

Effective Performance Measurement of State and Local Inspectors General: A Multi-
Methods Analysis of Current Operations and a Scorecard for Future Application

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DEDICATION

This dissertation is dedicated to the loving memory of my parents John and Ophelia Henson, who would have been proud of my accomplishments. I also dedicate this dissertation to my beautiful daughters Lauryn and Leah, who have provided so much needed support, strength and determination. I love you!

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ABSTRACT

Offices of Inspectors General (OIGs) have been a part of American government since the 1700s but these organizations have evolved a great deal over the years. The first military models gave way to the federal-level models, which have framed the industry in place today. The Inspector General Act of 1978 is the official legislation that established OIGs as an official function within the federal government. Initially, there were twelve inspectors general focusing on major federal agencies. Today there are approximately seventy-three federal offices serving major federal agencies, military branches, boards and commissions, all charged with the mission of mitigating unethical behavior.

Although federal models laid the foundation for the industry, there is a growing numbers of non-federal offices at the state and local levels. These organizations continue the underlying mission of fighting fraud, waste and abuse but must do so within different operating constraints. Non-federal offices must perform their routine functions with limited funding and often-times increased public scrutiny. Performance measurement and organizational effectiveness must now be considered as IGs, like other public service agencies, strive to show public value.

As agencies are tasked to do more with less, OIGs must constantly improve operations by focusing on the concepts of economy, effectiveness and efficiency. The purpose of this research is to assess the current operations of state-level and local-level offices, and suggest possible improvements to maximize the overall impacts of these organizations on public administration. These suggestions were presented as a balanced scorecard model for ongoing performance measurement and planning.

A mixed-methods approach was used to gather data from research participants. The first phase of the research was an electronic survey, distributed via email invitation to the professionals in the IG community. The survey was designed to capture information on the participant as well as structural, operating and performance measurement data on their OIG. The second phase of the research was a semi-structured personal interview with volunteers from phase one. The questions asked in this phase of the research project were designed to gain deeper insight to the offices, revealing what is important strategically to the leaders of the organization. The third and final phase of the research was the secondary data analysis of the information found on the various OIG

public websites. Results were analyzed and triangulated to reveal patterns and trends utilized for the balanced scorecard model.

Research results show no significant differences in operations due to OIG type or oversight. All offices did not report the same capabilities and therefore contained different categories of staff. Therefore, a typology to be applied to all non-federal OIGs was not possible based on this project. All stressed the importance of well-trained staff and the importance of a sound mission, although there were differences in the methods by which the mission was achieved. OIGs participating in the study focused on four strategic themes which surfaced in all phases of the project: (1) performance measurement, (2) mission and objectives identification, (3) financial and human resources availability and (4) reporting and communication (transparency). These themes were subsequently included in the balanced scorecard model.

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CHAPTER 1 -- INTRODUCTION

Background/Context

Ethical behavior in the workplace has been a mainstay on society's agenda, affecting both private and government establishments alike. The Teapot Dome Scandal and Watergate are just two examples in political history, which fuel persistent distrust of American government. Unfortunately, history tends to repeat itself, at least in the areas of fraud, waste and abuse as well as the circumstances which cause it. Young states that as more unethical behaviors are uncovered, the more there seems to be (Young 1983). He goes on to say that a broad range of interrelated management systems, efficient monitoring processes, procedures and techniques are needed to combat this problem. In other words, there's no quick fix--a strategic and systematic approach is needed.

To address concerns of corruption and unethical behavior in government agencies, public administrators must be proactive instead of reactive with regard to incident detection and the associated corrective actions, such as updates to internal processes, policies and procedures. John Warren of the Association of Certified Fraud Examiners (ACFE) believes we as public administration professionals must act quickly when fraud is discovered, to limit the financial impacts to an agency (Warren 2012). He further suggests that stringent internal controls and reporting methodologies reduce the overall impact as well as the number of fraudulent incidents actually committed. Bowman and Knox say evidence shows that public managers are more than aware that ethical issues exist, as approximately 97% of respondents in their 2006/2007 survey agreed that managers addressed ethical concerns daily in the

workplace (Bowman and Knox 2008). We know the problem exists, but what should be done about it? How do we determine what's reported or not, and the potential impact of the incident? How many cases are really out there, just waiting to be discovered?

The measurement of the reported incidents and their impacts varies across government agencies, but the causes and environments surrounding unethical behavior prove to be quite similar. Many of today's theories are based on the concepts of Donald R. Cressey's 1973 book *Other People's Money*, in which he discusses the underlying psychology of embezzlement (Cressey 1973). His work sets forth the theory of the 'fraud triangle', identifying financial pressure, rationalization and perceived opportunity as the three elements needed for unethical behavior to occur. Other theorists identify additional factors such as limited resources and a lack of managerial competence as potential contributors to fraudulent activity (Dorminey et al 2010), all of which are detectable given the necessary tools. No matter which of these criteria are deemed present within an agency, many agree that an independent body is needed to deter, detect and mitigate instances of fraud, waste and abuse. Indeed, as controls and processes to address fraudulent behavior are implemented and fine-tuned by public managers, the number of reported cases and statistics for the public sector will continue to increase, ultimately requiring a dedicated network of industry academics and professionals to handle such issues.

Inspectors general (IGs) have been tasked with this responsibility at all levels of American government. Federal, state, local and specialized jurisdictions have established their respective Offices of Inspectors General (OIGs) as "watch dog," for

independent and unbiased analysis of their agency's operations. As with any other organization, the OIG must continue to be relevant and strive to operate as effectively and efficiently as possible, all while achieving the missions and goals the office was founded upon. Federal-level inspectors general appear more rigidly structured, with responsibilities mandated by federal law. Their positions in government along with much needed funding sources are secured by federal law, the Inspector General Act of 1978. State-level OIG offices tend to mirror federal-level operations, tied closely to programs that rely on federal funding. In many cases, they serve as the state-level link to their larger federal-level counterparts, providing detailed oversight to federally funded initiatives. Local-level and specialized OIG's however, appear to be implemented and developed according to the needs of their locale. Operations often differ by type of personnel, span of jurisdiction, method of implementation and even funding for the office, which may perform specialized tasks for a unique environment. Measurements of organizational effectiveness and even the actual definitions of success vary widely among OIGs, with no standard industry-wide metrics in place.

Statement of the Problem

Industry tools such as the aforementioned fraud triangle and established research have helped us understand why fraudulent behavior occurs and the circumstances surrounding it, but few if any have given clear direction on how the OIG offices should be structured, how the impacts should be captured, or how items such as savings and recoveries should be calculated. Specifically, there is a lack of consensus regarding the OIG performance measurement process, to include internal

practices as well as external reporting. Generally Accepted Accounting Principles (GAAP) and GAO's Generally Accepted Government Accounting Standards (GAGAS) provide the foundation and guidelines for the financial reporting, but the question remains what items should be included in the reporting, to accurately assess the OIG's success? Answers to this question have proven to be highly subjective, as each office determines its own primary goal and methods of achieving it. Therein lies the challenge: identifying potential industry-wide standard items to be used in performance measurement of non-federal OIGs. The goal of this dissertation is to identify the relevant metrics, establishing a foundational framework for accomplishing just that.

Research Question and Research Objectives

This study analyzes a sample of state-level, local-level and specialized OIG operations, across the United States. Federal-level organizations have laid the foundation for OIGs at other levels, but have been established at a much higher level of standardization. Therefore, an overview of all types of offices is provided, but only the state-level, local-level and specialized operations are used for the final data collection, statistical analysis and reporting. The research used an exploratory multi-methods design, to capture, analyze, triangulate and report results of both qualitative and quantitative inquiries. The guiding research question and related objectives were:

Research question: How do the different types of OIG organization (local-level, state-level, specialized) emphasize and implement balanced scorecard elements?

Research objectives: (1) Determine how the key aspects of Kaplan's balanced scorecard for organizational effectiveness are impacted by the type of OIG. (2) Identify commonalities across OIG classifications, which may lend themselves to the continued establishment of industry best practices and benchmarking. (3) Determine which operational indicators may be the most useful in establishing an OIG performance measurement process.

Significance and Contributions of the Research

The research and resulting findings of this OIG analysis have the potential to assist decision makers at multiple levels of public administration. Those that may benefit may use the resulting data in a number of ways, from improved planning to better ideas about how to understand daily operations. As administrators at all levels of government strive to do more with less, savings and potential recoveries from OIGs could mean benefits to the bottom line of cash-strapped municipalities and specialty operations, as well as states struggling to tighten the purse strings of an already limited budget. Much of the published research for the field focuses on fraud mitigation and ethical foundations, with little in the way of best practices for organizational effectiveness and performance measurement (Menzel 2005; Ittner et al 2003b).

Existing OIGs can use the findings discussed here, to make modifications to current staffing models and performance measurement practices, with the ultimate aim of improving operations. A deeper understanding of the operation may also help existing offices identify additional funding sources or even solidly validate their existence for permanent inclusion in city charters or state constitutions.

State and local government agencies considering the establishment of an OIG may use the findings of this research to assess the feasibility of such an implementation. The method of office creation, necessary staffing and sources of funds needed for support, are just a few attributes used in the typology here that may guide in the establishment of new OIGs. Agencies would potentially have the tools to determine if they can truly afford to implement a separate entity to combat the fraudulent activity taking place in their environment.

Financial impacts on the local level could mean tremendous savings/recoveries for municipalities. In tough economic times, most cities would surely welcome the cash recoveries or other savings of potentially wasted resources that OIGs can provide, which serve to justify and support the OIG function, if captured and recorded appropriately. On a national level, uniform measurement of state and local OIGs and industry benchmarks could mean larger cost benefits of having the offices in strategic locations (depending on trend analysis). As reported by the ACFE's biennial Report to the Nations on Occupational Fraud and Abuse, the average organization loses 5% of its annual revenues to fraudulent activity, with global projections at \$3.7 trillion for 2013 (ACFE 2014). Most government agencies would surely welcome a 5% savings, even if only to allocate to another line item of the budget.

Nature of Study (Methodology Overview)

The multi-methods design of this study was conducted based on exploratory research, as the connections between OIG structure, performance measurement and related factors were identified. The quantitative and qualitative portions of the

research occurred simultaneously, as personal interviews gave additional depth to existing published secondary data and reports. Local-level and state-level OIGs are the units of analyses, with their responses to the survey serving as the basis for statistical testing. Descriptive statistical analysis was performed using SPSS Statistics 23 software, to identify relationships and statistical facts upon which the final typology is based. Results from personal interviews and self-reported secondary data was also used to triangulate and further explain the study results.

Framework and Theories

As organizations of both private and public nature strive to meet the needs of today's society, management must ensure the effectiveness of the work and ultimately the achievement of its goals. Accountability and transparency in government are just two examples of the key drivers of public sector organizational effectiveness and performance measurement. The current focus on measurement is driven by citizen demands for both management and program effectiveness (Wholey and Hatry 1992; Behn 2003). Wholey and Hatry (1992) believe that performance assessment may improve communication between the government and citizens. Multiple purposes require models with multiple measures, to provide tools for agencies of varying formats.

While we know that the foundation of organizational theory stems from the work of Max Weber and Frederick Winslow Taylor, performance measurement now encompasses additional criteria by which to assess an agency's operational indicators for effectiveness. The framework applied to this research is the balanced or strategic scorecard model for performance measurement, as presented by Kaplan (2001), who

concludes that an organization's financial data must be used in conjunction with other key indicators or perspectives to accurately assess performance, perceived effectiveness and achievement of the mission and goals--essentially, a multi-dimensional analysis tool is definitely required (357). The scorecard model combines (1) the financial perspective, (2) the internal perspective, (3) the learning perspective and (4) the customer perspective to gauge how well an organization or agency adheres to its official vision and strategy plan (Figure 1, 355). These items are ideally used collectively, albeit to varying degrees of involvement. The results of this study suggest which measures and initiatives are used for the performance measurement of local-level, state-level and specialized OIGs. Discussions with the IGs through personal interview illuminated how these perspectives are applied internally.

This performance measurement model provides specific parameters for the assessment of organizational effectiveness that may be specifically applicable to the OIGs participating in this study. The organizational attributes included in this analysis are: (1) mission orientation, (2) human and financial resources, (3) transparency (public trust) and (4) organizational structure. While the Kaplan model is the guiding framework applied to the study, other key concepts from relevant industry regulatory bodies are referenced as directly applicable to OIGs. These are supported by more detailed metrics for organizational effectiveness such as reporting, level of authority, types of cases and utilization of available resources. All of these items were addressed in the questionnaire, the semi-structured personal interviews and the secondary data gathered using the self-reported data found on the OIG's (or parent agency's) websites.

Limitations of the Study

Due to the independent nature of this project, there are several limitations of this study that potentially affected the outcomes and the research results. First, the sample size of the participating OIG was small ($n = 30$) in comparison to the number of functioning OIG offices at the state, local and specialized levels. The survey e-mail invitations were sent independently by the researcher and not sent by an official OIG-related organization. This undoubtedly affected the response rate for the study, as some respondents contacted the researcher with concerns of confidentiality. Second, the information reviewed for the secondary data analysis portion of the research was located on each individual OIG's website. Many of the performance data and case information is proprietary and inward facing (non-public), and therefore not available to the researcher.

Dissertation Organization

This dissertation consists of five chapters (including this chapter's introductory material). Chapter 2 reviews the existing literature on performance measurement and inspectors general at the specialty, local, state and federal levels. The foundational elements of performance measurement are discussed in basic concept, and specifically as they apply to OIG operations. The second chapter also expands upon the constructs applied to the research, with detailed discussion of unethical conduct which drives the OIG's workload, as well as the potential overall impacts on the field of public administration. Chapter 3 discusses the research methodology for the study, detailing the steps and components of both the quantitative and qualitative portions of the project. Chapter 4 reports the data analysis

results and key findings of the research. Finally, chapter 5 provides discussion of generalizable results for the OIG industry, as well as concluding commentary.

Chapter 1 Summary

While existing studies point to and confirm the need to address fraud, waste and abuse in state and local governments, few appear to speak to the lack of uniformity or limited availability of standard industry practices of OIGs. Staffing and training vary by operation, as do core responsibilities and capture of organizational effectiveness metrics. An ideal structural model is suggested at the conclusion of this research, in an effort to: (1) assist industry experts in creating a more dependable OIG operation at state and local levels, including specialized OIGs; (2) provide data to help standardize industry practices which may make OIG operations more effective and efficient; (3) identify key performance indicators and performance measurement metrics that may be applied to most types of non-federal OIG operations; and (4) start the discussion on a nationwide savings and recovery initiative, with potential financial benefits for municipalities and state agencies.

CHAPTER 2 -- LITERATURE REVIEW

Introduction

Performance measurement is a necessary gauge in the assessment of public sector activities, as accountability to citizens and efficient operations become the foci of transparency. This is the means by which administrators determine the best (or at least better) uses of financial resources and delivery of products by government agencies (Lynch and Day 1996). The authors state that the use of performance measures may help local government agencies communicate compliance with federal mandates as well as providing deliverables to the public it serves, regarding current state and future strategies (404,411). The challenge then becomes determining how performance measurement and organizational effectiveness should be captured in public administration, specifically in the case of this research, within Offices of Inspectors General.

In terms of OIG operations, the original military and subsequent federal models provided the foundation of the fraud, waste and abuse mitigation industry we see today. The initial focus was to minimize the waste of military resources, with the expansion to other areas of government coming later in the political timeline. Official legislation solidified the position of federal-level OIGs in the United States government in 1978, with modified state-level, local-level and specialized operations soon to follow at the discretion of their jurisdictions. When tracking performance, each OIG may have any number of metrics included in their standard reporting practices, determined by what they view as important indicators of their organizational effectiveness or by mandates imposed by the areas they oversee.

Organizational effectiveness or the achievement of the mission and goals is rarely accomplished without attention to the accompanying key concepts of economy and efficiency in some form, all working together in pursuit of the ideal operation. These three key concepts were used as a guide when developing suggestions for standard performance measurement metrics and an OIG scorecard, discussed in further detail in later chapters of this research.

In this section, existing literature on performance measurement will be reviewed as well as the existing literature on OIGs. Then, the historical and legislative histories of OIGs will be discussed followed by descriptions of the various categories or levels that evolved from the federal model. To frame the purpose of these organizations, material on ethics, integrity, corruption and public trust will be presented. All of the background information on performance measurement and OIGs will then be tied into the literature on needs in the field of public administration, from public agencies to private and not-for-profit organizations, identifying the elements needed for a more comprehensive and standardized performance measurement tool. A chapter summary ends the section and transitions to the methodology for this research.

Existing Performance Measurement/Organizational Effectiveness Research

There are numerous schools of thought on performance measurement, but most still revolve around a few common elements. All include the foundational sound mission, objectives and some basic financial criteria, but begin to vary on which non-financial items are included in their analyses. The literature selected for this section

represents a broad range of approaches to performance measurement, which collectively provide a solid basis for balanced (strategic) scorecard modeling.

Behn's Research. Behn states that meaningful performance measurement requires a gauge and a context (2003). An effective gauge provides the criterion for measurement while the context provides the scope within which to operate. According to Behn, the purposes for which performance measurement is used can focus on one specific goal, or some combination of the basic eight outlined in his work: evaluation, control, budgeting, promotion, motivation, celebration, learning and improvement (593). These underlying or "root cause" purposes often assist the performance measurement effort by clarifying long-term outcomes and the ongoing strategies. These foundational elements are crucial to any performance measurement or organizational effectiveness effort, regardless of industry or sector of government. This principal is therefore used as a guiding framework for this research, as discussed in the introduction.

Kravchuck and Schack's Research. Kravchuck and Schack discuss the initial performance measurement requirements implemented by the Government Performance and Results Act (GPRA) of 1993, which not only laid the foundation for federal agencies, but generated ideas for state and local levels of government as well (1996, 348). The authors identify several challenges of performance measurement such as unclear mission/objectives, contradictory goals and the gray area between monitoring and evaluation (350). Essential design principles for standard performance measurement systems are also suggested, to include (1) clearly communicated mission, strategy and organizational objectives, (2) sound collection and

measurement strategy and (3) periodic review and revision of the performance measurement system (357). Communication and adherence to OIG mission and objectives are key to the measures of organizational effectiveness and performance measurement results of this analysis, and were included in the questionnaire and inspector general semi-structured interview questions.

Julnes and Holzer's Research. Julnes and Holzer's 2001 study of performance measures in public organizations analyzed the technocratic and cultural factors that influence policy adaptation and implementation. Specifically, the authors examined secondary and empirical results for municipal, county, state and other non-federal levels of government and determined that most agencies are more reliant on output measures for short-term performance than outcome measures, which gauge longer-term effectiveness (699-700). Factors noted as the most influential included available resources, internal requirements, external regulations access to needed information and internal and external interest groups (700). The degree to which local OIG's are impacted by these factors is unclear at this point. The concept of resource availability, however, is critical to an organization's ability to operate. Therefore, several items were incorporated into the questionnaire, to gather information on this concept.

Melkers and Willoughby's Research. Melkers and Willoughby continue the discussion of output versus outcomes in performance measurement, as directly applied to local government budgeting and decision making (2005, 184-185). The study analyzed survey data to determine (1) transparency in the budgeting process and (2) consistency of reporting, both as direct results of established performance measurement metrics (186). The authors found the use of performance measurement

strategies to be relatively high among local government agencies (183). Resources and committed leadership were noted as important factors for the researchers, as was the clear understanding of the difference between output and outcomes by the survey participants (181, 183). The concepts of transparency and reporting (both internal and external) were addressed in the questionnaire.

Kopczynski and Lombardo's Research. As Julnes and Holzer state in their factors summary, performance measurement and organizational effectiveness not only guides internal analysis, but has the potential to impact external interests' vantage points as well (2001, 700). Similarly, Kopczynski and Lombardo discuss comparative aspects of performance measurement, to be used for improvements to an agency (1999). In this study, the authors suggest that metrics/practices of higher performing local government agencies can be used as examples for benchmarking in those agencies that don't perform as well, and possibly promote joint efforts for the overall improvement of industry outcomes (133). This concept is very important to the framework and direction of this dissertation research, the results are intended to potentially enhance organizational effectiveness and benefit the OIG community at large.

Ammons and Rivenbark's Research. Ammons and Rivenbark (2008) support Behn's 2003 analysis (304), but focused their attention on resources (309). The authors state that municipal agencies require adequate resources to measure performance, efficiency and outputs of production or services (309). Their concept of measuring for "performance and more" suggests that public agencies use gathered data for improvements, not just standard reporting (305). The idea of "performance

and more” was posed as a question to the IGs selected for the semi-structured interviews.

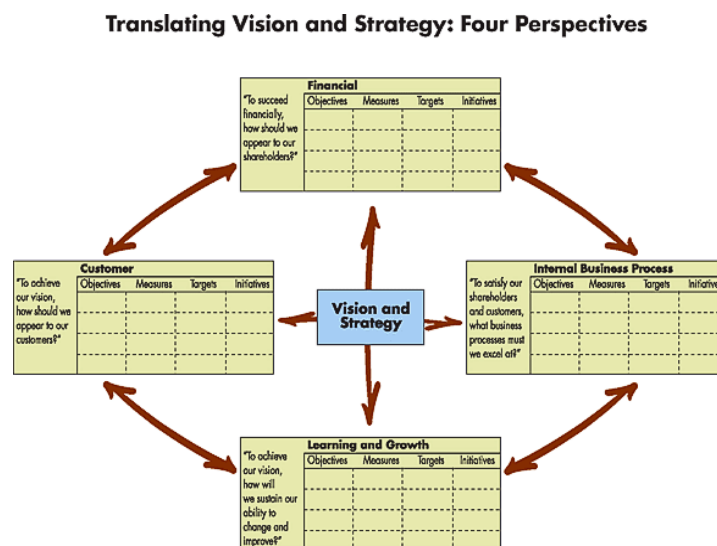
Bryson’s Research. Bryson discusses the key concept performance measurement in the context of success: that success can only be measured after the plans are implemented (Bryson 2011), then moves on to discuss the benefits of performance measurement and planning. The ten benefits to the organization noted can be summarized as follows (232): (1) a path to create public value is recognized; (2) organizational creativity is enhanced by undertaking the planning process; (3) the reality of the situation becomes more apparent; (4) organizational learning and strategy effectiveness are realized; (5) there is buy-in to the resulting new environment; (6) team members support one another through the process; (7) employee morale increases among decision makers; (8) team development and ongoing strategic thinking continue; (9) coalitions provide consensus for plan adoption and (10) successful implementation of strategies ensues.

Balanced Scorecard Research

As organizations strive to maximize effectiveness, approaches vary greatly depending on the nature of the services offered as well as the structural make-up. One approach that appears to have the ability to accommodate most organizational variables is the balanced scorecard model of performance measurement. The premise of the model is the creation of public value by the successful achievement of an organization’s mission and goals. How that is to be done exactly is explained best by the authors who’ve laid the foundation for this concept.

Kaplan and Norton's Research. The balanced scorecard, as widely utilized today, was created by Kaplan and Norton in 1992 and introduced in detail in the Harvard Business Review (Kaplan 2010). This model combines both operational and financial indicators to gauge progress toward performance measurement and improvement goals (see Figure 2.1). The authors' earlier versions were geared solely toward private-sector companies, but later adapted to include the public sector, making services to the citizenry the focus instead of shareholders' returns. This public-sector model is useful for this research, as performance measurement suggestions for OIGs are presented subsequently.

Figure 2.1: Kaplan and Norton's Balanced Scorecard Model



All of the models, no matter the sector, include four key strategic initiatives or “perspectives” by which organizations should capture data and ultimately measure performance. The *financial* perspective focuses on metrics such as resource allocation and acquisitions, aiming to promote effective and efficient fiscal practices. The *customer* perspective focuses on customer satisfaction, public value and the

relationships of both internal and external interactions. The *internal business process* perspective captures the current picture of an organization's workflow and helps identify how these could possibly be improved. Lastly, the *learning and growth* perspective focuses on the development and motivation of employees, which truly determines the success of organizational change.

These initiatives play a major role in the performance measurement process and maximizing organizational effectiveness. As applied to OIGs, this model works primarily because of the non-financial components included in the framework. The model relies heavily on the operational aspects of an organization, as most OIGs do. Strategies used to actually implement a balanced scorecard will be presented in Chapter 5, as the results of the mixed-methods research on state-level and local-level OIGs are applied to the Kaplan and Norton model.

Niven's Research. Niven discusses the foundational model as created by Kaplan and Norton, but distinguishes between two distinct phases in the balanced scorecard creation process. These two phases, the planning phase and the development phase, contain a series of suggested steps for successful implementation of the performance measurement tool (Niven 2002). In the planning phase, the groundwork is laid to set the stage for moving forward. As suggested, the steps an organization should take are: (1) identify an initial list of objectives to be included in the balanced scorecard; (2) determine which departments/areas the scorecard will be applied to; (3) secure executive sponsorship; (4) assemble the team responsible for oversight of the entire process; (5) create a project plan detailing all elements and timelines and (6) develop a strong communication plan to disseminate the

information to the appropriate personnel throughout the organization. The scorecard development phase focuses on the establishment of the objectives and related measurement metrics as well as the integration of executive involvement at designated process intervals. This ensures the continued “buy-in” and overall support of the project by those with the authority to move things forward.

Throughout both phases, Niven suggests that the key driving component is strategy and the associated communication plan (63). If done properly, this plan aligns all of the pieces needed for the successful implementation of a balanced scorecard. A sound communication plan will: (1) facilitate awareness of the balanced scorecard throughout the organization; (2) introduce the key concepts of a balanced scorecard to all involved; (3) garner commitment and engagement of key stakeholders; (4) encourage employee participation in the scorecard implementation process; (5) generate interest and enthusiasm among employees and other stakeholders and (6) ensure that implementation progress and results are communicated in a timely fashion. The result of these steps should ensure that the key strategies are properly communicated, and that all involved are striving for success of the project.

Existing OIG Research

Light's Research. Government reforms sparked the creation of several major pieces of legislation based on several key administrative initiatives, all aimed at making our government more efficient. Light details the four key administrative initiatives that address different facets of necessary oversight, with focus being dependent on political party control of the presidency and Congress. The initiatives--

scientific management, war on waste, watchful eye and liberation management (2006, 6-7)--are all linked to major efforts of gauging government performance. According to Light, the war on waste initiative is the driving force behind the IG Act of 1978 purposed to centralize oversight and promote deterrence (7). The reforms, including the war on waste initiative, were implemented without a pretest of any sort, so there has been no real uniform gauge of the impact or success of the related legislation (15). Perceived performance improvement figures were obtained by conducting a basic poll of federal employees but no measureable results have been tied to specific initiatives to indicate the ultimate success or failure of implementation (15).

Hudak and Wallack's Research. Hudak and Wallack begin their 2015 work on budget deficits and OIG return on investment (ROI) by stating the role of OIGs is to protect citizens from fraud, waste and abuse in government agencies (2015, 1). They go on to state the opinion that the role of OIGs is one of the most underappreciated, under-utilized and heavily criticized in all of government (1). The authors described OIGs as "revenue positive" organizations, meaning they tend to save or recoup more funds than that required for daily operations. As with federal-level offices, most state-level and local-level OIGs are lean in comparison to the size of the jurisdictions they monitor. The dilemma becomes clear, when the OIGs calculate and report their revenue, expenses and recoupments.

In their study, 15 federal-level departments were examined, noting numerous issues with self-reporting, performance measurement and effectiveness across agencies. The most significant issue appeared to be that of calculating ROI, due to the lack of comparability to the standard definition ($ROI = \text{net income}/\text{cost of}$

investment). Federal OIGs are required to provide reports to Congress, but these reports all contained different measurement metrics (8). Some included ROI figures, while others did not. Some of the reports included non-revenue generating items while some of the reports omitted this category. The authors noted significant differences in measures as well as the absence of a standard, across the board calculation of receivables which may impact the returns reported (5). The differences discussed here among federal agencies are the same differences that plague other types of OIG's. Hudak and Wallack suggest uniform and streamlined reporting as a solution to the federal performance measurement issue (10), the same goal sought by this research for state, local and specialized operations.

Vega's Research. As the previous authors discuss difficulty with performance measurement metrics and reporting, Vega cites additional issues impacting the effectiveness of OIGs. The author discusses these "organizational impairments" as factors that directly inhibit independence and capacity (2011, 48), all of which are queried in the questionnaire distributed and analyzed for this study. As listed, the organizational impairments are: (1) the placement of the OIG within the system it is charged to monitor; (2) the chain of command for internal reporting and accountability; (3) the communication and report dissemination process and (4) the presence of internal legal counsel to protect the agency (p. 49), all of which may affect the office's ability to perform its mission. Although these impairments are explored in some detail as direct links to independence, no definitive measure of organizational capacity is identified as the industry standard (50).

Johnston's Research. As with most public agencies, OIGs are faced with balancing operating effectiveness and operating efficiency in efforts to continuously prove their public value. Johnston's research on non-federal IGs discusses the myriad of factors to be considered in the establishment and evaluation of that value, the development of the IG role as well as the hurdles faced when determining caseload, productivity and utilization of resources. Along with choosing the appropriate cases, they must safeguard the agency's resources while protecting its credibility (2010, 315). The decision making here, according to Johnston, requires the IG to choose between larger more complex cases and smaller cases with guaranteed findings, either of which invokes a great deal of criticism on effectiveness and efficiency (2010, 322).

Even with choosing the proper caseload, Johnston says the problem then becomes the inconsistency in the measurement of progress or success for these cases (2010, 345). He asks, "If there is no best practice model to follow, how can sound choices be encouraged?"(355). The suggested solution is improved measurements for internal data analysis as well as improved strategies for the education of citizens (345). Consistent indicators and benchmarks of local government performance are needed, to reduce the overall scope and occurrence of corruption (355).

Segal's Research. Segal examined the independence of non-federal OIGs, as it may directly affect the effectiveness of the office, as well as the types of measurements and data reported (2010, 297). The study compared the following features to gauge independence of an OIG: (1) appointment procedures, (2) removal procedures, (3) term of office and (4) financial independence (301). The author defines the term independence as the ability to perform an investigation objectively

and fairly, all without bias or influence from those above in the jurisdictional structure as well as those below in the jurisdictional structure (299). Those that lack independence may prove to be ineffective and ultimately affect the long-term performance of the OIG (300). These specific ideas on and possible measurements of independence have been incorporated into the questionnaire that was distributed for this dissertation.

OIG Background

Offices of Inspectors General, at least in some capacity, have been a part of our country's infrastructure for centuries. From unsophisticated military beginnings, to larger federal agencies, to small-town governance, OIGs have had quite the impact on government oversight. Reporting structure, measurement metrics and methods of process implementation have changed over time, but the basic premise of maintaining economy, effectiveness and efficiency has remained constant.

Early History. The first inspector general was of military origin during the Revolutionary War, under the leadership of General George Washington. The United States Army has documented Baron Frederick William Augustus von Steuben as the first person to serve in this capacity, appointed in 1777 (<http://www.daig.pentagon.mil/history.aspx>). His primary functions were review of the training and discipline of Army officers and the fair treatment of soldiers. Although the concepts of fraud and waste were not at the forefront, the abuse of power was definitely an issue worth addressing, as was Congress' need for accountability for its military investment. To this end, von Steuben provided his assessment of the Army's money management practices, describing the system as "a

mere farce,” opening the door to further analysis of resource management and reduction of waste (Schmitz 2013, 18). Military-based inspectors general positions were eventually implemented throughout the other branches of the United States military. To date, the military’s vast fraud-fighting network consists of 500+ principal or senior IGs (title/rank dependent upon specific branch of the military), who are supported by thousands of investigative and intelligence personnel (Schmitz 2013). These IGs exist throughout the military system at various functional levels, a structure very different from the rest of the federal-level offices.

Early Legislation. Several subsequent legislative acts continued to mold the federal government’s framework for fiscal and operations oversight of its programs, beyond the realm of military operations. The General Accounting Act of 1921 (also termed the Budget and Accounting Act) laid the groundwork for the fiscal structure we have in place today (<http://www.whitehouse.gov>). Essentially, the Act required the Executive Branch to submit a consolidated annual budget to Congress for approval. Prior to this, budgets were submitted individually by each agency with little review by Executive Officers. Two new offices were also created by the Act, to provide the requisite oversight of this new process: the Bureau of the Budget (now named the Office of Management and Budget) and The General Accounting Office (now named the Government Accountability Office). These offices provided the necessary guidance to government agencies, as well as program evaluation and audit services.

The 1959 amendment to the Mutual Security Act (created in 1951) implemented an Office of Inspector General and Comptroller position to oversee the

government's foreign aid programs (<http://history.house.gov>). The position was initially appointed by the secretary of state, but later moved to presidential responsibility. Although responsibility was not the oversight of the entire State Department, this OIG was one of the first to be granted full access to all government documents to assess potential program deficiencies. This office remained active until the creation of the United States Agency for International Development (USAID) in 1961.

The United States Department of Agriculture (USDA) was the first federal agency to implement an OIG for oversight and accountability of the entire agency (Nowolinski 2001; www.usda.gov). At this point, OIGs were not federally mandated and therefore relatively unprotected from the political climate. The USDA OIG remained operational from 1962 to 1974, when it was dismantled by agency administration.

Modern-Day Federal Model. The notion of the federal-level OIG was still deemed necessary, and an official pilot test was drafted. Lessons from previous attempts at OIG establishment were considered when enacting the Department of Health, Education and Welfare (HEW) Inspector General Act of 1976. This test case promised to address the external pressures of the office and was implemented with the following requirements: (1) the office must operate independently and objectively; (2) the office must submit semi-annual activity reports to Congress; (3) the office must utilize all available documents within the agency and (4) the office may exercise subpoena power to obtain documents not readily available (Nowolinski 2001). The OIG pilot was in fact successful, providing the outline for the expansive

federal OIG framework currently in place. In 1979, HEW was divided into two separate departments: the Department of Education and what we now know as the Department of Health and Human Services (HHS), each with its own Office of Inspector General.

As a result of HEW's success, federal OIG positions were implemented by the Inspector General Act of 1978 to ensure proper operation and integrity of federal government agencies. The first twelve (12) federally appointed inspectors general were assigned to the following agencies: the Department of Agriculture, the Department of Commerce, the Department of Housing and Urban Development, the Department of the Interior, the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, the Small Business Administration, and the Veterans' Administration (IG Act of 1978, 1). These OIGs were given full oversight of their agencies, including access to all available documentation and subpoena powers for those items not so readily available.

Schmitz, a former Department of Defense inspector general, describes the role as "a paradigm of integrity, efficiency, accountability and intelligent risk-taking" (Schmitz 2013). This definition of what an inspector general should be has been embraced to some degree by those in all types of OIG operations. Presidentially appointed IGs as well as military IGs take an oath when assuming office, with elements of Schmitz's definition woven throughout. State-level and local-level offices have also adopted these as central to their core mission. The key responsibilities as mandated by the 1978 IG Act can be summarized as follows (2013, 9-10):

- Conduct, coordinate and supervise relevant investigations, audits and prevention strategies for their agency’s operations and programs;
- Review existing and proposed legislation and make recommendations for agency efficiency, economy, improvements or prevention and detection of fraud, waste and abuse;
- Provide leadership activities designed to promote economy, waste, abuse within the agency;
- Coordinate relationships among all levels of government, to include other agencies, state and local counterparts;
- Inform agency heads and Congress of any issues requiring corrective actions or immediate attention; and
- Report to Attorney General if any federal laws have been violated.

Additional legislation in 1988 and 2008 amended verbiage on the following sections: (1) reporting obligations; (2) salary, bonus, and award provisions; (3) removal requirements and (4) budget protections—including requiring that Congress be provided IGs’ unaltered original budget submissions. The 2008 amendment also added councils for oversight and guidance. This structured format makes the offices at the federal-level vastly different from those at the state and local levels.

Evolution of State-level and Local-level OIGs. The “rational goal model” as defined by Cunningham, shows that an operation can actually organize and design its structure to accomplish its goals and mission (Cunningham 2010). This appears to be exactly the effort put forth by most OIGs, as they often determine their own success by the accomplishment of the established goals, activities and objectives set forth in

their governing documents (465). According to Apaza, it's as simple as assembling the best team, effectively communicating the OIG's message to the public and producing measurable results (Apaza 2010). What then, determines success within the industry or how Apaza suggested items should be implemented? There is no set definition or finite parameters to gauge this, and therefore no structured framework suggested for future offices.

OIG Levels/Categories

The federal model of OIGs is the prototypical model for operations at all other levels of government. Since the official creation of the federal OIGs by the Inspector General Act of 1978, the demand for more internal controls and increased transparency within government has continued to rise. Accordingly, the number of federal OIG's grew from the original 12, with state and local levels of government creating offices of their own, each accountable to the jurisdiction in which they serve. The underlying purpose of promoting integrity and good-government remains the same for all levels of inspectors general, but no defined structure has been set forth for state and local entities.

Existing literature details the foundation of the fraud, waste and abuse mitigation industry, but sheds limited light on the ideal OIG format--what combination of skillsets lends itself to the most effective and efficient operation. The aim of this research is to suggest a definition and key measurement metrics for standard operations, as well as to uncover what may be missing in state-level and local-level local operations--what is it that OIGs need to do moving forward to

address limitations, overlooked issues or items/functions omitted in current office practices.

Federal-level OIGs. Currently, there are approximately 73 federal agency OIGs and 500+ military IGs, classified/grouped into several categories: appointed, designated federal entity, special, legislative, military--all charged with the responsibility of effectiveness, efficiency and detection of fraud, waste and abuse (Congressional Research Service 2014):

- Appointed IGs are appointed by the president or heads of larger federal agencies such as EPA and GSA;
- Designated federal entity IGs oversee various specialized commissions, boards and foundations such as the EEOC, FCC and NSF to name a few;
- Special or project based IGs are temporary appointments created for very specific tasks, such as Afghanistan Reconstruction and Iraq Reconstruction;
- Legislative IGs include appointments within the Capitol Police, Government Accountability Office, and Library of Congress;
- Military IGs -- work in conjunction with the military branches criminal investigative agencies; woven throughout at various levels performing a number of additional functions.

Federal-level IGs also have a wide range of legislatively granted authorities, to include: audits, investigations, direct records access for their agency, subpoena powers and the requests of assistance from agencies at all levels of government

(Congressional Research Service, 2014). These powers vary among state and local-level offices, and are dependent on how they were created. Along with the differences in powers, there may also be a difference in actual responsibilities. Some focus primarily on audit-based activities, with little to no investigative workload. Others undertake a wider spectrum of case volume and types.

The federal OIG community has also implemented several measures to recognize larger issues that may affect the system as a whole, not just on the individual agency level. The President's Council on Integrity and Efficiency (PCIE) was created by executive order in 1981 (www.whitehouse.gov; www.federalregister.gov). This council consisted of the presidentially appointed IGs who provided oversight to major federal programs. In 1992, the Executive Council on Integrity and Efficiency was created again by executive order, but consisted of agency IGs appointed by Congress. Both organizations operated successfully, having common goals, outcomes and experiences. The IG Act Amendment of 2008 recognized this overlap, and combined the councils into one body. The Council of Inspectors General on Integrity and Efficiency (CIGIE) continued the mission of identifying weaknesses and potential vulnerability to fraud, waste and abuse, specifically those deemed to "transcend" individual agencies (www.ignet.gov).

State-level OIGs. The first recognized state-level IG was created in Massachusetts in 1981, by state law (<http://www.mass.gov/ig>). It was determined that the state needed an OIG after a construction contract scandal was uncovered, in which the state lost billions of dollars. Numerous state-level agencies have been created since then, implemented by charter, state law or other means. Improprieties have not

been the primary reason for all in existence now, but the push for transparent and open government has been a common factor in all.

Local-level OIGs. Local-level IG's have grown in number as well, also implemented in a number of ways. Although the number of offices has not been recorded, there is no doubt that local-level/municipal IG's have grown in number as governments keep up with the demand for open and transparent government operations. Like state-level operations, these offices can be created by city charter, executive order or special accommodation. The mitigation of fraud, waste and abuse will undoubtedly help governments retain assets (cash, inventory, etc.) and put them to better, more efficient use. Could this be the answer to prevalent issues of limited resources and maximizing the value achieved from public funds? Public administration must continue toward its goal of effective and efficient management, and the outcomes of OIG initiatives may well help us get there.

Specialized OIGs. Specialized OIGs are offices that are created for targeted oversight, not included in state or local jurisdictions. Examples of this are independent school systems or resource management agencies that operate under separate charters or legislation, independent of local governance and in many cases, local funding. This category of OIG tends to grow at a much slower pace than state or local categories, due to limited human resources and even more limited funding. In some cases, the independent oversight of these specialized OIGs causes challenges in communicating with local government leadership, resulting in reluctance in accepting OIG report findings and associated recommendations. This could potentially stagnate the achievement of the OIG's mission.

Ethics and Integrity Issues in the Public Sector

Although the key contributing elements of fraud, waste and abuse have long been identified, the issue of unethical behavior still exists within all levels of government. It appears to be addressed by relatively few in comparison to the total number of local and state level entities within the United States. In fact, the implementation of OIG operations seemingly arise only after a significant incident, notable loss or misuse of resources has been detected. Sources in the literature that were reviewed in this section discuss what we already know, but very few publications take the proactive step of identifying what items are essential when educating public administrators and enhancing the function of inspectors general.

As such, this study aims to assess the structure and activities of current OIGs as well as suggest improvements for operations of tomorrow. Current and future best practices must begin with the same questions--what causes unethical behavior in the workplace and what must the path be moving forward? Ethical foundations, solid process implementation and competence exhibited in everyday operations are necessary topics in our discussion on detecting and mitigating fraudulent activity in the public sector. These steps move us forward, making ethics an integral part of standard operations.

Foundations. Ethics is the practiced behavior of right and wrong as well as the conscious decisions made concerning which path should be followed (Daft 2010). As public administrators are required to conduct themselves ethically, the foundation upon which ethical conduct is enacted must first be present. No matter the profession, ethical practice requires adhering to an identified set of rules, regulations, or

expectations, which are accepted as the standard or at the very least acknowledged by those in a given field, what Schurr calls an “explicit or implicit vow to uphold certain norms” (318). Various “codes of ethics” have been implemented by agencies nationwide, often introduced upon hire and subsequent annual follow-up. But issues persist of whether the code is enforced regularly and, if so, how and by whom?

The “fraud triangle” as coined by Donald Cressey is the foremost model for the foundation of fraud detection and mitigation practices today. It points to three main causes of fraudulent behavior--financial pressure, rationalization and opportunity, with all three causes needing to be present for the fraud to occur (Dorminey et al. 2010). Cressey believed that there were certain behaviors displayed by those in society that commit fraud and that these could be detected if we knew what to look for, such as personal financial difficulties or close vendor and customer relations. The Association of Certified Fraud Examiners (ACFE) supports this view in the 2014 Report to the Nations, citing that 92% of all reported cases exhibited red flags, with behaviors of at least one of the three fraud triangle categories and that most fraudulent activity are in practice an average of 18 months before being detected (www.acfe.com) (2014, 5). So one must ask, were the ethics codes introduced and adequately explained, or is the practice of having a documented ethics code ineffective if the core ethical beliefs of right and wrong are not present within the individual?

Figure 2.2: Cressey's Fraud Triangle



Dorminey, J. et al, 2010, p.20

This model was expanded upon with the introduction of the “fraud scale” by Albrecht, Howe and Romney in 1984, as they added personal integrity to the scenario. Their suggestion here is that personal integrity is actually observable through actions, where rationalization may not be so obvious (Dorminey 2010). The “fraud diamond” as presented by Wolfe and Hermanson adds the element of capabilities to the equation, to help determine a person’s ability to turn the idea of fraud into an action (20). These fraud reasoning and detection models help OIGs identify occurrences of unethical behavior as well as the underlying root causes of the occurrences. While these models are not directly tested in this particular research study, they provide a very necessary backdrop for why the function of OIGs is needed in public administration as well as why they seek to perform certain tasks.

Implementation. The American Society for Public Administration (ASPA) has noted several important statements in its Code of Ethics, with the first being “Advance the public interest...promote the interests of the public and put service to the public above service to oneself” (www.aspanet.org). The theme of the greater

good, if followed by all, could virtually eliminate fraudulent activity making an open, honest government more of a reality than merely a goal.

Bowman and Knox expand upon the challenges in today's local government agencies, as they discuss results of their 2007 survey of public administrators. They state that 97% of respondents experience ethical dilemmas in the workplace (Bowman and Knox 2008). They continue by saying these respondents also believed that sound ethics can be enabling in organizations. Kane and Patapan argue that sound decision making is the key to maintaining ethics and integrity, in a versatile environment (Kane and Patapan 2006). They state that public sector administrators must appreciate all ethical dimensions. Van Wart, as he discusses the ASPA Code of Ethics, suggests that decision analysis and prioritization of data sources are keys for addressing difficult administrative issues (Van Wart 1996). He further suggests that values should not be overshadowed by expertise and "dynamism," making the agency itself less effective in serving the public.

Robert E. Quinn has outlined eight types of leadership roles (mentor, innovator, broker, producer, director, coordinator, monitor and facilitator), believing that the innovator role is the least understood but most compelling of all of the roles (Quinn 2006). This type of leader uses the concept of creativity to implement and manage organizational changes, such as performance improvement or accomplishing goals or objectives. Quinn states that there are three key competencies that an innovative leader must possess for successful organizational change: (1) the ability to live with change, (2) the ability to think creatively and (3) the ability to manage change (Quinn 2006). Through these three items, it then becomes possible to improve

operational indicators such as efficiency and cost effectiveness, as well as benefit from the untapped or previously unrecognized talents of employees. The potential improvement of problem solving as a whole may, in fact, directly impact the future of the organization.

What is needed is more definitive suggestions on how waste, fraud, and abuse can be stopped before happening at all--moving from detection and mitigation to prevention outside of the OIG (internal fixes will be covered under organizational effectiveness and performance measurement section of this literature review). Why not change this dynamic by making ethics training the foundation of public service and business education programs? An answer to this question would require educators in schools of public administration and business to be proactive by eliminating the sources of unethical conduct and corruption by developing the students' character. Addressing faculty who teach in business schools, Crossan, Mazutis, Seijts, and Gandz note in this regard, "regardless of whether we teach accounting, finance or organizational behavior, we have the opportunity to develop a student's character" (2013, 292). While company-required ethics education programs can provide the foundation for appropriate workplace conduct, behavior, and outcomes, the kind of permanent change envisioned here may require a deliberate and robust addition of ethics into academic coursework. It can be argued that in-depth ethics instruction, sound decision making skills for internal controls, documented and enforceable guidelines, as well as concerted effort can make ethics and ethical decision making the foundation for leaders in the public sector.

Preparing future public administrators requires education and training early on in the academic process and ideally, prior to the influences of work environment. Many schools and programs of public administration offer basic ethics courses, but much more needs to be accomplished, as many of these courses still remain elective instead of required for program completion (Brudney and Martinez 2010; Menzel 1997). Scenarios specific to public administration leadership should be introduced, but the pedagogy should also incorporate basic ethical principles that apply to both the public and private sectors.

Menzel's (1997) study revealed several areas of potential focus for MPA programs, in efforts to improve ethical foundations and awareness in the field: ethical standards, decision making, and the administrator's role. Implementing these subjects into the core curriculum would allow ethics educators to go beyond merely offering an ethics course, as they introduce a deeper understanding of the meaning of ethical conduct--not simply having students read and demonstrate that they know the content but internalizing it. Schonfeld wants more, arguing that students must be educated for "ethical engagement" (2013, 72) to develop this deeper understanding, thus strengthening in students the ability to articulate and then to conduct themselves ethically. Basically, this would mean that students would "internalize" this ethical behavior, reducing the likelihood of their own fraudulent activity once active in the workplace. This deeper understanding and internalization of sound ethical principles makes doing the right thing "second nature." The students or young professionals develop ethical competence.

Competence. Cooper and Menzel identify five categories of ethics knowledge necessary for a deeper understanding of ethical conduct: (1) the commitment to higher standards behavior, both personal and professional; (2) the knowledge and understanding of ethics laws and codes; (3) the ability for ethical reasoning and decision making; (4) the acknowledgement of public service values and ethic and (5) the ability to promote ethical behavior and ethical practices in public agencies (2013, 92). This foundational approach to ethical conduct could surely make a difference in the types of cases seen in today's fraud, waste and abuse environment.

For public administrators to achieve the deeper understanding that is desired, some scholars suggest going beyond the content of textbooks to make developing ethical character normative by building the foundations of ethics and ethical integrity into students across the curriculum (Jacobs 2013; Jurkiewicz 2013). Educators can foster the achievement of this goal by focusing upon the early mitigation of the unethical conduct that results in corruption by employing effective preventive measures through in-depth ethics education to strengthen students who are seeking to become leaders of public agencies and corporations. In essence, they must be the first to create ethical *competence* within those entering public administration. This approach instills the value of ethics at the educational level, before the role as a public administrator even begins. After the formal education, OIGs could potentially follow with the on-the-job portion of ethics education, reinforcing the key concepts so crucial to sound decision making and ultimately organizational effectiveness.

Education and Professionalization. Some scholars believe that ethics and ethical principles must become second nature so they are infused in the decision-

making processes of daily work activities. Thompson identifies several paradoxes that impact the process of ethics education (specifically that of public officials): (1) the perceived importance of government ethics; (2) the difference between one's personal ethics and public ethics; and, (3) the appearance and reality of right and wrong (1992, 255-258). This idea presents a tremendous opportunity for OIGs and other industry professionals to train and educate public administrators as well as citizens on ethical conduct -- essentially, directly impacting the concept of "competence" discussed in the previous section. By establishing ethical standards, policies, procedures, and enforcement mechanisms to guide the official (and possibly the unofficial) culture of the organization, agency leaders often determine its ethical path. In other words, proper training and education of public administrators could ultimately reduce incidents of unethical behavior.

Along with the take-away of across the board ethics education, OIGs provide public administrators with a great example of professional identity. In 1999, the Association of Inspectors General began offering specialized certifications to the OIG community (<http://inspectorsgeneral.org/>). Certified Inspector General (CIG), Certified Inspector general Auditor (CIGA) and Certified Inspector General Investigator (CIGI) are three such certifications offered to professional that meet the established requirements. Each certification has its own list of core competencies that must be grasped by the IGs and senior staff members. Certification is only granted to those that attend the entire program and pass an exit examination. The importance of professionalization in the OIG community is evidenced in the survey results presented in Chapter 4. Although there are several professional associations in

existence for public administrators, the certification of industry professional does not appear to be as desired or recognized as those in the OIG field.

Role of Associations. Professional associations are also requiring members to acknowledge and adhere to their ethical standards. For example, the American Society for Public Administration (ASPA) adopted a revised Code of Ethics in 2013 that consists of eight principles, which expressly state ASPA's expectations that public administrators demonstrate ethics and integrity (ASPA 2013a). ASPA also identifies practices to guide public administrators when implementing these principles. For example, practices six through eight state that public administrators:

- Demonstrate personal integrity. Adhere to the highest standards of conduct to inspire public confidence and trust in public service.
- Promote ethical organizations: Strive to attain the highest standards of ethics, stewardship, and public service in organizations that serve the public.
- Advance professional excellence: Strengthen personal capabilities to act competently and ethically and encourage the professional development of others.

(ASPA 2013b).

Discussing the ASPA Code of Ethics, Van Wart suggests that decision analysis and prioritization of data sources are keys for addressing difficult administrative issues (1996, 525). He also suggests that values should not be overshadowed by expertise and "dynamism," making the agency itself less effective in serving the public.

The International City/County Management Association (ICMA) has identified 12 tenets for its members to uphold. Members are expected to be: [c]ommitted to equity, transparency, integrity, stewardship of public resources, political neutrality, and respect for the rights and responsibility of elected officials and residents strengthens democratic local governance. (ICMA 2013)

These are just a few examples demonstrating how public administration professional associations are attempting to address the issue of unethical conduct, which evidences itself not only in public administration but also in virtually every industry. ACFE's biennial "Report to the Nations on Occupational Fraud and Abuse" identifies government and public administration, banking and financial services, and manufacturing as those industries with the highest number of unethical conduct cases (2014, 4).

Many public service agencies have also implemented ethics training modules or programs, detailing a code for ethical conduct. Federal, state and local governments, for example, have outlined specific principles that employees are expected to follow. One such example is the U.S. Government's Office of Government Ethics, which contains 14 mandatory principles for federal employees (U.S. Office of Government Ethics, 2015).

As part of their standard business operations, some corporations have also implemented policies to that specify what constitutes ethical practice. Lockheed Martin is one such corporation that is making concerted efforts to communicate its

ethics message worldwide (Lockheed Martin 2015). The ultimate goal of establishing such rules and regulations is to promote ethical conduct by leaving no lines blurred.

The National Academy for Public Administration (NAPA) suggests these ethics regulations be “systematized” as an integral part of an organization’s continuous process improvement strategy (2011, 13). NAPA also cites performance measures and technology as well as an awareness of the vision, mission, and goals as necessary for long-term improvements (12-13).

At least in theory, public service agencies and corporations would be productive and efficient if all employees followed the mandated codes. But, it must be asked: Are these interventions successful? Future research must determine whether and to what degree they are.

Corruption and Public Trust: Civic Engagement/ Participatory Governance

As citizens, we’re always concerned about how we are governed, the services we’ve received and how our tax dollars are spent....avoiding fraud, waste and abuse of public funds (Salkin and Kansler 2012). OIGs often get tips and leads from public sources, but there has been little effort to permanently incorporate civic engagement/public inclusion into the foundations of the operation. Including the public means keeping up with social media and other avenues which keep current and future generations engaged. Future support of the OIG, as with other public agencies, depends on the public value perceived by tax payers.

From the early years of documented government, no one truly believes in wasting money or a “spendthrift government,” so why are we still dealing with such issues? Political history and current headlines tell a dispiriting story of corrupt

practices, fraudulent spending and poor ethical choices that appear to be present at all levels of government. Several studies show the steady decline of public trust over the years, making the mitigation of fraudulent activity and enforcement of associated laws that much more important. Requirements and legislation have been implemented to curtail such events, set in motion by reform tides such as the “war on waste” and the “watchful eye,” but the reputation of government, at least to some, remains under a cloud. Carpenter and Krause define organizational reputation as a multifaceted set of beliefs about an agency’s history, mission and capacity (Carpenter and Krause 2012). The authors continue their discussion by determining the performance reputation, moral reputation, procedural reputation and technical reputation to be the critical dimensions that shape public opinion.

Public Trust. Several scholars within the field of public administration say that increased participation leads to increased public trust in local government (Lawton and Macaulay 2014). These authors discuss the works of Kim (2010), Halvorsen (2003), as well as Cowell, Downe and Morgan (2011), as they point out the direct correlation of citizen participation to the positive perception of public service performance (Lawton and Macaulay 2014). The challenge for many OIGs becomes how to incorporate citizen participation into routine activities, without disrupting the actual services being provided. Service delivery has a process, often dependent on inputs and variables deemed necessary for specific outputs and outcomes. Therefore, the key to successful incorporation into the governing process is balancing organizational effectiveness and citizen input (75). Obstacles here may be

resistance by leadership, limited system capacity or even lack of funds required for implementation.

Civic Engagement/Participatory Governance. This category of citizen participation emerges as professionals within the local government network become increasingly involved in local political activity. These citizens are usually engaged with community organizations or other supporting entities, and are very familiar with government processes and systems (Lawton and Macaulay 2014). We see these often as activists, possibly voicing concerns on disparities such as gender, class, race, etc. Along with correcting the existing internal accountability issues that seemingly lie within the public sector (Apaza 2014), we as an industry must work to repair our image. Internal controls must be implemented and enforced, and we must encourage “active citizenship” (Rheingold 2008). Rheingold goes on to state that youth are in fact very interested in civic engagement and the betterment of their communities (97-98). Participatory media is now part of the conversation, as younger generations of citizens turn to electronic media tools to gather information and express concerns. According to Rheingold, digital networks are now the avenues by which youth are making their voices heard (Rheingold 2008). This is where the importance of e-participation options come into play, to capture the current concerns of the population and those of future generations. The author states “this is the first generation to grow up digital” (115).

As Feldman states, collaboration with the public only occurs as a last resort as a final hope for productivity (Feldman 2010). She goes on to state that task accomplishment and community building must go hand in hand, and that sacrificing

one often damages the other (S160). Feldman suggests focusing on three key areas to promote collaborative productivity: (1) accountability, (2) empowerment and (3) leadership, all of which contribute to identifying, understanding and addressing future public problems and issues (S161). Each organization would of course incorporate these items differently based on the needs and goals of their specific operation.

Needs in Public Administration: Financial and Economic Impacts

The financial and economic state of public administration is indeed ever-changing as are the internal and external influences shaping it. These influences have created clear challenges to the field, which will undoubtedly have to be addressed to improve the state of government. As noted by Abramson et al, these challenges are quite specific, and draw from our past to mold our future and “cushion” ourselves for the next financial disaster. Increased detection and mitigation efforts for terrorism demand a growing bank of resources. The move toward increased efficiencies has led to more technical capabilities, which in turn have, in some cases, reduced the amount of human capital needed in government processes. (Abramson et al. 2006).

As Koppell suggests in his essay “Administration without Borders” (2010), resource allocation and regulation are key elements in moving the field of public administration forward (S46). He further states that proper resource allocation may be best accomplished by the mixing of public and private organizations, both geared toward the effective and efficient delivery of public goods and services—“boundary spanning organizations.” Many municipalities as well as state and federal agencies must now do more with less and need to find creative ways to provide services. The

OIGs' mission of mitigating instances of fraud, waste and abuse is also affected by these financial constraints, as funding for some operations is indeed sparse.

Accountability and Internal Controls. "When a cooperative is an instrument for providing public services, the issue of accountability to government is quite similar to the issues raised by investor-owned companies" (Stanton 2002). Ineffective internal controls or a complete lack thereof can increase the opportunities for fraud, waste and abuse within an organization. According to the ACFE, management reviews, reporting hotlines and employee support programs are the most successful controls used in deterring fraudulent activity (Warren 2012). Increased audits and strengthened workflow procedures are also great mechanisms to ward off fraud, according to Ron Huefner, who cited areas of cash handling, procurements and payroll among the top areas of vulnerability (Huefner 2011). Measures such as these are most effective when "woven" into the fabric of the organization.

Accountability and varying levels of internal or external controls are the keys to solving the problem, according to Roberts, as she discusses Michael Harmon's "Responsibility as Paradox." She details the following three items as hurdles for public officials (suggested by Harmon): (1) paradox of obligation, (2) paradox of agency and (3) paradox of accountability, all of which could possibly be conquered by public dialogue (Roberts 2002). Roberts continues by agreeing with Harmon's propositions, and stating the benefits of dialogue must outweigh the associated costs.

Efficient Budgeting and Cost Savings. The National Performance Measurement Advisory Commission (NPMAC) states that governments must practice performance management to achieve results and improve public confidence. Their

framework suggests management, evaluation, planning and budgeting as key to the performance management cycle, with these items dependent upon sound internal controls to be both effective and efficient (NPMAC 2010). The Commission further supports the concept of accountability and controls by stating that (1) officials must be held accountable internally as well as to the public and (2) policies, strategies and services by be effectively aligned (NPMAC 2010).

The primary role of most local and state OIG operations is to mitigate unethical conduct within local government as well as maintain government efficiency and accountability to the public. The Association of Inspectors General (AIG) notes six primary ways in which the presence of an IG may improve local government efficiency: increased accountability, internal dispute resolution, government transparency, increased public trust, crime deterrence and cost savings, with the IG using all available resources to accomplish these goals (www.inspectorsgeneral.org). These “available resources” often differ in accordance with operation implementation type, organization size, and personnel capabilities. Executive order, local ordinance or charters are common methods of implementation/creation which directly affect how the agency is funded. Smaller organizations tend to only have the ability to handle smaller caseloads, while larger offices process much more. IG offices with audit, investigative and legal capabilities have the ability to handle a wider range of cases, since all required personnel are in-house, eliminating the dependence on outside departments.

The AIG describes the last item of cost savings, as difficult to quantify, and therefore an element of this research. Many OIG operations have different metrics for

measurement, making uniformity and an industry-wide standard for measurement virtually non-existent. How then, should we in fact quantify savings and recoveries in the field, to improve the overall effectiveness of OIGs? This and related questions will be posed via interview to a panel of inspectors general.

Productivity and Public Value. Organizational effectiveness and performance measurement are captured differently throughout the industry, and remain highly subjective in terms of what metrics are deemed important. The variations in staffing and relative workload capacity allows for a myriad of data combinations and reporting capabilities for OIG operations. The underlying premise of detecting fraud, waste and abuse recurs, but the way in which this is achieved may be very different among offices. As with agencies at all levels of government, performance must be measured to be prove and validate public value--are citizens' needs being met and are they getting their money's worth?

Performance and productivity are primary factors in the public's opinion of government. Government agencies strive to create positive results to enhance *public value* and therefore validate their use of taxpayer funds. According to Moore, engaged citizens have several criteria by which they gauge the public value of a government agency, all of which may be applied to the initial input, the ongoing processes, the output and the final measureable outcomes of most types of organization (Moore 1995). He suggests that:

- 1) the public organization should be a high-performing one, sharply focused on public service;

- 2) the public organization should operate efficiently and effectively when achieving the desired social outcomes; and
- 3) the public organization that operate justly and fairly, ultimately leading to just and fair conditions in the society at large.

To ensure public value, public and private agencies alike often incorporate specific strategies to improve stakeholder opinion and public value, with the OIG being no different in this regard. These strategies are driven by the internal goals, as well as the external expectations and required deliverables. Additional education or ongoing training for example, keeps employees prepared and in tune to the latest trends and practices in their industry. Technology upgrades or enhancements help the public organization perform more efficiently, essentially doing more with less.

Needs in Private and Not for Profit Sectors: Financial and Economic Impacts

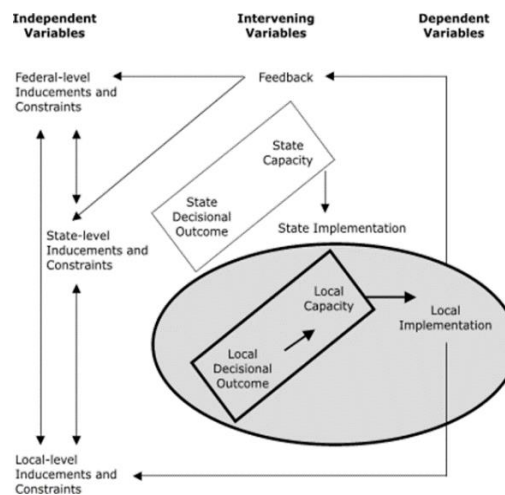
Decentralization. The sharing or decentralization of public services is another phenomenon that must be addressed moving forward, as private organizations are now contracted to provide goods and services to our citizens, who demand more efficient and cost effective services. Recent trends in economic development show the increased collaborative efforts of national governments, local governments and private business entities (Rosenbaum 2006). To this end, public organizations must change their focus to include private and non-profit sectors for the achievement of public service goals. “They will need to become more partnership-based, results-oriented, integrated, and externally focused” (Abramson et al. 2006).

A supporting element in the process of decentralization is the acknowledgement of the citizen as the customer. Traditionally, business

environments focus on shareholders for accountability but it's a bit different in the world of public administration. Delivery of public goods and services are the goals in this arena, not share prices or profits. Private organizations, specifically those involved in public service delivery, must understand this phenomenon and somehow incorporate it into their strategic processes. Moore and Khagram (2004) state that private sector businesses must consider these new customers as sources for legitimacy and support, and government may need a little affirmation.

Communication. Goggin, Bowman, Lester and O'Toole's (1990) interagency model (below) shows a communications framework that involves inputs, outputs and feedback from everyone involved in the process.

Figure 2.3: Collaborative Communications Model



There is evidence of inter-agency mitigation efforts with OIGs, as many cases routinely involve local-level and state-level organizations. The task, however, appears to be all that is shared. Financial resources and in some cases, access to information or systems is less likely to be shared across OIGs.

External focus means examining new and alternative ways of providing public goods and services. The public-private partnership business model now becomes a part of the bigger picture, sharing the responsibility and associated expense of public service. Buss and Fu (quoting Kettl) suggest that the new ‘social contract’ be guided by the increasing need for: (1) “more public money in the private economy, (2) more rules to shape how the private sector behaves, and (3) more citizen expectations that government will manage the risks we face” (Buss and Fu 2010). As with partnerships within public administration, external relationships must still exhibit the important traits of accountability and transparency, as well as reporting and public value to tax payers. Multiple sector involvement is now prevalent than before, but standards and a path for future collaboration are definitely needed.

Effectiveness and Efficiency. Different stakeholders and customers may mean different requirements and methods for achieving and communicating these traits, but a guideline of sorts must be set. Efficiency and effectiveness must become cornerstones of this “principal-agent” partnership, maintaining transparency, accountability and quality standards for all involved. Buss and Fu ask, Should Americans reconsider how best to allocate the roles and responsibilities among federal, state, and local authorities? (Buss and Fu 2010).

Chapter 2 Summary

As this review of literature shows, existing research has painted a clear picture of the need for OIGs but the framework for the operation is still quite unexplored. At the federal level the formula has been established for quite some time, although the depth of function and associated powers still vary according to the federal agency’s

actual role. State-level and local-level offices are even more varied, but have the most direct interaction with and impact on citizens. Resources for these OIG types are considerably less when compared to those at the federal-level, but in some cases the workload volume is just as great.

As with other public agencies, taxpayers expect mindful spending of dollars while still meeting the goals of providing public goods and services. Staffing, expenditures, case volumes and associated recoveries are all necessary to assess the operational performance of the OIG, as well as the viability and return on investment. Reporting and communication by OIG is an important factor in creating this public value. E-participation and citizen satisfaction is indeed crucial for all facets of government moving forward, and definitely essential for an organization such as OIG, which relies on leads from the public. Internal and external reporting procedures must be a part of the standard process.

As the literature suggests, unethical behavior, as well as the potential impact of the OIG's mitigation of the unethical behavior, affects all levels of government. Understanding this very important function within public administration could lead to great benefits, including reduced fraud, waste and abuse cases as well as potential financial savings. We must continue to explore the OIG industry and build upon our findings.

CHAPTER 3 -- RESEARCH METHODOLOGY

Introduction

The purpose of this chapter is to discuss the specific research methodology behind the primary data collection and secondary data analysis of this study. This research study analyzed existing state-level, local-level and specialized jurisdiction OIG operations, assessing their means of evaluating effectiveness and their current structure and staffing. By examining the layout and components of their current operations, a broad picture of typical skill sets, staffing and practices takes shape. The aim of the following methodology is to use the documented findings to create an ideal generalizable OIG model template and scorecard in support of efforts to maximize effectiveness and efficiency, with the potential of ultimately improving overall financial and economic impacts on the field of public administration.

Research Method and Design

For this study, the use of a multi-methods approach effectively provided insight to OIG industry trends as well as important perspectives and experiences of those in the field. The guiding research question examined the concepts and criteria employed by OIGs to improve the effectiveness of their operations. The research is designed to produce both narrative and numeric data concerning OIG offices and current practices. Since the purpose of this research is to analyze current practices and subsequently suggest a model for industry standard, both qualitative and quantitative research methods are needed to properly capture the full picture of what's happening today as well as where we need to go in the future. While qualitative inquiry captures the often open-ended thoughts and opinions of participants, quantitative inquiry

provides the more finite calculable data, with the two methods combining to reflect a well-rounded, more inclusive picture of the research scenario. As Creswell states in his chapter on understanding mixed methods, the combination of the two provides a better understanding of the research than any one method alone (Creswell, 2003, pp.8-10). He delineates the following as the benefits of utilizing a multi-methods research approach:

- Combine strengths of each to offset the individual method weaknesses;
- Provide comprehensive evidence for the study/research;
- Answer questions that cannot be answered by one method alone;
- Encourage researchers to collaborate the quant/qual relationship;
- Use multiple world views or paradigms;
- Allow the use of all possible methods to address the research problem.

Since several OIG operation models are used, there will undoubtedly be a myriad of vantage points and opinions from the inspectors general interviewed as well as the different OIG models analyzed. To this end, Venkatesh et al. (2013) suggest that multi-methods research satisfies the following seven criteria: complementarity, completeness, developmental, expansion, corroboration, compensation and diversity, all of which help support existing theories as well as create a foundation for creating new ones.

Chosen Research Design. This project utilized a multi-methods research approach, combining equally weighted quantitative and qualitative research processes and related findings into one study. The exact design used for this study was an exploratory design, with concurrent collection of quantitative and qualitative data. In

a concurrent design, both strands of data are collected simultaneously and then combined in later stages of the research. After all data was collected, merging took place at the analysis and interpretation stages, detailed and discussed in the later chapters.

The exploratory method was deemed appropriate by the researcher, due to limited existing research for non-federal OIGs. The lack of standard or required staffing patterns among OIGs and the need for a generalizable typology further supported the reasoning for an exploratory research design. Further, the potential for limitations of the sole use of quantitative methods or qualitative methods may be greatly reduced by the use of a multi-methods strategy (Hammond 2005).

Pilot Testing. A pretest (pilot study) was performed for the survey process, the actual questionnaire and semi-structured interview questions, to ensure the relevance of questions to those in the field and to minimize researcher bias. Due to the researcher's previous professional relationship with one local-level OIG, this group was excluded from the actual live study and utilized for the purpose of the questionnaire development. The pilot study participants reviewed each question for clarity as well as relevance to the research goal of perceived effectiveness measurement. Question review was also performed by members of the Association of Certified Fraud Examiners (ACFE) community as well as the American Institute of Certified Public Accountants (AICPA) community, to ensure completeness of concepts as well as accurate data capture.

Sampling Strategy and Units of Analysis. Effective sampling in a research design is crucial, as it strengthens the results and inferences of the study

(Onwuegbuzie and Collins 2007). Random sampling (probability) and non-random sampling (purposive) are both viable options for multi-methods research which includes both quantitative and qualitative data analysis, and can in fact be used in the same project (Onwuegbuzie and Collins 2007). The sampling strategies used for this research project are stratified random sampling for the quantitative portion of the research and maximum variation sampling for the qualitative portion of the research. For the analysis of various OIGs, stratified random sampling ensures adequate representation from state-level, local-level and specialized operations, relative to the population. This allowed the researcher to further examine characteristics of each individual stratum, and compare the differences among all strata represented in the sample. The maximum variation sampling utilized for the semi-structured interviews enables capture of narrative from IGs all levels considered for the study, as well as coverage of the various locations. This provides a myriad of perspectives from the IGs, painting a much broader picture of the industry.

Sample Population. The unit of analysis for the research is the OIG, with results reported in the aggregate. The OIG population utilized for this study included all established state-level, local-level and specialized operations registered with the Association of Inspectors General (AIG), who have consented to participation in the study. AIG focuses on the betterment of the OIG community, by facilitating best practices and shared knowledge among its members

https://www.google.com/?gws_rd=ssl#q=association+of+inspectors+general).

Independent non-registered OIGs that have expressed interest in the study and the subsequent results have also been included. No federal-level OIGs are registered with

the AIG and subsequently are not included in this survey sample due to the difference in appointment/creation, structure, function and guidance. An overview of federal-level organizations has been provided in the literature review section of this project, and may be referenced throughout the analysis. Findings and discussion are for comparative purposes only, as the federal model provides the foundational model for all other levels of OIG.

Quantitative Data Collection

Published OIG Information. The quantitative portion of the research involved the analysis and interpretation of data published by state-level, local-level and specialized OIGs and the localities they serve. Each OIG included in this study has a public website on which some basic information and statistics are reported. Publicly available reports, memorandums and communications were obtained and downloaded from each website, then consolidated for statistical analysis and discussion within this project. Additional documentation such as reports or internally captured data was also provided as offered by the IGs interviewed.

Survey Participants. Current inspectors general and OIG staff members such as investigators, agents, analysts, legal counsel and law enforcement are participants of the survey. No federal-level IGs or staff members are included in the surveyed population. Prior to survey completion, each participant electronically signed an informed consent agreeing to participate in the research process, located on the first page of the electronic survey.

Survey Instrument. The questionnaire consisted of several types of questions, and included both closed-ended questions measured by 5-point Likert scale as well as

open-ended questions which allow more narrative. As previously stated, the goal of the research is to identify current performance measurement practices and assess operational efficiency, for the establishment of suggested industry benchmarks and standards. To that end, the survey questions are designed to capture the key elements of aforementioned topics: financial data, internal processes and procedures, customer service, training and continued growth. The specific categories for question organization in the survey instrument are: (1) participant demographics--to capture the attributes of the individual survey participant; (2) organizational characteristics--to provide details regarding the design, structure and staffing patterns; (3) organization mission and objectives--to identify the foundational elements that provides overall guidance for the organization's daily activities and purpose ; (4) employee engagement--to indicate what practices are in place for employee professional development; (5) financial management--to assess the current financial management practices and utilized systems; (6) performance measurement--to gauge the performance measurement processes currently utilized; (7) data collection--to determine what items are deemed important for tracking and the processes by which the information is collected; and (8) reporting and communication -- to show required internal and external reporting requirements.

Survey Distribution. Survey participants received an introductory email explaining the process including survey completion deadlines, and contact information for additional questions or follow-up. The invitation and electronic link to the survey instrument was sent directly to each survey participant, creating a unique identifier for each participant. The survey was administered by the researcher,

distributed electronically using the Qualtrics Survey Management System. The survey remained open and available for completion for approximately two weeks, with a reminder email sent one week after the initial invitation.

Qualitative Data Collection

The qualitative portion of the research consisted of in-person interviews with present and past inspectors general, to gather the observations of industry professionals. The nature of the questions were both open- and closed-ended, to provide results for both qualitative and quantitative inquiry. The purpose of the interviews was to explain and support the data gathered during the quantitative portion of the research, providing a more in-depth robust picture of OIG operations.

Interview Participants. Those in the specific role of inspector general or an official deputy inspector general (instead of other roles such as agent or investigator) were considered for the personal interviews. A purposive sample of IGs was populated, to represent state-level local-level and specialized operations, as well as varying sizes and types of personnel. The direct knowledge obtained by leading these operations undoubtedly provided a great deal of insight to this research. Individuals in this role are also directly responsible for any changes or updates to internal processes and procedures.

Semi-Structured Interview Process. The interview participants were asked additional open-ended questions, to obtain more detailed information on OIG operations, specifically performance measurement strategies. As with the survey participants, interview participants signed and returned a consent form agreeing to

participate in the research, as well as permission to record the interview. The interviews were recorded and transcribed for review and analysis.

Data Merge and Triangulation

Results and Data Collection. Data collection from all quantitative research modes--electronic survey and published OIG secondary data--was used in the creation of a suggested OIG typology. Collection for all phases of the research was concurrent. After data gathering, triangulation occurred during the interpretation and analysis stages. The triangulated results **were** utilized for the creation of an OIG balanced scorecard (based on the Kaplan and Norton model), a tool to be used for performance measurement and organizational effectiveness. In this way all three modes of analysis (interviews, survey and secondary data) were triangulated to form sound recommendations for short-term performance measurement as well as long-term planning strategies, as presented in an OIG balanced scorecard.

Factor Analysis Assumptions and Methodology

Principal components factor analysis has four statistical assumptions, used in the initial assessment of the data and its environment. Normal distribution, independent sampling, linear relationship among variables and moderate correlation are tested for compliance/violation using several test steps within the factor analysis process (Leech et al 2011). The correlation matrix and communality table for show relationships between variables. The goodness of fit analyses and the KMO and Bartlett's Test analyze the sample data for adequacy in representation as well as statistical significance.

The extraction and rotation of the study's factors was accomplished by using two different analysis methods: principal component analysis and Varimax rotation. Principal axis factor analysis explains co-variations among measures, while principal components analysis attempts to identify all relationships between measures, both variances and co-variances (Leech et al 2011). These testing methods, in efforts to reflect data parsimoniously, utilize four steps for the analysis: creation of the correlation matrix (including assumptions tests), factor extraction, factor rotation, and final decision making.

Two-Sample T-Test Assumptions and Methodology

The two-sample t-test is a statistical test that compares the arithmetic means of two groups. The null hypothesis is that the means of the two groups tested are equal, with no statistically significant effect of belonging to one group or the other. The survey responses are combined into indices based on the factor analysis and the groups of interest correspond with the organizational dynamics of interest based on the literature: the level of the organizations; their independence, and degree that they track their economic impact. This testing method was chosen due to the relatively small sample size used for the research.

As with other types of data analysis and statistical tests, the two-sample t-test has a defined list of assumptions that must be met before applying this method. It is important for the data set to satisfy these assumptions, to ensure valid and accurate test results. The assumptions are: (1) the dependent variable must be measured using a continuous scale (interval or ratio), (2) the independent variables must be

categorical in nature, (3) the observations or cases in the data set must be independent in nature, with no relationship, (4) outliers in the data set must be detected and addressed, (5) the dependent variable must be normally distributed and (6) the variances within each population must be equal. Some of these assumptions may be tested using descriptive statistics analysis, while others may be satisfied by a basic review of the data set.

For the purposes of this research, Microsoft Excel was the primary software used for analysis with cross-validation performed using SPSS Statistics 23. The standard formula for two-sample t-test with equal variances utilized by both software programs is shown below:

Figure 3.1: Two-Sample T-Test Formula (Equal Variances)

$$T = \frac{\bar{X} - \bar{Y}}{S_p \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$$

Elements utilized in the formula are directly related to the two sample populations, where: X and Y are the means of the first and second samples, n_1 and n_2 are the number of observations in each of the two samples, and S_p is the pooled standard deviation for both samples.

Test results indicate acceptance or rejection of the research assumption (null hypothesis). To make this determination, several data points in the results are considered. First, the means of both populations are examined. If the means for both

populations are equal, then the null hypothesis is accepted or upheld initially. This can be represented by the equation: $H_0: \mu_1 = \mu_2$ or $\mu_1 - \mu_2 = 0$. Second, the level of significance or p-value represented by alpha (α) = .05 or less, is also considered when making the final decision of accepting or rejecting the null hypothesis. Finally, the test statistic (shown in the results table as t Stat) is reviewed and compared to the critical t (t critical). If the absolute value of the t Stat is larger than the critical t value, the null hypothesis or primary research assumption can be rejected. These items work in unison to analyze the two sample populations.

Chapter 3 Summary

In summary, this methodology chapter detailed the methods by which this research and analysis will be conducted. The multi-methods approach to this exploratory research will serve to strengthen the information discovered for state-level and local-level OIGs by providing accurate quantitative analysis as well as robust qualitative results obtained during personal interviews. The goal is to positively impact the OIG industry as well as the field of Public Administration. Findings from the questionnaire, semi-structured personal interviews and secondary data analysis will be presented in detail in Chapter 4.

CHAPTER 4 -- RESEARCH FINDINGS AND DATA ANALYSIS

Introduction

The purpose of this chapter is to present the research findings and data analysis of the OIG study. Guiding frameworks discussed in previous chapters detail important performance measurement focal points, and the results of the application of these focal points to the OIG population queried are provided here. While some traditional performance measurement strategies rely primarily on the financial performance of an organization, this study encompasses performance in its entirety-- financials, mission, structure, reporting, staffing--all of which are included in the questionnaire and the semi-structured personal interviews.

The chapter contains four distinct subsections for the presentation of the research results: (1) questionnaire results and statistical analysis, (2) secondary data (self-published information) results and analysis, (3) semi-structured interview results and analysis and (4) triangulated results data analysis. The survey subsection contains aggregated results of the responses provided by representatives of the OIGs. The secondary data subsection includes summary information from self-published documents produced by the OIGs, reports and surveys published professional organizations and regulatory bodies, and other relative statistical information published by the jurisdictions of the OIGs. The semi-structured interview subsection contains summary information from the transcribed interviews, to support and extend the findings of the survey and published information. The triangulated results subsection details the combined results of the study, and what they mean for the overall performance measurement practices of OIG's.

Each subsection includes an in-depth presentation of the associated criterion, descriptive statistics, graphic representations and challenges of the research, as applicable to the method (quantitative or qualitative). Analysis of relevant variables, including statistical significance, statistical power and response rates, is provided, as are the prevalent themes and trends identified from the results. The entire chapter is then concluded with a summary of all findings, with the relationship to frameworks and theories discussed in the next chapter.

Research Findings

Survey Process and Questionnaire Results

The electronic survey portion of the research was conducted using the Qualtrics Online Survey Platform. This system is web-based and gives the researcher the ability to distribute surveys to a general population or a smaller, more specific population. The OIG Management Survey and associated questionnaire were made available to only a specified number of OIGs, each given a unique invite and response identification number (see Appendix D: Survey Invite Letter). This allowed the researcher to track individual responses for analysis purposes as well as eliminate any duplicates in the sample set and associated responses.

The survey starts with an informed consent that must be completed before moving on to take the survey, and an “opt out” selection for those declining to participate. Questions were divided into the following sections for data collection: participant demographics, organizational characteristics, organizational mission and objectives, employee engagement, financial management, performance measurement, data collection and finally, reporting and communication. These parameters were

chosen due to their impact on organizational effectiveness. The survey ends with the contact information for the researcher and the option for the respondent to enter contact information, to be contacted for a semi-structured personal interview. A descriptive statistical analysis was conducted on the survey data, with the detailed results of key concepts reflected in the sections below. Two rounds of surveys were distributed electronically totaling 147 OIGs surveyed, of which thirty-three representatives responded (22.45 percent response rate). Although the targeted survey population was registered AIG members, the survey was distributed independently by the researcher.

Participant Demographic Measures. The demographic portion of the questionnaire was designed to capture the professional attributes of those completing the survey. The goal was to ensure adequate representation of the wide range of professionals working in the OIG and fraud, waste and abuse investigative industry. Questions gathered information on the respondent's OIG office and location, the OIG jurisdictional type, the position held within the OIG, the number of years in this position, the number of years of experience in the fraud, waste and abuse investigative industry, the respondent's professional background and the job-related certifications held by the respondents. A total of 33 questionnaires were returned to the researcher, with three responses containing less than half of the questions completed. These three responses were excluded from the detailed data analysis discussion presented in this section. The remaining thirty responses contained a great deal of information, useful in the overall analysis of the OIG population with every question reflecting some level of participation.

The OIG type question/indicator was answered by 30 respondents. The purpose of this question was to assess the representation of the various OIG types selected for and completing study. The majority of respondents were from state-level operations, even though all levels were invited to participate. Of the 30 total respondents: 4 were local/municipal-level operations (13.33 percent of total), 8 were county-level operations (26.67 percent of total), 14 were state-level operations (46.67 percent of total), and 4 were specialized operations 13.33 percent of total). The summary Table 4.1 below shows the OIG type as well as the distribution data.

Table 4.1: Distribution of Survey Respondents by OIG Office Type

OIG Type	Distribution (Frequency)	Percentage Distribution	Cumulative Distribution	Percentage Cumulative Distribution
Local/Municipal	4	13.33%	4	13.33%
County	8	26.67%	12	40.00%
State	14	46.67%	26	86.67%
Specialized	4	13.33%	30	100%
Total	30	100%	30	100%

Within the industry, there are certain positions/roles that accompany the typical OIG operation. These standard titles were listed as choices for the position related questions in the demographics section of the survey. Each survey participant was asked to identify his/her current position within the OIG. As intended, most of the respondents were in an IG role. This was desirable as this lead position holds the authority to make performance measurement changes within the organization. A total of 30 participants answered this question. Of the 30 total respondents, 24 hold the

position of inspector general (80 percent of the total), 1 holds the position of deputy inspector general (3.33 percent of total), 1 holds the position of investigator (3.33 of total), 2 hold the position of agent (6.67 percent), and 2 hold positions of combined function (6.67 percent). All other positions provided as options were unrepresented in the responses. The other positions were in fact represented in the respective OIG organizational charts, as discussed in the secondary data analysis portion of this chapter. Table 4.2 below shows the position summary data as well as the relative distribution.

Table 4.2: Distribution of Survey Respondents by OIG Position

Position	Distribution (Frequency)	Percentage Distribution	Cumulative Distribution	Percentage Cumulative Distribution
Inspector General	24	80.00%	24	80.00%
Deputy IG	1	3.33%	25	83.33%
Investigator	1	3.33%	26	86.66%
Agent	2	6.67%	28	93.33%
Auditor	0	0.00%	28	93.33%
Counsel	0	0.00%	28	93.33%
Law Enforcement	0	0.00%	28	93.33%
Evaluator	0	0.00%	28	93.33%
Combined/Alt	2	6.67%	30	100%
Total	30	100%	30	100%

Two separate questions were asked to gauge the level of professional experience of OIG personnel. The first question asks each respondent how many years they've held the current position with their OIG, as identified in the previous survey question (see Table 4.2). The second question asks how many years of total work experience the respondent has in the fraud, waste and abuse investigative industry. The greatest number of participants reported 1 to 3 years in the current position (11 out of 30), with only 1 participant reporting more than 10 years in the current position. When examining total industry, 21 out of the 30 respondents have more than 10 years of industry experience, with all respondents reporting more than 1 year of industry experience. Figure 4.1 summarizes the data collected on years in current position, and Figure 4.2 summarizes the data collected on years of experience in the fraud, waste and abuse investigative industry.

Figure 4.1: Distribution of Survey Respondents Current Position

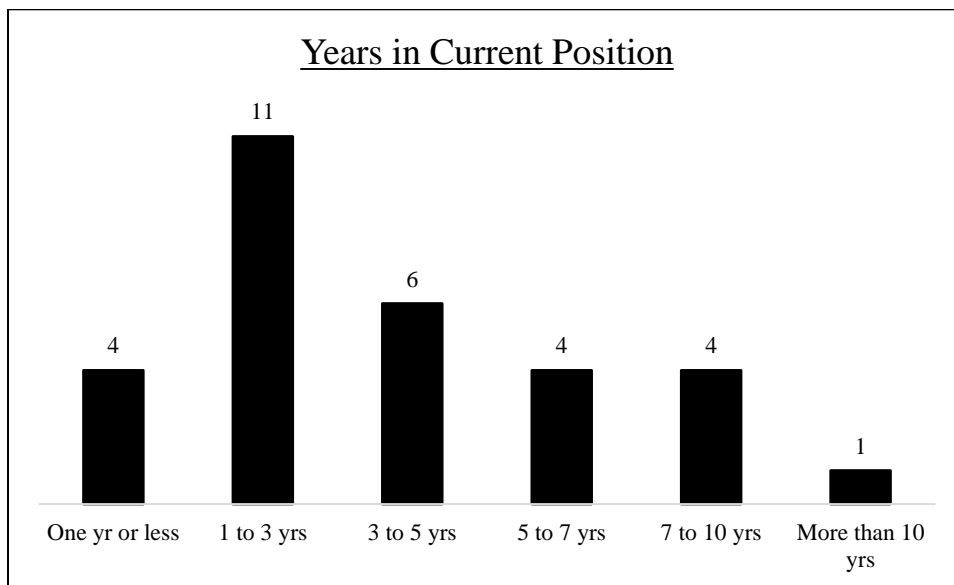
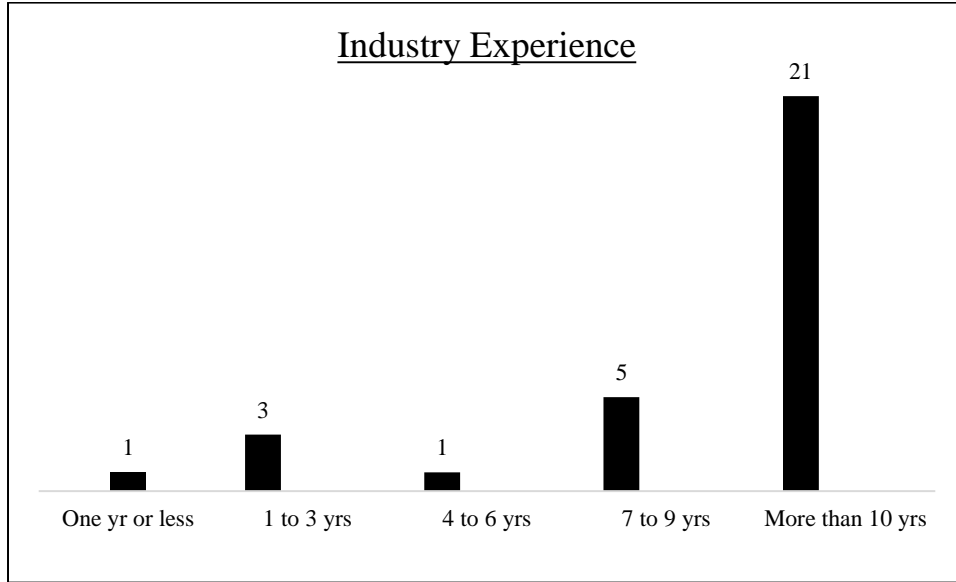


Figure 4.2: Distribution of Survey Respondents Industry Experience



The work of OIGs is indeed multi-faceted, as jurisdiction often covers a myriad of departments and functions. Accordingly, staff within the organization must have the ability to accurately evaluate the cases that come their way. As identified in the survey, respondents' professional background covers many disciplines with several respondents having composites of those mentioned. The most prevalent fields identified were criminal justice and auditing/performance evaluation, followed closely by legal, financial and business industries. Certifications within the OIG industry are increasingly sought after, with more agencies now seeking certification for all levels of staff. Respondents were asked to identify professional certifications held, and, just as with professional backgrounds, respondents cover several categories here. As expected due to the primary role of the survey respondents, Certified Inspector General (CIG) was the most commonly mentioned certification. However, most of the IGs possess multiple professional certifications to include Certified Public

Accountant (CPA), Certified Fraud examiner (CFE) and Certified Financial Forensics (CFF).

Organizational Characteristic Measures. The organizational characteristics section of the survey is designed to capture information detailing the structure of OIG operations responding. Offices of Inspectors General at the non-federal levels are not mandated as federal agencies are and therefore come into existence by a variety of means. Typically, these methods of establishment include one of the following: (1) municipal charter, (2) state legislation and (3) executive order. The municipal charter and state legislation are geared to making the OIG an official permanent part of the respective regulatory structures. The executive order, although allowed and supported by a municipality's charter or a state's legislation, is not an official statute and may be overturned or deemed no longer necessary at the discretion of the elected Executive Official. For this question in the questionnaire, 30 participants responded stating that 5 were created by municipal charter (16.67 percent), 16 were created by state legislation (53.33 percent), 3 were created by executive order (10 percent) and 6 were created by other legislative means (20 percent). Shown below, Table 4.3 summarizes the methods of office creation identified by the responses.

Table 4.3: OIG Method of Establishment

Establishment	Distribution (Frequency)	Percentage Distribution	Cumulative Distribution	Percentage Cumulative Distribution
Municipal Charter	5	16.67%	5	16.67%
State Legislation	16	53.33%	21	70.00%
Executive Order	3	10.00%	24	80.00%
Other	6	20.00%	30	100%
Total	30	100%	30	100%

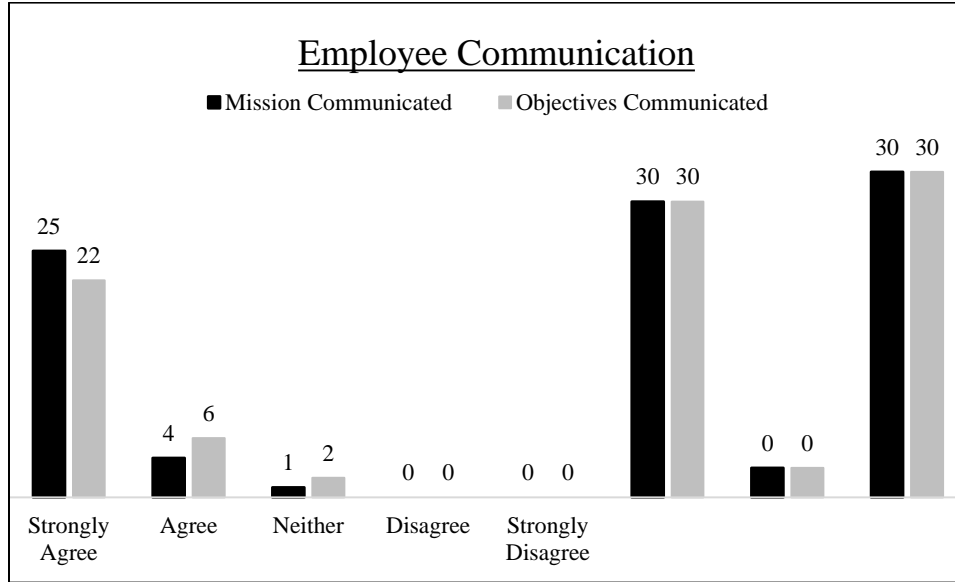
When asked to indicate opinion on independence, responses were a bit mixed. Of the 30 participants, 13 respondents (43.33 percent) stated that their OIG did in fact operate independently. Eleven respondents (36.66 percent) stated that their agency did not operate independently. Five (16.67 percent) said they operated independently and 1 (3.33 percent) answered unknown. These results are of no surprise as authority often lies with those who hold the purse strings.

Organizational Mission and Objectives Measures. The mission and objectives portion of the questionnaire was designed to collect information regarding the presence and communication of the organization’s mission and objectives. There were basic definitions of these concepts provided to the participants to ensure a clear understanding of the difference between the two terms. The mission was broadly defined as the ‘big picture’ goal or what the organization was striving to achieve. The

objectives were defined as the steps to be taken when attempting to reach the big picture goal, or how the organization would achieve its mission.

A total of five statements were presented in this section, to gather information on the internal and external communication of the responding OIG's mission and objectives. The first two statements ask the respondent to determine if the organization's mission and objectives have been clearly communicated to them as an employee. A total of 30 respondents answered these two questions. Question one which addressed mission had 29 participants respond (96.67 percent) with strongly agree or agree. Question two which addressed objectives had 28 participants respond (93.33 percent) with strongly agree or agree. A total of 3 respondents had no definite opinion on the matter, and there were no responses either strongly disagreeing or disagreeing with the statements. The question to be addressed with the interviews then, is has the agency in fact identified these items and perhaps neglected to publish them on internal documents? Figure 4.3 summarizes the results for these two questions and responses.

Figure 4.3: Mission and Objectives Communication to Employee



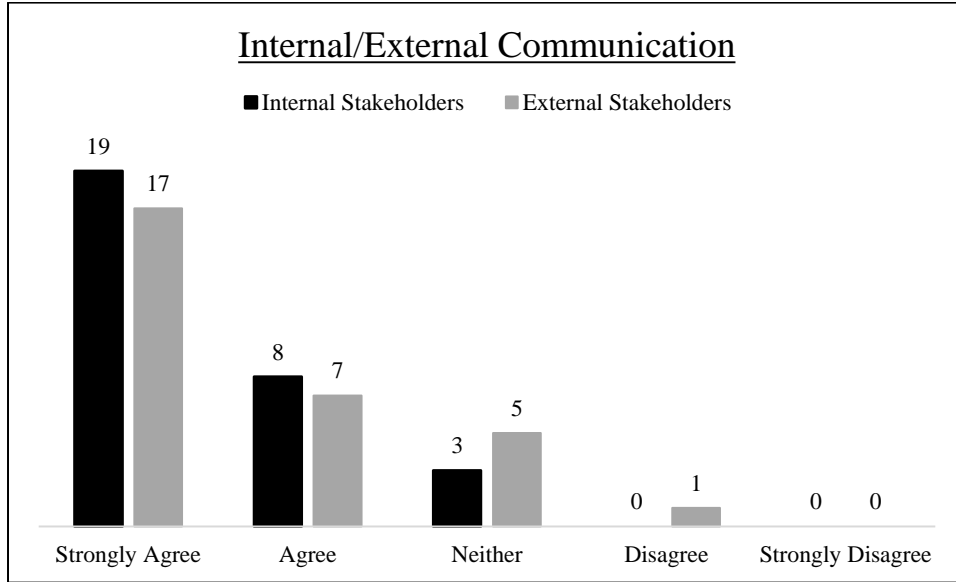
The third statement in the mission and objectives section asks the respondents to determine if their role within the OIG directly impacts the achievement of the organization’s mission and objectives. All 30 of the respondents believe that their role does in fact directly impact the achievement of the mission and objectives, as indicated by a response of strongly agree or agree. This response was expected from all respondents in the role of inspector general, and desired from all respondents in other positions. An employee’s sense of purpose and responsibility is definitely needed when considering changes within an organization.

The remaining two questions in this section addressed communication of the mission and objectives to internal and external stakeholders. A total of 30 participants responded to these questions. While most showed some level of agreement on internal communication, responses to these communication questions were not unanimous. Question four asked respondents to indicate if the organization’s mission and goals were communicated to internal stakeholders, to which 27 (90.00 percent)

strongly agree or agree. Three respondents (10.00 percent) neither agreed nor disagreed with the questions, but no respondents selected disagree or strongly disagree for their response. This is a very good indicator, in conjunction with role impact that most are on the same page.

Question five of this section asked the respondents to indicate if their OIG communicated its mission and objectives to outside stakeholders. Of the 30 respondents, 24 (80.00 percent) either strongly agreed or agreed with this statement. Five respondents (16.67 percent) neither agreed nor disagreed and 1 (3.33 percent) disagreed with this statement. The take-away issue here is the OIG's exposure to external stakeholders. For those agencies situated within a larger organization, is there routine interaction with external stakeholders or are these interactions solely the responsibility of the parent agency? Is the jurisdictional structure arranged in such a manner that external communications are handled by a specific department (such as public relations)? The summary data for the five statements regarding communication to internal and external stakeholders in this section are shown in Figure 4.4 below.

Figure 4.4: Mission and Objectives Communication to Stakeholders



Employee Engagement Measures. The employee engagement section of the questionnaire was designed to capture the employee engagement practices of the various OIGs participating in the survey. This section contained seven statements purposed to assess various practices of employee engagement utilized, to include current employee satisfaction as well as growth potential and training opportunities. A total of 30 participants responded to the statements in this section, with some representation in all categories of the Likert decision scale. All respondents (100 percent) either strongly agreed or agreed that their job expectations were clearly defined. When asked to indicate whether or not employees receive constructive feedback, 29 respondents (96.67 percent) either strongly agree or agree with this statement. One respondent (3.33 percent) neither agreed nor disagreed with constructive feedback being given. A total of 27 respondents (90 percent) of their OIGs offer growth and development opportunities to employees, while 2 respondents (6.67 percent) neither agreed nor disagreed and 1 disagreed (3.33 percent). All 30

respondents (100 percent) agreed with the presence of training opportunities as well as open communication at their OIGs. Unlike the other statements within this section, the employee satisfaction survey responses fell on the disagreement side of the spectrum. Nine respondents (30 percent) either strongly agreed or agreed that employee satisfaction surveys in some form were distributed within their OIG. Six respondents (20 percent) neither agreed nor disagreed with the statement. Fifteen participants (50 percent) either strongly disagreed or disagreed with the statement of employee satisfaction surveys being distributed. The last statement in this section asks if employee contributions are recognized. Twenty-six respondents (86.67 percent) strongly agree or agree that employees are recognized for their contributions to the OIG operation. The remaining four respondents were split between neither agree nor disagree and disagree categories, with 2 (6.67 percent) each.

Table 4.4: Distribution of Employee Engagement Practices and Initiatives

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	Total
Job Expectations Defined	22 (73.33%)	8 (26.67%)	0 (0%)	0 (0%)	0 (0%)	30 (100%)
Constructive Feedback Given	18 (60%)	11 (36.67%)	1 (3.33%)	0 (0%)	0 (0%)	30 (100%)
Growth and Development Opportunities	12 (40%)	15 (50%)	2 (6.67%)	1 (3.33%)	0 (0%)	30 (100%)
Training Opportunities	18 (60%)	12 (40%)	0 (0%)	0 (0%)	0 (0%)	30 (100%)
Open Communication	18 (60%)	12 (40%)	0 (0%)	0 (0%)	0 (0%)	30 (100%)
Employee Satisfaction Surveys	4 (13.33%)	5 (16.67%)	6 (20%)	14 (46.67%)	1 (3.33%)	30 (100%)
Contributions Recognized	11 (36.67%)	15 (50%)	2 (6.67%)	2 (6.67%)	0 (0%)	30 (100%)

The results for this category of statements were extremely positive, in that most of the responses were in the strongly agree and agree categories. Just as with role identification and internal communications, employee engagement promotes a willingness to participate, that will undoubtedly prove necessary for performance measurement and performance improvement initiatives. The only negative indicator here is the limited number of OIGs that administer employee satisfaction surveys.

Financial Management Measures. Financial management ensures efficient and effective uses resources, while achieving an organization’s mission and objectives. The questions in this section of the questionnaire were designed to capture the OIG’s current financial management practices and uncover key factors that

influence those practices. The first question asks the respondent to identify the funding source for the OIG. A total of 30 participants responded to this statement, with no unexpected sources introduced. Twenty-nine participants (96.67 percent) stated that their OIG was funded through normal budgeting channels, to include agency head allocation and tax revenue. The remaining 1 participants (3.33 percent) stated that they were funded by a receiving a portion of funds recovered by investigations. This last response of recoveries for funding is yet another industry dilemma, in that OIGs measure recoveries differently. No standard within the industry exists currently for this metric.

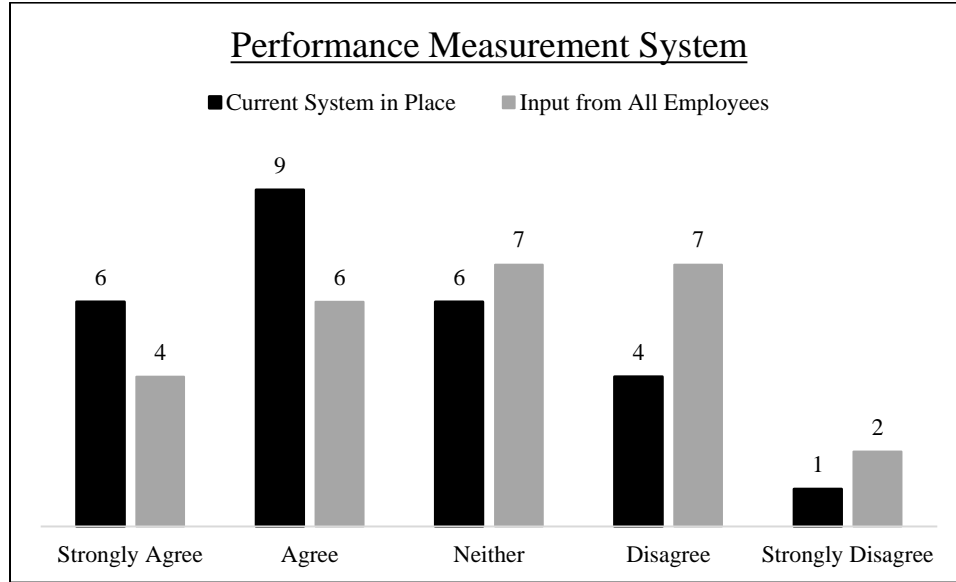
Thirty participants responded to the statement on tracking expenses, with 26 (86.67 percent) stating that expenses were tracked regularly and 4 (13.33 percent) stating that they were not. Some respondents indicated that the financial tracking software was a specialized package, with the remaining participants indicating basic office tracking software. Depending on size and complexity of the OIG, this function may actually be shared among subdivisions then consolidated at the higher OIG level.

Performance Measurement Measures. Performance measurement measures are key items in this questionnaire, as the research goal for this project is to assess what the participating OIGs have in place currently, subsequently assessing the dependent variable of perceived effectiveness and recommending possible improvements. These performance measurement items are in fact necessary in assisting the organization in achieving its mission and objectives--its organizational effectiveness. Routine activities such as case volumes and case types should be monitored, with all activities predicated on the established mission and objectives.

Specifically, the statements in this section of the survey were designed to gauge the following three important concepts: (1) what performance measurement activities are being performed (if any), (2) the efficiency and effectiveness of those activities and (3) which of the activities may need to be improved or changed. Although 30 participants responded to the questionnaire, four of these responses were unclear for the remaining sections and therefore excluded from the remaining analyses. A total of 26 participant responses (86.67 percent) were used in this performance measurement section.

The first two items asked respondents to identify if a performance measurement system was currently in place, and if that system was developed by including the input from all OIG employees. There were 15 respondents (57.69 percent) either strongly agreeing or agreeing that a system was currently in place. Six respondents (23.08 percent) selected the neither agree nor disagree option. For disagree and strongly disagree options to statement one, there were 4 respondents and 1 respondent (19.23 percent). (See Figure 4.5).

Figure 4.5: Performance Measurement System

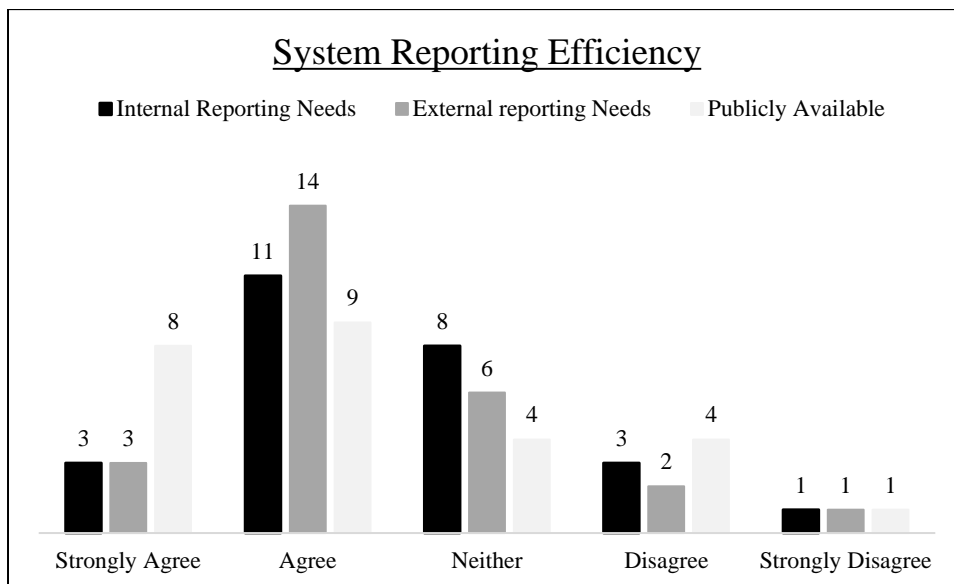


The responses here regarding a current performance measurement system or lack thereof, directly supports the need for this research on local-level, state-level and specialized OIGs. The additional question here is, are data in fact collected but not effectively analyzed? If there is no performance measurement system in place, how is productivity assessed?

Reporting efficiency was assessed by analyzing participant's responses to statements on standard reporting practices. Specifically, respondents were asked to consider if the current performance measurement system met the organization's internal and external reporting needs. It was also asked if the internal performance measurement results of the OIG was made publicly available. Of the 26 responses, 14 (53.85 percent) either strongly agreed or agreed that the performance measurement system meets internal reporting needs of the organization, while 4 of the 26 (15.38 percent) disagreed or strongly disagreed with the statement. Seventeen respondents (65.38 percent) strongly agreed or agreed that the external reporting needs were met,

while 3 (11.54 percent) strongly disagree or disagreed with the statement. Seventeen (65.38 percent) strongly agreed or agreed with performance measurement results being publicly available, while 5 (19.23 percent) disagreed or strongly disagreed with the statement. Results for neither agree nor disagree for the three reporting statements were 8 (30.77 percent), six (23.08 percent) and 4 (15.38 percent). The results for these three items are summarized graphically below in Figure 4.6.

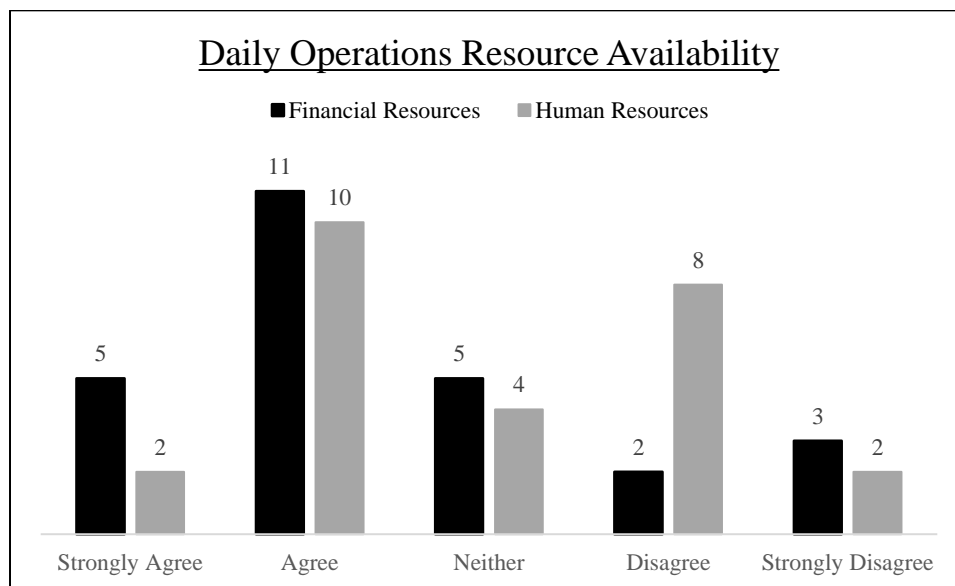
Figure 4.6: System Reporting Efficiency



Performing basic daily operations can be a challenge if an organization lacks the necessary resources to accomplish its established goals. The OIG questionnaire presented mixed results on the adequacy of resource availability. Sixteen of the 26 respondents (61.54 percent) indicated that there adequate financial resources to carry out their OIG’s basic daily operations, with responses of 5 and 11 for strongly agree and agree. This is higher than the respondent’s opinion on the adequacy of human resources. Twelve of the 26 respondents (46.15 percent) believed that their OIG possessed enough human resources to perform basic daily operations, with 2 and 10

for strongly agree and agree. Five respondents (19.23 percent) either disagree or strongly disagreed with the statement suggesting sufficient financial resources, while 10 respondents (38.46 percent) disagreed or strongly disagreed with the statement suggesting sufficient human resources for daily operations. The neither agree nor disagree response was given by 5 respondents for adequate financial resources and four for human resources. Basic operational needs must be met before moderate or larger scale improvements can take place. Summary data for these items are shown below.

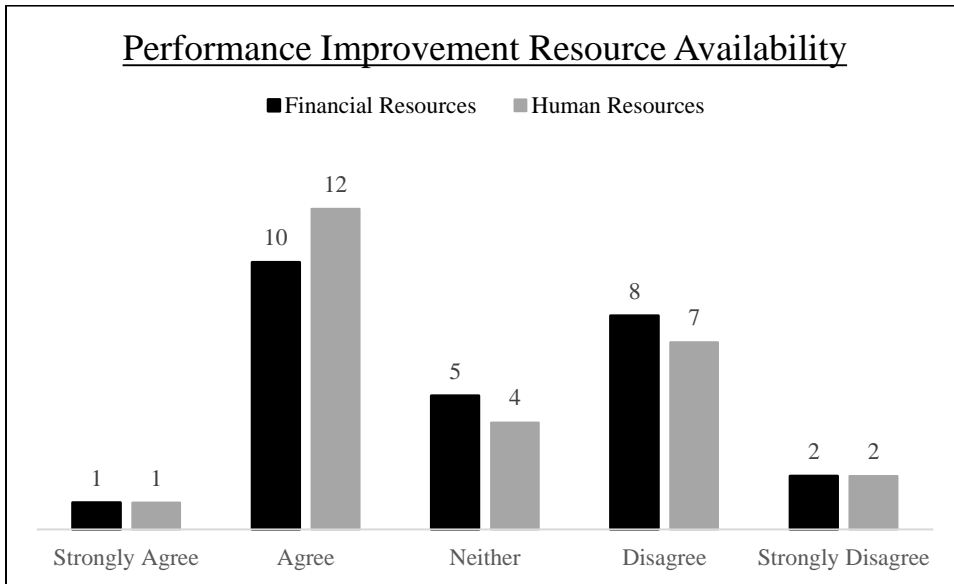
Figure 4.7: Operations Resource Availability



Continuing with the theme of resource availability, the participants were asked to comment on adequacy of resources for performance improvement initiatives. As with the opinions on daily operations resources, indicators were relatively widespread for this concept as well. Eleven respondents (42.31 percent) strongly agree or agree that financial resources are in fact available for performance improvement, while 10 (38.46 percent) believed that these resources were inadequate.

Thirteen respondents (50 percent) strongly agreed or agreed with adequacy of human resources, with 9 respondents (34.61 percent) indicating that human resources are inadequate for purposes of performance improvement. The responses of neither agree nor disagree was chosen by 5 respondents for financial resources availability and 4 respondents for human resources availability.

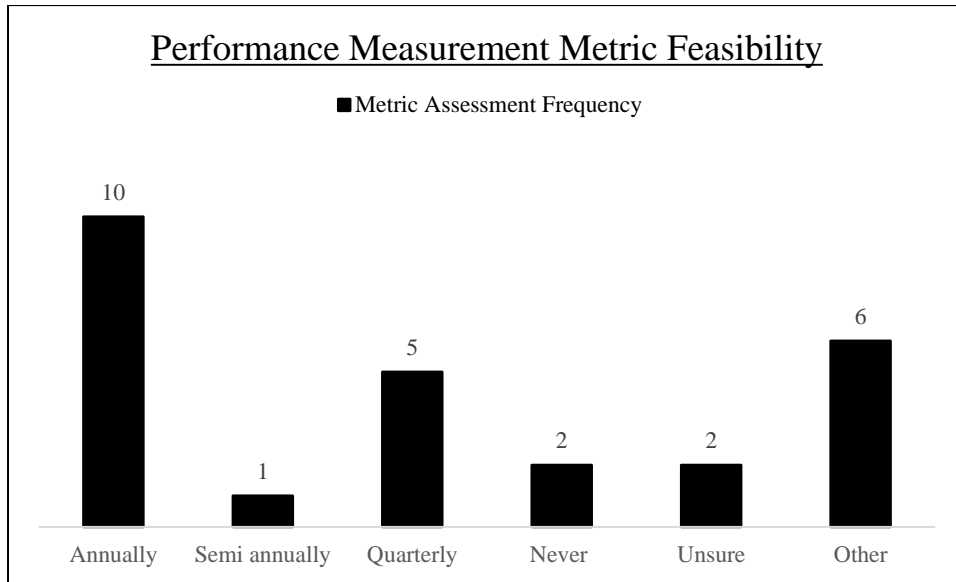
Figure 4.8: Performance Improvement Resource Availability



Performance measurement tracking and improvement only works if the data being collected is the correct data to record. Respondents were asked to indicate their beliefs on whether the data currently being collected was relevant to their OIG’s established mission and objectives. Fifteen of the 26 respondents (57.69 percent) believed this data was relevant, strongly agreeing or agreeing with the questionnaire statement. Eight respondents (30.77 percent) neither agreed nor disagreed with the statement on data relevance, while the remaining 3 respondents (11.54) percent strongly disagreed or disagreed with the concept.

Ideally, performance measurement metrics should be updated as the dynamics of the OIG change over time. When asked if the metrics currently utilized by the organization were periodically reviewed, the majority stated that they were in fact reviewed in some manner. Ten respondents (38.46 percent) stated that metrics were reviewed annually, 1 respondent (3.85 percent) stated semi-annually and 5 respondents (19.23 percent) stated quarterly. Six (23.08 percent) respondents indicated that the performance metrics were reviewed but not at routine intervals. Two respondents (7.69 percent) indicated that the metrics utilized by their organization were never reviewed for feasibility, and the remaining 2 respondents out of the total 26 indicated that they were unsure about the concept of performance measurement metric review.

Figure 4.9: Performance Measurement Metric Feasibility



The results of this statement shows great promise, in that the performance measurement metrics are being reviewed. With over half of the responses indicating

defined intervals (61.54 percent), there seems to be some type of baseline to use for a standardized metric.

Data Collection Measures. The data collection section was designed to assess the routine data gathering practices of the OIGs. The first statement in this section asks respondents to identify the typical case types handled by their organization. No case type is unique to an OIG but certain types may in fact be prevalent due to the culture or function of the jurisdiction in which it operates. Typical cases identified by the respondents, listed from the greatest mentioned to the least mentioned are: policy violations (mentioned by 25 respondents), misuse of funds (mentioned by 21 respondents), contract and procurement violations (mentioned by 17 respondents), equipment theft (mentioned by 16 respondents), monetary theft (mentioned by 15 respondents), time and attendance violations (mentioned by 13 respondents) and other unspecified violations (mentioned by 9 respondents). Policy violations include non-payroll incidents such as ethics code or internet access policies. Such policies would be clearly documented and applicable for the jurisdiction in its entirety. Misuse of funds would encompass unauthorized spending, wasteful purchases or inappropriate spending such as transfer of grant funding to unrelated expenses. Contract and procurement violations include unfair bidding and award practices as well as undisclosed financial interests. Equipment and monetary thefts are as stated. Time and attendance violations include intentional incorrect recording of hours worked or leave hours taken.

Respondents indicated that along with case type data, other case information is collected and utilized for performance measurement analysis. Method of

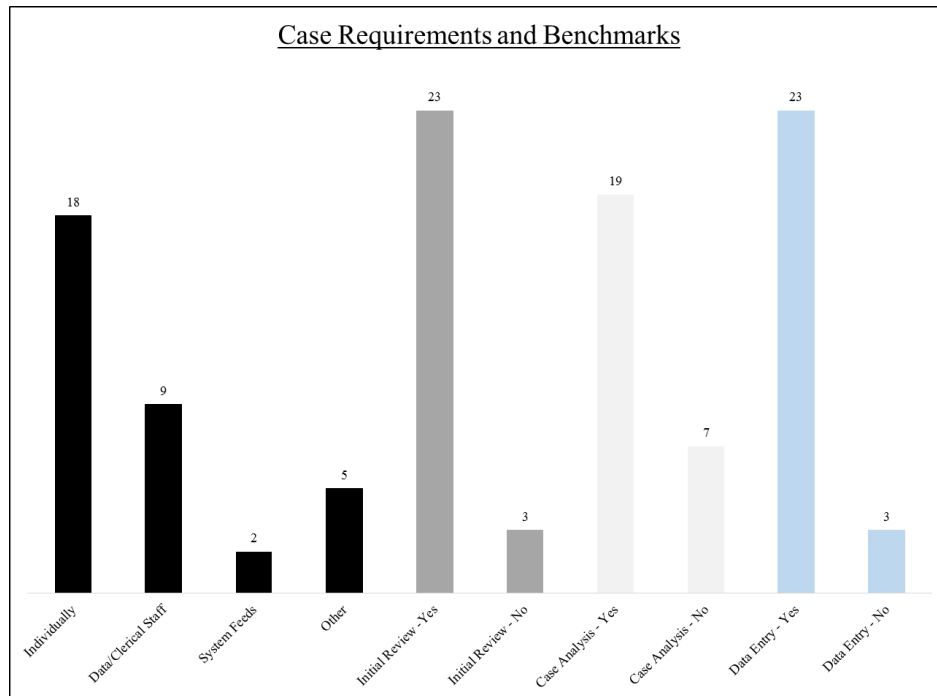
notification (source of the lead/tip), accused information and potential economic impact information is gathered. Sixteen respondents (61.54 percent) state that there is a dedicated case management system used to store and maintain the data collected, while 10 respondents (38.46 percent) state they have no case management system in place.

The next series of data collection metrics assess current requirements for case parameters. These directly affect the OIG's workload, as potential volume and required time constraints could limit the overall capacity of the organization as well as its ability to implement a new performance measurement system or improvements to an existing one. Respondents were asked to identify new case data entry methods, to which 18 of 34 (52.94 percent) stated that the employee assigned to the case is responsible for the data entry. Nine respondents (26.47 percent) indicated that clerical staff was responsible for the data entry, while two respondents (5.88 percent) of data came from ancillary system feeds. The remaining 5 of the 34 respondents (14.71 percent) suggested other avenues for case data entry.

When asked about internal requirements and benchmarks, results were very favorable. For initial data entry, initial case review and complete case analysis respondents were asked if there were performance requirements or benchmarks in place. The responses were predominantly yes for all three of these items, at 23 (88.46 percent), 19 (73.08 percent) and 23 (88.46 percent). The no responses for these three items tallied 3 of 26 (11.54 percent) for initial data entry, 7 of 26 (26.92 percent) for initial case review and 3 of 26 (11.54 percent) for the complete case analysis metrics.

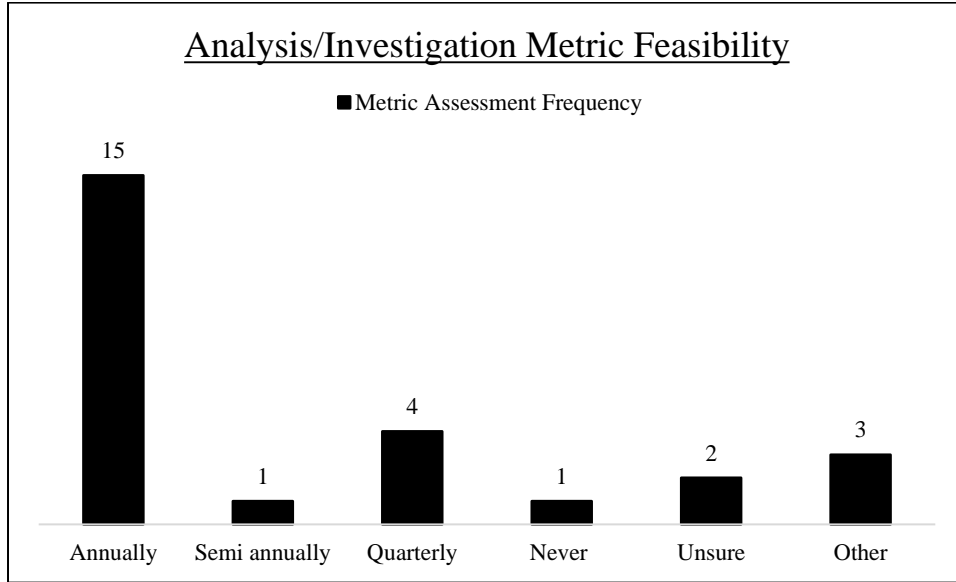
Summary data for all of the case requirements and benchmarking metrics are reflected in Figure 4.10 below.

Figure 4.10: Case Requirements and Benchmarks



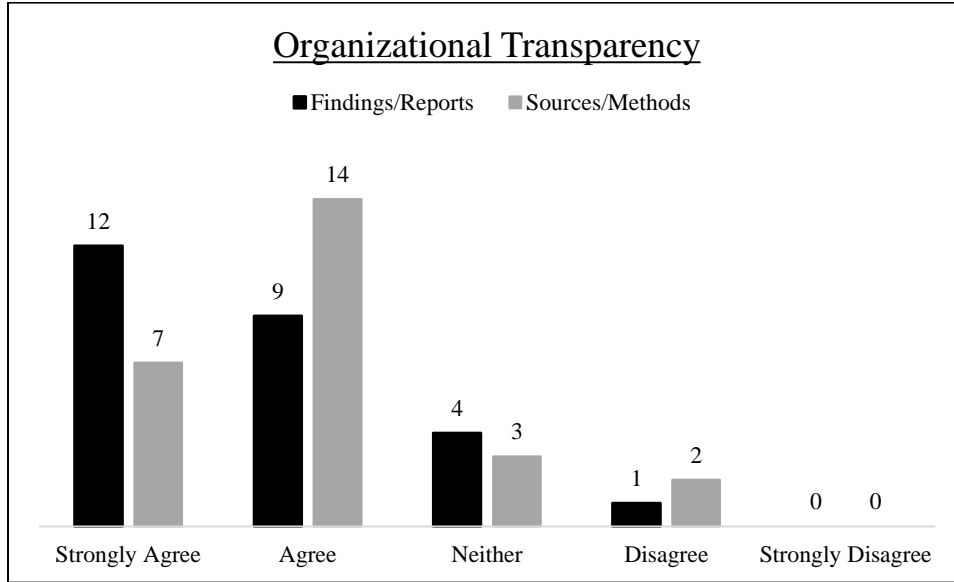
As with the performance measurement metrics, case analysis and investigation metrics should be reviewed for feasibility. Twenty (76.92 percent) indicate that the metrics are reviewed at some interval, usually annually. Six respondents (23.08 percent) state never, unsure or other for this assessment item. Adjustments to these metrics could mean changes to workload efficiency and overall organizational capacity.

Figure 4.11: Analysis/Investigation Metric Feasibility



Reporting and Communication Measures. The reporting and communications section of the questionnaire was intended to gauge how OIGs communicated with the public. Many OIGs are mandated to release certain information publicly while others are not, depending on governing legislation and the types of cases being handled. The first two statements asked respondents to comment on the organizational transparency, specifically in regards to findings and sources for investigation. Twenty-one of 26 respondents (80.77 percent) either strongly agreed or agreed that there was transparency in reporting. Four respondents (15.38 percent) neither agreed nor disagreed and 1 respondent (3.85 percent) disagreed with the statement on transparency.

Figure 4.12: Organizational Transparency



The availability of reports and findings is another metric that is highly dependent on the nature of the case the OIG investigates. Some jurisdictions require annual reporting, with no specific requirements on individual or interim reporting. In fact, more respondents disagreed with this metric than any other item in the reporting and communications section. Eight of 26 respondents (30.77 percent) strongly agree or agree with the statement on publicly available reports, in comparison to 15 of 26 respondents (57.69 percent) strongly disagreeing or disagreeing with this statement. A proportion of 76.92 percent, however, strongly agree or agree that reports are available upon request, with 3 respondents (11.54 percent) disagreeing here.

The statements on citizen communication involve satisfaction surveys and modes of communication. Seventeen of 26 respondents (65.38 percent) indicated that citizen satisfaction surveys were not conducted, with only 5 (19.23 percent) stating that this does occur within their OIG. Thirteen (50 percent) state that they use multiple methods of media to communicate information to the public, while 10

respondents (38.46 percent) disagree with the statement on media communications. Degree of transparency and citizen perception (public value) have a great deal of influence on the ongoing operations and existence of OIG operations. Improvements here, barring any case type/confidentiality limitations, would surely be an item to improve upon and include in the scorecard recommendations.

Figure 4.13: Investigative Report Availability

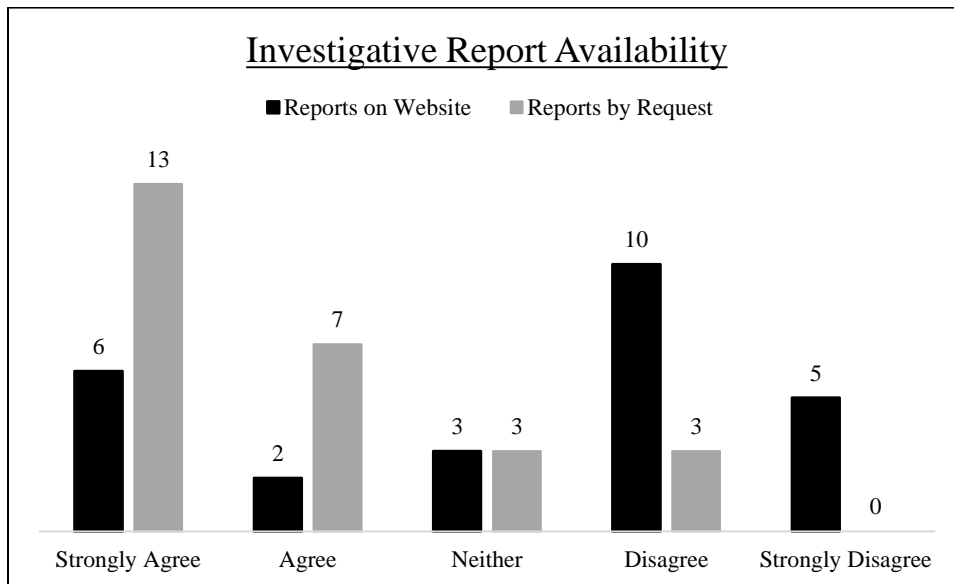
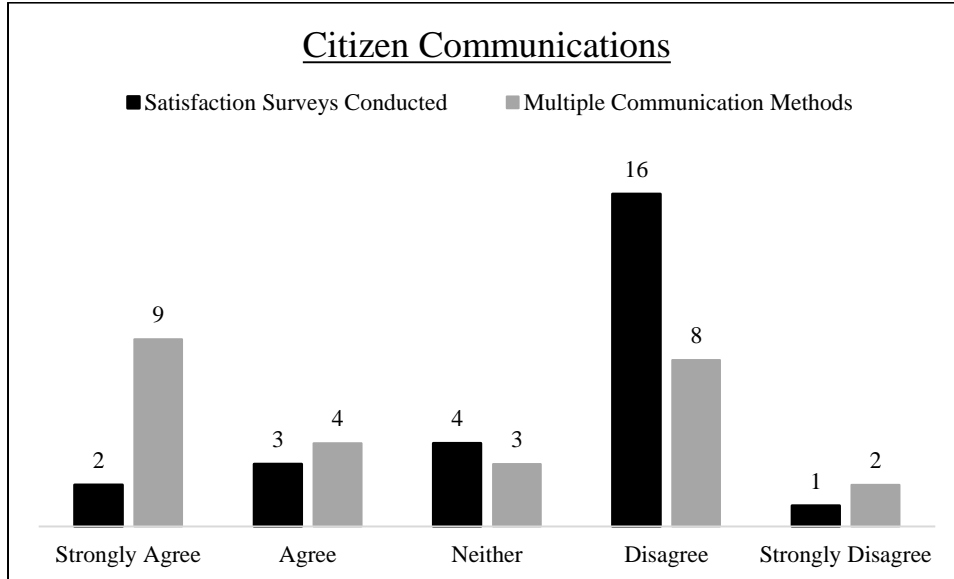


Figure 4.14: Citizen Communications



Factor Analysis Results

Exploratory factor analysis is used to potentially reduce the number of correlated variables included in data analyses procedures. The method of extraction chosen for this data was Principal Components Analysis (PCA), using Varimax rotation with Kaiser Normalization.

Initial Eigenvalues for all variables was 1.0 prior to rotation and extraction, as shown below in the communalities summary. The factor analysis was performed using twenty-nine independent variables from the OIG Management Survey. These items were scaled as follow: 1 = strongly agree, 2 = agree, 3 = neither agree nor disagree, 4 = disagree and 5 = strongly disagree. The first six factors explained a total of 81.135% of cumulative variance, with the remaining 18.865% of variance spread across the remaining twenty-three factors (see Figure 4.16).

Factor loadings show heavier inclusion in the first two factors, with fewer correlations in factors five and six. These items, indicators of stakeholder

communication and performance measurement metric review, were deemed essential to the analysis and therefore not eliminated from the statistical analysis testing.

Figure 4.15: PCA Variance Explanation

Total Variance Explained									
Component	Initial Eigenvalues			Loadings			Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.380	35.793	35.793	10.380	35.793	35.793	6.664	22.981	22.981
2	6.521	22.487	58.280	6.521	22.487	58.280	6.605	22.776	45.757
3	2.592	8.939	67.219	2.592	8.939	67.219	4.070	14.034	59.791
4	1.751	6.038	73.257	1.751	6.038	73.257	3.562	12.281	72.072
5	1.181	4.072	77.329	1.181	4.072	77.329	1.487	5.128	77.200
6	1.104	3.806	81.135	1.104	3.806	81.135	1.141	3.935	81.135
7	.947	3.266	84.401						

Figure 4.16: Communalities

Communalities		
	Initial	Extraction
Mission_Comm	1.000	.755
Objectives_Comm	1.000	.811
Role_Impact	1.000	.806
Comm_InStake	1.000	.911
Comm_ExStake	1.000	.794
Defined_Exp	1.000	.731
Const_Feedback	1.000	.762
Growth_Dev	1.000	.809
Training	1.000	.680
Open_Comm	1.000	.811
Sat_Surveys	1.000	.604
Rec_Cont	1.000	.629
PM_Currently	1.000	.884
All_Input	1.000	.860
Meets_IR_Needs	1.000	.916
Meets_ER_Needs	1.000	.842
PM_Pub_Avail	1.000	.737
Fin_Res_Ops	1.000	.917
Hum_Res_Ops	1.000	.912
Fin_Res_PM	1.000	.918
Hum_Res_PM	1.000	.901
Related_Perf_Data	1.000	.815
PM_Metrics_Rev	1.000	.842
Transp_Findings	1.000	.823
Transp_Sources	1.000	.881
Public_Reports	1.000	.751
Request_Reports	1.000	.788
Citizen_SatSurv	1.000	.858
Mult_Comm_Methods	1.000	.780

Extraction Method: Principal Component Analysis.

Figure 4.17: Factor Loadings

	Rotated Component Matrix ^a					
	Component					
	1	2	3	4	5	6
Mission_Comm		.668				
Objectives_Comm		.816				
Role_Impact		.877				
Comm_InStake		.727			.574	
Comm_ExStake		.607			.644	
Defined_Exp		.843				
Const_Feedback		.682				
Growth_Dev		.698		.449		
Training		.786				
Open_Comm		.818				
Sat_Surveys	.432	.485				
Rec_Cont		.693				
PM_Currently	.899					
All_Input	.836					
Meets_IR_Needs	.908					
Meets_ER_Needs	.867					
PM_Pub_Avail	.704			.407		
Fin_Res_Ops	.420		.841			
Hum_Res_Ops			.848			
Fin_Res_PM	.433		.844			
Hum_Res_PM			.898			
Related_Perf_Data	.798					
PM_Metrics_Rev	.612					.591
Transp_Findings	.563			.654		
Transp_Sources				.726		
Public_Reports	.426			.660		
Request_Reports	.563			.585		
Citizen_SatSurv	.508		.471			
Mult_Comm_Methods				.833		

Extraction Method: Principal Component Analysis.

a. Rotation converged in 8 iterations.

The rotated component matrix identifies four key factors or themes resulting from the analysis of all independent variables included in the questionnaire: (1) performance measurement, (2) mission and objectives identification, (3) financial and human resource availability and (4) reporting and communication (transparency). Included variables were chosen based on loadings of .8 or above, with the target of four variables per theme. In the case of less than four items with a .8 loading, the next highest loading for the factor was chosen. As a direct result of the survey responses and rotated analysis, the four corresponding survey statements/questions chosen for inclusion in each of the factors are:

- Performance measurement
 - *A performance measurement system/process with clearly defined metrics is being used to assess agency operations.*
 - *The current performance measurement system was designed using input by all classifications of OIG employees.*
 - *The performance measurement system is efficient and meets the agency's internal reporting needs.*
 - *The performance measurement system is efficient and meets the agency's external reporting needs.*

- Mission and Objectives Identification
 - *The mission of your OIG has been clearly communicated to you.*
 - *The objectives of your OIG have been clearly communicated to you.*
 - *Your role/position directly impacts achievement of the mission and objectives.*
 - *The mission and objectives have been clearly communicated to other internal stakeholders.*

- Financial and Human Resources Availability
 - *There are adequate financial resources available for standard daily operations.*
 - *There are adequate human resources available for standard daily operations.*
 - *There are adequate financial resources available for performance improvement.*
 - *There are adequate human resources available for performance improvement.*

- Reporting and Communication (Transparency)
 - *The organization is transparent regarding its findings/reports of investigation.*
 - *The organization is transparent regarding its sources and methods of investigative activity.*
 - *Final investigative reports are made publicly available via the OIG website.*
 - *The organization uses multiple methods of communicating with the public (social media, newspapers, etc.).*

These items give the most complete picture of the current state of the OIG operations sampled. The four highly relevant factors were the focus of subsequent testing of the research instrument reliability as well as the sample population analysis.

Questionnaire Reliability Testing

Sound research requires solid tools for the gathering and ultimately the assessment of resulting data. The measurement of internal consistency is a critical step in ensuring the reliability of a survey instrument (Giliem and Giliem 2003, p.83). The questionnaire used for this research included Likert-scale items, which requires specific tests for reliability. The key factors were assessed individually, and include the four survey statements as independent variables in the testing.

Cronbach's Alpha is the statistical test typically used for testing of scaled survey items, calculated using SPSS Statistics 23 software. This calculation is a function of the number of survey items and variables included in the testing as well as the mean value of the correlations between these variables (87), creating an average of the reliability coefficients for each variable. The measurement range for this test is 0 to 1, with higher scores closer to 1 meaning better reliability. The more correlated items added to the analysis, the higher the Cronbach's Alpha score will be. For good tool reliability, the resulting Alpha score should be approximately .8 or greater. For

this research, the Cronbach’s Alpha test was run after the principal components analysis. The reliability for these items resulted in the Cronbach’s Alpha scores shown below in Table 4.5, meaning a high rate of reliability for the chosen measures.

Table 4.5: Reliability Testing Using Cronbach’s Alpha

Factor	Cronbach’s Alpha Score
Performance Measurement	.950
Mission and Objectives Identification	.837
Financial and Human Resources Availability	.960
Reporting and Communication (Transparency)	.824

Two-Sample T-Test Results

The two-sample t-test is performed to analyze the mean values of two independent populations. Several comparisons were done on the questionnaire results, to gauge significance of relationships, using the four key factors identified by the principal components analysis. For the purposes of analysis, local/municipal-level and county-level were combined due to small sample size, for comparison to state-level operations. The primary assumption tested in the data analysis portion of the research, was the assumed statistical differences between state-level and local-level OIGs. Due to the link to federal-level organizations, it was assumed that state-level offices would be more structured and better resourced than their local-level and specialized counterparts.

OIG Classifications. The first comparison was that of the various classifications of OIGs identified in the survey results with the key factors identified in the factor analysis. The preliminary assumption was that there would be noticeable differences between state-level and local-level offices, with significant advantage to

the state-level operations. Specifically, perhaps the ample resources assumed to be present in state-level OIGs would facilitate the adoption of more robust performance measurement systems, resources, mission and transparency. When analyzing the significance of impact of the various levels of office on performance measurement, the findings were insignificant reflecting a p-value of greater than $\alpha = .05$. Similarly, the state-level and local-level OIGs' differentiation based on financial and human resources availability was also insignificant. Therefore, the level had no major impact on the mean values of the samples and reflecting no significant difference by classification.

The remaining factors of mission and objectives identification and transparency on the other hand, were significantly impacted by the different classifications of OIGs. The mean values for the State-level and Local-level OIGs were 4.54 and 6.00, with p-value 0.016 (see Figure 4.18). This indicates greater prominence of the mission and objectives by State-level OIGs. The transparency factor resulted in a mean value of 11.00 for state-level and 7.10 for local-level, and p-value of 0.001 for level of significance (see Figure 4.19), indicating greater emphasis on transparency at the local level.

Figure 4.18: Mission and Objectives T-test Results

t-Test: Two-Sample Assuming Equal Variances -- Mission and Objectives Identification		
	<i>State OIG</i>	<i>Local OIG</i>
Mean	4.538461538	6
Variance	0.602564103	3.454545455
Observations	13	12
Pooled Variance	1.966555184	
Hypothesized Mean Difference	0	
Df	23	
t Stat	2.603451398	
P(T<=t) one-tail	0.007943318	
t Critical one-tail	1.713870006	
P(T<=t) two-tail	0.015886637	
t Critical two-tail	2.068654794	

Statistical Significan

Figure 4.19: Transparency T-test Results

t-Test: Two-Sample Assuming Equal Variances -- Transparency		
	<i>State OIG</i>	<i>Local OIG</i>
Mean	11	7.1
Variance	5.4545455	6.1
Observations	12	10
Pooled Variance	5.745	
Hypothesized Mean Difference	0	
Df	20	
t Stat	3.8001337	
P(T<=t) one-tail	0.0005611	
t Critical one-tail	1.724718	
P(T<=t) two-tail	0.0011222	
t Critical two-tail	2.0859625	

Statistical Significance

Economic Impact. The next comparison was that of the level of OIG economic impact as driven by the four key factors. The researcher's expected outcome was that all four of the factors would be affected in some way by the economic status of the offices. The results were quite the opposite. In the context of the first three factors (performance measurement, mission and objectives identification, financial and human resource availability) the statistical testing proved insignificant results. The p-value for these items were all above the required $\alpha = .05$. The only item showing significance of impact in the comparison, was the impact on the transparency factor. The mean values for 'economic impact' and 'no economic impact' are 8.09 and 10.73, and the corresponding p-value result is .043. This indicates a significantly stronger emphasis on transparency by OIGs that measure their economic impact.

Figure 4.20: Economic Impact T-test Results

t-Test: Two-Sample Assuming Equal Variances -- Economic Impact		
	<i>Econ Imp</i>	<i>No Econ Imp</i>
Mean	8.0909091	10.7333333
Variance	16.290909	4.92380952
Observations	11	15
Pooled Variance	9.660101	
Hypothesized Mean Difference	0	
Df	24	
t Stat	-2.1417413	
P(T<=t) one-tail	0.0212855	
t Critical one-tail	1.7108823	
P(T<=t) two-tail	0.042571	
t Critical two-tail	2.0638981	

Statistical
Significance

Secondary Data Analysis Results

For the secondary data analysis portion of the research, publicly available materials for the responding OIGs were reviewed to support the findings of the questionnaire and the subsequent semi-structured interview. The websites for each location was the primary source for these materials. The purpose of this analysis was to gauge the type of performance measurement information made available to the public, as related to the concepts addressed in the questionnaire. Inward-facing proprietary information such as performance measurement system details and expense tracking, are excluded here because they internal items instead of outward-facing metrics such as those provided for public access.

Mission and Objectives. The questionnaire asks respondents to indicate if the organization's mission and objectives were communicated to external stakeholders. For this category, all thirty of the responding OIGs (100 percent) presented the organizational mission on the public website. In some cases this was stated as the 'purpose' or core values of the office, and was shown on the introductory page or 'about us' section of the website. While the mission is always presented, the established objectives by which the OIG plans to achieve its mission are not. Only twelve (40 percent) of the OIG websites provide details on the objectives as directly related to the mission. Of those reporting, the objectives were presented broadly without defined measures, as expected for the purposes of general public information. In cases where the OIG is a part of a larger agency or organization, the agency's objectives were listed as "shared" with the OIG.

Independence and Oversight. The mention of independence and internal reporting was clearly stated on fifteen (50 percent) of the websites. While independence is usually a point of credibility for most OIGs, most of the sites noting this status were those reporting it as oversight by larger agencies. The websites of these offices were embedded in the larger agency's site, and did not contain as much detailed information as those with independent websites. Those that were a part of other agencies still presented a unique mission statement.

Performance Measurement. Of the thirty respondents to the survey, twenty-five (83.33 percent) of the websites contained some type of performance measurement data. These data were presented in routine reports published by the OIG, with either quarterly, semi-annual or annual timeframes. All reports included a restatement of the organization's mission, purpose or objectives as made available on the main website. The metrics measured and presented in the routine reports varied vastly across the spectrum of respondents, and also varied in degree to which the information was disclosed. Some OIGs reported 'select' statistics of more notable cases, investigations or audits, presenting key cases or findings deemed best for public view. Others have more complete metrics, reporting total volumes by case, investigation or report type to include applicable recoveries. Two OIG websites of the 30 reviewed (6.67 percent) had complete performance dashboards available publicly. These dashboards included key performance indicators (KPIs) including budget and financial items, challenges faced by the OIG, as well as potential organizational improvements. The concepts of dashboards and KPIs will be discussed in the resulting recommendations of this research.

Staffing, Certifications and Training. Staffing for the various OIGs was presented in two forms: standard organizational chart or in association with specific services offered (auditing, investigations, etc.). There were 28 OIGs (93.33 percent) to include staffing information on their websites, detailing key positions. OIGs who focused on industry certifications also noted which certifications were held by employees as well as the types of related training opportunities provided. Notably, all industry certifications identified on the websites were those offered by the Association of Inspectors General (Certified Inspector General, Certified Inspector General Auditor, Certified Inspector General Investigator), in addition to several professional certifications (Certified Fraud Examiner, Certified Forensic Accounting, etc.).

Incident Reporting and Communications. As anticipated, all OIG websites included avenues for incident reporting. Citizens were given email, telephone hotline and traditional mail options for reporting possible unethical conduct anonymously. As mentioned in the performance measurement summary of this section, most OIGs offer some type outward-facing reports and communication to citizens. Only one of the reviewed websites offered a “request a speaker” option, for purposes of educating the public on OIG functions and mitigation techniques.

Semi-Structured Interview Results

Semi-structured interviews of inspectors general were conducted upon agreement of those that participated in the online survey. A random sampling of 10 IGs were selected from the 30 respondents completing the survey. They were asked a series of open-ended follow-up questions, with purpose of uncovering important

elements of OIG operations that may not have been captured by the collected data. The interview results identified several themes that directly contribute to OIG effectiveness, all related to several topics/constructs covered by the questionnaire.

Organizational Strategy. The first theme that surfaced from the responses was that of shifting organizational strategy. The first question asked interviewees if there have been major changes in strategic initiatives or goals since their hire into the position, and if so, what were these changes. All 10 (100 percent) of the interview participants responded yes to this question, and identified several key areas where changes were implemented. Redefining the responsibilities of various divisions or sections within the OIG was the dominant response for this question. Most OIGs are comprised of audit divisions as well as investigative divisions, very often separated by a blurred line. The goal for the adjustments in this area was to provide clarity of functions to strengthen the performance of the divisions. This doesn't mean that staff weren't cross-trained to assist with workload when needed, but the primary purpose of the divisions became the focus. The clarity allowed the IGs and staff members to design specific objectives and actions to reach the benchmarks of the strategic plan. Several others noted changes to timelines and case processing procedures. The purpose here was to ensure a definitive timeframe for open-to-close processes, and timely referrals to outside offices or agencies. Ultimately, the update to the strategic initiatives was done to better align with the organization's mission. The responses from this interview question directly support the first two questions in the "organizational mission and objectives" section of the survey, which reported 96.67

percent agreement with mission communication and 93.33 percent agreement with objectives communication.

Employee Investment. A second theme that emerged from this qualitative portion of the research is the belief in sound employee investment initiatives. Although the IGs interviewed have accepted their financial position and are making the most efficient use of what they have, they all (100 percent) expressed strong interest in the employee development. Several interviewees specifically stated that the focus was not the actual number of full-time equivalents (FTEs), but the quality of those employees. The concept of staff buy-in changes the cultural tone of the office and gets everyone on board with regard to performance enhancements and improvements. One IG suggested different avenues for ‘non-competitive’ promotion potential. Examples given for this concept were: project leadership, presentation leadership, team building and workgroup involvement. The IGs interviewed believed in hiring really qualified staff and investing heavily in training opportunities and development. This principle is definitely reflected in the questionnaire results. According to survey data, the industry professionals come from numerous backgrounds, covering the key areas and cases addressed by OIG staff. These backgrounds include: business, legal, financial, criminal justice, auditing and performance evaluation. Data also shows the approximately 81.82 percent of the survey respondents possess multiple professional certifications, with Certified Inspector General being the most prevalent. Certified Inspector General Auditor, Certified Inspector General Investigator, Certified Public Accountant and Certified Fraud Examiner are other professional certifications that made the list.

Employee engagement practices also surfaced when discussing the IG's investment into staff members, showing similarity to the questionnaire statements and responses. In the survey results, 100 percent of the respondents agreed that employee training was provided, and 90 percent stated that growth and development opportunities were present within their OIG. Only 2 of the 10 interviewees (20 percent) stated they issued employee satisfaction surveys, as compared to 31.03 percent of survey respondents. Although an official employee satisfaction survey was not issued, the remaining 8 interviewees (80 percent) indicated that routine meetings, both group and individual, were held to assess employee concerns.

Effectiveness and Efficiency. Thoughts on the overall effectiveness and efficiency of the reporting OIGs were generally positive, although a few suggested changes that may improve upon current operations. One such improvement mentioned by interviewees is the possible change to audit strategies. Some jurisdictions have routine audits to perform, following and verifying basic accounting procedures. According to some IGs, if the agency practices basic or standard accounting practices just to accomplish routine jurisdictional audits, forensic accounting red flags may be overlooked. This creates a bit of rework by the investigative team, since the issue wasn't caught during the initial financial audit. The longer an item goes undetected the greater the potential damage will be.

Seven of the 10 respondents interviewed (70 percent) stated that a more effective and efficient office could be achieved by having a more balanced staffing arrangement. Specifically, the number of staff should be equal on the investigative side of the organization as well as the audit side of the organization. This would

essentially increase the number of cases processed, and help to properly distribute the workload. Ninety percent of the interviewees touted the success of the tip hotline, deeming them critical to a successful OIG operation.

Independence. Of the 10 IGs interviewed, none reported major concerns with independence. Those that were a part of larger agencies were still able to perform the OIG function effectively. The oversight provided by the parent agency did not hinder or even dictate which activities were performed and which activities were not. According to the interview participants, the parent agency actually served in an ‘authoritative’ role, providing additional funding and enforcement when needed. This ties very well with the survey results, as the level of independence had no significant effects on the performance measurement items addressed.

One IG gave a very descript and interesting breakdown of the concept of independence. The IG stated “I think of independence as having three distinct components: legal independence, physical independence and position independence”. Legal independence of course is the statutory elements that create the OIG and define its level of independence within the system. Physical independence was defined by the IG as a separate space away from the main governing functions, where those being interviewed (accused or witness) could avoid being walked through the ‘judging eyes’ of other employees. Position independence was described as the IG actually practicing independence of the role itself. The IG suggested that there should be a clear distinction between professional functions and social functions, with an independent IG avoiding (or at least minimizing) attendance to the latter. This avoids any misconception of favoritism or the notion of the IG being persuaded.

Reporting and Communication (Transparency). No major reporting and communications issues were mentioned during the interviews, but most state they've seen improvement. Six of the 10 respondents (60 percent) said changes were made to their routing reporting procedures, in most cases, during the organizational strategy updates implemented when they started in their current role. They state the initial reports were "high-level" and in some instances difficult for (non-OIG industry) readers to understand. The data included were "generic" and didn't give a good picture of the real activity or workload being addressed. In some cases, this will remain the norm as stated by the remaining 4 (40 percent) respondents, due to the necessary confidentiality and inward-facing nature of the environment in which they operate.

All state that they must exercise a great deal of discernment when making reporting and disclosure decisions. The key to survival for OIGs is successful communication of their "value proposition." Issues with reporting and transparency of sources and findings, could possible jeopardize access to future data and important contacts and partnerships within the network. As reflected in the questionnaire results, 15 of the 26 respondents of the survey (57.69 percent) disagreed or strongly disagreed with making investigative reports available on the public website. Due to the environment which is often political in nature, financial statement audits and reports are among the only items released to the public website. Investigative reports and findings are generally released on a case-by-case basis. Some IGs suggested item availability upon request, but this too is subject to confidentiality and applicable regulations for the specific type of agency.

The interviews revealed a great deal of variability in the data included in the reports. Most collect data on the standard metrics such as number of cases or even types of cases, but the similarities seem to end there. When asked how recoveries and savings were calculated, the methods varied greatly. This particular metric could be tailored to meet the fiscal needs of the agency, especially those that receive a portion of the recoveries for their operating budget. For this reason, several of the IGs interviewed believed this was not the best measure to capture when analyzing the department's productivity.

The Ideal OIG. One of the final questions asked during the interviews with the IGs is "what would your ideal OIG look like?" The dominant response here was the addition of the unrepresented portion of the OIG function. For example, an OIG with only investigative capabilities would like to have audit capabilities, and vice versa. Another response from several IGs was the possession of subpoena power. Many have to rely on other agencies within their systems to officially request documentation for cases, which may negatively affect the entire timeline for a case. Some state-level IGs would like to have a larger network in an ideal setting, essentially the addition of regional offices. This would reduce the lengthy and sometimes expensive travel required to investigate cases. In this situation, cases would be referred to other OIG locations like they're currently referred out to other departments for review. Lastly, several IGs stated that in-house legal counsel would be great to have in the ideal OIG. The survey results show that several IGs within the industry are also attorneys, so in essence they already have the legal basis and advice

needed for decision making. Others however, have to contact the legal departments of their parent agency, which may delay the case investigation process.

Triangulated Research Results

Research results from the quantitative and the qualitative phases of the study have revealed relatively uniform patterns of organizational effectiveness measures. Most of the concepts and themes were well represented in all phases, with degree of importance being consistent across all phases of the research. Preliminary assumptions included the idea of major differences in results due to type of OIG, and significant impact due to level of independence. Both of these assumptions were proven to be insignificant in the results.

Table 4.6: Triangulated Results Summary

Effectiveness Concept	Questionnaire Results	Secondary Data Analysis	Semi-Structured Interviews
Performance Measurement	<ul style="list-style-type: none"> - Eleven questions - Largely positive results - Limited routine metric review - Inadequate human resources for daily operations and performance improvement 	<ul style="list-style-type: none"> - Very few outward facing performance measurement reports - Annual report showing volumes/key productivity measures most common 	<ul style="list-style-type: none"> - Differences in productivity considerations - Inadequate human resources
Organizational Characteristics	<ul style="list-style-type: none"> - Five questions - Identified level of independence (43.33%) and purpose of OIG 	<ul style="list-style-type: none"> - Evident on websites - No major differences based on OIG type 	<ul style="list-style-type: none"> - Confirmed survey results data
Mission and Objectives	<ul style="list-style-type: none"> - Five questions - Sound internal and external stakeholder communication 	<ul style="list-style-type: none"> - Mission evident on websites - Limited objectives availability 	<ul style="list-style-type: none"> - Well communicated internally - Communicated to key external stakeholders
Employee Engagement	<ul style="list-style-type: none"> - Seven questions - Strong training and professional development responses - Limited employee satisfaction surveys 	<ul style="list-style-type: none"> - Professional certifications noted on several websites - Training opportunities primarily internal information 	<ul style="list-style-type: none"> - Major investment in quality of personnel, not just quantity
Financial Management	<ul style="list-style-type: none"> - Five questions - No major issues with current status - Limited survey impact 	<ul style="list-style-type: none"> - Very limited information available - Basic information in annual reports 	<ul style="list-style-type: none"> - No major financial issues - No specific complaints about funding
Data Collection	<ul style="list-style-type: none"> - Nine questions - Benchmarks in place - Limited routine metric review 	<ul style="list-style-type: none"> - Some case related data reflected in the annual reports - Limited public information 	<ul style="list-style-type: none"> - No data collections issues (capabilities) - Expected delays from departments

			for data requests
Reporting and Communication	<ul style="list-style-type: none"> - Six questions - Limited report availability to public - Limited transparency of sources and methods 	<ul style="list-style-type: none"> - Limited investigative reports available - More financial audit reports available 	<ul style="list-style-type: none"> - Suggested discernment when making decisions on report and information release and disclosure

The triangulated results above show very few differences among OIG types and their impacts on the balanced scorecard elements. State-level offices reported slightly higher percentages of mission communication to employees, which directly affects the internal business processes initiative of Kaplan’s model. Local-level OIGs on the other hand, reported higher percentages of customer focus and transparency, which correlates to the customer initiative of the scorecard model. Commonalities for all OIG types include sufficient resource availability for daily operations as well as high employee value. The learning and growth initiative of the balanced scorecard is only partially addressed by the research findings. High numbers of certifications among industry professionals reflect the opportunities for growth among employees. This speaks to the OIG’s focus on qualifications and experience, as evidenced by both the questionnaire results and semi-structured interview results. In-depth learning and training details is surely a topic to be explored in future research efforts, to possibly discover how such audits and investigations are performed.

Chapter 4 Summary

The purpose of this chapter was to effectively communicate the research findings from the quantitative and qualitative phases of the research project. All modes of research covered the concepts directly related to organizational

effectiveness detailed by individual section of the questionnaire. Although the secondary data analysis document review shared communalities with the survey concepts, the amount of information available to the public was somewhat limited. The semi-structured interviews confirmed the limitations on public information, mostly due to the nature of the cases as well as the desire to maintain professional relationships within the larger organizations structure/jurisdiction. The research also negated the assumption (at least for this small sample set) that there were significant differences for the concepts, based on the type of OIG reporting.

CHAPTER 5 -- DISCUSSION

Introduction

All organizations strive to achieve long-term success and sustainability, especially public organizations such as OIGs, dependent on perceived effectiveness and public value. This begins with the well-laid plans of meaningful activities that support a sound and insightful organizational mission. The key to orchestrating such a scenario is the knowledgeable and well-equipped leadership team. They must demonstrate the necessary personal and professional skill-sets to interpret the organization's needs, create objective plans of action, and effectively communicate the information to others, for effective and successful implementation.

The ultimate goal of public agencies is to maintain viability, while ensuring longevity and realizing the office's future vision. OIGs are no exception to this philosophy. They must continue to create significant and lasting public value -- the society's vision of success (Bryson 2011). Anchored by the established mission, successful OIG offices must also fully integrate the core concepts of effectiveness, economy and efficiency into the everyday operations and internal processes. But the question remains, how should this be done?

The problem that this research set out to address is the lack of uniformity in performance measurement and organizational effectiveness metrics across the OIG industry. The research was designed to assess how the various levels of OIG operations were currently capturing and utilizing their routine efforts with regard to effectiveness, economy and efficiency. The key objectives for the project were to potentially suggest an ideal OIG operation (types of staffing, types of cases, etc.),

identify commonalities among the OIG levels and uncover which measurement metrics may be the best indicators for organizational effectiveness. The research design was a mixed-methods model, which included an electronically distributed survey, semi-structured interviews as well as analysis of publicly available OIG information, gathered from the OIG websites. All modes of research were designed to capture the following elements of organizational effectiveness: performance measurement, organizational characteristics, mission and objectives, employee engagement, financial management, data collection and reporting and communication.

Summary of Findings

A total of 147 individuals within the OIG community were invited to participate in this research project, with 33 people agreeing to participate (22.45 percent response rate). Three of the respondent records contained insufficient data and were therefore excluded from the final data analysis. Research results appear to focus on the same core performance measurement related elements across all modes of research: (1) questionnaire, which provided the quantitative analysis of the population, (2) semi-structured personal interviews, which provided the qualitative portion of the population analysis and (3) secondary data analysis and document review (OIG websites containing publicly available information), which provided the third element for triangulation of the research results.

Of the remaining 30 respondent records used for the data analysis, 14 or 46.67 percent were state-level OIGs, 8 or 26.67 percent were county-level OIGs and 4 or 13.33 percent were local/municipal-level OIGs. Twenty-one respondents (70 percent)

reported having 10 or more years of industry experience. With representation from all levels of OIG organizations, results appear to be generalizable to most offices, albeit at a high level.

The organizational mission and objectives were communicated clearly to employees according to respondents, who responded favorably by 96.67 percent and 93.33 percent. Ninety percent of respondents stated that their OIG offered growth and development opportunities and all (100 percent) agreed that there were training opportunities available. Twenty-nine of the 30 respondents (96.67 percent) also stated that constructive feedback was provided.

A proportion of 78.79 percent of respondents stated that performance measurement systems were in place and that metrics were being tracked in some form. Twenty-six of 30 respondents (89.66 percent) agreed that routine departmental expenses were being tracked, although the method by which this was done varied by type of system used (standard office-based product like Microsoft Excel versus a customized financial software package). Resulting data showed clear concerns on financial and human resource availability, with respondents agreeing with adequacy at 61.54 percent and 46.14 percent. Lastly, while 13 of 26 respondents (50 percent) stated that their OIG communicates certain chosen information publicly through multiple methods, 57.69 percent stated that investigative findings were not routinely available on their public website.

Factor analysis uncovered four key factors from the quantitative data: (1) performance measurement, (2) mission and objective identification, (3) financial and human resources availability and (4) reporting and communication (transparency).

These items were ultimately the focal points of the semi-structured interviews along with supporting and clarifying questions on some of the other concepts addressed in the questionnaire. Interview participants identified several themes throughout the discussions, which they determined to be the most important aspects of their operations. The theme of organizational strategy was the first item of importance discussed, as it serves as the foundation of most operations. All interviewees (100 percent) stated that they made significant strategy changes upon hire into their leadership roles. These changes ranged in scope from major impact such as clarification and documentation of organizational mission, to somewhat minor impact such as report formatting. All ten of the participants stressed the importance of investing in quality employees, which corresponds well with the high percentage responses for employee engagement documented in the questionnaire. Seven of 10 (70%) felt that the organization's effectiveness and efficiency could be improved by changes in staffing and workload allocations. The "ideal OIG" responses also reflected respondents' beliefs regarding quality employees and staffing, as many stated that their ideal environment would include the addition of staff to perform the unrepresented positions/functions of their OIG.

Research Project Conclusions

The research conducted revealed a great deal about the current state of OIG operations, as well as possible directions for future research. The industry professionals surveyed and interviewed have a clear understanding of the concepts of economy, effectiveness and efficiency. The OIG professionals surveyed appear to have a solid grasp on the importance of the organizational mission, which is the

primary driver for the other activities of the operation. If the mission wasn't clearly stated or communicated to employees and external stakeholders, it was corrected as a strategic change in the early stages of the respondents' tenure. The industry also focuses on a strong and talented employee base, as employee development, training and certifications are offered to most and in some cases, required for those in leadership positions.

The primary purpose of OIGs is to mitigate occurrences of fraud, waste and abuse therefore promoting economy and efficiency within their jurisdiction. Those participating in this research reported that the limitations of staffing directly affected the number of cases and overall impact of the office.

Due to the large variations in legislative requirements, office capabilities (auditing, investigation or both), position types, staffing levels and available funding sources of the OIGs participating in this research project, the research objective of creating a standard typology could not be achieved at this time. These large differences in OIG structure are not conducive to a single model, which would be ungeneralizable across the industry. Some OIGs were created for specific functions within a jurisdiction, and legally have no authority or subsequent ability to perform duties other than those outlined. Some OIGs operate as a subset of a larger system, and are unable to make changes without potentially impacting the other entities within that system. Other OIGs may have full jurisdictional range and be independent of a larger system, but will not have access to the resources required to make the major organizational changes required. These restrictions could actually make it impossible for some OIGs to adopt a standardized industry model.

The research does, however, identify several common aspects among the types of OIGs as well as several key performance measurement metrics that all OIGs may choose to implement in efforts to improve organizational effectiveness. Commonalities are reflected throughout the various modes of research including the self-reported information on the OIG's public websites. All of the websites for the survey and interview participants (state-level, county-level, local/municipal-level and specialized) contained information on the organizational mission. Fully 83.33 percent of the websites contained performance measurement data in some form (annual report, key case summaries or general statistics). Most of the OIG sites reviewed (93.33 percent) included staffing information at least for senior management, with some providing full organization staffing charts. The results tie directly into the survey responses as well as the themes that emerged from the semi-structure interviews. Research revealed very few differences among the various OIG levels, with all having similar results in the four key areas emerging from the factor analysis.

Recommendations

One proposed solution as supported by the various constructs utilized in this research is the adoption of the Balanced Scorecard (often called a strategic scorecard). The balanced scorecard focuses on an organization's financials as well as connections between strategic decisions and related outcomes (Malina and Selto 2001). Typically the chosen measurements are subjective and may be weighted differently across organizations in the same industry (Ittner et al. 2003), but there are definitely commonalities across OIG types to be utilized in such a scorecard model. A second proposed solution is additional research on the OIG industry. This is a very

diverse population, covering states, localities and specialized functions within each of these levels of government. As public administration continues to evolve, so will the role and function of OIGs. Future research on the industry is definitely needed.

The Balanced/Strategic Scorecard -- Key Elements

The balanced scorecard is simply a mechanism by which organizations can plan, implement and monitor performance improvement initiatives as well as new strategies (Kaplan and Norton 1996). OIG could possibly apply these concepts to their current organizational structure or modify their operation to include the key items that may be missing. The best attribute of the scorecard is its flexibility. The tool itself, as well as the measures included, can be updated to reflect the organizations changing state of operations. This could also address the issue of limited metric review, uncovered by the survey data results.

Kaplan and Norton's model as shown in Figure 2.1, suggests creating a scorecard based on four perspectives or primary areas of focus: financial, internal business processes, learning and growth and the customer. Each area includes sub-categories for more detailed levels of planning: objectives, measures, targets and initiatives. For OIGs, the researcher feels that additional elements should be included in this framework, many of which are already present in the OIG operations surveyed. The mission, strategic plan and organizational objectives must be present prior to undertaking any major initiatives. Let's start our discussion with a review of those items.

Mission. Many of the elements needed for a balance scorecard already exist within most of the OIG included in this research. The challenge then becomes

organizing this information in the best possible way, to promote increased organizational effectiveness where possible. The foundation for this and any performance improvement process is the documented organizational mission. The findings from all three research methods (survey, secondary data and interviews) reflect sound communication of the OIG's mission to both internal and external stakeholders. This is the launching pad for the rest of the performance assessment and improvement process. Once in place, the mission is relatively static in nature, with variations in scope coming by way of the objectives or the actions to be taken to achieve the mission. All of the OIGs participating in this research have a documented mission in place.

Strategic Plan. Llewellyn and Tappin state that strategic planning is now very necessary in the public sector, for operational transparency as well as the effective allocation/utilization of precious resources (Llewellyn and Tappin 2003). They go on to say that in the public arena, strategies must be identified separately and distinctly from policies to properly formulate managerial responsibilities. Policies are to be used for overall organizational control while strategies are to be used for the operations component of the business (Llewellyn and Tappin 2003). Several offices had a published strategic plan, with no directly related metrics for measuring the achievement of it. Further, many of the key elements were not effectively communicated to employees/internal stakeholders subsequently hindering the accomplishment of some short-term and long-term milestones. As mentioned previously, exceptions to this may be OIGs with no outward-facing component, and highly confidential cases.

Objectives. Established goals and objectives are the start of just about any sound business process. From small businesses to international corporations, owners/managers must be clear about what they ultimately want to accomplish. Private sectors aim for more consumers, increased product sales and growing profit margins, while public or non-profit organizations have a specific community or patient population in their sights. Effective communication of the goals is essential and is often well documented in company policy or even the company name. Survey results showed that this, for the most part, was not communicated as effectively as the organization's mission. It is important that those involved in daily operations as well as those responsible for the proposed changes, have a full understanding of the objectives to be utilized, when achieving the mission.

Financial Perspective. Very few financial performance summaries or budget results were available on office websites for public access. Interview results indicate tremendous attention to economy within OIG operations. Most operations have what they need for efficient operations, but very little extra. A suggestion here is the development of some reporting metric, to help reinforce the OIG's public value. Along with case volumes and the potential financial impact of those, office financial summaries could be added to show that OIGs operate very efficiently. The type and level of disclosure here would be highly dependent on who the balanced scorecard would be available to.

Internal Business Processes Perspective. This scorecard category is a prominent area of emphasis for the OIGs participating in this research. Established business processes are what helps achieve the daily operations objectives as well as

the longer term goals. The only facet of the process where additional emphasis is warranted concerns documentation. The office must have documented processes and procedures for the staff to refer to – a handbook of sorts, provided a place of reference for situations that may arise.

Learning and Growth Perspective. As with internal business processes, the participating offices appear to have a strong emphasis on the concepts of learning and growth. Of course there's learning and growth of staff, which most have documented. Interviews also pointed out continued leadership training and the changes/upgrades to better technology. These of course would be subject to the availability of funds for implementation. The nature of the industry somewhat forces OIGs to change with the times, it's just a matter of being able to afford those changes.

Customer Perspective. Communication with customers (in this case, citizens) has also evolved over time. As reported in the questionnaire results, many OIGs communicate with citizens using a variety of media platforms: social media, office website, newspaper, etc. As with other metrics that are dependent on confidentiality regulations, the types of information and even the frequency of communication may be limited or non-existent for certain types of OIGs. For operations with no restrictions, citizen participation and involvement at some level is important for the establishment of public value. According to Wang and Van Wart (2007), citizen participation has been directly connected to public administrator integrity, as well as the development of accountability systems. This may be as simple as publishing more redacted versions of larger cases or simply creating an annual report for public view.

Citizen involvement would exclude OIGs that have no legal mandate to publicize reports.

Citizens want to know what's going on in government, and expect government officials to be accountable for their decisions and relative outcomes. Participation at the local level helps tax payers get a sense of accountability and integrity for elected officials, and this actually works to the benefit of the elected official. As policy actions are implemented, the results on the community served (positive or negative) are seen as the direct responsibility of the public servant, which may further persuade their proactive citizen participation efforts. This may in fact lead to a more cooperative public in terms of agenda implementation (Irvin and Stansbury 2004). Reporting and disclosure are key to accountability, as public administrators provide the metrics (activity categories) that citizens want to see.

Evaluation. After a plan is implemented, the OIG must decide if the original steps are working, or if they need to change strategies. They need to establish a metric of sorts, summarizing the status of the project and the various phases involved. Performance measurement, when done properly, helps identify and overcome hurdles along the way, increasing the probability of successful outcomes. Once the performance is reviewed, the OIG team must then be on the same page when it comes to next steps and the direction of the office. This definitely shouldn't be a problem, if the goals and vision were effectively communicated at the start of the process.

Resources. Efficient resource utilization is must for any organization hoping to be around long-term. The key to profitability is to minimize cost while maximizing return on investment or basically getting the most out of what we have available.

Most OIGs have successfully master this concept in terms of financial resources, but according to survey results, are struggling a bit when it comes to the human resources aspect. As they fine-tune their processes, OIGs are becoming more cross-functional and employees begin to demonstrate multi-tasking at its best. This can stretch the team a bit thin and leave little room for new projects or performance improvements.

The Balanced/Strategic Scorecard -- Model Implementation

Now that the key elements needed for an OIG balanced scorecard have been identified by the triangulation of the quantitative and qualitative aspects of the research, a path to implementation is needed. This is where the organization's strategic planning processes come into play. Poister defines strategic planning as the combination of futuristic thinking, analysis and evaluation of goals and priorities, all designed to move the organization forward (2010 s247). These strategic objectives are the tools by which leadership accomplishes goals systematically, focusing on items that are valid, desirable and feasible (s248).

The balanced scorecard for public-sector organizations such as OIGs are grounded in the strategic planning process. The scorecard effectively connects the identified strategic initiatives to be accomplished with the performance measurement metrics needed to get there (Irwin 2003). This process, called 'strategy mapping', is the process of visually defining and representing the connections between strategic objectives and how they help in accomplishing the main goal. Kaplan and Norton's model (Figure 2.1) shows the four key perspectives to be included in a balanced strategic scorecard, with vision and strategy at the core. Whereas private organizations focus on shareholders' wealth and financial indicators as the major

goals, public service organizations such as OIGs must have the citizens as the central focus. Therefore, the scorecard utilized must not only capture elements to promote internal economy, effectiveness and efficiency, but elements that create public value. They must essentially measure if and how well their organization meets the needs of their constituents in the jurisdictions they serve (Kaplan and Bower 1999).

The established mission and strategic plan of the OIG provides the core or pivotal elements to the model, with the strategic themes of the model reflecting the four key factors identified by the research results and related factor analysis. These themes emerged as relevant across all OIG types and is therefore reasonably generalizable to others in the industry. The measures included in the model are the higher loading questions that directly impacted the factor analysis, with tentative target percentages for improvement. Actual targets used in the scorecard as well as the specific initiatives and activities will be unique to each OIG. These items were applied to the Kaplan and Norton model, resulting in the OIG scorecard model shown below (Figure 5.1).

Figure 5.1: OIG Balanced Scorecard Model

MISSION, VISION AND STRATEGY				
Perspective	Objectives/Strategic Initiatives	Measures	Targets	Research Notes
Customer Perspective	Increase Transparency	Available Reports	- Annual Report - Key Case Summaries: Case by Case	- 30.77% findings/reports publicly available.
	Partnerships and Communication	Methods of Communication	- Tipline/Hotline (Anonymous) - Telephone - Email - Traditional Mail - Office Visit	- 50% use multiple methods of communication
		Citizen Satisfaction	- Public Awareness - Satisfaction Surveys	- 19.23% conducted citizen satisfaction surveys.
Financial Perspective	Reduce Operating Costs	Operating Margin Cost/Hours per Case	- Practice Economy; Hours linked to staffing.	
	Increase Revenues/Financial Resources	Savings and Recoveries	- Document Public Value; amounts/value of merchandise recovered or value of cases mitigated.	- 61.54% agreed to having adequate financial resources.
Internal Processes	Reduce Investigation Time	Days Open	- Reduce intake to close (linked to technology and staffing).	
	Increase Number of Cases	Cases (Total and Per FTE)	- Linked to technology and staffing.	
	Expand Case Types	Audit, Investigative, Process Improvement	- Linked to staffing.	- IGs would like to add unrepresented functions (from interviews)
	Improved Data Collection and Analysis (For Performance Measurement)	Case types, parties involved, dollar value, days open, etc.	- Linked to technology upgrade and staffing.	
	Upgraded Technology	Purchased or Created	- Result is improvement in investigation time, data analysis and reporting.	
Learning and Growth Perspective	Increase Staff/ Human Resources	FTE (Total) FTE (Position/Function)	- Increased total case volume. - Increased case types.	- 46.14% agreed to having adequate human resources
	Employee Involvement/Satisfaction	Employee Satisfaction Surveys	- Routine Survey Distribution	- 30% conduct employee satisfaction surveys
	Improve and Expand Skill Sets	Certification/Training	- Continued certification and training for the industry (CIG, CIGA, CIGI, etc).	

The Balanced/Strategic Scorecard -- Model Implementation Strategy

So, we've discussed what needs to be included in the OIGs balanced scorecard as well as how the scorecard might look when the research data factors are included. We've also discussed the communication plan needed to get all employees on board. How should OIGs go about implementing such a project while continuing standard daily operations?

According to Kaplan and Norton (2001), the organization must truly become strategy-focused for it all to work. The authors detail the following five important principles for OIGs to employ, in order to become strategy focused organizations. The *first* principle is strategy translation. Here, the strategy or the ultimate performance measurement goals to be achieved by the balanced scorecard must be explained in operational terms. The employees involved in this process must understand what this means to them and how it affects their day to day activities. *Second*, OIGs should align the organization to the strategy where possible. This principle suggests collaboration and cross-functionality where possible, with multiple teams contributing to the success of the strategic initiatives. The *third* principle suggests making the balanced scorecard and associated strategic initiatives everyone's responsibility. By this the authors state that employees should be educated on the process (start to finish) and that communication regarding the project should be top-down in nature. *Fourth*, goals and strategic initiatives related to the balanced scorecard should be a continuous process. Performance improvement and increased organizational efficiency should be long-term, deep-rooted organizational changes, not short-term projects. *Lastly*, utilize the authority of the executive leadership team

to push the project forward. Active involvement of senior-level employees shows support and will keep the balanced scorecard creation and implementation processes mobilized (15).

Future Research

Although this study was very rewarding and revealed a great deal of information about OIGs, additional research is needed to gain a deeper understanding of the industry. Several in-depth studies have examined the federal-level entities but there is still much to learn about the state-level, county-level, local/municipal-level and specialized operations. Future research efforts should encompass all of the areas touched by this initial research as well as some that were not assessed due to time and resource constraints of the project.

The first expansion of the research would be establishing a larger sample size for data analysis. As mentioned in the research results section of the dissertation (see Chapter 4), there were 147 industry professional invited to participate in the research, with only a 22.45 percent response rate. Ideally, a larger population of OIGs could be surveyed to get a more robust and complete data set for study. This type of survey could also be more informative if sponsored by a professional organization or regulatory body within the OIG community. This would undoubtedly provide a greater sense of security and confidentiality to those considering participation to such a research project.

A second concept for additional OIG research is detailed analysis of the various levels of operations independently of the others. This research examined the current practices of all types of non-federal OIGs in comparison to each other. Due to

the dynamics of function and nuances specific to each OIG, the research goal of creating a standard industry typology did not materialize. Research which assesses the characteristics of each type could be useful in creating a typology of sorts for each OIG level. Detailed research here could also identify potential performance measurement and organizational effectiveness metrics unique to that type, directly affecting the impact of public administration at that level (state, local, etc.). Further studies should address agencies with no public reporting or accountability requirements separately from those having such a requirement. Performance measurement metrics for these organizations will be somewhat different, leading to unequal comparisons.

A third suggestion for future research is the detailed analysis of the economic impacts on the field of public administration and what that could mean for non-federal legislation and policy making. The mission and purpose of OIGs in undoubtedly needed, but we must examine how these organizations are implemented within our government structures. Will the creation of an OIG continue to be a popular speaking point on a political agenda or will it become a mandatory governing body (as with the State of Florida)? A detailed economic impact analysis of the OIG industry would provide great information on the overall effects of the work done by these organizations. Internal benefits would include: 1) identification of economic growth and related trends, 2) guidance for efficient resource allocation and 3) sound data for future strategic planning and development initiatives. Typical economic impact measures such as personal income and jobs may not apply to the OIG industry, but the measures of value-added and output may be sufficient for the

calculation and ultimately the documentation of public value (Weisbrod and Weisbrod 1997). This would further assist in garnering support from oversight agencies as well as citizenry, making it a bit easier for OIGs to add additional personnel where needed and increase cases (types and volume).

Closing Statements

The core purpose and mission of OIGs have remained valid throughout the years and it is the opinion of the researcher that they will continue to do so. The industry as a whole is very important in public administration but there must be strides made to ensure proper measurement of the impacts of these organizations. Only then will their public value be more widely recognized, garnering the support the industry needs. Although this research was unable to apply a common typology, the identification of performance measurement metrics and scorecard methodologies may be used to strengthen internal systems currently in place. Those without systems may use this information to begin discussion on how to improve the organizational effectiveness of their OIG.

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Exhibit A
Quantitative Research Process -- Visual Model
(SPSS Statistics Software)

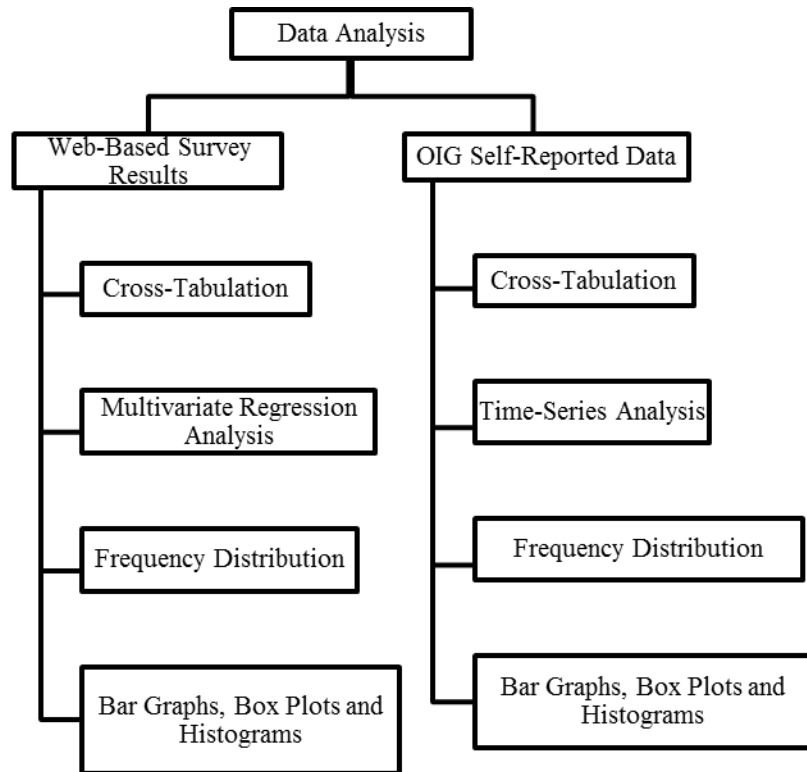
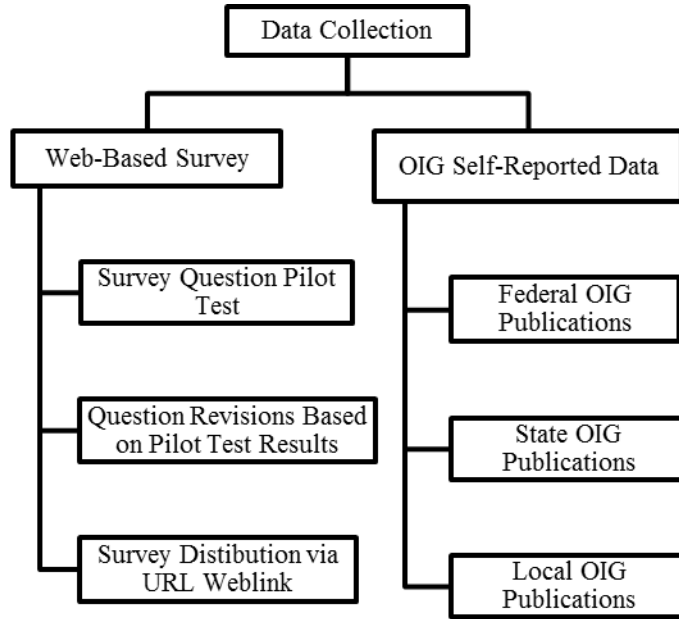


Exhibit B
Qualitative Research Process -- Visual Model

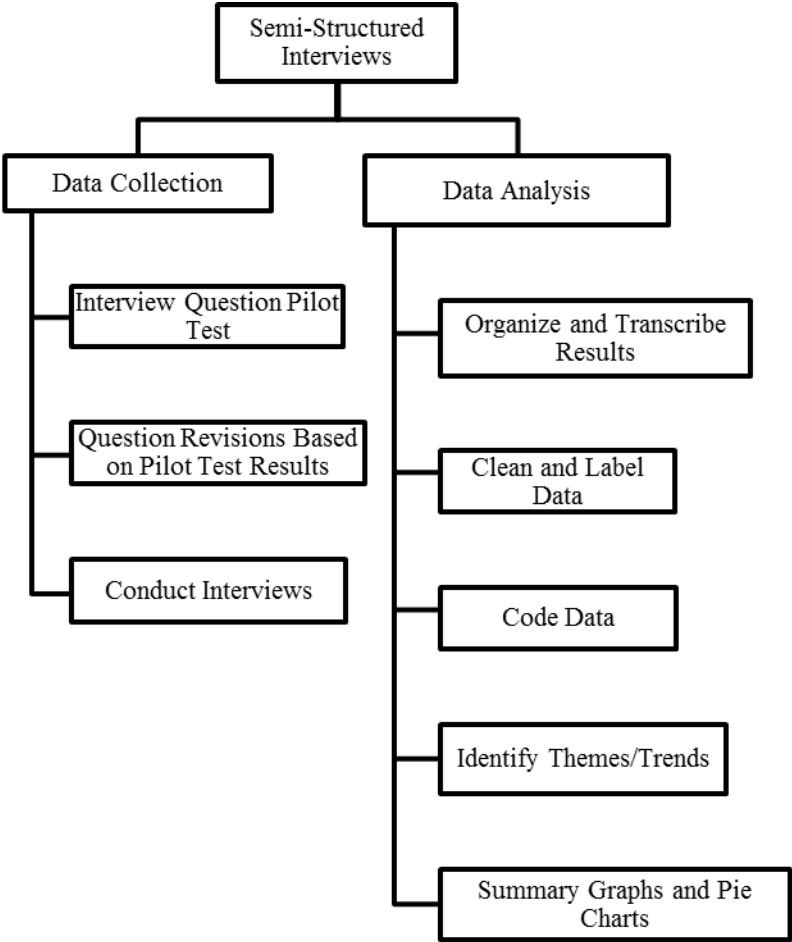


Exhibit C
Multi-Method Research Process -- Visual Model

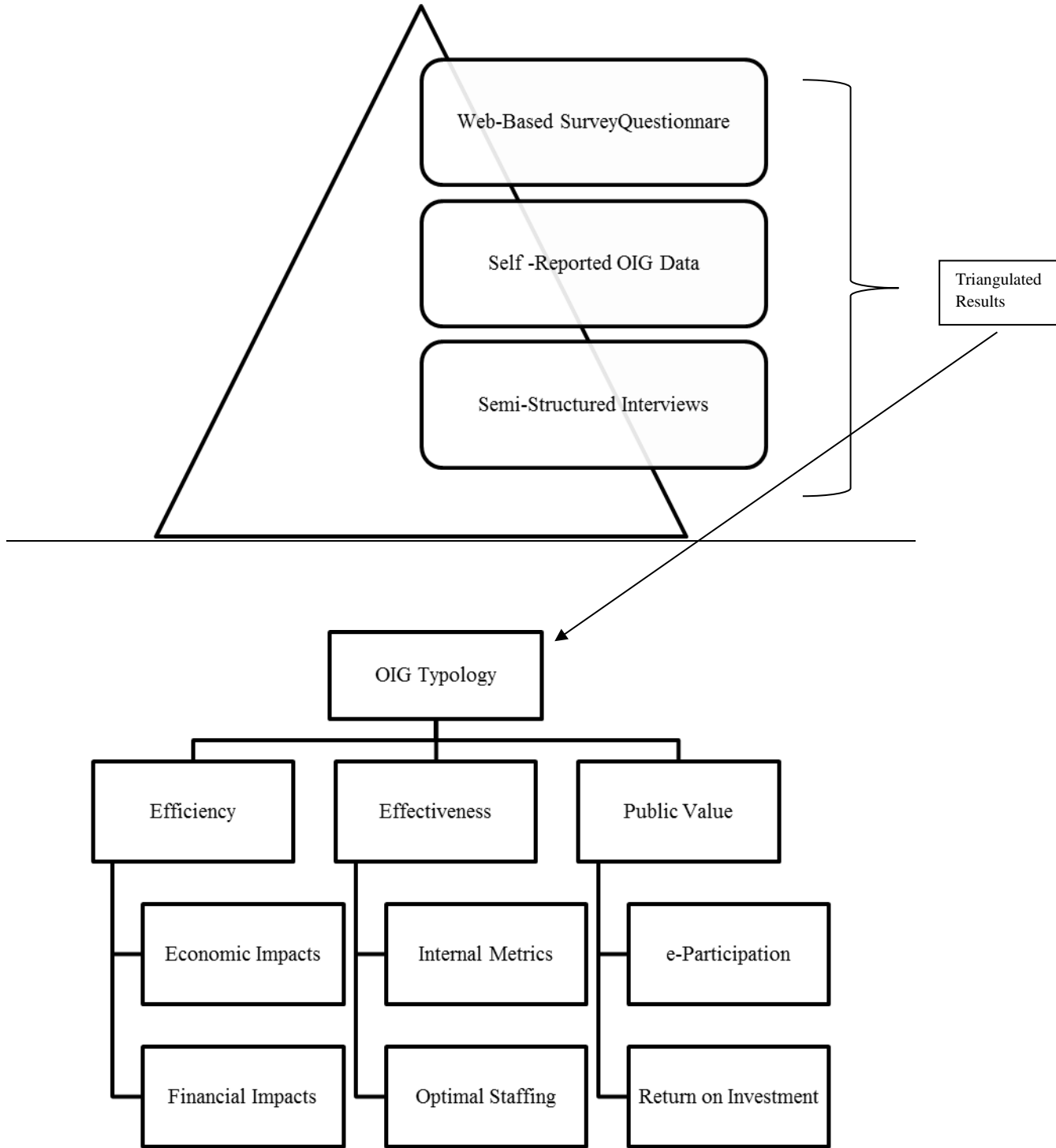


Exhibit D
Survey Introduction and Consent Letter

**Effective Performance Measurement of State and Local Inspectors General: A
Multi-Methods Analysis of Current Operations and a Scorecard for Future
Application**

My name is Cassandra R. Henson, a public administration doctoral candidate in the College of Public Affairs at the University of Baltimore. For my dissertation, I am conducting research on the management practices and performance measurement activities of state-level and local-level Offices of Inspectors General (OIGs).

You have been selected to participate in a nationwide survey of Inspectors General. Because there is so much variation in OIG organization, funding, and management, your participation is critical to the integrity of this research. The results of this research will provide valuable information about of OIGs operate across the country and may inform strategic planning and management practices.

If you chose to participant, you will be asked to complete a web-based questionnaire. You may also be invited to participate in a personal interview.

Results of this research will be reported in the aggregate, with no individual or identifying information published. Your survey responses will be kept secure and confidential. Survey participants will be able to request a copy of the aggregate survey results.

To participate in the survey, please click on the survey link below. The link will be open for two weeks.

ENTER SURVEY LINK HERE

Completion of the survey confirms your consent to participation and the following terms:

- I am being asked to volunteer because I am a current employee at either a state-level, local-level or specialized OIG operation.
- My participation in this study does not involve any significant risks and I have been informed that my participation in this research will not benefit me personally, but may lead to improvements within the OIG community.

- The survey will be distributed electronically with resulting data captured electronically, and available to take for two weeks.
- No identifying information will be published in the research findings.
- I allow the research study investigator to make my records available to the University of Baltimore's Institutional Review Board (IRB) and Doctoral Dissertation Committee.

The informed consent document is included at the beginning of the survey. If you have any questions regarding the nature of this research project or your participation in this research project, please contact:

Cassandra R. Henson, Principal Investigator
University of Baltimore, College of Public Affairs
443-799-8288
cassandra.henson@ubalt.edu

For questions about your rights as a participant in this research study, contact the UB IRB Coordinator: 410-837-6199, irb@ubalt.edu.

Thank you for participating! I look forward to working with you!

Cassandra R. Henson

Public Administration Doctoral Candidate

University of Baltimore

Exhibit E
Survey Instrument -- Questionnaire

INFORMED CONSENT

By selecting "Yes" below, you confirm your consent to participation and the following terms:

- I am being asked to volunteer because I am a current employee at either a state- level, local-level or specialized OIG operation.
- My participation in this study does not involve any significant risks and I have been informed that my participation in this research will not benefit me personally, but may lead to improvements within the OIG community.
- The survey will be distributed electronically with resulting data captured electronically, and available to take for two weeks.
- No identifying information will be published in the research findings.
- I allow the research study investigator to make my records available to the University of Baltimore's Institutional Review Board (IRB) and Doctoral Dissertation Committee.

Yes, I Agree (Continue with survey)

No, I Do Not Agree (Exit Survey)

PARTICIPANT DEMOGRAPHICS

The questions in this section are designed to capture attributes about you. The collection of this data ensures a broad cross-section of survey participants, representative of the industry.

Please provide the name and location of your OIG. This information is used for statistical purposes only, with no identifying information published in the final research documents.

Name of OIG Office: _____

OIG City and State: _____

Please identify your OIG type.

- State-level
- County-level
- Local-level (municipal)
- Specialized (school districts, etc.)

What position do you hold within your OIG?

- Inspector General
- Deputy Inspector General
- Investigator
- Agent
- Auditor
- Legal Counsel
- Law Enforcement

- Evaluator
- Combined Position/Function

How long have you held this position?

- One year or less
- 1 to 3 years
- 3 to 5 years
- 5 to 7 years
- 7 to 10 years
- More than 10 years

How long have you been in the fraud, waste and abuse investigative industry? Please include experience for local, state, federal and private positions.

- One year or less
- 1 to 3 years
- 4 to 6 years
- 7 to 9 years
- 10 or more years

What is your professional background? Check all that apply.

- Criminal Justice
- Financial Business
- Legal
- Auditing/Performance

- Evaluation
- Other

Do you hold any job-related certifications? Check all that apply.

- Certified Fraud Examiner (CFE)
- Certified Public Accountant (CPA)
- Certified in Financial Forensics (CFF)
- Certified Inspector General (CIG)
- Other
- I hold no job-related certifications

ORGANIZATIONAL CHARACTERISTICS

The questions in this section are designed to describe the structure of your OIG. Any identifying information such as office name and location, is collected for statistics purposes only. No individual responses or information will be published.

How was your OIG created?

- Charter
- Legislation
- Executive Order
- Other

When was your OIG created?

Year:

Does your OIG operate as an independent agency, meaning no direct oversight?

- Yes
- No

Sometimes

Unknown

Who provides oversight to your organization?

Governor

Mayor

City Council

County Executive

County Council

Other

What is the primary purpose of your OIG?

Fraud, waste and abuse mitigation

Internal audit

Law enforcement (white collar crime)

Other

ORGANIZATIONAL MISSION AND OBJECTIVES

The questions in this section are designed to capture information regarding the mission and objectives of your OIG.

The mission of an organization is the 'big picture' goal, what it is striving to achieve.

The objectives are the steps to reaching the goal, 'how' the organization will achieve the mission.

Please select the one best answer for each question.

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
The mission of your OIG has been clearly communicated to you.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The objectives of your OIG have been clearly communicated to you.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Your role/position directly impacts achievement of the mission and objectives.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The mission and objectives have been clearly communicated to other internal stakeholders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The mission and objectives have been clearly communicated to other external stakeholders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

EMPLOYEE ENGAGEMENT

The questions in this section are designed to capture the employee engagement practices of your OIG.

Please select the one best answer for each question.

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
Job expectations are clearly defined for employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Constructive feedback is routinely given to employees on job performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Professional growth and development opportunities are available for employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees are provided training to keep them up-to-date in the field.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communication is open and encouraged between employees and leadership.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Satisfaction surveys are routinely distributed to employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employees are recognized for contributions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

FINANCIAL MANAGEMENT

The questions in this section are designed to capture the routine financial management practices of your OIG.

Financial management is the process of ensuring the efficient use of resources in achieving the mission and objectives.

How is your OIG operation funded? Check all that apply.

- Annual budget allocation
- Portion of recoveries
- All recoveries

- Private funding
- Other

Does the agency routinely track operating expenses?

- Yes
- No

Is a financial software package used for operating expense tracking?

- Yes
- No

What type/brand of financial software package is used by your OIG? _____

Is the software package standard or custom?

- Yes
- No

PERFORMANCE MEASUREMENT

The questions in this section are designed to assess the performance measurement strategies of your OIG.

Performance measurement captures: (1) what activities are being performed, (2) the efficiency and effectiveness of those activities and (3) what needs to be improved/changed.

Please select the one best answer for each question.

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
A performance measurement system/process with clearly defined metrics is being used to assess agency operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current performance measurement system was designed using input by all classifications of OIG employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current performance measurement system is efficient and meets the agency's internal reporting needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The current performance measurement system is efficient and meets the agency's external reporting needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Assessment results and overall OIG performance measurement results are publicly available.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are adequate financial resources available for standard daily operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are adequate human resources available for standard daily operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are adequate financial resources available for performance improvement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There are adequate human resources available for performance improvement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How often are the performance measurement system/process and associated metrics reviewed for feasibility, efficiency and effectiveness?

- Annually
- Semiannually
- Quarterly
- Never
- Unsure
- Other

DATA COLLECTION

The questions in this section are designed to assess the routine data collection practices of your OIG.

What are the typical case types handled by your OIG? Check all that apply.

- Policy violations
- Time and attendance fraud
- Equipment or supply theft
- Contract or procurement fraud
- Monetary theft
- Misuse or misallocation of funding
- Other

What types of performance data are collected? Check all that apply.

- Economic impact
- Method of notification/how tips received
- Accused/employee personal information
- Case types
- Accused/employee department
- Case volumes
- Other

Do you use a software package specifically designed for case management?

- Yes
- No

How is case data entered into the system? Check all that apply.

- Individually by each employee
- Data entry/clerical staff
- Ancillary system feeds
- Other

Are there established internal requirements for timely data entry of basic information upon receipt of a new case?

- Yes
- No

Are there established internal requirements for new case review and classification (keep the case, refer it out, etc.)?

- Yes
- No

Are there established benchmarks for case analysis and investigation?

- Yes
- No

How often are performance metrics, requirements or desired benchmarks for case analysis/investigation evaluated for feasibility, efficiency and effectiveness?

- Annually
- Semiannually
- Quarterly
- Never

- Unsure
- Other

REPORTING AND COMMUNICATION

The questions in this section are designed to capture the standard reporting and communications practices of your OIG.

Please select the one best answer for each question.

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
The organization is transparent regarding its findings/reports of investigations.	0	0	0	0	0
The organization is transparent regarding its sources and methods of investigative activity.	0	0	0	0	0
Final investigative reports are made publicly available via the OIG website.	0	0	0	0	0
Final investigative reports are available by request.	0	0	0	0	0
The organization conducts citizen satisfaction surveys.	0	0	0	0	0
The organization uses multiple methods of communicating with the public (social media, newspapers, etc.).	0	0	0	0	0

THANK YOU for participating in the Office of Inspectors General Management Survey.

We are also conducting personal interviews (in-person or teleconference) to get more insight on OIG operations. We value your expertise and would be appreciative of any

additional information you'd like to share. Please enter your name, email and phone number below to be contacted by the researcher.

Exhibit F
Semi-Structured Interview Questions

1. How long have you been in the Inspector General role for this operation?
2. What has been your prior work experience?
3. Since you've started, have there been major changes to the organization's strategic initiatives or goals? What were those changes?
4. How do you measure the organization's performance, relative to efficiency and effectiveness?
5. Are there key performance indicators in place to gauge impacts on both internal and external stakeholders?
6. Across the industry, there have been varying methods of measuring economic impact of OIG organizations. How do you measure economic impacts and cost savings?
7. In an optimal situation, what would you change about the existing setup of your operation?
8. If given the opportunity, what processes mandated by your jurisdiction/oversight body would you change?
9. How often are internal policies and procedures reviewed, updated and/or adjusted for operational feasibility?
10. What role has technology played in the effectiveness of and efficiency of your organization? Do current resources allow for the addition/update of technology of needed?