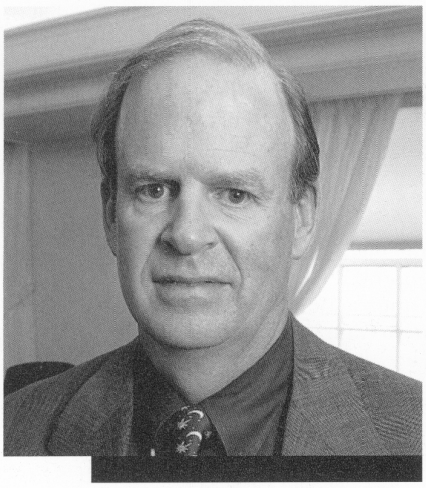
'In the Belly of the Beast'

By K. Daniel Glover



RICHARD A. BLOOM

Clay Johnson: The OMB's deputy director for management said IGs were fired because they focused too much on finding wrongs only after they occurred.

Deep within the inner sanctums of the federal bureaucracy, a cadre of civil servants some 11,000 strong labors largely unknown. They are the watchdogs of government, and although their mission has expanded in recent years, their primary watchwords remain "waste, fraud, and abuse." They are the inspectors general, known as the IGs.

The IGs see themselves as "agents of positive change" and the guardians of "good government," and many observers agree. The people in the government and in the private sector who are on the receiving end of the IGs' audits and investigations do not always share that view, however. Even some who support the IG community in theory see some problems.

So as the IGs last month celebrated the 25th anniversary of the Inspector General Act, earning a brief visit with President Bush, accolades from Congress, and a series of interviews on C-SPAN, officials began to debate anew an oversight idea that has sparked admiration in some circles and fear, or even revilement, in others.

"The IG concept has grown and evolved," said Richard P. Kusserow, who was an inspector general at the Health and Human Services Department during the Reagan administration and is now the president of Strategic Management Systems. "It is different than it was intended to be 25 years ago," and he said he is not sure yet whether the changes have been good or bad. "I prefer having been an IG when I was," he added.

Expansion and Success

Congress created the first Office of Inspector General for the then-Health, Education, and Welfare Department in 1976, in response to Medicaid fraud. By 1978, congressional interest in appointing a wider corps of investigators led to the overwhelming approval of the IG Act.

The statute created IG offices in 12 departments and agencies, with the inspectors general to be chosen by the president and confirmed by the Senate. Since then, it has been broadened to encompass all of the Cabinet departments. In 1988, Congress also created IG offices for 33 smaller agencies, but left the job of naming those IGs exclusively with the agency chiefs. Nearly 60 executive branch departments and agencies now have inspector general offices.

Congress has also expanded the job description. IGs now address matters that cross agency lines, such as the use of government purchase cards, and they work in areas such as computer security and the oversight of chief financial officers in agencies that lack IG offices. The Bush administration has gone further and sought the IGs' input on implementing the President's Management Agenda, which is focused on getting the taxpayers more for their money.

The annual reports that the inspectors general submit to the president highlight the successes of the IGs' work. From fiscal 1995 through fiscal 2002, the reports show, the IGs proposed about $183.8 billion in savings, recovered some $24.8 billion through their investigations, and successfully prosecuted an estimated 93,300 cases.

And more successes are reported regularly, both externally and internally. Education Department IG Jack Higgins, for instance, said his office last month won an indictment in New York related to identity theft aimed at defrauding the federal student-loan program. The scheme involved about 2,300 names, he said, and it could have cost the government $44 million.

And Transportation Department IG Kenneth M. Mead said his office has highlighted problems in Amtrak, highway safety, and "runway incursions" involving aircraft landings, among other things. "You need somebody inside that's going to speak truth to power," he said, adding, "You're in the belly of the beast … and it is not diffi-

cult to find areas where programs can be improved."

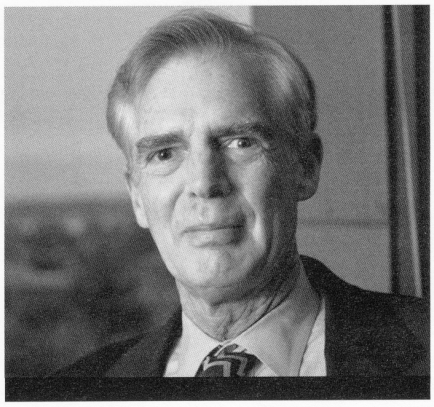
Shepherds or Sheepdogs?

People outside the IG community, however, and some who've been on the inside, see room for improvement in the IG program.

Stephen Ryan, a lawyer at Manatt Phelps Phillips, helped then-Senate Governmental Affairs Committee Chairman John Glenn, D-Ohio, expand the reach of the IG Act in 1988, and he still defends the watchdog concept. But as someone who now represents private-sector clients who often have to answer to IGs, he thinks of the phrase coined by the Roman author Juvenal: *Sed quis custodiet ipsos custodes,* which roughly translates to, "Who will guard the guards?"

Ryan complained that IGs sometimes run unsupervised probes that become "interminably long and lose their way." In such cases, he added, the inspectors have a vested interest in concluding the investigations positively, "and you can get dangerous results." He also said that too many IGs today are "freelancing in the policy arena" by "pushing their conception of what's good public policy" as opposed to investigating. IGs need to be the sheepdogs running alongside their flocks rather than the shepherds leading the way, he argued.

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Kenneth Mead: The Transportation IG says, "You're in the belly of the beast ... and it is not difficult to find areas where programs can be improved."

Former HHS Inspector General Kusserow voiced a similar complaint about today's IGs. "Policy-making belongs to the administration; it doesn't belong to the IGs," he said, and then admonished his successors to "stay out of the political game; stay in the facts and evidence."

But Kusserow also argued that IGs really are "not players anymore," largely for two reasons: Republicans in the House do not know how to use the IGs to draw attention to problems in federal programs; and administrations have been so focused on achieving diversity in the appointment process that the IGs have gotten little attention.

Bob Stone, a key aide to then-Vice President Gore on "reinventing government," and now a partner at the Public Strategies Group, is one of the harshest critics of the IG community. He dubbed the IGs "junkyard dogs" this year in his book, *Confessions*

Getting Real at the IG Academy

Agents in the IG community have earned a reputation as skilled auditors who annually identify billions of dollars in waste, fraud, and abuse. But they are more than numbers crunchers who warn of flaws in federal programs; they also have law enforcement powers that demand intense schooling in the inspection arts. That is the mission of the IG Criminal Investigator Academy.

IGs have received specialized training in law enforcement since 1987, but the current academy was not created until 1999. It was moved to Arlington, Va., in March so that it would be easily accessible for the Washington-based IG agents. "We're essentially the watchdog of the federal government," said Terry Freedy, executive director of the academy. "And just like if you had a canine watchdog, it's no good if it isn't trained."

Future inspectors general get their first taste of law enforcement at the sprawling Federal Law Enforcement Training Center near Brunswick, Ga. Freedy said people describe that center, which trains investigators for more than 75 agencies, as "one-third college campus, one-third military installation, and one-third theme park."

But that education does not prepare students entirely for work in the IG community, she said. "You need to have some sort of agency-specific or mission-specific follow-up training."

The next step, Freedy added, is general IG training at the academy. Students learn to master everything from basic computer techniques, such as how to trace money through financial institutions, to interrogation and weapons skills. They are also taught how to use collapsible batons and pepper spray, as well as other defensive tactics.

Freedy emphasized that while the targets of IG investigations may be considered white-collar criminals, such as a physician engaged in Medicaid fraud, they are criminals nonetheless. "You never know how an allegedly peaceful white-collar criminal will react.... You don't know if he might try to hurt himself or hurt the agents."

Another focus, especially since the September 11 terrorist attacks, is achieving the proper balance between securing the nation and protecting civil liberties. "Our job is to make sure the watchdogs are well trained," she said, "and that they not bite the people they're accountable to"—the taxpayers.

After their initial training, the IG agents continue to train on the job and at the academy in their first year. Areas of specialized study include undercover operations, procurement fraud, investigations into public corruption, advanced technical training in computer forensics, and wiretapping. The academy conducted 32 classes for 616 students in fiscal 2002.

The staff consists of experienced criminal investigators from IG offices throughout government. The training is interactive. It is based on real cases, and it features professional role-players. "The training we do is as close to real life as we can make it," Freedy said.

She has headed the academy for four years and said that instructors typically serve for three years, primarily because of the realities of law enforcement. "Laws change, and the bad guys change.... It's drastically different than when I first became an agent in 1975," she said.

The cost of the training currently is divided among the IG offices. Freedy noted that in 1999, Congress authorized specific money for the academy, but none has yet been appropriated. The IGs hope to persuade the White House to budget that money in the future. "This is smart government; this is good government," she said. "We can train people much more cheaply" than if agencies had separate IG training.

—K.D.G.

of a Civil Servant: Lessons in Changing America's Government and Military.

"The Inspector General Act is fatally flawed, and all the changes in management theory in the past 25 years have moved in the opposite direction," he said in a recent interview. While Stone agreed that managers of federal programs should be held accountable, he added that inspectors general lack the expertise to be second-guessing those professionals.

He cited at least two major problems with the act: the emphasis on eliminating "waste," and the ability of whistle-blowers, including those who may simply want to get even with bosses they dislike, to lodge anonymous complaints. IGs have an incentive "to label people as wasteful," Stone said, because they report their numbers on waste to Congress twice a year. And he described the atmosphere of "secret accusations" as "just poisonous."

Brookings Institution fellow Paul C. Light—who literally wrote the book on IGs, *Monitoring Government: Inspectors General and the Search for Accountability*, back in 1993—agrees that the inherent tension between IGs and the departments they investigate can be troublesome. But unlike Stone, Light criticizes the agency heads. "The executive branch never liked the IGs ... and still doesn't like the IGs," he argued in an interview.

Light said he has seen "a slow but steady politicization of the IGs over the past 20 years," but he took particular aim at the Bush administration. He criticized the administration both for dismissing IGs at the National Aeronautics and Space Administration and some other agencies upon taking office, and for hiring Janet Rehnquist, the daughter of Supreme Court Chief Justice William H. Rehnquist, as the inspector general at HHS.

The former decision had a "chilling effect" on the IGs, Light said, and the latter was "quite a dramatic signal," because it showed that the administration did not want a strong inspector general at HHS. Before Rehnquist resigned under pressure earlier this year, he said, she tried to dismantle "the premier organization" in the IG community by firing numerous staffers with institutional memory. (Rehnquist declined to be interviewed for this story.)

Both the White House and the IG community dispute such charges.

Clay Johnson, the deputy director for management at the White House Office of Management and Budget, said the IG firings at the start of the administration were not designed to deter criticisms but instead reflected concerns that those IGs focused too much on finding wrongs after they occurred rather than on preventing them.

"I have been pleased with the support we have received from the administration, both in this administration and the last administration," said Justice Department IG Glenn Fine. Gaston L. Gianni Jr. is inspector general of the Federal Deposit Insurance Corporation and represents top-level IGs as vice chairman of the President's Council on Integrity and Efficiency. He praised Johnson in particular and said, "He has paid attention to us; he has attended our meetings; and he has shared what the president is trying to accomplish."

The debate about the merits of the IG system, both as envisioned and as implemented, may lead to changes in the law, and the IGs and others have begun to push pet reforms. A House Government Reform subcommittee held a hearing on the IGs on October 8, and Rep. Jim Cooper, D-Tenn., touted a seven-year term for all IGs and removal from their jobs only for "cause," among other reforms.

The IGs' top priority is to give the force of law to the two councils for the IG community that currently exist only by executive order. They also would like more personnel flexibility, such as early buyouts for older IG agents who could be succeeded by those with more current technical skills.

"This is the starting point" of debate, Transportation IG Mead said. "This law has pretty much stood the test of time.... It's a good concept, and, sure, it can be improved." ■

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■ Cracked Cases

Inspectors general have their hands in almost every nook of the federal government. Here are some examples of their recent work, as highlighted in the various departments' semiannual reports to Congress last March:

State Department

A man who trained bomb-sniffing dogs for the department was indicted on 26 counts of wire fraud and two counts of submitting false claims to the government about the qualifications of the dogs and their trainers. Inspectors general at State and three other federal entities investigated.

Energy Department

The DOE Office of Inspector General concluded that two federal facilities "had not adequately controlled unclassified visits and assignments by foreign nationals," and sometimes granted foreign visitors access before completing background checks or consulting counterintelligence.

Justice Department

Illegal drug use and smuggling occur in almost every federal prison, according to the OIG. The office scolded the Bureau of Prisons for failing to ensure that prison visitors are searched adequately, and for not having enough cameras, monitors, or staff to watch inmate-visiting sessions.

Labor Department

The OIG accused the Internal Revenue Service of overcharging the Unemployment Trust Fund for collecting employers' monthly unemployment payments. The overcharges totaled $174 million over four years, and OIG recommended that the IRS reimburse the fund to the tune of $118 million.

Agriculture Department

On January 18, special agents from the OIG participated in a joint raid of a cockfighting operation in the Bronx, N.Y. More than 100 people were either arrested or summoned, a vehicle and $40,000 were seized, and 38 roosters were confiscated for testing. —K.D.G.