

Statement of the Honorable Clay Johnson III  
Deputy Director for Management  
Office of Management and Budget

before

The Subcommittee on Government Efficiency  
and Financial Management  
Committee on Government Reform  
U.S. House of Representatives

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Thank you for inviting me to testify on the occasion of the 25<sup>th</sup> anniversary of the Inspector General Act. Twenty-five years is certainly a good time to take stock of where we are and what we've achieved for the investment the American people have made in the government's Inspectors General.

When in 1978 Congress and the President enacted the Inspector General Act, they were introducing a new and important level of oversight to the Executive Branch. Congress wisely installed IGs within the Executive Branch, while also requiring them to report the results of their activities to Congress. Congress and the American people can expect accurate, objective assessments of agency programs and thorough investigation into alleged wrongdoing. The result of their work: billions in taxpayer dollars saved.

There are a number of areas where IGs, through the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE), are working with this Administration to prevent waste, fraud, and abuse and improve the management of the Executive Branch. IGs, for instance, have key roles in implementing the President's Management Agenda, Administration initiatives to improve the management of the Executive Branch. IGs are helping us assess the extent to which:

- Valuable human resources – our employees – are managed strategically;
- Sourcing decisions allow services to be provided most effectively and efficiently on behalf of the taxpayers;
- We have timely and accurate financial information available to us;
- Investments are wisely and prudently made in technologies that help us accomplish our goals; and

- Programs are working and, if not, what we can do about it.

Another important area where the IGs are making important contributions is in reducing erroneous payments. The IGs are working with the Chief Financial Officers Council to help measure the level of erroneous payments, their causes, and the best methods to prevent them.

I also understand that the IGs are studying a proposal put forth by this Subcommittee that would require the IGs to provide an opinion on the adequacy of agency internal controls. The IGs are in a perfect position, with expertise in each agency's operations, to assess the benefit, relative to the cost, of opining on agency internal controls. I trust that you will have confidence in the final advice that the IGs give you.

One of the principles that allows you to have such confidence in the work of the IGs is their ability to render opinions independent of outside influence. We in the Executive Branch have as much at stake in their objectivity as you do. I want to know that an IG's opinion and advice are reliable and true. But that does not mean IGs can not work constructively with agency management to identify potential problems and possible solutions. More and more, IGs are working with agency management to prevent waste, fraud, and abuse.

The future of the IGs is bright. I predict that IGs will continue to be a strong force for positive change within the government. We should continually study ways to improve IG efficiency *and* effectiveness. With regard to recommendations that certain IGs be Presidentially-appointed and Senate-confirmed, I do not believe such a change would affect the performance of IGs that are not Presidentially-appointed and Senate-confirmed. However, were Congress to take up such proposals, we would seriously consider them.

The General Accounting Office has recommended that Congress and the Administration consider the consolidation of smaller IG offices into larger IG offices. Such consolidations should be considered only when circumstances warrant it. I am unaware of IGs that feel consolidation is necessary to improve their performance. In fact, as ECIE Vice Chair Barry Snyder wrote in response to GAO recommendations to consolidate the majority of DFE IGs with PAS IGs, “[T]he DFE IGs disagree with GAO that . . . [such consolidation] would serve to further enhance the overall independence, efficiency, and effectiveness of the IG community.”

As you know, the Administration last year proposed the consolidation of the IG for Tax Administration with the Department of the Treasury IG. One of the reasons for this consolidation was that with the transition of so many of its components to the new Department of Homeland Security, the Department of the Treasury no longer warranted two IGs. Such a consolidation might allow the Department's IG to target resources where they are needed most.

We should continue to find ways to improve the efficiency and effectiveness of the IGs. The American people invest a great deal in the IGs and we should get as much value from them as we can. I look forward to working with the members of this Subcommittee and the IG community to enhance the IGs' ability to improve the management and performance of the United States government.