



DEPUTY DIRECTOR
FOR MANAGEMENT

EXECUTIVE OFFICE OF THE PRESIDENT
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WASHINGTON, D.C. 20503

Testimony of the Honorable Clay Johnson III

before the

Subcommittee on Oversight of Government Management,
the Federal Workforce and the District of Columbia
of the

Senate Committee on Homeland Security and Governmental Affairs

March 15, 2006

As I have testified before this Committee in the past, solving the problems on GAO's High-Risk list is possible if agencies ensure key elements are in place:

- top management commitment to solving the problem
- a clear picture of what needs to be accomplished
- a clear, aggressive action plan for solving the problem, and
- a clear definition of who's responsible overall, and who's supposed to do what by when.

OMB is currently ensuring these elements are in place in the vast majority of areas on the High-Risk list. This hearing updates our progress since I testified before this Subcommittee last Fall, though our staffs have had numerous exchanges since then. Since we last met:

- The Department of Housing and Urban Development has expanded and strengthened its income verification program for the Public Housing/Rental Assistance program, reducing improper payments by more than \$1.8 billion since 2000.
- The average time it takes to complete the security clearance process has been reduced by 6 percent, or 18 days, and plans are in place to meet the December

2006 performance goals laid out in the 2004 Intelligence Reform and Terrorism Prevention Act.

- The Internal Revenue Service has been working to better collect unpaid taxes.
 - Enforcement revenues have been increased by almost 10 percent to a record \$47.3 billion;
 - Total individual returns audited increased by over 20 percent to 1.2 million from 1 million in 2004. The number completed is back to a level last achieved in 1998; and
 - Audits of individuals with incomes over \$100,000 surpassed 219,000, the highest figure in 10 years, and well over double the 91,600 completed in fiscal year 2001. The coverage rate in this category is still too low, but at 1.6 percent is double what it was four years ago.
- The Department of Defense has created a Business Transformation Agency to be responsible for its business transformation and systems modernization.
- To address issues with Supply Chain Management, the Department of Defense approved a Joint Regional Inventory & Materials Management test at Oahu, Hawaii to reduce inventory levels and duplicative warehouse facilities and increase supply availability.
- To make sure that federal agencies are maintaining their real property inventories at the right size, cost, and condition, 12 of the 15 PMA Scorecard agencies have developed approved Asset Management Plans, and the first-ever Government-wide real property inventory has resulted in reporting on approximately 90% of the administrative real estate assets within the Federal inventory.
- The Federal Government's Information Systems are now 85 percent secure, up from 79% last year.

Although we are assuredly reducing these risks, I agree with GAO that more can be done to maintain, and in some areas, accelerate progress. Some areas are not where they should be and we are taking steps to change that. OMB will continue to help agencies clearly define success in each of these areas and ensure there is real accountability for, and progress toward, the desired, defined improvements.

I look forward to continued, productive work with this Committee and GAO on all these areas.

