

**Advance Questions for Mr. Joseph E. Schmitz
Nominee for the Position of Department of Defense
Inspector General**

1. Defense Reforms

More than a decade has passed since the enactment of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms.

A. Do you support full implementation of these defense reforms?

Yes, I support the implementation of these reforms. It is my understanding that the focus on “jointness” outlined in the Defense Reorganization Act of 1986 has significantly enhanced the readiness and warfighting capabilities of the U.S. armed forces.

B. What is your view of the extent to which these defense reforms have been implemented?

It is my understanding that these reforms have fundamentally changed the way the Department of Defense works by strengthening civilian control of DoD, improving military advice given to the President and Secretary of Defense, and advancing the ability of the Department to carry out its fundamental mission – protecting America’s security and furthering its vital interests.

C. What do you consider to be the most important aspects of these defense reforms?

The most important aspects of these defense reforms, as I understand them, are the clear responsibility and authority given the Combatant Commanders for mission accomplishment, and the increased attention to formulation of strategy and contingency planning.

The goals of the Congress in enacting these defense reforms, as reflected in section 3 of the Goldwater-Nichols Department of Defense Reorganization Act, can be summarized as strengthening civilian control; improving military advice; placing clear responsibility in the combatant commanders for the accomplishment of their missions; ensuring the authority of the combatant commanders is commensurate with their responsibility; increasing attention to the formulation of strategy and to contingency planning; providing for more efficient use of defense resources; and enhancing the effectiveness of military operations and improving the management and administration of the Department of Defense.

D. Do you agree with these goals?

Yes, I support the goals of Congress in enacting the Goldwater-Nichols legislation.

Recently, there have been articles, which indicate an interest within the Department of Defense in modifying Goldwater-Nichols in light of the changing environment and possible revisions to the national strategy.

E. Do you anticipate that legislative proposals to amend Goldwater-Nichols may be appropriate? If so, what areas do you believe it might be appropriate to address in these proposals?

I have not had the opportunity to review any proposed amendments to Goldwater-Nichols. I anticipate that the Department would consult closely with Congress, especially with this Committee, before any modifications are suggested.

2. Duties

A. What is your understanding of the duties and functions of the Inspector General of the Department of Defense?

The duties and functions of the Inspector General of the Department of Defense are specified in the Inspector General Act of 1978, as amended. It is my understanding that the Inspector General conducts and supervises audits and investigations of all aspects of Defense operations, and provides leadership, coordination, and policy for activities designed to promote sound management and combat fraud and abuse. I believe that the DoD Inspector General bears an obligation to keep both the Secretary of Defense and Congress fully and currently informed on significant problems in Defense programs, the need for corrective action, and the status of such action.

B. Assuming you are confirmed, what duties and functions do you expect that the Secretary of Defense would prescribe for you?

If I am confirmed, I expect that the Secretary of Defense will prescribe for me the full extent of the duties set forth in Section 8 of the Inspector General Act. In this regard, I look forward to the opportunity to serve as “the principal adviser to the Secretary of Defense for matters relating to the prevention and detection of waste, fraud, and abuse within the programs and operations of the Department.” (§ 8(c)(1))

Section 2 of the Inspector General Act states that the purpose of that Act is to create "independent and objective units" to conduct and supervise audits and investigations, and for other purposes.

C. Are you committed to maintaining the independence of the IG as set forth in the Inspector General statute?

I am fully committed to maintaining, if confirmed, the independence of the Inspector General as set forth in the Inspector General Act. I believe that individuals who conduct audits and investigations bear a heavy responsibility to maintain the highest standards of integrity, credibility, and fairness. To meet those standards, every audit and investigation must be independent, unbiased, and free from outside interference. Having relied on those principles throughout my careers as a naval officer and as an attorney, I am confident that, if confirmed, I will maintain the kind of independence called for by the statute.

Section 3 of the Inspector General Act provides that the head of the agency (e.g., the Secretary of Defense) may not "prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation," subject to limited exceptions.

D. What is your view of the relationship between the IG and the Secretary with regard to audits and investigations, in view of the independence provided by Section 3?

If confirmed, I would attempt to establish a strong and constructive working relationship with the Secretary and other senior officials without in any way compromising the independence and integrity of audits and investigations conducted by the Office of the Inspector General.

Sections 4 and 8 of the Inspector General Act set forth a number of duties for the Inspector General, beyond the conduct of audits and investigations.

E. What is your view of the relationship between the Inspector General and the Secretary with regard to these issues?

If confirmed, I will strive to provide sound advice and assistance to management in improving departmental efficiency and performance and preventing fraud, waste, and abuse.

To be effective and productive, I believe that the relationship between the Inspector General and the Secretary must be based on respect, confidence, and trust. Obviously, those must be earned -- in the case of the Inspector General, by a consistent track record of credibility, professionalism, and fairness in audits, inspections, and investigations. If confirmed, I would strive to maintain those standards in the Office of the Inspector General and to develop the kind of solid working relationship with the Department's senior management that the statute envisions.

Section 3 of the Inspector General Act provides for the IG to have a demonstrated ability in accounting, financial analysis, law, management analysis, public administration, or investigations.

F. What background and experience do you possess that you believe qualifies you to perform the duties of the Inspector General?

The following information documents my qualifications and experience for this position:

(1) Experience relevant to the position of Inspector General of the Department of Defense:

(a) 27 years of naval service (4 years at Naval Academy, 5 years active duty as surface warfare officer, and 18 years as a reservist), most recently as Deputy Senior Inspector, a.k.a. "Inspector General," for the Naval Reserve Intelligence Program (since October 1999), responsible for Command Inspections/Audits, Investigations, and Intelligence Oversight of more than 4,000 Naval Reservists nationwide:

- ?? Acknowledged as one of only two Intelligence Oversight internet experts within the Department of Defense at the Secretary's first-ever national Intelligence Oversight Conference in October 2000;
 - ?? Prepared a pocket edition of the Declaration of Independence and Constitution for the Naval Inspector General, with an introduction and excerpts from laws underlying the various constraints on governmental abuses of power within the Navy, especially those within the responsibility of the Inspector General: the laws against waste, fraud, abuse, Posse Comitatus Act, & Intelligence Oversight;
 - ?? Executive Officer of the Naval Criminal Investigative Service (NCIS) Headquarters Reserve Unit (October 1997-September 1999); Unit awarded the prestigious "O'Connell Award" for being the best overall large unit in the entire Naval Reserve Intelligence Program for FY 1998;
 - ?? Executive Officer of Office of Naval Intelligence Counter-narcotic Reserve Unit (October 1995-September 1997); author of ONI's first-ever comprehensive analysis of legal and practical restrictions imposed by the Constitution, the Posse Comitatus Act, and Intelligence Oversight laws, on the utilization of naval reservist in support of local law enforcement efforts under the auspices of the High Intensity Drug Trafficking Area (HIDTA) program (work product still utilized as training "bible" for Department of Defense counter-narcotic reservists mobilizing to support local law enforcement efforts);
 - ?? Project supervisor and co-author of the Defense HUMINT Service's "Intelligence Law Handbook" (DIA Doc. # CC-0000-181-95, September 1995), prepared by team of five reservist during annual active duty in DIA's Office of the General Counsel (still cited as DIA's authority on Intelligence Law);
 - ?? Joint Service Commendation Medal; Navy and Marine Corps Commendation Medal (twice); Joint Service Achievement Medal; Navy and Marine Corps Achievement Medal; Navy Expeditionary Medal; National Service Medal (twice); Military Outstanding Volunteer Service Medal; Naval Reserve Medal; Navy Expert Rifle Medal; Navy Expert Pistol Medal; Bundeswehrleistungsabzeichen (German Armed Forces Achievement Award); Deutsches Sportabzeichen (German Sport Award).
- (b) Partner in major international law firm, with 14 years experience in complex litigation, including constitutional appellate litigation, whistleblower representation, and challenges to illegal actions by high-level government officials.
- (c) Adjunct Professor of Law, Georgetown University Law Center (since 1995); developed and taught advanced Constitutional Law seminar -- focusing on constraints on governmental abuses of power.
- (d) Special Assistant to the Attorney General of United States, the Honorable Edwin Meese III (1987).

(e) Law Clerk to the Honorable James L. Buckley, Circuit Judge, United States Court of Appeals for the District of Columbia Circuit (1986-87); analyzed and briefed complex cases for federal judge.

(2) Testimony/Publications Relevant to Duties of Inspector General of Department of Defense:

(a) Testified as a constitutional expert before the:

?? U.S. Senate Judiciary Committee at its Constitutional Subcommittee Hearing on a Proposed Constitutional Amendment to Prohibit Retroactive Taxation (August 4, 1994);

?? U.S. Senate Governmental Affairs Committee at its Hearing on a Proposed Statutory Ban on Retroactive Taxation (December 7, 1995); and

?? U.S. Senate Judiciary Committee at its Constitutional Subcommittee Hearing on a Proposed Constitutional Amendment to Prohibit Retroactive Taxation (April 15, 1996).

(b) Various published articles addressing issues of national security and accountability, including "Selling to Moscow Without Selling Out America," *The Wall Street Journal* (Dec. 1989); and "Coping With the New Russian Nuclear Threat: A Legal Alternative to Environmental Extortion," *Georgetown International Environmental Law Review* (1993).

G. Do you believe that there are any steps that you need to take to enhance your expertise to perform these duties?

I believe that I have the requisite expertise to perform the duties of the Inspector General. If confirmed, I will of course undertake extensive briefings and reviews of ongoing Inspector General projects and activities.

H. Based on your background and experience, are there any changes that you would recommend with respect to the organization or responsibilities of the Inspector General?

At this point it would be premature for me to recommend organizational changes without first having had the opportunity to become thoroughly familiar with the activities and operations of the Office of the Inspector General.

I. Please describe your understanding of both the formal and informal relationships between the Inspector General and each of the following:

The Comptroller General.

It is my belief that the Inspector General must work closely with the Comptroller General to ensure that Department of Defense audit activities are coordinated with those of the General Accounting Office (GAO) to avoid unnecessary duplication of effort. Towards that end, the Inspector General and the Comptroller General exchange work plans, coordinate each new audit

between the two organizations, provide audit results to each other, and share audit follow-up status information. It is my understanding that, under long-standing DoD procedures, the Inspector General is the central DoD focal point for processing all GAO project announcements and reports requiring DoD comments.

In addition, I understand that it is incumbent upon the DoD IG, as specified in the IG Act of 1978, to comply with standards established by the Comptroller General of the United States for audits of Federal establishments, organizations, programs, activities, and functions; that the DOD IG must take appropriate steps to assure that any work performed by non-Federal auditors complies with the standards established by the Comptroller General; and that the DOD IG must develop policy, evaluate program performance, and monitor actions taken by all components of the Department in response to contract audits, internal audits, internal review reports, and audits conducted by the Comptroller General of the United States.

The General Counsel for the Department of Defense.

It is my understanding that the Inspector General and General Counsel work closely together on matters related to proposed legislation and regulations, audit findings that raise legal issues, and departmental policies on subjects ranging from ethics to contracting procedures. I also understand that the Inspector General receives direct legal support from a Deputy General Counsel in the Office of the DoD General Counsel under the terms of a memorandum of understanding that is intended to safeguard the independence of the Deputy General Counsel. If confirmed, I will have an opportunity to observe whether any impediments to the Inspector General's independence actually exist and whether any changes to the current arrangement might be necessary.

The Defense Contract Audit Agency.

It is my understanding that the Inspector General has the responsibility to provide policy direction and to conduct, supervise, and coordinate audits regarding departmental programs and operations. Given the scope of that authority, there is apparently frequent interaction between the Office of the Inspector General and the Defense Contract Audit Agency (DCAA), which is the largest DoD audit organization.

I also understand that, while DCAA reports to the Under Secretary of Defense (Comptroller), it operates under audit policies established by the Inspector General. As such, the Director of the DCAA, along with other Department Audit Chiefs, meets regularly with the Inspector General to discuss and coordinate audit activities. I understand that a significant portion of the Inspector General's audit oversight efforts is focused on the DCAA, and DCAA provides a significant amount of audit support to DoDIG procurement fraud investigations.

The Under Secretary of Defense for Acquisition, Technology, and Logistics.

It is my understanding that the Under Secretary of Defense for Acquisition, Technology, and Logistics is responsible for a very large segment of departmental operations and, as such, is a major recipient and user of services and reports provided by the Office of the Inspector General.

The Under Secretary's involvement would appear to be especially valuable to the Inspector General in audit planning efforts, particularly in the acquisition area. If confirmed, I will ensure that the Inspector General's audit and investigative coverage supports DoD acquisition and logistics reform efforts.

The Defense Acquisition Regulatory Council.

It is my understanding that the Defense Acquisition Regulatory Council formally requests comments from the Inspector General on all proposed rules. I also understand that the Inspector General has traditionally put considerable emphasis on review of those proposals. If confirmed, I would anticipate continuing that emphasis.

The Director of Operational Test and Evaluation.

It is my understanding that the Director of Operational Test and Evaluation frequently requests audit coverage and is a principal user of many reports issued by the Office of the Inspector General. If confirmed, I would continue to support these cooperative efforts.

The Inspectors General of the Military Departments.

Pursuant to the Inspector General Act of 1978, as amended, the Inspector General of the Department of Defense has a duty to “give particular regard to the activities of the internal audit, inspection, and investigative units of the military departments with a view toward avoiding duplication and insuring effective coordination and cooperation,” (§8(c)(9)), but the service secretaries retain operational control over all departmental audit and criminal investigative elements. Although it may seem that there would be extensively overlapping responsibilities between the Department of Defense Inspector General and the Military Department Inspectors General, I believe that there are distinct differences in their roles. The Military Department Inspectors General reportedly focus much more on force morale, welfare, and readiness issues. Their inspection programs are shaped by the priorities of their Services. It is my understanding that the Department of Defense Inspector General exchanges audit and inspection plans with the other Inspectors General to avoid duplication, and that the Department of Defense Inspector General occasionally leads joint reviews.

I also understand that Department of Defense directives governing other activities in which the Military Department Inspectors General participate also confer upon the DoD Inspector General both policy and oversight roles with respect to those activities. These include the Department of Defense Hotline, whistleblower reprisal investigations, and investigations against senior officials.

If confirmed, I plan to meet personally with the Military Department Inspectors General regularly to ensure that cooperation is optimized.

The Inspectors General of the Defense Agencies.

It is my understanding that the Inspectors General of the Defense Agencies report to their respective agency heads. However, in areas such as inspections, audits, and the operations of hotlines, they come under the policymaking authority of the Department of Defense Inspector General. I believe that their audit activities are more analogous to Defense Inspector General audits than to Military Department Inspector General inspections. Therefore there are more formal arrangements for joint audit planning, especially for the intelligence agencies. If confirmed, I will seek to provide leadership within this portion of the oversight community, too.

The Criminal Investigative Organizations of the Military Departments.

Statutorily, the Inspector General has the authority to initiate, conduct, and supervise criminal investigations relating to any and all programs and operations of the Department of Defense. Moreover, the Inspector General is statutorily authorized to develop policy, monitor and evaluate program performance, and provide guidance regarding all criminal investigative programs within the Department. In short, it is my understanding that the Inspector General directly interacts with the military criminal investigative organizations (MCIOs) in two broad areas: the conduct of criminal investigations in which there may be joint interest and the exercise of the Inspector General's policy and oversight role with regard to operations of the MCIOs. There appear to be many criminal investigations that impact primarily on the jurisdiction of a local commander and that are conducted by the appropriate MCIO or post military or security policy agency, while the Inspector General would be more heavily involved in investigations that affect major departmental programs or affect more than one military service. However, I believe that there are many criminal investigations, particularly in the fraud area, where there is joint interest and/or activity by both the Inspector General and the MCIOs and where close coordination of effort is required. If confirmed, I would work to maximize such cooperation.

The Audit Agencies of the Military Departments.

Statutorily, the Inspector General has the responsibility to provide policy direction and to conduct, supervise, and coordinate audits relating to DoD programs and operations. Obviously, under that authority, the Inspector General would have occasion to work closely with the military audit agencies.

It is my understanding that the heads of the military audit organizations have been meeting at least quarterly with the DoD Deputy Inspector General to discuss ongoing issues, plans, and ways to better assist Department management. There are also several joint audit-planning groups that have been created to improve and coordinate planning. I believe that the auditors from the Office of the Inspector General and the military organizations frequently assist each other on specific projects, particularly those involving audits required by the Chief Financial Officers Act. If confirmed, I would continue the emphasis on close coordination and joint efforts. In addition, I would ensure that Defense audit policies provide a good foundation for top quality audit support to the Department.

The General Counsels and Judge Advocates General of the Military Services.

It is my understanding that while there is no formal relationship between the Inspector General and the Military Department General Counsels and Judge Advocates General, on an informal level good working relationships have evolved on a case-by-case basis where there is some mutual interest. Moreover, I understand that attorneys assigned to the Office of the Inspector General occasionally seek assistance from these offices when an audit or investigation raises issues with which they may have some particular expertise.

3. Major Challenges and Problems

A. In your view, what are the major challenges that will confront the Inspector General of the Department of Defense?

I believe that the new Inspector General of the Department of Defense will need to confront immediately a number of challenges. First and foremost, I am aware of the serious allegations that more than a dozen employees in the office of the Inspector General of the Department of Defense participated in or were aware of the destruction of internal work papers related to an audit and the preparation and backdating of a new set of work papers in an effort to improve the office's performance in an external peer review. If confirmed, I will ensure that these allegations were fully investigated and will do whatever it takes as expeditiously as possible to restore full confidence in the integrity, reliability, and credibility of the Office of the Inspector General of the Department of Defense.

In addition, the Inspector General of the Department of Defense will need to confront the same major challenges facing both the Secretary of Defense and Congressional leadership vis-à-vis transforming our Armed Forces to meet emerging 21st Century threats, including recruitment and retention of the most qualified personnel, sound management of existing technical assets, and intelligent utilization of new technology. The entire Department of Defense is still transitioning into the post-Cold War era, where national security demands are different, information technology is driving management processes, and both the force structure and infrastructure need further adjustments. With hundreds of reform initiatives already under way and others likely, there is a compelling need for objective feedback to senior management on how well reforms are working and whether performance reporting is reliable. In addition, high risk areas like information system acquisition have received relatively little audit coverage during the 1990s, and there is a compelling need to strengthen protections against computer crime, health care fraud, and similar threats. I believe that the Inspector General must make very thoughtful allocations of limited resources among the many conflicting priorities, requirements, and requests that confront the office during this challenging period of transformation.

Finally, I feel that the Inspector General must be seen as both a guardian of enduring core values and an agent of reform, not a defender of overly complex and outmoded rules and processes.

Above all, I strongly believe that the Inspector General must be perceived as being completely independent, candid, and fair.

B. Assuming you are confirmed, what plans do you have for addressing these challenges?

Assuming I am confirmed, I would first endeavor to assess the extent and scope of the aforementioned allegations involving the external peer review. In this regard, I understand that another outside peer review has already been commissioned to identify deficiencies. I hope that this ongoing process will assist in the overall damage assessment. If confirmed, once I feel confident that any and all lingering problems have been accurately assessed, I will take whatever action is necessary to promptly remedy the deficiencies.

Regarding the broader challenges mentioned above, if confirmed, I anticipate working closely with both the Secretary of Defense and with the Congressional leadership to ensure that the various policy recommendations that result from the ongoing Department of Defense reviews are implemented in a manner that is consistent with the letter and spirit of the policies and proscriptions underlying the Inspector General Act of 1978, as amended, including effective coordination and cooperation among the military departments.

C. What do you consider to be the most serious problems in the performance of the functions of the Inspector General of the Department of Defense?

If confirmed, I will need carefully to review the functions and past performances of the Inspector General and the Office of the Inspector General in the Department of Defense. As noted above, I am aware of serious allegations regarding an external peer review. As mentioned above, if confirmed, I will ensure that these allegations were fully investigated.

D. If confirmed, what management actions and time lines would you establish to address these problems?

See my answer to question 3.B above. Until I am able thoroughly to assess the problems, of course, I cannot establish a plan of action and time lines to address the problems. As mentioned above, if confirmed, once I feel confident that the problems have been thoroughly and accurately assessed, I will take whatever action is necessary promptly to remedy the deficiencies.

E. What broad priorities will you establish in terms of issues, which must be addressed by the Inspector General?

If confirmed, I will endeavor to establish and address the following three broad priorities: (1) integrity; (2) efficiency; and (3) enthusiastic commitment to the core principles underlying our Constitution, foremost of which are the Rule of Law, various constraints on governmental abuses of power, including effective checks and balances, and ultimate accountability of public officials to “the People of the United States.”

4. Senior Officer Investigations

The Office of Inspector General plays a key role in the investigation of allegations of misconduct by senior officers and civilian employees of the Department of Defense. The Senate Armed Services Committee has a particular interest in investigations concerning

officers who are subject to Senate confirmation, and relies upon the Office of Inspector General to ensure that these investigations are accurate and complete.

A. If confirmed, what steps will you take to ensure that these investigations are conducted in a fair and impartial manner, and that complete and accurate information is provided to this committee in a timely manner?

If confirmed, I will continue to emphasize the IG role of ensuring that allegations of misconduct involving senior DoD officials are properly addressed. Senior DoD officials are understandably held to the highest standards of conduct. Alleged violations of law or regulation must be investigated aggressively, competently, and impartially.

I believe that vigilant oversight of senior official investigations conducted by the Service IGs, coupled with continual improvement in our own investigative capability, are the keys to maintaining excellence and credibility in this area. If confirmed, I will reemphasize the requirement that all allegations involving senior officials be reported to the DoDIG within 5 days as required, and that a review of the nature of the allegations is conducted to ensure that the Service IG possess the necessary independence to conduct an impartial inquiry. I will not hesitate to assume investigative jurisdiction where appropriate -- particularly in cases where the subject of the allegations is a political appointee, where the subject outranks the Service IG, or where allegations cross Service lines.

B. If confirmed, what standard would you apply to allegations of misconduct against nominees for senior civilian and military positions requiring the advice and consent of the Senate in deciding whether and when to inform the Committee of any such allegations?

If confirmed, I would anticipate continuing what I understand to be the current policy of reporting allegations of misconduct involving senior officials if those allegations are being addressed by an open investigation or inquiry. I would not anticipate reporting every allegation that the Office of the Inspector General of the Department of Defense might receive. I believe that the integrity of the nomination process and fairness to all concerned demands that we conduct a preliminary review of any incoming complaint against a nominated official to determine whether that complaint warrants investigation. Such a preliminary review would determine whether the allegation is credible, whether the alleged conduct violated an established standard, and whether the complaint provides sufficient information to enable a focused inquiry.

If confirmed, I will insist that such a preliminary review be completed expeditiously. If the preliminary review cannot be rapidly concluded, an investigation would be opened and the allegations would be reported to the Committee.

My understanding is that the DoD IG receives numerous allegations and complaints through a variety of sources, but that only a small percent of those allegations warrant investigation. I also understand that last year nearly 12,000 contacts were made with the DoD Hotline, but that only 2,000 of those contacts resulted in any type of investigative work.

C. Do you believe that the current allocation of responsibilities between the Department of Defense Inspector General and the military departments is appropriate to ensure fair and impartial investigations?

I am unaware of any problems with the current allocation of responsibilities.

5. Authorities of the Inspector General's Office

In recent years, the Office of Inspector General has sought increased authority to issue subpoenas, carry weapons, and make arrests.

A. Do you believe that the authorities of the Office of Inspector General are adequate in these areas, or would you recommend further changes in law?

It is my understanding that the current staff of the Office of the Inspector General considers the recently augmented authority to be adequate. I am not aware of any need for further changes in the law at this time. If confirmed, I will notify the Department and Congress if anything comes to my attention that would warrant legislative action.

6. Activities of the Inspector General's Office

In recent years, representatives of the Inspector General's office have participated on integrated process teams and other cross-cutting groups established to address deficiencies and problem areas in the Department.

A. What role do you believe the Office of Inspector General should play in advising the Secretary and other officials in the Department on management issues such as acquisition policy and financial management policy?

I believe it makes good sense for the Department to avail itself of advice from the Office of the Inspector General throughout the cycle of devising policy, planning for implementation of that policy, deciding what performance measures will be used, analyzing feedback on implementation status, addressing impediments to implementation, evaluating results, and adjusting policies if necessary.

B. Are you concerned that the participation of representatives of the Office of Inspector General in efforts of this kind could undermine the independence of the office?

It is my understanding that the Office of the Inspector General has participated in numerous task forces, IPTs, and similar groups without a significant question ever being raised concerning its role and independence. If confirmed, I would make sure that I was informed of these activities and that appropriate controls were in place.

C. Do you believe that it would be appropriate for the Inspector General to conduct an audit or evaluation of a program which representatives of the Inspector General's office helped to design?

It is my understanding that the advice provided by representatives of the Inspector General generally relates to management controls and performance measures, both of which should be subject to periodic audit verification. As long as the Inspector General personnel do not have a vested interest in specific program outcomes, I see little reason for concern in their testing controls and validating performance reporting. As a practical matter, I further understand that it would be extremely rare for the same individuals to be involved in formulating controls and reporting procedures and then subsequently auditing them. If there were ever any appearance of a conflict of interest, however, I would ensure that different personnel were assigned to the audits.

The performance of mandatory statutory duties, such as the performance of financial audits, has consumed a growing share of the resources of the Inspector General's office, crowding out other important audit priorities.

D. What is your view of the relative priority of financial audits, and the resources that should be devoted to such audits?

Under the Chief Financial Officers Act of 1990, the Inspector General of the Department of Defense has statutory responsibilities to audit the financial statements of the Department of Defense “in accordance with applicable generally accepted government auditing standards.” 31 U.S.C. § 3521(e). It is my understanding that, throughout the last decade, this requirement has resulted in about 30 percent of the Inspector General audit effort and a very large Military Department audit effort being devoted to a rather frustrating attempt to validate the Department's badly flawed year end statements. If confirmed, I will continuously review the priorities and resource allocation within the Defense audit program to maintain the best possible balance between the various competing requirements.

E. Do you believe that resources currently directed to the audit of financial statements that are often described as unreliable would better be directed to other objectives?

It is my understanding that the Office of the Inspector General has been shifting resources from audits of financial statements to audits of the projects to improve the automated systems that compile financial reports. If confirmed, I would ensure that this trend continues.

F. Do you see any need for legislative changes to give the Inspector General greater flexibility to target audit resources?

No. At the present time, I am unaware of any need for legislative changes on audit flexibility.

Over the last ten years, the Inspector General has gone from having one auditor for every \$500 million on contract by the Department of Defense to one auditor for every billion dollars on contract.

G. Do you believe that the Inspector General has resources it needs to conduct effective oversight over the Department's acquisition programs?

It is my understanding that the Office of the Inspector General has characterized internal audit coverage in the acquisition area as inadequate. If confirmed, I would review the adequacy of auditing in acquisition and other management areas.

7. Integrity of the Inspector General's Office

In the mid-1990's, the Office of Inspector General found it necessary to require the taping and transcribing of all interviews conducted during internal investigations by the Defense Criminal Investigative Service (DCIS) after a former DCIS official was shown to have falsified interviews in two separate investigations. Earlier this year, an internal review by the Office of Inspector General verified that more than a dozen employees in the office participated in or were aware of the destruction of internal work papers related to an audit and the preparation and backdating of a new set of work papers in an effort to improve the office's performance in an external peer review.

A. Do you believe that these events have undermined confidence in the integrity of the Office of Inspector General?

See my answer to question #3 above.

B. What steps would you take, if confirmed, to restore confidence in the integrity of the Office of Inspector General?

See my answer to question #3 above.

8. Legal Advice for the DoD Inspector General

Under the DoD Inspector General's Organization and Functions Guide (IG Guide 5105.1), the Deputy General Counsel (Inspector General) is a subordinate of the DoD General Counsel, but provides "independent and objective legal advice and counsel [to the DoD Inspector General] on all matters that relate to the programs, duties, functions, or responsibilities of the Inspector General."

A. What is your opinion about the DoD IG's reliance on the DoD General Counsel for legal advice and counsel? Do you believe that it adversely affects independence of the Inspector General?

Please see my answer to question #2.I regarding the relationships between the Inspector General and the DoD General Counsel.

9. Congressional Oversight

In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

A. Do you agree, if confirmed for this high position, to appear before this Committee and other appropriate committees of the Congress?

Yes.

B. Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Inspector General of the Department of Defense?

Yes.

C. Do you agree to ensure that testimony, briefings and other communications of information are provided to this Committee and its staff and other appropriate Committees?

Yes.