

CHAPTER 1. GENERAL

SECTION 1. ESTABLISHMENT, DUTIES AND ORGANIZATION

- 1-1 ESTABLISHMENT. The Office of Inspector General (OIG) was administratively established by the Secretary of the Department of Housing and Urban Development (HUD) on January 29, 1972.
- A. The Inspector General Act of 1978, Public Law 95-452 (the Act), which took effect on October 1, 1978, provided for the statutory establishment of Offices of Inspector General in 12 departments and agencies of the Executive Branch, including HUD. Under this Act, the Inspector General is appointed by the President.
  - B. The Act consolidates audit and investigative operations under an independent organization headed by an Inspector General (IG).
  - C. The Inspector General Act Amendments of 1988, Public Law 100-504, which became effective on October 18, 1988, enhanced the authorities provided by the Act of 1978, established IG offices in several additional departments and agencies, provided oath administration authority, and provided for a separate appropriations account for each IG office established by the Act of 1978 and other laws.
- 1-2 INDEPENDENT STATUS OF INSPECTOR GENERAL. The Inspector General reports directly to the Secretary or, to the extent such authority is delegated, the officer next in rank below the Secretary, and shall not report to or be subject to the supervision of any other officer of HUD. As such, the Inspector General is an independent official of HUD and is free from any undue influence or constraints in performing his or her functions. The independent status of the Inspector General is best exemplified by the following provisions of the Inspector General Act:
- A. The Inspector General is appointed by the President without regard to Political affiliation and can only be removed from office by the President who must communicate the reasons for any such removal to Congress.
  - B. The Inspector General cannot be prevented or prohibited from initiating, carrying out or completing any audit or investigation (including issuing any related report) or from issuing any subpoena during an audit or investigation.
  - C. The Inspector General may enter into any contracts for services and may select, appoint and employ any required officers and employees, within the overall agency resources available for these activities.

The Inspector General also reports directly to the Congress through semiannual reports and on other occasions where there is a need for Congress to be informed of significant matters.

1-3 STATUTORY FUNCTIONS. The functions of the OIG are provided in Section 2 of the Act. The OIG:

- A. Conducts and supervises audits and investigations relating to programs and operations of the Department;
- B. Provides leadership and coordination and recommends policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud and abuse in, such programs and operations;
- C. Keeps the Secretary of HUD (Secretary) and the Congress fully and currently informed about problems and deficiencies related to the operation of HUD programs and the necessity for and progress of corrective action.

1-4 SPECIFIC DUTIES. The principal statutory duties and responsibilities of the OIG are set forth in Section 4(a) of the Inspector General Act. They are as follows:

- A. Conduct, supervise, and coordinate audits and investigations and provide related policy direction in these areas.
- B. Review existing and proposed legislation and regulations and make recommendations to the Congress concerning their impact on the economy and efficiency of program administration, or the prevention and detection of fraud and program abuse.
- C. Recommend policies for, and conduct, supervise, or coordinate other activities of the Department for the purpose of promoting economy and efficiency in program administration, or preventing and detecting fraud and abuse.
- D. Recommend policies for, and conduct, supervise, or coordinate relationships between the Department and other Federal agencies, State and local governmental agencies, and nongovernmental entities with respect to: (1) all matters relating to the promotion of economy and efficiency in program administration, or the prevention and detection of fraud and abuse; or (2) the identification and prosecution of participants in such fraud and abuse.

2/91

1-2

2000.3 REV-4

- E. Keep the Secretary and the Congress fully and currently informed by means of reports concerning fraud and other serious problems and deficiencies, recommend necessary action to correct such problems and deficiencies and report on the progress in implementing corrective actions.

1-5 DELEGATED DUTIES. In addition to the above statutory duties, the Secretary has made the following delegations of authority to the Inspector General:

- A. To impose suspension or debarment on contractors and participants pursuant to the provisions of 24 CFR Part 24.
- B. To serve as Departmental liaison with the U.S. General Accounting Office (GAO) and focal point for all matters relating to GAO activities.
- C. To act as liaison for the referral or receipt of audit and/or investigative information with other Federal agencies including the United States Secret Service and the Merit System Protection Board.
- D. To develop and direct the Department's Personnel Security Program under the requirements of Executive Order 10450, "Security Requirements for Government Employment."
- E. To develop and publish minimum standards and procedures for administering Executive Order 12356, "National Security Information."

The responsibilities noted above neither diminish nor include program operating responsibilities of other HUD primary organization heads. Pursuant to Section 9(a)(2) of the Inspector General Act of 1978, program operating responsibilities may not be transferred to the Inspector General. Similarly, the Inspector General's responsibilities do not include responsibilities vested in the Office of Interstate Land Sales Registration (OILSR) except for all criminal matters pursuant to the OIG/OILSR agreement of September 10, 1976.

1-6 OTHER REQUIREMENTS OF THE ACT. In carrying out statutory duties and responsibilities, Section 4 of the Inspector General Act requires the Inspector General to:

- A. Comply with the government audit standards published by the Comptroller General of the United States.
- B. Establish guidelines for determining when it shall be appropriate to use non-Federal auditors and assure that any work performed by such auditors complies with governmental audit standards.

1-3

2/91

2000.3 REV-4

- C. Give particular attention to the activities of the Comptroller General with a view toward avoiding duplication and ensuring effective coordination and cooperation.
- D. Report expeditiously to the Attorney General whenever there are reasonable grounds to believe Federal criminal laws have been violated.

1-7 SPECIFIC AUTHORITIES. To carry out the statutory duties and responsibilities described in Paragraph 1-4 of this handbook, Section 6(a) of the Inspector General Act of 1978 and Section 2(1) of the Inspector General Act Amendments of 1988 authorize the Inspector General to:

- A. Have access to all records, reports, audits, reviews, documents,

papers, recommendations, or other material available to the Department.

B. Make such investigations and reports as are, in the judgment of the Inspector General, necessary or desirable.

C. Request such information or assistance as may be necessary from any Federal, State and local governmental agency or unit.

D. Require by subpoena, the production of all information, documents, reports, answers, records, accounts, papers, and other necessary data and documentary evidence. (However, procedures other than subpoenas are to be used to obtain documents and information from Federal agencies.)

E. Have direct and prompt access to the Secretary when necessary for any purpose pertaining to the performance of functions and responsibilities under the Inspector General Act.

F. Select, appoint, and employ such officers and employees as may be necessary for carrying out the OIG's functions, powers and duties.

G. Obtain the services of experts and consultants.

H. Enter into contracts and other arrangements for audits, studies, analyses, and other services with public agencies and private persons, and make such payments as may be necessary to carry out the Inspector General Act.

I. Administer to or take from any person an oath, affirmation, or affidavit, whenever necessary in the performance of the functions assigned.

2/91

1-4

2000.3 REV-4

J. Have a separate appropriation account.

1-8 ORGANIZATION AND STAFF. The function and responsibilities of the various organizations which comprise the OIG are found in HUD Handbook 1100.3 REV-5, Departmental Organization.

The OIG has a Headquarters Office in Washington, D.C., and various Field Offices. There are three operational offices in Headquarters, each of which is headed by an Assistant Inspector General (AIG). These offices are: the Office of Audit, the Office of Investigation and the Office of Management and Policy. The immediate Office of the Inspector General consists of the IG, a Deputy IG and Special Assistants.

In each HUD Region there is an audit staff and an investigative staff headed respectively by Regional Inspectors General for Audit and Investigation.

## SECTION 2. ORGANIZATIONAL RELATIONSHIPS

1-9 RELATIONSHIP TO DEPARTMENTAL OPERATIONS. Full responsibility is vested with operating officials for establishing, executing and ensuring compliance with policies, plans, and procedures; for proper protection and use of the Department's resources; and for appropriate action on conditions needing improvement, including those reported by the Office of Inspector General. The

functions of the Office of Inspector General do not replace established lines of operating authority and responsibility, nor do they eliminate the need for functional supervision and line inspections as may be necessary for operating units to discharge their assigned responsibilities.

A. Mortgagee Review Board. HUD's Mortgagee Review Board (MRB) was established in 1975 to monitor and control the performance of mortgagees (24 Code of Federal Regulations, Part 25). The Inspector General, or designee, serves as a non-voting advisor to the MRB. As a result of its audits and investigations, the OIG refers mortgage companies to the MRB for appropriate remedial action when necessary, and works with the MRB by providing the MRB with information necessary to take such action.

B. Secretary's Committee on Program Integrity. The Committee is part of the Department's effort to eliminate fraud, waste and mismanagement in HUD programs and operations. The Committee serves as the Secretary's advisor on matters relating to fraud prevention and detection.

1-5

2/91

2000.3 REV-4

The Committee, which is chaired by the Inspector General, consists of representatives from all principal offices in HUD. As Chairperson of the Committee, the Inspector General serves primarily in an advisory and coordinating capacity. Committee members participate in conducting studies or projects aimed at improving policies or procedures to prevent or detect fraud, waste, or mismanagement.

C. Legal Services. The Assistant General Counsel for Inspector General and Administrative Proceedings, Office of General Counsel, provides legal assistance and advice to the IG in conjunction with audits and investigations, including the issuance of subpoenas and drafting of regulations, when requested.

D. Office of Personnel and Training. The OIG and the Office of Personnel and Training, under the Assistant Secretary for Administration have jointly developed procedures governing the staffing of Senior Executive Service (SES) positions in the OIG and performance appraisals for incumbents of SES positions. These procedures were established to avoid any possible conflict between the Civil Service Reform Act of 1978 and the Inspector General Act and its amendments.

1-10 INTERGOVERNMENTAL RELATIONSHIPS. As appropriate, the OIG participates with other Federal departments and agencies on various work-related committees, task forces, and councils. Major organizations include: the Department of Justice, the Office of Management and Budget, the President's Council on Integrity and Efficiency, the General Accounting Office and the Congress.

2/91

1-6