

**IMPROVING THE ABILITY OF INSPECTORS GENERAL TO DETECT,
PREVENT, AND PROSECUTE CONTRACTING FRAUD**

April 21, 2009

Senator McCaskill's Opening Statement

I want to welcome everyone to today's hearing. It is the first hearing of the Subcommittee on Contracting Oversight and it marks the beginning of our efforts to identify and eliminate waste, fraud, and abuse in government contracting. This isn't about partisanship, and it isn't about denigrating government contractors or the federal government. Our Subcommittee has an important responsibility to make government contracting as honest, transparent, and accountable as possible. Our effort is aimed at making sure that taxpayer dollars aren't squandered through inefficiency, incompetence, or deceit. And our hearings will be both retrospective and prospective. When our oversight reveals problems, we will also discuss how to ensure that those same problems don't happen again.

This afternoon, we will focus on fraud. Contracting fraud steals from the taxpayers and harms the government's ability to get what it needs. With two wars, a recession, and a surging need for the services government provides, every single dollar is precious. We simply cannot afford to lose those dollars to fraud.

Last year, the federal government awarded \$518 billion dollars in contracts. This year that number will be even higher as federal, state, and local governments award contracts using hundreds of billions of dollars in stimulus funds. Even a small percentage of fraud can cost the taxpayer dearly. It is the responsibility of the inspectors general, including our witnesses today, to detect and prevent contracting fraud at government agencies. And with so much money at stake, it is critical that the inspectors general have every tool necessary to protect and conserve taxpayer dollars.

Today we will hear from Brian Miller, the General Services Administration Inspector General, and Richard Skinner, the Department of Homeland Security Inspector General. Mr. Miller and Mr. Skinner are also the co-chairs of the Legislation Committee of National Procurement Fraud Task Force. Last year, the Legislation Committee recommended a number of reforms to improve the investigation of contracting fraud.

For example, they recommended that the Inspectors General be able to compel interviews with government contractor employees and third parties. Congress recently granted IGs that authority for investigations relating to stimulus dollars, but failed to specify that the IGs' authority extends to subcontractors. And IGs have no authority to compel interviews in all other types of investigations involving contracting fraud.

This is a controversial proposal, and I anticipate a lively discussion. The Task Force Legislation Committee has also recommended that the federal government create a national procurement fraud database that could be accessed by federal, state, and local officials prior to awarding contracts. A database like this would ensure that a contractor who has been debarred in one state for fraud can't move over to another state or county, or the federal government, to get new contracts.

Another recommendation involves improving the IGs' access to computer databases. After Hurricane Katrina, it took 10 months for the IGs to be able to compare FEMA databases with those maintained by the Department of Housing and Urban Development. During those months, the IGs could not detect improper payments and other types of fraud. This is exactly what we don't want to see happen with stimulus dollars.

We will also hear from Charles Beardall, the Defense Department Deputy Inspector General for Investigations. Mr. Beardall brings the perspective of the Defense Department, the agency with the lion's share of government contracting and government contracting fraud.

And we will hear from Tony Ogden, the Government Printing Office Inspector General and a senior official with the Council of Inspectors General on Integrity and Efficiency. We are fortunate that these distinguished gentlemen have been able to join us today.

To quote Albert Einstein, insanity is doing the same thing over and over again and expecting a different result. If we want to see an end to contracting fraud, we need to change how we approach it. Our hearing today is a first step towards doing that.

Before I turn to Senator Collins, the acting Ranking Member, for her opening statement, I would like to say what a privilege it is to work with her on this Subcommittee. It is difficult to match Senator Collins' expertise and commitment in issues relating to government contracting, or the Inspectors General.

I look forward to working together with Senator Collins on these and other issues in the future.