



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

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before the

U.S. Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Regulatory Affairs and Federal Management

concerning

“Implementing Solutions:
The Importance of Following Through on GAO and OIG Recommendations”

December 10, 2015

Mr. Chairman, Ranking Member Heitkamp, and Members of the Subcommittee:

Thank you for the opportunity to testify before you today regarding the importance of implementing recommendations made by Offices of the Inspector General (OIG) across the federal government. Since January, I have had the honor to serve as the Chair of the Council of the Inspectors General on Integrity and Efficiency (Council of Inspectors General), while at the same time continuing to serve as the Inspector General at the U.S. Department of Justice (DOJ-OIG). It is important to note that the Council of Inspectors General, despite being created by Congress in 2008 to serve as an umbrella organization for all 72 Federal Inspectors General, and despite being given significant functions and duties, has never received a direct appropriation and instead has had to rely on a variety of funding mechanisms since its creation. While these various funding mechanisms have enabled the Council of Inspectors General to create and support various training programs, the lack of a direct appropriation has significantly limited our ability to hire staff and to undertake any substantial coordinating efforts among the entire Inspector General community.

The federal Inspector General Community issues thousands of recommendations in OIG reports each year that help to make our government more effective and efficient, and reduce waste, fraud, and abuse in government programs. Once these recommendations are issued, OIGs also work with their respective agencies to ensure the recommendations are adequately addressed and that identified cost findings are remedied. The support of Congress is fundamental to our ability to work with agencies to address these OIG recommendations.

As Justice Department Inspector General, I have gained first-hand knowledge of the process through which my Office fulfills its responsibility to identify and satisfactorily resolve OIG recommendations. And, during my tenure as Chair of the Council of Inspectors General, I have come to appreciate that, with 72 OIGs of varying size and of varying oversight responsibilities, there is a wide variety of mechanisms used by OIGs to identify issues and resolve recommendations with their respective agencies.

In my testimony today, I will highlight achievements of the Council of Inspectors General; how Inspectors General issue and track recommendations; and how the Department of Justice Office of the Inspector General follows up on its recommendations and contributes to improving the efficiency and effectiveness of the Department's programs.

Recommendations by Inspectors General

Inspectors General have several tools at their disposal to fulfill their crucial oversight mission. Making recommendations in connection with our audits, inspections, evaluations, and reviews is a quintessential tool for achieving this goal. In addition, OIGs recover substantial funds as a result of their investigative work. Together, the recommendations and investigative recoveries of the IG Community result in significant improvements to the economy and efficiency of programs

across the government, with potential savings totaling approximately \$46.5 billion in fiscal year (FY) 2014. With the IG Community's aggregate FY 2014 budget of approximately \$2.6 billion, these potential savings represent about an \$18 return on every dollar invested in the OIGs. That means that for every dollar spent on the oversight conducted by Inspectors General, there is a potential savings of \$18 for American taxpayers. These potential savings include nearly \$4.3 billion in questioned costs and over \$9.5 billion in funds that could be put to better use by government agencies.

Before it can issue recommendations, an OIG first conducts an audit or review. In the course of the audit or review, the OIG will analyze information it collects regarding the program, policy, or procedure under review. That is why access to agency information is so important to our work. Only after we have reviewed the data, spoken to agency personnel, and determined that we have a sufficient understanding of the topic do we begin to develop our recommendations. Once developed, we typically provide the agency with an opportunity to submit comments regarding our draft reports and recommendations before we issue a final report. If there are agency comments, an OIG will then consider whether to incorporate this feedback into its final report. That decision is made solely by the OIG, consistent with our independence.

However, an OIG's oversight work is not complete once its report and recommendations are issued. An equally important responsibility of Inspectors General is to ensure that agencies are implementing OIG recommendations. By establishing and diligently following procedures to track an agency's progress, Inspectors General can hold the agency accountable for implementing these important recommendations. To remain vigilant in this effort, OIGs maintain information about unimplemented recommendations, analyze agency efforts to close recommendations, and request and respond to agency status updates. Each Inspector General has different procedures for facilitating this process, and every OIG is committed to working with agencies to resolve its recommendations in an appropriate and effective manner.

In addition, Inspectors General submit Semiannual Reports to Congress that provide a variety of important information pertaining to the audits, reviews, special reports, and investigations that have been conducted over a 6-month period. In their Semiannual Reports, OIGs describe significant problems, abuses, and deficiencies relating to the administration of programs and operations of their respective agencies; identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed; summarize matters referred to prosecutive authorities and the prosecutions and convictions which have resulted; and provide statistical information, information concerning any significant management decision with which the Inspector General is in disagreement, and other information. OIGs' Semiannual Reports inform Congress and the public of the important oversight work conducted by Inspectors General and promote transparency by describing the findings from our reviews of federal programs.

Tracking and Resolving Recommendations

Let me briefly describe how this process works at the Department of Justice. To ensure that DOJ addresses the important recommendations from our reports, the DOJ-OIG has a robust resolution procedure that tracks whether these recommendations have been implemented. The DOJ-OIG has sole discretion to decide when to close one of its recommendations. We close a recommendation when we conduct an independent analysis of the documentation provided by the Department and determine that sufficient actions have been taken to satisfy the concern expressed in the recommendation.

During the final stages of each audit or review, the Department has an opportunity to comment on our draft report and the recommendations that we intend to make. At this time, the Department can either agree or not agree with our recommendations. If the Department agrees, it will work to demonstrate how it has addressed the concerns that gave rise to our recommendation. The OIG will review the actions taken by the Department and decide whether they are sufficient to close the recommendation. If the DOJ-OIG decides that additional documentation or further action is required before it can close the recommendation, the DOJ-OIG will inform the Department as to what it needs to do in order to close the recommendation. When a final report is issued with agreed-upon but unimplemented recommendations, the Department must provide a periodic status update to the DOJ-OIG describing what it has done to close any remaining recommendations. For example, if the Department agrees with a recommendation from an audit or program review, a status update to the DOJ-OIG is due 90 days after the final report is issued. If the Department does not provide an update within that 90-day period, then the DOJ-OIG follows up with the Department. This back-and-forth continues until the DOJ-OIG decides the Department has demonstrated progress sufficient to close the recommendation. The DOJ-OIG then notifies the Department that the recommendation is closed.

If the Department does not agree with a DOJ-OIG recommendation, we engage directly with the relevant Department components through an accelerated resolution process until we reach an agreement. If no agreement can be reached for an audit recommendation after 6 months, the DOJ-OIG will report this recommendation to Congress in its semiannual report and to the Offices of the Attorney General and the Deputy Attorney General. Specifically, disagreements over audit recommendations or proposed corrective actions should be resolved by the DOJ Inspector General and appropriate Department officials within 6 months of the issuance of a final audit report, pursuant to DOJ policy.

In addition, every 6 months, we provide to both the Department's leadership and Congress a report on unimplemented DOJ-OIG recommendations. Just last month, I provided the most recent unclassified report to this Committee, as well as the Senate Judiciary committee (we can also provide, upon request, a list of the unimplemented classified OIG recommendations). This report provides notification to the Department's leadership of recommendations that have not been implemented by the Department's components, and helps to hold the Department's

components accountable for implementing the recommendations. Additionally, the report lends transparency to the recommendation resolution process.

Upon receipt of our reports, the Deputy Attorney General and her staff have followed up on our recommendations with the Department's components. This has proven to be beneficial for ensuring that there is follow through on our recommendations. Additionally, the Department's leadership recently informed me that the Department is instituting a new system that will utilize auditors in the Justice Management Division (JMD) to track all unimplemented DOJ-OIG recommendations. We understand that the auditors will work with Department components to systematically review these recommendations and make the changes necessary to implement them. We intend to discuss with JMD how we can create a system that will allow both our Office and the Department's leadership to have accurate and up-to-date information on our unimplemented recommendations.

In a further effort to ensure our recommendations are implemented, we frequently conduct follow-up reviews to assess the actions undertaken by the Department to address recommendations in an earlier report. For example, the DOJ-OIG is currently reviewing the Department's and ATF's implementation of recommendations in the OIG's September 2012 report entitled, *A Review of Operation Fast and Furious and Related Matters*. The DOJ-OIG made six recommendations in that report designed to increase oversight of ATF operations, improve coordination among the Department's law enforcement components, and enhance the Department's wiretap application review and authorization process. The current review is evaluating the Department's progress in implementing the recommendations and their effectiveness.

Another example of an OIG follow-up report was our recent report on the Department's International Prisoner Transfer Program (August 2015) which followed up on the review we had previously conducted on this program in 2011. The recent review found that the number of foreign national inmates from treaty nations continues to increase substantially, the number of inmates approved for transfer has increased modestly, and the number of inmates ultimately transferred has decreased. This report can be found on our OIG website at: <https://oig.justice.gov/reports/2015/e1507.pdf#page=1>. Other examples include our completed follow-up reviews of the FBI's use of national security letters, the FBI's handling of the Brandon Mayfield case, the FBI's terrorist watchlist nomination practices, and the Department's internal controls over reporting of terrorism-related statistics.

Further, when we identify significant issues in the course of our audits and reviews that require remediation, we will issue interim reports and Management Advisory Memoranda. Interim reports are typically issued when the DOJ-OIG has made significant findings in the course of an audit, evaluation, or review, and these findings warrant public release in a prompt manner. In these instances, we will issue the interim report and continue our work to review other aspects of the Department's program. For example, the DOJ-OIG completed an interim report in July 2015 of the DEA's confidential source policies and oversight of higher-risk

confidential sources. We uncovered several significant issues related to the DEA's management of this program that we believe required the prompt attention of DOJ and DEA leadership. This report can be found on our OIG website at: <https://oig.justice.gov/reports/2015/a1528.pdf#page=1>. We continue our ongoing evaluation of this program.

We issue a Management Advisory Memorandum when we are in the process of completing a final report but identify an issue that requires management's immediate attention. In these instances, we discuss the Memoranda in a manner that is as open and transparent as possible. For example, the DOJ-OIG utilized this tool during its review of the BOP's procurement of x-ray equipment under contract, when we sent a memorandum to the Deputy Attorney General (DAG) to ensure that the Department was made aware of certain security concerns. In the Memorandum, we identified several concerns, including that the x-ray machines were limited in their ability to effectively scan many commonly received items, that some BOP staff had not been adequately informed of the equipments' limitations, and that some BOP staff had not been adequately trained in their use. In response to this Memorandum, BOP officials conducted an internal survey regarding the x-ray machines which substantiated the safety concerns we identified in the Memorandum. A discussion of this issue can be found in the report on our website at: <https://oig.justice.gov/reports/2014/a1427.pdf>.

Tools for IGs to Proactively Identify Problem Areas

By using these various tools, our goal is to identify problem areas or concerns and bring them to the attention of the Department promptly before major issues occur. The reporting methods at our disposal allow us the flexibility to swiftly present our recommendations to the Department. The result is the opportunity to be as proactive as possible when finding and conveying serious concerns during our reviews.

In addition to these targeted methods, the DOJ-OIG also issues reports that identify potential management issues at a more macro, or Department-wide, level. For example, last month the DOJ-OIG issued its annual report of the Top Management and Performance Challenges facing the Department of Justice. This report harnesses the collective knowledge our Office has obtained through its many reviews and accumulated expertise to take a proactive approach to identifying challenges for the Department over the next year.

Further, OIGs engage in proactive efforts to raise awareness, provide training, and highlight best practices. For instance, I lead an inter-agency working group focused on Grant Fraud enforcement issues. This working group includes a number of OIGs and several Justice Department components and works to improve enforcement efforts against grant fraud, identify challenges associated with administering grant programs, provide updates on recent developments in the area, and focus on lessons learned in grant fraud cases. The Grant Fraud working group has produced documents on ways to improve grant administration and internal controls for grant recipients. Separately, the DOJ-OIG has issued or contributed to

several guidance documents, including “Improving the Grant Management Process for DOJ Tribal Grant Programs” (which can be found on our website here: https://oig.justice.gov/recovery/docs/2010/2010_01.pdf); “Improving the Grant Management Process” (which can be found on our website here: <https://oig.justice.gov/special/s0903/final.pdf>); and a guide to grant oversight and best practices for combating grant fraud (which can be found on our website here: <https://oig.justice.gov/special/s0902a/>). These are examples where an Inspector General can proactively promote increased efficiency and improved mission performance.

The Inspector General community is committed to providing impactful recommendations to federal agencies and working to implement corrective actions that improve the efficiency and effectiveness of federal programs. This concludes my prepared statement, and I am pleased to answer any questions the Subcommittee may have.