



U.S. General Services Administration

Daniel Tangherlini
Acting Administrator

Committee on Environment and Public Works
"GSA Inspector General Report"
April 18, 2012

Good morning Chairman Boxer, Ranking Member Inhofe, and Members of the Committee. My name is Daniel Tangherlini, and I am the Acting Administrator of the U.S. General Services Administration (GSA).

I appreciate the opportunity to come before the committee today. First and foremost, I want to state my agreement with the President that the waste and abuse outlined in the Inspector General's (IG) report is an outrage and completely antithetical to the goals and directives of this Administration. We have taken strong action against those officials who are responsible and will continue to do so where appropriate. We are taking steps to improve internal controls and oversight to ensure this never happens again. I look forward to working in partnership with this Committee to ensure there is full accountability for these activities so that we can begin to restore the trust of the American people.

At the same time I am committed to renewing GSA's focus on its core mission: saving taxpayers' money by efficiently procuring supplies, services, and real estate, and effectively disposing of unneeded government property. There is a powerful value proposition to a single agency dedicated to this work, especially in these fiscal times, and we need to ensure we get back to basics and conduct this work better than ever.

Promoting Efficiency and Reducing Costs –

The shocking activities and violations outlined in the IG report run counter to every goal of this Administration. The Administration makes cutting costs and improving the efficiency of the Federal government a top priority. On June 13, 2011, the President issued Executive Order (E.O.) 13576, "Delivering an Efficient, Effective, and Accountable Government." This EO emphasized the importance of eliminating waste and improving efficiency, establishing the Government Accountability and Transparency Board to enhance transparency of Federal spending and advance efforts to detect and remediate fraud, waste, and abuse.

The President further established the goals of this Administration in E.O. 13589, "Promoting Efficient Spending," which set clear reduction targets for travel, employee information technology devices, printing, executive fleets, promotional items, and other areas. The President's FY 2013 budget request for GSA would achieve \$49 million in savings under this EO, including \$9.7 million in travel.

Holding Officials Responsible –

It is important that those responsible for the abuses outlined in the IG's report be held accountable. We are taking aggressive action to address this issue and to ensure that such egregious actions will never occur again. We have taken a series of personnel actions, including the removal of two senior political appointees. We have also placed ten career employees on administrative leave, including five senior officials.

I intend to uphold the highest ethical standards at this agency and take any action that is necessary and appropriate. If we find any irregularities, I will immediately engage the Inspector General. As I indicated in my joint letter with GSA's Inspector General, I intend to set a standard that complacency will not be tolerated, and waste, fraud, or abuse must be reported.

I believe this commitment is critical, not only because we owe it to the American taxpayers, but also because we owe it to the many GSA employees who conform to the highest ethical standards and deserve to be proud of the agency for which they work.

Taking Action –

I have taken a number of steps since I began my tenure on April 3, 2012 to ensure this never happens again. GSA has consolidated conference oversight in the new Office of Administrative Services, which is now responsible for:

- Oversight of contracting for conference space, related activities, and amenities;
- Review and approval of proposed conferences for relation to GSA mission;
- Review and approval of any awards ceremonies where food is provided by the Federal government;
- Review and approval of conference budgets as well as changes to those budgets;
- Oversight and coordination with GSA conference/event planners and contracting officers on conference planning;
- Review of travel and accommodations related to conference planning and execution;
- Handling of procurement for all internal GSA conferences; and
- Development of mandatory annual training for all employees regarding conference planning and attendance

Additionally, we have cancelled the 2012 Western Regions Conference as well as a number of other conferences that only or primarily involved internal staff. To date, I have cancelled 35 conferences¹, saving taxpayers \$995,686. As we put in place greater controls and oversight, we are reviewing each event to make sure that any travel is justified by a mission requirement.

We have also begun review of employee relocations at government expense, and will require all future relocations to be approved centrally by both the Chief People Officer and the Chief Financial Officer.

To strengthen internal controls, we are bringing in all Public Buildings Service regional budgets under the direct authority of GSA's Chief Financial Officer. The autonomy of regional budget allocations is, in part, what led to this gross misuse of taxpayer funds on both the regional conference and the employee rewards program known as "Hats Off." The additional approvals and centralized oversight are intended to mitigate the risk of these problems.

In response to concerns over spending on employee rewards programs, I have eliminated the "Hats Off" store that was operating in the Pacific Rim Region, as well as all similar GSA programs.

I am moving aggressively to recapture wasted taxpayer funds. As a first step, on April 13th, I directed that letters be sent to Bob Peck, Jeff Neely, and Robert Shepard demanding reimbursement for private, in-room receptions at the Western Regions Conference. I will pursue other fund recovery opportunities.

I am engaged in a top to bottom review of this agency. I will continue to pursue every initiative necessary to ensure this never happens again and to restore the trust of American taxpayers.

Conclusion –

The unacceptable and inappropriate activities at the Western Regions Conference stand in direct contradiction to the express goals of this agency and the Administration, and I am committed to ensuring that we take whatever steps are necessary to hold

¹ A conference is "a symposium, seminar, workshop, or other organized or formal meeting lasting portions of 1 or more days where people assemble to exchange information and views or explore or clarify a defined subject, problem or area of knowledge."

those responsible accountable and to make sure that this never happens again. At the same time, I believe that the need for a high quality GSA is more acute today than in any time in its history. We need to refocus this agency and get back to the basics: streamlining the administrative work of the Federal government to save taxpayers money.

I look forward to working with this Committee moving forward and I welcome the opportunity to answer any questions. Thank you.