

**Testimony of Inspector General
John Roth**

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

**“Recommendations and Reforms
from the Inspectors General”**

**November 15, 2017
10:00 AM**





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Chairman Gowdy, Ranking Member Cummings, and Members of the Committee, thank you for inviting me here today to discuss the implementation of the *Inspector General Empowerment Act of 2016* (IGEA), its impact on the Inspector General community, and areas of ongoing challenges.

Investing in the Inspectors General

We appreciate that Congress – and this Committee in particular – recognizes the value of federal offices of Inspector General (OIGs) and willingly steps up for OIGs by passing legislation that empowers OIGs. Simply put, without the support of Congress, and the significant independence and access provisions contained within the *Inspector General Act*, we would be unable to do our job.

Unfortunately, many OIGs face cuts in the President’s fiscal year 2018 budget request (President’s Budget), some quite drastically. Budget cuts can present an ongoing challenge for not just my office, but many in the Inspector General community. Without the resources to do the job, no matter how strong the provisions in the *Inspector General Act* with regard to independence and access to information, and no matter how strong the support from this committee and others, money can always be used as a weapon to diminish our ability to conduct the active and independent oversight that Congress and the public deserve.

For my own office, the President’s Budget decreased our budget by 10 percent under fiscal year (FY) 2017 enacted levels. The impact of such a decrease would be significant, would result in a potential reduction in our work force, and an inability for us to meet FY 2018 mission requirements. At the same time, the President’s Budget cuts the OIG budget, it included significant increases in traditionally high-risk areas at the Department of Homeland Security (DHS) such as U.S. Customs and Border Protection (CBP) (15.1 percent increase) and U.S. Immigration and Customs Enforcement (ICE) (16.9 percent increase).

Total Budget Authority For Selected Components of DHS			
Dollars in Thousands			
Component	FY 2017 Enacted	FY 2018 President's Budget	FY 2018 +/- FY 2017 %
Office of the Inspector General	175,000	158,000	-10%
U.S. Customs and Border Protection	14,241,721	16,387,729	15.10%
U.S. Immigration and Customs Enforcement	6,796,240	7,942,072	16.90%

- **Increased risk** compounded by **decrease in oversight**
- **-10% underestimates overall reduction in resources; does not account for non-discretionary FY 2016 and FY 2017 increases (e.g., wages, rent, etc.)**



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Growth in high-risk areas results in increased risk, and in this situation, the increased risk is compounded by the decrease in oversight. Consider the growth at CBP and ICE while both agencies work to hire 15,000 border patrol agents and immigration officers as directed by two Executive Orders signed in January 2017. Historically, DHS OIG has seen large increases in the number of allegations of misconduct against DHS personnel after rapid hiring surges. We proactively issued a Special Report¹ on the challenges DHS faces in its attempt to hire 15,000 border patrol agents and immigration officers. While we made no recommendations, we determined that proper workforce planning is needed to ensure correct staffing levels, ratios, placements, and to guide targeted recruitment campaigns. Conversely, inadequate workforce planning will likely undermine the ability of CBP and ICE to achieve hiring mandates and perform mission essential duties and functions. A decrease in DHS OIG resources at this critical time would impede our ability to effectively monitor the Department as it embarks on this large scale hiring effort.

These proposed cuts in OIG budgets are all the more puzzling given the commitments the Administration made to Congress. At his confirmation hearing testimony, Office of Management and Budget (OMB) Director Mulvaney – a former member of this Committee -- acknowledged the importance of OIGs, stating:

We are underutilizing a tool [the Inspectors General] ... most of the data, a lot of times, that we have at the Oversight and Government Reform [Committee] hearings are driven by the IG. Congress needs to have those inspectors general doing their job and helping us collect information so we can make good decisions about how to fix and reform various institutions. I do look forward to making that a priority at OMB.²

These proposed cuts would make little sense given the contributions Inspectors General make. The Brookings Institute's Center for Effective Public Management, an independent research organization, has analyzed the financial impact on government when OIGs' budgets are cut and found that cuts to OIG budgets actually *cost* the government money and contribute to the federal deficit. In fact, OIGs "often function as revenue-positive institutions – entities that bring in more revenue than they cost."³ This is supported by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) – an organization

¹ [Challenges Facing DHS in Its Attempt to Hire 15,000 Border Patrol Agents and Immigration Officers, OIG-17-98-SR](#) (July 2017).

² Senate Budget Committee, [Hearing to Consider Nomination of Rep. Mick Mulvaney to lead OMB](#) (January 24, 2017).

³ [John Hudak and Grace Wallack, Sometimes cutting budgets raise deficits: The curious case of inspectors' general return on investment, Center for Effective Public Management at BROOKINGS](#) (April 2015).



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that includes 73 OIGs. According to data from CIGIE, in FY 2017, work by OIGs resulted in a total of \$26.3 billion in potential savings from audits and thus far in FY 2018, the work of OIGs has resulted in \$223.53 million of potential savings.⁴

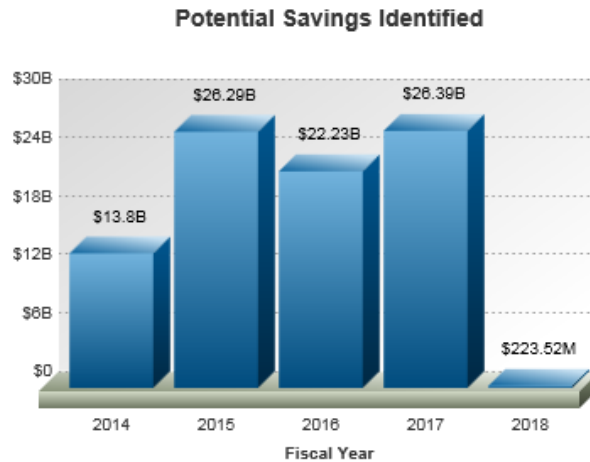


Figure 1: Potential Savings Identified by OIGs⁵

As compared to the budget for the DHS, the budget for DHS OIG is relatively tiny — we represent just 0.32 percent of the DHS budget, yet we have an outsized impact on the operation of the Department. On average, over the past three FYs, for every dollar invested in the DHS OIG, we returned \$10.80 in savings, as reflected by the statutory performance measures set forth in the *Inspector General Act*. This dollar figure vastly understates our performance, because we put a priority on Homeland Security and public safety. Much of our best work — audit and inspections reports that shed light on dangerous or ineffective programs, for example — doesn't carry with it a cost savings, but the value to the American taxpayer is incalculable.

In addition to addressing new high-risk areas, we are performing work pursuant to 44 congressional mandates, including 23 DHS OIG mandates enacted in FYs 2016 and 2017. We fully expect these mandate requirements to grow, as Congress has introduced 22 bills imposing a new congressional mandate on DHS OIG in the 115th Congress alone. Without the appropriate funding, we would do fewer audits, inspections, and investigations. As the number of mandates grows, the number of discretionary jobs we are able to do shrinks. We often refer to our discretionary audits and inspections as the “sweet spot” of oversight because they allow us to identify high-risk areas and opportunities for correction before a crisis occurs. In addition to the Special

⁴ See [Oversight.gov All Federal Inspector General Reports in One Place](https://www.oversight.gov/all-federal-inspector-general-reports-in-one-place).

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Report I mentioned before, other examples of discretionary reports issued this year include:

- [DHS Tracking of Visa Overstays is Hindered by Insufficient Technology](#)
- [Management Alert on Issues Requiring Immediate Action at the Theology Facility in Orange, California](#)
- [DHS Lacks Oversight of Component Use of Force](#)

The proposed budget cuts would have also threatened our work in important areas such as cybersecurity, acquisition fraud, and whistleblower retaliation. This undermines the very goals of the IGEA, which was designed empower OIGs to conduct the kind of rigorous, independent, and thorough oversight that taxpayers expect and deserve.

For DHS OIG, we are grateful to this chamber for passing an appropriations bill which funds us at our requested levels so we can fully execute our mission.⁶ We hope the Senate will follow the House's lead in this matter. However, other OIGs may not have been as fortunate as us, and are facing budget cuts that will compromise their missions.

The Value of Independent Oversight in Improving Government Operations

I believe I speak for the entire OIG community in expressing my gratitude to this Committee for its leadership in championing the IGEA and the cause of vigorous and independent oversight. The OIGs' reporting relationship to Congress is a key feature of the *Inspector General Act*. Inspectors General recommend, but do not direct. Therefore, congressional oversight plays a critical role in ensuring effective Departmental operations: that which gets paid attention to gets fixed. Probing, fact-based oversight, whether done internally by an inspector general or externally by a congressional committee, can help bring about change.

For example, after conducting our covert tests at airport security checkpoints we identified vulnerabilities with the Transportation Security Administration's (TSA) screener performance, screening equipment, and associated procedures. Ultimately, we made eight recommendations in our classified report that when

⁶ Representative Fitzpatrick, a member of the House Committee on Homeland Security, introduced an amendment during the House's consideration of the FY 2018 omnibus appropriations bill. Representative Fitzpatrick, joined by Representatives Higgins, Donovan, and Estes, spoke in support of funding our office which he described as not only "vital to our national security...but also a place where dollars spent turn into dollars saved." [Representative Brian Fitzpatrick \(PA\). "Amendment 70." Congressional Record 163: 143 \(September 6, 2017\). p.H7076.](#)



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implemented should improve TSA's screening checkpoint operational effectiveness. Within weeks of our report being issued, this Committee has already followed up with the Department, reaching out to the Acting Secretary of DHS to determine what actions TSA is currently taking to address the issues we raised in our report.⁷ Without such vigorous oversight and congressional interest in evaluating programs, there is less motivation to enact difficult institutional change.

Oversight fosters positive change and makes government better. The critical and skeptical review of programs and operations, both by the Inspectors General and by congressional oversight committees, conducted in full view of the public, acts as the "disinfectant of sunlight" to ensure improved transparency, accountability, and efficiency in government. It also facilitates the efforts of Inspectors General to keep Congress fully and currently informed about problems and deficiencies within government programs and operations, in compliance with their obligations under the *Inspector General Act*.

Disaster Assistance Working Group

The IGEA has improved and streamlined the way we do business, particularly in analytics. For example, it exempts us from some of the requirements when matching data from two or more data systems within the federal government. Matching two disparate databases can yield valuable insights. The new authorities in the IGEA allow us to be able to complete some audits far more quickly than we would otherwise be able. Previously, the *Computer Matching Act* interposed significant barriers to us matching DHS data against data contained in other government databases.

We expect that our new computer matching exemptions will be especially useful to the members of CIGIE's Disaster Assistance Working Group (DAWG) as we provide independent oversight of the federal response to the recent devastating hurricanes in Texas, Florida, Puerto Rico, and the U.S. Virgin Islands.

Disasters, both natural and man-made, provide unique opportunities for fraud, abuse, and mismanagement that would deprive affected individuals the full benefit and use of federal funds designated for relief and recovery. Congress and the public rely on the OIGs and the Government Accountability Office (GAO) to be the principal federal line of defense against such incidents. Congress, OIGs, and GAO also recognize that CIGIE plays a critical role in

⁷ [Letter from The Honorable Trey Gowdy and The Honorable Elijah Cummings, Chairman and Ranking Member of the U.S. House of Representatives Committee on Oversight and Government Reform, to The Honorable Elaine C. Duke, Acting Secretary of the Department of Homeland Security](#) (Nov. 1, 2017).



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helping to coordinate the OIG's efforts to oversee the resources appropriated by Congress for disaster recovery programs. This is especially true when the OIGs' work is to be performed in a short timeframe under the complex and extreme conditions typically created by a disaster.

OIGs have a long history of facilitating impactful and coordinated oversight of federal agencies' disaster relief operations and activities. In response to Hurricanes Katrina, Rita and Wilma in 2005, the OIGs established the DAWG. Through the DAWG the OIGs provided coordinated oversight of more than \$68 billion in resources made available by Congress to aid in 2005 Gulf Coast Hurricane recovery efforts. In response to Superstorm Sandy in 2012, CIGIE reactivated the DAWG so that the OIGs could again provide coordinated oversight for the roughly \$50 billion that Congress appropriated in the *Sandy Recovery Improvement Act*.

In response to the damage caused by Hurricanes Harvey, Irma, and Maria, Congress has to date appropriated an additional \$26.07 billion to the Disaster Relief Fund, \$450 million for the Small Business Administration (SBA) Disaster Loans Program, \$7.4 billion in Department of Housing and Urban Development (HUD) Community Development Block Grants, \$576.5 million for wildfire response, canceled \$16 billion in National Flood Insurance Program debt, and provided \$1.270 billion in disaster nutrition assistance to Puerto Rico. CIGIE has therefore reactivated its DAWG to coordinate the OIGs' oversight efforts of these and any other disaster-related funds. I chair the DAWG, and we have created several subgroups to address particular areas of oversight. HUD OIG currently chairs the Audits and Investigations Subgroups of the DAWG, and DHS OIG currently chairs the Data Analytics Subgroup.

Damages from Hurricane Harvey alone are estimated to exceed \$100 billion. As part of our oversight efforts, we are utilizing our data analytic tools to root out hurricane disaster related fraud, which has included vetting Federal Emergency Management Agency (FEMA) contractors and monitoring social media. We have also identified several areas where we will utilize computer matching to conduct joint audits. For example, DHS OIG has partnered with the HUD Office of Inspector General and we plan to conduct a joint audit concerning duplicate housing assistance provided by HUD and FEMA. Duplicate housing assistance was an issue we identified after Hurricane Sandy, when we identified 29,763 records where FEMA paid approximately \$250 million in homeowners' assistance to applicants whom the private insurance database identified as having made private homeowners' or automobile claims. DHS OIG also plans to work with the SBA Office of Inspector General to conduct a joint audit concerning the need for many disaster assistance victims receiving FEMA Individuals and Households Program assistance to first apply for a low interest SBA loan. Finally, DHS OIG will work with Treasury Inspector



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General for Tax Administration (TIGTA) to verify the accuracy of income representations made by individuals applying for FEMA Individuals and Households Program assistance.

We are confident that these partnerships will result in more effective oversight and stewardship of the significant amount of federal funds dedicated to the post hurricane recovery efforts. We are committed to providing oversight as described above; however, without supplemental funds directed to Inspectors General, our oversight will be performed within the limitations of existing resource levels. Given the size, magnitude, and financial impact of Hurricanes Harvey, Irma, and Maria, CIGIE requested Congress consider including resources for the Inspectors General of relevant agencies like the supplemental funding provided OIGs in the *American Recovery and Reinvestment Act of 2009*.⁸ We are pleased that the recently passed *Additional Supplemental Appropriations for Disaster Relief Requirements Act* included \$10 million for the DHS OIG. We have submitted a request to DHS and OMB for an additional \$25 million for oversight and investigations, which we believe will enable robust oversight of recovery efforts while continuing our mission critical audit, inspection, and investigative work.

Mr. Chairman, this concludes my testimony. I am happy to answer any questions you or other members of the committee may have.

⁸ Letter from The Honorable Michael E. Horowitz and The Honorable John Roth, CIGIE Chair and Disaster Assistance Working Group Chair, to The Honorable Thad Cochran, The Honorable Patrick J. Leahy, The Honorable Rodney P. Frelinghuysen and The Honorable Nita M. Lowey, Chairman and Vice Chairman of U.S. Senate Committee on Appropriations and Chairman and Ranking Member of U.S. House of Representatives Committee on Appropriations (Sept. 14, 2017).

John Roth – Inspector General, Department of Homeland Security



The U.S. Senate on March 6, 2014 confirmed the nomination of John Roth to be Inspector General of the Department of Homeland Security.

Mr. Roth, who most recently served as Director of the Office of Criminal Investigations at the Food and Drug Administration, was nominated to lead the DHS Office of Inspector General by President Barack Obama.

Prior to his move to the FDA in June 2012, Mr. Roth had a 25-year career as a federal prosecutor and senior leader in the Department of Justice. He began his career in 1987 as Assistant U.S. Attorney for the Eastern District of Michigan. From 1994 to 1999, he was Chief of the Narcotics Section at the U.S. Attorney's Office for the Southern District of Florida.

From 1999 to 2004, Mr. Roth served as Section Chief at DOJ's Criminal Division for the Narcotic and Dangerous Drugs Section and the Asset Forfeiture and Money Laundering Section. During that time, he served on a detail as Senior Counsel and Team Leader for the congressionally chartered 9/11 Commission and helped to write a well-regarded monograph on terrorist financing, and assisted in completing the Commission's final report.

In 2004, Mr. Roth became the chief of the Fraud and Public Corruption section at the U.S. Attorney's Office in the District of Columbia, supervising a staff of prosecutors investigating fraud and public corruption cases. In 2007, he served as Acting Deputy Assistant Attorney General in the Criminal Division and became chief of staff to the Deputy Attorney General in 2008.

Mr. Roth culminated his DOJ career as the department's lead representative on the Financial Action Task Force in Paris, France, an intergovernmental organization fighting against money laundering and terrorist financing.

Mr. Roth earned a B.A. and a law degree from Wayne State University in Detroit.