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**Testimony of Daniel I. Werfel
Controller, Office of Management and Budget
before the
House Committee on Oversight and Government Reform
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Introduction and Overview

Thank you, Chairman Issa, Ranking Member Cummings, and members of the Committee, for the invitation to discuss the status of Federal Inspector General (IG) leadership with you today.

The IG community plays an integral role in enhancing financial stewardship and accountability across the Federal Government. Through audits, investigations, evaluations, and inspections, the IG community provides critical analysis and oversight that strengthens program integrity, helps to eliminate waste, and holds our Federal projects and programs accountable to the public. In this era of fiscal constraints, the role of the IG is more important than ever in helping agency leadership identify and address management challenges and maximize the impact of our limited Federal resources.

The central role of the IG dates back to the passage of the Inspector General Act of 1978 (IG Act) over 34 years ago. The IG Act established Offices of Inspector General within Federal agencies to conduct and supervise audits and investigations in agency programs and to provide leadership and coordination for activities designed to promote economy, efficiency, and effectiveness and prevent and detect fraud and abuse.

More recently, the Inspector General Reform Act of 2008 (Reform Act) established the CIGIE, which is charged with, among other things, identifying, reviewing, and discussing areas of weakness and vulnerability in Federal programs and operations with respect to fraud, waste, and abuse and developing plans for coordinated, Government-wide activities that address these areas. Under the Reform Act, the OMB Deputy Director for Management serves as the Executive Chairperson of CIGIE, focused on facilitating the exchange of information between CIGIE and the agencies represented on it. However, this role is properly limited, given the importance of preserving the independence of IGs and the CIGIE. The Chairperson of the Council, whose responsibility it is to carry out the functions and duties of the Council, is currently Phyllis Fong, the IG for USDA.

In addition, the Reform Act amended the IG Act by adding requirements that help to safeguard IG independence. This independence is one of the most central and crucial qualities of the IGs, allowing them to report objectively and directly to their agency heads on potential areas of concern or deficiency. Critical to this independence is the expertise and dedication of the civil servants that support the IGs, armed with extensive and diverse expertise in areas such as accounting, auditing, law, management analysis, program analysis and public administration, and

investigations. This Administration remains committed to supporting the work of the IG community while respecting its independence.

IG and Management Partnership

The indispensable work of IGs in safeguarding and overseeing taxpayer funds is consistent with a core commitment of this Administration to make the Federal Government more transparent and accountable to the American people than ever before. As dedicated steward of the taxpayers' dollars, the Government has a responsibility to provide information to the public on how Federal funds are being spent and to work tirelessly to root out and prevent waste, fraud, and abuse in Federal programs. Working with the IG community over the past three years, we have made tremendous strides towards the President's goal of promoting transparency and accountability for all Federal spending. But there is more that we can, and must, do.

That is why the President created the Government Accountability and Transparency Board (GAT Board). The GAT Board, comprised of IGs and senior agency leaders with proven records as fraud and waste watchdogs, was established nearly a year ago as part of the President's commitment to creating a more efficient, effective and accountable government. This past December, the GAT Board provided the President with its inaugural report, which included recommendations the Government can take now to improve the accessibility, usability, and reliability of Federal spending data and broaden the deployment of anti-fraud technology proven successful during the Recovery Act. The work of the GAT Board draws heavily on the experience of the IGs that joined together as the Recovery Accountability and Transparency Board (Recovery Board) to oversee and safeguard Federal funds appropriated under the Recovery Act. Working together, agencies, the Recovery Board, OMB, recipients, and Congress made sure that funds were deployed quickly, transparently, and with historically low levels of waste, fraud, and abuse.

As the GAT Board reported to the President, "Cooperation and strong relations between Agency management and the IG community promote a synergy that can effectively identify risks and mitigate fraud, waste, and mismanagement." Each year, IGs identify top management challenges facing their individual agencies and focus on high-risk activities common across the Federal Government, including information technology (IT) and security, financial management, and procurement, among other issues. There are several recent and notable successes that have been driven, in part, by the effective partnership between audit and management. Specifically:

- In the area of technology, the IG community has examined multiple facets of government-wide IT operations, complementing the Administration's efforts to close over 1,000 data centers by the end of 2015, and in establishing the TechStat program which has resulted in approximately \$4 billion worth of savings and cost reductions in IT investments.
- Through the tireless efforts of both the audit and financial management communities, this year, for the first time since the passage of the Chief Financial Officers Act over twenty years ago, 23 of the 24 applicable agencies obtained an opinion from the independent auditors on their financial statements, and all but two of these opinions were clean.

- As IGs have put a spotlight on suspensions and debarments, agencies have done the same. Armed with a new tool - the Federal Awardee Performance and Integrity Information System – to provide broadened access to information about the integrity of contractors, agencies are making better use of suspension and debarment authorities to ensure that contractors are playing by the rules and have the requisite integrity and business ethics to do business with the Government.
- Combating improper payments is a leading priority in the Administration's Campaign to Cut Waste. Over the past two years, the Federal Government has avoided \$20 billion in payment errors by driving the improper payment rate down in Medicare, Medicaid, Pell Grants, Supplemental Nutrition Assistance Program benefits (Food Stamps), and others critical assistance programs. To complement our efforts, in March of this year the IGs completed the first ever review of agencies' efforts to reduce improper payments to determine whether they were compliant with the Improper Payments Elimination and Recovery Act of 2010. These IG reviews added another layer of accountability to the government-wide effort to reduce and recapture improper payments. In their reviews, IGs provided recommendations for actions, which will be critical to continued progress in this area and meeting the President's charge to avoid \$50 billion in improper payments by the end of this fiscal year.

Closing

IGs have made significant contributions in overseeing and improving the Federal Government's performance and accountability over the past 34 years and I am confident they will continue to do so. IG reports have saved billions of dollars and have helped draw agency and public focus to high-risk activities and performance issues that affect operations and missions. In these challenging fiscal times, this Administration recognizes the importance of maintaining a strong, independent role for IGs, and we look forward to continuing to work with the IG community to promote financial stewardship and accountability across the Federal Government.

Thank you, and I look forward to answering your questions.

Danny Werfel

On October 13, 2009, the United States Senate confirmed Danny Werfel as the Controller of the Office of Federal Financial Management (OFFM) within the Office of Management and Budget (OMB). As Controller, he is responsible for coordinating OMB's efforts to initiate government-wide improvements in all areas of financial management, including financial reporting, improper payments, and real property management. Mr. Werfel is also responsible for coordinating the development of government-wide policy on financial accounting standards, grants management, and financial systems.

Prior to his current position, Mr. Werfel served in multiple capacities within OMB, included Deputy Controller, Chief of the Financial Integrity and Analysis Branch, Budget Examiner in the Education Branch, and Policy Analyst in the Office of Information and Regulatory Affairs. Mr. Werfel also served as a Trial Attorney in the Department of Justice's Civil Rights Division.

Mr. Werfel is a recipient of both national and local awards from the Association of Government Accountants for his contributions to Federal financial management. He was the recipient of the Presidential Rank Award for Meritorious Service in 2008. Mr. Werfel also served as a member of the Federal Accounting Standards Advisory Board from 2006 to 2009.

Mr. Werfel holds a Masters Degree in Public Policy from Duke University, a Juris Doctor from the University of North Carolina at Chapel Hill, and a Bachelors Degree in Industrial and Labor Relations from Cornell University.