

§ 98.1

32 CFR Ch. I (7-1-00 Edition)

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 authority 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