OFFICE OF INSPECTOR GENERAL
(This section was prepared by the OIG and included without change.)

Request:
For FY 2022, the Office of Inspector General (OIG) is requesting $5.6 million to continue providing independent, comprehensive, and effective oversight of the federal funds Congress provides to LSC. The OIG contributes to LSC’s mission success by providing decision-makers with objective audits, investigations, and reviews aimed at strengthening governance and accountability and enhancing performance in LSC’s and grant recipients’ programs and operations.

Mission:
The OIG was established under the IG Act of 1978, as amended, as an independent office to prevent and detect fraud, waste, and abuse, to promote economy, efficiency, and effectiveness in LSC and grantee programs and operations, and to review compliance with applicable laws and regulations. Since 1996, LSC’s annual Congressional appropriations have directed that grantee compliance with legal requirements be monitored through the annual grantee audits conducted by Independent Public Accountants (IPAs) under the guidance of the OIG.

The OIG conducts audits, investigations, and reviews, as well as a variety of fraud prevention and outreach efforts, to protect and maximize federal taxpayer dollars invested in civil legal aid. While carrying out this work the OIG adheres to the audit and investigative standards of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and other relevant governmental and professional organizations (including the Government Accountability Office).

The OIG request will be used to fund OIG operations, including 32 FTE positions and the resumption of travel to perform onsite grantee reviews as needed. This amount is on par with recent increased funding and activity levels within LSC and its grant recipient network—placing more funds at risk—and will ensure proper OIG oversight.

From FY 2017 to FY 2020, total direct federal funding to LSC has increased by $79.5 million$185 to $465 million. An additional $30 million in disaster-aid funding was provided from 2017 to 2019, and $50 million in CARES Act funding was appropriated in 2020. In 2019, LSC grant recipients received approximately $842 million in funding from non-LSC sources, an increase of approximately $107.6 million from 2017.$186 The requested appropriation will enable the OIG to continue to help improve the integrity and accountability of LSC and its grant recipient programs and operations. LSC’s recipient network includes 132 grantees in over 880 field offices in every U.S. state and territory.
Performance:
In FY 2020 the OIG, working under the challenges posed by the COVID-19 pandemic:

- Audited controls over handling and use of LSC and non-LSC funds at grantees, providing 107 recommendations for grantee program and operational improvements via internal control audit reports and resulting in new questioned or unsupported costs of $137,000. The OIG also issued a special compendium report summarizing and analyzing the findings and recommendations contained in the last two years of internal control audit reports.
- Reviewed 117 audits of LSC grant recipients and subrecipients issued by the IPAs, referring 81 significant findings to LSC for corrective action.
- Provided oversight for the Corporation’s 2019 financial statement audit.
- Continued IT vulnerability assessments of grant recipients’ information technology networks and issued a summary report of the findings and recommendations.
- Completed 33 Quality Control Reviews (QCRs), assessing the quality of the grant recipient IPAs’ audit work and provided an annual summary report. The QCR program is designed to assess all grant recipient IPAs’ work over a four-year cycle, enabling the OIG to identify deficiencies in IPA work; advance IPAs’ compliance with applicable standards and OIG guidance; and improve the overall effectiveness and quality of LSC grantee audits. The QCRs also have resulted in the OIG debarring four IPAs from performing LSC grantee audit work.
- Received the highest rating possible on a peer review of OIG audits conducted as part of the CIGIE peer review system.
- Opened 33 and closed 32 investigations involving allegations of grant fraud, theft, contract fraud, diversion of clients for personal gain, outside practice of law, cyber-fraud, time and attendance fraud, and other violations of LSC statutes and regulations.
- Achieved results in cases arising from OIG investigations that included $326,400 in cancelled grant expenditures; $104,000 in suspended grant payments; the acceptance of four criminal referrals; three indictments, information, or criminal complaints; one guilty plea; one sentencing action; one debarment; one pretrial diversion agreement; $18,000 in questioned cost recoveries; and $12,000 in restitution orders and other fees.
- Conducted an active educational outreach and fraud prevention program, including: performing six Fraud Vulnerability Assessments; five Regulatory Vulnerability Assessments; three Fraud Awareness Briefings for LSC grant recipients and the production of an online comprehensive fraud awareness briefing; one Fraud Alert; produced six “Fraud Corner” articles to help prevent and minimize fraud, waste, and abuse; and created a special COVID-19 Fraud Prevention webpage identifying scams that could target LSC grantee recipients, staff and clients, and including information on where and how to report scams.
- Participated in CIGIE’s COVID-19 Pandemic Response Accountability Committee’s (PRAC) coordinated oversight, to help ensure appropriate accountability for the use of the LSC-directed funds.

Overall, the work of the OIG reduces fraud, waste, and abuse and helps to ensure that LSC and its grantees are functioning as responsible stewards of taxpayer funds. These and other achievements are reported in the OIG’s Semiannual Reports to Congress (https://www.oig.lsc.gov/products/sar).
Planned Activities:
In FY 2022, guided by the OIG Strategic Plan, the OIG will use its continual risk assessments and annual work planning process to help allocate available OIG resources. The OIG will perform its statutory requirements, including activities furthering fraud prevention and detection, promoting economy and efficiency of LSC and its grant recipients, and oversight of the grantee audit process. The OIG will continue to respond timely to requests from the Congress, the LSC Board of Directors, LSC management, and other interested parties.

A major component of the OIG’s budget goes to the OIG’s audit program, which carries out audits of LSC and grantee programs and operations, including the review of LSC grant recipients’ annual audits, covering financial statements, internal controls, and compliance with mandated restrictions and prohibitions. This appropriation will allow the OIG to continue its comprehensive audit quality control review program; to assess the security of LSC and grantees’ computer networks; and to conduct additional reviews of LSC, grant recipient, or subrecipient programs and operations. In addition, the OIG will continue to fund and oversee the annual audit of LSC’s financial statements and issue updated audit guidance to recipients of LSC funds.

Also included in this budget is the OIG’s investigative program. The OIG will conduct investigations of criminal and civil fraud committed against LSC and its grant recipients, and operate a national fraud, waste, and abuse reporting hotline. In addition, the OIG regularly conducts compliance investigations, administrative inquiries, fraud and regulatory vulnerability assessments, and fraud prevention briefings.

The OIG will continue to help improve effectiveness and efficiency in the operations of LSC and its grantees through its other reviews and advisories, and will provide comments on significant legislative, regulatory, management, and policy initiatives affecting LSC and grant recipients. For FY 2022, the OIG is considering new or modified oversight programs targeting high-risk operational areas for LSC and the grant recipients, including OIG-identified LSC management challenge areas.

Internally, the OIG will continue to improve the effectiveness of its own operations by ensuring the recruitment and retention of a highly skilled, high-performing OIG workforce; the maintenance of secure technology systems; and the development of information management systems to facilitate the efficient and secure production of OIG work. This request includes $64,000 to satisfy foreseeable OIG professional training activities required to maintain the OIG professional credentials for FY 2022. The OIG also anticipates contributing $17,000 to support the operations of the Council of the Inspectors General on Integrity and Efficiency.

In summary, the OIG requests $5.6 million to effectively carry out its Congressionally-mandated oversight activities and to help increase the efficiency and effectiveness of LSC’s vital programs. The OIG greatly appreciates the continuing support of the Congress and the LSC Board as it carries out the Inspector General’s mission at LSC.