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## **Oral Statement of**

Honorable Gaston L. Gianni, Jr.  
Vice Chair, President's Council on  
Integrity and Efficiency

## **Before the**

Subcommittee on Government Efficiency  
and Financial Management  
Committee on Government Reform  
United States House of Representatives

## **Regarding**

Inspector General Functionality  
And Independence

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

On behalf of the Inspector General (IG) community, we thank you for your support of the Inspectors General over the years. We appreciate your interest in the work we do and your leadership in seeking ways to enhance our efforts. My colleagues and I are pleased to be here today to discuss IG functionality and independence and the importance of the IG Act.

As you know, last October marked the 25<sup>th</sup> anniversary of the IG Act. At that time, and many times over the past 25 years, the IG community was exploring opportunities for improvement. In fact, we are here today to offer our impressions of the bill, “Improving Government Accountability Act,” introduced by Representative Jim Cooper last fall.

Representative Cooper’s bill, H.R. 3457, serves as an excellent starting point to begin a discussion of improvements to and enhancements of an already effective law. In general, we support the thrust of the bill and have some refinements and additional ideas we would like to share with you today. We sincerely appreciate the Congressman’s leadership and support in this area, and look forward to continuing this dialogue.

At this time, I would like to take the opportunity to briefly introduce myself, my colleagues, and the community we represent.

I am the IG for the Federal Deposit Insurance Corporation and have served in this capacity since April 1996. I am also 1 of 29 presidentially-appointed, Senate confirmed IGs, who are members of the PCIE. Created by Executive Order in 1981, the PCIE provides a forum for IGs, OMB, and other Federal officials to work together and coordinate their professional activities. I have served as the Vice Chair of this Council since May 1999.

At the far end of the table is J. Russell George. He is the IG for the Corporation for National and Community Service and has served in that capacity for the past 2 years. He is currently the Administration's nominee to be the Treasury IG for Tax Administration. Mr. George is a member of the PCIE and began serving as the PCIE Legislation Committee Chair in January of this year. Prior to becoming an IG, Mr. George served as the staff director for Representative Steve Horn while he was the Chairman of this Subcommittee.

To my immediate left is Barry Snyder. Since 1998, Mr. Snyder has served as the IG of the Board of Governors of the Federal Reserve System. He is 1 of 28 statutory IGs who are appointed by

their agency heads in certain designated Federal entities (DFE) and are part of the ECIE. Similar to the PCIE, the ECIE was created by Executive Order in 1992 and provides a forum for IGs and Federal officials to work together and coordinate professional activities. Mr. Snyder has served as the ECIE Vice Chair since October 1999.

As we discussed with your staff, while we are leaders within our respective Councils, we are here today representing the views of the majority of the Federal IGs who comprise the two Councils. We are not speaking on behalf of these Councils, as each Council includes individuals who are not IGs and who have not endorsed these views.

Before we discuss possible modifications to H.R. 3457, we would like to highlight our accomplishments during fiscal year 2003.

## **IG Impact**

For 25 years, IGs have served as independent voices to their agency heads and to the Congress by identifying opportunities and promoting solutions. The IG Act is a good law about “good government,” and has stayed the test of time. Since 1978, the basic tenets of the Act have remained constant and strong.

The Act creates an inherent tension between the Executive and Legislative branches of government. Specifically, the IG must keep both the agency head and the Congress "fully and currently" informed about program or operational deficiencies. This dual reporting requirement is critical. It creates a fine line: balancing the needs and requests of "two masters." But that is the beauty of the Act and why it has served the Congress, the Administration, and the public so well for so long.

The Act has had a profound impact on our government by:

- improving operations in Federal agencies,
- focusing attention on governmentwide initiatives;
- providing continuity, and
- ensuring institutional knowledge and expertise.

By virtue of our independent and nonpartisan status, 57 Federal IGs currently protect the integrity of the government; improve program efficiency and effectiveness; and prevent and detect fraud, waste, and abuse in Federal agencies.

Each year, the audits, inspections, and evaluations OIGs conduct identify billions of dollars in potential savings. Our

investigations lead to thousands of prosecutions or other actions as well as billions of dollars in potential recoveries for violations of Federal criminal laws.

As evidenced in our fiscal year 2003 annual report, *A Progress Report to the President*, which we are releasing today, the IG community has stayed true to its mission. In fiscal year 2003 alone, IG community efforts resulted in:

- **nearly \$18 billion** in potential savings from agency action on current and prior recommendations and through investigative recoveries,
- **about 6,600** successful prosecutions,
- suspensions or debarments of **over 7,600** individuals or businesses,
- **more than 2,600** civil or personnel actions,
- the processing of **nearly 200,000** complaints received primarily through OIG fraud hotlines;
- the issuance of **nearly 4,700** reports;
- the closure of **about 22,000** investigations; and
- **over 80** appearances before the Congress.

Although impressive, these numbers do not tell the entire story. Success and impact can be measured in many different ways.

These notable statistics are the successes which are tangible and easy to quantify.

However, another way to assess how successful the IG Act has been, and will continue to be, lies in the fact that IGs are being repeatedly asked by their agency and the Congress to make recommendations to improve agency performance and uncover fraud, waste, and abuse. The impact and “added value” we bring to bear on important issues affecting the government speak to our success.

The Congress has seen fit to expand the duties of an OIG beyond its original mission. Through general management laws, such as the CFO Act, the Reports Consolidation Act, and, more recently, the FISMA, the Congress has assigned more responsibilities.

In addition, the Administration has encouraged our involvement in assisting agencies in their implementation of the President’s Management Agenda. We interpret this to mean that our work “adds value.” It is improving the efficiency, effectiveness, and integrity of our government.

At this time, I would like to turn the microphone over to my colleague, Russell George, to discuss the IGs views on H.R. 3457.