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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

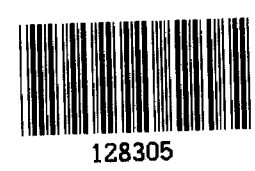
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STATEMENT OF  
JOHN J. ADAIR, ASSOCIATE DIRECTOR  
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ACCOUNTING AND FINANCIAL MANAGEMENT DIVISION  
BEFORE THE  
SUBCOMMITTEE ON POSTAL OPERATIONS AND SERVICES  
OF THE  
HOUSE COMMITTEE ON POST OFFICE AND CIVIL SERVICE  
ON  
H.R. 2909, A BILL TO ESTABLISH  
AN OFFICE OF INSPECTOR GENERAL  
WITHIN THE UNITED STATES POSTAL SERVICE

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to appear here today to present the views of GAO on H.R. 2909, which would establish an office of inspector general (IG) in the United States Postal Service.

As you may know, GAO strongly supported passage of the 1978 Inspector General Act and other legislation that has created inspectors general in major departments and agencies.



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We supported such legislation because we believed it would help ensure that high-level attention is given to promoting economy, efficiency, and effectiveness and to combating fraud, waste and abuse in federal programs and operations. We also believed such legislation would ensure that both the Congress and agency heads would receive independent assessments of and information on problems in federal programs and operations for which they are accountable or have oversight responsibility.

If the semiannual reports published by the IG's and the President's Council on Integrity and Efficiency are any indication, the IG concept has been a resounding success. This success is further substantiated by the extensive coverage of IG accomplishments which appear almost daily in the news media. Our own reviews over the past several years indicate that the establishment of statutory IG offices has been a key factor in strengthening federal internal audit and investigative activities throughout the government.

In hearings preceding the 1978 Inspector General Act, numerous organizational and procedural deficiencies were disclosed regarding audit and investigative groups. These deficiencies included:

- multiple audit and investigative units operating within an agency without effective central leadership,
- auditors and investigators reporting to officials who were responsible for the functions under review,
- investigators being restricted from looking into certain areas of suspected irregularities,
- audit recommendations frequently being ignored by agency officials,

- audit and investigative units severely handicapped due to inadequate resources, and
- the lack of any procedure to ensure that the agency head and the Congress were informed of serious problems discovered in the agency.

The Congress concluded that creation of independent statutory IGS offered a means to correct these deficiencies.

The question under discussion today is whether the U.S. Postal Service should have a statutory inspector general. Currently, the responsibility for internal auditing and investigations in the Postal Service is assigned to the Postal Inspection Service, under the direction of the Chief Postal Inspector. We have not reviewed the Postal Inspection Service's operations, so we do not know whether the types of problems that led to creation of inspectors general in 1978 and subsequent years exist within the Postal Service.

We do know that there are certain similarities between the Inspection Service's organization and operations and the proposed Postal Service Office of Inspector General. For example, the Chief Postal Inspector

- reports directly to the Postmaster General,
- has duties and responsibilities similar to those assigned to inspectors general by H.R. 2909 and the 1978 Inspector General Act,
- has broad access to records authority and subpoena power, and
- has investigative and audit responsibilities separately assigned to two assistant chief inspectors.

There are, however, at least two major differences between the statutory office of Inspector General that would be established under your proposed legislation, H.R. 2909, and the

current organization and operation of the Postal Inspection Service. These differences involve independence and accountability.

#### INDEPENDENCE

Under H.R. 2909, a statutory inspector general would enjoy greater independence than the Chief Postal Inspector for two reasons. First, the inspector general would be appointed by the President, and could be removed only by the President, who must communicate the reasons for removal to both Houses of the Congress. This would give the inspector general a degree of independence not enjoyed by most other top-level government officials.

Additional independence would be given an inspector general under H.R. 2909 because neither the Postmaster General nor Deputy Postmaster General would be permitted to prevent or prohibit the inspector general from initiating, carrying out, or completing any audit or investigation, or issuing any subpoena during the course of any audit or investigation.

#### ACCOUNTABILITY

With regard to accountability, the Chief Postal Inspector presently is accountable to the Postmaster General. The results of audit and investigative activities are reported to the Board of Governors and the Congress. This information is not, however, as specific or extensive as that provided by inspectors general under the 1978 Act, or as would be provided under H.R. 2909. An inspector general established under H.R. 2909 would be required to report

- a description of significant problems, abuses, and deficiencies found during the reporting period,
- a description of recommendations for corrective action,
- an identification of each significant prior recommendation for which corrective action has not been completed,
- a summary of matters referred to prosecutive authorities and the prosecutions and convictions which have resulted,
- a summary of each report made to an agency head on access-to-records problems, and
- a listing of each audit report completed during the reporting period.

Under H.R. 2909, these semiannual reports would be furnished to the Service's Board of Governors who would be required to transmit them to the Congress. The reports would be made available to the public by the Postmaster General within 60 days after transmission to the Congress.

In summary, Mr. Chairman, we strongly support the inspector general concept. While we have not reviewed the operation of the Postal Inspection Service, we believe the creation of an inspector general in accordance with H.R. 2909 would provide the Postal Service with an official with greater independence than the Chief Postal Inspector now has. We also believe H.R. 2909 would strengthen accountability by making detailed information on postal audit and investigative results available to the Board of Governors, the Congress and the public semi-annually.

That concludes my prepared statement, Mr. Chairman. We would be pleased to respond to any questions you may have.

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