



Council of the
INSPECTORS GENERAL
on INTEGRITY and EFFICIENCY

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before the

U.S. House of Representatives
Committee on Oversight and Government Reform

concerning

“Top Management and Performance Challenges Identified Government-wide by the
Inspector General Community”

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Mr. Chairman, Ranking Member Cummings, and Members of the Committee:

Thank you for inviting us today to discuss management and performance challenges facing many agencies in the federal government. Hundreds of billions of taxpayer dollars are spent annually on federal programs to enforce the nation's laws, protect national security, promote public health and safety, and protect the nation's critical infrastructure. Federal agencies and organizations that receive federal funds must use tax dollars efficiently and effectively to accomplish their missions. To assist agencies in this effort, the 73 independent federal Inspectors General (IG) across the federal government root out waste, fraud, abuse, and mismanagement in government programs.

This is a landmark year for the Inspector General community as we celebrate 40 years since Congress passed the *Inspector General Act of 1978*. Since 1978, the IG community has conducted independent oversight of government programs and provided recommendations to ensure that the organizations we oversee spend taxpayer dollars more efficiently and effectively. In fiscal year (FY) 2016 alone, IGs identified approximately \$45.1 billion in potential savings of tax dollars. The OIG community's aggregate FY 2016 budget is approximately \$2.7 billion. Accordingly, the potential savings identified by IGs represent about a \$17 return on investment for every dollar invested in the IGs by the taxpayers.

In 2018, the IG community is also celebrating 10 years since Congress, under this Committee's leadership, created the Council of the Inspectors General on Integrity and Efficiency (CIGIE). In creating CIGIE, Congress mandated that we address integrity, economy, and effectiveness issues that transcend individual government agencies. We are proud to report that CIGIE is actively pursuing this mandate. Today, CIGIE issued its first-ever, IG community-wide report to identify and analyze the top management and performance challenges facing the federal government. Before turning to the report's content, we want to highlight other recent CIGIE initiatives to enhance the government-wide impact of our work by working together as a community.

Recent CIGIE Initiatives

First, we recognize that the oversight work of CIGIE and individual IGs is more impactful when the public and all of our stakeholders, including Congress, can easily access our reports. To that end, CIGIE partnered with its member IGs to develop and launch in October 2017 a new website, Oversight.gov. The website provides a searchable public database for IG reports from across the federal government. The launch of Oversight.gov marked a significant step toward greater transparency and accessibility for IG reports and information. The site provides easy on-line access to the IG community's efforts to address the most serious challenges facing the country. For example, users can search for terms such as "cyber security," "disaster recovery spending," "terrorism," or "whistleblowers" and find the community's collective work on these and other subjects, without having to visit each IG's website individually. We encourage readers who are interested in

the work of the federal IG community to go to that website and follow CIGIE on twitter ([@OversightGov](https://twitter.com/OversightGov)).

The IG community developed Oversight.gov with no direct funding, and CIGIE continues to operate it without the benefit of an annual appropriation. For CIGIE to ensure the long-term viability of the website, limited additional resources via a modest direct appropriation to CIGIE would be necessary. With such support, CIGIE could not only maintain this site, but also build additional features that could result in further cost savings for agencies, and greater transparency into the IG community's collective work. For example, Members of Congress and outside stakeholders have proposed expanding Oversight.gov by adding a dynamic database that consolidates in one place all open IG recommendations and creating, in conjunction with the Office of Special Counsel, a single, cross-agency reporting mechanism for whistleblower disclosures and complaints. We believe these ideas are worthy of serious consideration and could be accomplished with a modest appropriation for CIGIE.

Second, CIGIE is identifying solutions for critical issues that require multi-agency solutions. In December, CIGIE issued a statutorily-required report that identified critical issues involving the jurisdiction of more than one individual federal agency, and which could be better resolved through greater coordination and cooperation between individual OIGs. This report can be found at the following link: https://www.ignet.gov/sites/default/files/files/Critical_Issues_Report-December-2017.pdf. Other examples of CIGIE reports on specific issues that touch multiple jurisdictions, and which are available at www.ignet.gov, include reviews of services and funding for Native Americans and Alaskan Natives, security of publicly facing web applications, and cloud computing.

Finally, many cross-cutting and exciting CIGIE projects are still in progress. For example, CIGIE reactivated its Disaster Assistance Working Group after Congress appropriated \$26.1 billion to the Disaster Relief Fund following the damage caused by Hurricanes Harvey, Irma, and Maria. This Working Group coordinates the federal IG community's oversight efforts of these and any other disaster-related funds. Additionally, the Working Group meets with the Government Accountability Office's (GAO) leadership to coordinate GAO's and the IG community's disaster oversight efforts. And, on Oversight.gov, we have created a webpage with a list of ongoing OIG oversight work. We hope to expand this resource to provide taxpayers with immediate access to IG reports and information about the tens of billions of dollars being spent, and to better ensure that the funds are being spent on projects to rebuild the communities and not subject to waste or abuse.

Top Management and Performance Challenges Identified Government-wide by the Inspector General Community

Today, CIGIE issued a report, which can be found on Oversight.gov, representing yet another effort to identify issues that transcend federal agencies and make the work of the federal IG community more accessible to the public. In

this report, CIGIE identified the most frequently cited management and performance challenges in IGs' Top Management and Performance Challenges (TMPC) reports. For nearly 20 years, many IGs have used these reports to identify the most critical, systemic problems in the agency they oversee.

All of the IG's testifying today can speak in great detail about the specific challenges facing their individual agencies. To no one's surprise, many of the issues facing our individual agencies, large or small, are present throughout the government. Recognizing this, we decided to create an IG community report to identify the most common management challenges. For the first time, Congress and the public will be able to review information about, analyses of, and links to the 61 publicly available TMPC reports issued by the federal IGs in 2017.

To identify the most frequently reported challenges, we reviewed the 61 publicly available TMPC reports that were issued by federal, statutory IGs in 2017. Based on our review, we identified seven challenges that were most frequently reported across OIGs:

- Information Technology Security and Management;
- Performance Management and Accountability;
- Human Capital Management;
- Financial Management;
- Procurement Management;
- Facilities Maintenance; and
- Grant Management.

A number of extremely important challenges, such as national security, public safety, and public health did not rank among the challenges most frequently reported by the 61 OIGs, primarily because only a limited number of OIGs have oversight responsibilities in these areas. Their absence in this report does not reflect a qualitative judgment about the impact or importance of these challenges. But, the exercise in identifying the most common challenges helps us to better understand the issues that have a true and cross-cutting government-wide impact.

We hope that this report will inform policymakers and the public by identifying broad categories of challenges shared by the majority of federal agencies, notwithstanding vast differences in the agencies' size and mission.

Information Technology Security and Management

The information technology (IT) security and management challenge includes TMPC challenges related to (1) the protection of federal IT systems from intrusion or compromise by external or internal entities and (2) the planning and acquisition for replacing or upgrading IT infrastructure. This is a long-standing, serious, and ubiquitous challenge for federal agencies across the government, because agencies depend on reliable and secure IT systems to perform their mission-critical functions. The security and management of government IT systems remain challenges due to significant impediments faced by federal agencies, including

resource constraints and a shortage of cybersecurity professionals. The key areas of concern we identified included safeguarding sensitive data and information systems, networks, and assets against cyber-attacks and insider threats; modernizing and managing federal IT systems; ensuring continuity of operations; and recruiting and retaining a highly skilled cybersecurity workforce.

Performance Management and Accountability

The performance management and accountability challenge includes challenges related to managing agency programs and operations efficiently and effectively to accomplish mission-related goals. Although federal agencies vary greatly in size and mission, they face some common challenges in improving performance in agency programs and operations. The key areas of concern we identified included collecting and using performance-based metrics; overseeing private-sector corporations' impact on human health, safety, and the economy; and aligning agency component operations to agency-wide goals.

Human Capital Management

The human capital management challenge includes TMPC challenges related to recruiting, managing, developing, and optimizing agency human resources. Human capital management is a significant challenge that impacts the ability of federal agencies to meet their performance goals and to execute their missions efficiently. The key areas of concern we identified included inadequate funding and staffing; recruiting, training, and retaining qualified staff; agency cultures that negatively impact the agency's mission; and the impact of the lack of succession planning and high employee turnover.

Financial Management

The financial management challenge includes challenges related to a broad range of functions, from program planning, budgeting, and execution to accounting, audit, and evaluation. Weaknesses in any of these functional areas limit an agency's ability to ensure that taxpayer funds are being used efficiently and effectively and constitute a significant risk to federal programs and operations. The key areas of concern we identified included both the need for agencies to improve their financial reporting and systems, and the significant amount of dollars federal agencies lose through improper payments.

Procurement Management

The procurement management challenge encompasses the entire procurement process, including pre-award planning, contract award, and post-award contract administration. Given that the federal government awarded over \$500 billion in contracts in FY 2017, the fact that many federal agencies face challenges in procurement management indicates that billions of taxpayer dollars may be at increased risk for fraud, waste, abuse and mismanagement. Further, many federal agencies rely heavily on contractors to perform their missions and, as

a result, the failure of a federal agency to efficiently and effectively manage its procurement function could also impede the agency's ability to execute its mission. The key areas of concern we identified included weaknesses with procurement planning, managing and overseeing contractor performance, and the training of personnel involved in the procurement function.

Facilities Maintenance

Federal agencies face challenges ensuring that their facilities stay in proper condition and remain capable of fulfilling the government's needs. Throughout the federal government, OIGs have identified insufficient funding as the primary reason why agencies fail to maintain and improve their equipment and infrastructure. Without additional funding for required maintenance and modernization, it is unclear how agencies will manage the challenges of equipment and infrastructure that are simultaneously becoming costlier and less effective. The key areas of concern we identified included the increased likelihood of mission failure and the higher overall cost of deferred maintenance.

Grant Management

The grant management challenge includes challenges related to the process used by federal agencies to award, monitor, and assess the success of grants. Deficiencies in any of these areas can lead to misspent funds and ineffective programs. As proposed in the President's budget for FY 2018, federal agencies will spend more than \$700 billion through grants to state and local governments, non-profits, and community organizations to accomplish mission-related goals. However, the increasing number and size of grants has created complexity for grantees and made it difficult for federal agencies to assess program performance and conduct oversight. The key areas of concern we identified were similar to challenges already described above, but OIGs reported grant management as a TMPC with sufficient frequency that it ranked as a separate, freestanding challenge. These concerns included ensuring grant investments achieve intended results, overseeing the use of grant funds, and obtaining timely and accurate financial and performance information from grantees.

Thank you again for your strong bipartisan support for our work, and we look forward to working with the Congress and the Administration as the IG community continues its crucial oversight mission on behalf of the public. This concludes our prepared statement, and we would be pleased to answer any questions that you may have.