SBA

SOP 90 12

Inspection and Evaluation Program

Office of Inspector General

U.S. Small Business Administration

SUBJECT:	S.O.P.		REV
Inspection and Evaluation Program	SECTION	NO.	
	90	12	

INTRODUCTION

1. Purpose. To establish guidelines and procedures for implementing the Inspection and Evaluation Program in the Office of Inspector General.

2. Personnel Concerned. All SBA employees.

3. Directives Canceled. None.

4. Originator. Inspection and Evaluation Division
Office of Inspector General.

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		1-1-98
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Inspector General		1

Inspection and Evaluation Program

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Chapter 1

Background Information

1. **What is the Role of the Inspection and Evaluation Division?**

    The Inspection and Evaluation Division of the Office of Inspector General (OIG) supports the Small Business Administration (SBA) and congressional policymakers by producing objective assessments of program performance and efficiency and by conducting special analyses of critical program issues. The Division's objective is to provide high-quality information by gathering reliable data from all relevant sources, analyzing it impartially and thoroughly, developing carefully reasoned findings, and presenting practical recommendations in clearly written reports. The independent oversight role of the OIG means that the Division's findings and recommendations offer policymakers third-party objectivity.

    As one of three operating components of the OIG, the Division gives the Inspector General (IG) flexibility in handling his/her oversight responsibilities. Inspections are usually broad in scope and use diverse approaches, e.g., surveys, evaluations of program effectiveness, the identification of best practices, and research on business and economic issues affecting SBA programs. The Division also plays an active role in the inspector general community, coordinating interagency studies, organizing training forums, and providing support to the IG in his/her role as a member of the President's Council on Integrity and Efficiency.

2. **What is the Applicable Legal Authority?**

    The Inspector General Act of 1978 (Public Law 95-452, as amended, 5 U.S.C. App. 3) established the OIG in the SBA as an independent organization to combat fraud, waste, and abuse. Part of this mandate is to promote economy, efficiency, and effectiveness in SBA programs and to report significant problems and deficiencies both to the Administrator and to the Congress.

3. **How is the Inspection and Evaluation Division Staffed?**

    The Division is headed by the Assistant Inspector General for Inspection and Evaluation (AIG/I&E). Individual inspection and evaluation projects are normally handled by two- or three-person teams led by a senior inspector. Division staffing reflects a diverse, multi-disciplinary approach that emphasizes varied background experience and training to ensure

that a variety of perspectives are brought to its analyses. The staff includes members with experience in a wide range of public and private sector positions and academic backgrounds in business, accounting, economics, political science, and public policy.

4.   What are the Inspection and Evaluation Division's Products?

The Division produces inspection reports and other analytical products on a wide range of SBA program activities and related issues. These include:

a. Assessments of program performance and impact;

b. Management analyses to help SBA reorganize programs
    and administer them more efficiently;

c. Surveys of customer or client satisfaction;

d.   Best practices   studies to identify alternative ways to
    achieve program goals;

e. Validations of SBA methods for calculating performance
    measures;

f. In-depth examinations of problems in program operations;

g. Reviews of the methodologies and findings of other studies; and

h. Analyses of critical issues affecting program planning.

The inspections are designed to help Agency policymakers and Members of Congress and their staffs identify ways to improve the management and impact of SBA programs. The end products are reports intended to be factual, easily understood, and effective in promoting program improvements. All inspections are conducted in accordance with the ***Quality Standards for Inspections*** issued by the President's Council on Integrity and Efficiency.

Chapter 2

Process for Conducting Inspections and Evaluations

1. How are Inspections and Evaluations Initiated?

An inspection or evaluation usually originates with:

a. A request from the Administrator, Deputy Administrator, the IG, or other SBA program official;

b. An informal suggestion by an SBA employee or program participant;

c. A request from a Member of Congress; or

d. An idea conceived within the OIG.

In most cases, a Division team conducts preliminary research to determine how significant the issues are, how accessible essential data are, how long the inspection is likely to take, and what other factors should be considered in deciding whether to begin an inspection. In the vast majority of cases, the most useful insights during this phase come from SBA personnel, congressional staff, and program participants.

2. How Can I Recommend a Subject for an Inspection or Evaluation?

The OIG welcomes all suggestions for inspection or evaluation topics. Each will be given careful consideration. Ideas should be submitted either directly to the IG or to the AIG/I&E in person or by:

a. Mail: Assistant Inspector General for Inspection and Evaluation
Office of Inspector General, Mail Code 4115
Small Business Administration
409 Third Street, SW
Washington, DC 20416

b. Phone: 202-205-7202

c. E-mail: Assistant Inspector General for Inspection and Evaluation

3. **What are the Basic Stages of an Inspection or Evaluation?**

Inspections and evaluations usually proceed along the following stages.

a. **Entrance conference.** The inspection team meets with the managers and key staff members of the SBA programs involved to discuss the scope of the upcoming inspection, explore alternative methods and approaches, identify databases and other sources of information, and establish points of contact for the duration of the inspection.

b. **Field work, analysis, and initial drafting.** The field work involves gathering essential data by means of surveys, interviews, file reviews, and other research methods. Depending on the scope of the project and the availability of information, this phase normally takes from 2 to 6 months to complete. The team stays in frequent touch with the program officials, points of contact, and other staff to keep them abreast of inspection progress and to discuss issues as they arise. As the team nears completion of its analysis of the data, it meets with the program managers to discuss its preliminary findings and conclusions. The team then prepares the first draft of the report.

c. **Review of draft report.** After the AIG/I&E has reviewed the first draft, a revised draft is submitted to the IG, Deputy IG, and affected program managers for comment. The team meets with these officials to obtain their views and discuss any points of disagreement. It then analyzes the comments and makes appropriate changes.

d. **Final review and comment.** The inspection team provides the final report draft to the program managers for their formal written comments, which will be attached as an appendix to the report. The program managers' comments will also be synopsized in the executive summary, along with any OIG response. The managers are also asked to complete two forms: *Program Manager's Decisions on Inspection Report Recommendations (Form 2028),* to indicate concurrence or nonconcurrence on each recommendation, and *Program Manager's Evaluation of OIG Inspection (Form 2027),* to provide an evaluation of the quality and conduct of the inspection. (See paragraphs 3-3 and 3-4.)

e. **Issuance of the report.** After the IG and AIG/I&E sign the transmittal memorandum attached to the report, copies of the report are routinely distributed to the Administrator, Deputy Administrator, associate deputy administrator(s), affected program managers, Members of Congress, and other

interested parties. Copies are available on request, and summaries can be found on the Internet and in OIG monthly and semiannual publications (see below).

f. **Senior level briefings.** Depending on the nature of the inspection and its findings, briefings may be scheduled for the Administrator, Deputy Administrator, the appropriate associate deputy administrator(s), Members of Congress or their staff, and other officials. Briefings for the Administrator or Deputy Administrator may also be used to resolve disagreements with program officials on inspection findings and recommendations.

g. **Inspection follow-up.** The nature and extent of inspection follow-up depends on the results of the inspection and the response by program management. Normally, the team periodically solicits status reports on progress in implementing the recommendations with which the program officials have agreed.

4. What is Required of SBA Personnel During an Inspection or Evaluation?

All SBA personnel are required by law to provide the OIG with access to all requested documentation, databases, Agency personnel, and other sources of information in a complete and timely manner. If necessary, the OIG has authority to subpoena from any external person or entity any records that are related to SBA programs and operations and are necessary to carry out the IG's duties. All SBA personnel are expected to cooperate fully with OIG inspectors, who make every effort to keep their requests of program personnel and participants to a minimum.

5. When are Program Officials Given an Opportunity to Comment on a Report?

You are encouraged to provide comments at any time during the course of an inspection or evaluation. In fact, inspection teams actively solicit suggestions from program staff, participants, and other informed observers. More formal opportunities for comment are also built into the drafting stages of each report. The Division team meets with the program officials to discuss its preliminary findings prior to completing its first draft; the draft is then submitted to program officials and, after they have had time to review it, a second meeting is usually held to go over the findings and recommendations in detail. Following any modifications the team decides to make based on those discussions, the final draft is submitted to the program managers for their formal written comments to be included in the report as an appendix. These comments will also be synopsized in the executive summary of the report.

Chapter 3

Process Following Completion of an Inspection Report

1.   Who Normally Receives Inspection and Evaluation Reports?

Reports are routinely distributed to the Administrator, Deputy Administrator, associate deputy administrator(s), managers of the program(s) on which the inspection or evaluation focused, Members of Congress and their staffs, the General Accounting Office, and subjects of the inspection who request copies. At its discretion, the OIG may also disseminate reports to other interested parties.

2.   Who is Briefed on the Results of an Inspection or Evaluation?

The OIG usually briefs the Administrator and/or Deputy Administrator on the results of an inspection or evaluation and the response of the program managers. If there is disagreement between the OIG and the program managers on any significant issues, the program managers may be invited to participate in the briefing as well. If the inspection or evaluation was requested by a Member of Congress, the OIG also provides the Member and/or staff with a briefing. At the discretion of the IG, briefings may also be provided to other interested parties on request.

3.   What is My Responsibility if I Receive a *Program Manager's Decisions on Inspection Report Recommendations* Form?

The OIG asks the managers of programs directly affected by an inspection or evaluation to fill out Form 2028, *Program Manager's Decisions on Inspection Report Recommendations*, to indicate formally their decisions on the report's recommendations. As the program manager, you are responsible for showing your final agreement, disagreement, or partial agreement with each of the report's recommendations. The form should be returned to the OIG within 10 working days of the date issued and will be used to determine which actions, if any, need to be referred to the Administrator or Deputy Administrator for resolution.

4. What is My Responsibility if I Receive a *Program Manager's Evaluation of OIG Inspection* Form?

The OIG uses Form 2027, *Program Manager's Evaluation of OIG Inspection*, to obtain a brief assessment of how well you believe the inspection or evaluation was performed, how relevant it was to program activities, and how useful it was to program management. It accompanies the final report submitted to the affected program managers and should be returned to the OIG within 10 working days of receipt.

5. How are Differences Between the OIG and SBA Resolved?

Every effort is made to reach agreement with the program managers at each stage of an inspection or evaluation. If significant differences remain after the report has been issued, however, the IG has the option of asking the Administrator or Deputy Administrator to decide whether the Agency will accept the recommendations in dispute. Usually the Administrator or Deputy Administrator will call a meeting of OIG and program officials to discuss the differences. The subsequent decisions of the Administrator or Deputy Administrator are final and will be reported to the Congress by the IG.

6. Are Inspection and Evaluation Staff Available to Assist in Implementing the Recommendations in their Reports?

The Division is ready to assist program managers in implementing recommendations to the extent that its limited resources allow. Short-term assistance has been possible in such areas as designing survey questionnaires, establishing criteria for information systems, and consulting on solutions to problems, but the IG Act prohibits OIG staff from assuming any operational responsibilities.

7. What Procedures Does the OIG Use to Track Implementation of the Recommendations in its Inspection Reports?

The Division is responsible for monitoring a program's progress in implementing the recommendations on which the SBA has concurred. In some cases, such as a report that does not contain any specific recommendations, follow-up may not be necessary. Most inspections produce recommendations, however, and the OIG will request periodic status reports from the program managers involved. If circumstances change subsequent to the issuance of a report and a recommendation no longer appears appropriate, the program

managers can request that the AIG/I&E revise or eliminate the recommendation. Tracking the implementation of a recommendation continues until the OIG determines that it has been resolved.

8.   How Can I Obtain a Copy of an Inspection Report?

The fastest and easiest way to obtain a copy of a report, or an executive summary in the case of older reports, is via the Internet *(http://www.sbaonline.sba.gov/ignet/ig.html)*. Alternatively, printed copies may be requested from the I&E Division by phone, e-mail, or correspondence. Reports may also be obtained by sending a Freedom of Information Act (FOIA) request to the OIG. The OIG will determine whether to apply any FOIA exemptions to protect sensitive information, e.g., information that is proprietary to a business or may violate an individual's privacy if released. Summaries of reports can also be found in the semiannual reports and monthly updates published by the OIG.

Appendix 1

INDEX TO FORMS AND REPORTS

Appendix 2
(paragraph 2-3.d.)

SAMPLE FORM 2028
PROGRAM MANAGER'S DECISIONS ON INSPECTION REPORT RECOMMENDATIONS

<table>
<tr><td colspan="2" align="center">OFFICE OF INSPECTOR GENERAL
U.S. SMALL BUSINESS ADMINISTRATION

**Program Manager's Decisions
on Inspection Report Recommendations**

*Please return to the OIG
(Mail Code 4115)*</td></tr>
<tr><td>

Point of Contact:

NAME:_____
PHONE:_____
</td><td>

Approving Official:

SIGNATURE:_____
DATE:_____
</td></tr>
<tr><td colspan="2">

Inspection Report:　　[INSERT TITLE, REPORT NUMBER, AND ISSUANCE DATE]
</td></tr>
<tr><td colspan="2">

Recommendation 1:　　　[INSERT RECOMMENDATION]
</td></tr>
<tr><td colspan="2">

Management Decision:　*(Check one)*

_____ Agree with recommendation. Actual or estimated date of completion (month, year) _____.
_____ Disagree with recommendation. (Please attach an explanation if points of disagreement are not fully covered in comments already submitted in writing. The IG will decide whether to refer the disagreement to the Deputy Administrator for resolution.)
</td></tr>
<tr><td colspan="2">

Recommendation 2:　　　[INSERT RECOMMENDATION]
</td></tr>
<tr><td colspan="2">

Management Decision:　*(Check one)*

_____ Agree with recommendation. Actual or estimated date of completion (month, year) _____.
_____ Disagree with recommendation. (Please attach an explanation if points of disagreement are not fully covered in comments already submitted in writing. The IG will decide whether to refer the disagreement to the Deputy Administrator for resolution.)
</td></tr>
</table>

SBA FORM 2028 (9-97)　　　　　　　　　　　　　　　DOC: PROG MGR DECISION FORM.9-97

Appendix 3
(paragraph 2-3.d.)
SAMPLE FORM 2027
PROGRAM MANAGER'S EVALUATION OF OIG INSPECTION

Please return to the OIG *(Mail Code 4115)*	**OFFICE OF INSPECTOR GENERAL** **U.S. SMALL BUSINESS ADMINISTRATION** **Program Manager's Evaluation** **of OIG Inspection**

INSPECTION REPORT: [INSERT TITLE, REPORT NUMBER, AND ISSUANCE DATE]

PROGRAM MANAGER: [INSERT NAME AND TITLE]   **OFFICE:** [INSERT]

EVALUATION *(Please circle appropriate number on right)*	TO A VERY GREAT EXTENT		TO A MODERATE EXTENT		TO LITTLE OR NO EXTENT	NO OPINION ()
To what extent did the inspection team give fair consideration to your program's views on the issues?	5	4	3	2	1	
How effective were the working relations between the inspection team and your program staff?	5	4	3	2	1	
To what extent does the final report present its analysis and recommendations in a clear and readable manner?	5	4	3	2	1	
How accurate was the factual information given in the final report (whether or not you agreed with the report's final findings and recommendations)?	5	4	3	2	1	
How relevant was the subject of the inspection to your program's current concerns?	5	4	3	2	1	
How useful was the final report to your program?	5	4	3	2	1	
Overall, how satisfied were you with the manner in which the inspection was conducted?	5	4	3	2	1	

Please add any comments or suggestions:

Check here if you would like to discuss in person: **[   ]**

Signature: _____   Date: _____   Phone: _____

SBA FORM 2027 (9-97)   DOC: PROG MGR EVAL FORM.9-97