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NOMINATIONS OF HON. CLARK KENT ERVIN, JANET HALE, AND LINDA M. SPRINGER

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

ON THE

NOMINATIONS OF HON. CLARK KENT ERVIN TO BE INSPECTOR GENERAL FOR THE DEPARTMENT OF HOMELAND SECURITY, JANET HALE TO BE UNDER SECRETARY FOR MANAGEMENT FOR THE DEPARTMENT OF HOMELAND SECURITY, AND LINDA M. SPRINGER TO BE CONTROLLER OF THE OFFICE OF FEDERAL FINANCIAL MANAGEMENT FOR THE OFFICE OF MANAGEMENT AND BUDGET

FEBRUARY 27, 2003

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NOMINATIONS OF HON. CLARK KENT ERVIN, JANET HALE, AND LINDA M. SPRINGER

THURSDAY, FEBRUARY 27, 2003

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 11:03 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Coleman, Akaka, Carper, Lautenberg, and Pryor.

OPENING STATEMENT OF CHAIRMAN COLLINS

Chairman COLLINS. The Committee will be in order.

Today the Committee of Governmental Affairs is holding a hearing to consider three nominations, Clark Kent Ervin to be the Inspector General of the Department of Homeland Security; Janet Hale to be the Under Secretary for Management at the Department for Homeland Security; and Linda Springer to be the Controller of the Office of Federal Financial Management at the Office of Management and Budget.

In January the Committee approved the nominations of Governor Ridge to be the Secretary of the new Department and Gordon England to be its first Deputy Secretary. I am pleased today that the Committee is considering the next set of Homeland Security nominees, Mr. Ervin and Ms. Hale, both of whom appear to have strong credentials and relevant experience to the positions for which they have been nominated.

The Department of Homeland Security officially opened its doors on January 24. The establishment of the Department is the most significant government restructuring in more than 50 years. It involves the merger of some 22 agencies and 170,000 employees.

The creation of the Department is an enormous undertaking that will require a team effort to ensure its success. As part of that team, the Under Secretary for Management, who will be responsible for the organizational issues in the new Department, will have a particularly challenging job.

With this massive merger, the Under Secretary for Management will have to work to integrate disparate management, human resources, and information technology systems. Ms. Hale's extensive background in management in both the public and the private sectors appears to be ideal for undertaking the integration and management of these issues.

Another critical member of the Homeland Security team is the Inspector General. For more than 20 years the Inspectors General have been the watchdogs for Congress and the taxpayers in the ongoing battle against waste, fraud, and abuse. The DHS IG will face extraordinary challenges. Audit and investigative components from the various agencies must be integrated into a single entity within the Department.

The IG is also responsible for performing annual audits of the Coast Guard to ensure that its new Homeland Security responsibilities do not divert attention from its traditional roles, including vital search and rescue missions, which are of particular importance to my State.

Both the Under Secretary for Management and the Inspector General will be crucial to the successful organization and proper functioning of this vital new Department.

I am also pleased that today we will consider the nomination of Linda Springer to be the Controller of the Office of Federal Financial Management at OMB. The Controller acts as the deputy and principal advisor to the Deputy Director for Management in carrying out the financial management duties as outlined in the Chief Financial Officers Act of 1990.

This position is critical to ensuring that the financial management systems in the Executive Branch are efficient, accurate, and reliable. Ms. Springer's background again appears to be tailor-made for this position.

Before turning to my colleagues, I want to recognize Senator Carper for any opening comments that he may have, and to welcome him today.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Thank you, Madam Chairman.

And to our witnesses and to our colleagues, it is great to see each of you and I am looking forward to the hearing.

I am going to ask a rhetorical question. I know this is not a time to ask questions. But I see Senator Dole here and I have always wondered this.

For years I have told this story about when you had been nominated to be a cabinet secretary by former President Bush, and you were presented to the Senate by your husband, Senator Dole. And I am told that he said to his colleagues, he quipped, I regret that I have but one wife to give to my country. Is that true?

Senator DOLE. To my country's infrastructure. I think he also mentioned something about my biscuit recipe being something that might be used for potholes, too. We had a lot of fun with that.

Senator CARPER. Good. He has to be a hard act to follow. I am delighted to be here and look forward to the testimony and to having a chance to vote for our nominees. Thank you for your willingness to serve.

Chairman COLLINS. I very much appreciate the Senator from Delaware clearing up that essential question that we have all wondered about throughout the year.

Senator CARPER. I have others, too.

Chairman COLLINS. It is now my pleasure to recognize my distinguished colleagues for purposes of an introduction. We are very

pleased to have the senior Senator from Texas, Senator Kay Bailey Hutchison here today, as well as our new colleague, Senator John Cornyn. I would ask Senator Hutchison if she would proceed.

STATEMENT OF HON. KAY BAILEY HUTCHISON, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator HUTCHISON. Thank you, Madam Chairman.

Bear with me a little bit because I had some dental work this morning and I am not speaking as clearly as I hope I usually do.

I am very pleased to be here for Clark Kent Ervin, someone I have known for years and years. And he comes to this post, I think, with all of the right qualifications. First, of course, is academic qualifications, having gotten his bachelor of arts degree and his law degree from Harvard with honors, and he was a Rhodes Scholar.

But then he went on into the legal field, distinguishing himself in that field and in several areas of our State service, including working with my colleague when he was Attorney General, and I know he will elaborate on that.

But I think, even more to the point now, I cannot imagine a more important job than the Inspector General of the Department of Homeland Security because with the new emphasis that we are putting on terrorism, counterterrorism, and intelligence gathering in this agency, I think the role of Inspector General is going to be so very important.

And he has the experience for the job. He has been Inspector General at the Department of State, and he has been Acting Inspector General since the Department of Homeland Security came into being. So I cannot think of a better person for this job and someone that I know personally will go the extra mile to do everything just right in this agency.

And I am pleased to recommend him to you.

Chairman COLLINS. Thank you very much, Senator Hutchison. I want to express admiration for your stamina and ability to withstand pain and still keep all of your Senate commitments, as well. It is typical of your extraordinary dedication to your job and the nominee is indeed fortunate to have your endorsement.

Senator Cornyn.

STATEMENT OF HON. JOHN CORNYN, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator CORNYN. Madam Chairman, thank you for letting me appear here today with my senior Senator and my good friend, Clark Ervin, on this day when he comes before you seeking Senate confirmation as Inspector General of the Department of Homeland Security.

When I was Attorney General for the 4 years preceding my service in the U.S. Senate, I recruited what I consider to be the best and brightest that our State had to offer when it came to my executive staff at the AG's office. In that pursuit I think I accomplished it, at least in part, when I convinced Clark to come to work with me as Deputy Attorney General, as General Counsel, and Director of Administration in my office before he was whisked away to Washington, DC to work at the State Department.

While serving as my Deputy Attorney General, Clark tirelessly sought to ensure that taxpayer money was spent efficiently, effectively, and wisely. People that come into contact with Clark quickly realize, though, that he is more than just an excellent manager. Clark spent considerable time and effort helping make Texas a better place to work and live for some of the most vulnerable in our State.

In one instance, Clark recognized that many very helpful government programs for children were not being utilized, particularly for children at risk. Parents, teachers, and other adults coming into regular contact with children were simply unaware of programs that existed to provide such necessary items as warm coats, dental services, and the like.

Clark was also the one who introduced me to then-General Colin Powell's work on America's Promise, a wonderful organization that continues even today. And recognizing Clark's talents, he was whisked away by now Secretary of State Powell, who asked him to come to the Department of State as his Inspector General.

Clark will be embarrassed to know that I will recount one story I remember of his meeting with then-designee for Secretary of State Colin Powell. When after meeting Clark and being very impressed with him personally and professionally General Powell asked him if he was married and pointed out or just dropped the idea that he happened to have two daughters that were not. It may have just been coincidence in that conversation, but Clark has since married someone else, for which we are very happy and congratulate him, and I know he is happy as well.

As Inspector General at the State Department, Clark supervised inspections for diplomatic posts around the world to determine whether policy goals were being achieved and ensure the protection of our personnel, facilities, and intelligence information.

Based on his dedication to public service, his love of this great country, and past success, the President has now nominated Clark for this very challenging position. Everybody who knows Clark recognizes his can-do attitude and I know that will serve him well as he works with Secretary Ridge to shape disparate organizations into a smooth functioning whole safeguarding the American people.

I want to thank you, Madam Chairman, for giving me these few minutes to offer my enthusiastic and unequivocal support to this wonderful nominee, my friend Clark Ervin, to serve as Inspector General of the Department of Homeland Security.

Chairman COLLINS. Thank you very much. I want to thank you for your personal endorsement and your firsthand knowledge of the nominee is very helpful.

I know that both of the Senators from Texas have very tight schedules and we would excuse you at this point, if necessary.

Senator CARPER. Madam Chairman.

Chairman COLLINS. The Senator from Delaware.

Senator CARPER. Before the Senators leave, something that happened last night has just sort of come into focus for me. Last night I got a phone call at home from Secretary Powell and he does not often call me at home. I thought he was calling to talk about the situation in the Middle East or Korea or whatever.

And he asked if I was on this Committee and I said that I was. And he said if a fellow named Clark Kent Ervin comes before the Committee, ask him if he is happily married. [Laughter.]

Chairman COLLINS. You need to get more sleep, Senator. [Laughter.]

Senator CARPER. I told him I would ask.

Chairman COLLINS. Thank you. That can be your first question for the day, but we will not deduct it from your time.

Again, I want to thank both Senators from Texas for taking the time to be with us this morning to share their thoughts.

It is now my great pleasure to call upon the Senator from North Carolina, Senator Dole, to introduce Ms. Hale.

STATEMENT OF HON. ELIZABETH DOLE, A U.S. SENATOR FROM THE STATE OF NORTH CAROLINA

Senator DOLE. Thank you. Madam Chairman, Members of the Committee, it is my great pleasure to introduce Janet Hale of Virginia as the President's nominee for Under Secretary for Management for the Department of Homeland Security.

Despite the fact that she is not from the great State of North Carolina, a forgivable flaw, I am delighted to recommend Janet to you for this very important position. I have known her for many years and in many different capacities and I know that she is extremely well qualified and well prepared for this position.

And Senator Lautenberg, you might remember our work together on aviation security, as well as age 21, the drinking law. Janet was at my side when we were working on those issues and it was a pleasure to work with you that time.

Janet's resume includes numerous positions of significant responsibility in both the public and the private sectors. More importantly, her reputation and the results of her work are distinguished by the respect of her peers. Her accomplishments are numerous on behalf of the public and the institutions that she has so devotedly served for over 2 decades.

As you well know, the duties of the Under Secretary for Management are critically important to the success of this new Department. The scope of responsibility is broad indeed, including budget development and execution, human resource management, information technology architecture and integration, procurement, and systems management and administrative services. Janet Hale's career has given her a depth of experience in each of these areas.

I first worked with Janet when I served as Secretary of Transportation and she was a key member of my senior management team, serving as Assistant Secretary for Budget and Programs and managing the annual $26 billion budget.

I was so proud and pleased for Janet when she moved on to the Office of Management and Budget to serve as the Associate Director for Economics and Government. There she was responsible for the Departments of Transportation, Treasury, Commerce, Justice and 25 smaller agencies, managing a $70 billion annual Federal budget.

Over the years her management experience and portfolio have grown significantly and in her most recent position as Assistant Secretary of Budget, Technology and Finance at the Department of

Homeland Security, her job description called for development and execution of a $475 billion budget.

Janet also comes with private sector management experience, having served as Executive Vice President of the University of Pennsylvania. As the Chief Administrative Officer of the University, Janet was responsible for management of human resources, finances, facilities, and safety. While there she reengineered all core business functions, resulting in significant cost reduction and improvements in efficiency.

It is important to highlight Janet's recent experience with systems integration, both at the Department of Health and Human Services and the House of Representatives, where she designed new financial accountability systems and unified the IT systems. This experience will serve her well as the Department of Homeland Security integrates the operations of 22 agencies.

By temperament, talent, and experience Janet Hale is a proven and effective leader in institutional change management. As you can see, most of her career has been dedicated to serving the public and I believe we are fortunate indeed that she is willing to perform this important job for our country at such a critical time.

Madam Chairman and Members of the Committee, it is my privilege to present Janet Hale.

Chairman COLLINS. Thank you very much, Senator Dole. Your endorsement means a great deal to the Committee and I know it does to the nominee as well. And we would be happy to excuse you also at this point.

Mr. Ervin and Ms. Hale have filed responses to biographical questions.

Senator CARPER. It is going to be an interesting hearing.

Chairman COLLINS. For those of you in the audience who are not aware of the Senate's schedule, we were in until 1 a.m. last night.

They have filed responses to biographical and financial questionnaires, answered pre-hearing questions submitted by the Committee, and had their financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made part of the hearing record with the exception of the financial data which are on file and available for public inspection in the Committee offices.

Our Committee rules require that all witnesses at nomination hearings give their testimony under oath, so I would ask that you both stand and raise your right hand.

[Witnesses sworn.]

Mr. Ervin, do you have a statement you would like to make?

Mr. ERVIN. Yes, Madam Chairman.

Chairman COLLINS. Please proceed.

TESTIMONY OF HON. CLARK KENT ERVIN[1] TO BE INSPECTOR GENERAL FOR THE DEPARTMENT OF HOMELAND SECURITY

Mr. ERVIN. Good morning, Chairman Collins and other Members of the Committee. I am grateful to you for holding this hearing

[1] The prepared statement of Mr. Ervin appears in the Appendix on page 30.
The biographical information appears in the Appendix on page 32.
Responses to pre-hearing questions appear in the Appendix on page 38.
Responses to post-hearing questions appear in the Appendix on page 124.

today on my nomination to serve as the Inspector General of the Department of Homeland Security.

Let me begin by expressing my thanks and appreciation to President Bush for the confidence in and support for me that he has shown by once again nominating me for a high Federal position. I also thank, of course, Senators Hutchison and Cornyn for taking time out of their very busy schedules to be here today on my behalf and for their extraordinarily kind words of support.

Let me take a minute, if I may, also to introduce those members of my family who could be present today. I am joined by my wife, Carolyn Harris, and by my parents-in-law, Barbara and Harold Harris, as well.

I am humbled, gratified, and excited by the prospect, if confirmed, of serving as the first Inspector General of the newest cabinet department representing, as you say, the largest reorganization of the Federal Government in more than half a century and charged with a mission of paramount importance, protecting our homeland against terrorist attack.

Since being so designated by President Bush late last month, I have served as the Acting Inspector General to the new Department. Over the course of the first few weeks I have had a number of occasions to speak to and to interact with both Secretary Ridge and Deputy Secretary England. On several such occasions each of them has both privately and publicly stressed their support for me personally, and their appreciation of role of the Inspector General as an independent, objective, analyst, consultant, and constructive critic of the Department's programs and operations. To their credit, they have sought to involve me at the front end as the Department begins its operations, as opposed to my having to come in after the fact to conduct an inspection, audit, or investigation and finding problems that could be minimized if caught early or, better still, avoided altogether. Based on my experience so far with the Secretary, the Deputy Secretary, and other members of the senior management team, I expect to have a close and collaborative working relationship with them.

As I believe that I demonstrated during the course of my tenure as Inspector General of the Department of State and the Broadcasting Board of Governors, I am deeply committed to the mission of inspectors general. As I see it, through inspection, evaluations, audits and investigations, it is to help the departments for which we have oversight responsibility achieve their respective missions in as efficient, effective, and economical manner as possible.

The Department of Homeland Security faces a number of significant management challenges. First, of course, it is a new Department. Second, as of March 1 it will be a huge Department, the third largest in the Federal Government with more than 170,000 employees and a budget of more than $30 billion. It will be composed of 22 different Federal agencies or parts thereof, each of which will bring its own set of management challenges.

And last but not least, and as noted above, its mission, protecting our country against terrorist attack, could not be more important. It is no exaggeration to say that the fate of our Nation depends upon the degree to which the Department succeeds in accomplishing its mission. And in seeking to accomplish a mission such

as this, the Department cannot afford to waste one minute or one dollar.

The Inspector General will play a key role in evaluating the degree to which the Department is accomplishing its mission and in recommending ways for it to do so as efficiently, effectively, and economically as possible.

I pledge to each of you to be independent, objective, thorough, apolitical, and when need be, critical of the Department's programs and operations. I also pledge to be responsive, equally so, to both the Secretary and the Congress. I fully appreciate the fact that, if confirmed, I have a responsibility to keep the Congress, as well as the Secretary, thoroughly and promptly informed of significant findings and developments.

One of the several gratifying aspects of my relatively short tenure as Inspector General at the State Department and the Broadcasting Board of Governors was developing a close and productive working relationship with certain Congressional members and staffers. Over the course of my tenure, the number of Congressional requests for work products and hearings steadily increased, which I took to be a measure of the Congress's confidence in me and the team that I had assembled. I hope to maintain Congress' confidence in me if confirmed for this position, and I would look forward to working closely with you, Chairman Collins, and other Members of the Committee or staff, and any other members and staffers who have an interest in Homeland Security-related matters.

With that, thank you again, Chairman Collins, and other Members of the Committee, for holding this hearing today. And I look forward to answering any questions that any of you may have. Many thanks.

Chairman COLLINS. Thank you.

Ms. Hale, do you have a statement?

Ms. HALE. Yes, I do.

TESTIMONY OF JANET HALE[1] TO BE UNDER SECRETARY FOR MANAGEMENT FOR THE DEPARTMENT OF HOMELAND SECURITY

Ms. HALE. Thank you very much, Senator Collins and distinguished Members of this Committee.

I, too, would like to take an opportunity to introduce some folks that are with me. Unfortunately, my mother is in Florida, my brother is in Southern California, but I have some friends here. I will spare them.

But there are some people that work with both Clark and myself at the Department of Homeland Security that came to show their support for us and to understand the value of the Department that you all created here. And I would personally like to thank them and recognize that they have come up with us today.

I obviously thank Senator Dole for her kind comments that she offered on my behalf.

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[1] The prepared statement of Ms. Hale appears in the Appendix on page 55.
The biographical information appears in the Appendix on page 57.
Responses to pre-hearing questions appear in the Appendix on page 63.
Responses to post-hearing questions appear in the Appendix on page 134.

The primary mission of the new Department is clear, to deter, detect, prepare for, and respond to terrorist attacks and other threats against our country and our people. To accomplish this, the Department will need budgetary and human capital resources, technology development, and an efficient management and infrastructure support.

The position I have been nominated to is charged with just these responsibilities. I am fortunate to have served in such capacities in both the public and private sector. I have had a unique opportunity to serve from the program level at a department, the departmental level, as Secretary Dole referenced, Office of Management and Budget, and here on Capitol Hill. I hope this has prepared me for the challenges that we are facing.

Over the past few months, many people inside and outside government have highlighted the enormous management challenges facing the new Department. Merging 22 agencies and bringing nearly 180,000 Federal workers under one Department will not be an easy task. However with challenges comes opportunities. If confirmed, I look forward to helping the Department establish an organizational culture that values collaboration, interoperability, and information sharing to take advantages of these opportunities.

There are several critical things that the Under Secretary for Management will need to focus on as a leader. First, all the management functions must directly support the operational mission and add value to the efforts of our men and women on the front line who are protecting our homeland and the American people.

Second, the Under Secretary of Management must work closely with the four directors, the senior managers, and the IG to be sure that we are enforcing and implementing the Department's missions.

Third, the Under Secretary for Management must recognize the importance of leveraging tremendous resources and capabilities of these incoming agencies for the benefit of the entire Department. The most important resources, of course, are our Federal employees who deserve the best tools available in order to ensure that they can effectively perform the homeland security and other critical missions.

As Secretary Ridge said, new funding, technology and equipment are important, but no more so than the people who are willing to serve in this new Department. If confirmed, I am committed to ensuring that the leadership of the Department maintains continuous effective, two-way communication with our employees throughout all the organization.

Finally, the Under Secretary must ensure that the management systems and processes provide good stewardship of government resources. The Department has a tremendous amount of resources and responsibility. If confirmed, I promise that I will honor those.

I have been truly privileged to be nominated for this position and if the Senate should confirm me, I welcome the opportunity to work with Congress, with you particularly, to accomplish the important missions that we are charged in this statute.

I look forward to answering your questions and I am pleased to be here today sitting next to my colleague, Clark Ervin. Thank you.

Chairman COLLINS. Thank you very much, Ms. Hale.

There are three standard questions that we ask of all nominees for the record and I am going to begin my questioning with those.

First, is there anything that you are aware of in your background which might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. ERVIN. No.

Ms. HALE. No.

Chairman COLLINS. Second, do you know of anything personal or otherwise that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. ERVIN. No.

Ms. HALE. No.

Chairman COLLINS. And finally, do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Mr. ERVIN. Absolutely.

Ms. HALE. Yes.

Chairman COLLINS. Mr. Ervin, the General Accounting Office recently included the new Department of Homeland Security on its 2003 high-risk list. The designation is based on three factors. First, it is an enormous undertaking that will take time to achieve in an effective and efficient manner.

Second, the Department's prospective components already face a wide array of existing management and operational challenges.

And third, the failure to effectively carry out its mission exposes the Nation to potentially very serious consequences.

If you are confirmed as IG, how will you seek to ensure that DHS addresses these concerns and challenges? And what is your response to the GAO's listing the new Department on its high-risk list?

Mr. ERVIN. Madam Chairman, I think the GAO has done a good job of identifying the significant challenges that face the Department. And if I were to do so on my own, I would have identified exactly those challenges.

As to how, if confirmed, I would proceed to help the Department to address them, I would intend to have a very robust inspections, audit, and investigative team thanks to the various parts of Offices of Inspector General that I would inherit. I would seek to conduct inspections, evaluations, audits, and investigations where necessary with regard to those three areas of challenge.

Furthermore, as I noted in my opening statement, to the credit of the Secretary and the Deputy Secretary, I have been involved to a significant degree at the front end, as the Department begins its operations, and I have sought to provide some advice and recommendations to the Secretary and other senior management so that at the very beginning of its operations issues can be avoided and a plan can be put in place to address these challenges and others.

Chairman COLLINS. Mr. Ervin, some of the component agencies of the new Department are, frankly, troubled agencies and the Immigration and Naturalization Services is one that comes immediately to mind. The INS, for example, has had continual problems in managing its information technology resources that are critical

to its ability to function effectively, particularly in a post-September 11 environment.

The Department of Justice's Inspector General, which has issued numerous reports on this, as well as GAO have made a series of recommendations designed to increase the effectiveness of the information technology practices at INS. As Inspector General, what would you do to ensure that we start to actually solve some of the problems that will be transferred to the new Department, particularly in the area of information technology?

Mr. ERVIN. Madam Chairman, I note that there are about 87 different information systems in INS alone. The large number of information systems, the fact that those systems cannot communicate with each other, the security vulnerabilities that each of those systems has are all, as you say, issues in the information technology area that have been identified by my colleague, the DOJ Inspector General.

I have had the benefit of a number of briefings, both from him personally and from other members of his team with regard to those issues and others that affect INS. I would propose to follow up on any outstanding recommendations with regard to those issues, if confirmed, and indeed I would expect to continue to do work in this area, both inspections and evaluations and audits, as INS becomes a part of the Department of Homeland Security.

Chairman COLLINS. Ms. Hale, one of the challenges facing the new Department is developing a flexible and appropriate personnel system. It is my understanding that the component agencies are bringing in diverse personnel systems. I believe that it is very important that the Federal employees unions be fully involved in this process.

What are your plans for helping to integrate and develop a personnel system with the advice and in consultation with the Federal employee organizations?

Ms. HALE. I share your concern about the disparate systems that we are inheriting from these agencies. It is truly a concern of our employees and I think it is a considerable concern of all of ours.

I have met with the senior union leadership and I have pledged to them, as I will pledge to all of you because I know of your concern, that they will be an intricate part. We need to have employees on the front line, both union and nonunion representative. We need middle management, we need senior management to be sure that this system is developed with an understanding of their business needs, their responsibilities out there, and we have already begun the consultation with the unions because they will be critically involved in this project.

Chairman COLLINS. You are going to have an enormous task covering many different areas with a large department, and a complicated reorganization. If you are confirmed, what would be your top priorities for the coming year?

Ms. HALE. I think first and foremost is a smooth integration and transition of these agencies coming into the Department. They clearly have diverse cultures, long histories, and proud accomplishments, and we need to be sure that the men and women on the front line do not see any adverse impact as they are transferred to the new Department.

We then need to be sure that our IT systems are there to support their mission. We need to be sure that we have a new human capital system and an integrated financial management system.

So I think if I started with the transition and then moved to the serious task that you have identified, those would be my top priorities.

Chairman COLLINS. Thank you. Senator Carper.

Senator CARPER. Before I became a Senator I was a governor for 8 years, the Governor of Delaware, and very active in the National Governors Association.

One of the traits of the practices within the National Governors Association is when a person is elected as a new governor in November of a year, the National Governors Association hosts what we literally call a new governor's school, and a school for governors and spouses. it is a wonderful time of sharing, where the old governors, the grizzled veterans, teach the new governors where they screwed up, the mistakes they made, and we learn from our experiences.

Each of the new governors is appointed or assigned a mentor and it is a traditional organization. In my 8 years as governor, I got to be the mentor for Gary Locke from Washington, Governor Bob Wise from West Virginia, and also Governor Tom Ridge, which is unusual because you do not normally have someone from the opposite party. But he and I were colleagues and friends together in the House for a long time, came to the House together 20 years ago.

Among the advice that I shared with Governor-elect Ridge, I said always surround yourself with people smarter than you. So my question for both of you is are you both smarter than Tom Ridge? [Laughter.]

Ms. HALE. Clark, that is yours.

Mr. ERVIN. I certainly am not, Senator.

Ms. HALE. If I can follow your advice, I will not answer because I think the guy is a great leader and I am proud to be part of this team, but I hope that I will put people smarter than me as my chief human capital officer and my CIO and CFO.

Senator CARPER. That is a great answer.

Let us talk about team building. Can you talk to us about the nature of the teams that you will build and lead in your respective new assignments, if confirmed?

Mr. ERVIN. Senator, I will inherit if confirmed, about 457 employees from various offices of inspector general. The FEMA Office of Inspector General will be coming to the DHS office of Inspector General in its entirety, about 200 people. I will be getting a similar number, about 195 to be exact, from the Treasury Department's Office of Inspector General, about 45 from the Department of Transportation's Office of Inspector General, about 15 for the Department of Justice Inspector General, and two positions and about $250,000 from both the U.S. Department of Agriculture Inspector General and from GSA Office of Inspector General, for a total of about 457 employees and a budget of about $80 million.

In addition to having a Washington-based staff of around 100 or so, the rest of the people are located in field offices around the country in the major cities of the country and along the Southwest border, particularly with regard to INS work.

I would hope, beginning on day one, if confirmed, to do what I can to craft a cohesive team that would, on day one ideally and if not as soon as possible thereafter, to begin to think of themselves not as employees of the Office of Transportation Inspector General or FEMA Inspector General, etc., but instead as members of one integrated cohesive team, the Office of Department of Homeland Security Inspector General, focused on the mission of the Department of Homeland Security.

I have had occasion during the course of the last few weeks, as acting Inspector General, to meet with some of the employees who would be transferred to this office from the Treasury Office of Inspector General and the FEMA Office of Inspector General. I am heartened by the expertise and credentials that these people bring, their dedication to their respective missions. And if confirmed, I think that I will have a team in place that is smarter than I and able to help me perform the mission that I would be entrusted to perform.

Senator CARPER. Thank you.

Ms. Hale, our Chairman already asked the question that was on my mind, and she spoke of the representatives of employee groups that you will be dealing with. I was very pleased to hear that you have already begun to consult with them and to listen to them and for them to hear you out, as well.

I would just say, I am not going to ask a question about it, but I want to provide some positive reinforcement to say that is just the kind of approach I would hope that you would not only take initially, but one that you would continue to embrace as you go forward.

One of the areas that I think—Senator Collins and I share common interests in a whole lot of legislative areas. Really coincidentally, one of the areas I think we have had some common interest is in the sort of coordination there will be between this new Department and State and local providers. Can you share just a little bit, either of you but particularly Ms. Hale, how you would approach that subject?

Ms. HALE. First, as you know, there is a State and local coordinator that I will work closely with because I think it is essential. Due to my tenure at the Department of Health and Human Services, I understand how critically important it is to provide the resources, which we did through the appropriations in the Congress, for public health infrastructure preparedness. I think that is the same thing we will see with the ODP grants and the FEMA First Responder grants.

It is critical that we have one-stop shopping for the States, clear messages, and clear interoperability.

So my goal is, just like I did at Transportation and at HHS, to meet with them, understand their needs, and work closely with my colleagues as we quickly get the money out and provide the technical assistance that we need to be sure that we are utilizing those resources.

Senator CARPER. Good.

Mr. ERVIN. If I could add to that, Senator, I certainly share Ms. Hale's and the Department's interest in getting money to States and localities just as quickly as possible, given the immensity of

the needs and the seriousness of the needs to which the money would be put.

Equally important, of course, is ensuring that controls are put in place, to ensure that the money is spent for the intended purpose, and to ensure that the money achieves the results that the money is intended to achieve.

Just recently I have sent some advice that I believe has gone forward to the Secretary about just that. I will be very interested, as Inspector General, to ensure that the Department at the Federal level ensures, as I say, that the money is spent for the intended purpose and that the results are achieved, accountability and performance are very important criteria, needless to say.

Senator CARPER. When Vince Lombardi was the football coach, the head coach at the Green Bay Packers, he used to say unless you are keeping score, you are just practicing. And I have always found in my life that the things that I measure or ask others to measure are the things that we do best.

I guess my last question for each of you is how will you measure the success of the team that you lead? How will you measure, looking back a year, 2 years, 3 years from now? How will you measure your success?

Mr. ERVIN. Well, there are a number of ways, Senator. One is led to believe that the number of products that he or she produces is an important indicator of success. Of course, as Inspector General, if I am confirmed, I would produce inspection reports and audit reports. I expect, given the immensity of the Department, and the complexity of its mission, there will be a number of those reports.

But quantity is only one criterion and, relatively speaking, it is the less important one. The important criterion for me is ensuring that the Department achieves its mission as effectively and efficiently and economically as possible.

If confirmed, I hope to have a long tenure. And at the end of that tenure, I would hope to be able to say in a measured way that there has been noticeable and demonstrable and quantifiable progress in terms of economy, efficiency, and effectiveness with regard to each of the Department's programs and operations, or at least those that are most significant.

Senator CARPER. Ms. Hale.

Ms. HALE. I share Clark's concerns. I would emphasize the outcomes. I hope our borders are safer. I hope that the response we give to disaster relief across the country is provided efficiently and effectively. We will need to develop the outcome measures that are necessary to be sure that we have addressed the mission critical areas of our Department.

Senator CARPER. Madam Chairman, I just want to again thank our witnesses for being here today. Not only for that, but for your willingness to serve our country during a really challenging time.

Ms. Hale, you mentioned, I think, the name of your mom, I think you mentioned your brother who are not here. I am sure they are proud of you and we sent along our best to them. And especially to your mom. Our thanks for raising a daughter who has a commitment to public service.

Mr. Ervin, to you and to your family members who are present, as well, we want to thank them for their willingness to share you with all of us.

Mr. ERVIN. Thank you, Senator.

Chairman COLLINS. Thank you, Senator.

We are following the early bird rules. Senator Lautenberg, you would be next.

OPENING STATEMENT OF SENATOR LAUTENBERG

Senator LAUTENBERG. Thank you very much.

It is a pleasure to have a chance to hear two, if I can use the term aspirants, so well qualified and experienced to take on these important assignments. Frankly, I am still somewhat concerned about the ability to organize all of this in what now is an urgent moment. So each of you in your particular responsibility is going to have a huge undertaking.

I think that as time goes by and the Chairperson has heard me raise the question about what we do in the Senate to match up to this new cabinet-level department. So I look at this, and I reviewed some of the responses to the inquiries.

Mr. Ervin, one of the things that concerned me, I come out of the corporate world, and the job of the Inspector General is, of course, unique to the government, I believe, is how you continue the association that you described you might have with the Secretary, and talk about senior staff meetings, senior leadership meetings, and about the chance to communicate at those meetings.

I wonder how free you are to communicate the concerns that you have or things that you start to see, because you are prevented, by virtue of your responsibility, from early discussions with—I think, with the Secretary, the person to whom you report because you have to have had the information you seek firmly in hand before any suggestions or any reports are released.

Do you think that there is any kind of a compromise which you ought to be concerned about with discussions at a senior leadership meeting? I do not think you can freely discuss research or ongoing investigations that your Department is doing, can you?

Mr. ERVIN. No, I completely agree with that, Senator, and I did not mean to suggest otherwise. My role, really, in these leadership meetings to date has been, appropriately I think, only one of listening and informing myself as to what the Department's plans are going forward. So that, at this early stage, I can offer my suggestions and recommendations as to how the Department might avoid things that might become pitfalls.

Senator LAUTENBERG. Right, and I think that is a proper view.

What about the IT phase of this huge Department? How many people will be assigned to the Inspector General's Office, do you know?

Mr. ERVIN. Yes, sir. There will be about 457 or so, and they will be drawn from both Washington and offices in the field.

I did something, I do not know if it is unique but it is unusual, when I was the Inspector General at the State Department with regard to IT operations. I formed a discrete, a separate unit, in the Office of Inspector General solely, exclusively to focus on informa-

tion technology issues headed by an Assistant Inspector General. And I would propose, if confirmed, to do exactly the same thing.

One of the biggest challenges, as we have all noted here, that the Department will face, of course, lies in the information technology area in terms of interoperability, in terms of efficiency, in terms of redundancy, in terms of other such things, the information security needless to say.

What I would propose to do is to take a hard look at the number of inspectors that I will be inheriting from these different offices, I think there are around 14 or so. I will be inheriting around 208 auditors, several of whom are not just financial auditors but they have expertise in program audits, as well.

And I would craft, from the inspections team and from the audit team that I would inherit, a team of some size—I would say in the 50-person range probably and hopefully grow over time—to focus on information technology and information security issues. It is a critical part of my mission.

Senator LAUTENBERG. How early do you think it would be possible for you to be involved? The planning part of the job is, I think, a very important one. You make recommendations based on the experience that you have had, and based on the outcome that you would like to see. So do you see being asked to intervene at an early period of time, in terms of laying out the strategy for creating the organization, particularly as it affects the IT section?

Mr. ERVIN. As a matter of fact, just a few days ago I had occasion to, I sought and received a briefing, from the Department's CIO, Chief Information Officer, about his plans as to enterprise architecture for the Department and his plans generally for proceeding with regard to information technology and information security issues.

I and my Assistant Inspector General for Information Technology Designate, if confirmed, were pleased by what we heard and thought that the Department, based on what we heard, was proceeding in the right direction. And we would propose, if I am confirmed, to continue to monitor that, to make recommendations along the way, with regard to things that we think the Department might be able to do better and more economically and efficiently.

Senator LAUTENBERG. What do you have to do to get the resources, both personnel and non-personnel resources, that you need? Do you start out by getting a budget or requesting a budget that you know can cover the needs of the Department?

Mr. ERVIN. Yes, sir. As I say, the 457 people I will be inheriting from these various Offices of Inspectors General or parts thereof, and a budget of about $80 million. And I hope that that will be sufficient for purposes of starting to do the work that the Office of Inspector General must do.

Having said that, I would note that this is a huge Department, needless to say, the largest Department in the Federal Government, more than 170,000 employees, more than $30 billion budget.

I would argue that over time thought should be given as to whether the Office of Inspector General should be comparable in size to other offices of Inspector General that oversee comparably-sized departments. The Office of Inspector General of the DOD, the Office of Inspector General at HHS, and the Office of Inspector

General at the Tax Enforcement Administration are in the range of 1,000 people. And I would argue that over time an Office of Inspector General of comparable size would be in order for a department of this size.

Senator LAUTENBERG. I see it says stop. That means go faster.

Madam Chairman, we are fortunate to have two such skilled people, and the fact that you have worked together, I think, adds a degree of comfort to us that you are available to take this assignment.

I need not caution you about how complicated life is going to get to be. Perhaps you should remember to greet your wife every time you see her because they may be less frequent than they used to be. The fact is that it is heartening to see such good candidates. We congratulate you as you go forth.

Mr. ERVIN. Thank you, Senator.

Chairman COLLINS. Thank you, Senator.

OPENING STATEMENT OF SEANTOR AKAKA

Senator AKAKA. Thank you very much, Madam Chairman. I want to compliment you on this hearing and your work as Chairperson of this Committee. And I want to welcome our panelists and also your family and friends to this hearing.

Having as hard-hitting Senators as you have to introduce you this morning, there is no question about your experience and abilities. What you have done for our government already is commendable. I have a few questions to ask of both of you.

Ms. Hale, if confirmed as Under Secretary for Management, you will be responsible for human resources and personnel, which will be a huge and enormous responsibility given the overall structure of the Homeland Security Department.

As you know, Section 881 of the Homeland Security Act required the Secretary, in consultation with the Office of Personnel Management, to report to Congress by February 24 on a plan to eliminate disparities in pay and benefits for the new Department. I know from a discussion that I had with Deputy Secretary England that pay disparities with Federal law enforcement officers have been studied. However, that addresses only one of many issues, other issues relating to pay and benefits that must be addressed.

February 24 has passed. March 1 is coming. Why has this overall deadline been missed? And what is the status of the plan, if there is such a plan?

Ms. HALE. The status of the plan is that it is this close, and I think it will be up here in the next couple of days. One of the things that I think is terribly important, as I know that Chairman Collins and you and others had the opportunity to discuss this with Deputy Secretary England, is that we think it is terribly important to be sure that we look at this in relationship not just to the disparities.

What you will see when the report comes up is just, as you know, the tremendous disparities that exist among our agencies. But far more importantly, as you both have indicated, it is critical that we start the design of the new system and we need to look at them in concert.

So we think that it is important to kick off that effort of designing, including our employees, the unions, our management from across the country, and from all of our agencies. And I look forward to doing that.

When I was at the Office of Management and Budget I spent a significant period of time looking at the disparities and watched one by one the law enforcement agencies get different benefits at different times. And this really is the time, under the auspices of this Department and your statute, that we bring those together.

I think it will be a period of time before we can resolve all of them but doing it in concert, I think, is critical.

Senator AKAKA. Mr. Ervin, Inspectors General conduct independent and objective investigations, audits, and inspections in order to promote economy and efficiency while preventing waste, fraud, and abuse. However, the Homeland Security Act provides broad authority to halt an IG inspection and investigation. In fact, the Secretary of Homeland Security is authorized to prohibit the Inspector General from carrying out or completing any audit or inspection.

Mr. Ervin, do you believe these limitations will affect your ability to protect against waste, fraud and abuse?

Mr. ERVIN. Senator, I took note of that limitation provision in the statute and I discussed it, as a matter of fact, with Secretary Ridge in my very first encounter with him. He assured me at the time, and I take him at his word, that he is unlikely ever to invoke that provision. He says that he cannot conceive of a circumstance under which he would invoke the provision.

As you know, it is limited to those instances where, in his judgment, an inspection, audit or investigation by the Inspector General would in some way, or could, compromise intelligence matters, national security matters, criminal investigations, etc.

I think I have demonstrated in my relatively short time as Inspector General of the State Department, where there is no such limitation on the Inspector General incidentally, that I am very sensitive to the proper handling of intelligence information, other national security information, and criminal investigations. And so I believe that there should be no concern about my ability to handle such matters and then carry through with an inspection, audit, or investigation.

I take Secretary Ridge at his word that he would not invoke that provision. I believe that he takes me at my word when I say that he would not need to invoke that provision.

Of course, no Inspector General or no one likes the notion of a limitation on his or her power, particularly given the importance of the mission of this office. I would note that there is a similar provision, as you know, with regard to the Inspector General of the Defense Department, the Central Intelligence Agency, and in certain others. I believe the Treasury Department, as well.

There is no such limitation on the State Department Inspectors General, as I say. As a practical matter, I do not think it will be a problem because I do not believe that the Secretary will invoke the provision.

Senator AKAKA. Madam Chairman, my time has expired. Let me just say, before I leave, that I am interested and concerned about

whistleblowers. I have one more a question and then I will place in the record other questions.

Chairman COLLINS. If you would like to ask it, feel free, Senator.

Senator AKAKA. Thank you very much, for that.

Mr. Ervin, ensuring that employees at the new Department have full whistleblower rights and protections has been very important to me and to all of us on this Committee. The Inspector General plays, without question, a significant role in helping whistleblowers disclose waste, fraud, and abuse without retaliation.

As a nominee for Inspector General at the Department of Homeland Security, how do you view the role of the IG as it relates to whistleblowers?

Mr. ERVIN. Senator, I too share your interest in and concern for these issues. Whistleblowers must be protected if the function of government is to proceed as it should.

The way I handled it when I was Inspector General at the State Department, and the way that I would propose to handle it if I am fortunate enough to be confirmed as Inspector General of the Homeland Security Department, is as follows: As you know, there is a separate independent Federal prosecutorial agency called the Office of Special Counsel. And if one looks at the website of the Office of Special Counsel, it says that its mission is to safeguard the merit system by protecting Federal employees and applicants from prohibited personnel practices, especially reprisal for whistleblowing. It is the primary mission of that office.

Likewise, of course, as you suggested, the Office of Inspector General has an interest in whistleblowing, as well.

A secondary mission of the Office of Special Counsel is doing what it can do to guard against waste, fraud, and abuse. That is a major part of the mission of the Office of Inspector General. So there is a lot of parallelism and complementariness in the missions of the Office of Inspector General and the Office of Special Counsel.

The way I handled it at State and the way I propose to handle it at Homeland Security is if someone alleged that he or she was being retaliated against for having cooperated with, or for that matter initiated, an Office of Inspector General investigation, then I would seek to investigate that whistleblower allegation myself because, of course, such an allegation would go to the very integrity and efficacy and continued efficacy of the Office of Inspector General. It would obviously have a chilling effect on our investigations if people could, without consequence, be retaliated against for, as I say, either initiating or cooperating with our investigations.

If however, there was an allegation that there was retaliation for whistleblowing but there was no allegation that the retaliation resulted from cooperating with or initiating an Office of Inspector General investigation, my inclination would be, subject to the circumstances, to refer that matter to the Office of Special Counsel, for two reasons.

One, as I say, dealing with whistleblower allegations is the primary mission of the Office of Special Counsel. Second, the Office of Special Counsel, as I understand it, has a staff of about 106 criminal investigators and lawyers. Whereas, the Office of Inspector General, at least at the State Department, we were very under-

staffed in terms of criminal investigators. During the course of my tenure, I think we went down from 30 to 20.

One of the felicitous things about the Department of Homeland Security, if I am fortunate to be confirmed is, as I may have said earlier, will be a much larger criminal investigative force.

But that, generally, is the approach that I took there. I am inclined to say that I would take the same approach at Homeland Security if I am fortunate enough to be confirmed.

Senator AKAKA. Thank you very much for your response, and for both of you being here today.

Madam Chairman, thank you for extending the time for me.

Chairman COLLINS. Absolutely. Senator Pryor.

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Thank you, Madam Chairman.

I actually do not have any questions, but more of a challenge for both of you. You all may have been here when now Secretary Ridge testified before the Committee. Many of us talked about this with him.

You have this tremendous opportunity to have a brand-new department. We all know, everybody in this room, everybody in this country, from time to time gets fed up with bureaucracy and government and some of the seemingly idiotic things or the bad results sometimes the government gets itself into when everybody is trying to do the right thing and trying to do good.

But both of you, especially in this Department, have a unique opportunity to set the course of this Department and set the tone, set up a framework where this Department could be the model agency in all of government. I hope you seize this opportunity and take the chance that history is giving you to go out there and do great things for this Nation and the world, and also do great things for our government so that other agencies, other departments can look to you about how to do things the right way, and the creative things that can be done in a government agency—under very difficult circumstances admittedly—but things that can be done there.

And I just want to leave you all with that challenge and hope that you will go to the office every single day trying to establish this agency as a model agency for all of our government.

Thank you, Senator.

Chairman COLLINS. Thank you very much, Senator Pryor.

Again, I want to thank our two nominees for appearing today. It is my hope that the Committee will be able to act expeditiously next week on your nominations to bring them before the full Senate for confirmation.

I also want to express my personal appreciation for your willingness to serve your country, particularly in such challenging jobs. So thank you very much for your public service and for being with us this morning.

We will now move to our second panel. We will consider and call up Linda Springer, who has been nominated to be the Controller of the Office of Federal Financial Management at the Office of Management and Budget.

Ms. Springer is currently the Counselor to the Deputy Director for Management at the Office of Management and Budget. Prior to

that she served in a number of executive positions in the private sector.

Ms. Springer's strong background and experience in financial systems and management makes her well qualified for the position to which she has been nominated.

Ms. Springer has filed responses to questionnaires, including biographical and financial information. She has answered pre-hearing questions submitted by the Committee, undergone an interview with the Committee staff, and had her financial statements reviewed by the Office of Government Ethics.

Without objection, this information will be made part of the hearing record, with the exception of the financial data which are on file and available for public inspection in the Committee offices.

Our Committee rules require that all witnesses give their testimony under oath. So Ms. Springer, I would ask that you stand and please raise your right hand.

[Witness sworn.]

Ms. Springer, if you have a statement that you would like to make you can proceed at this time.

TESTIMONY OF LINDA M. SPRINGER[1] TO BE CONTROLLER OF THE OFFICE OF FEDERAL FINANCIAL MANAGEMENT FOR THE OFFICE OF MANAGEMENT AND BUDGET

Ms. SPRINGER. I do. Thank you, Madam Chairman.

I would also like to introduce, if I may, my family members who are here.

Chairman COLLINS. Please do.

Ms. SPRINGER. My mother is here, and my brother, in the back. And my uncle and cousin, all from Pennsylvania.

Chairman COLLINS. We welcome you all here today.

Senator LAUTENBERG. Madam Chairman, if I may intervene with just a short statement.

Chairman COLLINS. Absolutely.

Senator LAUTENBERG. I note with pride that Ms. Springer was born in New Jersey, that she spent some part of her professional life, I believe, as well in our State and comes with a wealth of experience that we are pleased to have in government.

We congratulate your mother and your family, as well, for having achieved this distinction that you are about to become, and we thank you for being here and we are proud of the things that you have done in the past, and look forward to talking to you for a moment about how you tackle this incredible job that lies ahead.

Thank you very much, Madam Chairman. Thank you, Ms. Springer, for being here.

Chairman COLLINS. I thank the Senator.

Ms. SPRINGER. Thank you, Senator. I might add that all of the family members that are here also have spent time in New Jersey as well. So we have a fondness for both States.

Madam Chairman and Senator Lautenberg, Senator Pryor, as you know, I am pleased to be here today as the President's nomi-

[1] The prepared statement of Ms. Springer appears in the Appendix on page 105.
The biographical information appears in the Appendix on page 107.
Responses to pre-hearing questions appear in the Appendix on page 114.
Responses to post-hearing questions appear in the Appendix on page 136.

nee to become Controller in the Office of Federal Financial Management at the Office of Management and Budget.

My attraction to this position began last spring when I read the President's management agenda. My reaction was twofold. First I asked if the government was really this serious about management issues. And second, if it was, I wanted to be a part of it.

As someone who is coming to government for the first time, I bring high expectations and standards for financial management. These are standards that I have held myself, as well as my staff in the areas for which I have been professionally responsible for over 25 years.

There are three particular manifestations of these standards that I would like to share with the Committee today. The first is that financial management extends beyond a clean audit opinion. Integrity and reliability, things to which a clean audit attests, should be a given. In that area, with the particular help of this Committee, the Federal Government is making progress. A record 21 of 24 of the CFO Act agencies received clean audit opinions in 2002.

But achievement of even 24 of 24 clean audits would not necessarily prove the existence of strong financial management. First class financial management requires integration of the financial impact of agency activities and decisions in operational execution and in senior management decisionmaking. It is accompanied by accountability standard setting, performance tracking, and other analysis.

These are among the characteristics we should seek in government every bit as much as they are expected in the private sector.

That leads to the second principle. Government should be held to the highest, if not higher, standards of financial management performance as the private sector. The Federal Government's constituents do not have the option of taking their business elsewhere. Citizens cannot elect to halt new investments; i.e., tax payments, until the company, the Federal Government, has improved its financial practices.

Accordingly, I believe it is incumbent on every financial professional in government to execute his or her responsibilities according to standards of excellence that are consistent with this stewardship responsibility.

The third principle is that the effort to advance the quality of financial management in the Federal Government largely transcends political philosophy. The government's financial managers are dedicated to making programs work better and more efficiently regardless of their purpose, and I certainly will be as well.

It is analogous to the situation of the auto mechanic who is working to achieve optimal engine performance. His or her work is independent of the size of a car, the destination of the trip, or the identity of the driver. It occurs to me that I should tell you that I like to roll up my sleeves and get a little grease on my hands in checking the engine. So I am very committed to that principle.

Should I be confirmed as Controller, I will lead the Office of Federal Financial Management with these principles in mind, in promoting and assisting the development of the type of environment that I have described. You have my personal commitment that I will give my very best effort in that responsibility.

I do want to acknowledge the increased attention to strong financial management, of which I have been made aware, in both the Legislative and the Executive Branches, particularly as a result of the efforts of this good Committee. I hope to have the opportunity to participate in a continuation of that effort.

Finally, I want to recognize and express my gratitude to the staff of the Office of Federal Financial Management for their work, and also to my family for their support in the period that has led up to this hearing.

Thank you, Madam Chairman.

Chairman COLLINS. Thank you very much, Ms. Springer.

As I explained with our first panel, there are three standard questions that we ask of all nominees, and I would like to proceed with those at this time.

First, is there anything that you are aware of in your background which might present a conflict of interest with the duties of the office to which you have been nominated?

Ms. SPRINGER. No, there is not.

Chairman COLLINS. Second, do you know of anything personal or otherwise that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Ms. SPRINGER. No.

Chairman COLLINS. And finally, do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Ms. SPRINGER. Yes, I do.

Chairman COLLINS. Ms. Springer, there has long been a concern by Members of this Committee, and it is a concern that I share, that management issues seem to take a back seat to budget matters within the Office of Management and Budget. I was interested in your testimony that before agreeing to go to OMB you raised this very issue. But I do feel it is so important that we put the M back in OMB, and it is my impression that, while this administration is making progress in that area, budget issues still tend to be the major focus of the office.

What is your perspective on the emphasis placed on management?

Ms. SPRINGER. I think, Senator, that there is a perception that, by virtue of the size of the budget staff at the Office, that you could have the impression that management still is a lowercase "m" relative to the budget side.

I would say that it is my observation so far that management probably has gotten more attention in recent years under the director and that has been reinforced now with the recent nomination of Mr. Johnson to the deputy director position for management. And also, in talking with the people on the budget side, the resource management offices, that they are very committed to partnering with the staff on the statutory management side in achieving our management goals.

So I have seen an increasing amount of attention and I expect that to continue and I will be working very hard to make sure that it does.

Chairman COLLINS. Financial management related issues have been on the General Accounting Office's annual high-risk list for many years. That is the list of programs or operations that the GAO determines are particularly vulnerable to waste, fraud, abuse, and mismanagement. The GAO has designated several agencies' financial management—and they are major agencies, the Department of Defense, for example, IRS, FAA, and the Forest Service—as high risk.

In the most recent high-risk report, the GAO acknowledged that a wide range of financial management initiatives are underway and progress is being made. But we are still seeing departments and programs that are on the high-risk list year after year after year. In fact, some programs have been on the list since the inception of the high risk list which, I believe, is about a dozen years ago.

What do you think should be done to make dramatic progress in improving the financial management systems of the Federal Government?

Ms. SPRINGER. I have had the opportunity, with this new high risk list that has just been published, to start to review those reports. I have requested them and I have started to read them. And I share your observation and your concern about the length of time that it takes for the remediation activities.

One thing that I have noted is that there is a direct relationship between the time it takes and the size of the department. So that a department the size of the Department of Defense, for example, will take longer for its remediation to be totally installed and fruitful just by virtue of the size of the operation.

Having said that, it will be my plan to visit with each of those departments, their chief financial officers and, where it is appropriate, their chief information officers, and have the opportunity to review their plans with them, to see that there are milestones, metrics, and accountability standards and ways to see that it is on track. We will do that on a regular basis where it is appropriate.

And the staff of the Office of Federal Financial Management are assigned, as well, to each of these agencies so that we will be able to put very strong attention to monitoring progress on those plans.

Should we find that there is not a plan in place, then obviously that would be step one, to work with those departments to make sure they have a viable plan to address those issues.

Chairman COLLINS. What do you see as the relationship between an agency or a department's chief information officer and the chief financial officer? As I am sure you are aware, the Clinger-Cohen Act mandated the creation of CIOs across government and envisioned a close working relationship and a far greater emphasis on management of technology and information systems than had been the case prior to the Act.

What is your assessment of the Act and how well it is working as you look across the Federal Government?

Ms. SPRINGER. I do not think that there is any more important partnership in the agencies, as I have found to be the case in the private sector, than between the chief information officer and the chief financial officer. Without the integrity and the timeliness of

good data, the chief financial officer or any other senior officer in the agency will not be able to make informed decisions.

So I think that the Act is absolutely on target. I think that the agencies—what I have seen is that there is a different structure in place in each agency. In some cases, there is a reporting relationship, for example, between the chief information officer and the chief financial officer. In other departments it is structured a little bit differently.

And it will be one of my objectives to take the temperature and really get an assessment of how well that is working. One of the ways to gauge it will be to see how well the agencies are able to meet the accelerated time frames we have for financial reporting and to be able to have a look at some of the performance metrics and the timeliness and the quality of the data associated with those.

Chairman COLLINS. Thank you. Senator Lautenberg.

Senator LAUTENBERG. Thank you, very much, Senator Collins.

You know, you had me nodding my head because I was, as I mentioned, in the corporate sector for a long time before I came here. Whatever I do seems to take a long time.

I ran a company called ADP and I was a founder of that company. We were three kids just out of school and borrowed $5,000 from an unwitting investor and produced a company that today has 40,000 employees. And when the CEO, the last one that I picked in my work at ADP—the first one already retired but I could not stand that—the fellow now who runs the company, the CEO, when he gives a speech to employees it is immediately translated to 10 languages. The scope of the company, even though I sat there through its beginnings and its development, it is one of America's most successful public companies. I look at it in awe. I look at it as a true example of the American opportunity.

The three of us, two of my partners were brothers. Their family, like mine, were hard working factory people in Patterson, New Jersey. And here we have a company that had the longest growth record of any company in America, over 10 percent a year. That record, unfortunately, was just broken after 42 years. The CEO said publicly that it will be down to single digit growth in the next year because of the conditions around us. That it is not bad, 42 years of 10 percent increases each and every year.

It was a good investment and I'm sorry I still do not have it.

The thing that struck me, I am on the board of a not-for-profit organization that is part of a quasi-governmental entity here in Washington. We got in an argument about how clean is clean. What does it really mean? You hit on a very good observation that, I guess, was from your experience with Cooper's, was it?

Ms. SPRINGER. And in the financial services generally, yes.

Senator LAUTENBERG. When we looked at what happened to some of America's purportedly great companies who walked away with clean opinions from their auditors and it turned out that they were totally defrauding the public and the investors and people affiliated with them, it is one of America's most disgraceful private sector moments.

I am on the board of the Columbia Business School, my alma mater, and just arranged for a chair to be established on corporate

governance. And while on the board of this agency that I was talking about, the discussion about someone who was waving the clean flag while we were having all kinds of management problems, unable to keep up with our receivables, unable to keep up with our payables, unable to keep up with our need for resources for our mission.

To hear you say that is reassuring to me, Ms. Springer, I can tell you that, and the alert that you put up when you say that standards for financial management in government have to match the highest that we seek for any operating entity whether it is private or otherwise.

So again, I commend you for that insight and hope that you will be able to continue to insist on that as a standard.

Now you are going to work with the most beloved agency in government, OMB. But I think you have got broad enough shoulders to withstand the occasional carping that might take place.

Are you prohibited from expressing opinions about financial policy as a controller, would you say?

Ms. SPRINGER. No, actually, I think that one of the main focuses of the Office of Federal Financial Management is to be a force behind policy. So oftentimes that will relate in a very specific sense for forming content of financial statements. It may involve, in a broader sense, working for example, as last year, with the Committee on legislative activities in the area of improper payments, erroneous payments, and things like that that led to the Act last year.

I view that as the model for how the Legislative and Executive Branches can work together to achieve a common objective. So I would like to see more of that and I think we can work in the policy area.

Senator LAUTENBERG. Let me ask you this without meaning to in any way cause you any discomfort. Financing operations on a deficit basis, is that something that you would opine on?

Ms. SPRINGER. I do not think that that necessarily would be a part of my job description.

Senator LAUTENBERG. You are good. You are going to be terrific.

Thank you, very much.

Ms. SPRINGER. Thank you, Senator.

Chairman COLLINS. Thank you, Senator Lautenberg.

Ms. Springer, just one final question. If we were to bring you back before this Committee a year from now, what would you hope to have accomplished? What are your priorities for this year?

Ms. SPRINGER. There are several, Madam Chairman. The main priorities would, first of all, be in the area of moving toward meeting the accelerated time frame goals for 2004 for the financial statements from each of the agencies. I would hope that we could come back with a higher number of agencies beyond the 21 with clean opinions, I would like to be able to report that to the Committee. I would like to be able to report that a number of them were turned in on a shorter time frame than they were in 2002. So I would like to be able to report progress in that area.

I would like to be able to report that we have made progress on erroneous payments. As you know, the original estimate was in the $20 billion range. And as a result of the reporting now required

under the Act and that was required by OMB in the last budget cycle, the number now is closer to $35 billion. I would like to be able to report to the Committee a year from now that that number is lower, and it already has come down in some areas, but we would like to see a lot more.

Those two items are at the top of the list and I am sure, as I am more fully engaged, should I be confirmed, that there will be a number of others on the list.

Chairman COLLINS. I was hoping you were going to report to us that the erroneous payments, rather than growing to $35 billion would, because of better reporting, I suspect, declined. That really is a very serious problem and an issue that this Committee looks forward to working with you on.

I want to thank you very much for appearing today. I do hope that the Committee will be able to move expeditiously on your confirmation next week. We appreciate your willingness to serve.

Thank you.

Ms. SPRINGER. Thank you, Madam Chairman.

Chairman COLLINS. Without objection, the hearing record will remain open until 5 p.m. today for the submission of any written questions or statements for the record.

This hearing is now adjourned.

[Whereupon, at 12:31 p.m., the Committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR VOINOVICH

Good morning and thank you, Madam Chairman. Today, the Senate Governmental Affairs Committee meets to consider nominations for three important government management posts, two at the Department of Homeland Security, and one at the Office of Management and Budget.

I would like to extend a warm greeting to our nominees, including the Honorable Clark Kent Ervin for Inspector General at the Department of Homeland Security; Ms. Janet Hale for Under Secretary for Management at the Department of Homeland Security; and Ms. Linda Springer for Controller of the Office of Federal Financial Management at the Office of Management and Budget.

The role of Inspector General of Homeland Security is extremely important to the success of the new Department. If confirmed, Mr. Ervin will serve as the internal watchdog by conducting audits, investigations, and maintaining strict oversight of the Department. Specifically, the Inspector General will ensure that the Department's employees and managers uphold the Homeland Security mission of protecting the American public against another terrorist attack. As you know, Members of Congress take their oversight role very seriously, so I can appreciate the significance of the Inspector General's responsibilities. I look forward to working with Mr. Ervin as he embarks on this challenging opportunity.

The Under Secretary for Management is responsible for the administration and management of the Department of Homeland Security. If confirmed, Ms. Janet Hale will oversee the daunting task of transitioning and reorganizing 170,000 employees from 22 different agencies into one new Department. In addition to this massive undertaking, the Under Secretary for Management will direct other departmental activities including the budget, procurement, personnel, facilities and equipment, security, and grants and other management assistance programs. Therefore, the person selected for this position must have a broad set of competiencies to accomplish the challenges associated with the largest government restructuring since the creation of the Department of Defense in 1947. After reviewing her qualifications, I am confident that Ms. Hale possesses the skills necessary for the Under Secretary position. As a fellow Buckeye, I promise to closely monitor her progress.

This morning, we will also hear from Ms. Linda Springer, the President's nominee for the Controller of the Office of Federal Financial Management at the Office of Management and Budget. With over 25 years of private sector experience, I commend her for answering the President's call to serve our country. I am certain that Ms. Springer's knowledge and background will be extremely helpful to the Federal Government's financial management community.

I hope that we can move these nominations through the confirmation process in an expeditious manner. Thank you Madam Chairman.

NOMINATION STATEMENT BEFORE THE SENATE GOVERNMENTAL AFFAIRS COMMITTEE FOR CLARK KENT ERVIN AS INSPECTOR GENERAL

Good morning. Madam Chairman, Senator Lieberman, and members of the committee, I am grateful to you for holding this hearing today on my nomination to serve as the Inspector General of the Department of Homeland Security. Let me begin by expressing my thanks and appreciation to President Bush for the confidence in and support for me that he has shown by again nominating me for a high federal position. I also thank Senators Hutchison and Cornyn for taking time out of their busy schedules to be here today on my behalf and for their extraordinarily kind words of support. Let me take a minute, if I may, to introduce those members of my family who could be present today. I am joined by my wife, Carolyn Harris, and my parents-in-law, Barbara and Harold Harris.

I am humbled, gratified, and excited by the prospect, if confirmed, of serving as the first Inspector General of the newest cabinet department, representing the largest reorganization of the federal government in more than a half century, and charged with a mission of paramount importance – protecting our homeland against terrorist attacks.

Since being so designated by President Bush late last month, I have served as the Acting Inspector General of the new department. Over the course of the first few weeks, I have had a number of occasions to speak and interact with both Secretary Ridge and Deputy Secretary England. On several such occasions, each of them has both privately and publicly stressed their support for me personally and their appreciation of the role of the Inspector General as an independent, objective, analyst, consultant, and constructive critic of the department's programs and operations. To their credit, they have sought to involve me at the "front end," as the department begins its operations, as opposed to my having to come in after the fact to conduct an inspection, audit, or investigation and finding problems that could have been minimized if caught early or avoided altogether. Based on my experience so far with the Secretary, the Deputy Secretary, and other members of the senior management team, I expect to have a close and collaborative working relationship with them.

As I believe that I demonstrated during my tenure as Inspector General of the Department of State and the Broadcasting Board of Governors, I am deeply committed to the mission of Inspectors General. As I see it, our job, through inspections, evaluations, audits, and, where necessary, investigations, is to help the departments for which we have oversight responsibility achieve their respective missions in the most effective, efficient, and economical manner possible.

The Department of Homeland Security faces a number of significant management challenges. First, it is a new department. Second, as of March 1, it will be a huge department, the third largest in the federal government, with more than 170,000 employees, and a budget of more than $35 billion. It will be composed of 22 different federal agencies, or parts thereof, each of which will bring with it its own set of

management challenges. Last but not least and as noted above, its mission, protecting our homeland against another terrorist attack, could not be more important. It is no exaggeration to say that the fate of our nation depends upon the degree to which the department accomplishes this mission. And, in seeking to accomplish a mission such as this, the department cannot afford to waste one minute or one dollar. The Inspector General will have a key role to play in evaluating the degree to which the department is accomplishing its mission and in recommending ways for it to do so as efficiently and economically as it can. I pledge to you to be thorough, independent, objective, apolitical, and, when need be, critical of the department's programs and operations.

I also pledge to be responsive, equally so to the Department and to the Congress. I fully appreciate the fact that, if confirmed, I have a responsibility to keep the Congress as well as the Secretary thoroughly and promptly informed of significant findings and developments. One of the several gratifying aspects of my relatively short tenure as Inspector General at the State Department and the Broadcasting Board of Governors was developing a close and productive working relationship with certain congressional members and staffers. Over the course of my tenure, the number of congressional requests for work products and briefings steadily increased, which I took to be a measure of the Congress' confidence in me and the team that I had assembled. I hope to maintain Congress' confidence if confirmed for this position, and I would look forward to working closely with you, Madam Chairman, Senator Lieberman, other members of the committee, your staff, and any and all other members and staff with an interest in homeland security related matters.

In my acting capacity, I have had occasion to meet some of the men and women presently serving in Inspectors General offices that are to be wholly or partially transferred to the office of the Homeland Security Inspector General as of March 1. I have found those I have met to be knowledgeable, hard working, and committed to the Inspector General mission. If this committee and then the full Senate give me your blessing, I shall look forward to working with them and those of their colleagues I have not yet met.

With that, thank you again for holding this hearing today, and I am eager to answer any questions that any of you may have.

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** Clark Kent Ervin

2. **Position to which nominated:** Inspector General of the Department of Homeland Security

3. **Date of nomination:** January 10, 2003

4. **Address:**
Homeland Security Transition Planning Office, 1800 G Street, N.W.
Washington, DC 20270 (office)

5. **Date and place of birth:** April 1, 1959/Houston, Texas

6. **Marital status:** Carolyn A. Harris

7. **Names and ages of children:** N/A

8. **Education:** Secondary School – The Kinkaid School (1974-1977) – high school diploma cum laude, May 1977;

   College – Harvard University (1977-1980) – Bachelor of Arts degree in Government, cum laude, June 1980;

   Graduate School – Oxford University (1980-1982) – Bachelor of Arts degree in Politics, Philosophy, and Economics and Masters of Arts degree in Politics, Philosophy, and Economics, June 1982;

   Law School – Harvard University (1982-1985) - Doctor of Laws degree cum laude, June 1985.

9. **Employment record:**
Intern or "Summer Associate" (during law school years) each year from 1980-1985 at the Houston, Texas office of the law firm of Vinson & Elkins, L.L.P.;

   Lawyer at Vinson & Elkins from 1985-1989;

   Associate Director for Policy in the White House Office of National Service from 1989-1991;

Lawyer at Vinson & Elkins for a few months in the summer of 1991 as I prepared to run for Congress in my native Houston;

Candidate for the 29th Congressional District in Houston from the Fall of 1991 until January 1993 (it took a couple of months to wind up the losing campaign);

Lawyer at Locke, Liddell, & Sapp, L.L.P. in Houston from 1993-1995;

Assistant Secretary of State of Texas from 1995-1999;

Deputy Attorney General of Texas, General Counsel, and Director of Administration in the Office of the Attorney General of Texas from 1999-April, 2001;

Inspector General of the United States Department of State and the Broadcasting Board of Governors from August 2001 to January 23, 2003;

Acting Inspector General of the Department of Homeland Security from January 24, 2003 to present.

10. **Government experience:** N/A

11. **Business relationships:**

I have never served as an officer or director of a for-profit entity. I have, however, served as an "agent" of the two law firms for which I worked as referenced above. I have served as a director of a number of civic or charitable organizations, which are listed in the answer to the following question. I have no current "business relationships," as that term is defined herein.

12. **Memberships:**

I have served in the past as a director of a number of civic, charitable, and educational organizations (all of which are in Houston, unless otherwise noted), namely, The Houston Symphony, The Houston Grand Opera, the Alley Theater, Stages Theater, the Open Door Mission, the Foundation for Interfaith Research & Ministry, the Multi-Ethnic Cultural Center, and the Congressional Youth Leadership Council (in Washington). I have been a member of the Harvard Club in Houston and Washington, the Phoenix-S.K. Club in Cambridge, Massachusetts (a "fraternity" during my college and law school days; I served as president during my sophomore year in college), the Association of American Rhodes Scholars (based in Virginia), the Texas Lyceum (based in Austin, Texas), the Harvard Club of Washington, and the Oxford Society of Washington.

13. **Political affiliations and activities:**

(a) I was a candidate in 1992 for the 29th Congressional district in Houston, and I was a candidate for the Texas State Legislature from Houston in 1994. I lost the Congressional race, and I lost the Republican nomination for the state legislative race;

(b) N/A;

(c) I have not kept records of my federal and state political contributions. I have, however, both called and searched the websites of the Federal Elections Commission (FEC) and the Texas Ethics Commission (TEC) in an effort to obtain this information. Neither FEC nor TEC has a record of any contributions by me during the applicable period, apparently because my contributions were below the reporting threshold. My best recollection is that I gave approximately $100 between 1998 and 1999 to the Republican National Committee (or to the Congressional or Senate committees thereof), approximately $100 to the Republican party in Texas in 1999, $150 to the Shane Phelps campaign for District Attorney of Travis County, Texas in 2000, approximately $100 to the John Cornyn campaign for Attorney General of Texas, approximately $100 in 1998 to the George W. Bush campaign for Governor of Texas, and approximately $100 to the George W. Bush campaign for President in 2000. I have made no political contributions since returning to Washington in April, 2001, in anticipation of my being nominated for the position of Inspector General of the Department of State and the Broadcasting Board of Governors.

14. **Honors and awards:**

I was selected as a Rhodes Scholar from Texas in 1980.

15. **Published writings:**

Book Review – "Black and Conservative: Finding a Place," Multicultural Review, 9/95 issue; Opinion Editorial – "One Black Hand Clapping," The Christian Science Monitor, 12/24/97; Opinion Editorial – "Guess Who's at the Heart of the Silent Majority," The Christian Science Monitor, 8/15/97. I recall writing an opinion editorial regarding the "Filegate" controversy that was published in The Dallas Morning News sometime in the mid-late 1990s. I do not have a copy of the piece, and I could not find one by doing a search of the paper's online archive. In my most recent capacity as Inspector General of the Department of State and Broadcasting Board of Governors, I reviewed and edited every report that my office issued, and I personally wrote substantial portions of some of them. I do not believe that these are the kinds of "reports" that the Committee has in mind. If so, however, I would be happy to provide the Committee with copies of any or all such reports.

16. **Speeches:**

N/A

17. **Selection:**

(a) I understand that my record in my previous Inspector General position indicated an ability to perform the same function at the new Homeland Security Department;

(b) I have served as Inspector General for two departments and believe that I have demonstrated an ability to be thorough, objective, and temperate in my approach to the myriad issues with which I have had to deal. Furthermore, at least part of the work that I did at the State Department, especially that part that focuses on evaluating visa policies and procedures and intelligence matters, will be directly relevant to my duties at the Homeland Security Department, if I am fortunate enough to be confirmed for this position.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

I have no connections at present with business firms, associations, or organizations. My present position as Acting Inspector General of the Department of Homeland Security will, of course, end if I am confirmed as Inspector General.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

No.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

N/A

2. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy other than while in a federal government capacity.

N/A

3. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

N/A

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

A complaint was filed against me with the State Bar of Texas by Eliza May. That complaint was dismissed without action for lack of an allegation, as per the attached document. Ms. May filed suit against then Texas Governor George W. Bush and others

in his gubernatorial administration in connection with the allegedly improper termination of her employment as head of the Texas funeral services industry regulatory agency. My only involvement in the matter was tangential at best, namely, my oversight at the time of that part of the office of the Attorney General of Texas that researches and drafts legal opinions. An opinion was issued by the Attorney General's office that was deemed to be favorable to a funeral home company with which Ms. May, during her tenure at the regulatory agency, was feuding. Again, because I played no role in the matters complained of, the complaint against me was dismissed for want of an allegation.

2. To your knowledge, have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, state, or other law enforcement authority for violation of any federal, state, county or municipal law, other than a minor traffic offense? If so, provide details.

   No.

3. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

   I would not characterize my 1992 Congressional campaign committee as a "business;" but, in case the Committee thinks otherwise, I relate the following. A campaign mail list vendor sued me in Houston sometime after my 1992 campaign. I believe that the year was 1993, though I cannot remember now for sure. (If it was not 1993, it was 1994.) He alleged that the campaign owed him an additional sum, which I believe to be in the range of $2000. While I maintained and continue to maintain that my campaign paid this vendor all that he was due, I settled the matter by paying approximately $1200 and entered into a confidential settlement agreement.

4. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

   N/A

E. FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

U.S. Senate Committee on Governmental Affairs
Pre-hearing Questionnaire for the
Nomination of Clark Kent Ervin to be
Inspector General, Department of Homeland Security

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as Inspector General of Department of Homeland Security (DHS)?

First, I understand that my record as Inspector General of the Department of State and the Broadcasting Board of Governors from August, 2001 until my designation a few weeks ago as Acting Inspector General of the Department of Homeland Security (DHS) indicated to the White House an ability to serve effectively as the Inspector General of DHS. During my tenure in my previous Inspector General post, I enjoyed the confidence and support of my three principal constituents, the Secretary of State, the Chairman and other members of the Broadcasting Board of Governors, and the relevant congressional oversight committees. With regard to Congress in particular, it was a measure of my good working relationship that over the course of my tenure I was frequently asked to undertake special reviews and other projects. Additionally, I am personally known by the President by virtue of my service in the first Bush Administration and my service in Texas state government during the time that the President was governor.

2. Were any conditions, expressed or implied, attached to your nomination?

No.

3. What specific background and experience affirmatively qualifies you to be Inspector General of DHS?

As mentioned in my answer to question 1 above, I have served until recently as Inspector General of two other government agencies, the Department of State and the Broadcasting Board of Governors. In that capacity, I believe that I demonstrated an ability to be competent, independent, apolitical, thorough, objective, responsive, and temperate in my approach to the myriad complicated and sensitive issues with which I had to deal. Furthermore, at least part of the work that my office did at the Department of State, especially the inspections unit that focuses on evaluating visa issuance policies and procedures at embassies and consulates abroad and the inspection and audit units that review security oriented and intelligence related matters, respectively, is directly relevant to duties that I would have if confirmed as Inspector General of DHS. Finally, my background as a lawyer and manager will be helpful to me in dealing with the various legal and managerial challenges to be faced by any Inspector General.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Inspector General? If so, what are they and to whom have the commitments been made?

No.

5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

No.

II. Role of the Inspector General

6. Please discuss the role of the Inspector General at the Department of Homeland Security and your qualifications to meet the requirements of this role.

The role of the Inspector General at DHS will be like the role of Inspectors General at other federal government departments and agencies. In brief, the Inspector General will oversee the performance of inspections, audits, and investigations with regard to the programs and operations of the department, keeping the Secretary and the Congress fully and currently informed of significant issues. The mission of the Office of Inspector General (OIG) is to prevent and, where necessary, investigate allegations of, fraud, waste, abuse, and mismanagement, so as to make the department as effective, efficient, and economical in its programs and operations as possible. With regard to my qualifications for this position, please see my answer to question 3 above.

7. How will you, as Inspector General, keep the Congress and the Secretary of the Department of Homeland Security concurrently informed about issues surfaced by your office? How do you foresee your working relationship with both the Congress and the Secretary?

With regard to timely communication with the Secretary, I have occasion to see him and/or the Deputy Secretary at least weekly during "senior leadership meetings." These meetings provide an occasion to brief the Secretary directly or through the Deputy Secretary on any matter that I deem to be important enough to bring to his attention. Further, the Secretary has made it clear to me and his staff that I am to have such additional access to him as I believe I need in order to bring what I regard as important information, advice, or recommendations to his immediate attention. In addition, I plan to send memoranda to the Secretary regularly as issues arise, in addition to occasional "management implication reports," as needed.

With regard to the working relationship between the Secretary and me, I expect it to continue to be a close and cooperative one, as it has been to date. The Secretary has repeatedly assured me that he respects and values the role of the Inspector General, and he has gone to some lengths to involve me already at the "front end" in consultations regarding a wide range of department related issues. To his credit, the Secretary's view is that the Inspector General's advice should be sought at the outset of programs,

operations, and other activities, so as to prevent, or at least minimize, problems that could later become the subject of an Inspector General inspection, audit, or investigation.

With regard to timely communication with the Congress, I plan to offer to meet with interested members and staffers on a regular basis to brief them on matters that I regard as meriting congressional attention. Further, with regard to especially time sensitive information, I will immediately request meetings with members and/or staffers to apprise them of information that I believe merits immediate congressional attention. For information that is less time sensitive, I will, of course, be scrupulous about issuing the statutorily mandated semi-annual reports to Congress. Finally, I will always make myself available to meet with or testify before any congressional committee, member, or staffer, as the case may be, at any time.

By keeping Congress thoroughly and promptly informed by the means outlined above, I expect likewise to have a close and cooperative working relationship. As noted in my answer to question 1 above, I had such a relationship with Congress in my previous Inspector General role, and, if confirmed in this new position, I would expect such a relationship to continue.

8. How will you impress upon the Secretary of the Department of Homeland Security and other officials the unique role that you have as the Inspector General, and how will you maintain the support of the Secretary? What discussions have you had with the Secretary about this? Will you be included in senior staff meetings of the Department? Where will your office be located in relation to the offices of the Secretary and Deputy Secretary and other senior officers of the Department?

I have discussed with the Secretary and other senior officials the importance that I attach to the Inspector General's independence with regard to inspecting, auditing, and investigating the programs and operations of the department and matters pertaining thereto. The Secretary and the Deputy Secretary have repeatedly and publicly assured me of their full support for me and my work and their intention to respect the Inspector General's independence and statutory authorities. I think that I can maintain the support of the Secretary by: (a) producing work that proves valuable by recommending ways in which the department can be more effective, efficient, and economical; and (b) keeping him thoroughly and promptly advised of significant OIG findings and activities. To date, I have been included in weekly "senior leadership" meetings with the Secretary, the Deputy Secretary, and other senior department leaders, and I have been assured that I will continue to be included in such meetings. I am told that space will be made available for me and my senior staff in the headquarters facility into which the Secretary, Deputy Secretary, and other senior department leaders will be ultimately moving. At present, I and my senior staff are not located in the provisional Nebraska Avenue Complex headquarters with the Secretary, Deputy Secretary, and other senior department leaders. However, both the Deputy Secretary and I have requested space for me (but not my staff) there, and I am awaiting notification that a place has been made available. To facilitate communication and OIG oversight, I think that it is critical that the Inspector General and

his senior staff be co-located with the Secretary, the Deputy Secretary, and other senior managers, and that co-location take place as quickly as possible.

9. What difficulties do you anticipate when your Office of Inspector General performs necessary investigations of the investigative personnel and other officials that will be employed by the Department of Homeland Security, and how will you address these difficulties?

When a department has an Inspector General and one or more internal affairs and other investigative units, there can be tension as to where each one's investigative authority begins and ends. It is helpful that the legislation creating the department explicitly gives the Inspector General oversight responsibility for the internal investigations performed by the Office of Internal Affairs of the Customs Service and the Office of Inspections of the Secret Service and that the heads of each such office are promptly to report to the Inspector General "significant activities" being carried out by such offices. (Section 811 (e)) If confirmed, I will seek to meet at my earliest opportunity with the heads of these two offices with the hope of coming to some common understanding of the term, "significant activities." In the event of any disagreement over the definition, I would expect the Inspector General's definition to be controlling. I would envisage regular meetings with those two offices as to ongoing cases and new allegations, and I would expect to receive contemporaneous notification of any "significant activity" between such meetings. Noting that such agreements are in place between some Inspectors General and some entities to be transferred to the department, I plan to seek memoranda of agreement with all internal affairs and similar units within the department to make clear the respective authorities and responsibility of the Inspector General and such units.

I note that the Under Secretary for Border and Transportation Security is made responsible for "conducting investigations of non-criminal allegations of misconduct, corruption, and fraud involving any employee of the Bureau of Border Security that are not subject to investigation by the Inspector General for the Department." (Section 443(a) (1)) Likewise, the Director of the Bureau of Citizenship and Immigration Services is made responsible for "conducting investigations of non-criminal allegations of misconduct, corruption, and fraud involving any employee of the Bureau of Citizenship and Immigration Services that are not subject to investigation by the Inspector General for the Department." (Section 453(a) (1))

It is not clear to me how any alleged fraud or corruption could be anything but criminal in nature. Depending on the nature of the specific allegation, misconduct also can be criminal in nature. My intent, if confirmed, will be to exercise a "right of first refusal" with regard to any and all allegations of criminal activity on the part of department employees, leaving to the department's internal investigative forces only those criminal cases, if any, and non-criminal cases that I choose not to pursue with my own investigative forces.

It may be that these provisions were drafted imprecisely and that the intent was simply to give the Under Secretary for Border and Transportation Security and the Director of the

Bureau of Citizenship and Immigration Services the responsibility to investigate allegations of non-criminal misconduct in their respective designated areas that the Inspector General would not be inclined to pursue. If confirmed, I will seek to come to an agreement with the Under Secretary for Border and Transportation Security and the Director of the Bureau of Citizenship and Immigration Services along these lines.

I would add here that, based on my dealings with department leaders to date, I expect that the relationship between Inspector General investigators and those internal to the department would be collegial and cooperative and that any problems along the way could be resolved to our mutual satisfaction.

10. What specific goals and objectives will you include in the long-range strategic plans of your Office of Inspector General?

Generally, I would align the OIG's long-range strategic goals and objectives to reflect and be consistent with those of the department and the President's Management Agenda. Thus, OIG's goals would focus on the core missions of the departmental directorates with a view to promoting effectiveness, efficiency, and economy. OIG would also focus on goals relating to human capital, competitive sourcing/procurement, financial performance, e-government, and budget and performance integration.

11. What mix of specific skills and expertise would you seek in recruiting staff that will provide effective oversight of the Department of Homeland Security? What do you anticipate the staffing needs will be for the Office if Inspector General? What is your plan for obtaining the staff that you will need?

I would plan to have a robust inspections/evaluations, audit, and investigative staff, so as properly to oversee the programs and operations of the department. I would seek inspectors and evaluators who have finely honed analytical and critical thinking skills and who have experience and expertise in a broad range of matters. I would expect them to be able to examine a given program or operation within or outside their area of knowledge and be able to provide a thoughtful critique of that program or operation within a relatively short period of time. I would seek program auditors with a set of substantive skills similar to that described for inspectors and evaluators, but (given the "yellow book" standards that auditors must conform to) I would expect them to work more deliberately and to produce more thorough and in-depth analyses. I would seek financial auditors who are skilled in the analysis of financial matters, including financial systems. I would seek investigators who are trained in all aspects of criminal, civil, and administrative investigations and who are discreet, deliberate, thorough, and respectful of the demands of legal process and fair treatment. I understand that I am to inherit approximately 457 employees and a budget of $80 million. It is too soon to tell whether I will need additional staff and monetary resources. If I determine that additional employees and/or money is needed, I may seek a supplemental appropriation or an increased appropriation for the succeeding fiscal year.

12. What organizational structure do you plan to establish for the Office of Inspector General at the Department of Homeland Security?

I intend to have a Deputy Inspector General to help me manage the office on a day-to-day basis and to serve as a key advisor. In addition, I intend to have an inspections/evaluation unit, an audit unit (conducting both financial and program audits), an investigations unit, an information technology unit (conducting both inspections and audits of issues relating to the department's information technology systems), and an administrative unit (encompassing functions like budget, human resources, planning and analysis, congressional and media affairs liaison, and facilities). Of course, to ensure institutional independence, I plan to have my own legal staff, like every other Presidentially-appointed Inspector General. Each of these senior managers would be an SES-level employee. I would hope to have representation among my management team from the four OIGs most affected by the transfer of oversight functions to DHS OIG. As far as field/regional structure is concerned, I would expect essentially to mirror whatever field/regional structure the department ultimately establishes.

13. How will your Office of Inspector General address the financial accountability and performance measurement of the Department of Homeland Security?

If I am confirmed as Inspector General, DHS OIG will work closely with all of the relevant OIGs to ensure that accountability over financial transactions and operations is maintained during the FY'03 transition period, and, thereafter, will maintain effective oversight of DHS financial operations and systems through annual financial statement and other audits. I would also propose to the Secretary that he establish a Management Control Steering Committee, with me as a member, to ensure that significant management weaknesses receive the focus and attention that they deserve. Further, DHS OIG would verify and validate the performance data included in the department's performance reports as part of its audits and inspections of DHS operations.

14. Inspectors General were established over twenty years ago by the Inspector General Act of 1978. Since that time, IGs have played a critical role as watchdogs of the executive branch, uncovering billions of dollars in waste, fraud and abuse. In addition to identifying misspent agency funds, IGs have initiated thousands of successful criminal prosecutions and civil actions. At the same time, IGs are now focusing resources on helping agencies avoid problems rather than just auditing for mistakes after the fact. In the process, they have helped agencies improve efficiencies while identifying billions of dollars in potential savings.

> **(a) Do you believe IGs can be effective in the pro-active, preventive role, which necessarily requires a more collaborative relationship with agency managers, while also serving as the independent watchdogs who shine the light on agency mismanagement?**

I wholeheartedly believe that an effective Inspector General can work with the department in a collaborative and collegial fashion while at the same time being duly independent from the department and aggressive in ferreting out fraud, waste, abuse, and mismanagement in the department. My experience has been that an Inspector General gains respect and credibility by seeking to give the department due credit for what it does right, while never shirking from his responsibility likewise to point out areas for improvement. An Inspector General gains respect and credibility by giving the department due notice of his plans to examine a given program or operation before the examination begins, and, likewise, by advising the department of his conclusions and giving the department an opportunity to comment on those conclusions prior to publishing his reports. An Inspector General gains respect and credibility by consistently producing top quality work that demonstrates ways in which a department can be more effective, efficient, and economical in its programs and operations. To their credit, the Secretary and Deputy Secretary have already involved me in key meetings and planning sessions, pledging to continue to do so, precisely so that I can prevent problems from occurring as opposing to reporting on problems after the fact.

(b) What was your practice and experience at the State Department in this regard? To what extent did you work with agency managers collaboratively, and to what extent did you maintain a more arms-length relationship? How do you believe the nature of your working relationships with agency managers at State affected your ability to help them anticipate and avoid problems, and your ability to serve as an independent watchdog of agency management?

At the Department of State (and the Broadcasting Board of Governors), I believe that it is fair to say that I always maintained my independence and I never hesitated to issue a critical report or to make an unpopular call. But, I always approached my work in a collegial manner and with a view to making constructive recommendations and giving the department due credit for successes and improvements. I believe that both the State Department and the Board appreciated this approach and demonstrated their appreciation by calling on me to look into particular issues, inviting me and my team to serve on a number of advisory committees and panels, and soliciting informal advice and counsel.

(c) What is your view about the appropriateness and desirability of the Inspector General's playing a pro-active, preventative, collaborative role at the Department of Homeland Security, such as by having some involvement or participation when the management systems for the new Department of Homeland Security are being planned and set up?

I commend the Secretary and the Deputy Secretary for involving me early on in significant issues concerning the establishment of the department. In their view, the Inspector General is to be welcomed as a mechanism for achieving the department's mission in as effective, efficient, and economical a manner as

possible. In my judgment, it is better for an Inspector General to be involved in matters at the front end, so as to prevent problems from occurring, than to be involved in inspecting, audit, or investigating matters after waste, abuse, mismanagement, or fraud has occurred.

15. Most Inspectors General understand the importance of keeping Congress and others informed of their efforts to promote economy and efficiency, and to prevent fraud, waste, and abuse, even as they remain independent and objective. IGs are required by law to report their findings to Congress, as well as to executive branch officials, and they routinely provide testimony at hearings about key issues of concern. If confirmed, what method, other than formal reports and hearings, would you use to interact with Congress and ensure timely and effective communications?

I take seriously my reporting responsibility not only to the Secretary but also to the Congress. I will eagerly make any and all reports issued by my office available to Congress, in addition to the statutorily required semi-annual report, and I will eagerly comply with any congressional request for live or written testimony. In addition, I will seek to meet on a regular basis with any member or staffer who wishes to accept my invitation to do so. Finally, I will promptly report to the appropriate members, committees, and/or staff matters that I think merit immediate notification.

16. Inspectors General traditionally maintained a high degree of autonomy from the heads of their agencies. For example, agency heads in only some agencies may stop IG investigations and they may do so only in very narrow circumstances. Moreover, if an agency head takes such an action, governing statutes empower the IG to report directly to Congress about the incident. The Committee's informal survey of existing IG offices, including those in agencies with law enforcement and national security missions, indicates that agency heads have rarely, if ever, invoked their authority to stop an IG investigation.

(a) Do you believe that there are any topics or types of investigations or audits that should be off-limits to the IG?

I do not believe that there are any topics or types of investigations or audits that should be off-limits to the Inspector General, and I note that there is such a limitation on the Inspector General of DHS. That said, the Secretary has told to me that he has no intention of invoking this limiting provision, and I take him at his word.

(b) Do you believe the Homeland Security Act provides the DHS IG with a comparable level of autonomy as is currently exercised by the IG at other agencies, such as the Departments of Justice, Defense, and State? If not, what differences do you believe there are?

While the Inspectors General of the Department of Defense, Justice, Treasury and the CIA may likewise be prevented from carrying out an investigation or audit under certain narrow circumstances, there is no such limitation on the Inspector General of the Department of State.

(c) Have you had any discussions with the Secretary or Deputy Secretary of the Department or others responsible for transition to the new Department regarding the degree of autonomy you will have or regarding any restrictions on the types of investigations or audits you will be expected or allowed to pursue? If so, please describe and explain.

Please see my answer to question 16(a) above with regard specifically to the statutory limitation on the DHS Inspector General's autonomy and the prospect of the Secretary's invocation of it. I would add that, generally, as noted in other answers, the Secretary and the Deputy Secretary have pledged their complete support for the independence and work of the Inspector General.

17. What are the main challenges, vulnerabilities, and risks that will face the Department of Homeland Security during the initial months of operations and how will your Office of Inspector General address them?

I believe that the GAO has done a good job of identifying the three main challenges, vulnerabilities, and risks that the department will face during its initial months of operation. Those challenges, vulnerabilities, and risks are referenced in question 26 below, namely: (1) merging into one department 22 different agencies and more than 170,000 employees; (2) the various pre-existing management and operational challenges faced by the component agencies; and (3) ensuring that the organizational and managerial challenges the department faces do not distract the department from accomplishing its core mission of protecting the nation against terrorist attack. The department will need to focus on ensuring effective control over financial, procurement, and federal assistance activities so that financial statements are auditable (and merit a clean opinion), and that procurement and assistance monies are not wasted in a rush to establish the department. Also, the various information systems being inherited by the department must be maintained and, if possible, integrated, to ensure effective, efficient, and secure operations. DHS OIG can play an important role in this process by identifying and focusing its resources on the challenges and vulnerabilities facing the department and recommending needed improvements.

18. How would you as Inspector General balance the need to obtain necessary information for proper oversight with the need for the Department of Homeland Security to maintain the secrecy of information and documents associated with intelligence programs and activities?

I would restrict the distribution of intelligence related documents and other information to only those members of my staff who must have such documents and information to help me discharge my oversight role. Further, I would entrust to only my most trusted and

discreet staff the responsibility to work on such matters. Because of the sensitivity of such matters and my own personal interest in them, I myself would expect to play a key and direct oversight and substantive role in any intelligence related work. Once completed, I would restrict the dissemination of any report to only those with a need to know and those who have the requisite security clearances.

19. Last year, the Governmental Affairs Committee approved a version of the Homeland Security Act that required the Inspector General to designate an official responsible for reviewing information and receiving complaints alleging abuses of civil rights and civil liberties by employees and officials of the Department. These Committee provisions, based on similar provisions applicable to the Justice Department IG enacted in the USA Patriot Act, reflect the view that the Inspector General should play an important role in reviewing and investigating information and allegations of abuse by the Department in the areas of civil rights and civil liberties. The HSA, as enacted, did not include these Committee provisions, although it establishes a presidentially appointed Officer for Civil Rights and Civil Liberties (the Committee bill had a Senate-confirmed Civil Rights Officer). As IG of the Department of Homeland Security, how would you address complaints or other indications of civil rights or civil liberties violations, and what priority would you give them? How do you envision the IG's responsibilities in the areas of civil rights and civil liberties in comparison with the responsibilities of the Officer for Civil Rights and Civil Liberties, and what forms of communications and interaction do you want between your respective offices?

The legislative history is unclear on why a separate office was created and on how it is to be staffed, but I do not believe such an office necessarily divests the IG of jurisdiction in this area. Although I would not expect OIG involvement to be the norm, the OIG's investigative expertise and its subpoena authority might be valuable in a particular matter. Likewise, allegations of systemic problems would be appropriate for OIG involvement, or allegations against a high level official might warrant OIG involvement because of its independent reporting relationships. Ordinarily, I would refer allegations of violations of civil rights or civil liberties to the Officer for Civil Rights and Civil Liberties, but would be available to work a given case jointly or independently under limited circumstances as discussed. I would anticipate any such decisions of OIG involvement to be made in consultation with the Officer for Civil Rights and Civil Liberties.

20. Inspectors General must achieve a balance among conflicting demands on their resources, including fulfilling statutory and other obligations, responding to requests from Congress, and furthering priorities established by the Inspector General himself or herself, perhaps in consultation with others within or without the Department.

> **(a) How would you at the DHS establish your own priorities for the Office of IG, and how would you strive to achieve the appropriate balance among your obligations, outside requests, and priorities that you establish?**

In my view, an Inspector General's top priority should be to strive to be responsive to his constituents, to the extent possible. I would place a priority on requests from the Secretary and the Congress. If I were to receive multiple requests from the Secretary at or about the same time, I would try to ascertain from him the priority order in which he would rank those requests and proceed accordingly. Likewise, if Congress were to send me multiple requests at or about the same time, I would try to ascertain their priority ranking and proceed accordingly. I would place a particular premium on congressional requests from authorizing and appropriating committees and the members thereof. My next level of priority would be work that I myself believe should be done, irrespective of whether the subject matter has yet attracted the Secretary's or Congress' attention. I would hope to have adequate resources to pursue, within a reasonable time frame of course, all meritorious projects, whatever their provenance.

(b) Do you bring from your experience as the IG at the State Department any insights or observations regarding how an IG can best handle these kinds of competing priorities and obligations?

As Inspector General of the Department of State and the Broadcasting Board of Governors, I managed to respond in a timely fashion to all requests from the Secretary and the Congress, while at the same time pursuing my own priorities. In, at least some cases, our respective priorities were the same. Again, I am hopeful that there will be adequate resources for DHS OIG to pursue the Secretary's priorities, Congress', and my own, in a timely fashion. If that proves not to be the case, I would pursue matters in the priority ranking I have described above.

21. Several of the agencies being transferred to the DHS have offices of internal affairs or investigations (including Secret Service, Customs, Coast Guard, TSA, and INS), and FEMA has its own Office of Inspector General. What do you think should be the future role or disposition within the DHS of these or any similar offices that may be transferred or established within the Department? What kind of relationships and communications would you establish with these offices? Have you discussed these matters with the Secretary or others responsible for the transition to the new Department?

With regard to internal affairs offices and other such entities being transferred to DHS, please see my answer to question 9 above for more detail. I hope that it will suffice here simply to say that, as long as there is a clear (and probably written) line of demarcation between their jurisdiction and that of the Inspector General, there is value to maintaining such offices so that cases that, in the relative scheme of things, do not merit an Inspector General's attention are nonetheless vigorously pursued. I have generally discussed the relationship between internal affairs units and the Inspector General's office with senior department leadership and some other relevant parties. Based on those discussions, I am optimistic that the relationship will be smooth and cooperative. With respect to FEMA's

OIG, my understanding is that that office is to be transferred in its entirety to DHS OIG, and this makes eminent sense to me.

III. Waste, Fraud, and Abuse

22. Waste, fraud and abuse continue to pose major problems for federal agencies. IGs, the GAO, and others consistently report that the federal government wastes billions of taxpayers dollars and that agencies are less than adequate in effectively managing the public's tax dollars. The Committee has held numerous hearings on this issue, and passed legislation - such as the Government Performance and Results Act, the Clinger-Cohen Act, and the Chief Financial Officers Act - to provide agencies the tools they need. Yet, there continue to be grave concerns about federal mismanagement.

(a) What are your general thoughts on why waste continues to be a significant problem throughout the federal government, more than two decades after the passage of the Inspectors General Act?

There are any number of reasons why waste continues to be a problem in the federal government. For one thing, the federal government is not subject to the efficiency inducing pressures of the marketplace. The federal government is not required to compete against others for its "business." Financial systems in the federal government are often inadequate. There are no significant financial or other incentives for managers to be efficient. Further, managers are hamstrung by a welter of rules and regulations in the area of human resources and contracting that do anything but promote efficiency, and managers are not held sufficiently accountable for inefficient operations.

(b) Are there additional tools IG s need to help address the persistent problems?

Aside from their ability to refer criminal violations to the Attorney General for prosecution, an Inspector General's authority is merely hortatory. Departments are not legally required to implement an Inspector General's recommendations. Indeed, disputes between an Inspector General and departmental unit as to whether a given Inspector General recommendation should be implemented is decided finally by senior department leadership. Congress, ultimately, is in the best position to help Inspectors General get recommendations implemented. I will work closely with Congress in this respect, if confirmed. Furthermore, it would be helpful if the OIG were to have testimonial, as well as documentary, subpoena power.

IV. E-government

23. In order to create a more efficient government by eliminating unnecessary waste and duplication, the government must transform the ways it conducts its

business, especially with e-government. If confirmed, do you envision a role for the IG in ensuring that DHS' e-government initiatives are effective?

Yes. DHS OIG would have a separate office under the leadership of a discrete Assistant Inspector General dedicated to assessing the effectiveness of the department's information technology operations, including those in the area of e-government. I believe that we can assist the department in its e-government program by identifying best practices in other federal agencies that have been successful in this area.

V. Information Technology Management

24. DHS will be combining IG offices that have different information technology systems. What steps will you take to ensure that the Department's information systems are compatible, and fully operable?

It is not clear whether this question is intended to focus on DHS' information systems or those of DHS OIG. Assuming the former, it is, indeed, critical that the department's information systems be compatible and fully operable. Whether this is the case will be the subject of early DHS OIG inspections and/or audits, to be conducted by the unit headed by my Assistant Inspector General for Information Technology. To the extent that we are included in the department's planning meetings prior to March 1, we will seek to provide pro-active advice and counsel with regard to information systems compatibility and operability. Of course, our own internal information systems from among the various OIGs and parts thereof to be transferred to DHS OIG must likewise be compatible and operable, and we will apply to ourselves the same advice and counsel in this regard that we would give to the department.

25. GAO has designated information security as a government wide high-risk area since 1997. How should the DHS OIG ensure that its critical information is adequately protected given that many transferring agencies come from departments that have significant information security challenges?

Information security will be a priority for my office, both with regard to our own internal operations and with regard to our oversight of department operations. In accordance with the Federal Information Security Management Act (FISMA), OIG will develop and implement a DHS OIG-wide information security program to ensure that our systems and information are protected. Further, DHS OIG's Office of Information Technology's top priority in FY '03 will be to conduct an evaluation of the department's information security program, as required by FISMA.

VI. Major Management Challenges

26. The GAO has included the implementation and transformation of the Department of Homeland Security on its 2003 High Risk List. The designation is based on three factors. First, the implementation and transformation of DHS is an enormous undertaking that will take time to achieve in an effective and efficient

manner. Second, DHS' prospective components already face a wide array of existing management and operational challenges. Third, failure to effectively carry out its mission exposes the nation to potentially very serious consequences.

(a) If confirmed as IG, how would you go about ensuring that DHS addresses these challenges and how would you identify emerging areas of concern?

I would focus our inspection and audit program on evaluating the department in light of these three challenges. I would identify emerging areas of concern, again, by carrying out a vigorous and pro-active inspection and audit program. The department senior leadership's commendable commitment to involving OIG at an early stage in reviewing its programs and operations and in evaluating new initiatives will help us to identify emerging issues of concern and to work with management to correct them before they become significant problems.

(b) If confirmed, when would you envision DHS being taken off the high risk list?

I cannot say with any degree of certainty or assurance when DHS might be taken off the "high risk" list. Each of these is a major challenge, and, together, they represent a formidable challenge.

27. In order to successfully redefine an organizational culture, employee involvement is critical from the beginning of the transformation process.

(a) If confirmed as IG, how would you go about ensuring that an effective and ongoing internal and external employee communication system is implemented?

I am not certain that I understand this question in its entirety. For example, I am not sure whether the employee communication system inquired about is one for the OIG or for the department, and I do not know for certain what is meant by an "external" system. In the hope that this answer is at least partially responsive, I would say that I am committed to ensuring that I regularly communicate with DHS OIG employees and that they have an opportunity to communicate with me. As I did in my previous Inspector General post, I intend to meet on a daily basis in a formal meeting with my senior staff and, then, as needed, throughout the day. I would hold regular, perhaps, weekly telephone conferences with senior managers in the field, and I would strive to visit each field office at least once annually. I would initiate a DHS OIG intranet site (with a monthly message from me and regular updates, as circumstances warrant) through which I would communicate with all employees, and they with me.

(b) If confirmed as IG, how would you go about ensuring that a performance management system that will serve as the basis for setting expectations for

employees' roles in the transformation process is implemented?

One of the more notable features of the department is its ability eventually to institute a performance-based compensation system and otherwise to provide incentives for superior performance and disincentives for mediocre performance. I would seek to institute such a compensation system and such other incentives in DHS OIG. Further, I would work with senior managers to develop performance measures for those they supervise and to develop a system to track and evaluate staff performance against those measures.

28. What are the greatest barriers that you see in successfully implementing the Inspector General Act at the Department of Homeland Security?

My sense at this point is that I would have no "great barriers" to successfully implementing the Inspector General Act at DHS. As noted elsewhere, I have been assured of the top level management support that I need to be effective. With regard to the statutory limitation on my independence, based on his assurances, I doubt that the Secretary would ever invoke it with regard to a proposed OIG audit, investigation, or inspection. I believe, as noted elsewhere, that any institutional differences or tensions with the various internal affairs units can be worked out to our mutual satisfaction. Finally, I have every reason to believe that I will ultimately obtain from the Administration and the Congress the staff and budgetary resources I will need to get the job done.

29. Section 1515 of the Homeland Security Act provides for the continuation of oversight by the existing Inspectors General of the transferred agencies until the Department's own Inspector General is appointed. These IG s have developed considerable expertise in the areas related to the agencies they oversee, and are likely to have investigations and audits in progress when the new Inspector General is appointed.

(a) Have you reviewed the matters currently in progress?

Yes

(b) Have any arrangements been made with existing Inspectors General to enable the Department's Inspector General to have access to individuals with the skills and knowledge to complete their audits and investigations?

The existing Inspectors General have pledged their continued support and cooperation with me and my team to complete work begun under their supervision.

VII. Budget

30. The President's budget proposal for FY 2004 seeks $80 million for the Office of Inspector General and 457 staff to support its mission. By comparison, the budget request for the Department of Health and Human Services' Office of Inspector General seeks $200 million, which will support a staff of 1,559 individuals. Have adequate resources been requested or are more funds needed so that the DHS OIG can successfully complete its mission?

While I am supportive of the President's budget proposal, it is difficult to know at this point whether approximately 457 staff members and $80 million will be sufficient to perform due oversight over the programs and operations of the department. I, too, note that OIGs with responsibility for similarly large organizations have significantly more staff members and budgetary resources than DHS OIG will have. DHS will be the third largest department in the federal government, and, arguably its OIG should be commensurate with its size and mission. Should experience prove that additional staff members and budgetary resources are necessary, I am hopeful that such increases would be supported by the Administration and provided by Congress.

VII. Background and Experience

31. Please describe the work you performed as an attorney for Vinson & Elkins, and Locke, Liddell & Sapp. While employed at these law firms, did you perform work for Enron?

At both Vinson & Elkins and Locke, Liddell & Sapp, I practiced general business law, with an emphasis on real estate, oil and gas, and banking. I never performed any work for Enron at either firm.

32. As an attorney for any of the firms listed in question 31, were you were involved in any cases pertaining to whistleblowers?

No.

VIII. Relations with Congress

33. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes.

34. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Yes.

XIV. Assistance

35. **Are these answers your own? Have you consulted with the DHS or any interested parties? If so, please indicate which entities.**

While I consulted with my staff as to certain "technical" information within their respective areas of expertise, these answers are my own both in substance and in articulation.

AFFIDAVIT

I, CLARK KENT ERVIN, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Subscribed and sworn before me this [illegible] day of FEB, 2003.

Notary Public

Statement of Janet Hale
Nominee for Under Secretary for Management
Department of Homeland Security
Before the Senate Committee on Governmental Affairs

Chairman Collins, Senator Lieberman and distinguished Members of the Committee, it is an honor to appear before you today regarding my nomination as Under Secretary for Management at the Department of Homeland Security. And thank you to Senator Dole for the kind comments you offered on my behalf.

The primary mission of the new Department is clear; to deter, detect, prepare for, and respond to terrorist attacks and other threats against our country and our people. To accomplish this, the Department will need budgetary and human capital resources, technology development, and an efficient management and support infrastructure. The position I have been nominated for is charged with these responsibilities. I am fortunate to have served in similar roles during my career in public service and in the private sector. I have had the unique opportunity and privilege to serve the Federal Government from different perspectives -- the program level, the department level, the Office of Management and Budget as well as Congressional staff.

I served as an Assistant Secretary for the Department of Transportation, where my duties included all budget formulation, budget execution and program evaluation of the DOT components, including Coast Guard and FAA. As the HHS Assistant Secretary for Budget, Technology and Finance I was instrumental in developing the budget and policies for the Homeland Security missions being transferred to the Department. In addition, I supervised the agency Chief Information Officer (CIO) who held responsibility for developing an enterprise-wide information technology architecture and financial management system. I spent four years as the Program Associate Director at the Office of Management and Budget, dealing with issues relating to many of the 22 agencies that will become components of the new Department of Homeland Security on March 1st. At several federal agencies and at a major university, I gained significant experience in change management and leading reorganization efforts.

Over the past few months, many people inside and outside government have highlighted the enormous management challenges facing the new Department. Merging 22 agencies and bringing nearly

180,000 federal employees under one department will not be an easy task. However, with challenges come opportunities. If confirmed, I look forward to helping DHS establish an organizational culture that values collaboration, interoperability and information sharing to take advantage of these opportunities.

There are several critical things that the Under Secretary for Management will need to focus on as a leader. First, all management functions must directly support the operational mission and add value to the efforts of the men and women on the front lines who are protecting our homeland and the American people. Second, the Under Secretary for Management must be closely aligned with all four of the Department's Directorates, Border and Transportation Security, Emergency Preparedness and Response, Science and Technology, and Information Assurance and Infrastructure Protection. This will require a common vision, constant communications, and a direct linkage between management functions and key business processes within the Directorates.

Third, the Under Secretary for Management must recognize the importance of leveraging the tremendous resources and capabilities of the incoming agencies for the benefit of the entire department. The most important resources, of course, are the federal employees, who deserve the best tools available in order to ensure they can effectively perform the homeland security and other critical missions. As Secretary Ridge recently said, "New funding, technology and equipment are important – but no more so than the people who willingly serve in the new Department." If confirmed, I am committed to ensuring that DHS senior leadership maintains continuous, effective two-way communications with employees throughout all levels of the organization. Finally, the Under Secretary must ensure that management systems and processes provide good stewardship of government resources. The President, Congress and the American people are entrusting the Department with a tremendous amount of federal resources and responsibility. If confirmed, I am committed to good stewardship of these resources and effective execution of this responsibility.

I am honored to have been nominated as the Under Secretary for Management and, should the Senate confirm me, I welcome the opportunity to work with the Congress to accomplish all the important missions of the Department of Homeland Security. Thank you for your consideration of my nomination, and for the honor of appearing before you today. I am happy to answer any questions you might have.

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** (Include any former names used.)

   Janet Hale

2. **Position to which nominated:**

   Under Secretary for Management, Department of Homeland Security

3. **Date of nomination:**

   January 21, 2003

4. **Address:** (List current place of residence and office addresses.)

   Residence:

   Office:
   Department of Homeland Security
   Washington, DC 20528

5. **Date and place of birth:**

   April 2, 1949
   Buffalo, NY

6. **Marital status:** (Include maiden name of wife or husband's name.)

   Single

7. **Names and ages of children:**

   None

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

   Medina High School: Graduated June 1967
   Southern Methodist University: Attended September 1967 to December 1967
   Miami University: January 1968 through June 1971, Bachelor of Science
   John F. Kennedy School of Government, Harvard University: June 1980, Masters in Public Administration

9. **Employment record:** List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)

Department of Health and Human Services Washington, DC	Assistant Secretary for Budget Technology and Finance 2/2002 – 1/2003
	Senior Advisor to the Secretary 6/2001 – 2/2002
House of Representatives Washington, DC	Associate Administrator for Finance 1/2000 – 6/2001
Elizabeth Dole for President Arlington, VA	Policy Director 4/1999 – 11/1999
Self-employed McLean, VA	Consultant 1/1998 – 4/1999
United States Telephone Association Washington, DC	Vice President for Legislation 4/1995 – 1/1998
Self-employed McLean, VA	Consultant 8/1994 – 4/1995
University of Pennsylvania Philadelphia, PA	Executive Vice-President 4/1993 – 8/1994
Office of Management and Budget Washington, DC	Program Associate Director 1/1989 – 1/1993
Department of Transportation Washington, DC	Assistant Secretary for Budget & Programs 2/1986 – 1/1989
Department of Housing and Urban Development Washington, DC	Special Assistant to the Secretary 4/1981 – 1982
	Deputy Assistant Secretary of Housing 3/1982 – 2/1986
John F. Kennedy School Boston, MA	Minority Outreach 7/1980 – 1/1981
Senator Edward W. Brook Campaign Boston, MA	Special Assistant 2/1977 – 1/1979
House Republican Research Committee Washington, DC	Research Assistant 8/1976 – 2/1977
State Representative Tom Gallagher Miami, FL	Administrative Assistant 3/1974 – 7/1976

Burdine's Department Stores Miami, FL	Department Manager/Assistant Buyer 9/1971 – 3/1974
Lum's Restaurant Westport, CT	Waitress Summer of 1971

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.

    None

11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

    Secretary, Hale Financial Services

12. **Memberships:** List all memberships and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.

    None

13. **Political affiliations and activities:**

    a. List all offices with a political party which you have held or any public office for which you have been a candidate.

       None

    b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

       Senior Policy Advisor, Elizabeth Dole for President Campaign

    c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $50 or more for the past 5 years.

       $ 500 George Bush for President

       $1000 Elizabeth Dole for President

14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

    None

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

    Congressional testimony supporting the President's policies during HUD and DOT

16. **Speeches:** Provide the Committee with four copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

Testimony for Senate Finance Committee Nomination

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

My career in both the federal and non-profit sector has been in management and finance. I have served as CFO in two Cabinet departments, been the Program Associate Director at the Office of Management and Budget for the Departments of Transportation, Justice and the Treasury so I have knowledge of the agencies, their issues and budgets, roles and responsibilities. I have had experience overseeing major IT operations including several major system development and integration. I have led efforts to modernize financial systems. Finally, I have had extensive experience with senior Administration officials as well as numerous Congressional Committees, including appropriations, authorizing, finance and budget committees in both the House and the Senate.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

I have served as CFO for two Cabinet Departments, and a Program Associate Director of the Office of Management and Budget, overseeing many of the budgets and policy issues of the 22 agencies that will be folded into the new Department of Homeland Security. I also have experience in changing organizations, leading reorganization efforts at both federal agencies and a university. For example, at the University of Pennsylvania, the House of Representatives and HHS, I have been involved in developing new integrated financial systems that were employee friendly and more efficient. At HUD, we fundamentally changed how homebuyers acquired FHA mortgage assistance. It required changing the public-private relationship (including new legislation to allow direct endorsement of FHA single-family mortgages by the private sector, major system implementation, and business process re-engineering).

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

Yes

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

No

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

I will serve at the pleasure of the President and the Secretary of the Department of Homeland Security. I do not plan to seek another job before the next election.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

Briefly consulted to major airlines 1994 - 1995

2. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy other than while in a federal government capacity.

As Vice President for Legislation at the United States Telephone Association, I lobbied on behalf of local exchange carriers on numerous pieces of legislation affecting the industry and the subsequent implementing rules or regulations – including but not limited to the Telecommunication of 1996, CALEA, and taxes issues including elimination of the Inheritance tax.

As Executive Vice President, University of Pennsylvania, I sought federal appropriations for a new science building. The University's Medical Center lobbied on issues relating for teaching hospitals and Medicare and Medicaid reimbursements.

3. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

   There was a hotline complaint to the IG at HHS that was reviewed and the Office of Investigations concluded that there was no substance or validity to the complaint.

2. To your knowledge, have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.

   I have never been a subject or a target of any investigation. A Special Prosecutor was appointed to review activities of the Department of Housing and Urban Development during the Reagan Administration. I cooperated with all the investigating authorities including the HUD IG, the Employment and Housing Subcommittee of the House Government Operation, and the Independent Counsel. I testified on behalf of the prosecution before a grand jury and at the trial of a former HUD official. This was thoroughly reviewed during my confirmation by the Senate Finance Committee in 2001. I would be happy to discuss this with you personally.

3. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

   No

4. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

   I do not have any additional information, I do greatly appreciate the Committee's consideration of my nomination.

E. FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

U.S. Senate Governmental Affairs Committee
Pre-Hearing Policy Questions for the Nomination
Of Janet Hale to be
Under Secretary for Management,
Department of Homeland Security

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as Under Secretary for Management for the Department of Homeland Security (DHS)?

Answer: I am deeply honored that the President nominated me as the DHS Under Secretary for Management. Perhaps the President recognized that my career experience in the Federal government and the non-profit sector has primarily been in the areas of organizational management and finance. I served as Assistant Secretary in two cabinet-level Departments and was the Program Associate Director at the Office of Management and Budget (OMB) for the Departments of Transportation, Justice and Treasury. Consequently, I am very familiar with the roles and responsibilities, budgets, and management issues for the agencies that will be merged into the Department of Homeland Security. I have had experience leading business transformation projects as well as designing new financial management systems. In addition, I have extensive experience working with senior Administration officials and numerous Congressional Committees.

2. Were any conditions, expressed or implied, attached to your nomination? If so, please explain.

Answer: No, there were no conditions attached to my nomination.

3. What specific background and experience affirmatively qualifies you to be Under Secretary for Management at DHS?

Answer: I served as an Assistant Secretary for the Department of Transportation (DOT) and the Department of Health and Human Services (HHS), which included all budget formulation, budget execution and financial management functions. As the HHS Assistant Secretary for Budget, Technology and Finance, the agency Chief Information Officer (CIO) reported directly to me, with responsibility of developing an enterprise-wide information technology architecture. I spent four years as the Program Associate Director at the Office of Management and Budget, overseeing many of the budget and policy issues of the 22 agencies that will become components of the new Department of Homeland Security on March 1st. In my leadership capacity at several federal agencies and at a major university, I gained significant experience in change management and leading reorganization efforts. For example, I managed the requirements development of new integrated financial management systems with the goal of providing senior managers with the information needed to effectively and efficiently run programs. I have led

business process re-engineering efforts throughout the organizations. I have significant experience leading and managing major IT systems development and integration efforts. While at HUD, I led the department's efforts to improve how homebuyers acquire FHA mortgage insurance, which required changing public-private relationships, implementing new systems and establishing streamlined business processes. I recognize the challenges and complexity surrounding the establishment of the new Department of Homeland Security and look forward, if confirmed, to offering my experience and capabilities to help get the job done.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Under Secretary for Management? If so, what are they and to whom have the commitments been made?

Answer: No, I have not made any commitments.

5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

Answer: No, I am not aware of any conflicts of interest.

II. Role and Responsibilities of the Under Secretary for Management

6. How do you view the role of the Under Secretary for Management?

Answer: The Under Secretary for Management is responsible for the organizational management, including human capital, budget formulation and execution, financial policy and accountability, internal auditing, information technology, procurement and grants management, acquisition, administrative services and immigration statistics. It is important that all management functions directly support the Department's operational mission; DHS internal management systems and processes must add value to the men and women on the front lines who are protecting our homeland and the American people. A primary role of the Under Secretary for Management is to ensure a direct linkage between all management functions and key business processes within the department. In addition, if confirmed as the Under Secretary, I will ensure that all departmental resources are allocated in such a way that optimizes the ability to perform operational missions, while complying with all applicable federal laws and regulations.

7. What challenges do you believe the Office of the Under Secretary for Management will face in DHS ? How will you as Under Secretary for Management address these challenges and what will be your top priorities?

Answer: Clearly, merging 22 agencies and bringing approximately 180,000 federal employees under one department will not be an easy task. I recognize that there will be many challenges within each functional area of the Office, including human capital,

information technology, finance, procurement and administrative services. The Office of the Under Secretary for Management will lead the development of a new department-wide human resources management system, integrated financial and procurement systems, collaborative information technology systems and streamlined administrative processes. The staff at DHS, with input from each of the incoming organizational elements, has already begun to analyze the current capabilities, as well as the future requirements in each of these functional areas. If confirmed, my initial priorities will be to:

- Ensure a smooth integration of the incoming agencies into the new Department of Homeland Security;
- Design of a human capital system;
- Develop an IT enterprise architecture and improve IT support for mission critical technologies; and
- Develop integrated financial and procurement systems that identify opportunities for organizational synergies and efficiencies.

In order to do this, I intend to work closely with senior Department leadership and rely heavily on the expertise of the professional DHS employees within the agencies.

8. How do you plan to communicate to the staff in the Under Secretary for Management office on efforts to address relevant issues?

Answer: Effective communications with staff and employees is the cornerstone of any successful leadership style. I intend to hold staff meetings with senior management personnel and periodic "all hands" meetings with the entire staff to solicit input from employees and communicate both short-term and long-term goals for the Office. As Under Secretary for Management, I would encourage all of my staff to share information across functional areas in order prevent duplication of effort and ensure interoperability of management systems and processes. In addition, I will make use of the weekly DHS employee transition newsletter to communicate management issues that impact the entire department.

DHS has already established an ***internet*** website for public access and an ***intranet*** website for DHS employee access. One of the links on the intranet website includes a web-page dedicated specifically to management issues including acquisition/procurement, human capital, information technology and administrative services.

III. Policy Questions

Merger and Transformation of the Department of Homeland Security

9. The President's November 25, 2002, reorganization plan identifies several phases in organizing the Department of Homeland Security (DHS), most to be completed by June 1, 2003.

a. Do you anticipate DHS achieving this deadline? If not, what contingencies do you have to achieve the goals of the reorganization plan within a reasonable timeframe?

Answer: Yes, I anticipate DHS will achieve the deadline.

b. What challenges do you foresee in achieving the goals of the reorganization plan?

Answer: In my opinion, some of the challenges DHS will face in the reorganization include:

- Overcoming cultural differences among the incoming agencies;
- Effectively managing the complexity of integrating existing HR systems that support approximately 180,000 employees;
- Effectively communicating throughout all levels of the organization; and
- Balancing the need for prompt execution of the reorganization with the immediate requirement to support the Department's mission of protecting our homeland.

10. Field structures, policies, and operations vary considerably among the agencies transferred to DHS. Much different field structures and authorities may be necessary for federal homeland security support and oversight. Under the Homeland Security Act of 2002, DHS is to submit to Congress a plan for consolidation and co-locating all or portions of regional offices or field offices affected by the DHS change.
a. How should DHS approach assessment of existing regional and field structures?
b. What criteria should be used to determine what offices will be consolidated or co-located?

Answer: In my opinion, the assessment of existing regional and field structures should include direct input from the incoming agencies. The first priority should be ensuring that any changes to existing structures, consolidations or co-locations do not adversely affect operational functionality. If confirmed as Under Secretary for Management, I will work closely with the other Under Secretaries to ensure that all management and support requirements are considered as part of any restructuring, consolidation or co-location decisions. It is my understanding that the initial internal assessments of the regional structure are still in the early stages of review. I will be happy to brief the Committee on any management issues relating to new regional or field structures once the formal assessment is complete and a plan is fully developed.

11. The department has selected the U.S. Naval Security Station in northwest Washington, D.C. as its initial headquarters.

a. How long do foresee DHS headquarters occupying this location? Will this be the headquarter's permanent location?

Answer: DHS intends to use the Nebraska Avenue Complex (NAC) to accommodate its critical operations until such time as DHS makes a determination on a facility that meets security and operational requirements.

b. What led to this decision to locate the headquarters at this site?

Answer: The NAC was selected primarily because of the existing security of the facility. Its available space provided room for a substantial portion of the DHS operations within a secure facility with an existing support infrastructure.

c. If the Naval station is not the permanent headquarters, what criteria should be used to make the decision for the location of the permanent headquarters?

Answer: The Department is reviewing all options and I will be happy to share the information with the Committee once complete. Selection criteria will include stringent security requirement, space requirements, IT infrastructure, parking, as well other criteria.

What options are currently under discussion, and what are their strengths and weaknesses?

Answer: DHS is reviewing options to solve immediate space requirements. In addition, DHS is working with GSA to establish the process for selecting a DHS interim headquarters location. There is $30 million included in the President's FY04 budget for the acquisition of a permanent headquarters building. Alternatives could include existing government controlled facilities, commercial facilities, and new construction. If I am confirmed, I will be happy to share more detail with the committee once the plans are finalized.

What provisions are being made to secure the current headquarters and what security provisions will be made for any future headquarters?

Answer: The facility at the NAC incorporates a number of security features related to set back distances and access control. DHS intends to locate a building that meets the security requirements including 50 foot setback, located inside the TFR but no more than 15 miles from the White House and single occupancy. To that end, discussions have taken place with the GSA to identify any federal or other location that can fill the interim requirements. I will be able to provide the Committee more detail once the plans are finalized.

How are considerations for buying versus leasing the facility being calculated into the decision making of a location for the headquarters?

Answer: Again, working closely with GSA, DHS intends to conduct the financial analysis necessary to determine the acquisition method that is most advantageous to the

government. I will be happy to share more detail with the committee once the analysis is complete.

12. The General Accounting Office (GAO) has designated the implementation and transformation of DHS as a high risk. GAO gave this high risk designation because (1) the size and complexity of the effort make the challenge especially daunting, requiring sustained attention and time to achieve the department's mission in an effective and efficient manner, (2) components being merged into DHS already face a wide array of existing challenges that must be addressed, and (3) DHS's failure to effectively carry out its mission exposes the nation to potentially very serious consequences.

- **What are your plans to understand all the risks identified by GAO?**
- **What are your plans to work with GAO to identify corrective measures that would be important to implement in order to come off the high risk list at an appropriate time?**
- **If confirmed, when do you believe the Department will be moved from the high risk list?**

Answer: I share the concerns raised by GAO. I have significant experience working with GAO and look forward to continuing that relationship in overcoming the challenges facing DHS. For instance, while at DOT I worked with GAO to understand the risks associated with DOT modernization and major procurement projects and identified corrective measures that were accepted by GAO. If confirmed as the Under Secretary for Management, I will work with DHS senior leadership to effectively manage the transformation efforts. I intend to establish a senior management staff within the Office of the Under Secretary to deal with the issues raised by GAO, as well as other transformation issues raised by the incoming agencies. I am committed to ensure that the Department's senior leadership and all DHS Directorates and Offices work to assess the organizational risks and identify potential corrective measures. While it is too soon for me to have an estimated timeline, my ultimate goal is to get the DHS transformation off the high-risk list as quickly as possible.

13. Research suggests that failures to consider and address many people and cultural issues are at the heart of unsuccessful mergers, acquisitions, and organizational transformations. Key practices can successfully address many issues, including (1) ensuring top leadership drives transformational change, (2) establishing a coherent mission and integrated strategic goals to guide the transformation, (3) focusing on a key set of principles and priorities at the transformation's outset, (4) setting implementation goals and timeline from day one, and (5) dedicating an implementation team to manage the transformation process. How are these practices reflected in current DHS transition planning and activities?

Answer: In working with Secretary Ridge and Deputy Secretary England, it is clear to me that DHS senior leadership is committed to ensuring a smooth merger of the

incoming agencies. While the incoming agencies may have cultural differences, they all share in the common vision that the primary mission of DHS is to deter, detect, prepare for, and respond to terrorist attacks and other threats against our country and our people. This common vision will serve as the starting point for all DHS strategic planning efforts, which I understand are already underway. If confirmed, I intend to work closely with the Secretary and Deputy Secretary to manage the transformation process, which will include setting strategic goals and appropriate implementation timetables that relate to both the homeland security and non-homeland security missions. DHS senior leadership is currently actively involved in establishing organizational priorities and timelines.

14. **Communications with the DHS workforce will be especially critical during the transition to align employee efforts and organizational goals and allay and address employee concerns. The Homeland Security Act of 2002 requires employee involvement in forming the new department. How would you establish two-way communications designed to achieve a shared vision and develop appropriate human capital policies and practices?**

Answer: Secretary Ridge and Deputy Secretary England are clearly committed to ensuring open, two-way communications with employees throughout the Department of Homeland Security. In his first days after being sworn in, Secretary Ridge traveled to Miami to meet with employees. Through meetings like these, the DHS senior leadership team can communicate the DHS shared the vision and goals with all employees and gain valuable input for future consideration.

As noted in a response to an earlier question, DHS publishes a weekly electronic newsletter for employees and provides employee access to the DHS intranet site, which provides information on Department activities and solicits employee input. DHS has also established workgroups of employees from incoming agencies to help determine the shape and focus of the Department's Offices and Directorates, including workgroups for human capital, information technology, finance and administration where employee expertise and experience are invaluable to forming our business practices. DHS and OPM are committed to establish a process that ensures involvement of managers, employees, their representatives, and external stakeholders in the development of the new DHS human capital management system. If confirmed as Under Secretary for Management, I look forward to ensuring that DHS employees have input into all major organizational decisions. From employee "town hall" meetings to brown bag lunches, to having weekly meetings with the respective agency and directorates, I am committed to having open, two-way communications throughout all levels of the Department.

15. **Communications with partners external to DHS are also important as the transition proceeds. What type of communications strategy would you establish with other stakeholders such as Congress, other federal agencies, state and local governments, and key private sector industries?**

Answer: While at HUD, DOT and OMB, I was committed to open communication with Congress, federal agencies, state and local governments and private sector industry.

If confirmed, I look forward to continuing open and effective communications with all stakeholders. I anticipate those communications, whether they be public hearings, individual briefings or meetings on specific issues, will facilitate better decision-making to support all of the Department's mission.

16. The Administration has maintained that consolidating functions within DHS will reduce costs below what otherwise has been the case if these functions continued to operate separately.

- **What is estimated as the total transition cost?**

Answer: While the total transition cost has not been determined, the Administration is committed to funding the transition from existing resources. For instance, $125 million from unobligated balances of appropriations enacted prior to October 1, 2002 has already been made available to DHS for transition costs, with additional transfer authority available through the Homeland Security Act. If confirmed, I look forward to working with the Administration and the Congress to secure funding, if necessary, from redundant and lower priority programs to fund Department transition costs based on validated requirements and transition priorities.

- **What is estimated as the cost savings or cost reductions that could be associated with forming DHS?**

Answer: The President's FY04 budget assumes $30 million in savings from consolidation of administrative overhead within DHS. For example, DHS staff and representatives from the incoming agencies are currently analyzing financial systems and information technology investments which could result in realigning the current IT investment portfolio. Additional savings may be recognized by identifying the "best in class" system for Department-wide implementation and phasing out outdated or redundant systems. In a similar fashion, if confirmed, I will work towards eliminating redundant contracts and procurements to ensure that the Department purchases interoperable equipment and services. This should reduce department-wide costs through economies of scale, reduced training requirements, and streamlined operations.

17. One reorganization objective is to eliminate program and functional duplication and overlap, close gaps, and align and merge common roles and responsibilities.

- **What should be expected as concrete outcomes in these areas from the DHS reorganization?**
- **What opportunities exist to reengineer DHS operations or activities that could achieve efficiencies?**

Answer: The merging of 22 different agencies into one new department provides a unique opportunity to reengineer business processes in an effort to achieve organizational efficiencies. As noted in the response to an earlier question, if confirmed as the Under Secretary for Management, I will have the opportunity to lead the development of a new

department-wide human resources management system, integrated financial and procurement systems, collaborative information technology systems and streamlined administrative processes, all of which will result in organizational efficiencies.

The bottom-line is that, if confirmed, I will work towards removing system-wide redundancies, identifying and closing performance gaps, developing DHS centers of excellence and reducing internal management bureaucracies in an effort to provide quick, direct and effective support to the operational elements of DHS. Through collaboration, cooperation, and information-sharing within the DHS organization, as well as with other public and private sector partners, the Office of the Under Secretary for Management will be able to provide its employees with the tools necessary to improve their ability to protect the American public.

DHS performance plans, measures, and outcomes are not yet complete. If confirmed as Under Secretary for Management, I intend to develop outcome-based measures for management and support functions that accurately assess the performance of the organization so that the Secretary, DHS employees, the President, the Congress and the American people can assess the return on investment.

18. DHS, in addition to its homeland security responsibilities, will be responsible for carrying out the other functions of transferred agencies and programs, while creating an effective and efficient structural unit.

- **How should DHS ensure there is not a degradation of overall homeland and non-homeland security performance during the transition?**
- **What systems and processes should be used to ensure performance accountability?**

Answer: The agencies transitioning into DHS are filled with thousands of competent and dedicated professionals who do great things for the American public every day. They will continue to provide their valuable public services, in all mission areas, on and after March 1st. In fact, DHS is working with each incoming agency to ensure continuity of management and support services throughout the transition period, to ensure that the transition is transparent to employees in the field, and to the American public they serve.

Ensuring performance accountability requires the development and use of appropriate performance measures. Departmental performance plans, measures, and standards, which are currently being developed, must include both leading and lagging performance indicators for homeland security and non-homeland security missions, so performance gaps can be identified early enough to allow for timely corrective action. The process will include developing performance measures, managing major milestones and holding senior managers accountable for these milestones.

19. Each agency being transferred into the DHS is now served by staffs performing various management, oversight, and other support functions. In some instances, such staffs are within the agency being transferred to the DHS; but, in

other instances, such staffs are part of department-wide or division-wide offices that are not within the agency being transferred. In these latter instances, what can be done to assure that the DHS gains the necessary expertise, institutional knowledge, records, and other assets for maintaining continuous and uninterrupted service for the agencies being transferred to the Department? Please answer with respect to management functions within the responsibility of the Under Secretary for Management, as well as Inspector General and General Counsel functions and any other functions where maintaining expertise and continuity is particularly important.

Answer: Maintaining continuity of service for management and support functions is an important issue and a high priority for DHS. DHS is working closely with the other Departments and the incoming agencies to identify the knowledge, records and assets required to maintain services for the components transferring in, consistent with the Homeland Security Act. It is my understanding that DHS is working with representatives from each incoming agency to identify the specific management and support services that each agency will need continued as of March 1st. The list of required services is comprehensive, covering all management and support functions . . . everything from payroll processing; to commuter transit benefits; to legal review of contract appeals.

20. Some agencies joining the DHS, particularly the Coast Guard and the Secret Service, will not be part of any directorate. What will you do to integrate these agencies into the security missions of the Department and of the relevant directorates and to ensure that the activities of these agencies are coordinated with other DHS components appropriately and effectively?

Answer: These agencies need to be integrated into the overall management and operations of the Department. I gained significant experience working with the Coast Guard when I was an Assistant Secretary at the Department of Transportation. I fully understand the multi-mission capabilities and the unique military nature of our nation's oldest continuous sea-going service. In addition, I am very familiar with the special statutory roles and responsibilities of the Secret Service. If confirmed as the Under Secretary for Management, I intend to ensure that the unique requirements of these organizations are integrated in department-wide management decisions. Finally, DHS must ensure that these agencies are integrated into the operational missions with the other Directorates.

21. A central rationale for creating the Department was to improve the communications and coordination among the agencies responsible for aspects of homeland security. What steps will be taken by you or others to correct these deficiencies as the selected agencies transition to the Department?

Answer: In my opinion, improving communications and coordination among the agencies is a critical step to improving our operational effectiveness in the homeland security mission. It is also critical if DHS is going to consolidate, centralize and streamline management and support processes in order to attain organizational

efficiencies and economies of scale. If confirmed, I will ensure that agency representatives are an integral part of the decision-making process for all major department-wide management issues. For instance, senior agency representatives from each incoming organizational element are already working directly with the DHS CIO, CFO and Human Capital staff to coordinate transition issues and establish the management framework for the new department. More importantly, there are tremendous opportunities for leveraging agency core competencies for the benefit of the entire department. Communications and coordination among all incoming agencies is essential in order to exploit existing capabilities. I will ensure that this working relationship continues throughout the transition period and beyond.

Longer-Term Transformation

22. Effectively integrating and transforming DHS may be more daunting than creating the Department of Defense (DoD). DoD was formed entirely from agencies with a principal national defense mission. DHS combines many missions, such as law enforcement, border security, infrastructure protection, biological research, and disaster mitigation. Some suggest that DHS, like other large federal departments, may become essentially a "holding company" with numerous missions, activities, and organizations, struggling with managing a decentralized structure, while trying to meet overall departmental goals. What are the keys to avoiding a holding company outcome for DHS?

Answer: In my opinion, the Department must continually add value to operational execution of the mission. The primary mission of DHS is clear: to deter, detect, prepare for, and respond to terrorist attacks and other threats against our country and our people. All of the 22 agencies being merged into the new department already share in this mission, as well as the non-homeland security missions they currently perform. DHS will add value as an organizational entity by identifying and leveraging the core competencies of the 22 individual components, removing unnecessary redundant capabilities, streamlining information processing, taking advantage of economies of scale and creating centers of excellence within the department for specific DHS functions. This will be accomplished through effective communications throughout the organization and establishing clear lines of responsibility and authority.

23. Often it has taken years for large reorganizations and the consolidation of functions to achieve expected results. Some remain management challenges for decades. How should DHS prevent repeating the problems of past major reorganizations and minimize the duration and the significance of reduced productivity and effectiveness?

Answer: In my opinion, keeping the entire department focused on a common mission and vision, and ensuring clear communications with all employees throughout the organization, will minimize some of the challenges faced during this reorganization

effort and begin the development of a new organizational culture that embraces interoperability, collaboration and information sharing. We are embarking on a road of continuous improvement that will ultimately result in organizational synergies within DHS. As we work towards a common vision among all DHS organizational elements, the overall performance level of the Department will be greater than the sum of its parts. These synergies will help ensure that American public will get better protection by the Department of Homeland Security than afforded by the previous organizational structure within the Federal government.

24. The Homeland Security Act of 2002 requires DHS to ensure that agency functions not directly related to homeland security are not diminished or neglected. However, there is concern non-homeland security missions over time may not receive adequate funding, attention, visibility, and support within a department under tremendous pressure to succeed in its primary mission. How should DHS ensure that proper attention is given to non-homeland security missions?

Answer: I recognize that many of the 22 agencies being merged into DHS are responsible for other important missions in addition to homeland security. In my role as Assistant Secretary at DOT, I was directly involved in securing the resources for the Coast Guard to perform its non-homeland security missions including pollution response, fisheries enforcement and search and rescue. I personally witnessed the multi-mission capability of Coast Guard resources throughout the country. In addition, while at OMB I had the opportunity to travel with FEMA employees for disaster response. I personally observed the value of these non-homeland security missions to the American public we serve. If confirmed as the Under Secretary for Management, I will ensure that all of the Department's missions and functions, including non-homeland security missions, receive appropriate resources, attention, support, and visibility.

Strategic Planning and Reporting

25. The Government Performance and Results Act (GPRA) provides a framework for federal agencies to achieve greater program and operational accountability. There has been ongoing difficulty with many federal agencies setting adequate performance goals, objectives, and targets.

a. What specific direction and criteria should DHS managers be provided regarding setting performance goals and measures?

Answer: At HHS, I worked with senior leaders and agencies to develop outcome measures – not output measures. We reviewed performance goals during the development of the budget to ensure that budget and performance were integrated. If confirmed, I look forward to working with the DHS Directorates and component agencies, as I did at HHS, to set performance goals and measures that are directly linked to the budget and the organizational mission and strategy.

b. How should DHS go about setting strategic and annual performance goals?

Answer: The first step is to clearly identify the missions of the Department and determine key stakeholder requirements for mission performance. Once those requirements are known, and a strategic plan is developed, the organization can begin to develop specific goals. Input from stakeholders, the agencies and senior management is critical to this process.

c. What consultation should DHS do internally and externally?

Answer: It is important that all levels of the DHS organization participate in developing its strategic and annual performance goals. Senior leaders, managers and employees all provide a unique perspective that needs to be considered in establishing organizational goals. The perspectives and needs of key stakeholders, such as the Administration, Congress, private sector organizations, local and state governments and the general public should also be considered.

d. How should DHS ensure that GPRA principles are implemented and sustained within DHS?

Answer: If confirmed, I intend to ensure that the DHS budget links directly to organizational performance measures. There will be a unit within the Budget Office that focuses solely on organizational performance management issues and provides guidance to and assists all DHS Directorates in this area. Establishing a systematic, repeatable process will ensure that the GPRA principles are sustained throughout the entire DHS organization.

26. Strategic goals provide direction for the department, and they are the starting point for annual performance goals and measures. What strategic goals should be set for DHS in its first year?

Answer: DHS senior leaders and staff will develop the organization's strategic plan, with input from key stakeholders. However, the most immediate challenge for the DHS is to execute the transfer of agencies on March 1st and ensure continuity of all management and support services to all DHS employees. Once DHS employees are officially brought on board, more time will be dedicated to establishing strategic goals. If confirmed, I intend to work closely with my colleagues to make strategic planning a high priority. We will need to establish strategic goals as quickly as possible in order to provide a clear direction for the department and its organizational elements.

27. Federal agencies transferring to DHS have been involved in the strategic and annual performance planning process and have their own, or are components of departmental, strategic plans, annual performance plans, annual accountability reports, and financial statements. From these documents, what are the most important goals and management challenges facing each agency coming to DHS?

Answer: I have not yet had the opportunity to thoroughly review each of the agency

plans and statements listed above. If confirmed as Under Secretary for Management, I will ensure that DHS works towards recognizing the challenges facing each agency and developing action plans to overcome the challenges. I would expect that some common challenges faced by all agencies will be maintaining competencies of the civilian workforce, ensuring operational interoperability, leveraging technology to increase productivity and obtaining adequate resources to perform operational missions.

DHS can leverage the capabilities and knowledge of the component agencies by getting direct input in creating the DHS plans. I will ensure that the strategic plans and other related documents of the agencies transferring to DHS are reviewed, validated and modified, if necessary, to ensure alignment with the DHS strategic goals, once established. I intend to use the President's Management Agenda (PMA) as the roadmap for achieving management excellence.

28. According to OMB, nine programs that moved into DHS have been reviewed using OMB's new Performance Assessment Rating Tool (PART). This assessment concluded that seven of the nine programs did not demonstrate results and they lack long-term, measurable goals. What is your perspective on the need for any and all DHS programs to establish performance measures, collect performance data and meet performance goals?

Answer: Establishing appropriate performance goals and measures is a critical step to ensure successful mission performance. Without appropriate measures and goals, it is difficult to assess the value of a program to the American public. Effective goals and measures should reflect desired outcomes, not activity levels. To help ensure that DHS programs achieve expected results, if confirmed as Under Secretary for Management I would establish a program analysis and evaluation unit within the Budget Office to establish performance measures, collect performance data, analyze the data and help senior management create required action plans to improve performance. This headquarters organization will also prepare reports to monitor the Department's progress in achieving DHS strategic and performance goals.

29. The Director of the Office of Management and Budget (OMB) stated that federal agencies—especially those agencies with homeland security missions—can expect that increased oversight and more pressure to demonstrate performance will accompany funding increases. What specific steps should be taken to hold DHS executives accountable for performance?

Answer: Executives should be held accountable for individual and organizational performance. Through the strategic planning process, senior leadership must establish clear goals and periodically monitor performance. Executives who do not meet performance expectations must be held accountable for their performance; executives who meet or exceed expectations should be rewarded appropriately.

30. Because of the critical nature of DHS's mission, congressional oversight will be considerable and an important means of reporting on the department's

performance.

a. Do you agree that timely and accurate access to federal agency records and other information and to federal officials is necessary for Congress to fulfill its oversight responsibilities?

Answer: Yes, consistent with the constitutional prerogatives of the Congress and Executive Branch.

b. Do you support congressional and GAO access to federal agency records and other information and to key federal officials within DHS?

Answer: Yes, consistent with the constitutional prerogatives of the Congress and Executive Branch.

c. What, if any, limitations would you attempt to impose upon congressional or GAO access to federal agency information and to key federal officials within DHS?

Answer: None, providing the access is consistent with the constitutional prerogatives of the Congress and Executive Branch.

d. How do you propose resolving any potential disputes regarding access to federal information and officials?

Answer: I would work with the individuals involved and the DHS General Counsel.

Human Capital Management

31. What do you see as your role in addressing the human capital challenges facing DHS?

Answer: One of the biggest human capital challenges facing DHS is creating a new human resource management system. It is extremely important that employees be directly involved in developing this system and I am committed to seeing that this happens. If confirmed in this position, I will work to develop consensus among the stakeholders in this vital area by encouraging open communications and convening workgroups to include employees, their representatives, program managers and human resource specialists. The overall objective is to design a human capital system that is responsive to the needs of the Department and its workforce for years to come.

a. How should DHS develop and maintain the human capital needed to achieve results—getting the right employees for the job and providing the training, structure, incentives, and accountability to work effectively?

Answer: Getting the right people for the right job is clearly the most important and difficult step in the process. It requires that leaders in an organization understand the

knowledge, skills and abilities needed to perform specific job functions. The next step in the process is to assess the competencies and skill sets of all employees transferring to DHS and compare it to the competencies and skill sets required for specific jobs. DHS will need a plan to train employees, if necessary, in order to fill any gaps between current capabilities and job requirements.

Where training of existing employees still leaves gaps, DHS will need to work closely with the Office of Personnel Management, in consultation with experts in the private sector, to implement a hiring and selection process that effectively matches individual skill sets with specific job requirements.

The next challenge is to keep high-quality employees once they are brought aboard. Implementing fair and equitable incentive programs and creating opportunities for continued professional growth through training and promotions are elements that normally result in higher employee morale, higher performance and increased organizational loyalty. Recognizing the current challenges facing the federal workforce with respect to retirement-eligible personnel makes it even more critical to create a working environment that is employee-friendly.

b. What should be the first steps necessary for DHS to implement a sound human capital plan?

Answer: First and foremost, the Under Secretary for Management must communicate to all employees the issues relating to the human capital challenges facing DHS, such as the requirement to develop a human capital plan and a new human resource management system. It is imperative that DHS, working closely with the Director of the Office of Personnel Management, create a process that includes direct involvement from employees and their representatives. The process needs to ensure input from all stakeholders, encourage input from both inside and outside of government, and allow for rigorous debate and consensus building before makes any recommendations or decisions as to the final form of the new system.

32. What role do you believe a performance management system can and should play at DHS? For example, how should incentives and disincentives, at either the individual or unit level, be designed to foster achievement of organizational goals? What steps would you take to establish an effective performance management system?

Answer: I believe that a performance management system can provide a framework that fosters high employee performance which directly supports organizational goals. In order to implement an effective individual performance management system, DHS leadership must, in collaboration with managers and employees:

- Establish clear and measurable goals and outcomes; and
- Communicate those agreed upon goals in a unambiguous manner to all levels of the organization.

Having performance goals flow from the very top of the organizational ladder down to every front-line employee, the result should be a performance management system that is aligned to achieve the strategic goals of DHS. Resolving the issue of performance measurement and aligning pay with performance are two key elements of the overall human capital systems design, and will be addressed through a collaborative decision-making process.

If confirmed as Under Secretary for Management, I will be directly involved in the development of an effective human resource management system. I will ensure that the process to design the new system includes direct input from employees, managers and their representatives. I will be happy to brief the Committee on the new human resource management system once the plan is developed.

33. It will be critical for the new department to define its core skills and competencies. Numerous reports have highlighted the need for agencies to expend more resources on effective training and professional development programs to better equip federal employees for the workplaces of the future.

a. How should DHS plan to assess DHS skills and capabilities and determine the fit with what is needed?

Answer: DHS should build on the work already begun in the component agencies as part of the President's Management Agenda, which includes workforce planning. This involves a critical analysis of the needs of the organization both now and in the future, the skills which current employees bring to the job, and an assessment of how to fill any gap which exists between the two. The tools to perform these assessments are already developed and being used throughout the Executive Branch. If confirmed as Under Secretary for Management, I would focus initial efforts on prioritizing these assessments to ensure that the most critical jobs are examined first and that the solutions for filling any gaps are implemented quickly. Those solutions will involve providing employees with the training and tools they need to do jobs that are clearly defined.

b. What immediate steps should DHS take to acquire the necessary skills and capabilities for DHS?

Answer: The DHS incoming agencies all have extremely dedicated and hard-working federal employees and military personnel who effectively perform their duties, day in and day out, three hundred and sixty five days a year. If confirmed, the first step I would take would be to assess the current capabilities and skills of the workforce and compare them to DHS job requirements. Where gaps are identified, I will provide training for the existing workforce to meet the needs and, if necessary, hire additional personnel that have the required skill sets.

c. How should DHS emphasize continuous learning?

Answer: Continuous learning is a critical component of any successful human

capital plan. With the fast-pace of changing technology and business processes, continuous learning provides employees with new skill sets needed to do their jobs more efficiently and effectively. It should also be a factor considered in a performance management system to ensure employees stay current in their field of expertise. DHS will have employees working in all corners of the world and on the high seas. Consequently, it will be important to ensure that DHS leverage technology to provide opportunities for remote or distance learning, as well as more traditional learning forums, so all DHS employees can participate in these programs.

34. The federal government has been active in contracting out selected government functions. While contracting out can be an effective means of performing the department's activities, it is critical that the government have sufficient staff on board with the appropriate skills to effectively manage acquisitions and contract oversight in order to ensure quality, economy, and timeliness. What are your views on the future of federal contracting and the capacity of the federal government to ensure that the public interest is appropriately served?

Answer: If confirmed as Under Secretary for Management, I intend to ensure that DHS federal contracting decisions meet the operational needs of the Department and provide for effective financial integrity and stewardship of budgetary resources. As the Department defines its roles, responsibilities, and organizational structure, I will encourage thoughtful examination of the appropriate balance between work performed by DHS employees and work that DHS competitively sources to commercial enterprises. DHS must maintain a viable and well trained government core contracting workforce, on both the business and technical side, in order to add value to the acquisition decision-making process and provide effective oversight of contract management.

35. Advocates of personnel flexibilities (such as performance-based pay, pay banding, and other flexible authorities) believe such flexible authorities are needed to achieve a more responsive human resources management system. But concerns have been raised that such flexibilities, by allowing personnel decisions to be based on less objective and consistent criteria, can increase the risk of arbitrary and unfair action and politicization in the workplace. Do you believe these concerns have any validity? What can be done to address these concerns?

Answer: Personnel flexibilities such as performance-based pay, pay banding, etc. can and should be designed in a way that:

- Clearly articulates the performance expectations;
- Links to organizational goals both at the national and local level;
- Are communicated directly and frequently to employees; and
- Are subject to specific measures whenever possible.

If confirmed as the Under Secretary for Management, I will work to ensure that the new human resource management system includes these characteristics, which will be

developed in consultation with employees, managers and their representatives. This should help off-set some of these concerns.

36. Some believe that agencies must upgrade their management systems before they implement personnel flexibilities, in order to avoid unfair and inconsistent treatment of employees, and to reduce inefficiency and waste to the government. What is your opinion about whether the Department, or agencies being transferred into the Department, need to establish or upgrade their management systems before personnel flexibilities should be implemented? For example, do you believe that the Department and its constituent agencies should –

Answer: If confirmed as the Under Secretary for Management, I am committed to ensuring the underlying management systems – those systems which are used to determine workforce needs and to identify skills – are developed in conjunction with the new human resource management system. The strength of the new HR system will come not only from the collaborative process used to develop it but also from the identification of systems to support the human resource decisions which must be made by the department in the recruitment, deployment, development, and retention of its employees.

a. ascertain workforce needs based on fact-based analysis and sound strategic planning, and only then employ appropriate personnel flexibilities to meet documented needs?

Answer: The Department will build on the workforce planning already underway in the incoming agencies to ensure that forecasted needs are aligned with DHS mission and strategic goals. The best models of workforce planning heavily depend on fact-based analysis of the skills needed now and in the future, and developing a range of tools for ensuring that employees are prepared for those future requirements. The human resource management system should provide those tools, including recruitment and development programs, as they are needed to ensure that the skills needed are available.

b. establish or upgrade processes for ascertaining and documenting relevant information about skills, capabilities, and performance to assure that criteria and guidelines for using flexibilities are well defined, fact-based, and applied the same way in similar situations?

Answer: The new HR system should ensure that the criteria and guidelines for making decisions concerning employees are fact-based and well documented. The Department will build on the best practices available in developing these criteria.

c. adopt mechanisms for holding managers and supervisors accountable for the fair and effective use of personnel flexibilities?

Answer: Accountability of managers and supervisors is critical to the successful achievement of the Department's goals. The new HR system will include mechanisms

for measuring the performance of all levels of leadership – and for all responsibilities of leaders including management of the workforce.

37. What role would you like to see unions play at the Department, and what style of arrangements involving labor and management do you intend to foster? For example, will you foster labor-management partnership at the Department, or do you believe that other kinds of arrangements would be preferable? What steps will you to take to achieve the kind of labor-management relationships you want?

Answer: The role that the unions play at the Department must be developed in collaboration with union leadership. If confirmed as the Under Secretary for Management, I will seek their input as we develop both formal and informal relationships. I would ask that they describe those arrangements that have succeeded and those that have failed – from their perspective. And, I would follow-up on that discussion with questions as to what made the difference. This information would influence my decisions on this issue. Personally, I would like to see the unions have a relationship with the Under Secretary for Management that fosters open communications, provides us an opportunity to discuss openly and with mutual respect issues that arise between us.

a. What actions in your past executive experiences demonstrate your style and approach in the area of labor-management relations?

Though I have limited experience in this area, I look forward to developing a strong labor-management relationship. As I noted in the previous response, I would like to see strong two-way communications between the unions and the Under Secretary for Management which fosters an opportunity to discuss issues openly and with mutual respect.

38. The effective implementation of personnel flexibilities will require a sufficient budget to recruit, retain, train, and provide incentives to the necessary personnel. Indeed, some believe that past efforts to implement personnel flexibilities have been undermined by inadequate funding. What will you do to obtain a sufficient personnel budget for the Department?

Answer: If confirmed as the Under Secretary for Management, I will seek adequate resources to support the recruitment, development, training and incentives needed to ensure that the Department of Homeland Security can attract and retain the best. I am committed to finding centers of excellence within the Department, and reducing redundancies to ensure that the personnel budget of the Department is adequate to meet the enormous challenge facing all of us.

Financial Management

39. Federal agencies face significant challenges in achieving accountability and generating reliable financial and management information on a timely basis for

decisionmaking due to pervasive, generally longstanding financial management problems. How should this challenge be addressed as DHS merges various agencies' financial management systems?

Answer: While at HHS, the University of Pennsylvania and the House of Representatives, I gained significant experience in developing requirements for integrating major financial systems. DHS must design and implement an integrated financial management system that provides the financial, performance, and budget information needed for senior leadership to make effective program decisions. In addition, the system needs to generate the periodic reports necessary for the Department of Treasury, OMB, and the Congress. The first step to meet this challenge will be to establish the business requirements by working with senior managers and users. Once the business requirements are validated, the system development process will begin. If confirmed as Under Secretary for Management, designing a new financial management system that is consistent with the DHS IT enterprise architecture would be one of my top priorities.

40. Many federal agencies' financial management systems do not meet systems requirements and cannot provide reliable financial information for managing day-to-day government operations and holding managers accountable.
What should be done to ensure that DHS implements an effective financial management system that improves accountability?
What steps should DHS take to produce integrated financial information?

Answer: If confirmed as Under Secretary for Management, I would address both the short-term and long-term issues facing DHS financial management. In the short-term, DHS must develop a system of financial controls and internal audits to ensure that existing department-wide financial systems proved the financial integrity required. For the long-term, DHS must develop a strategy to design, implement and maintain an integrated department-wide financial management system that meets the needs of managers at all levels of the department. As noted in the answer to the previous question, this will include validating business requirements and developing a system that meets those requirements.

At HHS I lead efforts to modernize the financial management systems. I established a steering committee comprised of senior leaders from all of the operating divisions to oversee the project. This ensured that program managers were involved in the development of the financial system in order to meet their business needs. It provided a central process that coordinated that business, financial and IT needs of the agencies. If confirmed I would establish a similar process that develops an effective financial management system.

41. DHS is to provide an estimate of expenditures for homeland security activities by state and local governments and the private sector. How should DHS

go about identifying and assessing these expenditures?

Answer: In my positions at DOT and HHS I learned the importance of working closely with local, state and private sector representatives. It will be important to develop estimates of need, with an appropriate recognition of the balance between federal, state and local governments, and private sector responsibilities. DHS must develop a mechanism to compile valid and reliable information on expenditures by state and local governments and the private sector for homeland security. This will include required expenditure reporting by recipients of federal financial assistance in a standardized format; matching funds/cost shares required from the recipients; and information on expenditures made by state and localities, in addition to, and separate from, federal grants and other programs for homeland security. DHS needs to work extensively with its state, local and private sector partners to identify and assess needs and expenditures. In addition, I will work closely with each of the DHS Directorates to ensure accountability and effective use of appropriated funds that are provided for homeland security efforts.

42. The role of DHS' Chief Financial Officer will be critical in establishing a financial management system that achieves accountability and generates reliable information.
What role should the under secretary have in the selection of a CFO for DHS? What qualities are important for a candidate for this position?

Answer: As the senior official responsible for the management of the Department, the Under Secretary for Management should play a key role in the selection of the Chief Financial Officer (CFO), providing specific input to the Secretary and the White House. In my opinion, the important qualities for a candidate for this DHS position include:

- expert knowledge of the Federal budget and financial processes;
- expert knowledge in linking budgets with organizational performance;
- significant experience in working with the Congress, the Office of Management and Budget, and other Federal agencies;
- experience in major systems development and deployment; and
- commitment to financial integrity and a clean financial opinion.

43. Sections 103(d) and 702 of the Homeland Security Act of 2002 create the position of Chief Financial Officer (CFO) in the new Department, but the Act does not add the new Department to the list of agencies covered by the Chief Financial Officers Act of 1990. As a result, the Department is not subject to statutory requirements that apply to the other major departments and agencies in the Executive Branch, such as to set up and maintain financial management systems within the Department that meet the standards established by the Federal Financial Management Improvement Act of 1996 (31 U.S.C. 3512 note), and the CFO of the Department is not granted the statutory responsibilities and authorities provided under the Chief Financial Officers Act of 1990.

a. Will the Department prepare an annual audited financial statement in accordance with the Accountability of Tax Dollars Act of 2002 (Pub. L. No. 107-

289)? Will a report on the audit be prepared by the Department's Inspector General or another independent auditor selected by the Inspector General?

Answer: If confirmed as Under Secretary for Management, I am committed to ensure that the Department complies with reporting requirement by submitting an audited, consolidated financial statement. The financial statement report will be submitted to the President and appropriate Congressional leadership offices in the proper form and content.

The Inspector General has not yet determined whether the IG will perform the Department's audits or if they will be performed by another independent auditor.

b. Will the Department meet all other financial management requirements that are applicable generally to agencies covered by the Chief Financial Officers Act of 1990? If not, which will not be met, and why not?

Answer: If confirmed, I intend to ensure all CFO responsibilities provided under the CFO Act are met. In addition, the Chief Financial Officer will establish department-wide accounting standards, policies and requirements to ensure the Department's financial business practices and systems are fully compliant with Federal requirements.

c. Will the Department accord the CFO the same authorities and responsibilities provided under the Chief Financial Officers Act of 1990? If not, which will not be accorded, and why not?

Answer: Yes.

Information Technology Management

44. The creation of DHS will bring together many different agency information technology systems and management approaches. DHS will need to establish key information management processes required by law, including an investment control process and computer security plans.

a. What are the department's most critical information technology challenges and the associated risks in addressing each?

Answer: DHS faces an array of IT challenges including:

- Disparate law enforcement, immigration, intelligence and bio-medical databases that are not compatible or mutually accessible;
- Incompatible, agency specific technologies and infrastructure throughout the incoming agencies;
- Communications equipment and wireless technology that is outdated and not interoperable;
- The lack of technology standards in many areas;

- The lack of properly skilled information technology professionals; and
- Cultural differences among the incoming agencies.

If confirmed, I will work with the DHS CIO and incoming agencies to identify the associated risks and mitigation strategies for each of these challenges as part of the efforts to create a DHS enterprise architecture. In addition, I will ensure business and program manager involvement in the development of architecture and IT solutions.

b. How should these risks be overcome?

Answer: Establishing a DHS enterprise architecture is a critical first-step to developing countermeasures to the identified risks. DHS, with representatives from the incoming agencies, will work towards developing the DHS enterprise architecture, which provides a long-term solution to the identified risks. In the interim, using currently available technologies can mitigate some of the interoperability challenges.

As Under Secretary for Management, I will work closely with program leaders to ensure their involvement in identifying and overcoming these risks. I intend to ensure that interim solutions are adequately funded in order to attain mission-essential interoperability for employees in the field until the DHS enterprise architecture is implemented.

c. What priorities should be set for information technology development, enhancement, or maintenance?

Answer: All information technology priorities will be derived from business and operational requirements. If confirmed, my first priority would be to ensure that we finalize the DHS enterprise architecture and identify strategies to close the gap. In addition, it is important to ensure that all information technology supporting mission critical capabilities is stable, robust, and operational. One of the first steps is to inventory all IT assets in an effort to assess the suitability and technical fitness of each existing IT system and component within DHS. This inventory and assessment should identify opportunities for enhancement, renewal, reevaluation, and retirement and will guide investment decisions as part of the DHS IT Capital Planning process. DHS must move as quickly as practicable to start the development and acquisition process for new technologies needed to fill performance gaps.

Finally, guided by the national strategy for homeland security and the Department's business strategy and objectives, DHS must identify key information technologies which can significantly assist in achieving mission critical homeland security functions at the federal, state and local levels, and within our critical infrastructure.

d. What actions are underway or planned to "harmonize" the intelligence systems of the agencies transferring to DHS to effectively provide timely, quality intelligence and information reporting within DHS and with other federal, state, and local agencies?

Answer: If confirmed, I intend to work with the DHS CIO to ensure that the intelligence and infrastructure protection communities have the necessary resources, tools and infrastructure to meet current and future requirements. It is my understanding that members of the intelligence and infrastructure protection communities are included in the DHS CIO enterprise architecture working groups I described in the response to an earlier question. This allows for a better understanding of the users requirements for integration and intelligence sharing. These cross-functional working groups will develop the business processes for sharing intelligence information, collecting and evaluating information technology requirements and creating the test environments needed to automate the sharing process. In addition, these working groups are coordinating with state and local groups and associations in the areas of criminal justice, law enforcement, and public health.

45. What is your opinion on the value of enterprise architectures? Will you develop a comprehensive enterprise architecture(s) and, if yes, when should it be completed? What are your plans for using these architectures within DHS?

Answer: As noted in the response to an earlier question, I believe that the development and use of enterprise architectures is critical to overcome many of the IT challenges facing DHS. The Department has a unique opportunity to use the enterprise architecture to guide organizational changes by communicating DHS functions, providing a vehicle to manage change and guide transformation. The enterprise architecture, once developed, will serve as a roadmap for innovation across the Department and as a blueprint for technology development and investment.

If confirmed, I would lead efforts to generate a desired end-state for the proposed architecture and a development and implementation plan as soon as possible. I will be able to provide the Committee more detail on the proposed enterprise architecture once the plans are finalized.

46. DHS will need to ensure that certain information databases and analytical tools are compatible with one another and with relevant databases and tools of other federal agencies. State and local authorities will turn to the new department to set standards for interoperability of equipment and data systems. Several communication networks are being proposed, including those to share intelligence information and to communicate with first responders. What should be the department's plan in terms of leveraging existing networks to meet these requirements versus acquiring new networks?

Answer: If confirmed, I will work with the DHS CIO, the other Directorates, and program managers to execute the DHS plan to create a "network of networks" throughout the United States, fully leveraging the existing federal, state, and local networks. By connecting existing federal, state, and private sector networks, DHS can immediately add value with each connection. For example, DHS has already connected the FBI's Law Enforcement Online (LEO) with RISSnet, in the law enforcement arena. In addition,

Disasterhelp.gov has been established as the online portal for interoperability and integration of federal, state and local first responders. These approaches are faster, more economical, and more reliable than attempting to build a single interoperable network from scratch.

DHS has also initiated an effort to solicit state identification of existing state networks, which would be ideal candidates for inclusion in the "network of networks". In addition, I understand that the DHS staff has been working with state and local representatives to create a National Enterprise Architecture which will assist federal, state and local interests in creating the framework for a fully compatible and scalable national network. This includes Project Safecom, which, working with state and local public safety officials, is defining the interoperable architecture, framework and requirements for public safety wireless equipment.

47. GAO has designated information security as a government wide high-risk area since 1997. How will DHS ensure that its critical information is adequately protected given that many transferring agencies come from departments that have significant information security challenges?

Answer: As Assistant Secretary for Budget, Technology and Finance at HHS, IT security was one of my highest priorities. We aggressively pursued reducing vulnerabilities across the department, took management steps to strengthen the protection of the critical IT infrastructure assets and developed a department-wide strategy for continuous improvement of IT security. We used a consolidated managed services approach to maximize IT dollars and ensure a high, but uniform level of security across the department. As Assistant Secretary for Budget, I reviewed IT security investments in an attempt to ensure operating agencies were committed to this high priority. If confirmed as Under Secretary for Management at DHS, information security will continue to be one of my top priorities. DHS staff members are already working with IT security representatives from all the incoming agencies to assess current IT security programs and develop a comprehensive security program for the new Department. The objective is to design an IT security program that will be used throughout all DHS organizational elements and prioritizes funding the tools necessary to improve IT security.

48. The new Department will be combining agencies that have very different information technology systems, including decades-old legacy systems. What steps will you take to ensure that the Department(s information systems are compatible, and fully interoperable? What specific plans are there to upgrade the agencies(IT systems once the Department has been established? How quickly will this be accomplished?

Answer: As noted in the responses to earlier questions, I believe that the development and use of an enterprise architectures and creation of a "network of networks" to fully leveraging the existing federal, state, and local networks are critical to overcome some of the IT challenges facing DHS including compatibility and

interoperability issues. If confirmed, I will work with the DHS CIO to determine short-term fixes while the long-term solutions are being developed. I will be able to provide the Committee more detail on the both the short-term and long-term solutions once the plans are finalized.

49. How will you work with the other DHS undersecretaries to ensure overarching information technology and financial management systems?

Answer: At HHS I lead efforts to modernize the financial management systems. I established a steering committee comprised of all operating division senior management to oversee the project. This ensured program manager involvement in the development of the enterprise-wide solution, not just the CFO and CIO. If confirmed, I would establish a similar system to ensure DHS Under Secretaries are involved in the overarching IT and financial management system development.

50. What role will do you intend to play in ensuring the Department avoids duplication in information technology systems and to ensure interoperability of information systems?

Answer: If confirmed as Under Secretary for Management, I will support the DHS CIO by mandating the use of the DHS enterprise architecture throughout DHS, requiring compliance with the DHS IT Capital Planning and Investment Review Process and directing the CFO to establish financial management tools to prevent duplication in funding IT systems. Interoperability across legacy systems will be achieved over time by executing an enterprise architecture and an IT strategy, with direct input from IT representatives from each of the incoming agencies.

51. The E-Government Act of 2002 requires agencies to conduct privacy impact assessments before developing or procuring information technology that collects, maintains or disseminates personal information, and before initiating a new collection of personal information.

a. What actions will you, as Under Secretary for Management, take to ensure that privacy impacts assessments are conducted by Department officials as required by law?

Answer: I am committed to ensuring the protection of privacy rights, especially in connection with the collection, security, use, and disclosure of personal information maintained in databases. Section 208 of the E-Government Act of 2002 requires that, prior to developing or procuring information technology that collects, maintains, or disseminates information in a personally identifiable form, an agency will conduct a privacy impact assessment; ensure that the assessment is reviewed by the CIO or equivalent official as determined by the head of the agency; and, if practicable, make the assessment publicly available. I will work with DHS component agencies and DHS senior officials to ensure that Department systems comply with the E-Government Act and other applicable privacy laws.

b. How would you describe the respective different roles of the Department's Under Secretary for Management, Chief Information Officer, Privacy Officer, IT specialists, and program managers in ensuring that privacy impact assessments are conducted, reviewed, and made publicly available?

Answer: The Under Secretary for Management, CIO, DHS Privacy officer and other appropriate DHS personnel must all work together to ensure proper implementation of privacy impact assessments. The roles of each will be more clearly defined once the implementation plans are finalized. If confirmed, I intend to work closely with the Privacy Officer to ensure compliance with all required laws and regulations.

c. In what circumstances do you believe a privacy impact assessment should not be made publicly available?

Answer: The E-Gov Act provides parameters for when an assessment should not be publicly available. Specifically, the Act states that the public availability requirement "may be modified or waived for security reasons, or to protect classified, sensitive, or private information contained in an assessment." If confirmed, I will abide by the law.

d. What steps would you take to ensure that privacy impact assessments are conducted before the development and implementation of the CAPPS II system and other data-mining initiatives?

Answer: To the extent the decision whether the Department conducts a privacy impact assessment falls within my purview, I will follow the legal parameters Congress established.

e. Would the privacy impact assessments conducted for CAPPS II and other data- mining initiatives be made publicly available?

Answer: Any decision to disclose results of privacy impact assessments will depend on the context of the assessment and whether disclosure of the contents of a privacy act assessment would adversely impact National Security.

52. The statutory responsibilities of the Department's Privacy Officer will include assuring compliance with the Privacy Act and "assuring that the use of technologies sustain, and do not erode, privacy protections relating to the use, collection, and disclosure of personal information." How will you work with the Privacy Officer to assure compliance with the Privacy Act, and to ensure that privacy protections are sustained, in the development and management of information systems?

Answer: As noted in the response to the previous questions, if confirmed, I will work closely with the DHS Privacy Officer to ensure compliance with all applicable federal laws and regulations, with due consideration for National Security issues.

Acquisition Management

53. DHS will be faced with the challenge of integrating the procurement functions of the transferring agencies. Each incoming procurement office is likely to have its own procedures and policies and ways of doing business.

a. What plan should DHS have to accomplish the task of integrating the various incoming procurement organizations?

Answer: If confirmed, I will lead the effort to integrate the various incoming procurement organizations. It is my understanding that DHS is currently working with procurement executives from the incoming agencies to identify important transition and integration issues, including small and disadvantaged business contracting, grants management, e-commerce, IT systems related to procurement, policy development, acquisition workforce development, policy integration and strategic procurement. DHS must assess the current capabilities, identify opportunities for improvement and develop an action plan that will lead to a more effective and efficient department-wide procurement organization. I will be able to provide the Committee more detail once the assessment is complete and the plans are finalized.

b. Should DHS centralize the procurement function across DHS, or should each constituent organization handle its own procurements?

Answer: In my opinion, DHS procurement operations should be structured in a way that best supports DHS operations, provides organizational efficiencies, and effectively leverages technology. If confirmed, I will ensure DHS headquarters establishes sound procurement strategy and policies while maintaining oversight of acquisition programs. I will direct the Chief Procurement Officer to conduct an assessment, identify viable options and recommend a plan that meets these objectives. We must leverage opportunities to consolidate procurements to get the best benefit for the federal government. I will be able to provide the Committee more detail once the assessment is complete and the plans are finalized.

c. The Homeland Security Act assigns to the Office of Domestic Preparedness, within the Directorate of Border and Transportation Security, primary responsibility for supervising terrorism preparedness grant programs for all emergency response providers, and retains within FEMA, which is housed within the Emergency Preparedness and Response Directorate, the primary responsibility for non-terrorist-related disasters. Might this arrangement impede efforts to streamline the grant process for states and localities? If so, how can you help overcome such impediments?

Answer: While it is important to streamline the grant process for the state and local governments, DHS must follow the statutory requirements established by Congress. As you know, the FY 03 Omnibus Appropriations bill was just passed by Congress. DHS is

currently reviewing this appropriation. In anticipation of final Congressional action, DHS has been coordinating with ODP and FEMA to ensure that the appropriated money is rapidly dispersed to the state and local communities. The President's FY04 budget requested $3.5 billion, combining ODP and FEMA requirements, in order to streamline and maximize the flexibility of the grant process for the states and localities

54. In the Homeland Security Act of 2002, Congress provided DHS with a range of new authorities to acquire goods and services in a streamlined manner. In other federal agencies, issues have been raised about cost and schedule overruns, inadequate oversight of contracts, and an inability to hold contractors accountable. In exercising the provided procurement flexibility, DHS needs the right internal controls to ensure that its streamlined procurements address DHS' true needs.

a. What specifically should DHS put in place to ensure strong systems and controls for acquisition?

Answer: If confirmed, I would establish an acquisition review board. There should be training to ensure core competencies, both in the business and technical staff. DHS needs to ensure that there are strong project managers, comprehensive projects plans, and clear, exact statements of work with precise, measurable deliverables. Finally, DHS should undertake periodic reviews to assure schedule, cost and performance milestones are met.

b. What specific steps should DHS plan to create a strong DHS capability to oversee and manage contractors?

Answer: If confirmed as Under Secretary for Management, as discussed above I would establish an acquisition review board to ensure that each major acquisition program has clearly defined objectives, firm exit criteria, measures to determine program success and a sound acquisition strategy. The forces of competition will be used as an effective motivator and contractor past performance on programs will be an important criteria for selection. DHS should establish criterion for selection of program managers, selection of contracting officer technical representatives and individual training requirements. Finally, DHS should develop a process that ensures DHS headquarters provides oversight and review of all contracting individuals.

c. Many, perhaps all, federal agencies transferring to DHS will bring with them renewable contracts. What should be the DHS strategy in dealing with these contracts?

Answer: Renewable contracts contain option clauses requiring the government to determine that the exercise of the option is in the best interest of the government. If confirmed, I would require the DHS Chief Procurement Officer to evaluate each option prior to execution in an effort to identify potential economies of scale or efficiencies for the Government.

55. Recent years have seen an explosion of governmentwide and interagency contract vehicles. Some have praised these as simpler and more responsive vehicles for meeting agency needs while others have raised concerns that agencies are using these vehicles to short-cut competition requirements and are wasting taxpayer dollars. How will you ensure that these contracts are used to best leverage the DHS's buying power while satisfying contractual requirements?

Answer: In my opinion, DHS should establish a process to review and approve all proposed department-wide contracting vehicles. I believe that efficient competition is an effective motivator within the business community. I would expect the Chief Procurement Officer to ensure competition is being achieved, even when using government-wide and interagency contracts.

Funding and Cost Sharing

56. The choice and design of policy tools--such as grants, regulations, tax incentives, and information-sharing mechanisms--the federal government uses to engage and involve other levels of government and the private sector in homeland security will have important consequences for performance and accountability. How should DHS assess and recommend different policy tools for homeland security and the programs under DHS jurisdiction?

Answer: The first step is to determine the threat in a coordinated manner, DHS will continually develop and adjust the responses needed to make the nation secure. Then, in consultation with the Congress, other federal agencies, and states and localities, DHS will evaluate and determine the best way to engage our appropriate partners in meeting the threat. These methods could include grants, contracts, regulations, and insurance programs, as well as other possible arrangements. For example, grants are a good tool to support and stimulate state and local governments' activity while encouraging them to build their own capabilities.

57. The national strategy for homeland security says that government should only fund those activities that are not supplied or inadequately supplied by the market. In addition, cost-sharing between different governmental levels should reflect federalism principles. What criteria should DHS use to decide what the market can supply and what cost-sharing is appropriate?

Answer: In my opinion, DHS needs to work with the facilities, agencies, and state and local governments to exchange data, synthesize and distribute threat-vulnerability information to relevant entities, and ensure that infrastructure protection efforts are properly coordinated and aligned on a national level. The criteria should balance the security needs of the American public at large, with the financial burden on the facility owner, local and state government, and the federal government. DHS has not yet determined specific criteria, however I will be glad to share the plans with the Committee once finalized.

58. The availability of federal funds for state and local homeland security efforts remains a challenge. For example, the President's fiscal year 2003 budget provides approximately $3.5 billion in funding for first responders.

a. What should be DHS guidance on funding parameters so state and local governments have realistic expectations of funding levels and when it would be available?

Answer: As noted in the response to a previous question, Congress passed the FY03 Omnibus Appropriations bill last week. DHS is already coordinating with ODP and FEMA to expeditiously distribute these funds and expeditiously provide them to the appropriate grantees. I expect that this will continue after March 1st.

It is important for the state and local governments to have realistic expectations of funding levels. While at HHS, I worked with CDC and HRSA to expeditiously get the funding out to the grantees. I learned throughout last year that one of the States' main concerns is that these federal resources are not recurring dollars; the same concern holds true for the first responder grants. The Administration's budget to Congress included $3.5 billion in FY03 and FY 04, reflecting the President's commitment to first responder funding on a recurring basis.

b. What distribution method should be used?

Answer: Congress passed the FY 03 Omnibus Approprations bill Thursday, February 13th. DHS is currently reviewing these appropriations. DHS will expeditiously distribute funds according to the statutory and regulatory requirements.

c. The Homeland Security Act assigns to the Office of Domestic Preparedness, within the Directorate of Border and Transportation Security, primary responsibility for supervising terrorism preparedness grant programs for all emergency response providers, and retains within FEMA, which is housed within the Emergency Preparedness and Response Directorate, the primary responsibility for non-terrorist-related disasters. Might this arrangement impede efforts to streamline the grant process for states and localities? If so, how can you help overcome such impediments?

Answer: As noted in an earlier response, while it is important to streamline the grant process for the state and local governments, DHS must follow the statutory requirements established by Congress. As you know, the FY 03 Omnibus Appropriations bill was just passed by Congress. DHS is currently reviewing this appropriation. In anticipation of final Congressional action, DHS has been coordinating with ODP and FEMA to ensure that the appropriated money is rapidly dispersed to the state and local communities. The President's FY04 budget requested $3.5 billion, combining ODP and FEMA requirements, in order to streamline and maximize the flexibility of the grant process for the states and localities.

59. State and local governments are seeking greater "flexibility" for use of homeland security funding, such as local determination of the most effective use, and multi-year funding to match multi-year planning goals and objectives.

a. Should DHS support providing such flexibility to state and local governments? If so, under what conditions?

Answer: DHS supports flexibility for the state and local governments through their respective planning processes. The President's budget request for $3.5 billion in FY 03 and FY 04 demonstrates the Administration's commitment to state and locals to facilitate their planning processes.

b. What mechanisms should DHS employ to monitor the use of funds appropriated for homeland security to determine that the money is spent for the intended purpose, including bolstering everyday response capabilities?

Answer: In my opinion, DHS must review state and local government plans and do periodic reviews of grantees to ensure the compliance with established rules and regulations. Recipients of federal grants are required to provide periodic progress and financial reports. DHS needs to work with state and local governments on providing direct technical assistance and employing effective use of grant monitoring tools.

c. What should DHS do to secure and improve the quality, timeliness, and specificity of state and local homeland security funding and performance data provided to DHS?

Answer: In my opinion, states and local governments should include performance measures and goals as part of their respective plans. As the Under Secretary for Management, I would work with my staff to ensure proper conditions and controls are in place so that federal funds are used for purposes consistent with statutes. DHS, in working with its state and local partners, must find a balance between flexibility and accountability.

d. There are also questions as to what extent the federal government should fund private sector homeland security costs.
What tools or mechanisms should be considered to engage, fund, or support the private sector responsible for much of the nation's critical infrastructure?
In what circumstances is it appropriate for the federal government to provide funding to the private sector for their efforts to combat terrorism and provide homeland security?

Answer: IA & IP has been charged with the responsibility to do an assessment of the critical infrastructure including federal, state and local governments and the private sector to determine where vulnerabilities exist. Based on risk assessments, DHS will provide funding where appropriate to support remediation.

National Strategy for Homeland Security Implementation

60. The national strategy sets three strategic objectives with related mission and foundation areas, and describes major initiatives to achieve the objectives. Often it does not establish specific outcome expectations. What process should be used to establish specific performance expectations for those objectives and mission areas under DHS jurisdiction?

Answer: In my opinion, DHS senior leadership needs to embark on a comprehensive strategic planning process. This process should link the Departments strategic and performance goals to the strategic objectives set forth in the national strategy. If confirmed as Under Secretary for Management, I will ensure that my staff works closely with the Department's senior management to develop comprehensive strategic planning documents, which will include specific strategic and performance goals. I will be able to provide the Committee more detail once those documents are established.

61. Other federal departments and agencies will create homeland security benchmarks and other performance measures and prepare detailed implementation plans for the executive branch. What role, if any, should DHS have in evaluating the effectiveness of homeland security programs of other federal agencies?

Answer: Homeland security is certainly not a mission reserved solely for the Department of Homeland Security. As addressed in earlier questions, successfully performing this mission requires close coordination and partnership with other federal, state and local agencies, as well as the private sector. If confirmed as Under Secretary for Management, I intend to work closely with the DHS Directorates, the White House Office of Homeland Security, and OMB to review the strategic and performance goals for homeland security missions of the other federal agencies.

62. Many national strategy initiatives rely on the efforts of non-federal entities. Federal, state, local, and private efforts for specific homeland security initiatives will need to be operationally coordinated and integrated.

a. What steps should be taken to address how federal, state, local, and private efforts for specific initiatives are operationally coordinated and integrated?

Answer: Operationally, I expect that each of the DHS Directorates will be working closely with non-federal partners through the DHS Office of State and Local Government and the DHS Office of the Private Sector. If confirmed as the Under Secretary for Management, I intend to work with each of these Directorates to identify the business processes and determine the necessary resource requirements in order to effectively coordinate multiple entities. By providing the human capital, fiscal and technological resources required, my goal will be to provide the tools necessary to ensure successful coordination efforts.

b. How should DHS managers be held accountable for managing the coordination of multiple entities?

Answer: DHS managers should be held accountable. Performance management plans should be developed to ensure that managers are held accountable for meeting all DHS goals, including coordinating multiple entities.

63. Implementing the national strategy will need to balance the national interests of prevention, protection, and response with the unique needs, interests, and resources of non-federal actors. However, only a few strategy initiatives directly address non-federal performance expectations and related accountability. While this is a difficult area given federalism principles, international sovereignty, and private sector independence, there is a strong potential the national strategy might revert to primarily a federal responsibility in the absence of definitive non-federal measurement approaches.
a. Should non-federal performance measures be developed?

Answer: If confirmed, I intend to work cooperatively with our private, non federal partners. I would encourage these entities to develop performance matrixes. If non-federal entities cannot meet these we would have to address this based on the specifics of the circumstances.

b. What contingency plan should be in place if non-federal entities cannot meet agreed-to homeland security responsibilities?

Answer: If non-federal entities cannot meet these we would have to address this based on the specifics of the circumstances.

General Management

64. What will be your relationships as the Undersecretary of Management with the Chief Information Officer, the Chief Financial Officer, the Chief Human Capital Officer, and the Chief Procurement Officer? What is your role in helping these officials meet their statutory responsibilities? What is your role, if any, in helping to select these officers?

Answer: The current DHS organizational structure has the CIO, CFO, Chief Human Capital Officer and Chief Procurement Officer reporting directly to the Under Secretary for Management. While each of these individuals has specific statutory authority, it is critical that they all work together, and with DHS senior leadership, towards a common vision for the department's management and support functions, particularly since many of their functions are interdependent. In fact many of the management decisions and major projects must take into account each of these disciplines. As Under Secretary for Management, I would ensure that these individuals do not work in isolation, but instead in collaboration – to maximize the success of the management challenges that face this new Department and the integration of these 22 agencies. One of my primary

responsibilities as Under Secretary for Management would be to provide the leadership, direction and guidance necessary to keep each functional area focused on a common vision.

As the senior official responsible for the management of the Department, the Under Secretary for Management should play a key role in the selection of each of these senior officials, providing specific input to the Secretary and the White House, where appropriate.

65. What actions will you take to align the disparate management cultures of component agencies?

Answer: During my tenure at HHS, the Department leadership worked to establish "One HHS." By pulling together the different operating agencies, we felt that public health and human services would benefit by have a unified department. We recognized that this would take time – but the benefit was well worth it.

For DHS, I must understand our agencies management cultures – but it is far more important for DHS to start developing its own organizational values and identity, around the Department's missions. If confirmed as the Under Secretary for Management, I will work with the leadership to develop the common vision and ensure that there is an effective two-way communication with our employees as a first step in achieving a common culture.

66. How does the Department plan to implement The Support Antiterrorism By Fostering Effective Technologies Act of 2002 (Title VIII, Subtitle G)? What is the status of implementation?

Answer: If confirmed as Under Secretary for Management, I and my colleagues at DHS will work diligently to undertake the necessary analysis to faithfully execute the SAFETY Act.

67. What offices will report to you as Under Secretary for Management, and what will be their areas of responsibility. (You need not repeat any parts of the answer to question number 64 that are responsive to this question.)

In addition to the offices listed in question 64, (i.e., CIO, CFO, Chief Human Capital Officer and Chief Procurement Officer), the following Offices will also report directly to the Under Secretary for Management:

> ***Office of Security***: responsible for establishing department-wide policies and procedures for all physical and personnel security, including conducting required background investigations, issuing of security clearances and department credentials.
> ***Office of Immigration Statistics***: responsible for maintaining all immigration statistics in accordance with the Homeland Security Act, to include establishing

standards of reliability and validity.
Office of Business Transformation: responsible for managing department-wide strategic planning of major department initiatives.
Office of Administrative Services: responsible for facilities management, administrative support services, personnel and real property management, managing Department Directives and Publications development, implementing Records Management, implementing FOIA processing, and establishing OSHA and Environmental programs.

68. Section 701(a)(10) of the Homeland Security Act of 2002 assigns certain responsibilities to the Under Secretary for Management for "[t]he conduct of internal audits and management analyses of the programs and activities of the Department." This description of functions appears to overlap some of the functions of the Inspector General (IG). How will you and the IG allocate and coordinate responsibilities and activities to the extent that your respective functions overlap? Will either the Under Secretary for Management or the IG exercise any oversight or supervisory authority over the other with respect to the exercise of overlapping functions? How would any disagreement about whether or how a particular audit should be conducted be resolved?

Answer: If confirmed as Under Secretary for Management, I intend to work closely with the Inspector General, who acts as an independent entity reporting directly to the Secretary. In fact, I have already discussed some of these issues with the IG nominee, Mr. Ervin.

I intend to require the DHS CFO establish financial management processes and procedures consistent with the IG's audit program. This will allow me to continuously monitor the effectiveness of management programs and corrective deficiencies before they become systemic issues.

Neither the IG nor the Under Secretary for Management will exercise authority over the other. If confirmed, I am confident that I will be able to work effectively with the IG to resolve any disagreements that may arise.

69. Section 701 of the HSA describes the many responsibilities of the Under Secretary for Management. In addition, the Secretary could assign areas of responsibility in addition to those specified in statute.

a. Have you been asked to assume other management duties for DHS that are not specifically listed in this section?

No.

b. What specific training and experience has prepared you for the challenges you will face in helping to create the new DHS, bringing together the many agencies and programs that will comprise the Department, and establishing

the necessary structure and systems DHS will need to operate successfully?

I have a Masters in Public Administration from the Kennedy School of Government at Harvard University. Also, as noted in the response to an earlier question, I have significant experience in the Federal government and the non-profit sector in the areas of organizational management and finance. I am very familiar with the roles and responsibilities, budgets, and management issues of the agencies that will be merged into the Department of Homeland Security. I have had experience leading business transformation projects as well as designing new financial management systems. In addition, I have extensive experience working with senior Administration officials and numerous Congressional Committees. In my leadership capacity at several federal agencies and at a major university, I gained significant experience in change management and leading reorganization efforts. For example, I managed the requirements development of new integrated financial management systems with the goal of providing senior managers with the information needed to effectively and efficiently run programs. I have led business process re-engineering efforts throughout the organizations. I have significant experience leading and managing major IT systems development and integration efforts. While at HUD, I led the department's efforts to improve how homebuyers acquire FHA mortgage insurance, which required changing public-private relationships, implementing new systems and establishing streamlined business processes.

c. **Please state what specific training and experience has prepared you to manage each of the areas of responsibility listed in section 701(a) or that you have otherwise been asked to assume.**

I was the Program Associate Director at the Office of Management and Budget for the Departments of Transportation, Justice and Treasury. I served as an Assistant Secretary for the Department of Transportation and the Department of Health and Human Services (HHS), which included all budget formulation, budget execution and financial management functions. As the HHS Assistant Secretary for Budget, Technology and Finance, the agency Chief Information Officer (CIO) reported directly to me, with responsibility of developing an enterprise-wide information technology infrastructure and improving our IT security. I spent four years as an Program Associate Director at the Office of Management and Budget, overseeing many of the budget and policy issues of the 22 agencies that will become components of the new Department of Homeland Security on March 1st.

70. **In your response to question D.2. of the Committee's Biographical and Financial Questionnaire, you note that you cooperated with authorities investigating activities at the Department of Housing and Urban Development (HUD) during the Reagan Administration. Questions were raised by the media regarding your role in decisions at HUD while you were acting Assistant Secretary of Housing.**

a. **According to a July 15, 1989 article in the Boston Globe, "Ex-HUD aide disputes Pierce's story on grant," and a July 14, 1989 article in the Los Angeles Times, "2 Ex-HUD officials dispute Pierce on his role in funding decisions," you signed off on a project to fund a housing project in Durham, NC sought by then-HUD Secretary Pierce's former law partner, and supported by Secretary Pierce, despite strong opposition from HUD staff. The developer reportedly received roughly $16 million in rent subsidies and other benefits, although HUD staff objected that, among other things, the building was too close to railroad tracks and was dangerous because of leftover chemical wastes stored on the site. It was reported that your predecessor at HUD, Shirley Wiseman, refused to approve this project. Please explain your role in this decision.**

Answer: Secretary Pierce personally awarded Section 8 Moderate Rehabilitation funding to a project known as Durham Hosiery Mill. To my knowledge, this is the only housing project for which Secretary Pierce unilaterally authorized funding.

The Secretary's staff directed me to approve FHA mortgage insurance waivers for this project. Because Secretary Pierce had already directed the funding of Durham Hosiery Mill mod rehab, I complied after modifying one waiver. It is important to note that this project had several other program hurdles to clear and also depended on further subsidies from a separate HUD office. I would be happy to discuss this matter further with any Committee Member or staff.

b. **The July 15, 1989 Boston Globe article also reports that you failed to take steps to improve a HUD insurance program after the HUD Inspector General noted problems that left the program subject to fraud and abuse resulting in defaulted loans. According to this article, these defaults came after exaggerated property appraisals approved by private lenders. The Inspector General reportedly recommended that these appraisals be reviewed by HUD accountants, but this action was not taken. Please explain to the best of you knowledge why this did not occur.**

Answer: While I have not read the Boston Globe story and have not reviewed the IG report in many years, to my best of my recollection, in November of 1985, the Inspector General issued a report highlighting flaws in this new program. The IG and the Office of Housing agreed that a monitoring staff should be established to identify and correct abuses. I directed the Deputy Assistant Secretary for Multifamily Housing to establish the monitoring office and take appropriate action should abuses occur. Unfortunately, subsequent to my departure from HUD several months later, I understand these steps were not taken.

71. **To what extent should supporting offices for the Under Secretary for Management and their staffs be centralized at the departmental level (in terms of being hired and supervised directly or indirectly by you, and in terms of being physically housed at central locations outside of the individual subdivisions and**

agencies and regional offices comprising the Department), and to what extent should these supporting offices and staffs be more decentralized?

Answer: I support a management philosophy with centralized strategy and policy making, with decentralized execution, where appropriate, within the agencies. As DHS finalizes the relationships and organizational structure, I will gladly share this information with the Committee.

High Risk

72. What are the main challenges, vulnerabilities, and risks that will face the Department of Homeland Security during the initial months of operations and how will your office address them?

Answer: As expressed in the answers to previous questions, I recognize that there are many challenges in the area of management facing the new Department, which include:

- Overcoming cultural differences among the incoming agencies;
- Effectively managing the complexity of integrating existing HR systems that support approximately 180,000 employees;
- Effectively communicating throughout all levels of the organization; and
- Balancing the need for prompt execution of the reorganization with the immediate requirement to support the Department's mission of protecting our homeland.

However with challenges come opportunities. In this particular case we have the opportunity to:

- Leverage the diverse capabilities of the DHS work force;
- Gain efficiencies and economies of scale through streamlining and consolidation; and
- Improve overall operational performance through coordination and collaboration.

During the initial months of the transition, DHS will focus on ensuring continuity of operations, strategic planning and execution of the many tasks necessary to ensure a smooth transformation. The Under Secretary for Management will take the lead by leveraging the capability of the DHS intranet to improve employee communications and working to establish a new organizational culture that focuses on collaboration, information-sharing and interoperability among all DHS organizational elements.

73. In order to create a more efficient government by eliminating unnecessary waste and duplication, the government must transform the ways it conducts its business, especially with e-government. If confirmed, do you envision a role for your office in ensuring that DHS' e-government initiatives are effective?

Answer: If confirmed, I will strongly support DHS's move toward e-government. By enabling electronic delivery of information, products, and services to tribal, state and local governments, other federal agencies, the private sector, and the American citizen,

we can reduce cycle time, improve performance, and effectively secure the homeland. I will work with the DHS CIO to identify the resources needed for success in this area.

74. In order to successfully redefine an organizational culture, employee involvement is critical from the beginning of the transformation process.

If confirmed, how would you go about ensuring that an effective and ongoing internal and external employee communication system is implemented?

Answer: As I noted above, we are planning an aggressive outreach to employees through venues such as "town-hall" meetings and brown bag lunches, employee access to the DHS intranet website, and employee newsletters. To ensure that our communications with employees are responding to their needs, and clearly conveying the leadership message, we will periodically and explicitly seek feedback from across DHS.

If confirmed, how would you go about ensuring that a performance management system that will serve as the basis for setting expectations for employees' roles in the transformation process is implemented?

Answer: Performance management will be a critical design element of the human capital management system. I believe that a strong performance management system begins with clearly defined and measurable goals that are explicitly shared with all employees in the organization. A strong system is re-enforced when senior executives and leadership are held personally accountable for the achievement of their individual and collective goals. It is then imperative that managers and employees' performance be directly linked to the goals and objectives of their leadership. This alignment will be one of the underlying themes that I would like to see adopted as we work with the Office of Personnel Management and our employees to develop the new human capital system.

IV. Relations with Congress

75. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Answer: Yes, consistent with the constitutional prerogatives of the Congress and the Executive Branch, I agree if confirmed to respond to any reasonable request to appear and testify before any duly constituted committee of the Congress.

76. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Answer: Yes, consistent with the constitutional prerogatives of the Congress and Executive Branch, I agree if confirmed to reply to any reasonable required information from any duly constituted committee of the Congress.

V. Assistance

77. **Are these answers your own? Have you consulted with the DHS or any interested parties? If so, please indicate which entities.**

Yes, these are my answers, and I take responsibility for them. That said, I have asked staff members to review my answers to ensure that I have not misinterpreted the questions and to ensure that my answers are responsive. In some cases I requested updates on the status of certain plans and projects to assist me in developing the responses.

AFFIDAVIT

I, Janet Hale, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Janet Hale

Subscribed and sworn before me this 19 day of February, 2003.

Josefina Pia
Notary Public
My Commission Expires January 31, 2004

STATEMENT OF LINDA M. SPRINGER
NOMINEE TO BE CONTROLLER, OFFICE OF FEDERAL FINANCIAL MANAGEMENT, OFFICE OF MANGEMENT AND BUDGET

to the

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

FEBRUARY 27, 2003

Good Afternoon Madame Chairman, Senator Lieberman and members of the Committee. As you know, my name is Linda Springer. I am pleased to be here today as the President's nominee to become Controller of the Office of Federal Financial Management at the Office of Management and Budget.

My attraction to this position began last spring when I read the President's Management Agenda. My reaction was two-fold. First, I asked myself if the government was really this serious about management. Second, if it was, I wanted to be a part of it. As someone who is coming to government for the first time, I bring high expectations and standards for financial management. These are standards to which I have held myself and my staff and areas for which I have been professionally responsible for over twenty five years.

There are three particular manifestations of these standards that I would like to share with the Committee today. The first is that financial management extends beyond a clean audit opinion. Integrity and reliability – the things to which a clean audit attests – should be a given. In that area, with the particular help of this Committee, the federal government is making progress. A record twenty one of twenty four CFO Act agencies received clean opinions in 2002. Achievement of even twenty four of twenty four clean opinions, however, would not prove the existence of first class financial management. First class financial management requires integration of the financial impact of agency activities in operational execution and senior management decision making, accompanied by accountability standard setting, performance tracking and other analyses. These are among the characteristics we should seek in government every bit as much as they are expected in the private sector.

This leads to the second principle. Government should be held to as high, if not higher, a standard of financial management as the private sector. The federal government's constituents don't have the option of "taking their business" elsewhere. Citizens can't elect to halt new investments (tax payments) until the company (federal government) improves its financial

management practices. Accordingly, I believe it is incumbent on every financial professional in government to execute his or her duties according to standards of excellence consistent with this stewardship responsibility.

The third principle is that the effort to advance the quality of financial management in the federal government largely transcends political philosophy. The government's financial managers are dedicated to making programs work better and more efficiently, regardless of their purpose. It is analogous to the situation of the auto mechanic who is working to achieve optimal engine performance. His or her work is independent of the size of the car, the destination of the trip and the identity of the driver.

Should I be confirmed as Controller, I will lead the Office of Federal Financial Management with these principles in mind in promoting and assisting the development of the type of environment I have described. You have my personal commitment that I will give my best effort to this responsibility.

I do want to acknowledge the increased attention to strong financial management of which I have been made aware in both the executive and legislative branches. I hope to have the opportunity to participate in a continuation of that forward momentum.

Finally, I want to recognize and express my gratitude to the Office of Federal Financial Management staff and my family for their support in the period that has led up to this hearing.

Thank you.

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** (Include any former names used.)

   Linda M. Springer

2. **Position to which nominated:**

   Controller, Office of Federal Financial Management, Office of Management and Budget

3. **Date of nomination:**

   September 3, 2002

4. **Address:** (List current place of residence and office addresses.)

   Residence:

   Office: Office of Management and Budget
   17th and Pennsylvania Avenue, NW
   Washington, DC 20503

5. **Date and place of birth:**

   June 15, 1955
   Camden, New Jersey

6. **Marital status:** (Include maiden name of wife or husband's name.)

   Unmarried

7. **Names and ages of children:**

   None

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.

   Haddon Township (New Jersey) High School 9/69 to 6/73
   Ursinus College 9/73 to 5/77, B.S. Mathematics, 5/77

9. **Employment record:** List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)

   See Attachment I

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.

    None

11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

    See Attachment II

12. **Memberships:** List all memberships and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.

    See Attachment II

13. **Political affiliations and activities:**

    (a) List all offices with a political party which you have held or any public office for which you have been a candidate.

    None

    (b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

    None

    (c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $50 or more for the past 5 years.

    Pennsylvania Insurance Political Action Committee - $300 4 02

14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

None

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

None

16. **Speeches:** Provide the Committee with four copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated.

None

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

In establishing the position of Controller, the Chief Financial Officers Act of 1990 directed that the incumbent should possess "demonstrated ability and practical experience in accounting, financial management, and financial systems; and extensive practical experience in financial management in large governmental or business entities." I believe I was nominated for this position because I satisfy these requirements.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

My twenty-five years of professional experience in the insurance and financial services industry has included extensive technical, managerial, and executive roles. Successful execution of these responsibilities, which included actuarial positions, product line management, and financial and strategic management, required not only the technical expertise of a Fellow of the Society of Actuaries, but also capabilities in the areas of leadership, negotiation, proactive thinking, decision making, consensus building, and communications. My professional accomplishments confirm that these skills have been actively engaged and deployed with a high standard of integrity. It is my judgment that the elements of this professional profile are readily transferable from the private sector and well-suited to achieving the objectives of the Controller position.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

   Yes

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

   No

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

   No

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

   No

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

   Yes, at the pleasure of the President.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

   None

2. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy other than while in a federal government capacity.

   None

3. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

   Yes

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

   No

2. To your knowledge, have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.

   No

3. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

   Not to my knowledge.

4. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

   None

E. FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

Biographical Information

Attachment I

Question 9 – Employment Record

Provident Mutual Life Insurance Company – 1992-2002
Philadelphia/Berwyn, Pennsylvania

Senior Vice President and Controller
Vice President and Controller
Assistant Vice President and Actuary
Actuary

Penn Mutual Life Insurance Company – 1979-1992
Philadelphia/Horsham, Pennsylvania

Vice President and Product Manager
Assistant Vice President and Product Manager
Executive Assistant to the President
various actuarial positions

Coopers and Lybrand (now PricewaterhouseCoopers) – 1977-1979

Various actuarial positions

Biographical Information

Attachment II

Question 11 - Business Relationships

Provident Mutual Life Insurance Company - Sr. Vice President and Controller
Providentmutual Life and Annuity Co. of America – Director
Provident Mutual International Life Insurance Co. – Financial Reporting Officer
1717 Capital Management Co. – Financial Reporting Officer
Sigma American Corporation – Financial Reporting Officer
Providentmutual Management Co. – Financial Reporting Officer

Penn Mutual Life Insurance Co. – Vice President and Product Manager

Puzzles and Pageantry (retail shop) - owner

Question 12 - Memberships

Society of Actuaries
American Academy of Actuaries
Philadelphia Actuaries Club
Haddonfield Symphony – member, director, advisory board member
Haddonfield Business and Professional Association
Old Paths Publications – trustee
Tenth Presbyterian Church – Philadelphia, PA
Children's Hospital of Philadelphia – Sunday School Teacher

Pre-hearing Questionnaire for the
Nomination of Linda M. Springer to be
Controller, Office of Management and Budget

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as Controller, in charge of the Office of Federal Financial Management (OFFM) within the Office of Management and Budget (OMB)?

   In establishing the position of Controller, the Chief Financial Officers Act of 1990 directed that the incumbent should possess "demonstrated ability and practical experience in accounting, financial management and financial systems; and extensive practical experience in financial management in large governmental or business entities." I believe I was nominated for this position because I satisfy these requirements.

2. Were any conditions, expressed or implied, attached to your nomination? If so, please explain.

   No.

3. What specific background and experience affirmatively qualifies you to be Controller? Please describe your background and experience in relation to the Controller's role.

   My twenty-five years of professional experience in the insurance and financial services industry have included extensive technical, managerial and executive roles. Successful execution of these responsibilities, which included actuarial positions, product line management and financial and strategic management, required not only the technical expertise of a Fellow of the Society of Actuaries, but also capabilities in the areas of leadership, negotiation, proactive thinking, decision making, consensus building and communications. My professional accomplishments confirm that these skills have been actively engaged and deployed with a high standard of integrity. It is my judgement that the elements of this professional profile are readily transferable from the private sector and well-suited to achieving the objectives of the Controller position.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Controller? If so, what are they and to whom have the commitments been made?

   No.

5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

No.

II. Role and Responsibilities of the Controller

1. How do you view the role of Controller and of OFFM?

The Controller's responsibilities are directed by the Chief Financial Officers Act of 1990 (CFO Act). As the head of the Office of Federal Financial Management (OFFM), the Controller acts as the "deputy and principal advisor" to the Deputy Director for Management (DDM) in carrying out the financial management duties described in section 503(a) of the CFO Act. In this capacity, the Controller largely assumes direct accountability for financial management functions in the Executive Branch of the Federal Government.

2. Please describe your views on OFFM's responsibilities in relationship to the rest of OMB.

OFFM will achieve maximum effectiveness in performing its mission by working closely with the other offices within OMB. Particularly strong partnerships must be maintained with the Resource Management Offices (RMOs). Within those relationships, it will be my responsibility to ensure that financial management issues remain an area of focus both at OMB and the agencies for which the RMOs are responsible. OFFM will need to maintain the stature, visibility and engagement level that are consistent with its financial management leadership role within OMB.

3. What do you believe are the financial management challenges facing the Executive Branch? How will you as Controller address these challenges and what will be your top priorities?

Recent initiatives are creating a recognition of the need for improved Federal financial management. The challenge we face going forward is to harness this commitment into efforts that create lasting change in how the financial component of the agencies' missions is viewed and executed. This requires a cultural change in which agency management accepts nothing less than the highest standards for efficiency, accuracy, reliability and integrity in its financial activities. Under my leadership, OFFM will continue to support agency programs that eliminate current barriers to achieving this level of performance, such as replacement of ineffective financial systems.

In this paradigm, the focus will expand to include not only requisite timely financial reporting, strong internal control environments and clean audits, but also utilization

of key financial performance indicators. Should I be confirmed as Controller, it will be a priority for me to work with the Chief Financial Officers (CFOs) of each Executive Branch agency to identify performance measures that are needed for the agency to achieve first class financial management results. I will advise and consult with the CFOs with regard to developing the capability for routine production of these metrics and their integration into program performance evaluation and decision making processes. It is my belief that these fundamental enhancements will advance financial performance and improve the effectiveness of the Executive Branch of the Federal Government.

4. How do you plan to communicate to Congress on your efforts to address financial management issues?

If confirmed as Controller, I plan to maintain a bipartisan working relationship with the Members and staff of both Houses of Congress and all relevant Committees to keep them informed in the areas of financial management. I would fulfill all existing statutory requirements in this regard.

III. Policy Issues

1. In the 1990s, Congress enacted several laws imposing financial management requirements on agencies, including the Chief Financial Officers (CFO) Act and the Federal Managers Financial Integrity Act. In what areas do you see agencies performing effectively under these requirements and in what areas do you believe greater improvement is required? How will you, as Controller, work with agencies to achieve these improvements?

Agencies' financial management practices have improved in the six years they have been required to issue annual audited financial statements. For the most part, however, these improvements have not been the result of efficient financial systems and business processes. Accelerating the due dates for the audited financial statements to November 15 in 2004, requiring quarterly and comparative statements, and mandating integrated performance and accountability reporting–will force agencies to reengineer their processes and ensure that their systems produce the timely, accurate and reliable information needed for auditable financial statements. In addition, OMB requires agencies to report on their compliance with the Federal Managers' Financial Integrity Act (FMFIA) in the 2004 budget cycle. If confirmed as Controller, I would provide leadership to OFFM in its ongoing work supporting agency improvement efforts, monitor implementation of agreed-upon plans, and will work with senior agency and OMB managers to ensure continued progress in financial management performance.

2. The government has been unsuccessful in attaining an audit opinion on its consolidated financial statements for the past 5 fiscal years. What are your views on a timeframe and

approaches for addressing the impediments to an opinion on these financial statements and the material control deficiencies identified and reported through agency financial statement audits?

I believe that the Federal Government is making progress in addressing the impediments identified by the Comptroller General. If I am confirmed as Controller, successful completion of the efforts to remove the impediments to a clean opinion on the government-wide financial statements will be one of my top priorities. It is my understanding that there are two primary impediments to receiving a clean opinion on the governmentwide financial statements: serious financial management problems at the Department of Defense (DOD) and the inability of agencies to reconcile intergovernmental transactions. Efforts are underway to cure both of these issues.

DOD has initiated a comprehensive program to remediate the shortcomings of its financial systems and processes. Should I be confirmed, it will be my objective to gain an understanding of the DOD plan and the expectation for its realization and favorable impact on the government wide opinion.

OMB has been working closely with the Department of the Treasury to address the intergovernmental transaction issues. Recently issued business rules for these transactions should result in a more disciplined accounting approach and corresponding reporting improvements.

3. Many agencies have made progress in completing their annual financial statements on time and more agencies have received unqualified opinions this year than ever before. However, realizing these goals entails a massive effort for most agencies, but yields only a "snapshot" of the agency's finances as of the end of the fiscal year. According to GAO's most recent report on implementation of the Federal Financial Management Improvement Act, at least 20 of 24 CFO Act agencies are not in compliance with the act, which requires agency financial systems to meet federal accounting standards. Clearly, many more improvements need to be made in agency financial systems before managers will routinely have sufficient information to guide their daily decision-making. Please describe your views on the importance of financial management improvement in general and OMB's role in addressing these challenges. How do you view the relative importance of achieving a clean audit opinion on an agency's financial statements? What are your ideas for defining financial management success and does it go beyond an unqualified financial statement opinion?

A clean audit opinion means there is integrity and reliability to the information captured by and reported out of financial systems. But success in financial management goes far beyond that. First class financial management exists when the financial impact of past, current and contemplated activities is integrated into operational execution and senior management decision making. This type of management requires the presence of efficient, focused business processes and robust

financial tools, most notably a financial management system that is part of an overall enterprise systems architecture. From these capabilities come the data that enable accountability standard setting, performance tracking and other needed financial analyses.

It is my belief that it is incumbent on OMB, and OFFM in particular, to promote and assist in the development of this type of environment by working with the CFOs, individually and via the Chief Financial Officers Council, as well as through other existing channels such as the Joint Financial Management Improvement Program.

4. The President's Management Agenda (Fiscal Year 2002) identifies Improved Financial Performance as 1 of 5 governmentwide goals and indicates that OMB will work with agencies to improve financial information timeliness, reliability, and usefulness. What are your plans for carrying out this initiative?

The President's Management Agenda sets ambitious goals for improved financial performance which are measured against standards for success on the Executive Branch Management Scorecard. The scorecard has proven its worth in the demonstrable improvements that it has motivated. As Controller, I would continue to work with the RMOs to assist individual departments in reviewing work plans in the areas of erroneous payments, financial management systems, accurate and timely financial information and integration of financial and performance management and audits. I also would continue the series of meetings OFFM has been holding with agency CFOs, IGs, GAO, and Treasury to review as a group each agency's progress toward meeting improved financial performance. Finally, I would continue to engage the CFO Council and the IG councils (President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency) on best practices to achieve the objectives set forth in the President's Management Agenda. My goal as Controller would be to facilitate agencies' efforts to get to green on the progress side and ultimately the status side of the scorecard.

5. The Federal Financial Management Report released by OMB on May 1, 2002 states that OMB is "accelerating the due date for audited agency financial statements from February 27 in 2001 to November 15 in 2004." The report acknowledges that "[t]he current inventory of Federal financial systems is not well positioned to meet this higher bar" due to the many limitations of agency financial systems. Many of the CFO Act agencies have achieved clean audit opinions in recent years, but only with significant expenditures of agency resources. Given the difficulty these agencies have had in meeting a deadline that is 5 months after the end of the fiscal year, what will be required for agencies to issue audited financial statements by November 15? What will you do as Controller to ensure that agencies have processes in place that will enable them to meet this shortened deadline with reliable financial information? Do you believe that this new timeframe will have an impact on the number of agencies that can obtain clean opinions in FY 2004?

Accelerating the issuance of audited financial statements will require agencies to reengineer their business processes and ensure that their systems are capable of providing accurate, timely, and reliable information. I understand that at least one agency will meet the November 15 deadline this year - two years ahead of schedule. Several agencies have agreed to meet that due date in 2003. I believe that the joint OMB, CFO, IG, Treasury, and GAO meetings, as well as other opportunities to "take the pulse," will help to identify any difficulties that agencies may encounter in achieving this requirement and to develop remediation strategies. It is safe to say that the degree to which the 2004 deadline is aggressive varies by agency. It is also clear, however, that the establishment of this target will motivate and accelerate process and systems enhancements requisite for clean opinions that might otherwise follow a longer implementation schedule.

6. GAO has designated several agencies' financial management - DoD, IRS, FAA, Forest Service - as high risk. Financial management weaknesses also play a significant role in other areas that have been designated by GAO as high risk, such as Student Financial Aid programs. How do you plan to work with these agencies to make substantive progress toward resolving these high-risk situations?

It is my understanding that OFFM has been working closely with these agencies to resolve weaknesses and that progress is being made. Under my leadership, there would be thorough reviews of every agency's internal risk assessments with particular attention paid to these high risk situations. We will be engaged to assure the existence of rigorous corrective action plans, to monitor progress with respect to those plans and will become involved where necessary to promote successful achievement of weakness resolution.

7. Specific financial management and control issues often arise that call for close governmentwide attention and oversight. The President's Management Agenda, released in the summer of 2001, highlights for particular attention erroneous (or "improper") payments cited by OMB as involving more than $20 billion in erroneous benefit and assistance payments. What should OMB's role be in identifying and solving financial management issues?

While each agency's leadership is responsible for its financial management, OMB must provide overall direction, policy guidance and success standards for financial management functions. OMB should identify and provide leadership in addressing both agency-specific and government-wide financial management issues. One avenue for accomplishing this task is OFFM's partnership with the RMOs in monitoring agency financial management practices. This regular exchange with those in OMB who have the most contact with the agencies is particularly effective in alerting us when government-wide financial management issues are developing and assisting in their correction.

8. On October 18, 2002, the Senate passed an amended version of H.R. 4878, the "Improper Payments Information Act of 2002," by unanimous consent. This legislation requires agencies to estimate and report their improper payments, and to take action to reduce the causes of improper payments in programs where the amounts of such payments are substantial. The actions agencies take to comply with this legislation may draw upon a GAO Executive Guide released in October, 2001 entitled "Strategies to Manage Improper Payments." The Guide outlines five strategies GAO believes agencies should implement to help reduce their improper payments. Do you believe that these strategies are an effective way to address this problem? If so, will you work with agencies to implement them? If not, please explain.

   The strategies outlined in GAO's report – having a sound control environment, performing risk assessments, implementing control activities, using and communicating information, and monitoring progress – represent effective ways to address the problem of erroneous payments. OMB is currently working with agencies to implement, as part of the Improved Financial Performance Initiative, the President's charge to reduce erroneous payments government-wide. Using Circular A-11, OMB's guidance to agencies for producing their budgets, agencies are required to submit the status of their efforts to identify and reduce erroneous payments. OMB assesses agency efforts to reduce erroneous payments by evaluating whether they have adopted strategies much like those outlined in GAO's report. If confirmed, I will work with OFFM staff and agencies to ensure that they have in place strategies to effectively identify and reduce erroneous payments.

9. OMB's May, 2002 Federal Financial Management Report notes that "many of the CFO Act agencies face challenges in building and maintaining financial management systems that comply with the Federal Financial Management Improvement Act (FFMIA)." FFMIA requires that agency heads certify that the agency's financial management systems comply substantially with: federal financial management systems requirements; federal accounting standards; and the U.S. Government Standard General Ledger. Do you believe that compliance with FFMIA requirements is an important step that will help agencies to produce accurate, timely and reliable financial data? If so, what will you do as Controller to help agencies meet these requirements?

   Compliance with FFMIA requires agencies to maintain systems with the attributes and functionality that are characteristic of any well-performing financial system. Those attributes are prerequisites for meeting the performance levels needed to ensure reliable, real time information. If confirmed, I will work closely with the agencies in evaluating financial system implementation business cases and in monitoring ongoing operations of financial management systems for compliance with FFMIA.

10. Under the Government Performance and Results Act of 1993, agencies are required to measure and report on their progress in achieving agency mission goals. Many agencies

have had difficulty producing reliable and verifiable performance data, particularly when programs are implemented by state and local governments or other third parties. What will you do as Controller to ensure that agencies address these problems with data reliability?

At the suggestion of the Joint Financial Management Improvement Program, composed of the Comptroller General, the Secretary of Treasury, the Director of the Office of Personnel Management, and the Director of OMB, the Administration has accelerated the due dates for agency accountability reports. By Fiscal Year 2004, agency performance and accountability reports, which are now reported on an enhanced unified basis, will be due by November 15. With this acceleration, agencies will have to rethink and reengineer not only the process by which they compile financial information, but performance information as well. It is in this reengineering of processes that agencies will be able to institute enhanced controls over the reliability of performance information. Procedures governing the collection of data from information sources resident outside the Federal Government should be clearly instituted and followed. If confirmed, I will work with agencies to put in place effective and efficient procedures that produce valid and verifiable information on results.

11. In testimony before a House Government Reform subcommittee in June, 2001, Sean O'Keefe, then-OMB Deputy Director, stated that a high priority for the Administration was linking agency budgets to performance results. The President's Management Agenda required some agencies to submit performance-based budgets for selected programs for FY 2003. OMB's instructions to agencies for preparing FY 2004 budget submissions, contained in an April 24, 2002 memo from the Director to agency heads, states that the FY 2004 Budget will contain "effectiveness ratings" for approximately 20% of agency programs. A follow up memo to agencies regarding FY 2004 Budget preparation, dated July 16, 2002, made clear that the goal of the effectiveness ratings was to establish a link between agency performance results and the budget process. Given agencies' problems with producing accurate cost and performance data, is the federal government ready to make budget decisions on this basis?

The integration of budget and performance results is a key component of the President's Management Agenda. Accordingly, the Program Assessment Rating Tool, or PART, is being used to rate more than 200 Federal programs for the Fiscal Year 2004 Budget representing more than 20% of Federal funding. Sound financial practice dictates that performance is a component in determining program funding and the PART will make an important contribution to enhancing the budget process.

As the quality of cost and performance data improves, the PART will be of increasing value to the budget process. Focusing attention on the importance and use of the PART will reinforce data quality improvement efforts. It is important to note that this performance measure is but one factor in assessing budget requests and that there is certain recognition of the impact of data limitations in the inaugural year of

the tool. OFFM has a particular interest in the financial management aspects of the PART and will continue to play a role in the overall OMB effort to facilitate production of accurate underlying data.

12. In your view, are the staff resources dedicated to financial management issues sufficient for OMB to identify and correct system problems, improve governmentwide financial management practices, and discharge responsibilities included in such statutes as the CFO Act, the Government Management Reform Act, and the Federal Financial Management Improvement Act? Please describe your views on the role of the CFO Council and how OMB can work with CFOs to leverage resources devoted to financial management issues.

I am in the process of assessing both the capabilities of the OFFM staff resources and the magnitude of existing and emerging financial management issues for which the office is responsible. As Controller, I would define candidate requirements and fill vacant positions with individuals who augment current capabilities, particularly in the area of financial analysis. One of my first priorities would be to identify clear OFFM objectives and corresponding organizational assignments. Establishment and maintenance of effective working relationships with the CFOs individually and through the working of the CFO Council would be another early initiative. The close alignment of OFFM and CFO objectives provides a strong basis for a mutually advantageous and productive partnership.

13. The Administration's proposal to create a Department of Homeland Security included a Chief Financial Officer for the Department but did not include language making the Department subject to the requirements of the CFO Act. Do you believe that this Department, if created by Congress, should be added to the list of agencies covered by that Act? If not, please explain.

It is my understanding that the Administration's initial proposal for a Department of Homeland Security was drafted in a way that avoided excessive detail in prescribing internal structure and the placement of authority. That is the reason the bill did not go into too much detail on the assignment of management functions or prescribe internal departmental structure. However, whatever the statutory make up of the new Department, it will meet the substantive requirements of the Chief Financial Officers Act, like preparing audited financial statements.

14. What role do you envision for OMB in the selection of qualified agency chief financial officers? How will you work with the Office of Personnel Management to develop a means to attract and retain financial management staff?

Under the CFO Act, OMB can advise agency heads "with respect to the selection of agency Chief Financial Officers and Deputy Chief Financial Officers." In addition, the Act gives OMB a role in setting qualification standards and assessments of financial management staffs. OMB has provided this assistance in the recent past.

and if confirmed as Controller, I will support OMB's continued role in ensuring that the government's financial management officials have the skills needed to ensure the highest quality and integrity in Federal financial management.

IV. Relations with Congress

1. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

   Yes.

2. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

   Yes.

V. Assistance

1. Are these answers your own? Have you consulted with OMB or any interested parties? If so, please indicate which entities.

   Yes, however I have consulted with OFFM staff to obtain helpful information of a background nature.

AFFIDAVIT

I, Linda M. Springer, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Subscribed and sworn before me this 14 day of Nov, 2002.

Notary Public

LORRAINE D. HUNT, NOTARY PUBLIC
DISTRICT OF COLUMBIA
My Commission Expires Jan. 31 2006

Post-Hearing Questions Submitted for the Record from Senator Susan M. Collins, Chairman for the Nomination of Clark Kent Ervin to be Inspector General, Department of Homeland Security

Role of the Inspector General

1. **The Homeland Security Act grants the Inspector General oversight responsibility for the internal investigations performed by the Office of Internal Affairs of the Customs Service and the Office of Inspections of the Secret Service [section 811(8J)].**

   How do you plan to oversee these offices?

   As you note, the Homeland Security Act gives the Inspector General oversight responsibility for the internal investigations performed by the Office of Internal Affairs of the Customs Service and the Office of Inspections of the Secret Service, and the heads of those offices are promptly to report to the Inspector General "significant activities" carried out by those offices. If confirmed, I will seek to meet at my earliest opportunity with the heads of those offices with the hope of coming to a common understanding of the term, "significant activities." Given the Inspector General's explicitly designated oversight role with regard to these particular offices' investigations, the primary role given to the Inspector General in the Inspector General Act of 1978, as amended, as to departmental investigations generally, and the Inspector General's independence from the department, I would expect that the Inspector General's definition of "significant activities" would be controlling in the event of a disagreement as to the meaning. I would envisage regular meetings with and written reports from these offices as to ongoing cases and new allegations, and I would expect to receive contemporaneous notification of any "significant activity" between such meetings. Noting that such agreements are in place between some Inspectors General and some entities to be transferred to the department, I plan to seek memoranda of agreement with these offices to make clear the respective investigative authority and responsibility of the Inspector General and such offices. In the event of any disagreement as to the scope of such offices' investigative jurisdiction and that of the Inspector General, I would expect the Inspector General's position to prevail. This is so because of, as noted above, the Inspector General's explicitly designated oversight role with regard to these offices' investigations, the primary role given to the Inspector General in the Inspector General Act as to departmental investigations generally, and the Inspector General's independence from the department. To prevent a conflict of interest (or, at least, the appearance thereof), the Inspector General would investigate allegations against an employee of these offices.

2. **In addition to the Inspector General's oversight responsibilities, the Homeland**

Security Act also makes the Under Secretary for Border and Transportation Security [section 443] and the Director of the Bureau of Citizenship and Immigration Services [section 453] responsible for conducting investigations of non-criminal allegations of misconduct, corruption, and fraud involving their respective employees.

It appears as though there will be overlapping oversight responsibilities. As such, how do you intend to resolve "jurisdictional" issues?

It is not clear to me how any alleged fraud or corruption could be anything but criminal in nature. And, depending on the nature of the specific allegation, misconduct also can be criminal in nature. Also, the clause, "that [i.e., allegations] are not subject to investigation by the Inspector General for the Department" is unclear to me. However, we have found language in the House Report which appears to clarify the intent of the provision. According to the report, "This section provides that the Under Secretary for Border and Transportation Security will be responsible for conducting non-criminal investigations of allegations of improper conduct by any employee of the Bureau, unless that allegation is being investigated by the Inspector General." Accordingly, if confirmed, my intention would be to investigate all criminal allegations against employees of these bureaus or, at least, to exercise a right of first refusal with regard to such allegations. With regard to non-criminal allegations, my intention would be, basically, to delegate to those bureaus all such allegations, except for any that are made against "high level" employees and those that relate to systemic problems or otherwise affect the integrity of departmental programs and operations. I have discussed these matters with the Under Secretary for Border and Transportation Security and outlined my general thinking, and he was receptive to my ideas. I sent him a draft Memorandum of Understanding (MOU) along these lines on Friday, and I am hopeful that he will sign it. I will soon meet with the Director of the Bureau of Citizenship and Immigration Services and seek to come to an agreement to the same effect with him.

Prohibition of Certain Investigations

3. **The Homeland Security Act [section 811] prohibits the DHS IG from engaging in certain investigations or audits if the Secretary of Homeland Security determines that such a prohibition is necessary to prevent the disclosure of information that would threaten national security.**

Do you believe that there are any topics or investigations that should be off-limits to the IG?

I do not believe that there are any topics or investigations that should be off-limits to the IG. While there is a similar limitation on the Inspectors General of Justice, Treasury, Defense, and the CIA, there is no such limitation on the Inspector General of State,

whence I came. I examined intelligence and national security related matters routinely at State, and I believe that I demonstrated that I can handle them with all due discretion and sensitivity. This having been said, as a practical matter, this provision should not prove to be a limitation on my authority if I am confirmed. Secretary Ridge and I have discussed this provision, and he has assured me that he has no intention of ever invoking it. In turn, I have assured him that he would have no need to do so, inasmuch as I would handle any such matter with all due discretion and sensitivity.

Coast Guard Review

4. **The Homeland Security Act [section 888] directs the IG to conduct an annual review of the Coast Guard to assess its performance of both homeland security missions and non-homeland security missions. In evaluating various DHS legislative proposals, I became deeply concerned that the Coast Guard would be forced to reduce its non-homeland security missions.**

   In addition to the annual review, what further activities do you think the DHS IG should undertake further activities to ensure that the Coast Guard achieves the proper balance between its newly elevated security mission and core functions?

   I share your concern that the non-homeland security related missions of the Coast Guard (aids to navigation, illegal drug and migrant interdiction, marine environmental protection, and fisheries enforcement, etc.) not be neglected as the Coast Guard continues and intensifies its efforts in the area of homeland security. In addition to the annual review, we will periodically conduct inspections and audits of discrete Coast Guard programs or operations. Further, I will seek to meet regularly with Coast Guard officials to be advised of what they are doing to meet their non-homeland security related responsibilities.

Information Security

5. **GAO has designated information security as a government wide high-risk area since 1997. In your view, how should DHS ensure that critical information is adequately protected given that many transferring agencies come from departments that have significant information security challenges?**

   I agree that information security poses a high risk to the department. In accordance with the Federal Information Security Management Act (FISMA), the department will need to develop and implement an agency-wide information security program. Some key steps the department will need to take include developing an inventory of its information systems and related hardware, assessing information security risks to department operations, and identifying measures to mitigate those risks. It will be critical for the department to address information security issues "up front," to ensure that existing vulnerabilities from

the transferring agencies do not pose a risk to its information technology infrastructure. If confirmed, I intend to establish a separate unit in the Office of Inspector General to focus exclusively on information technology related issues, including information security. That unit would be headed by an Assistant Inspector General for Information Technology and would be staffed by inspectors and evaluators from transferring offices of inspector general with expertise in information technology issues. One of that unit's early projects would be a review under FISMA of the department's information security program. My staff and I have already discussed these issues with the department's Chief Information Officer.

Whistleblower Actions

6. **As Inspector General for DHS, you will undoubtedly be faced with allegations of wrongdoing within the department by whistleblowers. It takes courage to stand up and point out the wrongs committed by an organization. Recently we have seen instances in which whistleblowers have provided valuable insight into organizations, for example, Sherron Watkins of Enron and Colleen Rowley of the FBI. Without such insight, it is often difficult or impossible to identify internal problems. It is therefore critical that whistleblowers are treated appropriately by those they seek assistance from and that their complaints are taken seriously. Moreover, if a whistleblower alleges acts of retaliation by the organization, the problem is then compounded.**

Would you please advise the Committee as to how you intend to process complaints of retaliation by DHS whistleblowers?

If a whistleblower claims that he/she has been retaliated against for contacting or cooperating with the Office of Inspector General, I believe that the Office of Inspector General should investigate that claim itself. Such a claim goes to the efficacy of the Office of Inspector General. If management can with impunity retaliate against or threaten to retaliate against those who contact or cooperate with the Office of Inspector General, our ability to function would be severely compromised. If a whistleblower brings to the Office of Inspector General a claim of retaliation arising outside the context of an Office of Inspector General activity, my inclination would be to refer such a claim to the Office of Special Counsel. That office is specifically and primarily established to process whistleblower claims, and I understand that it has a staff of more than 100 professionals dedicated to that purpose. If, for whatever reason, the Office of Special Counsel were to decline to pursue a matter, or if I could be persuaded that that office did not pursue a matter with due competence and/or vigor, I would pursue that matter with my own investigative resources, provided, of course, the matter related somehow to the programs and operations of the department. Further, as I say in response to a question from Senator Pryor, I would investigate allegations of retaliation for whistleblowing lodged against senior department officials and allegations of "egregious" retaliation.

Post-Hearing Questions Submitted for the Record
from Senator Carl Levin (MI-D)
for the Nomination of Clark Kent Ervin to be
Inspector General, Department of Homeland Security

February 27, 2003

One of the questions (#9) posed to you in the pre-hearing questions asks you what difficulties you anticipate when your office performs investigations of the personnel at the DHS. Your written response points out a couple of problems that you foresee in carrying out your duties, and I appreciate your candid assessment of the potential flaws in the Homeland Security Act.

First, your written answers state that the Homeland Security Act gives the IG oversight responsibility for internal investigations performed by the:

1) Office of Internal Affairs of the Customs Service

2) Office of Inspections of the Secret Service

The heads of both of these offices must report to the IG "significant activities" being carried out by them. You write that you plan to meet with these offices to come to an understanding of the term "significant activities;" in the event of a disagreement, you expect that your definition will be controlling; and you plan to draft memoranda of understandings to make clear what has to be reported to you.

What is your definition of significant activities? How do you plan to negotiate these memoranda of agreement? Can you keep us updated if there are problems?

I believe that the provisions giving the Inspector General oversight over the Office of Internal Affairs of the Customs Service and the Office of Inspections of the Secret Service are not intended to suggest that those units can define for themselves what matters they may investigate, leaving the Inspector General with merely the authority to oversee and receive reports regarding those matters. Instead, I believe that these provisions are intended to be consistent with the provisions regarding the "remainder" investigative jurisdiction of the Under Secretary for Border and Transportation Security and the Director of the Bureau of Citizenship and Immigration Services. My reading of the latter provisions is that the Under Secretary and the Director may investigate only non-criminal allegations of misconduct on the part of their respective employees, and, then, only those allegations that the Inspector General chooses not to investigate. The provisions do not give either the Under Secretary or the Director any jurisdiction with regard to criminal allegations, suggesting that the Inspector General's jurisdiction over criminal matters is exclusive. I do believe, however, that I would have the discretion to refer some criminal matters to the Under Secretary or the Director, and, depending upon the nature of

the allegation or the rank of the person against whom the allegation is made, I might exercise that discretion. I believe that the provisions relating to the Office of Internal Affairs of Customs and the Office of Inspections do not purport to give those offices any more investigative authority vis a vis the Office of Inspector General than is given to the Under Secretary or the Director. I would expect to exercise a right of first refusal with regard to all criminal matters, and I would invariably investigate those that appear to be systemic in nature and those arising from allegations against senior managers. As regards non-criminal matters, I would, again, focus on those that appear to be systemic in nature and those arising from allegations against senior managers. Reserving the opportunity to think about the matter further, I can say now that I would certainly consider those offices' discovering evidence of systemic abuses or a pattern and practice of negative behavior to be a "significant activity" that I would expect be advised of immediately so that I could pursue the matter myself. I have already met with the Under Secretary about how I would propose to handle our respective investigative jurisdiction and drafted a memorandum of agreement between my office and his relating thereto. I am awaiting his comments. I would use this document as a template to negotiate like agreements with other internal affairs units, including those of the Customs Service and the Secret Service.

On a related issue, which deals with two other DHS offices, you note that under the Homeland Security Act, the Under Secretary for Border and Transportation Security is responsible for "conducting investigations of non-criminal allegations of misconduct, corruption, and fraud involving any employee of the Bureau of Border Security that are not subject to investigation by the IG for the Department." Likewise, the Director of the Bureau of Citizenship and Immigration Services is made responsible for "conducting investigations of non-criminal allegations of misconduct, corruption, and fraud involving any employee of the Bureau of Citizenship and Immigration Services that are not subject to investigation by the Inspector General for the Department." You candidly comment that "it is not clear to me how any alleged fraud or corruption could be anything but criminal in nature" and you note that you intend to exercise a "right of first refusal" with regard to any allegations of criminal activity on the part of these department employees.

Please elaborate what you mean by right of first refusal.

By "right of first refusal," I mean that even though I could investigate any criminal matter, I recognize that my resources will be relatively limited and that there are certain relatively less serious matters that internal affairs offices can properly handle. I would concentrate my investigative resources on the most serious criminal allegations, those against senior level officials, and those that appear to be systemic in nature.

In your written response you say "it may be that these provisions were drafted imprecisely." If you as the IG believe the provisions are imprecise, that will most certainly inhibit you from doing your job. The IG is going to be very important in this huge new department. It will not help for you to be spending half your time negotiating agreements with the various DHS offices as you try to get your shop up and running. If that is the case, do you anticipate asking Congress for more specific language?

While I am hopeful that the department and I will be able to come to an agreement regarding investigations along the lines described above, it would be helpful to me if the statute were clarified as regards the respective investigative jurisdictions of the Inspector General and internal affairs units. If I cannot reach a satisfactory agreement with the department, I will ask Congress to amend the statute to clarify and codify my position.

You said today that you do not believe that there are any topics for investigation that should be off limits to the IG even though there is such a limitation on the IG in the HSA. At the hearing today, you noted that Secretary Ridge has told you that he will not be invoking this limiting provision. Because Secretary Ridge will not always be the Secretary and you will not always be the IG in subsequent Administrations, the IG may not always have this promise from the Secretary. Would you recommend a change in the statute that takes out this limiting provision?

I would recommend deleting this provision in the statute. I think that it is inconsistent with the principle of Inspector General independence.

Post-Hearing Questions Submitted for the Record
from Senator Daniel K. Akaka
for the Nomination of Clark Kent Ervin to be
Inspector General, Department of Homeland Security

1. The consolidation of agencies into the Department of Homeland Security will bring together a variety of different agencies with different missions and cultures. How do you believe the consolidation of these different agencies into one Department will impact your responsibilities?

The consolidation of 22 different agencies with varying missions, functions, cultures, personnel, locations, systems, and management problems into one cohesive organization will be an immense challenge for the department. In attempting to meet this important challenge, the department cannot lose focus on what must be its overriding mission – protecting our nation against terrorist attacks. If confirmed as Inspector General of the department, I will use the various evaluative tools available to me (inspections and audits) to assess the degree to which the department is succeeding in crafting an organization that is more effective than the sum of its parts in defending against terrorism.

2. The Inspector General of this new Department must be ready for the oversight challenges of the 21st century, including meaningful investigations into high-tech information systems and their impact on privacy and civil liberties. As you know, information that is inaccurate or out of date undermines both security and privacy. As such, how would you conduct oversight of government information systems, such as databases of personal information and high-tech software programs?

How would you determine if personal information contained in a particular database is accurate and whether procedures and protocols for use and disclosure of the information are being followed by agency officials? How would you respond to complaints that decisions based on government information systems have unfairly stripped individuals of their rights and privileges?

With regard to the first two questions, I intend to have a sizable unit in the Office of Inspector General exclusively devoted to analyzing information technology related issues. That unit will be comprised of inspectors and auditors, and it would be headed by an SES level Assistant Inspector General. That unit would conduct an active program of inspections and audits that would be the vehicle through which I would exercise oversight over the department's information systems, including its database of personal information and high tech software programs. Inspections and/or audits would focus on, among other things, the accuracy of information in databases and whether adequate procedures and protocols exist and are being used by the department to ensure that such sensitive information is handled properly. I would pursue to the full extent of my investigative authority complaints that decisions based on department

information systems have unfairly stripped individuals of their rights and privileges.

3. During the debate over the creation of the Department of Homeland Security, many expressed concerns over the erosion of civil rights and liberties with an increased effort to look for possible terrorists in the United States. To address these concerns an Officer of Civil Rights and Civil Liberties was created. However, with only the authority to review and assess information alleging abuses of civil rights, the Inspector General of the Department must provide oversight and enforcement.

What steps will you take to provide this oversight? What steps can be taken to ensure that the pressure department employees feel in this post 9/11 world to aggressively protect the nation does not lead to civil liberties and civil rights abuses?

After reviewing the statutory provision more closely, it does appear that the Office of Civil Rights and Civil Liberties does not have its own investigative jurisdiction. That being so, I propose to work closely with that office to ensure that civil rights and civil liberties are protected to the full extent of the law. Noting that there are various internal affairs units within the department that could pursue these matters, I would reserve the right to investigate alleged civil rights and civil liberties violations with my own investigative resources, especially ones that appear to be systemic in nature and any that are perpetrated or sanctioned by senior officials. It seems to me that the most effective steps that can be taken to ensure that employees do not violate civil liberties and civil rights in their zeal to protect the homeland are: (1) regular admonitions to this effect from the Secretary and other senior department managers; and (2) the Inspector General's aggressive investigation of alleged violations, in close consultation with the Office of Civil Rights and Civil Liberties.

Post-Hearing Question for the Record
Submitted by Senator Mark Pryor
for the Nomination of Clark Kent Ervin
to be Inspector General
Department of Homeland Security

You mentioned in the hearing on February 27th that is the policy of the Inspector General's office at the State Department to investigate instances of retaliation against a whistleblower when the retaliation is resulting from the employee having brought something to the attention of the Inspector General's office. Do you believe there may be other instances in which the Inspector General's office should consider investigating charges of retaliation against a whistleblower, especially in instances when the offender may be a high ranking official or the retaliation is especially egregious?

I certainly do believe that the Inspector General should investigate any whistleblower claim against a high ranking department official. Doing so would be consistent with my position that any and all allegations against such officials should be handled by the Inspector General (as opposed to internal affairs units). Likewise, because of the especially serious nature of the allegation, claims of "egregious" retaliation should likewise be investigated by the Inspector General, irrespective of whether the alleged retaliation stems from the claimant's contact with the Inspector General. Furthermore, as I said in response to another post-hearing question, if I am persuaded that the Office of Special Counsel cannot or will not handle a matter competently and/or aggressively, I will pursue it myself, provided, of course, the matter relates somehow to the programs and operations of the department.

Post-Hearing Questions Submitted for the Record
from Senator Daniel K. Akaka
for the Nomination of Janet Hale to be
Under Secretary for Management
Department of Homeland Security

1. As you know, many of the agencies and entities being consolidated within the Department perform important non-homeland security functions that Americans rely on every day. During this Committee's debate on the Homeland Security Act I successfully offered an amendment that would have required the Department to identify its non-homeland security missions and how these missions would be accomplished. Although my provision was dropped in the final bill, I remain convinced that there should be a strategy to inventory and track non-homeland security functions.

How do you propose to develop and execute management strategies to ensure that vital non-homeland security missions are fulfilled?

Answer: I recognize that many of the 22 agencies being merged into DHS are responsible for other important missions in addition to homeland security. I personally witnessed the multi-mission capability of Coast Guard resources throughout the country, including icebreaking as well as search and rescue and drug enforcement missions. In addition, while at OMB I had the opportunity to travel with FEMA employees for disaster response. I have a strong appreciation for the non Homeland Security missions of the agencies that are now part of the Department of Homeland Security. I personally observed the value of these non-homeland security missions to the American public we serve.

To ensure that these missions are accomplished, the Department must review these missions during the annual program planning and budget development process as well as during the budget execution review. If confirmed as the Under Secretary for Management, I will ensure that all of the Department's missions and functions, including non-homeland security missions, receive appropriate resources, attention, support, and visibility.

2. If confirmed as the Under Secretary for Management, you will be responsible for human resources and personnel. As such, you will play a key role in the creation of the human resources system for the Department of Homeland Security. According to the Homeland Security Act, this new system allows for the waiver of chapter 77 of title 5, relating to federal employee appeals, and the creation of an internal review process. A similar program was created at the Federal Aviation Administration in 1996. However, according to the GAO, employees at the FAA did not see the new system as an improvement and believed it lacked impartiality. This led Congress to reinstate Merit Systems Protection Board review for FAA employees in 2000. Have you reviewed the internal employee appeal system at the FAA or at other federal agencies, and what steps will you take to ensure that employees at the Department of Homeland Security

will have a fair and impartial appeals process?

Answer. While I have not specifically reviewed the internal employee appeal system at FAA or at other Federal agencies, I know that the current appeals process can be a problem because challenges to personnel actions are not resolved in a timely manner, taking months or even years in some cases. The teams designing the new human resource system for the Department will be challenged to streamline the appeals process while preserving the rights of employees to a fair and impartial process.

3. The attrition rate of federal workers entering the Department of Homeland Security is a serious concern, especially since many federal employees view the new Department with unease. Last month, the Washington Post reported that six major agencies moving into the Department of Homeland Security could lose roughly one quarter to one half of their employees to retirement within the next five years. Moreover, about twice as many employees at these six agencies will be eligible to retire by the end of 2008 than are currently eligible. What measures will you take to take to curb a potential wave of retirements and ensure that the new department does not lose its most experienced and knowledgeable employees?

Answer. As part of the President's Management Agenda, the component agencies of the Department have been working to address the wave of potential retirements with a comprehensive look at workforce planning. We will incorporate the best practices from among these components and elsewhere to retain our most experienced and knowledgeable employees, and to recruit the leaders of the future now so they can gain the experience they will need to step into those leadership responsibilities when needed. One critical factor in workforce retention is to communicate clearly and directly with employees on the mission and roles of the Department, and their own place in making homeland security work. We have begun that communication and are committed to following through to make sure that all employees understand their vital role.

4. Last month, the Transportation Security Administration denied collective bargaining rights to baggage screeners, raising serious concerns over the rights of federal workers in the Department of Homeland Security. Do you believe that union representation of federal employees within the Department represents a national security risk? And if so, why?

Answer. Section 842 of the HSA ensures that the President may waive the limitations placed on his existing national security authority should he determine that application of these limitations would have a substantial adverse impact on the ability of the Department to protect homeland security. I should note that under Section 842's express terms, the limitations do not apply to any portion of an agency or subdivision of an agency as to which recognition as an appropriate unit has never been conferred for purposes of chapter 71. I can reiterate the President's often publicly stated priority of protecting the Nation from terrorist attack. The Department of Homeland Security's mission is critical to this effort. Given the President's clear statements on this matter, I am confident that if he believes it necessary to exercise the waiver authority Congress provided in order to protect the homeland, he would do so.

Post-Hearing Questions for the Record
Submitted by Senator Susan M. Collins, Chairman
for the Nomination of Linda M. Springer to be
Controller, Office of Federal Financial Management,
Office of Management and Budget

1. Many federal agencies are struggling to develop meaningful performance measures by which to evaluate the success and effectiveness of government programs. What are your views on the merits of standard financial management performance measures?

   There are many meaningful financial management performance metrics that can be useful to federal agencies. Among the basic financial metrics are payment timeliness and accuracy, percent of accounts reconciled and level of receivables outstanding. Specific program metrics, such as timeliness of credit card payments, can also be helpful. When consistently measured, these indicators can be used to set performance goals and monitor progress against agreed upon objectives. I endorse the use of metrics as a tool in the achievement of optimal financial management performance.

2. Who should be held accountable for the needed consolidation of financial systems within federal agencies and across government? And, how do we best go about consolidating core financial systems across agencies?

   A systems project of this magnitude requires the participation of operational, financial and information systems leadership across multiple agencies. Partnering in this effort would be counterparts from the Office of Management and Budget, particularly in the statutory offices like OFFM, that have specific financial management systems duties. Ultimately, the project must have an experienced, dedicated project manager with full accountability to proceed.

   A phased approach may be appropriate for this project. For example, consolidation could proceed along functional or organizational lines. This determination would not be made until after an initial evaluation is performed.

3. Please explain the role that you and your office will play in the Department of Homeland Security's integration and consolidation of financial systems from the more than twenty agencies being incorporated into the new department?

   It is my understanding that Staff from the Office of Federal Financial Management attend ongoing working group meetings that are planning the financial systems for the new department. If confirmed, I expect the office to

continue to function in an advisory role and support the incorporation of best practices in the financial systems plan. OFFM would continue to provide up front financial reporting guidance to enable an informed system requirement design.

4. Improved financial performance is an important component of the President's Management Agenda. What would be your role in helping achieve the goals established in the agenda and what do you expect to accomplish in the coming year?

If confirmed, my efforts will be directed toward facilitating the development of a plan for each agency to achieve the goal of the Improved Financial Performance initiative. Those plans must also focus for the coming year on the achievement of the accelerated financial reporting and audit goals. I plan to hold a series of joint meetings with the chief financial officers and inspectors general of each CFO Act Agency to jump start this process. Subsequently, I will monitor the progress in achieving the interim deliverables of each plan. Reinforcement and communication of plan activities would also be supported by the formal PMA scorecard process.

The area of erroneous payments will also receive particular attention. An early goal will be the issuance of guidance associated with the Improper Payments Information Act of 2002. Remediation plans and performance measurement results would be evaluated with agency staff to develop specific improvement goals.

5. What is your view on the role of the Joint Financial Management Improvement Program?

It is my understanding that the Joint Financial Management Improvement Program has been particularly helpful in assisting agencies in preliminary financial management system due diligence. This screening function has provided a consistent "first line" filter that narrows the menu of software choices to those that have met an appropriate capability threshold. I would expect the JFMIP to continue this type of engagement in support of the overall financial management effort.

Post-Hearing Questions Submitted for the Record from Senator Daniel K. Akaka for the Nomination of Linda Springer to be Controller, Office of Federal Financial Management, Office of Management and Budget

1. The OMB Controller is charged with improving the financial transparency of government functions. According to the General Services Administration, the federal government procures more than $200 billion annually for goods and services. I have serious concerns with OMB's revision to the A-76 rules for contracting out government functions, especially relating to financial transparency.

As OMB Controller, what additional actions will you take to ensure that OMB has accurate information on the total cost and number of contracts? Also, would you recommend new accountability standards for federal contractors? And if not, why?

If confirmed, I would maintain a close working relationship with the Office of Federal Procurement Policy within OMB to understand the financial management implications of procurement policy revisions. It is my understanding from OFPP that there is an awareness of your concerns and that the Federal Procurement Data System is in the process of being modernized. I am told that this new system will better identify the contractors receiving awards, total costs of contract changes and the funding agency and funding source. These improvements will support improved financial transparency.

Regarding accountability standards, OFPP has informed me that one of the guiding principles of the OMB Circular A-76 re-write is that public-private competition winners should be held accountable for performing work as promised.

2. There are concerns that federal contracting may create additional financial management challenges. The Office of Federal Procurement Policy has cautioned that some federal agencies have outsourced too many functions and should consider bringing work back into the government. From a financial management perspective, do you agree with this assessment, and if not, why?

It is my belief that effective financial management is supported by the type of efficient competition between public and private sources envisioned by the President's Management Agenda. The ultimate mix between sources should be validated by the rigor and transparency of the competition process. It is my understanding that OFPP will be the ongoing source of competition results.

3. Since 1990, the General Accounting Office has identified federal financial management as a High Risk Area. Although a growing number of agencies have achieved clean audit opinions, one fundamental challenge is that agency financial systems cannot routinely produce reliable financial information. As you know, one of the principal responsibilities of the OMB Controller is to advise OMB on the resources required to develop and effectively operate and maintain federal financial management systems, and to correct major deficiencies in such systems. If confirmed as OMB Controller, how will you ensure that agencies have the right financial systems and sufficient resources to produce reliable financial information?

If confirmed, I plan to review the inventory of existing and planned agency financial management systems. I recently led a private sector implementation of financial management software packages from a major vendor who also supplies federal government agencies. This experience will enable me to evaluate the project plans and capabilities of not only the systems, but the business processes which they support. Resource adequacy would be a component of the evaluation. The resultant observations would be reviewed from both a technical and business perspective with the agency to ensure a viable plan and optimal target result.

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