

decline to comply with the demand. *See United States ex rel. Touhy v. Ragen*, 340 U.S. 462 (1951).

PART 98—DEFENSE HOTLINE PROGRAM

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APPENDIX D TO PART 98—DEFENSE HOTLINE COMPLETION REPORT AS OF: (APPLICABLE DATE)

AUTHORITY: 5 U.S.C. 301 and 552.

SOURCE: 52 FR 44883, Nov. 23, 1987, unless otherwise noted.

§98.1 Purpose.

Under Secretary of Defense memorandum dated June 5, 1981 and 32 CFR part 373, this part clarifies terminology, updates responsibilities and specific requirements to be met in conducting the examination of Defense Hotline allegations, and updates managing and operating procedures for the Defense Hotline Program.

§98.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD) and its field activities; the Military Departments, including the National Guard and Reserve components; the Organization of the Joint Chiefs of Staff (OJCS); the Unified and Specified Commands; the Inspector General of the Department of Defense (IG, DoD); and the Defense Agencies (hereafter referred to collectively as "DoD Components").

§98.3 Definitions.

Abuse Intentional or improper use of Government resources. Examples include misuse of rank, position, or au-

thority or misuse of resources such as tools, vehicles, or copying machines.

Examination The act of examining, inspecting, inquiry, and investigation. For the purposes of the part, the term applies to audit, inspection, and investigative activity and encompasses the preliminary analysis, inquiry, audit, inspection, and investigation.

(a) *Audit*. An independent, objective analysis, review, or evaluation of financial records, procedures, and activities to report conditions found, and recommend changes or other actions for management and operating officials to consider. The term audit includes, in addition to the auditor's examinations of financial statements, work performed in reviewing compliance with applicable laws and regulations, economy and efficiency of operations, and effectiveness in achieving program results. All audit work is accomplished in accordance with audit standards set forth in "Standards for Audit in Governmental Organizations, Programs, Activities, and Functions," issued by the Comptroller General of the United States.

(b) *Inquiry*. An informal administrative investigation or gathering of information through interview or interrogation rather than by inspection or study of available evidence. An inquiry does not preclude the gathering of available documentary evidence.

(c) *Inspection*. A method of assessing the efficiency of management, the effectiveness and economy of operations, and compliance with laws and directives, with particular emphasis on the detection and prevention of fraud and waste.

(d) *Investigation*. A systematic, minute, and thorough attempt to learn the facts about something complex or hidden. It is often formal and official.

(e) *Preliminary Analysis*. The activity necessary to determine if the allegation or information received warrants further examination, or lacks the credibility to merit additional action. The preliminary inquiry effort may be limited to interview of the source of the complaint and/or a reference provided in the allegation, or review of any readily available documentation or records relative to the complaint.

Fraud Any intentional deception designed to deprive the United States unlawfully of something of value or to secure from the United States for an individual a benefit, privilege, allowance, or consideration to which he or she is not entitled. Such practices include: making false statements; submitting false claims; using false weights or measures; evading or corrupting inspectors or other officials; deceit either by suppressing the truth or misrepresenting material fact; adulterating or substituting materials; falsifying records and books of accounts; arranging for secret profits, kickbacks, or commissions; and conspiring to use any of these devices. The term also includes conflict of interest cases, criminal irregularities, and the unauthorized disclosure of official information relating to procurement and disposal matters.

Independence The state or quality of being free from subjection or from the influence, control, or guidance of individuals, things, or situations. As applied to examining officials and their respective organizations, there is a responsibility for maintaining neutrality and exercising objectivity so that opinions, judgments, conclusions, and recommendations on examined allegations are impartial and shall be viewed as impartial by disinterested third parties.

Mismanagement A collective term covering acts of waste and abuse. Extravagant, careless, or needless expenditure of Government funds or the consumption or misuse of Government property or resources, resulting from deficient practices, systems, controls, or decisions. Abuse of authority or similar actions that do not involve criminal fraud.

Waste The extravagant, careless, or needless expenditure of Government funds, or the consumption of Government property that results from deficient practices, systems, controls, or decisions. The term also includes improper practices not involving prosecutable fraud.

§ 98.4 Policy.

(a) It is DoD policy to combat fraud and mismanagement in DoD programs and operations. To strengthen and

focus departmental efforts in support of this policy, the Defense Hotline Program, under the direction and control of the IG, DoD, shall ensure that allegations of fraud and mismanagement are properly evaluated; substantive allegations are examined; appropriate administrative, remedial, or prosecutive actions are taken; and systems of records for the control of the Defense Hotline are established and maintained.

(b) All DoD Component hotlines shall comply with the guidelines prescribed by this part.

§ 98.5 Responsibilities.

(a) The Inspector General, Department of Defense, as the principal advisor to the Secretary of Defense on all matters relating to the prevention and detection of fraud and mismanagement, shall:

(1) Oversee the development of the Defense Hotline Program.

(2) Provide guidance to DoD Components for implementing DoD policies.

(3) Direct, manage, and control the operation of the Defense Hotline Program.

(4) Establish procedures to ensure that full and proper consideration is given to all cases of alleged fraud and mismanagement in the Department of Defense that are reported through the Defense Hotline Program.

(5) Ensure that audits, inspections, and investigations initiated as an integral part of the Defense Hotline Program are conducted under applicable laws, including the Uniform Code of Military Justice, court decisions, and DoD regulatory documents and policies.

(6) Conduct periodic quality assurance reviews of the DoD Component field investigative files to ensure that investigations of the Hotline allegations have been handled properly and that the findings and conclusions of the examiners are fully supported by the documentation contained in the official files.

(7) Periodically review and evaluate the operations of the Defense Hotline Program.

(8) Establish a Defense Hotline Advisory Group to: