

REMARKS OF HAROLD W. GEISEL
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U.S. DEPARTMENT OF STATE AND
THE BROADCASTING BOARD OF GOVERNORS

BEFORE THE

HOUSE COMMITTEE ON FOREIGN AFFAIRS

ON

WATCHING THE WATCHERS: THE NEED FOR SYSTEMIC
REFORMS AND INDEPENDENCE OF THE STATE
DEPARTMENT INSPECTOR GENERAL

APRIL 05, 2011

Thank you Madam Chairman, Ranking Member Berman, and members of the committee for the opportunity to testify today.

Since being appointed by Secretary of State Rice during the summer of 2008, I have often told OIG employees that we have the best jobs in the Federal Government because we get paid to tell the truth. Our reports are the true objective measure of our independence and effectiveness. Our inspections of Embassies Baghdad, Kabul and Luxembourg, plus our audits of the new embassy construction in Baghdad, passport snooping and the Christmas bomber clearly show that OIG is independent, thorough and responsive.

The GAO report was issued in 2007. By the close of FY 2010, the number of reports issued annually on my watch increased from 107 to 157, open investigations increased from 36 to 101, subpoenas increased from 0 to 25, and contractor suspension and debarment actions increased from 0 to 5.

OIG has substantially expanded its oversight in critical areas, particularly in Afghanistan. We now have boots on the

ground at five overseas locations. The Office of Investigations has 26 active investigations in the Middle East and Southwest Asia, 10 related to Afghanistan.

President Bush nominated an IG several weeks after I arrived in June, 2008. Although he was not confirmed, my top priority was to continue rebuilding OIG's oversight capability and morale. I read GAO's report and kept it on my desk because I valued its input.

We have complied with GAO's recommendations to establish an MOU with Diplomatic Security and include IT reports in our internal quality review process. Also, the Foreign Service Deputy Inspector General (DIG) position was abolished in January 2011. Thus, any future DIG who becomes Acting IG will be a **civil** servant, not an FSO. However, we believe not considering civil servants with Department management careers would unduly exclude highly qualified candidates.

OIG has reassessed the mix of audit and inspection coverage. Our methodology for investing resources now includes

a risk management approach that ensures all congressional and executive mandated audits and inspections are performed and that our remaining audits and inspections cover high-cost programs, key management challenges, and vital operations.

Our Office of Audits reorganized in January 2010 to gain functional area expertise, contribute to an audit planning process that included high risk/high cost programs, and operate in a more efficient and accountable manner. In October 2011, our Middle East Regional Office (MERO) will be merged into the Office of Audits, easily making Audits the largest component of the State OIG with more than 90 fulltime employees. We anticipate that the number of audits will substantially increase after MERO is incorporated into Audits.

Our inspections cover three broad areas that are consistent with Section 209 of the Foreign Service Act: policy implementation, resource management, and management controls. The IG community has long recognized that inspections are uniquely suited to provide timely feedback to program

managers and to review highly technical matters. The inspection function is growing in number and size within the IG community and the 2008 IG Reform Act acknowledges the inspection role of OIGs as separate from audits.

Our mix of oversight coverage is effective because our offices complement one another's efforts in an efficient manner. During each inspection cycle, teams examine a wide cross section of issues at multiple posts and bureaus. When a team discovers an area that requires a "drill down" audit or investigation, it is referred to those offices. For example, the Embassy Baghdad inspection team discovered an "overtime" issue that required additional oversight. An audit team followed the inspection and produced major findings and recommendations that resulted in changes to overtime policies, leading to better controls at the embassy.

Finally, there is an overriding need to use inspectors with the requisite experience, expertise, and Senate-confirmed ambassadorial status to lead inspections of overseas missions.

The House Committee on Foreign Affairs report on Section 209 of the Foreign Service Act of 1980 stated it well – quote - “The Inspector General must be served, on the one hand, by individuals who are trained in auditing and, on the other hand, by individuals who possess foreign policy training and knowledge of the Foreign Service” - unquote.

Any potential concern is also mitigated by OIG’s transparency, vetting procedures, and recusal policies. Few of the inspection teams are led by active-duty Foreign Service ambassadors, and inspection team leaders report to and are rated by the AIG for Inspections, a member of the Senior Executive Service.

Just 17 of the 64 direct-hire staff members currently employed in Inspections are FSOs, and most retire after their assignments with OIG. In short, as Congress previously recognized, FSOs play an invaluable role in our inspections which, together with checks and balances, outweigh any theoretical appearance of lack of independence.

In sum, we believe OIG is in substantial compliance with GAO's recommendations.

Once again, thank you Madam Chairman and Ranking Member Berman for the opportunity to appear today. I would be pleased to take any questions you have at this time.