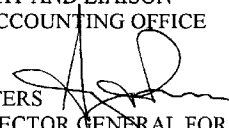


U. S. Department of Justice

Office of the Inspector General

July 15, 1999

MEMORANDUM FOR LINDA D. KOONTZ
ASSOCIATE DIRECTOR
AUDIT OVERSIGHT AND LIAISON
U.S. GENERAL ACCOUNTING OFFICE

FROM: GREGORY T. PETERS 
ASSISTANT INSPECTOR GENERAL FOR
MANAGEMENT AND PLANNING

SUBJECT: Comments on Draft Report: Inspectors General:
Views on Semiannual Reports

In response to your June 15, 1999, request for comments on the draft report, (GAO/AIMD-99-203), the Department of Justice Office of the Inspector General (OIG) offers the following comments.

Substantive Comment

Information contained in the report is clearly presented and provides a useful summary of how semiannual reports are viewed from several perspectives. The reference to numbers of respondents answering in a certain manner is very useful and provides a basis for the results that are reported, particularly when the total number also is provided. However, this level of detail is not consistent throughout the report. Including the number of respondents or, at a minimum, the percentage of respondents, would help the reader understand the numbers of respondents with a particular opinion or comment and, therefore, which findings are the most representative of the groups surveyed.

For example, on page 20, under "Views of the Congressional Staff," the report states that "congressional staff noted that the IG should provide additional insight into the actions being taken. . ." and that "IG reports should discuss the systemic problems. . ." No numbers of congressional staff who stated this are provided. Without a number, it is impossible to determine how many respondents felt that the finding was relevant; did one or many respondents express this? This lack of respondent numbers also appears on page 21, under "Views of the IGs." Although the fourth bullet contains the reference (17 of 24) for the number of IGs responding in a particular manner, the first three bullets contain no such reference. The number of respondents providing a particular answer or comment also is missing from several other statements in the report.

We suggest the final report contain the numbers of respondents on which each of the statements made in the report was based.

See comment 2.



U.S. Small Business Administration
Washington, D.C. 20416

OFFICE OF
INSPECTOR GENERAL

July 20, 1999

Ms. Linda Koontz
Associate Director, Audit Oversight and Liaison
General Accounting Office
441 G Street NW
Washington, DC 20548

RE: Draft Report on Inspector General Semiannual Reports
GAO/AIMD-99-203

Dear Ms. Koontz:

Thank you for the opportunity to review the draft report. We have the following comments:

1. The draft report does not explain why it focuses on "Governmentwide issues." The Inspector General Act does not require semiannual reports to discuss Governmentwide issues. In fact, it seems to contemplate that Inspectors General (IGs) will concentrate on problems inside their agencies. The draft report should explain why Governmentwide issues were a focus of the review and, in particular, why, among the many different cross-cutting issues that could have been highlighted, the report singled out information technology, computer security, and Year 2000 issues.

2. Because of the methodology used, it is not clear if the responses of the three groups that were canvassed during the course of the study can be compared meaningfully.

a. First, the views of congressional staff were obtained through structured questionnaires while those of the IGs and agency managers were obtained through focus groups—a much more subjective process. For example, because of the unstructured approach used in interviewing agency managers, it is not clear what percentage of them actually found the semiannual reports to be not very useful. The draft implies, but does not state, that it was all of them.

b. Second, only 57 of the 232 congressional staff that were sent questionnaires responded. Only 36 of those responses indicated that the usefulness of the semiannual report was in the "moderate" to "very great extent" range. While the responses are said to represent a cross section of the composition of the Senate and House oversight and authorization committees, their views cannot be considered representative of the views of the entire 232 congressional staff sent questionnaires. Moreover, it is not clear if any appropriation staff were queried.

See comment 3.

See comment 2.

See comments 2 and 4.

See comment 5.

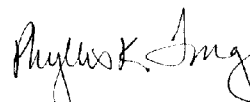
For these reasons, the draft report arguably does not provide sufficient information to form useful conclusions. For example, it reports the reasons why congressional staff "for the most part" found the semiannual reports useful. However, it does not indicate why each of the groups queried would like to keep, delete, or modify certain semiannual report requirements. Why does an overwhelming majority of the IGs and agency managers want to delete or modify the required statistical tables? Is it because they do not find them meaningful or useful? The focus groups probably produced substantial discussion on these issues. Without information on the reasoning behind these views (especially given the weaknesses in the methodology used) it is not possible to draw sound conclusions from the report. The report itself correctly avoids trying to draw any conclusions from this data set, but unless a warning is included, casual readers may well draw their own conclusions that are not supported by the data.

See comment 6.

3. It would be useful for the report to point out that IGs are now subject to submitting four reports a year to Congress: two semiannual reports, an annual performance report under the Results Act, and a list of major management concerns--all at different times during the year. Some consolidation of reports may be in order.

We appreciate the opportunity to comment on this draft report. If you have any questions concerning our comments, please contact either David R. Gray, Acting Assistant Inspector General for Management and Legal Counsel, or Jerry Lawson, Assistant Counsel, at 202-205-6580.

Sincerely,



Phyllis Fong
Inspector General



United States Government
NATIONAL LABOR RELATIONS BOARD
OFFICE OF INSPECTOR GENERAL
Washington, DC 20570-0001

July 21, 1999

Linda D. Koontz
Associate Director, Audit Oversight and Liaison
United States General Accounting Office
Accounting and Information Management Division
Washington, DC 20548

Dear Ms. Koontz:

I have reviewed the draft report Inspectors General: Views on Semiannual Reports. The views in the report represent those of the prior Inspector General at the National Labor Relations Board, which I do not necessarily share. However, changes to reflect new inspector general (IG) appointments are not practical. Therefore, I am limiting my comments to broader issues.

Throughout the report, the inspectors general are characterized as "presidential" and "DFE" IGs, the prior referring to the method of appointment and the latter to the type of agency. My preference would be to report data for all statutory IGs by combining the statistics. If a distinction is necessary, the parallel references would be "establishment" and "designated federal entity", or presidentially-appointed and agency-head appointed. If introduced properly, the titles can be abbreviated by the appointment method as DFE and PAS IGs. In addition to the report narrative, the titles in Appendix I and II and the notes for various figures need to be corrected.

I recognize the report is basically a compilation of survey responses, but some results are troubling particularly in how the DFE IGs could be perceived.

- The discussion on page 8 adequately describes what is meant by "not applicable", but the term is misleading in the tables. First, reports indicating no information are technically a subset of "discussed". If the question is whether the issue was addressed, only two columns are necessary – discussed and not discussed. A portion of the discussed column could be a solid color to indicate no information reported.

Ms. Linda D. Koontz
Page Two
July 21, 1999

See comment 10.

- Page 9 presents statistics on reports with significant problems, but it isn't mentioned until page 23 that "significant" is not legally defined but left to the discretion of each IG. An approach to report the most significant report issued for that period will always result in "significant" reports and recommendations. More stringent criteria, such as that cited on page 20 by Congressional staff, would undoubtedly change the number of significant reports for all IGs. The reports would also be different if "significant" was defined in terms of current interest, as could be implied by the references to information technology, Year 2000 computer problems, and computer security, rather than negative findings.

See comment 11.

- Page 30 presents information on statistical table requirements. The distinction between tables with zeros and not applicable is unclear and I believe should be combined as the latter is possibly a style preference when no dollars are reported. Also, the lead-in sentence for the DFE IGs sounds somewhat negative. The sentence would give a more accurate representation if it mentioned that the DFE often do not have the grant programs and large contracts that generate the dollars reported in these tables.

If you have any questions, please contact me at 273-1961.

Sincerely,


Jane E. Altenhofen
Inspector General

Appendix VI
Comments From the Inspectors General



UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL
Washington D.C. 20250



July 6, 1999

Ms. Linda D. Koontz
Associate Director, Audit Oversight and Liaison
Accounting and Information Management Division
U.S. General Accounting Office
441 G Street NW.
Washington, D.C. 20548

Dear Ms. Koontz:

Thank you for the opportunity to review and comment on your draft report, *Inspectors General: Views on Semiannual Reports* (GAO/AIMD-99-203). I have no comments on the contents of the report, which clearly and concisely summarize information on the composition of the semiannual reports and the views of various groups regarding the reports. Notably, we have been successful in significantly reducing the length of our semiannual report to make it a more compact reference for our readership. Also, I wish to reiterate my view that the reports should continue to be issued semiannually, rather than annually. Semiannual publication keeps the reporting fresher and more useful to Congress.

Sincerely,

A handwritten signature in dark ink, appearing to read "Roger Viadero", written over a light blue horizontal line.

ROGER C. VIADERO
Inspector General



U.S. Department of Housing and Urban Development
Office of Inspector General
451 7th St., S.W.
Washington, D.C. 20410

July 12, 1999

Ms. Linda D. Koontz
Associate Director
Audit Oversight and Liaison
General Accounting Office
Washington, DC 20548

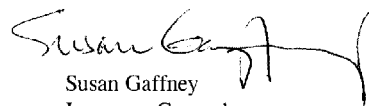
Dear Ms. Koontz:

In response to your letter of June 15, 1999, the HUD Office of Inspector General has reviewed GAO's draft report, *Inspectors General: Views on Semiannual Reports*. We have no major comments on the draft report, other than to reiterate the view of a number of Inspectors General and agency managers who believe the Semiannual Reports should discuss the top 10 management issues affecting the agency. This is something that the HUD OIG has been providing in its Semiannual Reports for several years, and we find it has been useful to the Congress, the Department, and our office. We also agree with the general consensus of the IG community that the Semiannual Reports should not be combined with any reports prepared by the agency. We do not believe this was the intent of the Inspector General Act.

On one final note, we believe that the IG Reports should continue to be prepared semiannually, and do not think arbitrary limits should be placed on the length of the Reports.

If you have any questions on these comments or any other issues relating to the Semiannual Reports, please contact Bob Martin, Assistant Inspector General for Management and Policy. He can be reached on 202-708-0006.

Sincerely,


Susan Gaffney
Inspector General

Appendix VI
Comments From the Inspectors General



UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415-1100

July 15, 1999

Ms. Linda D. Koontz
Associate Director
Audit Oversight and Liaison
U.S. General Accounting Office
441 G Street, NW. Room 4482
Washington, D.C. 20548

Re: Draft GAO Report on IG Semiannual Reports

Dear Ms. Koontz:

Thank you for providing our office with a copy of the GAO draft report, *Inspectors General: Views on Semiannual Reports*, for our review and comment. I have noted that this office's recommendations pertaining to the 12 reporting requirements of the Inspector General Act forwarded to you in our January 22 letter have been cataloged in this draft report (page 32).

With respect to some of the specifics of the report, we would like to offer the following comments:

- Our office would like to emphasize our support for a change in the semiannual reporting requirement to an annual one. We believe that such a time frame would provide smaller agencies, such as ours, more time to identify and report on significant agency issues. In some instances, reports affecting agency programs that describe deficiencies may have been corrected or near resolution by the end of the reporting period, but our reports may leave the misimpression of unresponsiveness by agency management. We also believe that overall printing costs and the amount of staff time devoted to this entire task would be reduced under an annual reporting scenario.
- The comment in the report about the vagueness of the term "significant" and the difficulty of pinning down a precise definition is well taken. For a listing of significant issues to be truly useful to Congress, criteria testing might help to eliminate some of the subjectivity that currently defines the relative importance of some issues. Also, the stipulation about there being "ten" such issues that meet this standard per reporting period might be unrealistic for some agencies, especially if the semiannual reporting requirement is maintained. And as a corollary point, the emphasis placed on narrowly focused reporting by congressional staff is in direct contrast to the broad reporting methodology currently in use by all presidentially appointed IG offices. If this is truly what Congress wants, then it will have to amend the IG Act accordingly.

Ms. Linda D. Koontz
July 15, 1999

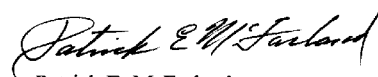
Page 2

- While we noted that our recommendation to eliminate subsections 10 and 11 as an IG reporting requirement was covered generally in a table contained in this report, our specific point that agency management should prepare its own justifications for management decisions falling under these two categories was not. Since it would appear that there may not have been a consensus response among OIGs on this point as it pertains to your report, it may be a matter for the IG community, and its PCIE and ECIE members in particular, to take up as amendments to the IG Act are contemplated.

And, finally, there are two other issues that bear consideration with respect to IG reporting requirements. While this report may not be the forum for considering them in view of the scope of your work, I believe they merit further discussion as matters proceed with possible changes to the IG Act as well as the manner in which we communicate our report to all interested parties. The first relates to the lack of specific reporting requirements for investigative activities, such as the specific financial or program-related impact of investigative operations. It would seem that, at the very least, certain statistical elements that parallel in some fashion those for audit reporting could be incorporated. The second issue concerns the IG community's uniform response to preparing IG reports for Internet access. While the IG community is voluntarily posting seminannual reports or portions thereof on the IGNet and agency web sites, neither readability issues using this medium nor an agreement about what constitutes essential information from these reports and to what extent this should be made available to the general public has been established using this informational tool.

I hope the foregoing comments will be of some assistance to you as you go about preparing your final report to Congress.

Sincerely,



Patrick E. McFarland
Inspector General

Appendix VI
Comments From the Inspectors General



KARLA W. CORCORAN
INSPECTOR GENERAL

JUL 14 1999

Ms. Linda D. Koontz
Associate Director
Audit Oversight and Liaison
General Accounting Office
Washington, D.C. 20548

Dear Ms. Koontz:

I have reviewed the draft report Inspectors General: Views on Semiannual Reports (GAO/AIMD-99-203) that you sent to me for review and comment.

The report is well done and contains very many useful ideas for improving the semiannual reporting process. The repeated references by Inspectors General and agency managers for streamlining the process and reporting only on truly significant issues and concerns would seem to benefit reporters and readers alike.

Members of the Postal Service Board of Governors have made their views known that they believe more time is needed to review the semiannual report once they have received it from the Inspector General and before it is sent to Congress.

I was interested in the observation that while the Inspector General community generally favors an annual reporting requirement, Congressional staffers who replied overwhelmingly preferred keeping the reporting period at six months. Perhaps the Inspector General community should rethink this issue before supporting a change that runs so contrary to the preference of our target audience.

I was also struck by the contrast in views of agency managers and congressional staff on the usefulness of semiannual reports. Agency managers tend to view them as less useful, as they feel semiannual reports repeated information contained in other reports. Congressional staff, however, found them very useful because they contained helpful information for hearing ideas and reference purposes. Material that the Inspector General community takes for granted and routinely submits to the agencies is regarded as fresh and interesting to congressional staff.

1735 N Lynn St
Arlington VA 22209-2020
(703) 248-2300
Fax: (703) 248-2291

Thank you for providing me with a copy of the report for my review. I appreciated the opportunity to respond.

Sincerely,



Karla W. Corcoran

Appendix VI
Comments From the Inspectors General



United States Department of State
U.S. Arms Control and Disarmament Agency
United States Information Agency, including the
Broadcasting Board of Governors

The Inspector General
July 19, 1999

Ms. Linda D. Koontz
Associate Director,
Audit Oversight and Liaison
United States General Accounting Office
Washington, D.C. 20548

Dear Ms. Koontz:

Thank you for the opportunity to comment on the draft report, Inspectors General: Views on Semiannual Reports (GAO/AIMD-99-203).

I would like to reiterate my support for the idea of a streamlined annual IG report. As I noted during GAO's meeting with the IGs on this issue, the annual performance report required under GPRA already duplicates, to a large degree, the requirements of the Semiannual Report to Congress. An annual report would provide a single, integrated summary of the results of OIG activities and would align the OIG's reporting schedule with that of the annual accountability reports being produced by the agency. In addition, the flexibility in reporting requirements offered by the Results Act would enable each OIG to select, in consultation with its cognizant committees, the performance measures best suited to reflect the results of its activities within the context of its agency requirements.

Regarding congressional concerns about the timeliness of information, neither an annual nor a semiannual schedule is adequate to address urgent issues. Therefore, I and most other IGs have established other mechanisms - including consultations, briefings, and testimonies - for keeping Congress and the agency up to date on our findings and activities. Technologies such as websites, which were not even speculated upon at the time the IG Act was drafted, offer additional means for providing more timely data to our customers and stakeholders. The Semiannual Report to Congress thus serves, to a large extent, to document results already conveyed by other means. For this purpose, an annual report should be more than adequate.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Williams-Bridgers", written over a light blue horizontal line.

Jacquelyn L. Williams-Bridgers
Inspector General

Address correspondence to: U.S. Department of State, Office of Inspector General, Washington, D.C. 20520-6817

The following are GAO's comments on the Appalachian Regional Commission Inspector General's letter dated June 29, 1999, Department of Justice Inspector General's letter dated July 15, 1999, Small Business Administration Inspector General's letter dated July 20, 1999, and the National Labor Relations Board Inspector General's letter dated July 21, 1999.

GAO Comment

1. The report, as written, discusses the extent to which congressional staff, Inspectors General, and agency management believe the semiannual reports are meeting the expectations of each respective group. In regard to the appropriate frequency of reporting, there was no consensus among the focus group participants on this issue. The congressional staff were generally in favor of retaining the semiannual reporting requirement, whereas most of the agency managers favored annual reporting. In regard to the IGs, 17 of 24 presidential IGs favored annual reporting; but 11 of 24 DFE IGs favored continuing with semiannual reporting. Finally, the alternative mentioned in the comment letter was not among the major points of view discussed by the focus group participants.
2. We have provided additional details regarding participation by congressional staff and IGs.
3. We recognize that the Inspector General Act does not require the semiannual reports to discuss governmentwide issues. Our analysis in this area was a means of characterizing the contents of the semiannual reports by identifying the extent to which the reports addressed well-known management challenges that are facing all agencies across government. We did not single out information technology, the Year 2000 problem, and computer security but also included financial statement audits and Results Act implementation. Three of these issues—financial statement audits, implementation of the Results Act, and information technology—have been the subject of major management reform legislation in recent years and as such are of particular interest to the Congress. The remaining two—the Year 2000 problem and computer security—have been identified by GAO as being governmentwide areas at high risk and are likewise of particular interest to the Congress, because such problems could disrupt the continuity of key government operations. We have revised the report to include our rationale for selecting these issues.
4. We have clarified the report to show that appropriations staff were also queried. The results of the questionnaire sent to congressional staff cannot

be extrapolated to the universe of staff surveyed. For this reason, the report properly discusses only the views of the staff that responded.

5. As discussed in the report, our objective was to summarize the views of a wide range of knowledgeable individuals on the semiannual reports and, thus, we draw no conclusions. The report, as written, includes the participants' rationale for their views where we were able to identify common themes in the focus group discussions. However, we did not specifically attempt to identify the participants' rationale for their views on keeping, deleting, or modifying the existing reporting requirements.

6. This report does not discuss the full range of IG reporting requirements as this was beyond the scope of our work.

7. The report does not identify the specific views of any particular IG, but rather, represents the most common views provided by the various focus groups held with the IGs. In that regard, the IG of the National Labor Relations Board participated in the focus group sessions while serving as the IG at the International Trade Commission.

8. The terms, as discussed in the report, are technically correct and therefore, no changes to the report are necessary.

9. For figures 1 through 6 "not applicable" has been changed to "no information to report."

10. The use of the term "significant" on pages 9 and 10 describes the first reporting requirement of the IG Act which requires a discussion of "... significant problems, abuses, and deficiencies ..." as further defined in appendix IV. The tables on these pages show the number of semiannual reports which contained a discussion of problems that the IGs themselves described as "significant." We made no independent judgements on the IGs' designations.

11. No change to the report is deemed necessary.

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