

FOREWARD

This document presents the FY 2002-2006 strategic plan for the USAID Office of Inspector General.

This plan consolidates long-term audit and investigations activities into a single document. The plan articulates goals and objectives that serve as a framework for our work over the next five years.

This plan serves as our long-range strategy. It is supplemented by our Annual Plan. The plan recognizes and allows for changes in our environment, resulting from the new directions for the foreign affairs agencies by the new Administration. In addition, new laws and new priorities will require us to conduct a periodic assessment of our plans and we will make changes as appropriate.

The office welcomes insight from those who will read this plan. We appreciate comments from readers that will serve to enhance our future planning and allow us to meet the interests of those who will use our strategic plan.

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	<i>ii</i>
INTRODUCTION	1
Strategic Planning	1
Authority and Responsibility	1
OIG Structure	2
Mission Areas	2
Consultations with Congress and Customers	2
Interagency Consultations	3
THE HIGH-RISK ENVIRONMENT	5
USAID's Internal Environment	5
USAID's External Environment	6
USAID BACKGROUND	8
Funding	8
Overseas Presence	8
Human Capital	9
Financial Management	9
Key Vulnerabilities	10
NEW OIG RESPONSIBILITIES FOR FOUNDATIONS	11
Background on ADF	11
Background on IAF	12
Strategies for Providing Foundations with Audit and Investigative Oversight	13
OIG READINESS	14
OIG Staff Size and Location	14
Training	15
Budgetary Levels	17
Information Technology	17
Automation	17
MISSION, VALUES, GOALS, OBJECTIVES, AND PERFORMANCE MEASURES	18
The OIG Mission	18
Values	18
Strategic Goals and Objectives	18
FROM GENERAL GOALS TO ANNUAL PLANS	25
Audit	25
Investigations	31
PROFESSIONAL REVIEW	35

ABBREVIATIONS AND ACRONYMS

ADF	.....	African Development Foundation
DCAA	.....	Defense Contract Audit Agency
DOJ	.....	Department of Justice
FCPA	.....	Foreign Corrupt Practices Act
FFMIA	.....	Federal Financial Management Improvement Act
FLETC	.....	Federal Law Enforcement Training Center
GAO	.....	General Accounting Office
GMRA	.....	Government Management Reform Act
GPRA	.....	Government Performance and Results Act
IAF	.....	Inter-American Foundation
ICASS	.....	International Cooperative Administrative Support Services
IG Act	.....	Inspector General Act of 1978, as amended
NGO	.....	Non-governmental Organization
OIG	.....	Office of Inspector General
OMB	.....	Office of Management and Budget
PCIE	.....	President's Council on Integrity and Efficiency
PVO	.....	Private Voluntary Organization
QAR	.....	Quality Assurance Review
R-4	.....	Results Review and Resource Request
USAID	.....	United States Agency for International Development
USDH	.....	United States Direct Hire [employee]
USG	.....	United States Government

INTRODUCTION

Amendments to the Foreign Relations Authorization Act reorganized agencies within the foreign affairs community. As a result, USAID remains an independent agency reporting to the Secretary of State and contributes to the overall foreign policy of the United States.

Strategic Planning

Strategic planning gives an organization the opportunity to define how it will operate for an extended period of time such as three to five years. Strategic planning requires an organization to state its mission as well as its goals and objectives for carrying out operations. Strategic plans also should identify assumptions that will affect implementation of the plan. The plan presented on the following pages is our vision of our work for the next five years.

Authority and Responsibility

The USAID Office of Inspector General was established on December 16, 1980, by Public Law 96-533, which amended the Foreign Assistance Act of 1961. On December 29, 1981, the President signed the International Security and Development Cooperation Act of 1981, bringing the USAID Inspector General under the purview of the Inspector General Act of 1978.

The Inspector General Act of 1978 (IG Act), as amended, authorizes the Inspector General to conduct and supervise audits and investigations. As a result of this work, the OIG recommends policies to (1) promote economy, efficiency, and effectiveness and (2) detect and prevent fraud and abuse in the programs and operations of USAID. The Inspector General is responsible for keeping the Administrator and Congress fully informed of the results of audits and investigations related to programs and operations, as well as the necessity for, and progress of, corrective actions.

The IG Act was amended by the consolidated Appropriations Act, (P.L. 106-113) on November 29, 1999 to include the following:

The Inspector General of the Agency for International Development . . . shall supervise, direct, and control audit and investigative activities relating to programs and operations within the Inter-American Foundation and the African Development Foundation.

The OIG also provides audit and investigation services to the Overseas Private Investment Corporation, upon request.

Throughout this document, we will be making references to our responsibilities to and relations with "USAID" or "the Agency" that derive from the Inspector General Act. It should be understood that the same responsibilities apply to the African Development Foundation and the Inter-American Foundation even if not specifically stated throughout this plan.

OIG Structure

The Office of Inspector General has three major elements: Audit, Investigations, and Management. The OIG maintains six overseas offices as follows: Cairo, Egypt; San Salvador, El Salvador, Budapest, Hungary; Dakar, Senegal; Pretoria, South Africa, and Manila, The Philippines.

Mission Areas

Audit: The Assistant Inspector General for Audit is responsible for supervising audit activities relating to worldwide foreign assistance programs and operations of USAID, the African Development Foundation, and the Inter-American Foundation. Audit activities include performance audits of programs and management systems, financial statement audits as required under the Government Management Reform Act (GMRA), and financial statement and financial related audits of grantees and contractors.

Investigations: The Assistant Inspector General for Investigations is responsible for supervising the performance of investigative activities related to foreign assistance programs and operations of USAID, the African Development Foundation, and the Inter-American Foundation. Investigative activities include investigations of criminal, civil, and administrative violations. The Assistant Inspector General for Investigations also operates the Inspector General Hot Line that serves USAID, the African Development Foundation, and the Inter-American Foundation.

Consultations with Congress and Customers

Understanding the views of our customers and ensuring that those views are addressed in conducting our work is vital to the overall success of OIG operations. Traditionally, we have worked with both USAID and Congress in soliciting comments on work plans. Managers in our Audit and Investigations offices

hold discussions with USAID managers and congressional staff members when developing the OIG Annual Performance Plan. These discussions have helped us to focus our limited resources on issues of greatest Agency, congressional, and taxpayer concern. In preparing this plan, we also held meetings with the Office of Inspector General at the Department of State to discuss the issues related to the Foreign Affairs Strategic Plan. The information gained from these meetings was used to update the description of our environment. Meetings have also been held with management of both the African Development Foundation and the Inter-American Foundation.

To facilitate exchange between the OIG staff and the customers for our work, the OIG held a week-long planning conference. The conference was designed to involve participation from all the units within the office and gave both headquarters and field office representatives an opportunity to meet and discuss issues that affect audit and investigations. Professional staff from the key Hill appropriations and authorizing committees participated as did officials from the Department of State. Management officials from USAID Bureaus discussed their programs and vulnerabilities where the OIG already was of assistance or could be in the future. The Vice Chair of the President's Council on Integrity and Efficiency addressed issues of common interest among offices of inspectors general. Senior officials of the African Development Foundation and the Inter-American Foundation also presented information about risk, vulnerabilities, and audit and investigation activities.

Interagency Consultations

An important element in carrying out our audit and investigation work is our collaboration with other organizations.

We consult other organizations to consider the work they have performed, seek opportunities for joint work, and obtain additional information that will have an effect our planning.

The General Accounting Office

The IG Act requires coordination with the General Accounting Office (GAO) to prevent duplication and ensure effective coordination and cooperation. The OIG has assigned a liaison to serve as the principal contact with the GAO. The liaison is responsible for keeping the OIG advised on GAO's relevant audit work and reports, which are used for OIG planning. Consultation and coordination is undertaken in planning annual audits.

Defense Contract Audit Agency

The Defense Contract Audit Agency (DCAA) performs audits, reviews, and pre-award surveys as requested by the Agency. The OIG funds these efforts and works with DCAA and the Agency to ensure that the work meets the Agency's needs.

State Department

The State Department is responsible for the development of a strategic plan for International Affairs agencies of the U.S. Government. Beginning with the year 2000, USAID aligned its strategic plan within this framework. Overseas planning and coordination among foreign affairs agencies have increased with the preparation of a "Mission Performance Plan" that reflects the national interests set forth in the *U.S. Strategic Plan of International Affairs*.

The Inspectors General of USAID and the State Department, along with their senior staffs, meet quarterly to discuss issues of mutual interest in the foreign affairs environment. In the last year, discussions have been under way to explore areas where joint audit work might be performed.

Others

Several other federal agencies have interests and activities in the foreign affairs community. For example the Department of Agriculture obtains food commodities for USAID's PL 480 food distribution programs and manages USAID's payroll activities. Health and Human Services, the Federal Emergency Management Agency, the Environmental Protection Agency, and others, including the Department of State, receive funds through USAID to help manage foreign assistance and disaster assistance activities. We coordinate with these agencies in planning and carrying out our annual audits and investigations.

THE HIGH-RISK ENVIRONMENT

Many foreign assistance activities in the developing world are considered high risk. Some of the factors that elevate risks relate to internal weaknesses within USAID, the African Development Foundation (ADF), and the Inter-American Foundation (IAF), which have responsibility for administering the assistance.

These internal weaknesses present major management challenges which we are committed to address in our annual audits and investigations. Management challenges include the areas of financial management systems, computer security, performance goals and reporting, human capital resources, and procurement activities.

Other factors external to these organizations also elevate risks. For instance, USAID administers its economic and humanitarian assistance in an overseas environment highly vulnerable to fraud and corruption. Each year Transparency International, a non-governmental organization founded in 1993 and dedicated to increasing government accountability and curbing corruption, publishes a corruption perception index. That index rates countries surveyed on a scale of 10 to 0 with 10 being least corrupt and 0 being highly corrupt. Of 90 countries that Transparency International rated in 2000, 42 received a rating of less than 4 and USAID has provided assistance to 36 of those countries. The presence of corruption in the foreign aid environment will continue to be addressed in our audit and investigations work.

The OIG will respond to risks and changes in the environment in which the ADF, the IAF, and USAID operate. The following pages discuss essential assumptions that the OIG is making about the environment within USAID as well as external to USAID. Additional changes to our plans and operations are possible as we learn more about the operations, programs, and vulnerabilities of the ADF and the IAF.

USAID's Internal Environment

The high-risk environment of USAID's internal operations has been documented by the OIG in audit reports and by the GAO in their recent High Risk series (GAO-01-263, High Risk Series). The Agency has made progress but still does not have accurate and reliable performance data and integrated information management systems. The financial accounting system does not fully meet government standards. Human-capital issues have not been addressed successfully despite longstanding recognition of the problem.

USAID's External Environment

USAID operates in about 125 countries. The working environment is complex, given the differences in language, law, and standards of accountability. Both Congress and the Administration set the priorities for USAID's overseas activity.

According to the World Bank, corruption-the abuse of public office for private gain-is a global problem that exists in all countries in varying degrees. It also exists in various forms, including; (1) accepting, soliciting, or extorting a bribe, e.g., accepting a bribe to influence a government's choice of firms to supply goods or services; (2) offering bribes to circumvent public policies and processes for competitive advantage and profit, e.g., offering a bribe to influence a government's allocation of monetary or in-kind benefits; (3) engaging in patronage and nepotism; (4) stealing state assets; and (5) diverting state revenues.

During USAID's early history, a major USAID emphasis involved financing capital development and infrastructure projects. Such activities were found to be vulnerable to corruption. In the early 1980's, it was commodity usage and local currency programs that caused USAID much adverse publicity, such as in the Sahel region of West Africa for which the Congress ultimately enacted legislation requiring USAID to certify the accounting systems of recipient governments before disbursing funds to them. In more recent years, considerable adverse publicity about foreign aid has been generated because of the scandals involving corruption at the highest levels. Today, USAID is trying to cope with problems such as delivering assistance where the economies are in transition and where there is a risk of government officials privatizing institutions for their personal benefit.

The World Bank identified evidence that corruption inhibits economic development:

It [corruption] leads governments to intervene where they need not, and it undermines their ability to enact and implement policies in which government intervention is clearly needed--whether environmental regulation, health and safety regulation, social safety nets, macroeconomic stabilization, or contract enforcement.

Corruption will continue to exist in varying degrees and, with it, so will the likelihood of continued and possibly increased adverse publicity for foreign aid, especially in countries where USAID's:

- programs are new,
- assistance is provided quickly without good management controls, or
- presence is below the level necessary to oversee the assistance effectively.

In October 2000, Congress enacted legislation that requires the Secretary of State in coordination with USAID to report on corruption and efforts to address corruption. The OIG has assisted in the preparation of the first report sent to Congress under this new legislation.

USAID BACKGROUND

Funding

The Agency is adopting a new strategic orientation that will refocus its resources and activities as a result of the changes in the Administration. A new Agency management team will address decisions regarding the distribution of the workforce and operating expense allocations. The level of funding for the Agency's operating expense budget is expected to be a continuing concern as the Agency seeks ways to streamline management processes, including procurement operations.

Choices made as a result of budget limitations could directly affect accountability for foreign aid and the ability to protect it from corruption. The USG has completed a major review of operations overseas to assess the number of Americans assigned to U.S. embassies. Those recommendations could further affect both USAID and the OIG. At the same time, the USG is reviewing the security needs of embassies and other buildings overseas. Significantly higher costs of acquiring and maintaining secure overseas operations are projected. Although some facilities are to be funded by special appropriations, other maintenance costs must be covered under operating expenses. Operating costs related to the International Cooperative Administrative Support Services (ICASS) agreements are expected to rise dramatically in the next five years, making overseas presence even more expensive.

The overseas environment requires strong accountability, oversight, and other measures to reduce the risks of loss. USAID has made efforts to work more efficiently and to develop systems for helping manage its resources.

Overseas Presence

Over the last few years, USAID has decreased the number of USAID missions and offices overseas.

USAID maintains programs in countries where there is no US Direct Hire (USDH) presence to manage the activities. It is not clear if the trend for programming USAID activities in countries where it has no presence will continue. The OIG has performed an audit of the non-presence country area (Audit of USAID-Funded Activities in Nonpresence Countries, Report 9-000-99-005-P dated February 26, 1999). That audit noted that, according to Agency management, USAID had activities in over

40 nonpresence countries. However the audit also noted the difficulty USAID had in consistently identifying and defining what constituted a nonpresence country. USAID officials recognize the difficulty in managing such overseas activities and are taking actions to address the risk.

Human Capital

The Agency has undertaken several initiatives in the area of recruitment, training, and staff development to ensure that there will be adequate staff with appropriate skills to fulfill its mandate. One initiative, the Workforce Planning Task Force, developed recommendations for workforce realignment, flexibility, and professional development.

One of the major accomplishments is the establishment of the annual Foreign Service recruitment plan. Three plans have been implemented. The Agency hires against five-year projections by occupational category. Budget increases and the plan have, for the first time in ten years, allowed the agency to hire at rates that fully replace Foreign Service staff losses. The turnover has allowed the Agency to target occupational categories that meet current and future needs.

At present, the agency is working on developing a more comprehensive civil service recruitment plan that directs hiring at the entry level and uses the Presidential Management Intern Program. In FY 2001, the agency projects hiring 20 interns.

OIG plans to monitor the implementation of human-resource management actions, including training designed to address human-resource capability.

Since 1993, the Agency has reduced its staff size by about 38 percent to a current level of about 2,000 direct-hire personnel. Of this number, the Agency maintains a target level of 650 Foreign Service positions overseas. For the balance of the years in this strategic plan, USAID projects a stable workforce level at about 2,000 USDH employees.

Financial Management

USAID is implementing a new integrated financial management system to meet federal accounting and system requirements as mandated by the Federal Financial Management Improvement Act (FFMIA). The new system is to provide for complete, reliable, timely, and consistent financial and management information, including the ability to generate reliable financial statements and to link costs to performance results. Better information should improve managers' ability to make informed

decisions about USAID operations and to improve accountability for resources and results.

Until the new system is implemented, USAID will continue to rely on its current systems. Because these systems do not operate effectively, USAID managers will continue to be hindered by a lack of timely, reliable, and useful information about their programs' financial and performance status. These system deficiencies further increase the risks USAID faces in providing proper stewardship of program resources in an already vulnerable environment.

Key Vulnerabilities

USAID managers will need to recognize vulnerabilities in the areas of the program direction and working environment.

Program Direction

USAID activities have been especially vulnerable during periods of rapid change in direction, i.e., when opening or closing overseas missions or when moving into new program areas. Large program increases, especially for emergency programs, also are likely sources of vulnerability.

Working Environment

USAID works in countries that lack a strong accountability environment, which is one factor that fosters corruption, as discussed earlier. Many of these countries generally do not maintain accounting and data systems based on the U.S. fiscal year. The incompatibility of the USG reporting with data collection on a calendar or other yearly basis complicates the gathering and analysis of performance measurement data of USAID overseas activities. USG concern about foreign corruption is leading to many initiatives to bring attention to the problem. To the extent that USG programs can strengthen the accountability environment, Agency programs will benefit. In the meantime, in the absence of local economic and political transparency, USAID must maintain continual vigilance to ensure that assistance funds are used for the intended purposes.

New OIG Responsibilities for Foundations

In November 1999, the President signed Public Law 106-113 which amended the Inspector General Act of 1978 by assigning audit and investigative responsibilities to the USAID OIG for the African Development Foundation (ADF) and the Inter-American Foundation (IAF). Both foundations are U.S. Government corporations and receive funding through USAID's Development Assistance appropriation.

Background on ADF

ADF is a nonprofit Government corporation established by Congress in 1980 under the African Development Foundation Act (22 U.S.C. 290h). The purposes of ADF are to:

- strengthen the bonds of friendship and understanding between the people of Africa and the United States;
- support self-help activities at the local level designed to enlarge opportunities for community development;
- stimulate and assist effective and expanding participation of Africans in their development process; and
- encourage the establishment and growth of development institutions which are indigenous to particular countries in Africa and which can respond to the requirements of the poor in those countries.

ADF accomplishes these purposes by making grants, loans, and loan guarantees to indigenous "grassroots" African organizations engaged in development activities. Since its inception, ADF has funded more than 1,300 projects in 34 African countries. Between 1997 and 1999, it approved 161 grants and currently has active programs in 14 sub-Saharan countries. Funding for individual ADF grants is limited to \$250,000.

ADF receives the majority of its funding through a special transfer that flows through USAID's annual Development Assistance appropriation. ADF's annual appropriated funding for fiscal years 1995 through 2000 averaged about \$13 million per year. ADF was appropriated \$16 million for fiscal year 2001. In addition to appropriated funds, ADF seeks and receives other funding from American companies and host governments.

ADF is headquartered in Washington, D.C. and they have a staff of about thirty employees. It is governed by a seven-member Board of Directors appointed by the President of the United States, by and with the advice and consent of the Senate. By

law, five Board members are from the private sector and two are from the Federal government. The President of the Foundation, who reports to the Board of Directors, manages daily operations.

The Foundation has no employees posted overseas. Instead, it obtains administrative services and representation through cooperative agreements with Country Liaison Officers who are indigenous African development professionals. Each Country Liaison Officer (CLO) is responsible to hire and supervise an office staff consisting of a Project Officer, an Evaluation/Training Officer, and a Financial Officer. Following an OIG audit in February 2001, ADF management agreed to replace its current CLO agreements with new agreements awarded to groups recognized as legal entities by their governments or local communities.

Background on IAF

IAF is a nonprofit Government corporation created in 1969 under the original name of the Inter-American Social Development Institute (Codified at 22 USC 290f). The purposes of IAF are to:

- strengthen the bonds of friendship and understanding among the peoples of the Western hemisphere;
- support self-help activities at the local level designed to enlarge the opportunities for individual development;
- stimulate and assist effective and ever wider participation of the people in the development process; and
- encourage the establishment and growth of democratic institutions, private and governmental, appropriate to the requirements of the individual sovereign nations of this hemisphere.

IAF accomplishes these purposes by undertaking or sponsoring appropriate research and by planning, initiating, assisting, financing, administering, and executing programs and projects primarily through and with private organizations, individuals, and international organizations. Since 1972, the Foundation has made 4,257 grants totaling \$502 million. Currently, the Foundation has about 230 active grants in 17 countries. Unlike ADF, IAF does not have a funding limit per grant.

IAF receives the majority of its funding through a special transfer that flows through USAID's annual Development Assistance appropriation. IAF also receives funds provided from the Social Progress Trust Fund through the Inter-American Development Bank. IAF received \$22 million in federal appropriations during fiscal year 1998 and \$20 million in fiscal year 1999. However, Congress reduced the Foundation's fiscal year 2000 appropriation to \$5 million. IAF was appropriated \$16 million for fiscal year 2001.

IAF headquarters are located in Arlington, Virginia, with a staff of about 46 employees. It is governed by a nine-person Board of Directors appointed by the President, by and with the advice and consent of the Senate. Six Board members are selected from the private sector, and three from among officers or employees of agencies of the United States government concerned with inter-American affairs. The Board appoints the President who acts as IAF's chief executive officer. The Vice President and other high- and mid-level managers assist him, and the Regional Directors and Foundation Representatives manage overseas operations.

The Foundation has no employees posted overseas. Instead, it obtains administrative and technical services through the use of In-Country Service (ICS) contractors. Prior to July 2000, IAF awarded only one contract in each country to obtain these services. IAF has since decided upon a new overseas structure consisting of a Country Liaison Officer who will provide technical assistance to grantees, and an Evaluation Monitor who will monitor grant progress. Management expects the new structure to reduce costs and result in better performance data.

Strategies for Providing Foundations with Audit and Investigative Oversight

The OIG plans to provide ADF and IAF with audit and investigative oversight by:

- overseeing annual audits of the Foundations' financial statements;
- assisting the Foundations in developing programs for obtaining financial audits of grantees and in-country contractors;
- conducting performance audits of the Foundations' programs and operations;
- incorporating the Foundations into OIG audit processes including planning, quality control, recommendation follow-up, and semiannual reporting;
- incorporating the Foundations into OIG investigative processes including hotline access, briefings, assignment of special agent liaisons, and fraud awareness seminars; and,
- improving lines of communication between the Foundation and the OIG by scheduling regular meetings between Foundation and IG management to discuss audit and investigative

activities.

OIG READINESS

OIG Staff Size and Location

The Outcome Goals enumerated in this plan are based on a worldwide USDH authorized ceiling of 196. Currently, approximately 57 direct hire employees are assigned overseas. Rising costs in various categories of expenses could put pressure on all categories of funds that are not fixed expenses over the next five years.

The OIG maintains six regional offices. The regional responsibilities for each office vary. Some offices are responsible for USAID programs in more than 20 countries. We continue to evaluate the placement of our regional offices, the level of staff, and the associated costs. We will make appropriate adjustments to maintain overseas offices. Increases in the USAID funding for the Europe and Eurasia region required that additional audit and investigations staff be placed overseas. Consideration is being given to best increase service in the Eurasia area.

Congress provided USAID/OIG with additional funds for enhanced oversight of large emergency supplemental appropriations for the Central American and Caribbean region. Audit work is led by the Regional Inspector General office in San Salvador. The OIG stationed additional direct hire audit personnel in the regional office and hired local private accounting firms to provide oversight. Investigative efforts have also been significantly increased.

The cost of deploying direct-hire staff to overseas locations is currently estimated at \$194,000 per employee annually, evenly divided between average salary expense and support costs. There is no current assessment of the amount of additional security costs that would be allocated through the International Cooperative Administrative Support Services (ICASS) system. Over the next five-year period, all costs associated with OIG operations are expected to rise. The overseas cost is necessary to meet our audit and investigation responsibilities for the foreign assistance program and is essential to our mission to be able to provide the best service to USAID managers. The level of overseas staff will be reevaluated as costs increase without an increase in funding. The audit and investigation field presence is supplemented by performing audit and investigation work with staff traveling from Washington, which also is expensive and time consuming.

Position Allocations for Fiscal Year 2002 through 2006

POSITIONS	
IG Immediate Office	10
Audit	126
Investigations	32
Management	28
Total	196

Training

Professional standards require training for auditors, attorneys, and investigators. The OIG places a priority on ensuring that staff receive required training.

Audit Training

Professional standards require training on a continuing basis for auditors, attorneys, and investigators so that they maintain a high level of professional skill. The OIG places a priority on making sure staff receive required training. OIG training officers track staff training and ensure that all staff obtain at least the minimum hours of continuing professional education. For example auditors responsible for planning, directing, conducting or reporting on audits need 80 hours of continuing professional education every two years.

Investigations Training

Professional standards require training for Investigators. The USAID/OIG Special Agents are required to have specialized training in order to perform their duties. All Special Agents are required to attend a 9-week Criminal Investigative training course at the Federal Law Enforcement Training Academy (FLETC) prior to working on an investigative assignment. After a Special Agent successfully completes the Criminal Investigative course, he/she is deputized as a United

States Marshal. A Special Agent maintains his/her deputation status by re-qualifying during quarterly firearms training.

In addition, the OIG/I recognizes that with the ever-changing investigative environment, Special Agents will need additional training necessary to enhance and to add new investigative and administrative skills. Over the next five-year period, OIG/I will hire entry level staff who will require a significant amount of training.

The following courses have been requested by the AIG/I to meet the continuing professional needs of our Special Agents.

- Criminal Investigative Training Program
- Criminal Investigation in an Automated Environment
- Continuing Legal Education
- Computer Network Investigations
- Case Organization Presentation
- Financial Forensic Techniques
- Financial Crimes Investigator
- International Banking and Money Laundering
- Inspector General Basic Training
- Technical Investigative Equipment
- White Collar Crimes
- Criminal Investigative Training
- Microcomputer for Investigations
- Seminars for New Managers
- Firearms Training

Information Technology Training

We realize that changes under way in both USAID and OIG management systems, as well as future system advances, will require a continuing commitment to skill development and training. This is especially critical in the area of computer skills for auditors and investigators. Over the next five-year period, growing emphasis will be placed on auditor professional education credits in information technology auditing. More resources will be directed toward improving the skills of investigators in the information technology area. Training in auditing and investigation related to information technology is expensive.

Computer Forensic Laboratory

The President's Council on Integrity and Efficiency (PCIE) is reviewing a proposal for developing a Computer Forensic Laboratory. The laboratory would become part of the Inspector General Criminal Investigator Forensic Laboratory that was established recently. This laboratory would help support the Inspector General community. It would help individual offices of the Inspector General develop internal capability as well as provide services for those without computer forensic

ability.

Budgetary Levels

For the last four fiscal years, the OIG has been supplementing annual appropriations with no-year carryover funds. Congress developed the annual appropriations with the availability of carryover funding in mind. For example, in fiscal year 2001, the OIG received an appropriation of \$27 million that was supplemented with \$4 million of carryover, for a total of \$31 million in obligations. By the end of fiscal year 2002, the carryover funding is projected to be exhausted. We are hopeful that our annual appropriations will be increased to reflect the fact that the OIG no longer has a carryover balance to supplement the annual appropriation. This will assure our ability to carry out our strategic goals and objectives.

Information Technology

The OIG is continually looking for ways to enhance performance through the use of information technology. Our philosophy is to reengineer our business first and then identify information technology that further increases performance. The OIG is in the process of reengineering our audit and investigative processes and identifying management-information software to create paperless audits and investigations. The system also will enable us to gather data related to productivity and efficiency so that we can make better resource-allocation (staff and funding) decisions. The OIG plan is to begin implementing the system in fiscal year 2002.

Automation

We anticipate changes in operating procedures, resulting in greater efficiencies, improved processes, and a greater ability to track and report the results of operations. The OIG is developing a management information system that can report results of our operations and costs.

**MISSION, VALUES,
GOALS, OBJECTIVES, AND PERFORMANCE MEASURES**

The OIG Mission

The Mission of the Office of Inspector General is to contribute to and support integrity, efficiency, and effectiveness in all activities of the U.S. Agency for International Development, the African Development Foundation, and the Inter-American Foundation.

Values

In accomplishing our mission, we are committed to the following:

Collaboration, by working with USAID, ADF, and IAF management to eliminate fraud, waste, and abuse in Agency activities; working to promote development; understanding the entire OIG program and its effect on development; helping management find solutions to problems; and remembering that our success is measured by the success of our colleagues.

Integrity, by striving to display character, decency, and honor in everything we do; working openly and fairly with our colleagues; acknowledging what works and what does not; showing respect for one another; maintaining independence to ensure objectivity and impartiality; and accepting responsibility for our actions.

Excellence, by striving to produce work that has distinction, merit, quality, and effect; working efficiently with people who have equal opportunities to excel; delivering products that are accurate, timely, complete, concise, and meaningful; and presenting work in a way that is most useful to responsible officials.

Strategic Goals and Objectives

The OIG mission and values were developed as part of a business process improvement project that took place in 1993.

That process produced a strategic framework which provides a method for implementation planning and which defines when

specific objectives would be achieved and what plans need to be implemented to reach those objectives.

Pursuant to that strategic framework, the OIG's mission and values reflect its overarching philosophy that the OIG provides decision makers with reliable information which will enable them to make timely and informed decisions regarding their programs and operations.

Based on the overarching philosophy described in the mission and values statements, the OIG developed its strategic goals and objectives. These are driven by legislative mandates, agency goals and those activities identified as having high risk to fraud, waste, and abuse. Each strategic goal has accompanying strategic objectives and performance measures that describe what we expect to accomplish and the measurement we will use to determine success or failure.

These strategic goals and objectives drive our work over the five-year period covered by the plan. That work is detailed later in this document in the section on implementing annual plans and in our annual performance plans.

GOAL I

Promote and preserve the integrity of USAID, the ADF, and the IAF.

The Inspector General Act of 1978, establishes inspectors general who conduct and supervise audits and investigations. Under this authority, the OIG undertakes audits and investigations that address areas identified as high-priority and high-risk issues that affect the integrity of our client agencies. The OIG will investigate alleged violations of federal laws and serious administrative infractions; provide evidence to the Department of Justice, Agency management and others; and train personnel in detecting and preventing fraud.

Strategic Objectives

To accomplish our stated goal of promoting and preserving integrity, the OIG has established the following objectives.

Objective I.1 Promote Improved Financial Management

I.1.1 Perform audits pursuant to the following acts:

- Federal Managers' Financial Integrity Act
- Chief Financial Officers Act
- Government Management Reform Act
- Federal Financial Management Improvement Act

I.1.2 Conduct audits of U. S. and foreign-based contractors and grantees pursuant to the requirements of the Single Audit Act and USAID's policy extending the Act's principles to non-U. S. contractors and grantees

Measures for Objective I.1

The OIG will assess its effect by measuring the extent to which USAID, the ADF, and the IAF accomplish the following:

- have reliable financial systems, files, records and available underlying supporting evidence.
- identify and resolve material-management control weaknesses in financial management practices.
- identify funds owed to their agencies and ensure payment of debts.
- make measurable progress toward reliable financial reporting.

Objective I.2 Promote Improved Information Resource Management and Computer Security

I.2.1 Perform audits of USAID's Integrated Financial Accounting System.

I.2.2 Perform audits of Computer Security program pursuant to the Government Information Security Act of 1999.

Measures for Objective I.2

The OIG will assess its effect by measuring the extent to which USAID, the ADF, and the IAF accomplish the following:

- Have implemented and are adhering to a definitive process for selecting, controlling, and evaluating technology investments.

Objective I.3 Promote Improved Accountability and Anti-corruption in the International Environment

I.3.1 Work with recipient countries' Supreme Audit Institutions to promote transparency and accountability and proper use of funds.

I.3.2 Implement proactive programs, such as training, to eliminate employees, grantee and contractor misconduct and heighten awareness of fraud and corruption.

I.3.3 Work with USAID in implementing the International Anti-Corruption and Good Governance Act of 2000.

Measures for Objective I.3:

The OIG will assess its effect by measuring the extent to which USAID, the ADF, and the IAF accomplish the following:

- successfully promote transparency and accountability in recipient-country environments.
- have employees, grantees, and contractors who identify integrity problems on a timely basis and take steps to address them.
- take appropriate action based on investigative

findings.

- make positive, systemic changes in the way the agencies do business as a result of investigative efforts.

Objective I.4 Promote Integrity in Procurement Activities

I.4.1 Conduct audits of procurement activities.

I.4.2 Conduct audits of disaster assistance procurement.

I.4.3 Conduct audits of procurement activities at selected missions and for nonpresence countries.

Measures for Objective I.4

The OIG will assess its impact by measuring the extent to which USAID, the ADF, and the IAF accomplish the following:

- identify and resolve instances of noncompliance with applicable laws and regulations.

Objective I.5 Preserve and Protect the Integrity of Agency Programs and Personnel

I.5.1 Detect and prevent fraud in agency programs and operations.

I.5.2 Investigate allegations of contract procurement fraud and employee integrity expeditiously.

I.5.3 Implement proactive programs for detecting contract procurement fraud and reducing employee integrity issues.

Measures for Objective I.5

The OIG will assess its effect by measuring the extent to which USAID, the ADF, and the IAF accomplish the following:

- take effective action based on investigative recommendations.
- make systemic changes when problems are identified during an investigation.

GOAL II

**Promote and preserve the effectiveness and efficiency
of USAID, the ADF, and the IAF.**

Objective II.1 Improve Adherence to the Requirements of the Government Performance and Results Act

- II.1.1** Conduct audits pursuant to the Government Performance and Results Act.
- II.1.2** Work with USAID, the ADF, and the IAF to better implement the Government Performance and Results Act.
- II.1.3** Work with USAID, the ADF, and the IAF to effectively implement the Clinger-Cohen Act encouraging disciplined capital-investment processes in developing management information systems.
- II.I.4** Conduct audits to determine whether USAID programs are achieving anticipated results.

Measures for Objective II.1

The OIG will assess its impact by measuring the extent to which USAID, the ADF, and the IAF accomplish the following:

- have improved performance plans and reports that more effectively relate results to goals and objectives.
- have performance measures that are accurate and quantifiable.
- have systems that accurately report costs and results.
- demonstrate success in decreasing costs relative to results.
- change strategies when results diminish relative to costs.

Objective II.2 Improve Human-Capital Management

II.2.1 Conduct audits of USAID's management of its human Capital.

II.2.2 Conduct audits of USAID's actions to improve oversight of programs and activities in nonpresence countries.

Measures for Objective II.2

The OIG will assess its effect by measuring the extent to which USAID, the ADF, and the IAF accomplish the following:

- have identifiable systems in place for recruiting personnel.
- have identifiable systems in place for training.
- have identifiable systems in place for better managing their workforce.

FROM GENERAL GOALS TO ANNUAL PLANS

Work from 2002 through 2006

Each year, the OIG develops and publishes a plan of the work it expects to accomplish during the fiscal year. These annual plans detail the specific work for audit and investigations. That work is designed to be consistent with the mission, goals, and objectives outlined in this strategic plan. The program coverage that OIG Management believes will be essential to fulfilling the OIG mission is presented in the following sections.

AUDIT

The audit goal is to help USAID, the ADF, and the IAF implement strategies for sustainable development and to provide managers with information and recommendations that will improve program and operational performance and financial integrity. In preparing a five-year strategic plan, our purpose is to establish a framework within which USAID, ADF, and IAF programs and functions can be considered for audit. The complexity of the programs and functions demand that our staffing resources be targeted at the high-risk programs and functions that are most vulnerable and in need of assistance.

Congress and the Administration have established a number of reforms. The reforms, many established since 1990, have added new requirements for Agency managers.

During this period, we are focusing our audit activity on USAID's efforts to implement requirements of the following acts:

- Federal Managers' Financial Integrity Act of 1982
- Chief Financial Officers Act of 1990
- Government Performance and Results Act of 1993
- Government Management Reform Act of 1994
- Single Audit Act as amended in 1996
- Clinger-Cohen Act of 1996 (formerly the Information Technology Management Reform Act of 1996)
- Federal Financial Management Improvement Act of 1996
- Government Information Security Act of 1999

- International Anticorruption and Good Governance Act of 2000

In addition to audit activities designed to help the USAID, the ADF, and the IAF meet legislative requirements, the OIG also will focus audit activity in areas that are considered high-risk and high priority. This kind of activity includes audits of anticorruption efforts, human-capital management, procurement, HIV/AIDS, family planning, and emergency and reconstruction assistance, such as assistance responding to Hurricane Mitch, etc. In addition, Federal and non-Federal auditors will provide audit coverage under our general oversight, to contribute to and support the financial integrity of contractors, non-governmental organizations, and other institutions that receive USAID funding.

The Federal Managers' Financial Integrity Act of 1982

This Act requires Federal agencies to establish adequate internal accounting and administrative controls to prevent, to the greatest possible extent, fraud, waste, and abuse in Federal programs. Agencies must report annually to the President and Congress on whether their systems of internal accounting and administrative controls provide reasonable assurance that internal-control objectives are achieved.

Chief Financial Officers Act of 1990

The Chief Financial Officers Act requires Federal agencies to, among other things, develop and maintain integrated accounting and financial management systems, including financial reporting and internal controls.

Government Performance and Results Act of 1993 (Results Act)

The Results Act requires Federal agencies to improve Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. It requires that agencies develop and implement plans for identifying program objectives and measuring program results.

Government Management Reform Act of 1994

This Act requires that Federal agencies produce annual audited financial statements of their operations. Under the Act, an agency must complete audited financial statements each year covering all of its accounts and associated activities. These financial statements not only must report the agency's financial position and operational results but also must provide additional information that enables Congress and the public to assess management performance and stewardship of agency resources. An agency must submit these statements to the Office of Management and Budget (OMB) no later than March 1 of the following year.

Single Audit Act (as amended in 1996)

Through the use of a "single" audit, the Single Audit Act enables Federal agencies to promote sound financial management of Federal awards expended by non-Federal entities. Non-Federal auditors perform audits of these non-Federal entities in accordance with Office of Management and Budget Circular A-133, which implements the Single Audit Act.

Audit Coverage of U.S. Grantees

USAID's U.S. grantees generally are audited under OMB Circular A-133 requirements (although the OIG retains the authority and capacity to audit specific grants and grantees using its own resources, if deemed necessary). OIG/Audit manages USAID's A-133 program, reviewing and distributing audit reports and reviewing a sample of auditor working papers to ensure that these recipient-contracted auditors comply with appropriate auditing standards.

Audit Coverage of U.S. Contractors

USAID's U.S. contractors must undergo agreement-specific audits under the terms of their individual contracts. These audits are primarily performed by Federal auditors at the Defense Contract Audit Agency, under the terms of an interorganizational memorandum of understanding. The OIG manages this program, distributes resulting reports to appropriate parties, and tracks audit recommendations through management decision.

Audit Coverage of Non-U.S. Grantees and Contractors

Although the OIG directly audits a limited number of USAID grants and contracts to non-U.S. entities, the vast majority are audited under a recipient-contracted audit program based on OMB Circular A-133 principles. In-country public accounting firms or Supreme Audit Institutions generally perform these audits. The OIG helps USAID maintain accountability under this program by doing the following:

- determining the capabilities of auditing entities to perform the audits.
- providing assistance and training for participating auditors, grantees and USAID personnel within the limits of available OIG resources.
- reviewing final audit reports and a sample of auditor working papers for compliance with appropriate auditing standards.
- tracking audit recommendations until management decides on a plan of corrective action.

Clinger-Cohen Act (formerly Information Technology Management Reform Act of 1996)

The Clinger-Cohen Act requires Federal agencies to implement disciplined processes for managing information technology as a capital investment. The Act requires agencies to appoint a Chief Information Officer and to maximize the return on investments in information technology; assess and manage risks; and monitor progress in terms of costs, system capabilities, timeliness, and quality.

Federal Financial Management Improvement Act of 1996

FFMIA requires Federal agencies to implement and maintain financial management systems that comply substantially with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Government Information Security Reform Act of 2000

This Act is designed to provide a comprehensive framework for establishing and ensuring the effectiveness of controls over information resources that support Federal operations and assets.

The Act requires USAID to obtain an independent evaluation of its computer security status and requires the OIG to audit the independent evaluation.

International Anti-Corruption and Good Governance Act of 2000

This Act is designed to ensure that United States assistance programs promote good governance by assisting other countries to combat corruption throughout society and to improve transparency and accountability at all levels of government and throughout the private sector. The Act provides for encouraging and funding programs that foster independent media, establish audit organizations, and promote judicial reform.

Working with Recipient-Country Supreme Audit Institutions

Government operations in many USAID recipient countries lack transparency and effective mechanisms for ensuring accountability over funds. Most countries receiving USAID funds, however, established national internal audit agencies referred to as "Supreme Audit Institutions." Often called "Auditors General," these organizations are a recipient country's first line of defense in combating government fraud, waste, and mismanagement. Unfortunately, these organizations often lack the funding, independence, and expertise to play this crucial role. Over the next five years, the OIG will continue to implement a plan for helping these institutions improve their ability to fulfill their oversight functions.

Our objective is to work with USAID management in providing complete accountability for USAID contracts, grants, and cooperative agreements and to add at least one Supreme Audit Institution per year to the number of organizations authorized to audit USAID funds.

Agency-wide Audits

The OIG will conduct agency-wide audits of significant issues that have a broad effect on USAID headquarters or mission programs and operations. These audits may be directed by either regional or Washington audit offices and generally will cover several country programs, as well as bureau and other headquarters offices. Significant issues that are relevant to the overall management of USAID programs will be developed each year during the annual planning process. The purpose of these audits will be to provide relevant and significant information to USAID managers on the overall results of USAID programs and operations. We will, to the greatest possible extent, use scientific sampling techniques to maximize the effect of our recommendations. The audit reports resulting from these worldwide reviews usually will be directed to USAID Assistant Administrators or higher-level officials.

Grants to International Organizations

Approximately \$305 million was programmed to flow through USAID to international organizations from October 1, 1999, through September 30, 2000. The funds flowed primarily to the United Nations and its agencies. The Foreign Assistance Act requires the Comptroller General of the United States (i.e., the U.S. General Accounting Office) to audit such funds if the United States is the sole contributor to the organization or activity being funded. If the United States is not the sole contributor, which is generally the case, there is no audit access provision and neither the U.S. General Accounting Office nor the USAID OIG is empowered to audit such funds. In such cases, the receiving organization submits reports to donors attesting to the proper use of the donated funds. Given these circumstances and absent a change in existing legislation, the USAID OIG plans no audit coverage of such funds over the next five years.

Interagency Transfers

Millions of dollars of funding flow through USAID each year to other U.S. Government agencies. These transfers are authorized under Section 632 of the Foreign Assistance Act, which addresses allocation and reimbursement of funds among U.S. Government agencies. If these monies are obligated by USAID before transfer, USAID retains audit rights and responsibilities and audits of those funds on an ongoing basis. We will also coordinate with OIGs of other Federal

agencies on possible joint audits of Section 632 transfers.

Assisting USAID in Maintaining Accountability in Crises

USAID is increasingly being asked to respond to unforeseen crises, from weather-related damage in Central America and Southern Africa to man-made crises in Central Africa, the Balkans, and Asia. Audit and Investigation units, working in collaboration, have developed and will continue to develop innovative approaches to assist USAID management in maintaining accountability for taxpayer funds in such situations.

In the recent past, such approaches have included the following:

concurrent auditing, i.e., auditing relief activity on a "real time" basis

extensive training and fraud-awareness programs for USAID employees, host-country auditors, host-government representatives, contractors, and grantees

risk analyses of local grantees and contractors to assist USAID management in identifying areas of vulnerability.

The OIG will continue developing innovative approaches tailored to particular circumstances. We will continue to explore areas of opportunity where we can work in collaboration with other OIG's, such as the Department of State, where USAID and State share common programs and activities. Humanitarian assistance, shared administrative support, and interagency transfers are some of the areas we will continue to explore for possible joint audit work.

INVESTIGATIONS

The principal goal of the Investigations unit is to contribute to and support the integrity of the programs and operations of USAID, the ADF, and the IAF. The OIG does this by investigating alleged violations of Federal criminal and civil law and Agency rules and regulations. Results of inquiries involving criminal and civil violations are provided to the Department of Justice (DOJ); administrative matters are referred to Agency decision-makers. The Investigations unit ensures that its investigations are conducted and reported in an independent, timely, and objective manner.

The OIG demonstrates commitment to integrity by performing relevant, balanced, and impartial investigations. We also recognize our duty to protect the rights of employees and others during an investigation and understand our responsibility to maintain confidentiality. We release information strictly in accordance with laws safeguarding privacy.

The OIG/I demonstrates collaboration and excellence in our working relationship with USAID, the ADF, and the IAF by ensuring the following:

- Employees, grantees, and contractors are familiar with indicators of fraud and abuse and promptly report instances of potential fraud and abuse to the OIG, as required by law.
- Investigations are conducted efficiently and documented accurately, and useful information is reported.
- Criminal and civil prosecutors, Agency management and others are able to use our investigative work product as the basis for taking effective action.

The OIG measures progress toward these goals by review and statistical analysis of results and workload data (e.g., number and type of inquiries initiated on the basis of employee and contractor referrals, actions taken by Agency management or DOJ as the result of investigative findings).

General Objectives for Contributing to and Supporting Integrity Within USAID, the ADF, and the IAF

A. Prevention

- **Emphasize Fraud Awareness.** The OIG will continue to provide support and advice to USAID, the ADF, and the IAF on strategies for fraud awareness and aggressive law enforcement through meetings, presentations, conferences, and other forums. Our fraud-awareness training orients

personnel to the OIG, presents information about detecting fraud, and informs individuals of their responsibility to report fraud, waste, and abuse. The training also acquaints them with the Hotline and other methods and procedures for reporting fraud.

- **Assess Threats and Vulnerabilities.** We have installed a Criminal Research Specialist within our organization who will research data concerning areas served by USAID, the ADF, and the IAF to identify vulnerabilities and threats to programs and operations. This information will be used both internally, e.g., in developing vulnerability indices to allocate our resources effectively, and externally, e.g., to provide briefings to Agency personnel.
- **Disseminate Anticorruption and Fraud Awareness Information Widely.** Continuing our efforts in program integrity, the OIG developed a handbook on fraud indicators that forms one part of our fraud-awareness training program. This manual contains valuable information on detecting fraud in government contracts, schemes for committing fraud in projects and procurements, indicators of financial fraud, etc. Although developed in English, the manual has been translated into Spanish and French to communicate the antifraud information to non-English speaking audiences more effectively. The OIG/I will continue to disseminate this information as broadly as possible in English and other languages and will develop other instructional materials and media to preach the message of fraud awareness and anticorruption.
- **Reduce Employee Misconduct.** The OIG plans proactive measures for preventing and reducing employee misconduct. In pursuit of this goal, we will provide presentations to USAID missions, that will focus on employee-misconduct investigations and highlight the situations, circumstances, and actions that have resulted in past allegations of misconduct. We believe that this approach will help employees prevent potential problems and will reduce the incidence of employee misconduct.

B. Detection

- **Emphasize the Hotline.** The OIG will continue to emphasize the Hotline as a means of reporting fraud, waste, and abuse. We stress Hotline use in our fraud-awareness briefings, presentations, and other forums and believe that the Hotline is both an effective medium for receiving allegations and an active deterrent against fraud.
- **Stress Anticorruption Issues.** A high-risk environment is expected to exist in the 2002-2006 time frame. Our objective will be to develop and implement effective methodologies for

identifying, preventing, and eliminating corruption in Agency programs and operations. Our strategy will consist of six elements.

1. Survey the environment: We will assess historical corruption in host countries and identify local threats and vulnerabilities to USAID, the ADF, and the IAF programs.
 2. Establish a close working relationship: We will work closely with USAID, ADF, and IAF management; NGO's, PVO's and host governments to promote cooperation and collaboration with USAID.
 3. Emphasize a team approach: We will encourage the timely submittal of referrals and will work toward the early solution of problems.
 4. Educate employees about fraud awareness issues: We will train employees and partners in fraud-awareness and anti-corruption issues to ensure that they are aware of their responsibilities when confronted with fraud or corruption.
 5. Enforce the Foreign Corrupt Practices Act aggressively: The FCPA prohibits a U.S. firm or agent of the firm from making a "corrupt" payment to a foreign official for the purpose of procuring or retaining business. OIG investigators work closely with the Department of Justice (DOJ) in investigating FCPA violations and use the FCPA as a tool in fighting corruption in USAID programs.
 6. Offer recommendations for systemic improvement: We will recommend systemic improvements if a weakness is uncovered in a program or operation and will work with USAID, the ADF or the IAF to correct the problem.
- **Stress Program Integrity Issues.** OIG will emphasize program integrity cases and energetically investigate any case involving fraud, corruption or other illegal activity in the programs and operations of USAID, ADF and IAF.
 - **Focus on USAID Programs in the Balkans, Central and South America, and Southern Africa.** We will target areas with high levels of disaster-relief funding as IG, Agency, and congressional officials agree that such areas are at a high risk for fraud through diversion and other means. We will employ our six-point strategy of surveying the environment, establishing a close working relationship, emphasizing a team approach, educating employees and partners, aggressively enforcing the Foreign Corrupt Practices Act, and offering recommendations for systemic improvement as a means of combating fraud.

- **Pursue Employee Misconduct and Integrity Cases Aggressively.** Although we will stress proactive, preventive measures, we will vigorously investigate cases involving employee misconduct. The goal of the Special Investigations unit will be to provide investigative results to either the Department of Justice or Management within a target time frame of 90 days. We will be comprehensive, impartial, and timely in investigating personnel misconduct so that all parties are guaranteed a thorough, expeditious resolution.

C. Enhance Internal Operations

- **Improve the Effectiveness and Quality of the Investigations Unit Organization and Operations.** As part of our commitment to excellence, we will continue to improve the quality and effectiveness of our organization and operations. To this end, we have created a Policy, Planning, and Quality Assurance Unit, that will ensure that operating procedures are efficient, effective, and standardized, and that our work products are of the highest quality.

PROFESSIONAL REVIEW

The OIG is involved in both internal and external reviews.

Government Auditing Standards require a periodic review of the audit operations. The fourth standard states: "Each audit organization conducting audits in accordance with these standards should have an appropriate internal control system in place and undergo an external quality control review."

Internal Review

The OIG Audit internal review program consists of "Desk Reviews," "Quality Control Reviews" and periodic internal Quality Assurance Reviews (QAR's). Desk Reviews and Quality Control Reviews are used to evaluate the professionalism of audits produced under contract.

The QAR focuses on professional standards and is performed at least tri-annually. OIG staff conduct the review, which involves both Headquarters and overseas field offices.

The Investigations unit conducted a Quality Assurance Review during 1997. The review examined OIG Investigations operations using guidelines established by the President's Council on Integrity and Efficiency.

External Review

Audit units of the Federal Offices of Inspector General collaborate on an external peer review program. Each OIG is reviewed every three years. Quality control is the focus of this peer review. The review is conducted in conformity with guidelines established by the President's Council on Integrity and Efficiency. The scope of the review includes financial statement auditing practices, staff training, audit follow-up, contracted audit activities, and the Internal Quality Assurance Review process and procedures.

The most recent review of the OIG Audit unit, concluded in March 2001, found that the OIG complied with the quality control standards, as required.