

Chairman John Thune
Questions for the Record
Commerce Committee Hearing on the Nomination of
Peggy E. Gustafson to be Inspector General for the Department of Commerce
May 10, 2016

1. The Department of Commerce (DOC) Office of Inspector General (OIG) reduced the audit scope for Federal Information Security Management Act (FISMA) compliance for the Fiscal Year 2014. As a result, the Office of Management and Budget (OMB) was unable to compute a compliance score for DOC as compared to the other Chief Financial Officers Act agencies in OMB's Annual Report to Congress on FISMA.

- a. During your tenure at the U.S. Small Business Administration (SBA), how did the SBA OIG work with the agency to improve information security protection? What have you learned in performing those audits that will inform how you will conduct FISMA reviews at the DOC?

As SBA Inspector General, I ensured that the OIG met its statutory obligation to conduct an annual audit in compliance with the FISMA and publish its findings. Given the complexity and resources necessary to perform this review, we contracted with an independent public accountant to perform this audit; we oversaw their work. Through our FISMA reviews, the OIG has identified systemic problems with the SBA's IT systems, and this remains one of the most serious management challenges facing the Agency.

FISMA requires that the OIG review the SBA's Information Technology Security Program. This review found that the SBA continues to progress in certain FISMA evaluation categories. However, the SBA still needs to implement 32 longstanding open recommendations and related unresolved vulnerabilities in the SBA's FISMA areas. Until the SBA takes steps to address these longstanding weaknesses in its IT systems and control structures, the Agency will be at risk of data loss or system penetration.

- b. If confirmed as the Inspector General, will you commit to performing a comprehensive annual independent evaluation of the Department's information security programs and practices, as required under FISMA?

If confirmed, I will provide leadership to ensure mandated reviews are completed in a timely manner, and if necessary, work with the Congress to ensure the OIG has the necessary resources to fulfill these mandates.

2. The DOC OIG has issued a number of recommendations that remain open and unimplemented.

- a. In your role at SBA, what specific actions do you take to ensure that agency officials implement the OIG's recommendations in a timely manner?

As Inspector General, I ensured that there is an established standard operating procedure (SOP) to conduct follow up on open recommendations in compliance with OMB Circular A-50 Revised. When the SBA rescinded its SOP in 2012 that set forth review followup procedures, I immediately directed my staff to engage Agency stakeholders. As a result, a new SOP was implemented that achieves timely responses from the Agency on draft reports in compliance with the Government Auditing Standards (the "Yellow Book"), as well as a recommendation dispute resolution process that parallels OMB's circular. In addition, I have directed our Assistant Inspector General for Audit to seek a status update on open recommendations not more than every 90 days until corrective action is implemented.

- b. In your role at SBA, have you ever escalated an open and unimplemented OIG recommendation to a higher level of agency management? If so, please describe.

Yes, as part of the review follow up process, unresolved recommendations (i.e. recommendations that the SBA either disagreed with or did not provide a sufficient plan for corrective action) are elevated to the Audit Followup Official (AFO) in accordance with OMB Circular A-50.

If management disagrees with an audit recommendation or finding, or if OIG disagrees with the management decision, then management and OIG has 60 days after the date of the final audit report to attempt to reach agreement or notify the Audit Follow-up Official (AFO) of the disputed issue. At SBA, the Deputy Administrator is designated the Agency AFO. This process has occurred on several occasions during my tenure.

In May 2015, my office published a report titled *Improvements Needed In SBA's Management Of The Women-Owned Small Business Federal Contracting Program*. Aside from the resolved recommendations of this report, the report pointed out that the Women-Owned Small Business Federal Contracting Program (WOSBP) would undergo some major programmatic changes based on the National Defense Authorization Acts for FY 2013 and 2015. Specifically, the changes in law permitted contracting officers to award sole-source, unlimited value contracts and mandated SBA to implement a certification program. When SBA increased programmatic risk and implemented the contracting provisions without the certification program, I directed that our office provide public comments during the rulemaking process and notified Congressional overseers of the risk to promote corrective action. The SBA subsequently initiated a rulemaking process to comply with the statutory mandate.

- c. If confirmed, what steps will you take at DOC to ensure that any open and unimplemented recommendations are closed and implemented?

If confirmed, I commit to reviewing the audit follow up process in place at the Department of Commerce. If necessary, I will provide leadership to ensure a process is implemented that complies with OMB Circular A-50 Revised. I also will endeavor to keep the Agency Head and the Congress fully and currently informed, to include statutory processes to alert the Agency Head and the Congress of any particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs and operations of the Department of Commerce.

3. A bedrock principle of the Inspector General Act of 1978, as amended, is that inspectors general must have access to all agency records and information necessary to conduct oversight and investigations. On August 5, 2014, 47 inspectors general wrote to the then-chairmen and ranking members of the House Committee on Oversight and Government Reform (OGR) and the Senate Committee on Homeland Security and Government Affairs (HSGAC) about access to records issues impeding the work of the inspectors general at the Peace Corps, the Environmental Protection Agency, and the Department of Justice (DOJ). You were not among the signatories. At the time, you also served as Chair of the Legislation Committee for the Council of the Inspectors General for Integrity and Efficiency (CIGIE). Why did you choose not to sign this letter? Do you concur with the letter?

I believe Inspectors General have a duty to keep the Agency and Congress fully and currently informed, and the letter signed by 47 Inspectors General is a means to do so. As Inspector General of SBA, I had not experienced access denials. Nonetheless, I testified on several occasions on behalf of CIGIE that I believe “all means all” relative to Section 6(a)(1) of the Inspector General Act, as amended, and my perspective is consistent with those who independently decided to sign this letter.

As Chair of the Legislation Committee, I also served on CIGIE’s Executive Council. The Executive Council had previously expressed a strong opinion to the Department of Justice’s Office of Legal Counsel (OLC) that “all means all.” Given this dialogue was open between the Executive Council and the OLC, it was prudent as an Executive Council member representing CIGIE to receive OLC’s response on the matter prior to transmitting a letter to the Congress. After a great deal of discussion of this matter at Executive Council, and in light of the dialogue being undertaken at that time, all but one member of Executive Council decided to refrain from signing the letter. After OLC issued its opinion, I believe CIGIE was best-positioned to inform the Congress and seek redress on behalf of the Inspector General community, to include any legislative remedies. As such, I was a signatory to the letter responding to the OLC opinion, which was consistent with the decision of the Executive Council.

4. On July 20, 2015, the Justice Department’s Office of Legal Counsel (OLC) issued a 68-page opinion arguing that the IG Act’s general instruction that inspectors general have access to “all records” in an agency’s possession necessary to complete their work cannot be read to override more narrow prohibitions on the disclosure of certain types of information. Using this opinion as justification, the DOC has twice declined to grant the

DOC OIG information necessary for an audit of the International Trade Administration (ITA), leading to cancellation or suspension of the audit.

- a. On August 3, 2015, CIGIE wrote to the chairmen and ranking members of House OGR and Senate HSGAC expressing serious concerns with this July 20, 2015, OLC opinion, stating “[t]he OLC opinion’s restrictive reading of the IG Act represents a potentially serious challenge to the authority of every Inspector General and our collective ability to conduct our work thoroughly, independently, and in a timely manner.” You signed this letter, along with 67 of your inspector general colleagues. Why did you sign this letter and not the prior August 5, 2014 letter?

Please see my response to question #3.

- b. At your confirmation hearing, in response to a question from Senator Blunt, you stated that you were not an expert on this OLC opinion. Yet, you had signed the August 2015 letter referenced above. Please elaborate further on your response to Senator Blunt and provide your analysis of the opinion. Do you agree with its conclusions regarding restrictions on OIG access to agency records?

I believe Congress intended Inspectors General to have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available to the applicable establishment which relate to programs and operations with respect to which that Inspector General has responsibilities under the Inspector General Act of 1978, as amended. The only exceptions to this access are those principally found in Section 8 of the Act such as Section 8(e). My testimony was meant to indicate that I do not have first-hand knowledge of the specific records to which the Inspector General of the Department of Justice is being denied access relative to their bearing on Section 8(e), Special Provisions Concerning the Department of Justice. I am unaware of any such special provisions that apply to the Department of Commerce, and as such, my position is that as far as access to records as provided in Section 6(a), “all means all.”

- c. Do you still agree with CIGIE’s warning in the letter you signed that the OLC opinion “represents a serious threat to the independent authority of not only the DOJ-IG but to all Inspectors General”? Please answer yes or no.

Yes.

- d. In your view, does the plain language of the Inspector General Act entitle you to obtain all necessary information and materials to complete the audits and investigations you undertake? Please answer yes or no.

Yes.

5. A second OLC opinion, issued on April 27, 2016, revised the first opinion in the context of a rider in the FY 2016 omnibus appropriations bill that clarified that DOJ may not use

appropriated funds “to deny [its] Inspector General . . . timely access to any records . . . or prevent or impede that Inspector General’s access to such records . . . under any provision of law, except a provision of law that expressly refers to the Inspector General and expressly limits the Inspector General’s right of access.” Only then did DOC officials reverse course, finally granting DOC OIG access to the required records for its ITA audit. Given that the appropriations rider only applies to FY 2016 and may not be permanent, DOC may in future years resume using the July 20, 2015, OLC opinion as justification for denying the OIG access to requested information. If confirmed, how will you overcome such an obstacle to information access if this situation arises? Please describe the specific steps you will take if Commerce Department officials deny you access to information you require.

Any denial of access by the Department of Commerce or its components would represent a serious threat to the independent authority of my office. It is my position that no one can prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation. Denying or delaying access to records strikes at the core of my independent authority to conduct such reviews.

The Inspector General Act of 1978, as amended provides several powerful tools to Inspectors General to resolve any access questions. First, in accordance with Section 6(b)(2), I would independently make a determination whether or not access has been unreasonably refused or not provided. I would then report the circumstances to the head of the establishment involved without delay. If the head of the establishment makes a decision that in any way prohibits a review or investigation from proceeding independently, I would deem this as being significant and flagrant and invoke Section 5(d) of the Inspector General Act of 1978, as amended, whereby the Agency Head would be compelled to provide my report and their comments to the Committees of jurisdiction. Notwithstanding these tools, I see no limitations to engage the Congress directly to seek assistance as part of my duty to keep the Congress fully and currently informed.

6. Following Superstorm Sandy, which struck the northeastern United States in October 2012, the SBA OIG received \$5 million in appropriated funds to conduct investigations and audits of SBA disaster loans made as a result of Superstorm Sandy to identify potential waste, fraud, and abuse.

- a. What was your approach to handling this increased responsibility and funding?

I directed that an Audit Work Plan specific to oversight of Superstorm Sandy be developed and implemented. We utilized term auditors and full time staff to perform this oversight fully appreciating the value of this oversight to the Congress. As planned, we recently increased our investigative capacity by hiring a criminal investigator and contracting for analytical support to combat fraud that begins to evidence itself as the loans mature and potentially default. We

anticipate these supplemental funds will be fully expended as oversight is ongoing.

- b. What were the results of this oversight? Please describe in detail any reports issued, hearing testimony, referrals for criminal prosecution, or any other related activity.

To date, we have issued 6 audit reports containing 18 recommendations for corrective action. The monetary impact of these recommendations is \$520,264 in Questioned Costs and \$9,141,309 in Funds for Better Use. A list of these reports is as follows:

- Report 14-14 Improving Accuracy of Performance Reporting to Better Manage Disaster Loan Processing Time Expectations
- Report 14-16: Effectiveness and Timeliness of the Hurricane Sandy Disaster Loan Closing and Disbursement Processes
- Report 15-05 SBA's Evaluation of Principal's Repayment Ability for Hurricane Sandy Business Loans
- Report 15-13 Hurricane Sandy Expedited Loan Processes
- Report 15-14 SBA's Controls to Prevent Duplication of Benefits with Community Development Block Grants.
- Report 15-15 SBA Needs to Improve Its Management of Disaster Technical Assistance Grants

Due to the nature of SBA disaster loans, fraudulent loans are not immediately identified, as they have a deferment period for repayment and take years to default. Based on past experience, fraud investigations normally do not begin to materialize until two to three years after the disaster. There is a five-year statute of limitations (from the date of the last false statement) to prove a false statement to the SBA. With the passage of the RISE Act, the potential for Superstorm Sandy-related criminal and civil investigations will continue until at least 2022. As of May 25, 2016, we have opened 54 criminal investigations involving SBA disaster assistance loans related to Superstorm Sandy. Our investigative efforts have resulted in 30 indictments/informations/complaints/summons, 9 arrests, 22 convictions, and \$912,414 in criminal monetary recoveries. We also have participated in approximately 19 training and outreach opportunities.

- c. What lessons from performing this oversight will you apply at DOC OIG if confirmed?

The work we have performed related to Superstorm Sandy, as well as the other work we have performed using appropriated funds given to us for a specific purpose (such as Hurricanes Ike and Gustav, and the Recovery Act) has taught me how to manage situations where new and pressing needs occur and resources need to be allocated to perform oversight work not originally included on a work plan. Many of the same rules apply such as seeking input from stakeholders on what reviews should be undertaken and formulating a work plan which spells out the anticipated time the reviews will take. However, there also are decisions that need to be made as far as how to staff up to meet the new needs, and in what manner (e.g., term employees vs. permanent FTEs, how many auditors are needed, how many investigators). And all this must be done while making every effort to ensure that these new responsibilities do not impede our ability to continue to perform the already-planned work in a timely, efficient manner.

7. I believe that strong leadership of the DOC OIG is critical to the successful performance of its mission. Having served as the Inspector General for the SBA for many years, I ask that you provide an assessment of your own leadership.
 - a. How would you describe your management and leadership style?

I think my management style can be described as involved and collaborative. I strive to learn from my senior managers and make sure they know they are an invaluable part of the process. I want people to know they should not be afraid to give me unvarnished advice, and that the last thing I want or need are “yes men” (or women). I care very deeply about my employees and know how hard it can be to be a public servant, and I strive to make sure that the SBA OIG employees know that their contributions are valued. Additionally, I establish reasonable expectations and create a culture of ownership and pride for those who work in the Office of Inspector General.

- b. How do you think your subordinates would describe your management and leadership style?

As noted in my statement for the record, I believe I provide steady and consistent leadership, ensuring our workforce can independently conduct reviews and investigations. I believe subordinates would describe me as approachable and fair, having a high degree of integrity. I have promoted work life balance within the office, and I believe there is a positive morale in the office, which is high functioning.

- c. How often do you meet with senior division heads within the SBA OIG?

As SBA Inspector General, I have an open door policy to not only my senior leaders but all OIG employees. Early in my tenure, I met weekly with my senior leaders at an executive staff meeting. These weekly meetings were in addition to my daily interaction on matters of interest. Currently, I have recurring executive

staff meetings every three weeks, though I meet one on one as-needed, and on a regular basis.

- d. How often do you receive updates on pending OIG matters and from whom?

I receive updates from my senior leaders in real time on matters of interest to me and as determined by those senior leaders.

- e. How would you characterize the frequency and quality of your engagement with your subordinates at the OIG?

I would characterize the frequency of engagement with my subordinates relative to the daily operations of my office as more than adequate. I strive to achieve a shared understanding in all these engagements.

- f. What has been your mission guidance to OIG staff and how has it been conveyed and reinforced?

The SBA OIG operates under a five-year strategic plan that I implemented in fiscal year 2012. Our mission is clear: *Provide independent, objective oversight to improve the integrity, accountability, and performance of the SBA and its programs for the benefit of the American people.* My vision for the SBA OIG also is clear: *To be the most effective OIG in the Federal Government.*

- g. During your tenure at the SBA OIG, have you used climate surveys or other formal or informal tools to assess your performance or the performance of other agency managers and the morale of employees? If so, what has been the result of these efforts?

A “climate survey” was conducted during development of SBA OIG *Strategic Plan for Fiscal Years 2012-2017*. The results of the survey were the basis for establishing the three strategic goals set forth in the strategic plan.

- h. What steps have you taken to build, maintain, or improve employee morale or *esprit de corps* within the SBA OIG?

In context of SBA OIG’s strategic goal #3, to create a work environment that attracts, develops, and retains quality staff and promotes innovation, we have taken a variety of actions to achieve three objectives:

1. Improve internal communications and collaborations.
2. Ensure that the OIG has a professional, technically proficient and satisfied workforce.
3. Leverage technology and people to improve OIG methods in carrying out our mission.

8. I believe a strong relationship with Congress and key stakeholders is also critical to the success of an inspector general.

a. As SBA Inspector General, how would you characterize your relationship with Congress?

As SBA Inspector General, I have strived to build an open and collaborative relationship with the Congress. I established a goal in our strategic plan to “enhance relationships with Congress, the SBA, and other entities.” To achieve the objectives of this goal, I established a new position on my leadership team to serve as a single point-of-contact for congressional and external affairs. As a result, the office is positioned to keep the Congress fully and currently informed of the work of our office and to provide timely responses to congressional inquiries and correspondence.

b. How would you characterize your responsiveness to congressional inquiries?

I would characterize my responsiveness to congressional inquiries as timely, thorough, and complete.

c. Please describe your relationship and level of interaction with other key stakeholders in your current position.

As with the Congress and SBA leadership, I have strived to build open and collaborative relationship with other key stakeholders. I am an active and contributing member of the Council of the Inspectors General for Integrity and Efficiency (CIGIE), having served five years in leadership on the Legislation Committee and four years on the Executive Council. I also have accepted invitations or made my staff available to provide briefings or presentations to external stakeholders to promote the mission and work of the OIG. I view this as a regular and recurring part of my duties as SBA Inspector General.

d. Will you commit to meeting with and updating Commerce Committee staff on a periodic basis, and upon request, if confirmed?

If confirmed, I commit to meeting with and updating Commerce Committee staff on a periodic basis, and upon request.

9. What is your relationship with the SBA Administrator? Do you have regular meetings with the SBA Administrator and with senior agency officials?

I believe I have a respectful, working relationship with the SBA Administrator. As prescribed by the Inspector General Act of 1978, as amended, I have ensured I have an open and direct line of communication to the Administrator. I have met with the SBA Administrator on matters of interest to her, such as achieving a shared understanding of the role of the semi-annual Report to Congress. More routinely, I interact not less than monthly with the Deputy Administrator or the Chief of Staff to keep all parties apprised

of current initiatives within the office or to resolve any concerns that may be brought to my attention by my staff.

10. If confirmed, what would your approach be to building a relationship with the Secretary of Commerce and other senior DOC officials?

If confirmed, I would envision having a similar relationship with the Secretary and the Deputy Secretary as I do with the Administrator and the Deputy Administrator of SBA. I would expect open lines of communication and to be afforded access to them whenever I might need it. I would approach them as stakeholders and would seek to engage them regularly on the work of my office. My expectation will be that the Secretary, Deputy Secretary and other senior leaders of the Department will work constructively with me and my office to make the Department of Commerce the most efficient and effective department possible, including using OIG reports as a valuable tool in identifying areas that can be improved.

11. In your current role, how do you identify areas of inquiry for the SBA OIG? Do you take a proactive role in creating the office's work plan? How is the office work plan created and how are priorities determined?

The Audit Work Plan is developed by the Assistant Inspector General for Audit. The Work Plan is risk-based, and uses criteria with which I agree. It is developed by the AIGA in consultation with the Audit Directors and their respective teams. Legislative mandates, congressional interest, and Hotline and investigative activity are key factors in prioritizing work. To ensure the Work Plan reflects the most current priorities of the office, I have directed that the Work Plan be updated quarterly, with Congressional outreach occurring prior to each publication.

12. Based on your tenure at the SBA OIG, what is your view as to the biggest challenge the SBA faces in carrying out its mission? What is your view as to the biggest challenge the DOC faces in carrying out its mission?

SBA's programs encompass more than \$100 billion in guaranteed loans and nearly \$100 billion in Federal contracting dollars. Currently, SBA OIG has identified ten top management concerns facing the SBA—*Report On The Most Serious Management And Performance Challenges In Fiscal Year 2016*. The overall goal is to focus attention on significant issues with the objective of working with Agency managers to enhance the effectiveness of SBA's programs and operations. The Challenges are not presented in order of priority, as we believe that all are critical management or performance issues. That said, I believe information technology transcends many of these challenges, and I anticipate the Department of Commerce faces this challenge as well.

13. You have described one of your notable successes during your tenure as IG at SBA as the completion of "Operation Five Aces," which resulted in federal criminal convictions stemming from a bribery scheme in which a defendant in the case paid millions of dollars in bribes to corrupt public officials from the U.S. Army Corps of Engineers in return for

lucrative government contracts. Please describe in detail your involvement and leadership in “Operation Five Aces.”

Operation FIVE ACES was a bribery scheme in which the defendant paid millions of dollars in bribes to public officials from the U.S. Army Corps of Engineers in return for lucrative government contracts. Twenty individuals and one corporation have pled guilty to federal charges. The investigation uncovered the largest domestic bribery and bid-rigging scheme in the history of federal contracting cases, according to the U.S. Attorney’s Office. Overall, participants in the scheme stole over \$30 million in government money through fictitious invoices and conspired to steer a nearly \$1 billion government contract to a favored government contractor. To date, through forfeiture, restitution, and civil settlements, the U.S. Attorney’s Office has been able to recover over \$30 million of the stolen money.

My role in this investigation was to provide leadership to the Assistant Inspector General for Investigations and the criminal investigators assigned to this investigation. I ensured necessary resources were authorized and provided to support their investigative efforts. Once the initial arrests were made public, I provided briefings to Congressional authorizers and appropriators and participated in an interagency press conference with the U.S. Attorney. I made myself available to the media, as well as the criminal investigator who conducted the investigation. I believe my efforts to champion the outcome of this investigation provides for a longstanding deterrent effect across the federal contracting community for those who may contemplate wrongdoing. I also believe raising awareness of the impact of our office informs the Congress relative to ensuring the OIG is provided the resources it needs to achieve its mission.

14. If confirmed, what steps will you take to engage with DOC OIG employees in an office that is significantly larger than your current office? Will you commit to making an effort to meet with senior agency officials on a frequent and regular basis, as well as senior division heads within the OIG?

Clear communication is key to managing. I think a manager should always strive to ensure that their employees have a clear understanding of the processes in place and the decisions being made. Employees want to know that they are part of the process and that their work and input is valued. Further, I am committed to meeting with senior agency officials on a frequent and regular basis to promote the work of the OIG and understand program concerns to inform our oversight plan. DOC OIG managers should expect to be active members of my management team and not be afraid of change (when change is necessary). I will engage OIG managers frequently and regularly to break down communication barriers to avoid the “stovepiping” and tunnel vision that sometimes gets in the way of collaboration, particularly in larger organizations. I think it’s important that all divisions within an OIG strive to work together as a cohesive, high functioning office.

15. If confirmed, how would you plan to direct the DOC OIG? Are there issues that you have already identified that the office could tackle to improve the efficiency and effectiveness of DOC programs? How would you develop the list of OIG priorities?

If confirmed, I would hope to forge strong relationships with stakeholders to help ensure that the work of the OIG is respected and promotes corrective action, which helps ensure that the OIG's work leads to positive change. I anticipate that I would spend most of my time initially with two goals in mind: introducing myself to the employees of the OIG and learning about the current state of the office and what changes and improvements may need to be made. Secondly, I will focus on becoming familiar with the audit work plan and the risk assessment used to develop the work plan, to become familiar with what the DOC OIG believes are the priorities as far as where to direct the resources of the office in conducting oversight of the Department of Commerce. Once I have established that foundation of knowledge, I would then be prepared to more thoroughly consider the short and longer term priorities of the DOC OIG and what changes and improvements may be warranted to ensure those priorities are addressed.

16. Political and institutional independence is critical for an inspector general to be able to be effective in rooting out waste, fraud, and abuse to protect taxpayer dollars. Should you be confirmed, how will you maintain the independence of the OIG?

The Inspector General Act as amended has provided IGs with tremendous protections and tools to maintain their independence, such as the dual reporting requirement to Congress, transparency of IG budget requests, and the seven day letter provision. If confirmed, I will leverage and exercise every authority available to me to maintain my independence and the independence of the office. Having already served as an IG for over six years, I am proud of the reputation I have earned as a fair, but steadfastly independent Inspector General.

17. Unfortunately, the previous three DOC inspectors general resigned in the midst of controversy. This is a troubling track record. Should you be confirmed, what do you intend to do to restore confidence in the DOC OIG?

I believe strongly in personal accountability. If confirmed, I intend to meet with senior leaders and OIG staff to gain an understanding of the culture that exists at the office. I will take decisive action to resolve any structural inefficiencies or other causes that may contribute to negative perceptions within the office. I intend to hold myself to the highest standard and will demand the same of the management team, and expect them to carry forth this ethos to the front line staff.

I believe my leadership abilities and style have had a positive impact at the SBA, and if confirmed, I believe I can create a culture of ownership and pride for those who work in the Office of Inspector General at the Department of Commerce. With my executive team, I will ensure policies are up-to-date and implement new policies where gaps may exist. I will ensure

effective policies and procedures are in place and hold personnel accountable to the same standards. I have led through changes of leadership at the SBA and also through changes of my own executive staff. If confirmed, I intend to be a steady hand during the change in Administration and also commit to providing steady, independent leadership within the Office of Inspector General.

18. The Middle Class Tax Relief and Job Creation Act of 2012 created an independent authority within the Commerce Department's National Telecommunications and Information Administration (NTIA) to develop an interoperable nationwide broadband network for first responders known as the First Responder Network Authority, or FirstNet. A high priority of mine is to maintain robust oversight of FirstNet, both here by the Committee and at the DOC OIG. Will you commit to me that you will ensure there is robust, objective oversight of the FirstNet program by the OIG, should you be confirmed?

FirstNet is subject to oversight by the Inspector General of the Commerce Department. I am aware the DOC OIG has already conducted audits which have examined various aspects of the FirstNet organization and operations. Also, the DOC OIG included FirstNet in its most recent Top Management Challenges report for FY2016 which indicates FirstNet faces challenges ahead in fulfilling its mission.

Considering the scope and magnitude of the program together with its early stage of organizational development, I believe FirstNet will continue to benefit from OIG engagement and oversight in the future. If confirmed, I will want to learn more details about the audit work which has already been completed and what work is currently planned before making any specific decisions regarding future DOC OIG oversight. I will also seek input from Members of Congress who have an interest in FirstNet in determining how best to allocate OIG resources.

Senator Roy Blunt
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1. I understand you began your career in public service in Missouri, as assistant prosecuting attorney for Jackson County, and then as General Counsel in the Missouri State Auditor's office.

What are some of the skills you learned working in, and for, Missouri that prepared you for your current role at SBA, and that you will take to the Department of Commerce?

I spent six years in government serving the people of Jackson County, Missouri. First, I was an assistant county counselor, representing the county in civil litigation, including the defense of federal lawsuits filed by jail inmates, personal injury suits filed by persons alleging they were injured on county property, and personnel actions. I then worked as an assistant county prosecutor, handling all stages of criminal prosecution for a wide variety of cases, from drug cases to arson to white collar crime to murder. I also represented the county in cases when we sought to remove public officials from office for violations of conflict-of-interest or nepotism laws.

In 1999, I was asked to serve as General Counsel for the Missouri State Auditor. In this capacity, I handled many oversight responsibilities for state-level auditing activities. In addition to the traditional duties of a general counsel, such as advising the Auditor and her staff on legal questions arising in the course of audits, I was an integral part of the management team of the office. Perhaps most importantly, I helped make strategic decisions about which audits and investigations deserved highest priority. I became very familiar with the "yellow book," the government auditing standards promulgated by the Government Accountability Office, as well as the appropriate scope of the Auditor's constitutional and statutory duties. I also became skilled at identifying and gaining access to the records necessary to ensure that state taxpayer money was being spent responsibly and transparently.

I believe all these skills have been extremely useful to me in my time as an Inspector General. These jobs also solidified my love of public service and my belief that a career in public service is one of the most rewarding things one can do.

2. I understand that you when you were in the Senate, you worked on the Inspector General Reform Act of 2008 (P.L. 110-409).

As a sitting Inspector General, and now nominated to serve in the same capacity at a much larger Department, what are your thoughts on further legislation to strengthen or empower Inspectors General?

In my capacity as SBA Inspector General and Chair of the Legislation Committee for the Council of the Inspectors General for Integrity and Efficiency (CIGIE), I have strongly advocated for additional tools to enhance independence of Inspectors General and to increase the efficiency and effectiveness of their oversight. The following are among the legislative proposals I have championed:

- Relief from the Computer Matching and Privacy Protection Act
- Relief from the Paperwork Reduction Act
- 5 USC § 552(b)(3) Exemption to Protect Sensitive Information Security Data
- Testimonial Subpoena Authority
- Appropriate Use of Paid or Unpaid, Non-duty Status in Cases Involving Inspectors General
- Program Fraud Civil Remedies Act Enhancements

Follow Up:

Do you have any feedback on Senator Grassley's Inspector General Empowerment Act (S.579)?

S. 579 contains many of the legislative proposals and perspectives noted above that I have championed as an Inspector General and on behalf of CIGIE. CIGIE has expressed its position at various stages of the legislative process for S. 579 on behalf of the Inspector General community. I am supportive of CIGIE's views and am grateful for the work of Senators Johnson and Grassley, as well as their co-sponsors, on this important piece of legislation.

3. Political and institutional independence is critical for the IG to be able to be effective in rooting out waste, fraud, and abuse and to protect taxpayer dollars.

Should you be confirmed, how will you maintain the independence of the Office of the Inspector General?

The Inspector General Act as amended has provided IGs with tremendous protections and tools to maintain their independence, such as the dual reporting requirement to Congress, transparency of IG budget requests, and the seven day letter provision. If confirmed, I will leverage and exercise every authority available to me to maintain my independence and the independence of the office. Having already served as an IG for over six years, I am proud of the reputation I have earned as a fair, but steadfastly independent, Inspector General.

4. As an Inspector General, how do you view your relationship with Congress?

As SBA Inspector General, I have strived to build an open and collaborative relationship with the Congress. I established a goal in our strategic plan to "enhance relationships with Congress, the SBA, and other entities." To achieve the objectives of this goal, I established a new position on my leadership team to serve as a single point-of-contact for congressional

and external affairs. As a result, the office is positioned to keep the Congress fully and currently informed of the work of our office and provide timely responses to congressional inquiries and correspondence.

5. Ms. Gustafson, you have served for over six years as the Inspector General at the Small Business Administration. If confirmed, you would be moving from a position as the IG of a relatively small agency to become the IG of a large department with 12 bureaus and nearly 47,000 employees.

Should you be confirmed, how will you apply your experience as SBA IG to the greater scope of programs at the Department of Commerce?

Working as SBA Inspector General has allowed me to take the knowledge I possess about the importance of the role of the Inspector General and the importance of the independence of the role and put it into practice. I have gained experience in ensuring that the agency and Congress are fully informed about challenges affecting the agency's programs while steadfastly maintaining the independence of the office.

While the Department of Commerce is a larger organization than SBA with more diversity in its programs, I view the essential role of the Inspector General as the same – to promote economy, efficiency and effectiveness, and prevent and detect fraud and abuse in the administration of the agency's programs and operations.

Follow Up Question: What challenges do you anticipate in making the transition from SBA to the Department of Commerce?

I am aware that the Department of Commerce OIG has operated without a Senate confirmed IG for almost a year. If confirmed, I intend to meet with senior leaders and OIG staff to gain an understanding of the culture that exists within the office. I believe my leadership abilities and style have had a positive impact at the SBA, and if confirmed, I believe I can create a culture of ownership and pride for those who work in the Office of Inspector General at the Department of Commerce. With my executive team, I will ensure policies are up-to-date and implement new policies where gaps may exist. I will ensure effective policies and procedures are in place and hold personnel accountable to the same standards. I have led through changes of leadership at the SBA and also through changes of my own executive staff. If confirmed, I intend to be a steady hand during the change in Administration. I will provide steady, independent leadership within the Office of Inspector General.