

Calendar No. 919

106TH CONGRESS }
2d Session }

SENATE

{ REPORT
106-510 }

INSPECTOR GENERAL ACT AMENDMENTS OF
1999

R E P O R T

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 870

TO AMEND THE INSPECTOR GENERAL ACT OF 1978 (5 U.S.C. APP.)
TO INCREASE THE EFFICIENCY AND ACCOUNTABILITY OF OF-
FICES OF INSPECTOR GENERAL WITHIN FEDERAL DEPART-
MENTS, AND FOR OTHER PURPOSES



OCTOBER 27 (legislative day, SEPTEMBER 22), 2000.—Ordered to be printed

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INSPECTOR GENERAL ACT AMENDMENTS OF 1999

OCTOBER 27 (legislative day, SEPTEMBER 22, 2000.—Ordered to be printed

Mr. THOMPSON, from the Committee on Governmental Affairs,
submitted the following

REPORT

[To accompany S. 870]

The Committee on Governmental Affairs considered S. 870, a bill to amend the Inspector General Act of 1978 (5 U.S.C. App.) to increase the efficiency and accountability of Offices of Inspector General within Federal departments, and for other purposes, and reports favorably thereon with recommendations by a voice vote that the bill do pass.

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I. PURPOSE AND SUMMARY

S. 870 provides the following changes to the Inspector General Act: (i) it prohibits Inspectors General (IGs) from receiving cash bonuses or awards; (ii) it provides for management reviews for Offices of Inspectors General (OIGs); (iii) it modifies the reporting requirements for OIGs; (iv) it increases the pay for IGs; and (v) it requires a study by the General Accounting Office of the need for consolidation of certain OIGs. The purpose of the bill is to increase the efficiency and accountability of federal IGs.

II. BACKGROUND AND NEED FOR LEGISLATION

The original Inspector General Act was signed into law twenty-two years ago. It has been subsequently amended, but has not received a systemic review since 1988. During the 106th Congress, the Senate Governmental Affairs Committee undertook a review of the current role and status of Inspectors General, and sought to determine the proper evolution of the OIGs at the start of the 21st century.

During the past 22 years, the Inspector General community has grown from 12 offices in 1978 to 57 Inspectors General today. These 57 Inspectors General receive roughly \$1.1 billion in annual funding from the Congress and employ over 10,000 auditors, criminal investigators, and support personnel. OIGs are charged with tremendous responsibilities and are given great authority to uncover waste and abuse within the government.

In many ways, the Inspectors General are the eyes and ears of the Congress as it works to detect and prevent waste, fraud, abuse, and mismanagement in federal programs. From their perch inside the federal agencies, the inspectors general have ably used their considerable auditing and oversight ability to inform subcommittees, committees, and the Congress about the day-to-day operations of the Executive branch. In many cases, OIGs have provided the critical documents and information that have assisted Congress in exposing fraud, waste, and abuse.

The IG community has performed formidable tasks ably. They have made thousands of savings recommendations to Congress, ultimately saving taxpayers billions of dollars. Investigations by OIGs have also resulted in the recovery of billions of dollars from companies and individuals who defrauded the federal government. These investigations have led to thousands of criminal prosecutions, debarments, exclusions and suspensions. In sum, the IG's work ferreting out criminal and abusive action in government has gone a long way to create the clean and efficient government the taxpaying public expects and deserves.

However, the Permanent Subcommittee on Investigations uncovered improprieties within one OIG itself, including poor accounting and management standards, violations of government contracting law, and perhaps most troubling, the abusive use of the authority of the OIG to further political interest. These failures raise a disturbing question—"Who is watching the Watchdog Congress has created?"

While the Committee is not aware of any indication that these problems are widespread in the Inspector General community, the credibility and effectiveness of government itself is put in question whenever an office charged with combating waste and abuse engages in the kind of activity it is responsible for deterring.

In response to these developments, the Governmental Affairs Committee has approved S. 870, the Inspector General Act Amendment of 2000, which has been designed to promote efficiency and accountability among the nation's OIGs.

To enhance the independence of the Inspectors General community, the first proposal of this bill prohibits IGs from accepting any cash awards or bonuses. While this policy is followed informally by

OIGs, S. 870 would ensure that it is applied as a matter of law to all OIGs.

To increase accountability among the Inspectors General, this bill requires independent auditing of the books, and streamlines and focuses annual disclosure requirements. In recent years, Congressional changes have allowed a greater degree of sunshine to fall on our federal books, and the OIGs should be no exception to that rule. The taxpaying electorate is entitled to know how their money is spent, and, therefore, S. 870 compels transparency by mandating independent audits of each office every three years.

On December 7, 1998, the National Commission on the Separation of Powers released its report which endorsed the concept of external reviews for OIGs. This bi-partisan commission was comprised of notable public figures including former Senate Majority Leader Howard H. Baker, Jr., former White House Counsel Lloyd N. Cutler, former U.S. Attorney General William Barr, former U.S. Secretary of State Lawrence Eagleburger, and former federal judge and director of the Federal Bureau of Investigation William Webster.

Currently, OIGs are required by law to provide semi-annual reports to Congress. In response, OIGs have dutifully submitted voluminous documents twice yearly to Congress. However, at times these reports have been of questionable value. S. 870 would instead increase the efficiency and value of the report process by reducing the requirement to a single report annually and specifying the material each report must address. Among other required information, under this bill each OIG would be required to identify all investigations and their status, provide detail of awarded noncompetitive contracts, and identify areas within their jurisdiction which are the ripest for fraud. The bill would permit biennial reporting by those OIGs that wish to continue current practices too.

To both ensure continued independence and help correct an inequity involving the pay of Inspectors General versus their senior staff, this bill also would raise the annual pay for the Inspectors General from Executive Level 4 to Executive Level 3.

Finally, the last provision of this bill calls upon the Comptroller General to develop criteria for determining whether the consolidation of OIGs would be cost-efficient and in the public interest. The General Accounting Office ("GAO") would then conduct a study, based upon these criteria, to determine whether any OIGs should be consolidated. After the study is concluded, the GAO will submit a report to the Congress containing any recommendations for legislative action.

Senator Collins noted in the July 19, 2000 hearing regarding S. 870 that it is "designed to enhance the accountability and the independence of the IGs." Chairman Thompson agreed that enhancing the independence of the IGs is important, "My own feeling is that the Executive Branch has gotten so preoccupied with the budget process and everything else, and has so little time to do oversight, that the balance is a little out of whack in favor of the executive power and that we need more * * * independence from the IGs than we have had * * *"

III. LEGISLATIVE HISTORY AND COMMITTEE CONSIDERATION

AMENDMENTS AND COMMITTEE ACTION

On July 19, 2000 the Committee on Governmental Affairs held a hearing to consider S. 870 as well as a legislative proposal to grant statutory law enforcement authority to presidentially-appointed IGs. The witnesses were the Honorable Joshua Gotbaum, Executive Associate Director and Controller of the U.S. Office of Management and Budget, the Honorable Gaston L. Gianni, Jr., Inspector General for the Federal Deposit Insurance Corporation and Vice Chair of the President's Council on Integrity and Efficiency, the Honorable Patrick E. McFarland, Inspector General of the U.S. Office of Personnel Management, the Honorable Kenneth Mead, Inspector General for the U.S. Department of Transportation, and Nicholas M. Gess, Associate Deputy Attorney General, U.S. Department of Justice. On September 27, 2000, the Committee on Governmental Affairs considered S. 870. One amendment was offered by Senators Collins and Levin in the nature of a substitute, considered and adopted by voice vote. The Committee subsequently ordered S. 870 reported by unanimous voice vote.

IV. SECTION-BY-SECTION ANALYSIS

Section 1. Short title

"The Inspector General Act Amendments of 2000".

Section 2. Prohibition of cash bonus or awards

This section prohibits IGs from accepting any cash award or cash bonus.

Section 3. External reviews

This section requires that all Inspector General offices (OIGs) undergo an external review, not less than every 3 years, to evaluate the OIG's management and control of contracts, appropriated funds, and personnel actions.

Section 4. Annual reports (formerly semiannual reports)

This section reduces the number of reports required to be submitted to Congress by requiring annual reports instead of semi-annual reports. The provision also streamlines the information contained in those reports so that Congress and other policymakers can make better use of the work of the OIGs. The information required in the annual reports includes:

- Program areas within the establishment identified as high risk because of vulnerabilities to waste, fraud, abuse, and mismanagement;
- Description of the most significant audits and investigations completed;
- Tables showing the number of audit reports issued and associated financial benefits, corrective actions taken as a result of OIG activity, and judicial and administrative actions associated with investigations;
- Organizational and management structure of the OIG office; and

- Summary of each audit report issued in previous reporting periods for which no management decision has been made.

Section 5. Inspector Generals at Level III of executive schedule

This section increases Inspector General's annual salary from \$118,400 (Executive Level 4) to \$125,900 (Executive Level 3).

Section 6. Study and report on consolidation of Inspector General Offices

This section directs the Comptroller General to develop criteria for determining whether the consolidation of Federal Inspector General offices would be cost efficient and in the public interest. A study, based on the aforementioned criteria, would then be conducted to determine whether any offices should be consolidated. After the study is concluded, the Comptroller General shall then submit a report to Congress containing recommendations for any legislative action.

V. REGULATORY IMPACT STATEMENT

Pursuant to paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact that would be incurred in carrying out the bill. The Committee finds that enactment of the bill will not have significant regulatory impact.

VI. CBO COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 3, 2000.

Hon. FRED THOMPSON,
Chairman, Committee on Governmental Affairs,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 870, the Inspector General Act Amendments of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is John R. Righter.

Sincerely,

STEVEN LIEBERMAN
(For Dan L. Crippen, Director).

Enclosure.

S. 870—Inspector General Act Amendments of 2000

S. 870 would amend the Inspector General Act of 1978 to raise the annual salary level of 28 inspectors general (IGs) from level IV to level III of the executive schedule, prohibit the payment of cash awards and bonuses to IGs, streamline certain reporting requirements, and require that IG offices be evaluated by an independent entity every three years. In addition, the bill would require the General Accounting Office (GAO) to study and report to the Congress on whether it would be cost effective and in the public interest to consolidate IG offices. GAO would have six months from enactment to complete its report.

Subject to the availability of appropriated funds, CBO estimates that implementing the bill would cost up to \$1.5 million in fiscal year 2001 and, on average, around \$1 million each year thereafter. That estimate includes annual costs of between \$200,000 and \$250,000 for increasing the pay of certain IGs and, based on information from GAO, about \$1 million to review one-third of the roughly 60 IG offices each year, as well as savings of less than \$500,000 a year to streamline reporting requirements. For fiscal year 2001, the estimate includes additional costs of less than \$500,000 for GAO to study and report on the consolidation of IG offices. Prohibiting IGs from accepting cash awards and bonuses would codify existing administrative policy and thus have no budgetary effect.

For most agencies with IG offices, any change in costs would be subject to the availability of appropriations. However, because the bill would affect direct spending by a few agencies that are not funded through annual appropriations, such as the Federal Deposit Insurance Corporation, the Tennessee Valley Authority, and the National Credit Union Administration, pay-as-you-go procedures would apply. CBO estimates that enacting the bill would have a negligible impact on direct spending.

S. 870 contains no intergovernmental mandates or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is John R. Righter. The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

VII. CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 870, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

TITLE V—GOVERNMENT ORGANIZATION AND EMPLOYEES APPENDICES

INSPECTOR GENERAL ACT OF 1978

§ 3. Appointment of Inspector General; supervision; removal; political activities; appointment of Assistant Inspector General for Auditing and Assistant Inspector General for Auditing and Assistant Inspector General for Investigations

* * * * *

(e) An Inspector General (as defined under section 8G (a)(6) or 11(3)) may not receive any cash award or cash bonus, including any cash award under chapter 45 of title 5, United States Code.

§ 4. Duties and responsibilities; report of criminal violations to Attorney General; *External Reviews*

(a) It shall be the duty and responsibility of each Inspector General, with respect to the establishment within which his Office is established—

(1) to provide policy direction for and to conduct, supervise, and coordinate audits and investigations relating to the programs and operations of such establishments;

(2) to review existing and proposed legislation and regulations relation to programs and operations of such establishment and to make recommendations in the [semiannual] *annual* reports required by section 5(a) concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by such establishment or the prevention and detection of fraud and abuse in such programs and operations;

* * * * *

(e)(1)(A) Not less than every 3 years an external review shall be conducted of each Office defined under sections 11(4) and 8G(a)(5).

(B) The Inspector General of each Office defined under sections 11(4) and 8G(5) shall arrange with the General Accounting Office or an appropriate private entity for the conduct of the review.

(C) If an Inspector General contracts with a private entity for a review under this subsection, the private entity shall be contracted in accordance with section 303 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253).

(2) At a minimum, an external review under this subsection shall evaluate whether the Office of Inspector General properly manages and controls—

(A) contracts awarded by the Office of Inspector General, including a determination of whether—

(i) procedures used to procure contracts are in accordance with applicable laws and regulations; and

(ii) costs incurred are reasonable and allowable under the terms of each contract;

(B) appropriated funds, including a determination of whether training and travel funds are expended in accordance with applicable laws and regulations; and

(C) personnel actions, including a determination of whether hiring and promotion practices used and performance awards issued are in accordance with applicable laws and regulations.

(3) Not later than 30 calendar days after the completion of an external review, a report of the results shall be submitted to the head of the establishment and simultaneously to the appropriate committees or subcommittees of Congress—

* * * * *

§ 5. Semiannual reports; transmittal to Congress; availability to public; immediate report on serious or flagrant problems; disclosure of information; definitions.

(a) [Each Inspector General shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing the activities of the Office during the immediately preceding six month periods ending March 31 and September 30.] *Each Inspector General shall, not later than October 31 of each year, prepare annual reports summarizing the activities and accomplishments of the Office during the immediately preceding 12 month period ending September 30. Such reports shall include, but need not be limited to—*

[(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 Office during the reporting period with respect to significant problems, abuses, or deficiencies identified pursuant to paragraph (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 under section 6(b)(2) during the reporting period;

[(6) a listing, subdivided according to subject matter, of each audit report issued by the Office during the reporting period and for each audit report, where applicable, the total dollar value of questioned costs (including a separate category for the dollar value of unsupported 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 (including a separate category for the dollar value of unsupported costs), 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 reporting period, including—

[(i) the dollar value of disallowed costs; and

[(ii) the dollar value of costs not disallowed; and

[(D) for which no management decision has been made by the end of the reporting period;

[(9) statistical tables showing the total number of audit reports and the dollar value of 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 reporting period, including—

[(i) the dollar value of recommendations that were agreed to by management; and

[(ii) the dollar value of recommendations that were not agreed to by management; and

[(C) for which no management decision has 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 (including the date and title of each such report), 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 is in disagreement; and]

(1) a summary of the program areas within the establishment identified by the Inspector General as high risk because of vulnerabilities to waste, fraud, abuse, and mismanagement;

(2) a description of the most significant audits, investigations (administrative, civil, and criminal), and evaluations and inspections completed during the reporting period;

(3) a summary of each report made to the head of the establishment under section 6(b)(2) during the reporting period;

(4) a table showing—

(A)(i) the total number of final audit reports issued by the Office of Inspector General; and

(ii) the financial benefits associated with the reports segregated by category, such as budget reductions, costs avoided, questioned costs, and revenue enhancements, and

(B) corrective actions taken and program improvements made during the reporting period in response to either an Office of Inspector General audit finding or recommendation (excluding any recommendation included under subparagraph (A) with respect to such corrective actions);

(5) a table showing—

(A) the judicial and administrative actions associated with investigations conducted by the Office of Inspector General;

(B) the number of—

(i) cases referred for criminal prosecution, civil remedies, or administrative actions;

(ii) cases presented but declined for prosecution, segregated by criminal and civil;

(iii) cases accepted for prosecution (both Federal and State); segregated by criminal and civil;

(iv) defendants indicted;

(v) defendants convicted;

(vi) defendants acquitted or charges dismissed after indictment;

(vii) defendants sentenced to terms of imprisonment;

(viii) defendants sentenced to terms of probation; and

(ix) suspensions, disbarments, exclusions, sanctions, or some other similar administrative action; and

(C) the total amount of fines, restitutions, and recoveries;

(6) a description of the organization and management structure of the Office of Inspector General, including—

(A) an organization chart showing the major components of the Office;

(B) a statistical table showing the number of authorized full-time equivalent positions segregated by component and by headquarters and field office; and

- (C) *the amount of funding received in prior and current fiscal years;*
 - (7) *a table showing—*
 - (A) *the number of contracts, and associated dollar value, awarded on a noncompetitive basis by the Office of Inspector General; and*
 - (B) *with respect to any individual contract valued over \$100,000, awarded on a non-competitive basis—*
 - (i) *the name of the contractor;*
 - (ii) *statement of work;*
 - (iii) *the time period of the contract; and*
 - (iv) *the dollar amount of the contract;*
 - (8)(A) *a summary of each audit report issued in previous reporting periods for which no management decision has been made by the end of the reporting period (including the date and title of each such report);*
 - (B) *an explanation of the reasons such management decision has not been made; and*
 - (C) *a statement concerning the desired timetable for achieving a management decision on each such report;*
 - (9) **【13】** *the information described under section 【05(b)】 804(b) of the Federal Management Improvement Act of 1996; and*
 - (10) *any other information that the Inspector General determines appropriate to include in the annual report*
- (b) **【Semiannual】** *Annual reports of each Inspector General shall be furnished to the head of the establishment involved not later than 【April 30 and】 October 31 of each year and shall be transmitted by such head to the appropriate committees or subcommittees of the Congress within thirty days after receipt of the report, together with a report by the head of the establishment containing—*
- (1) *any comments such head determines appropriate;*
 - (2) *statistical tables showing the total number of audit reports and the dollar value of disallowed costs, for audit reports—*
 - (A) *for which final action had not been taken by the commencement of the reporting period;*
 - (B) *on which management decisions were made during the reporting period;*
 - (C) *for which final action was taken during the reporting period, including—*
 - (i) *the dollar value of disallowed costs that were recovered by management through collection, offset, property in lieu of cash, or otherwise; and*
 - (ii) *the dollar value of disallowed costs that were written off by management; and*
 - (D) *for which no final action has been taken by the end of the reporting period;*
 - (3) *statistical tables showing the total number of audit reports and the dollar value of recommendations that funds be put to better use by management agreed to in a management decision, for audit reports—*
 - (A) *for which final action had not been taken by the commencement of the reporting period;*

- (B) on which management decisions were made during the reporting period;
- (C) for which final action was taken during the reporting period, including—
 - (i) the dollar value of recommendations that were actually completed; and
 - (ii) the dollar value of recommendations that management has subsequently concluded should not or could not be implemented or completed; and
- (D) for which no final action has been taken by the end of the reporting period; and (
- (4) a statement with respect to audit reports on which management decisions have been made but final action has not been taken, other than audit reports on which a management decision was made within the preceding year, containing—
 - (A) a list of such audit reports and the date each such report was issued;
 - (B) the dollar value of disallowed costs for each report;
 - (C) the dollar value of recommendations that funds be put to better use agreed to by management for each report; and
 - (D) an explanation of the reasons final action has not been taken with respect to each such audit report, except that such statement may exclude such audit reports that are under formal administrative or judicial appeal or upon which management of an establishment has agreed to pursue a legislative solution, but shall identify the number of reports in each category so excluded.
- (c) Within sixty days of the transmission of the **[semiannual]** *annual* reports of each Inspector General to the Congress, the head of each establishment shall make copies of such report available to the public upon request and at a reasonable cost. Within 60 days after the transmission of the **[semiannual]** *annual* reports of each establishment head to the Congress, the head of each establishment shall make copies of such report available to the public upon request and at a reasonable cost.
- (d) Each Inspector General shall report immediately to the head of the establishment involved whenever the Inspector General becomes aware of particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs and operations of such establishment. The head of the establishment shall transmit any such report to the appropriate days, together with a report by the head of the establishment containing any comments such head deems appropriate.
- (e)(1) Nothing in this section shall be construed to authorize the public disclosure of information which is—
 - (A) specifically prohibited from disclosure by any other provision of law;
 - (B) specifically required by Executive order to be protected from disclosure in the interest of national defense or national security or in the conduct of foreign affairs; or
 - (C) a part of an ongoing criminal investigation.
- (2) Notwithstanding paragraph (1)(C), any report under this section may be disclosed to the public in a form which includes infor-

mation with respect to a part of an ongoing criminal investigation if such information has been included in a public record.

(3) Except to the extent and in the manner provided under section 6103(f) of the Internal Revenue Code of 1986 [26 USCS §6103(f)], nothing in this section or in any other provision of this Act shall be construed to authorize or permit the withholding of information from the Congress, or from any committee or subcommittee thereof.

(f)(1) Subject to paragraph (4), in addition to any annual report required to be furnished and transmitted under subsection (b), an Inspector General shall prepare and submit a report described under paragraph (2) to—

(A) the applicable congressional committee, if the chairman or ranking member of a congressional committee with appropriate jurisdiction submits a written request to such Inspector General; or

(B) to the Comptroller General of the United States if the Comptroller General submits a written request to such Inspector General.

(2) A report referred to under paragraph (1) shall—

(A) contain the information required for an annual report under subsection (a); and

(B) summarize the activities of the Office during the 6-month period ending on March 31 of the calendar year following the date on which the request is made.

(3) A report under this subsection shall be submitted on April 30 of the calendar year following the date on which the request is made.

(4) An Inspector General shall not be required to submit a report under this subsection if the written request for such report is submitted to the Inspector General after November 30 of the calendar year preceding the date on which the report is otherwise required to be submitted to a congressional committee or the Comptroller General.

[(f)] *(g) As used in this section—*

(1) the term “questioned cost” means a cost that is questioned by the Office because of—

(A) an alleged violation of a provision of a law, regulation, contract, grant, 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;

(2) the term “unsupported cost” means a cost that is questioned by the Office because the Office found that, at the time of the audit, such cost is not supported by adequate documentation;

(3) the term “disallowed cost” means a questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government;

(4) the term “recommendation that funds be put to better use” means a recommendation by the Office that funds could be used more efficiently if management of an estab-

lishment 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) 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 preaward reviews of contract or grant agreements; or
 - (F) any other savings which are specifically identified;
- (5) the term “management decision” means the evaluation by the management of an establishment of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions concluded to be necessary; and
- (6) the term “final action” means—
- (A) the completion of all actions that the management of an establishment has concluded, in its management decision, are necessary with respect to the findings and recommendations included in an audit report; and
 - (B) in the event that the management of an establishment concludes no action is necessary, final action occurs when a management decision has been made.

* * * * *

§ 8. Additional provision with respect to the Inspector General of the Department of Defense

* * * * *

(f)(1) Each [semiannual] *annual* report prepared by the Inspector General of the Department of Defense under section 5(a) shall include information concerning the numbers and types of contract audits conducted by the Department during the reporting period. Each such report shall be transmitted by the Secretary of Defense to the Committees on Armed Services and Governmental Affairs of the Senate and the Committee on Armed Services and the Committee on Government Reform and Oversight of the House of Representatives and to other appropriate committees or subcommittees of the Congress.

* * * * *

§ 8A. Special provisions relating to the Agency for International Development.

* * * * *

(c) In addition to the officers and employees provided for in section 6(c) of this Act, members of the Foreign Service may, at the request of the Inspector General of the Agency for International Development, be assigned as employees of the Inspector General.

* * * * *

TITLE V—GOVERNMENT ORGANIZATION AND EMPLOYEES

§ 5315. Positions at Level IV

[Inspector General, Department of Education.
 [Inspector General, Department of Energy.
 [Inspector General, Department of Health and Human Services.
 [Inspector General, Department of Agriculture.
 [Inspector General, Department of Housing and Urban Development.
 [Inspector General, Department of Labor.
 [Inspector General, Department of Transportation.
 [Inspector General, Department of Veterans Affairs.
 [Inspector General, Department of Defense.
 [Inspector General, Department of State.
 [Inspector General, Department of Commerce.
 [Inspector General, Department of the Interior.
 [Inspector General, Department of Justice.
 [Inspector General, Department of the Treasury.
 [Inspector General, Agency for International Development.
 [Inspector General, Environmental Protection Agency.
 [Inspector General, Federal Emergency Management Agency.
 [Inspector General, General Services Administration.
 [Inspector General, National Aeronautics and Space Administration.
 [Inspector General, Nuclear Regulatory Commission.
 [Inspector General, Office of Personnel Management.
 [Inspector General, Railroad Retirement Board.
 [Inspector General, Small Business Administration.
 [Inspector General, Federal Deposit Insurance Corporation.
 [Inspector General, Resolution Trust Corporation.
 [Inspector General, Central Intelligence Agency.
 [Inspector General, Social Security Administration.
 [Inspector General, United States Postal Service.]]

TITLE V—GOVERNMENT ORGANIZATION AND EMPLOYEES

§ 5314. Positions at level III

Inspector General, Department of Education.
Inspector General, Department of Energy.
Inspector General, Department of Health and Human Services.
Inspector General, Department of Agriculture.
Inspector General, Department of Housing and Urban Development.
Inspector General, Department of Labor.
Inspector General, Department of Transportation.
Inspector General, Department of Veterans Affairs.
Inspector General, Department of Defense.
Inspector General, Department of State.
Inspector General, Department of Commerce.
Inspector General, Department of the Interior.
Inspector General, Department of Justice.
Inspector General, Department of the Treasury.
Inspector General, Agency for International Development.
Inspector General, Corporation for Community and National Service.

Inspector General, Environmental Protection Agency.
Inspector General, Federal Emergency Management Agency.
Inspector General, General Services Administration.
Inspector General, National Aeronautics and Space Administration.
Inspector General, Nuclear Regulatory Commission.
Inspector General, Office of Personnel Management.
Inspector General, Railroad Retirement Board.
Inspector General, Small Business Administration.
Inspector General, Federal Deposit Insurance Corporation.
Inspector General, Central Intelligence Agency.
Inspector General, Social Security Administration.
Inspector General, United States Postal Service.

