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DEPUTY DIRECTOR
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**Statement of the Honorable Clay Johnson III
Deputy Director for Management
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before the

Committee on Homeland Security and Governmental Affairs

of the

United States Senate

July 11, 2007

Thank you, Mr. Chairman, Ranking Member Collins, and members of the Committee for allowing me to testify today. Per Executive Order 12805, as Deputy Director for Management at OMB, I am the Chairman of the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE), the two Inspector General councils.

I believe the general quality and quantity of IG work today is superb, and that IGs are currently held accountable for the quality and quantity of their work, as they should be.

In their most recent report to the President, the PCIE and ECIE report that their work has resulted in:

- \$9.9 billion in potential savings from audit recommendations;
- \$6.8 billion in investigative recoveries;
- 6,500 indictments and criminal informations;
- 8,400 successful prosecutions;
- 7,300 suspensions or debarments; and
- 4,200 personnel actions.

These performance levels are consistent with previous years' efforts: IGs have been and continue to be a primary means by which we identify and eliminate waste, fraud, and abuse.

I believe IGs and Agency leadership currently share the goal of making their agencies successful, as they should. Both want to eliminate waste, fraud and abuse. Both want to identify and fix processes and programs that don't work. I believe IGs are not and should not be treated by agency leadership as the enemy. Like internal auditors in the private sector, IGs are expected to report on and provide recommendations for improvement in those areas where opportunities or deficiencies are identified. They are agents of positive change. IGs are generally respected, not feared, by agency leadership.

I believe IG-agency relationships need to be actively managed to be as independent but still as functional and constructive as they should or could be. I believe the attached *Relationship Principles*, developed by the IG community and me three years ago, should be used by IGs and agency heads to manage their relationship with each other.

WORKING RELATIONSHIP PRINCIPLES FOR AGENCIES AND OFFICES OF INSPECTOR GENERAL

The Inspector General (IG) Act establishes for most agencies an Office of Inspector General (OIG) and sets out its mission, responsibilities, and authority. The IG is under the general supervision of the agency head. The unique nature of the IG function can present a number of challenges for establishing and maintaining effective working relationships. The following working relationship principles provide some guidance for agencies and OIGs.

To work most effectively together, the Agency and its OIG need to clearly define what the two consider to be a productive relationship and then consciously manage toward that goal in an atmosphere of mutual respect.

By providing objective information to promote government management, decision-making, and accountability, the OIG contributes to the Agency's success. The OIG is an agent of positive change, focusing on eliminating waste, fraud and abuse, and on identifying problems and recommendations for corrective actions by agency leadership. The OIG provides the agency and Congress with objective assessments of opportunities to be more successful. The OIG, although not under the direct supervision of senior agency management, must keep them and the Congress fully and currently informed of significant OIG activities. Given the complexity of management and policy issues, the OIG and the Agency may sometimes disagree on the extent of a problem and the need for and scope of corrective action. However, such disagreements should not cause the relationship between the OIG and the Agency to become unproductive.

To work together most effectively, the OIG and the Agency should strive to:

Foster open communications at all levels. The Agency will promptly respond to OIG requests for information to facilitate OIG activities and acknowledge challenges that the OIG can help address. Surprises are to be avoided. With very limited exceptions primarily related to investigations, the OIG should keep the Agency advised of its work and its findings on a timely basis, and strive to provide information helpful to the Agency at the earliest possible stage.

Interact with professionalism and mutual respect. Each party should always act in good faith and presume the same from the other. Both parties share as a common goal the successful accomplishment of the Agency's mission.

Recognize and respect the mission and priorities of the Agency and the OIG. The Agency should recognize the OIG's independent role in carrying out its mission within the Agency, while recognizing the responsibility of the OIG to report both to the Congress and to the Agency Head. The OIG should work to carry out its functions with a minimum of disruption to the primary work of the Agency.

Be thorough, objective and fair. The OIG must perform its work thoroughly, objectively and with consideration to the Agency's point of view. When responding, the Agency will objectively consider differing opinions and means of improving operations. Both sides will recognize successes in addressing management challenges.

Be engaged. The OIG and Agency management will work cooperatively in identifying the most important areas for OIG work, as well as the best means of addressing the results of that work, while maintaining the OIG's statutory independence of operation. In addition, agencies need to recognize that the OIG also will need to carry out work that is self-initiated, congressionally requested, or mandated by law.

Be knowledgeable. The OIG will continually strive to keep abreast of agency programs and operations, and Agency management will be kept informed of OIG activities and concerns being raised in the course of OIG work. Agencies will help ensure that the OIG is kept up to date on current matters and events.

Provide feedback. The Agency and the OIG should implement mechanisms, both formal and informal, to ensure prompt and regular feedback.