



*Council of the*

**INSPECTORS GENERAL**

*on INTEGRITY and EFFICIENCY*

# Quality Standards for Inspection and Evaluation

December 2020

# Letter from the Inspection and Evaluation Committee Chair and Vice Chair

The *Quality Standards for Inspection and Evaluation* (Blue Book) has long provided a solid framework for inspection and evaluation (I&E) work by Offices of Inspector General (OIG). In June 2010, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) officially adopted the standards for all I&E work performed by member organizations. The Blue Book provides OIGs with a flexible and effective mechanism for oversight and empowers our inspection, evaluation, and multidisciplinary staff to produce timely, credible reports to improve agency operations.

Over the last few years, we have made great strides in moving the I&E community forward. The I&E peer review process began in 2017. As a result of feedback from the I&E community during the peer review process, and at the direction of the I&E Committee, the I&E Roundtable began revising the standards.

For this December 2020 revision, there is a new structure for the Blue Book that provides clarity on the specific requirements for each standard while also providing guidance on how inspection organizations may comply with the standards. We believe these revised standards preserve the flexibility that is a hallmark of I&E work while continuing to provide OIGs with a valuable means of timely and credible oversight.

We want to personally thank everyone who worked to revise the Blue Book and to give special recognition to the Blue Book Working Group for leading the effort on this project. We also appreciate the input and feedback given by the Roundtable, I&E Committee, and CIGIE members. The collaborative effort helped guide the project and enhanced the final product.

This revision of the Blue Book has been adopted by CIGIE and supersedes the 2012 version. In addition, this revision is effective for all inspections and evaluations beginning on or after January 1, 2022.

Sincerely,

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# Preface

Inspections and evaluations have long been used by oversight organizations as flexible and effective mechanisms to fulfill their mission. Inspections and evaluations are systematic and independent assessments of the design, implementation, and results of operations, programs, or policies. Inspections and evaluations may be conducted by single-disciplinary teams of personnel, or by multi-disciplinary teams, using multiple methods for gathering and analyzing data. These reviews provide timely, credible information that is useful for managers, policymakers, and others. Oversight organizations can use inspections or evaluations to determine efficiency, effectiveness, impact, and sustainability of operations, programs, or policies. Inspections and evaluations often recommend improvements and identify where corrective action is necessary. Other uses of inspections and evaluations include, but are not limited to:

- Providing factual and analytical information;
- Measuring performance;
- Assessing internal controls;
- Determining compliance with applicable law, regulation, and policy;
- Identifying savings, funds put to better use, and questioned costs;
- Sharing best practices and approaches; and
- Assessing allegations of fraud, waste, abuse, and mismanagement.

CIGIE endorses the *Quality Standards for Inspection and Evaluation* and, in compliance with the Inspector General Reform Act of 2008, expects the application of these standards throughout the Inspector General community. The standards provide a framework for performing both inspection and evaluation work. Fulfilling the standards takes mindful consideration and does not constitute a checklist. Rather, the standards should serve as guideposts to help inspectors make each of the many decisions involved in conducting an inspection or evaluation. The standards are flexible and not overly prescriptive by design. The Blue Book is meant to be interpreted through the professional judgment of inspectors due to the complexity of inspection and evaluation work.

Some oversight organizations make a distinction between inspection and evaluation work. However, the Blue Book does not delineate between inspections and evaluations and thus uses the terms “inspection,” “inspector,” and “inspection organization” to encompass both inspections and evaluation oversight work.

CIGIE reviews the Blue Book periodically to ensure its continuing relevancy and sufficiency. However, it is the responsibility of each oversight organization that conducts inspections or evaluations to develop internal written policies and procedures to ensure that all such work complies with the Blue Book and any legislation, regulation, or standards applicable to an organization’s operations.

# Blue Book Structure

The Blue Book is formatted to ensure inspectors are quickly able to identify standards, requirements, and application guidance. Each standard is numbered and contains a brief statement describing the concept and importance of the standard. Requirements for satisfying the standard are outlined in bold boxes and use the word “must” to indicate the requirement. Inspectors and inspection organizations must comply with all requirements to satisfy the standard.

Requirements are followed immediately by application guidance that relates directly to the preceding requirements. The application guidance further explains the requirements and, in some cases, provides examples and best practices for satisfying the requirements. In particular, application guidance may explain more precisely what a requirement means or is intended to address or include examples of procedures that may be appropriate. In the application guidance, the words, “should,” “can,” “may,” “might,” and “could” are used. However, the application guidance does not itself impose a requirement, nor is it meant to be exhaustive. It is meant to be helpful and relevant to the proper application of the requirements.

In order to maintain the flexibility inspections are known for, the Blue Book is written in a way to maximize flexibility on how inspectors and inspection organizations meet Blue Book standards. While the Blue Book identifies the requirements for meeting the standards, it is the responsibility of individual inspection organizations to develop policies and procedures for implementing the Blue Book requirements. Inspection organizations may use multi-disciplinary teams, technical experts, advisors, contracted staff, or others that perform or assist with inspections. The application of the standards to these individuals’ work will depend on the level of involvement with the project. The responsibility resides with the inspection organization to make that determination.

In rare circumstances an inspection organization may determine it necessary to depart from a requirement. The inspection organization’s policies and procedures are essential in describing how such departures are to be justified and approved within the inspection organization, as well as how the inspection organization will achieve the intent of the requirement through alternative procedures.

# Standard 1: Independence

This standard ensures that inspectors, inspection organizations, and their reports are impartial and without bias in both fact and appearance.

## Requirements: Independence and Threats to Independence

**1.1** Inspectors and inspection organizations must be independent, both in fact and appearance, in matters relating to inspection work.

**1.2** Inspectors must document all known threats to independence or document that there are no known threats to their independence for each inspection they are assigned to conduct.

### Application Guidance:

**1.1a** The independence requirements apply to anyone performing or supervising inspection work, to include anyone that may directly influence the outcome of the inspection.

**1.1b** Inspectors and inspection organizations should maintain their independence throughout the inspection so that opinions, findings, conclusions, judgments, and recommendations will be impartial and will be viewed as impartial by reasonable and informed third parties.

**1.1c** Inspection organizations and inspectors should be alert to possible threats to independence and should avoid situations that could lead a reasonable and informed person to conclude that the inspection organization or inspectors are not independent and, thus, are not capable of exercising objective and impartial judgment in conducting and reporting on an inspection.

**1.2a** Inspection organizations and inspectors should assess possible threats to independence and the significance of threats identified and apply safeguards, as necessary, to eliminate threats or reduce them to an acceptable level. Possible threats include:

- *Self-interest threat:* The threat that a financial or other interest will inappropriately influence an inspector's judgment or behavior.
- *Bias threat:* The threat that an inspector will not be objective when taking a position as a result of political, ideological, social, or other convictions.
- *Familiarity threat:* The threat that aspects of a relationship with management or personnel of an inspected entity, such as a close or long relationship, or that of an immediate or close family member, will lead an inspector to take a position that is not objective.

- *Undue influence threat*: The threat that influences or pressures from sources external to the inspection organization will affect an inspector's ability to make objective judgments.
- *Structural threat*: The threat that an inspection organization's placement within a government entity, in combination with the structure of the government entity being inspected, will affect the inspection organization's ability to perform work and report results objectively.
- *Management participation threat*: The threat that results from an individual in the inspection organization taking on the role of management in the inspected entity or otherwise performing management functions on behalf of the inspected entity, which could compromise the inspection organization's ability to perform work and report results objectively.

**1.2b** Inspectors should follow the inspection organization's policies and procedures on how to document threats to independence and safeguards applied to the inspection. Specifically, inspection organization policies and procedures should explain how the inspection organization evaluates the significance of threats to independence, how to document safeguards if a significant threat to independence exists, and how to document that no threats to independence exist.

**1.2c** Ensuring independence and mitigating possible threats to independence should be treated as a continuous process. Inspection organizations and inspectors should always be alert to changes in facts and circumstances that might impact independence and, if needed, take action to eliminate threats to independence or reduce them to an acceptable level.

# Standard 2: Competence

This standard ensures that the personnel conducting an inspection collectively have the knowledge, skills, abilities, and experience necessary to conduct the inspection.

## **Requirement: General Competence**

**2.1** Inspectors assigned to perform an inspection must collectively possess the professional competency to address the inspection objectives and perform the inspection.

### **Application Guidance:**

**2.1a** Competence is the knowledge, skills, and abilities necessary to perform inspection work and make sound professional judgments. Inspectors can gain competence through training and experience, including experience gained through fulfilling the role of an inspector.

**2.1b** The knowledge, skills, and abilities that inspectors should possess include:

- Knowledge of the Blue Book standards;
- An understanding of inspection methodologies and how to apply them;
- The capacity to conduct a broad interdisciplinary inquiry;
- Knowledge of qualitative and quantitative analysis;
- Writing and oral briefing skills;
- Knowledge of Inspector General statutory requirements; and
- Skill in the use of information technology tools and programs.

**2.1c** It may sometimes be appropriate to use the services of a subject matter expert to ensure the inspection topic is competently reviewed. Inspection organizations should ensure that subject matter experts have (1) specialized expertise that makes them qualified to review the topic of the inspection, and (2) no bias or conflict of interest that would jeopardize the inspection. Further, the inspection organization should use the work of a subject matter expert in a manner that is consistent with the Blue Book.



## **Requirements: Professional Development**

**2.2** Inspectors must complete a minimum of 40 hours of training every 2 years. If an inspection organization has special circumstances, such as but not limited to, part-time employees or employees on extended leave, it may authorize an exemption to this requirement.

**2.3** The inspection organization must track each inspector's completed training.

### **Application Guidance:**

**2.2a** Although not required, inspectors should strive to complete 80 hours of training every 2 years. Inspection organizations should determine the training programs and other professional development activities that are appropriate for individual inspectors to satisfy the training requirement. Calculation of training hours should be determined by the organization conducting the training or the inspection organization. Training courses attended for other related areas, such as audit, legal, and investigation, can qualify for the training requirement. For example, an inspection organization may determine that personnel from other disciplines that perform or assist with inspections may satisfy the training requirements through their own discipline's professional development requirements or activities.

**2.2b** Inspectors and inspection organizations should consider the knowledge, skills, and abilities, and the level of proficiency needed, for inspectors to be considered competent in their assigned roles. Appropriate training for inspectors includes, but is not limited to, training on:

- Technical skills necessary to perform inspection work, such as data analysis, interviewing, and documentation of evidence;
- Writing and reviewing written products;
- Statutory requirements, regulations, guidance, or other topics relevant to the environment in which the inspection organization operates; and
- Supervisory and managerial skills.

**2.2c** Examples of training programs and activities that do not qualify for the training requirement include, but are not limited to:

- Programs that are centered on personal topics, such as resume writing, improving parent-child relations, personal investments and money management, and retirement planning;
- Programs that demonstrate office equipment or software that is not used in conducting inspections;

- Programs that provide training on the inspection organization's administrative operations not used in conducting inspections; and
- Business sessions at professional organization conferences, conventions, and meetings that do not have a structured educational program with learning objectives.

Inspection organizations may allow an exception for training in the above areas if the inspection organization deems the training appropriate for an individual inspector to be able to competently conduct inspection work.

**2.3a** The inspection organization's mechanism for tracking training hours, such as completion certificates, should be retained in accordance with the inspection organization's records retention policies.

**2.3b** The inspection organization should maintain documentation of any granted exemptions to the training requirement in accordance with the inspection organization's records retention policies.

# Standard 3: Planning

This standard ensures that inspectors give attention to the selection of an inspection's subject matter and the preparation necessary to conduct each inspection. Adequate planning helps ensure that inspectors appropriately research inspection topics. Planning also helps ensure inspection objectives are clear and adjusted, as appropriate, as the work proceeds. Coordination, research, and work planning should be thorough enough to ensure that inspections will meet inspection objectives.

**Requirement: Topic Selection**

**3.1** Inspection organizations must have a basis or rationale for the selection of inspection topics.

**Application Guidance:**

**3.1a** Inspection organizations should consider impact of the review, significance of potential outcomes, timeliness, and resources necessary to conduct the inspection, when selecting an inspection topic.

**Requirement: Coordination**

**3.2** Inspectors must coordinate proposed inspections with appropriate organizations as determined by the inspection organization.

**Application Guidance:**

**3.2a** Inspection planning includes coordinating with other internal and external oversight entities on issues possibly affecting the proposed inspection.

**3.2b** Inspection organizations should foster communication at all levels. Inspectors should appropriately communicate information about the process and the nature of the inspection to the various parties involved in the inspection. Inspectors should use their professional judgment and comply with their respective organizations' policies and procedures to determine the form, content, and frequency of communication with those involved.

**3.2c** Inspection organizations should strive to conduct inspections with as minimal disruption to the operations of the inspected entity as possible.

**3.2d** Inspection organizations should consider joint inspections when an inspection addresses a topic that is cross-cutting or affects other governmental organizations.

**Requirements: Research**

**3.3** Inspectors must research the operation, program, policy, or entity to be inspected.

**3.4** Inspectors must identify the criteria where applicable to the operation, program, policy, or entity being inspected, as appropriate, to meet the inspection objectives.

**Application Guidance:**

**3.3a** Inspectors should use the results of research to determine the objectives and scope of the inspection. Research may include:

- Review of data and other documentation consistent with the inspection;
- Review of results and corrective actions from previous reviews that may be relevant to the inspection;
- Discussions with program and other appropriate officials; and
- An assessment of risks facing the inspected program, activity, or entity.

**3.4a** Suitable criteria are relevant, reliable, objective, and within the context of the inspection. The relative importance of each of these characteristics to a particular inspection is a matter of professional judgment.

**3.4b** Examples of criteria may include:

- Laws and regulations applicable to the operation of the program or activity;
- Goals, policies, and procedures established by officials of the program or activity;
- Technically developed standards or norms;
- Expert opinions;
- Defined business practices;
- Prior periods of performance;
- Performance of similar entities;
- Performance in the private sector; and
- Best practices of leading organizations.

**Requirement: Inspection Plan**

**3.5** Inspectors must prepare a written inspection plan for each inspection that includes the objective(s), scope, and methodology.

## **Application Guidance:**

**3.5a** Objectives are what the inspection is intended to accomplish. Inspectors should clearly state the inspection objective(s) so that the inspection's purpose is readily understood. Objective(s) should be achievable within the time allotted for the inspection. Examples of possible objectives include determining:

- Effectiveness of performance;
- Economy and efficiency of agency programs;
- Strength of internal controls; and
- Compliance.

**3.5b** The scope is the boundary of the inspection and defines the subject matter that the inspectors will assess and report on, such as a particular program or aspect of a program, the period of time reviewed, and/or the geographic area(s) or physical location(s) that will be included.

**3.5c** The methodology describes how the inspectors will gather and analyze evidence to address the inspection objectives. Inspectors should design the methodology to obtain sufficient and appropriate evidence.

**3.5d** In situations where the inspection objectives are established by statute or legislative oversight, inspectors may not be able to adjust the objectives or scope.

**3.5e** Inspectors should consider whether the inspection is likely to involve sensitive, confidential, or classified information and plan for and take steps to ensure the proper protection of that information.

**3.5f** Inspectors should consider including specific criteria, inspection milestones, and potential risks or limitations to completing the inspection in the inspection plan or other inspection planning documents.

**3.5g** Inspectors should adjust the plan, as appropriate, based on new information and document any significant changes to the plan in the inspection documentation.

# Standard 4: Evidence Collection and Analysis

This standard ensures that evidence collected and analyzed is focused on the inspection objectives and supports the findings, conclusions, and recommendations.

## Requirements: Evidence

**4.1** Inspectors must collect and analyze evidence consistent with inspection objectives and related to the operation, program, policy, or entity being inspected.

**4.2** Inspectors must include relevant evidence collected and analysis performed in inspection documentation.

## Application Guidance:

**4.1a** Evidence may take many forms, including physical, testimonial, and documentary.

- Physical evidence is obtained by an inspector's review or observation of people, property, or events.
- Testimonial evidence is obtained through inquiries, interviews, emails, letters, memoranda, questionnaires, or public forums (e.g., congressional testimony).
- Documentary evidence consists of recorded information, such as contracts, grants, standard operating procedures, data, and files.

**4.1b** Inspectors should use professional judgment in selecting the inspection methodology, determining the type and amount of evidence to be gathered, and choosing the tests and procedures to analyze evidence in order to address the inspection objectives.

**4.1c** The methodologies used to gather and analyze evidence should ensure that the information obtained is sufficient and appropriate to meet inspection objectives. Information obtained should be of such scope and selected in such ways as to address the inspection objectives.

**4.2a** Inspectors should describe sources of evidence in inspection documentation with sufficient detail. Inspectors should use professional judgment and comply with the inspection organization's policies and procedures on documenting evidence and analysis and any limitations to the evidence and analysis.

**4.2b** Inspectors should appropriately retain and logically present evidence and any analysis completed in inspection documentation. Evidence analysis may take many forms including trend analyses and data compilation.

**4.2c** The inspection organization should provide updates on inspection work to the inspected entity. Inspectors should use professional judgment and comply with their inspection organization's policies and procedures to determine the form, content, and frequency of communication. Inspectors should retain communication in the inspection documentation.

**Requirement: Sufficiency and Appropriateness**

**4.3** Evidence must sufficiently and appropriately support inspection findings and provide a reasonable basis for conclusions.

**Application Guidance:**

**4.3a** Sufficiency is a measure of the quantity of evidence used to support the findings and conclusions related to the inspection objectives. Inspectors should use professional judgment on methods to analyze and interpret evidence to assess its sufficiency.

**4.3b** Inspectors should use professional judgement to determine the sufficiency of evidence to reach conclusions. For example, if the evidence is strong, inspectors may need less evidence to reach a conclusion. Conversely, there may be circumstances where the inspection organization determines that a greater quantity and quality of evidence is needed to reach a conclusion.

**4.3c** Appropriateness is the measure of the quality of evidence used to address the inspection objectives and support the findings and conclusions. Appropriate evidence is determined by its relevancy, validity, and reliability.

- Relevancy refers to the extent to which evidence has a logical relationship with, and importance to, the inspection objectives.
- Validity refers to the extent to which evidence represents what it is supposed to represent.
- Reliability refers to the consistency of results when information is measured or tested and includes the concepts of being verifiable or supported.

**4.3d** Inspectors should use professional judgment in determining whether evidence is sufficiently relevant, valid, and reliable.

**4.3e** The following are useful in judging the appropriateness of evidence:

- Evidence obtained from an independent source may be more reliable than evidence secured from an organization being inspected;
- Evidence developed under an effective system of internal controls generally is more reliable than that obtained where such controls are lacking or

- unsatisfactory;
- Evidence obtained through direct physical examination, observation, or computation may be more reliable than evidence obtained through less direct means;
  - Testimonial evidence obtained from an individual who is not biased or who has complete knowledge about the subject generally is more valid and reliable than testimonial evidence obtained from an individual who is biased or has only partial knowledge about the subject; and
  - Corroboration of evidence may reduce the risk that evidence is inaccurate and provide for stronger overall evidence.

**4.3f** Inspectors should analyze and interpret the evidence to determine whether it sufficiently and appropriately supports inspection findings and provides a reasonable basis for conclusions.

**Requirement: Protection of Information**

**4.4** Inspection organizations must protect controlled unclassified information and classified information.

**Application Guidance:**

**4.4a** Inspectors should follow their inspection organization's policies and procedures for handling and maintaining controlled unclassified information or classified information.

**4.4b** Inspection organizations should implement procedures and safeguards to protect against the inappropriate release of identities of individuals that provide information during an inspection. Inspectors should seek legal advice when considering whether to release the identity of individuals.

**Requirement: Indications of Fraud and Other Illegal Acts**

**4.5** If inspectors suspect fraud or other illegal acts, they must promptly present such information to their supervisors for review and possible referral to the appropriate investigative office.

**4.5a** Inspectors should exercise professional judgement in considerations of fraud and other illegal acts to ensure they do not interfere with potential investigations or legal proceedings.

**4.5b** If inspectors uncover indicators of fraud or other illegal acts, they should consider the impact to the inspection objective. Inspectors should also communicate with supervisory, investigative, and legal staff, as appropriate, on indications of fraud and other



illegal acts upon discovery and whether disclosure of fraud indications during the reporting process would be necessary.

**4.5c** If no indicators of fraud or other illegal acts are found while performing an inspection, inspectors are not required to document that result in inspection documentation. The requirement only applies when inspectors see indications of fraud or illegal acts.

# Standard 5: Reporting

This standard ensures the clear communication of inspection results to those charged with governance, appropriate officials of the inspected entity, other officials charged with oversight of the inspected entity, and, when appropriate, the general public. Inspection reports present factual data accurately, fairly, and objectively, and present findings, conclusions, and recommendations in a persuasive manner.

## **Requirement: Inspection Report Language**

**5.1** Inspectors must state the following in all inspection reports:

- The objective(s), scope, and methodology of the inspection;
- The inspection results, including findings, conclusions, and recommendations, as appropriate; and
- The inspection was conducted in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## **Application Guidance:**

**5.1a** Inspectors should report results of inspection work using the most appropriate medium (e.g., written reports, presentations).

**5.1b** Reporting should be timely, complete, accurate, objective, convincing, clear, and concise.

**5.1c** Regardless of the reporting medium, inspection organizations should maintain retrievable documentation of the evidence, analysis, and findings consistent with its records retention policies and requirements.

**5.1d** Inspectors should protect against the inappropriate release of individuals' identities and information considered to be controlled unclassified or classified, in accordance with the inspection organization's procedures. Inspectors should seek legal advice when considering whether to release the identity of individuals.

**5.1e** In the rare circumstances where an inspection organization determines it necessary to depart from requirements and does not meet a standard, the inspection organization should disclose the departure in the final inspection report.

## **Requirements: Report Findings, Conclusions, and Recommendations**

**5.2** Inspectors must base report findings, conclusions, and recommendations on the evidence collected and the analysis conducted during the inspection.

**5.3** Reports must include enough information to allow a reasonable person to sustain findings, conclusions, and recommendations.

**5.4** Any recommendations made in a report must be addressed to the appropriate officials who have the authority to act on them.

### **Application Guidance:**

**5.2a** Inspection reporting frequently is structured in terms of findings, conclusions, and recommendations.

- A finding or set of findings is complete to the extent that the inspection objectives are satisfied. Elements of a finding generally include criteria, condition, cause, and effect. However, the elements needed for a finding depend entirely on the objectives of the inspection.
- Conclusions are logical inferences about the inspected program or activity based on the inspection findings.
- Recommendations for corrective actions are based on evidence and analysis developed during an inspection.

**5.2b** Inspection reports should describe any limitations so that readers have context for the findings, conclusions, and recommendations.

**5.2c** An accurate inspection report is supported by sufficient, appropriate evidence with key facts, figures, and findings being traceable to the evidence.

**5.3a** Inspection reporting should give the reader the context in which the subject matter being inspected should be viewed. The report should enable the reader to understand the impact or significance of the operation, program, policy, or entity being inspected and the relevance of the findings, conclusions and any recommendations.

**5.3b** Persuasive inspection reports respond to the inspection objectives, present findings persuasively, and contain conclusions and recommendations that flow logically from the facts presented.

**5.4a** Inspectors should craft recommendations in a manner that lays out what needs to be corrected or achieved and not be overly prescriptive.

**5.4b** Effective recommendations prompt improvements in the conduct of programs and operations. When developing recommendations, inspectors should consider whether the recommended actions are achievable, specific, cost-effective, and measurable.

**Requirement: Responses from the Inspected Entity**

**5.5** Draft inspection reports that receive formal comments from management officials of the inspected entity on report findings, conclusions, and/or recommendations must include those comments, or a summary, in the final report.

**Application Guidance:**

**5.5a** Comments from the inspected entity on a draft report may differ in format and content. Inspectors should follow the inspection organization's policies and procedures for considering and addressing these comments. Inspection organizations can address this requirement in conjunction with the requirements set forth in Standard 6: Follow-up.

**Requirement: Report Distribution**

**5.6** Inspection reports must be distributed to the appropriate officials responsible for acting on the findings and recommendations.

**Application Guidance:**

**5.6a** Report distribution should be subject to the internal policies of each inspection organization and fully comply with all requirements contained in applicable laws, regulations, and policies.

## Standard 6: Follow-up

This standard ensures that recommendation follow-up is a shared responsibility between the inspection organization and management officials in the inspected entity. Corrective action taken by management is essential to improving the effectiveness and efficiency of government operations.

### **Requirements: Recommendation Follow-Up**

**6.1** For each recommendation, inspection organizations must solicit agreement or disagreement and planned corrective actions to the report recommendations from management officials in writing.

**6.2** An inspection organization must monitor inspected entities' progress toward implementation of recommendations.

### **Application Guidance:**

**6.1a** The inspection organization should review the inspected entity's responses to each recommendation. The inspected entity's planned corrective actions should satisfy the intent of the recommendation. The inspection organization should communicate its agreement or disagreement of the planned corrective actions with the inspected entity.

**6.1b** Inspection organizations should follow their policies and procedures when the inspected entity does not provide responses to, or does not agree with, inspection report recommendations.

**6.2a** Inspection organizations should coordinate with management officials and review relevant evidence to monitor the status of recommendations.

**6.2b** Inspection organization policies and procedures should guide follow-up actions in accordance with Office of Management and Budget Circular No. A-50, as amended.

# Standard 7: Quality Control

This standard ensures that inspectors and inspection organizations are following Blue Book standards.

## **Requirement: System of Quality Control**

**7.1** Inspection organizations must implement a system of quality control that provides the inspection organization with reasonable assurance that the organization and its personnel follow the Blue Book when conducting inspections.

### **Application Guidance:**

**7.1a** An inspection organization's internal system of quality control will differ depending on size, mission, and structure of the inspection organization. The system should include policies and procedures that integrate both appropriate supervision and the external peer review process.

**7.1b** The inspection organization's system of quality control might include periodic internal reviews of inspections to provide for reasonable assurance of conformance with the organization's policies, procedures, and processes for performing inspections. Internal reviews may be more effective if distinct from regular management and supervisory activities. Internal reviews conducted by staff that are external to the inspection being reviewed provide independence and objectivity.

## **Requirement: Supervision**

**7.2** Inspection organizations must provide supervision over the inspection work performed.

### **Application Guidance:**

**7.2a** A key aspect of inspection quality control is supervision. Inspection organizations should assign supervision roles and responsibilities for each inspection as appropriate.

**7.2b** Supervisory reviews help ensure that the:

- Inspection is adequately planned;
- Inspection plan is followed, unless deviation is justified and authorized;
- Inspection objectives are met; and
- Findings, conclusions, and recommendations resulting from the inspection are adequately supported by the evidence.

**7.2c** Supervisors should provide additional oversight for work completed by less experienced staff.

**7.2d** Inspectors should follow their inspection organization's policies and procedures for providing evidence of supervisory review in the inspection documentation.

**Requirement: External Peer Review**

**7.3** Inspection organizations that are members of CIGIE must undergo an external peer review in accordance with CIGIE requirements.

**Application Guidance:**

**7.3a** CIGIE's Inspection and Evaluation Committee will be responsible for issuing peer review guidance.

**7.3b** CIGIE members should consult with the CIGIE Inspection and Evaluation Committee for information regarding the peer review process, scheduling, and reporting.

**Requirement: Addressing Problems After Report Distribution**

**7.4** Inspection organizations must take action to ensure report users do not continue to rely on a distributed report that is later found to contain findings and conclusions that are not supported by sufficient and appropriate evidence or significant errors.

**Application Guidance:**

**7.4a** Using the process used to originally distribute the report, inspection organizations should promptly communicate to management officials of the inspected entity and other known users of the report that the report findings and conclusions were not supported or are known to be inaccurate.

**7.4b** Inspection organizations should have policies and procedures for handling a report that has been distributed but found to have unsupported or inaccurate information. Depending on the extent of the problems, the inspection organization should consider revising the report and issuing a corrected version or removing the report from publication.

# Glossary

The following is intended to aid understanding of terms used throughout the Blue Book.

**Appropriateness:** The measure of the quality of evidence that encompasses the relevance, validity, and reliability of evidence used for addressing the objectives and supporting findings and conclusions.

**Cause:** The factor or factors responsible for the difference between the condition and the criteria, which serve as a basis for recommendations for corrective actions.

**Competence:** The knowledge, skills, and abilities obtained through both education and experience, necessary to perform inspection work and make sound professional judgments. Competence also includes possessing the technical knowledge and skills necessary to fulfill the role assigned to an inspector.

**Condition:** A situation that exists and can be measured against criteria. The condition is determined and documented during the inspection.

**Criteria:** What should be or could be. It is the required, desired, or possible state. Criteria provide a context for evaluating evidence and understanding the findings, conclusions, and recommendations in the report.

**Effect:** The potential or actual outcome or consequence resulting from the difference between the condition and the criteria.

**Finding:** An issue that may involve a deficiency, such as noncompliance with provisions of laws, regulations, contracts, or grant agreements. Elements of a finding generally include criteria, condition, cause, and effect or potential effect.

**Fraud:** Involves obtaining something of value or personal gain through willful misrepresentation. Whether an act is, in fact, fraud is determined through the judicial or other adjudicative system and is beyond inspectors' professional responsibility.

**Independence:** Circumstances where inspectors and inspection organizations are free from bias or undue influence when they develop findings, conclusions, and recommendations.

**Inspected entity:** Refers to the entity that is the subject, or has responsibility for the subject, of an inspection.

**Inspection:** Refers to an inspection, evaluation, inquiry, and similar type of review that follows CIGIE's *Quality Standards for Inspection and Evaluation*. Only oversight that adheres to these standards should be referred to as an inspection or evaluation. Oversight that



adheres to other standards or is conducted without adherence to any standards should not be referred to as an inspection or evaluation.

**Inspection organization:** Refers to the Office of Inspector General, or any subset thereof, that conducts inspections in accordance with Blue Book standards.

**Inspector:** Refers to the individual conducting inspection work.

**Intended audience:** The group of people that an inspection organization directs its inspection reporting toward. Understanding the purpose of inspection reporting—to inform readers, to persuade readers to do something, etc.—helps to define the intended audience.

**Methodology:** The nature and extent of inspection activities for gathering and analyzing evidence to address the inspection objectives.

**Objective:** What the inspection is intended to accomplish. The objective identifies the subject matter and performance aspects to be included. Inspection objectives can be thought of as questions about the program that the inspectors seek to answer based on evidence obtained and assessed against criteria. Inspection objectives may also pertain to the current status or condition of a program.

**Professional judgment:** Use of the inspector's professional knowledge, skills, and abilities, in good faith and with integrity. Professional judgment includes exercising reasonable care and professional skepticism.

**Relevance:** The extent to which evidence has a logical relationship with, and importance to, the issue being addressed.

**Reliability:** The consistency of results when information is measured or tested and includes the concepts of being verifiable or supported. For example, in establishing the appropriateness of evidence, inspectors may test its reliability by obtaining supporting evidence or corroborating evidence.

**Report:** Any work product used to convey the results of the inspection work.

**Safeguards:** Actions or other measures, individually or in combination, that inspectors and the inspection organization take that effectively eliminate threats to independence or reduce them to an acceptable level.

**Scope:** The boundary of the inspection. The scope defines the subject matter that the inspectors will assess and report on, such as a particular program or aspect of a program, documents or records, the period of time, and the locations that will be included.

**Subject matter expert:** A person with specialized expertise on an inspection topic that an inspection organization might use to supplement the knowledge and experience of the inspectors to ensure the topic is competently reviewed.

**Sufficiency:** A measure of the quantity of evidence used to support the findings and conclusions related to the inspection objectives.

**Threat to Independence:** Circumstances that could impair an inspection organization or inspector's independence.

**Timeliness:** A concept, taking into consideration the topic, climate of the organization, and resources allocated to an inspection, that an inspection organization should consider due to the usefulness of information possibly deteriorating over time.

**Validity:** The extent to which evidence is a meaningful or reasonable basis for measuring what is being evaluated. In other words, validity refers to the extent to which evidence represents what it is purported to represent.