

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

BEFORE THE

UNITED STATES SENATE  
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT  
AFFAIRS AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT

ON

EFFECTS ON INSPECTOR GENERAL OVERSIGHT OF S. 2139, THE  
“COMPREHENSIVE CONTINGENCY CONTRACTING REFORM ACT OF  
2012”

APRIL 17, 2012

Thank you, Chairman McCaskill, Ranking Member Portman, and Members of the Subcommittee for the opportunity to discuss our views on strengthening oversight of government contracts during contingency operations. I ask that my full testimony be made part of the record.

We commend the Subcommittee for its leadership and tenacity in developing this critical legislation.

Madam Chairman, we believe that Senate Bill 2139 is a positive effort to ensure that statutory Inspectors General (IGs) have the tools needed to provide effective oversight in the most challenging overseas environments.

The effect of the bill's provisions on OIG would be broad, positive and certainly manageable. OIG agrees with, and supports Sections 101 and 103 in the bill – with three suggested revisions.

### **IG Funding for Contingency Operations**

First, we recommend a small, but important, revision to Section 101. We suggest an automatic, percentage-based funding mechanism be included in the operation's budget for both Departmental programmatic and IG oversight. IGs will need immediate additional funds to offset the unforeseen and unbudgeted costs of doing business in a contingency environment.

A model for these mechanisms can be found in the American Recovery and Reinvestment Act, where funding for all of the involved IGs was provided to oversee the Act's significant new appropriations.

## **The Lead Inspector General**

Second, Section 103 of the bill would mandate that the Chair of the Council of Inspectors General on Integrity and Efficiency designate a Lead Inspector General for the Contingency Operation and resolve conflicts of jurisdiction between the participating IGs.

We suggest that at the onset of a contingency operation, the relevant Inspectors General would first determine which agency is expected to have the largest share of the operation's funding – and that agency's IG would become the Lead IG. It would follow that the agency with the next highest level of funding would become the operation's Associate IG.

In recent years, the statutory IGs worked well together to oversee contingency operations. For example, conflicts on jurisdiction and work de-confliction have been resolved efficiently by both the Southwest Asia Joint Planning Group and the International Contract Corruption Task Force for work in Iraq, Pakistan and Afghanistan. These groups, which are comprised of all IGs working in these countries, meet quarterly and have been a success. This approach would save time and simplify the process during the hectic period at the onset of a contingency operation.

## **Periodic Reporting**

Lastly, we support the provision for semi-annual IG reporting. We do suggest one adjustment – that this reporting be scheduled to coincide with the OIG's semiannual reporting cycle.

However, the quarterly reporting provision, in Section 103, would mandate that IGs provide detailed financial data, specifically:

- Obligations and expenditures
- A project-by-project, program-by-program accounting of incurred costs
- Foreign investment revenues
- Seized or frozen asset information
- Agency operating costs and
- Detailed contract and grant financial information

All of this data resides in the department or agencies, not in the OIGs. We suggest that the participating Departments provide a periodic stream of data to Congress – and – to the participating statutory IGs. We can use this information, on a semi-annual basis, to better plan and prioritize our oversight work.

Finally, our recent successes in OIG are a result of the increased confidence in our work, and the resulting congressional funding increases appropriated since 2009. These increases have enabled OIG to increase audit and inspection reports by more than 56 percent since then. Similarly, suspension and debarment actions based on OIG referrals have increased dramatically from 0 in 2008 to 17 in 2011. And today, we are operating in five overseas offices from Cairo to Kabul.

So, when Congress provides the necessary funding, we deliver good results. That said, when you set out to rebuild an organization, take it to new regions and modernize its approaches, it's not always about the money.

That is why we appreciate your efforts to provide the new hiring authorities and the legal framework adjustments that support more effective law enforcement.

Thank you, Chairman McCaskill and Ranking Member Portman, for this opportunity and I am prepared to answer your questions.