Association of Inspectors General

Investigators and Auditors Working Together

Presented by
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Underlying Principle…

Understand & Respect Each Discipline

Similarities/Differences
What is an Investigator?

- Investigator
- *n.*

One, especially a detective, who investigates, listens, interviews, analyzes.

A person with special knowledge employed in obtaining information not easily available to the public.
What is an Auditor?

- **Auditor**
- **n.**

A hearer or listener, analyzer, reviewer.  
A person appointed and authorized to audit or examine an account or accounts, compare the charges with the vouchers, examine the parties and witnesses, allow or reject charges, and state the balance.
What is an Investigation?

- **Investigation**
- *n.*
- Observation or study.
- Official inquiry.
- An Examination.
What is an Audit?

- **Audit**
  - *n.*
  - An audience; a hearing.
  - An examination in general; a judicial examination.
  - The result of such an examination, or an account as adjusted by auditors; final account.
Similarities/Differences

1- All OIG employees must be effective change agents – advocating positive reform of policies, procedures and internal controls within the Appointing Authority

2- All employees must endeavor to develop effective measures to show the impact of the work product, especially how it relates to budget and funding sources
Similarities/Differences

Investigators

Target(s)/Individual(s)

Prevention

Detection

Correction

Auditors

Systemic
Similarities/Differences

Return on Investment:

**Investigations**
- Restitutions & Fines
- Recoveries
- Convictions
- Indictments

**Audits**
- Audit Coverage
- Monetary Benefits
- Implementation of Recommendations
- Systems and Management Improvements
The Internal Control Arena

Combine the most potent proactive tools of any OIG

1 - The Investigator’s knowledge of prior crimes

2 - The Internal Auditors knowledge of systems development and work flow analysis
Increasing the Effectiveness of Your Office

- Diversity of job skills is essential
- Almost every internal investigation contains an audit lead
- Most productive common area is the Internal Control process
- Audit reports are a rich source of investigative leads
Types of Investigations

- Criminal
- Civil
- Administrative
Types of Audits

- Financial
- Performance
- Other
Investigative Definitions

**Criminal:** Pertaining to or involving crimes – illegal – unlawful, usually punishable by law i.e., serving time.

**Civil:** Relating to the rights provided to individuals and legal proceedings concerning their rights as distinguished from criminal – i.e., contract going after money.

**Administrative:** Concerning principles, practices, techniques of an organization - i.e., standards of conduct.
Audit Definitions

Financial audits: assess whether the financial statements of an entity are presented fairly, in all material respects, in conformity with generally accepted accounting principles.

Performance audits: entail an objective and systematic examination of evidence to provide an independent assessment of a program or entity and typically assess program results and/or the entity protecting or using its resources in the most productive manner. The purpose of performance audits is to improve accountability and to facilitate effective decision making.
Key Elements of Audits and Investigations

Key elements of audits and investigations conducted by the OIG are the independence of the OIG from the management of such programs and the responsibility placed on the OIG to report to top management and other stakeholders on the results of such audits and investigations.
Audits are reviews of selected programs, activities or functions which provide management with an independent appraisal of whether desired results and objectives are achieved efficiently, economically, effectively, and in accordance with prescribed laws, regulations, policies and procedures. These audits complement other elements of management evaluations and are aimed at providing reliable and constructive recommendations for improved administration of operations.
Audit Selection

Generally, the decision as to what audit will be selected occurs through one of four methods:

1- Legislative or regulatory mandate
2- Request by a government official
3- Self-initiated, request by an agency
4- Risk assessment approach
Investigation Selection

Reactive

Proactive

Risk Assessment
Functional Area of Expertise

- Procurement
- Inventory
- Supply
- Medicaid
- Contracts
- Information Technology
- Security
Government Auditing Standards requires auditors to perform a Risk Assessment

- Determine which laws, regulations, and provisions of contracts or grant agreements are significant to the audit objectives and assess the risk that illegal acts or violations could occur.

- Consider risks due to fraud that could significantly affect their audit objectives and the results of their audit.

- Design and perform procedures to provide reasonable assurance of detecting significant instances of illegal acts, violations and fraud.
Risk Assessment

- Contracting and Procurement Audits:
  - Sole Source
  - Contract Steering
  - Existence of Deliverables

- Grants
  - Award
  - Deliverables
  - Business legitimacy
Investigator & Auditors Working Together under Different Scenarios

- Referrals based on Audit or Investigative work
- Special Inquiries
- Quality Assurance Reviews
- Audit or Investigative Assists
- Operational Integrity Surveys
- Forensic Auditing
- Integrity Briefings
Referrals Based on Audit Work

Employee Disability Compensation Program

- Background
- Methodology
- Findings
- Investigative Referral
Special Inquires

Allegations of Sexual Harassment in ATF

- Background
- Methodology
- Findings
- Results/Investigative Referral
Special Inquires

IRS Operations

- Background
- Methodology
- Findings
- Results/Investigative Referral
Quality Assurance Review of Investigation

White House Travel Office

- Background
- Methodology
- Findings
- Results/Investigative Referral
Audit Assist

Review of Parking Lot Revenues at the University of the District of Columbia

- Background
- Methodology
- Findings
- Results
Investigative Assist

Investigation of Customs Physical Security

- Background
- Methodology
- Findings
- Results
Operational Integrity Survey

- Definition
- Background
- Objectives
- Approach
Forensic Audit Techniques

- Definition
- Overview
- Computer-Based Auditing Tools/Techniques
- Risk-Based Auditing/Data Mining
- Coordination with Investigators
- Providing Testimony
Integrity Briefings

- Ethics
- Standards of Conduct
- Lessons Learned