



S. 2324 – Inspector General Reform Act

FLOOR SITUATION

S. 2324 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Senator Claire McCaskill (D-MO) on November 8, 2008. The bill was passed by the Senate on April 23, 2008, and has been held at the desk in the House of Representatives.

Representative Jim Cooper (D-TN) introduced the Improving Government Accountability Act (H.R. 928) on February 8, 2007, which is similar to S. 2324. H.R. 928 passed the House by a vote of 404-11 on October 3, 2007, but was not considered by the Senate.

S. 2324, which is a compromise bill between the House and Senate, is expected to be considered on the floor of the House on September 24, 2008.

**Note: Over the past several months Republican and Democrat staff from the Committee on Oversight and Government Reform have met informally with their counterparts from the Senate Committee on Homeland Security and Governmental Affairs to work out a compromise between H.R. 928 and S. 2324. The version of S. 2324 that will be considered on the floor on September 24, 2008, has been amended to include the House and Senate agreed upon provisions.*

SUMMARY

S. 2324 revamps the inspector general (IG) system within the executive branch. The major components of this overhaul include the following:

Appointment and Qualifications of Inspector Generals: The bill requires that all Inspector Generals be chosen based on their integrity and ability not their political affiliation.

**Note: Currently, this requirement only applies to presidentially appointed Inspector Generals.*

Removal: The bill requires that before an Inspector General be removed or transferred that the President provide Congress with 30-days advance, written notice regarding the reasons for termination or transfer.

**Note: This compromise bill removes the language from the House-passed bill that would have limited the grounds for which an inspector general can be removed from office to 1) permanent incapacity; 2) inefficiency; 3) neglect of duty; 4) malfeasance; and 5) conviction of a felony or conduct involving moral turpitude.*

Pay: S. 2324 establishes the basic pay for Inspector Generals to level III of the Executive Schedule plus 3 percent. The bill prohibits cash bonuses or awards for Inspector Generals and limits the amount of an increase in pay for Inspector Generals to no more than 25 percent in a fiscal year.

Council of the Inspectors General on Integrity and Efficiency: The bill creates the Council of the Inspectors General on Integrity and Efficiency as an independent entity within the executive branch to address integrity, economy, and effectiveness issues that transcend individual Government agencies and to increase the professionalism and effectiveness of personnel developing policies, standards, and approaches to aid in the establishment of a well-trained and highly skilled workforce in the offices of Inspector General. The bill also establishes a revolving fund to carry out the functions of the Council.

Budget Submissions: S. 2324 requires the Inspectors General to submit budget requests to agency heads, and the agency heads will then submit the budget requests to the President. The President is



then required to submit a separate statement on each Inspector General in the Budget of the United States.

**Note: The House passed bill would have given Inspector Generals the authority to submit budget requests directly to Congress, which the Administration opposed.*

BACKGROUND

Established by the Inspector General Act of 1978, the inspectors general system functions as a watchdog of executive agencies in order to promote efficiency and effectiveness and to prevent and detect fraud and abuse in programs and operations. At present, there are 58 Inspector General offices throughout the Executive Branch, including 29 presidential-appointed and Senate-confirmed IGs (i.e. the 15 cabinet departments) and 29 appointed by agency heads in designated federal entities (i.e. Federal Trade Commission, Smithsonian Institute).

IGs are granted significant authority to investigate and audit information and records in carrying out their mandate. Please note that this bill does not cover Legislative Branch IGs.

COST

The Congressional Budget Office has not issued a cost estimate for this version of the bill.

STAFF CONTACT

For questions or further information contact Brianne Miller at 6-2302.