

INSPECTOR GENERAL INSTITUTE

TRAINING AND CERTIFICATION FOR INSPECTION
AND OVERSIGHT PROFESSIONALS

Office of the Inspector General Terminology

Presented by:

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Course Objectives

- **Understand the Office of the Inspector General (OIG) terminology**
- **Understand phrases and words used by an OIG**



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Why OIG Terminology

- “The single biggest problem in communication is the illusion that it has taken place.” - George Bernard Shaw
- Many professions use technical terms and such is true of Inspectors General.

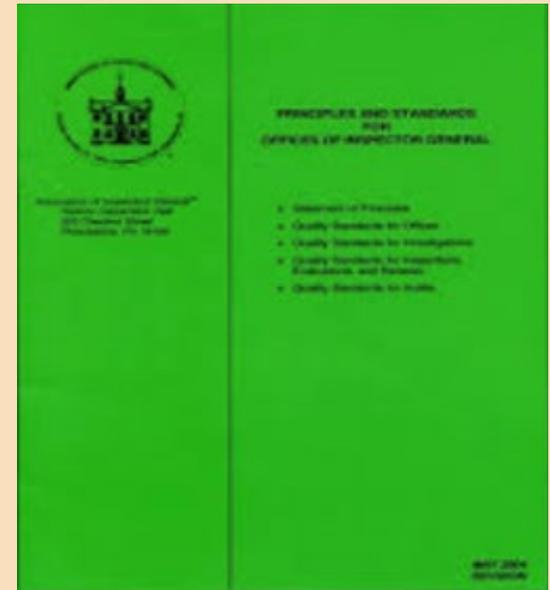


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Sources for OIG Terminology

- Inspector General (IG) Act of 1978, as amended
- Government Accountability Office, Government Auditing Standards
- Principles and Standards for Offices of Inspectors General



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Sources for OIG Terminology

- Council of the Inspectors General on Integrity and Efficiency, Quality Standards for Inspections and Evaluations
- Government Accountability Office, Government Auditing Standards
- Principles and Standards for Offices of Inspector General



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OIG Mission

IG Act of 1978, as amended

- To promote economy, efficiency, and effectiveness.
- To prevent and detect fraud, waste and mismanagement/abuse.
- To conduct audits and investigations.

IG Act
Promoting Effective
& Efficient Government



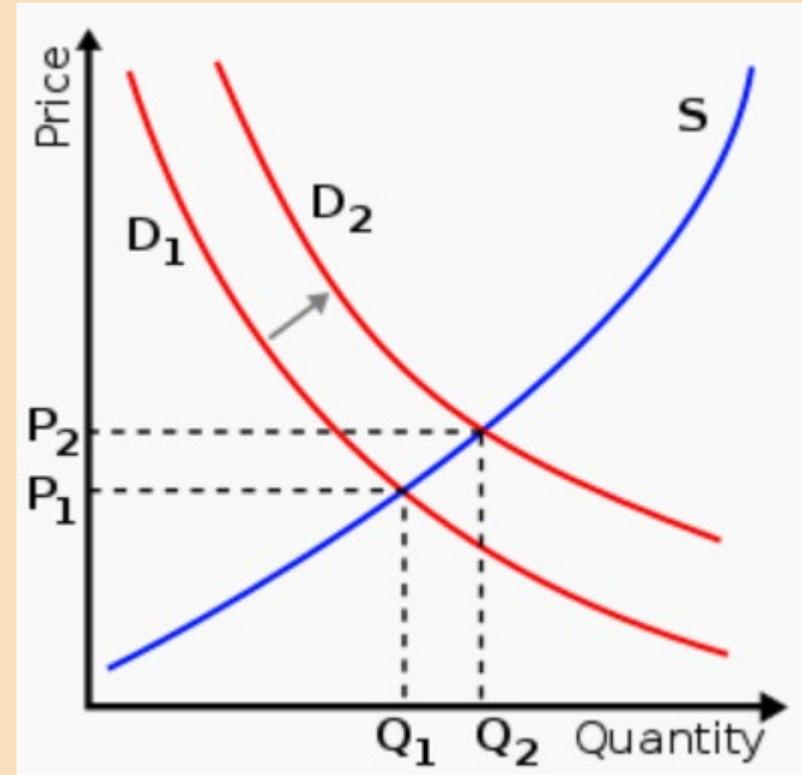
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Mission Terminology



- **Economy** - thrifty management; frugality in the expenditure or consumption of money, materials, resources.



Source: Merriam-Webster Dictionary



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Mission Terminology

- **Efficiency** - the (often measurable) ability to avoid wasting materials, energy, efforts, money, and time in doing something or in producing a desired result.



Source: Merriam-Webster Dictionary



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Mission Terminology

- **Effectiveness** – the degree to which something is successful in producing the desired result.



Source: Oxford Dictionary



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Mission Terminology

➤ **Fraud** - obtaining something of value through willful misrepresentation.



Source: GAO Standards for Internal Control in the Federal Government; GAO Government Auditing Standards



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Mission Terminology

- **Waste** – is the act of using or expending resources carelessly, extravagantly, or to no purpose.



Source: GAO Government Auditing Standards

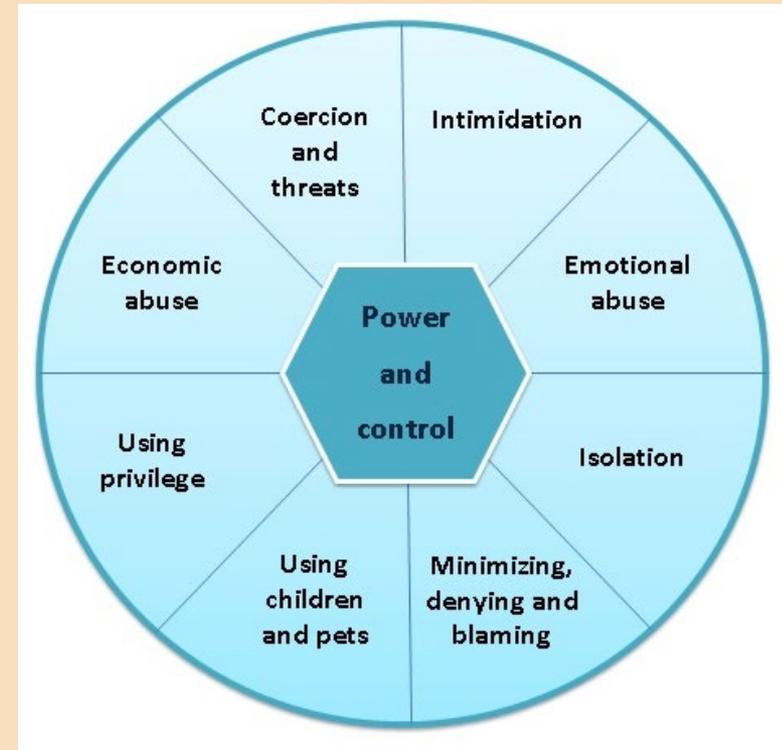


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Mission Terminology

- **Abuse** – behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances.



Source: GAO Standards for Internal Control in the Federal Government; GAO Government Auditing Standards



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Mission Terminology

- **Mismanagement** – managing something badly, wrongly, incompetently, or dishonestly.
- **Misconduct** – inappropriate behavior/conduct usually used by OIGs in the context of a violation of some standard or requirement.

Sources: Merriam-Webster dictionary; www.businessdictionary.com



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Mission Terminology

- **Audit** – independent examination with the objective to improve an entity's operations, review internal management controls, and reduce the potential for fraud and illegal acts.



Sources: GAO Government Auditing Standards



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Mission Terminology

- **Investigation** - a close examination or a systematic inquiry of activities including alleged violations of criminal or civil laws, as well as, administrative requirements.



Sources: Quality Standards of Investigations



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Mission Terminology



Inspection, Evaluation, Review:

The Green Book describes inspections, evaluations, and reviews and does not define them (as with audits and investigations). They may be used as the basis of evaluating/analyzing programs or operations, reviewing allegations, identifying high-risk areas, determining where internal controls should be strengthened, monitoring compliance, measuring performance, and assessing efficiency and effectiveness, providing information for decision-making, and providing recommendations to improve programs, policies, or procedures.

Source: Principles and Standards for Offices of Inspector General



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Terminology

- **Integrity** - the quality of being honest and having strong moral principles; moral uprightness.
- **Accountability** - The obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. It also includes the responsibility for money or other entrusted resources.

Source: Merriam-Webster Dictionary



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Terminology

- **Methodology** – The process used to collect or analyze information and data for the purpose of making a decision.
- **Scope** – boundaries of the project/review (time period).



Source: GAO Government Auditing Standards

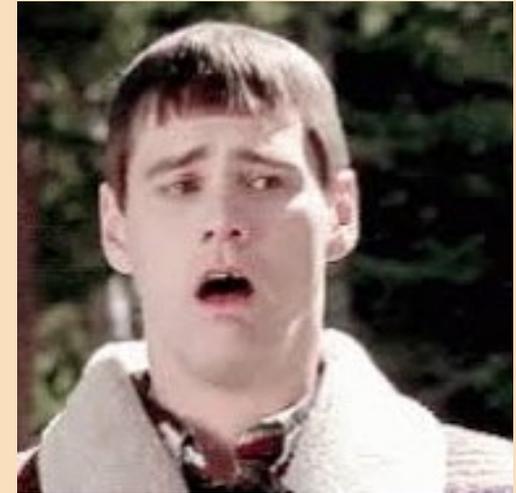


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Terminology

What's the difference between mismanagement and gross mismanagement?



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Terminology

- **Mismanagement** – managing something badly, wrongly, incompetently, or dishonestly.
- **Gross Mismanagement** - a continuous or repeated pattern of neglect of managerial duty, managerial abuses, wrongful or arbitrary and capricious actions, or deceptive, fraudulent, or criminal conduct, which may have a substantial adverse economic impact.

Sources: Merriam-Webster Dictionary; Florida Statute 112.3187(3)(e)



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Terminology

- **Finding** - results of an OIG review where the issue is significant enough to warrant informing senior management. Generally related to inefficient program operations or noncompliance with laws, regulations, polices and/or procedures; and are accompanied by recommendations.



Source: GAO Government Auditing Standards



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Terminology

Elements of a Finding:

- ✓ **Criteria** – the standards, measures, or expectations used in making an evaluation of verification.
- ✓ **Condition** – the factual evidence that was found during the audit, inspection, or investigation, which shows what actually exists.
- ✓ **Effect** – The risk or exposure to the organization because the condition is not the same as the criteria (the “so what?”).
- ✓ **Cause** – the reason for the difference between the criteria and condition.
- ✓ **Recommendation** – the action necessary to bring the condition in line with the criteria.

Source: GAO Government Auditing Standards



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Terminology

- **Suggestion** – proposed action for consideration by the management based on an inspection, investigation, or audit observation rather than findings. Suggestions do not require management response, and the OIG does not usually track suggestions or report on their implementation status.

Sources: Merriam-Webster Dictionary; www.businessdictionary.com



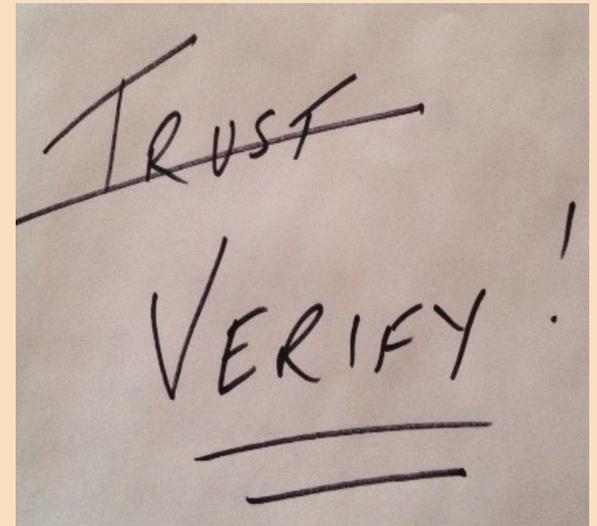
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Mission Terminology

- **Professional Skepticism** – an attitude that includes a questioning mind and a critical assessment of evidence. A mindset that assumes neither that management is dishonest nor unquestionably honest.



Sources: GAO Government Auditing Standards; Quality Standards for Inspections and Evaluations.



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Mission Terminology

- **Due Professional Care** – using good judgment in choosing inspection, evaluation, and review subjects and methodology; creating accurate and easily read working papers; and preparing reports.

Source: Principles and Standards for Offices of Inspector General

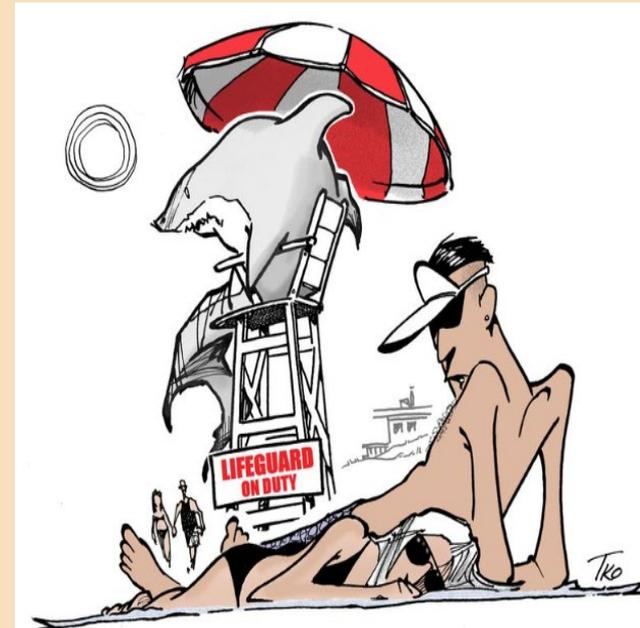


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Terminology

- **Conflict of Interest** – a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person’s self interest and professional or public interest.



“So, I’m the only one who sees a conflict of interest here?”

Source: www.businessdictionary.com



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Terminology

- **Whistleblower** - a person who exposes any kind of information or activity that is deemed illegal, unethical, or not correct within an organization.



Source: www.businessdictionary.com



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Terminology

- **Reprisal** - occurs when a person makes a protected communication and an unfavorable personnel action is taken against that person. The official responsible for the personnel action knew about the protected communication and the action would not have been taken if the protected communication had not taken place.



Source: Inspector General Act of 1978, as Amended



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Terminology

- **Risk** - a function of the perceived threats impacting an activity, the probability of the threat's existence within the activity, and the impact should the threat persist or the activity fail due to the threat.



Source: GAO Standards for Internal Control in the Federal Government



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Terminology

- **Internal Controls** - integral component of an organization's management that provides reasonable assurance that effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations are being achieved. Internal controls include processes for planning, organizing, directing, controlling, and reporting on agency operations. In the broadest sense, internal controls include the plan of organization, methods and procedures adopted by management to meet its objectives.

Source: GAO Standards for Internal Control in the Federal Government



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Terminology

**What's the difference
between Quality Control
and Quality Assurance?**



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Terminology

- **Quality Control** - **the responsibility of manager** to ensure their units and personnel perform work that meets standards and is carried out economically, efficiently, and effectively (continuous).
- **Quality Assurance** - an evaluated effort **conducted by sources external to the unit/personnel** being reviewed to ensure that the overall work of the OIG meets standards and is carried out economically, efficiently, and effectively. QA is conducted by an independent reviewer, not directly involved in the activity or unit being reviewed (post production).

Source: GAO Government Auditing Standards



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Terminology

- **Allowed Costs** – a cost is allowable only when it complies with all of the following requirements:
- is reasonable;
 - is allocable or attributable to a product or service;
 - meets the standards promulgated by the Cost Accounting Standards Board or generally accepted accounting principles and practices appropriate to the circumstances, whichever is applicable;
 - is in accordance with the terms of the contract; and
 - is properly supported.



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Terminology

- **Funds Put to Better Use/Avoidable Costs - funds that could be used more efficiently.** Examples of how funds could be more efficiently used:
 - reduce outlays,
 - de-obligate funds from programs or operations,
 - withdraw interest subsidy costs on loans or loan guarantees, insurance, or bonds
 - avoid incurring costs by implementing recommended improvements related to the operations of the establishment, a contractor or grantee,
 - avoid unnecessary expenditures noted in pre-award reviews of contract or grant agreements, or
 - achieve any other savings which are specifically identified.

Sources: Inspector General Act of 1978, as amended



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Terminology



- **Questioned Costs – because of:**
 - an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;
 - a finding that, at the time of the audit, such cost is not supported by adequate documentation; or
 - a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Sources: Inspector General Act of 1978, as amended



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Terminology

- **Allegation/Complaint** – an assertion that someone has done something wrong. Elements of a credible allegation/complaint (worthy of investigation) usually include, “Who, did what, when, in violation of what standard?”

Source: www.businessdictionary.com

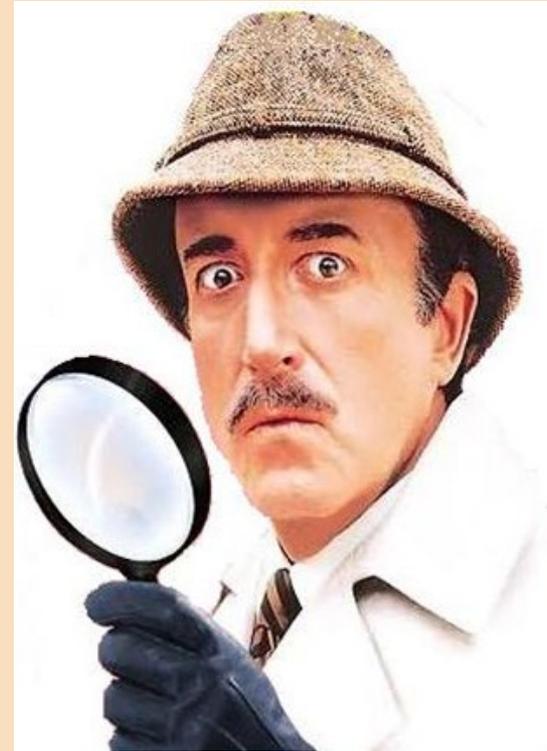


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Terminology

What's the difference between a suspect and a subject of an investigation?



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Terminology

- **Suspect** - a known person suspected of committing a particular offense, usually a criminal offense.
- **Subject** - a person or an entity being investigated. A person or an entity becomes a subject when credible information exists to believe that they committed a particular offense or violated a certain policy, rule or regulation.

Source: [dictionary.lawyerment.com/DoD Instruction 5505.18](http://dictionary.lawyerment.com/DoD%20Instruction%205505.18)



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Terminology

- **Inquiry** - a systematic search for information, knowledge and truth about certain things and matters of public interest.
- **Preliminary Inquiry** - an informal inquiry into reported or discovered facts and circumstances to decide if they warrant a full investigation. The purpose of the preliminary inquiry is to determine if the questioned conduct occurred, and if so, whether it constitutes a violation, and ultimately, whether the matter should be investigated.

Source: Army OIG AR 20-1



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Terminology

➤ Three Types of Audits

- **Financial Audits** – provide independent assessment of whether entities' reported financial information is presented fairly, in all material respects, in accordance with criteria
- **Attestation Engagements** – financial or non-financial objectives about subject matter or assertion depending on user needs (examination, review, or agreed upon procedures)
- **Performance Audits** – provide objective analysis, findings, and conclusions to assist management for how to improve programs and operations, reducing costs, and contributing to public accountability

Source: GAO Government Auditing Standards



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Questions and Closing Remarks



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