



Chapter Thirteen

***Leveraging Inspectors General to
Make Evidence-Based Decisions***

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INTRODUCTION

The fundamental duties of executives across the federal government are to make informed and timely decisions, and to ensure the effective and efficient delivery of federal programs. Although artificial intelligence (AI) and data analytics receive much fanfare as emerging tools to facilitate effective and evidence-based decisions, an arguably more innovative and meaningful development in this area is taking place in an older and more traditional part of the federal government—the Office of Inspector General (OIG) community.

The role of OIGs has traditionally involved retrospective audits, evaluations, and inspections of agency programs and operations. However, spurred by innovations during the COVID-19 pandemic, the OIG community is embracing a more proactive role to engage with their respective agencies on the design and controls of new programs prior to implementation. By taking a proactive approach and partnering with their OIGs, agency leaders can incorporate data and expertise into their decision making and program development process that is more timely, accurate, and broader.

This approach leads to deeper insights, better informed decisions, improved program delivery, and stronger program integrity. Gene Sperling, White House American Rescue Plan (ARP) coordinator and senior advisor to the Office of the President, in reference to OIG roles during the development of ARP programs, stated: “The oversight community had an enormous amount of expertise. So why would somebody helping to coordinate a major rescue plan only want to read about what they had to say after you had done something wrong? You should be trying to get that expertise early, and if things are going wrong, you want to be the first to know, not the last to know.”¹

This chapter explores the role of an Inspector General (IG), describes agile oversight, and provides examples of how OIGs have used agile oversight in recent years.

Establishing the Role of Inspectors General

The Inspector General Act of 1978, as amended,² introduced the concept of OIGs into the civilian side of the federal government. Generally, OIGs are established within agencies with the broad mission of promoting economy and efficiency, and helping to detect and deter fraud, waste, abuse, and mismanagement. Today the OIG community is comprised of more than 14,000 professionals across 74 offices. Through audits, inspections, evaluations, and

investigations, these OIGs have enabled significant improvements to government operations, with potential savings in fiscal year 2022 totaling approximately \$70.1 billion. With an aggregate FY2022 budget of approximately \$3.5 billion across the OIG community, these potential savings represent a \$20 return on every dollar invested in OIGs.³

Defining Agile Oversight

In response to the COVID-19 pandemic, Congress authorized historic levels of emergency funding totaling more than \$5.2 trillion.⁴ In addition to the oversight work of individual OIGs, Congress also established the Pandemic Response Accountability Committee (PRAC) to coordinate and support oversight of the emergency funding and the federal government's pandemic response.⁵

Given the magnitude of the funding and the immediate nature of how the funds were issued, OIGs and the PRAC developed a new method of doing business, termed agile oversight. Agile oversight delivers information and insights into the hands of agency decision makers in real-time, saving taxpayer dollars and safeguarding the integrity of government programs. Traditional oversight methods such as audits are retrospective and can take over a year to issue. In an emergency environment where trillions of dollars leave government coffers, real-time insights are critical to ensuring the integrity and effective delivery of government programs.

In response to the broader acceptance and use of agile oversight methods across the OIG community, the PRAC developed the Agile Products Toolkit (Toolkit).⁶ The Toolkit aims to aid federal OIGs, state, and local agencies that conduct quick reviews as part of their duties to provide expeditious oversight of federal funds. In defining agile oversight, the Toolkit notes that “agile products can come in many forms depending on agency guidance or expectations.”

Primarily, agile products highlight issues requiring immediate action for oversight officials, congressional stakeholders, and others who have requested reviews of high-risk areas. Additionally, agile products can inform affected stakeholders by providing transparency and ensuring that key agency leadership and the public have access to information more quickly.⁷ As noted by the U.S. Department of Health and Human Services Inspector General Christi Grimm, “Agile practices maximize timely and relevant oversight” and have “tremendous potential to allow for us to meet the moment.”⁸

Promoting Accountability Through Cooperation

One new method of real-time oversight that was developed during the pandemic became known as “Gold Standard” meetings.⁹ These meetings brought together officials from the White House, the Office of Management and Budget (OMB), the PRAC, agencies, and their respective OIGs to jointly review new or significantly expanded American Rescue Plan (ARP) programs prior to launch.

The OMB deputy director for management described these meetings as facilitating a way to mitigate risks at the front end of programs with a focus on prevention of fraud and mismanagement: “We want to fully leverage all of the experience and expertise of the oversight community, while respecting its independence. The process has had significant effects on program design and financial controls, leading to more frequent, detailed, and rigorous reporting and continued cooperation and dialogue among agency leaders and their respective agency IGs.”¹⁰

The chair of the PRAC later echoed those comments: “We were doing exactly what the public and the taxpayers would expect of us, which was using our considered, informed knowledge to ensure programs are being run right at the outset, not a year later or two years later.”¹¹

On December 3, 2021, OMB institutionalized this practice with the issuance of Memorandum M-22-04, Promoting Accountability through Cooperation among Agencies and Inspectors General.¹² In part, this memorandum reestablished the expectation of how agencies should interact with their OIGs. “It is the president’s expectation that executive departments and agencies will restore and respect the integrity and independence of their respective agency inspectors general (IGs), and work with the Congress to ensure that IG offices can exercise their vital oversight role.”¹³

The memorandum also encouraged agencies to proactively engage with their OIGs to collectively review and assess program design, financial controls, and reporting measures prior to the release of funds from programs that were newly created, received substantial funding increases, or required significant changes to program design. “Collaboration on the frontend ensures expertise is brought to bear to ensure programs are constructed in ways that strike the balance right between efficient results, equitable access, and program integrity, including minimal waste, fraud, and abuse. Agency leaders should replicate this type of front-end collaboration for all significant new programs and existing programs where significant change to program design is being implemented by the agency.”¹⁴

Again, OMB's deputy director for management described the overarching goal of this memorandum as having two major purposes: "One was [to develop] an ongoing expectation for agency leadership on how it is cooperating with their IG on all matters and communicating to their employees that this is base case expectation. And the second, implementing this type of an approach, which is on the front end, it is better for all of us to try and get it right there, than [to] try and pick up the pieces on the back end when something goes wrong."¹⁵

Agile Oversight in Action

OIGs and agencies across government have built on this approach by implementing agile oversight techniques that facilitate OIGs providing valuable input to agencies during the program development process without jeopardizing their independence. The examples below highlight how OIG's can provide proactive input to international aid responses, identify risks related to newly granted authorities, and provide transparency into risks and spending plans for new programs.

- **Advisory Notice—Key Considerations to Inform USAID's Response in Ukraine**, U.S. Agency for International Development OIG, July 22, 2022.¹⁶ Congress provided the U.S. Agency for International Development (USAID) with \$8.5 billion in supplemental appropriations for direct budget support to Ukraine in response to Russia's incursion into the country. By issuing this product, the USAID OIG provided direct and timely insight through highlighting key lessons from prior and relevant oversight work. The USAID OIG identified risks and challenges for the agency's consideration related to procurement, direct cash assistance programs, contributions to World Bank funding mechanisms, sexual exploitation and abuse, program monitoring, and stakeholder coordination. This product provided evidence-based considerations to help agency leadership make more informed decisions and take more effective actions.
- **Summary of Federal OIG Findings and Recommendations Related to Other Transaction Agreements**, National Science Foundation OIG, March 3, 2023.¹⁷ The CHIPS and Science Act of 2022 formally established the U.S. National Science Foundation's (NSF) Technology, Innovation, and Partnerships (TIP) directorate. It also provided NSF with the authority to use other transaction agreements (OTAs) to carry out the activities of the TIP directorate. OTAs are often used to advance new technologies and for research, development, and demonstration projects. Although OTAs are subject to federal fiscal law, they are not subject to other traditional regulations that govern grants, cooperative agreements, and contracts.

As such, agencies must develop rigorous control environments with comprehensive policies, processes, and procedures to ensure proper oversight and accountability over the use of OTAs. NSF's OIG issued this report to inform NSF of potential risks inherent to OTAs as it develops its own OTA policies and procedures. The NSF OIG identified and summarized relevant information from eight reports published by four federal OIGs over the past five years, which contained 19 findings concerning the management of OTAs. In this instance, NSF OIG provided agency leadership with high-quality data and insights that will inform NSF's decisions and help improve programmatic delivery.

- **Flash Report: Orphaned Wells Program**, U.S. Department of the Interior OIG, July 2022.¹⁸ On November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law. The IIJA specifically authorized \$4.7 billion in appropriations for the U.S. Department of the Interior (DOI) to administer federal, state, and tribal programs to plug, remediate, and reclaim orphaned gas and oil wells. As documented in the report, orphaned wells pose public health and safety risks as well as environmental risks.

Further, the cost of plugging a well can be affected by various factors such as depth, condition, location, and accessibility, and can range from \$2,400 to \$227,000. Additionally, there was a 50 percent increase in the number of documented orphaned wells from 2018 to 2020. Even with the increase in documented orphaned wells, the total number of wells may be significantly higher.

By issuing this flash report, DOI OIG was able to highlight the uncertainty of the estimates in the underlying programs and to illustrate the challenges that federal and state program administrators will face in plugging, remediating, and reclaiming orphaned wells. The report was also successful in sharing information, promoting transparency to key stakeholders, and identifying how DOI planned to use IIJA funding.

Agile oversight¹⁹ is not a replacement for traditional audits, inspections, evaluations, or investigations. Rather, agile oversight is another tool in an OIG's oversight toolbox. As discussed, this evolution in oversight provides a mechanism for the OIG community to help ensure the effective and efficient delivery of federal programs at the outset. Although it is incumbent upon OIGs to plan and execute their work, agency leadership should feel comfortable approaching their respective OIGs to collaborate on the front-end of significant new initiatives and programs. The trust and confidence needed to create this type of relationship is facilitated by open, constant, and candid communications between agency and OIG personnel.

OMB Memorandum M-22-04 encourages agency leadership and OIGs to “hold routine meetings to have candid discussions in a non-audit setting and maintain clear lines of communication between the appropriate IG officials and agency leadership. Open dialogue allows for discussions on areas that are of most value to the agency and can reduce the risk of antagonism that may otherwise cascade throughout the organization in cases where leadership only engages their IGs when confronted with negative or controversial audit or investigation results.”

Although agile oversight products have the potential to add significant value to federal programs, there are inherent risks that must also be managed. Two cornerstones of the effectiveness and overall impact of the OIG community include maintaining independence and strictly adhering to standards of quality control. At the outset of any agile effort, OIGs and agency officials must understand and respect their respective roles and responsibilities. Any collaboration between an agency and its OIG will not result in a seal of approval. Although OIGs may bring to bear their insight and expertise, the responsibility for programmatic and managerial decision making remains the role of agency officials. Failure to define clear roles and responsibilities could result in threats to the OIG’s objectivity and independence.

Additionally, OIG products such as audits and evaluations are held to strict quality control standards such as Generally Accepted Government Auditing Standards and the Council of the Inspectors General on Integrity and Efficiency’s (CIGIE) Quality Standards for Inspections and Evaluations. However, agile products may not always be compatible with these standards. In such cases, OIGs could elect to follow CIGIE’s Quality Standards for Federal Offices of Inspector General, also known as the Silver Book. Regardless of the standard cited, OIGs should indicate that their agile products adhere to professional standards of independence, due professional care, and quality assurance that the engagement team implemented procedures to ensure the accuracy of the information presented.

LOOKING FORWARD

OIGs are well positioned to propel effectiveness in delivering outcomes and optimizing returns on investment while simultaneously maintaining their objectivity and independence. OIG and agency leadership can build trust and strengthen their relationships as a normal course of business. By putting in the hard work during easy times, both parties will be well positioned to collaborate for the benefit of the American taxpayer during the next national emergency or mission expansion.

These strengthened relationships and new approaches to oversight will provide a mechanism for agency leadership to collect more accurate and timely data, conduct more informed analysis, make better decisions, and take smarter actions. By collaborating with OIGs, agency leaders will have access to higher-quality data and insights that can inform decisions and improve programmatic delivery when needed most.

Disclaimer: The views and opinions presented in this chapter do not necessarily represent the views of the NSF OIG or the U.S. government.

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Endnotes

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