

Managing the Inspector General and Agency Head

by Sherman M. Funk



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About a week before I was sworn in as Inspector General of the Commerce Department, one of the non-profit watchdog groups in Washington issued a press release attacking Mac Baldrige, the Secretary of Commerce, for waste and abuse. The group charged that Baldrige had chartered a private jet to fly around the country, although he could have traveled by regularly scheduled airline flights and saved taxpayers a bundle. I opened my first investigation as IG a couple of days after my swearing in; the subject was Mr. Baldrige's chartered plane.

Rather to my surprise, the OIG staff thought that this demonstrated considerable guts on my part, although they believed it likely that my tenure as IG would set a record for brevity. I was not at all trying to be brave, nor did I consider my action as foolhardy. I simply thought I was doing what the IG Act enjoined me to do, and I assumed that the Secretary would regard it the same way.

Much later, I learned that Mr. Baldrige had been furious with me for opening the investigation, and even angrier when I issued the report of our findings. These concluded that he had not violated any law or regulation, but had acted "unwisely," spending money as though he still were CEO of a major corporation rather than a presidentially appointed public servant. (We found that his trip had not been a boondoggle. He had flown to a number of cities on a tight schedule, interviewing candidates for a key Undersecretary slot that he wanted – with good reason – to fill ASAP. If he had taken commercial flights, his itinerary would have required several more days of travel.) Fortunately, Mr. Baldrige was as fair-minded and sensible as he was impatient. After the dust settled, we had a good working relationship, and his support smoothed the way for some important innovations in

our work. But I found, somewhat to my amusement, that – at least in the early days – my job as IG was considerably easier because of that initial investigation. After all, the feeling went, if I had taken on the boss as my first investigative target, better not mess around with me.

The nature of agency head/IG working relationships is critical. Virtually all senior executive jobs require the incumbent to maintain a host of important relationships. This is particularly true in the Federal Government where the bureaucracy – no matter how reinvented and downsized – provides a confusing mix of vertical and horizontal lines of command, control, and communication. And, within our bureaucracy, nowhere is this mix broader and more confusing than with Inspectors General, whose very effectiveness depends upon the success of these relationships.

Consider for a moment the bewildering range of IG relationships. They generally include, for all IGs: the OIG staff; other IGs; OMB (both Budget and Management sides); the agency head; the agency's General Counsel; the agency's chief management officers, e.g., head of administration, budget chief, CFO, personnel director; procurement chief; the agency's line assistant secretaries and other program managers; constituent lobbying groups; the Department of Justice, FBI, and other law enforcement agencies at the national, state, and local levels; the media; the Office of Special Counsel; the GAO; private sector accounting firms; and perhaps various offices within the White House. Of course, many IGs have additional special relationships, but we need not be more expansive. Those cited above will suffice.

Quick test: Which of these relationships is the MOST IMPORTANT to an IG, and the MOST DIFFICULT to maintain?

The answer is simple: clearly, that with the agency head.

And the reason? That is not quite as simple. The answer begins with the essential, rock-bottom function of an IG: to

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effect positive change in the IG's agency. Let's trace the path of such a change. Through findings in IG audit, inspection, and investigative reports, the agency becomes aware of deficiencies in its programs and/or operations. When it agrees to adopt the recommendations in these reports, or at least the basic thrust of these recommendations, the agency corrects the cited deficiencies, thereby in effect changing things for the better.

But there is a kicker here. Theoretically, the IGs' work stands on its own. Theoretically too, the validity of each finding and recommendation speaks for itself. In practice, however, changing a bureaucratic status quo is remarkably difficult...and the longer it has been in place, the more difficult it is to change. It is rather like bringing a supertanker to a dead stop in the middle of the ocean, and then changing direction.

The managers of the programs concerned must consent to the changes, which in effect can be taken to mean they were not on top of the program earlier. Obviously, if they had been doing everything right, there would be no reason to change. And if these changes are significant enough to attract public attention (and thus congressional attention), the chances are that senior officials of the agency – tacitly or explicitly – will have to agree with them. Which means, in turn, that the deputy to the agency head must be on board...as well as, perhaps, the Secretary or Administrator.

Let's suppose that the picture the agency head has of the IG is a good one. The IG, in the eyes of the top boss, is a tower of integrity and common sense, a person of stature within the agency, an admirable individual who remains calm in the face of hysteric attack, who never runs off half-cocked or jumps to conclusions before thinking them through. He is well-regarded in the Office of Presidential Personnel and on the Hill. The chances are excellent that the agency head will clearly indicate, without putting anything in writing, that, in general, it is a good idea to support the IGs recommendations.

But now let's suppose, to the contrary, that the agency head hasn't heard a word from anyone at the White House about the incumbent IG since the latter's nomination, or from anyone on Capitol Hill. But the agency head has heard from various senior people in the department generally derogatory information about the IG. He is, allegedly, a glory hound, prone to rash decisions which attract media attention, and that he cares much about his image but little for the agency. In disputes between the OIG staff and a program staff, he invariably supports his people, regardless of the facts. The chances are good that the agency head, without putting anything on paper, will quietly accept a negative attitude towards IG recommendations. It will not take the IG long, in this environment, to realize that each major recommendation from the OIG will trigger a serious fight up and down the line.

In most agencies, it is only the agency head who can make such a profound difference in the way in which the senior staff reacts to the IG.

Again, a personal example very much in point:

When I arrived at State in mid-'87, as its first independent and non-foreign service IG, the senior staff there regarded me with fear and loathing. I was, after all, coming there with the strong personal endorsement of the (then) ranking minority member (now Chair) of the Senate Foreign Relations Committee, who was personally responsible for the new law creating my job – and displacing my predecessor, a popular, tough and very savvy senior foreign service officer (who had been a college classmate of mine). I was viewed as a hanging judge, brought in deliberately to shake up the place. Everyone there knew, and it did not help me at all, that the Secretary, George Shultz, had repeatedly and vehemently argued against having an independent IG at State.

I was asked, when I attended my first Secretary's staff meeting, to address the group, outlining my plans for the new office and describing my proposed *modus operandi*. The meeting, held in the department's Operations Center, was crowded and, when I approached the lectern, the attendees were palpably hostile. I talked about 10 or 12 minutes and, when I finished, asked if there were any questions. There was a long silence, and then came a single question: "Would I routinely send my reports to the Hill?" In reply, I quoted the language in the Act which requires the IGs to keep the Congress "fully and currently informed," and cited the requirements for the Semiannual Report and the Seven-Day Letter. Finally, I noted that, at Commerce, I had frequently testified at oversight hearings, and anticipated doing the same at State. I took my seat at the big oblong table amid a thunderous silence.

Then Mr. Shultz, returning to the lectern, paused where I sat and put his hand on my shoulder. (I did not know this then, but Mr. Shultz is not a very demonstrative person. This made his physical contact with me all the more startling and impressive.) He said that, as everyone there knew, he had opposed the creation of my office, and had lost. In a democracy, he said, you have to expect losses as well as wins, and go on from there. Looking around, with his hand still on my shoulder, he said that he had complete confidence in my ability to do the job and do it fairly. He said flatly that he expected everyone in that room, and in the Department, to give me their full and unstinting support, and requested each attendee to pass this firm expectation on to their staffs.

Soon after, leaving the Ops Center when the meeting ended, I encountered a mass of handshakes and invitations for coffee. Never have I seen a more graphic and immediate impact of an agency head opening a relationship. This did not turn the IG job into a bed of roses; it did, however, make the job do-able.

Another aspect of the agency head-IG relationship arises when the agency head does not understand, or misunderstands, the IG role. A funny example of this occurred when Jim Baker succeeded George Shultz as Secretary. During the Christmas holiday in 1988, while Mr. Baker was still Secretary of State-designate, he asked me to meet with him to discuss the IG role. We met in one of the small rooms he was using as a transition office.

He came right to the point. “I don’t really understand your situation,” he said. “What kind of tenure do you have?”

“None,” I said. “None at all. I serve at the pleasure of the President. Obviously, I don’t report to him. I report to the Secretary – to you. But the IG Act says that you can’t fire me. Only the president can do that.”

Baker frowned, and pursed his lips. “Of course,” I continued. “That’s not a big deal. All it takes is a telephone call from you.”

Baker grinned. I grinned back, aware that we had just tacitly laid the groundwork for a good working relationship. We then proceeded to explore the IG mission at State.

I have been exceedingly fortunate in the agency heads with whom I’ve had to deal: Baldrige, Shultz, Baker, Eagleburger, and ,for a brief time, Christopher. All of

them understood, and can readily define the meaning of “efficiency” and “economy.” But there is no such certainty when it comes to “effectiveness.” GPRA in large part was developed to plug this gap; its success as yet is uncertain. However, OIG audits are delivering performance results regularly. I can think of few partnerships that would be more productive than a full-bore effort by the agency head and the IG to jointly exploit the unique ability of performance audits to determine the true effectiveness of programs. To be sure, the results in many cases may well be disheartening. But that too tells an important story.

Arguably, the IG Act precludes joint operations taken in concert by the agency head and the IG. But it does not in any manner preclude jointly exploiting work performed by one or the other. Both sides should jump on this, inasmuch as both sides – the agency head and the IG — share a common goal: improving the quality, and reducing the cost, of the products coming out of the agency.□