

# ADDRESSING GSA'S CULTURE OF WASTEFUL SPENDING

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## HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

APRIL 16, 2012

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## ADDRESSING GSA'S CULTURE OF WASTEFUL SPENDING

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**Monday, April 16, 2012**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
*Washington, D.C.*

The committee met, pursuant to call, at 1:30 p.m., in Room 2154, Rayburn House Office Building, Hon. Darrell E. Issa [chairman of the committee] presiding.

Present: Representatives Issa, Burton, Turner, McHenry, Chaffetz, Lankford, Buerkle, Gosar, Walsh, Gowdy, Guinta, Farenthold, Kelly, Cummings, Norton, Tierney, Connolly, Welch, and Yarmuth.

Also Present: Representative Emerson.

Staff Present: Ali Ahmad, Communications Advisor; Kurt Bardella, Senior Policy Advisor; Michael R. Bebeau, Assistant Clerk; Robert Borden, General Counsel; Molly Boyd, Parliamentarian; Lawrence J. Brady, Staff Director; Ashley H. Callen, Counsel; Sharon Casey, Senior Assistant Clerk; Steve Castor, Chief Counsel, Investigations; John Cuaderes, Deputy Staff Director; Jessica L. Donlon, Counsel; Kate Dunbar, Legislative Analyst; Linda Good, Chief Clerk; Jennifer Hemingway, Senior Professional Staff Member; Frederick Hill, Director of Communications and Senior Policy Advisor; Christopher Hixon, Deputy Chief Counsel, Oversight; Mitchell S. Kominsky, Counsel; Ryan Little, Professional Staff Member; Justin LoFranco, Deputy Director of Digital Strategy; Mark D. Marin, Director of Oversight; Ashok M. Pinto, Deputy Chief Counsel, Investigations; Laura L. Rush, Deputy Chief Clerk; Jonathan J. Skladany, Counsel; Jeff Solsby, Senior Communications Advisor; Rebecca Watkins, Press Secretary; Jaron Bourke, Minority Director of Administration; Kevin Corbin, Minority Deputy Clerk; Ashley Etienne, Minority Director of Communications; Susanne Sachsman Grooms, Minority Chief Counsel; Jennifer Hoffman, Minority Press Secretary; Carla Hultberg, Minority Chief Clerk; Lucinda Lessley, Minority Policy Director; Steven Rangel, Minority Senior Counsel; and Dave Rapallo, Minority Staff Director.

Chairman ISSA. The committee will come to order.

It is the custom of this committee is to read our mission statement at the start of every hearing. I think particularly today it is important that we read it.

The Oversight Committee's mission statement is that we exist to secure two fundamental principles: First, Americans have a right to know that the money Washington takes from them is well spent;

and, second, Americans deserve an efficient, effective government that works for them. Our duty on the Oversight and Government Reform Committee is to protect these rights.

Our solemn responsibility is to hold government accountable to taxpayers, because taxpayers have a right to know what they get from their government. It is our job to work tirelessly, in partnership with citizen watchdogs, to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

This is our mission statement. And I might add, when I say “citizen watchdogs” that does include the Inspector Generals.

We are here today to get answers to questions that should have been asked and answered long, long, long time ago. The details that have come to light about the GSA conference held in Las Vegas have raised serious questions in the minds of the American people about how government is using their tax dollars.

There are those who believe government and its reach should be expanded. They believe that government should be bigger, have more resources, and play a larger role in the everyday lives of the American people. What has come to light surrounding GSA’s activities does give us pause for thought and to anyone who opposes cutting government size and spending that, in fact, there is much to be cut in government spending.

There are five key questions that still stand out, and hopefully by the end of this hearing some will be answered. First and foremost, why did it take 11 months for this investigation under the Obama administration to come to light in a way in which meaningful action could begin?

The Inspector General briefed the Administrator about details in an interim report and gave details of those responsible for gross waste. Yet indications are that some political appointees believe even this year that this report should be kept private. We on the committee find that outrageous. Although it is the custom of many Inspector Generals to inform this committee during early interim reporting and prior to a final report, that alone is not unusual. However, the fact that 11 months transpired gives us a particular reason to say, how long after an interim report is delivered and no action is taken before Congress is to be informed?

There are still outstanding questions regarding the resignation of Martha Johnson as GSA Administrator. First of all, who asked her to resign? What specific reason was she asked to be resigned for? Was it because she was responsible for the events that unfolded at the convention or because she mishandled the public relations of the fallout that came 11 months later?

While Martha Johnson has been removed, as Chief of Staff, Michael Robertson, who is also here today, has remained in place. Mr. Robertson previously served President Obama as legislative counsel in the Senate and served as a personal advisor to the President. It begs the question, are we really to believe that the Chief of Staff to the GSA Administrator and the right-hand man didn’t know anything about this for all this time? And if he didn’t, shouldn’t he have? Did he communicate the seriousness of this situation to the White House? And if so, when?

Why was Jeff Neely, a Regional Public Buildings Service Commissioner who was the chief organizer of the 2010 Las Vegas con-

ference, given a bonus approved by the agency's most senior officials even though they knew and were discussing sensational details of what had happened at the conference? The question here from the dais has to be: All the good works, all the assertions of a good job—if you have this kind of abuse, can they balance out to be a positive bonus totaling over \$9,000?

And finally, while we are determined to uncover the full truth about what went wrong and why, it is equally important to look to the future. I want to thank the GSA's new Acting Administrator, Dan Tangherlini—I am going to get it right much sooner—for being here today and testifying. He called me shortly after taking the job; assured me, as one would expect, that he didn't know everything, knew there was a problem, and would work diligently to fix it.

That is all we can ask from the dais, is that mistakes, when made, are remedied, corrective action is taken, and that it be done in a professional way with an understanding that the bureaucracy is, in fact, neither Republican nor Democratic, that every administration faces these problems, and that solutions will not come by us pointing fingers to this administration, the last administration, or the next administration.

Wasteful spending is a problem that transcends multiple administrations, but it is incumbent on the present administration to change the culture as best they can on their watch and leave to the next administration a better one than they inherited.

With that, I recognize the distinguished ranking member, Mr. Cummings, for his opening statement.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

I want to begin by thanking Mr. Miller, the Inspector General at GSA, for bringing to light this gross abuse of taxpayer funds and for his work over the past year investigating the conference in 2010.

Two weeks ago, I, along with the rest of the Nation, was appalled to learn the results of this investigation, that GSA employees betrayed the trust we placed in them.

For example, the Inspector General's report described the actions of Jeff Neely, a career GSA employee for many years and a senior-level executive in the Pacific Rim Region based in San Francisco. He is certainly not the only official implicated in this investigation, and several others appeared to have maximized their own benefit in an environment in which they knew—they knew—they could get away with it. Nevertheless, Mr. Neely's role as the host of the 2010 conference has raised significant questions.

According to the report, Mr. Neely engaged in an indefensible and intolerable pattern of misconduct, including repeatedly violating Federal travel and procurement rules, holding lavish parties in luxury suites, and allowing his wife and other nongovernment officials to participate in some of these events at taxpayers' expense.

In addition, documents obtained by the Inspector General indicate that Mr. Neely was aware that his actions were inappropriate. In one email, Mr. Neely invited personal friends to the conference, writing, and I quote—and this is simply incredible—quote, "We'll get you guys a room near us, and we'll pick up the room tab. Should be a blast," end of quote. He then went on and wrote this,

"I know I'm bad, but as Deb and I often say, why not enjoy it while we have it and while we can? It ain't going to last forever," end of quote. Well, Mr. Neely, it stops now.

The record indicates Mr. Neely's wife personally handled party arrangements, directed the actions of Federal employees, and ordered thousands of dollars in food at not their expense but the expense of taxpayers. In one case, Mr. Neely's wife reportedly impersonated a Federal employee so she could join him at a private-sector conference. The impression they conveyed by these documents is that Mr. Neely and his wife believed they were some sort of agency royalty, who used taxpayer funds to bankroll their lavish lifestyle. They disregarded one of the most basic tenets of government service: It is not your money; it is the taxpayers' money.

Some of my questions today will be about the Inspector General's recommendation to get some of that money back. I want to know how we can recoup these funds, including from Mr. Neely and other GSA employees personally.

I understand the Justice Department may be examining Mr. Neely's actions and that he intends to invoke the Fifth Amendment today. That is his right under the Constitution, and the committee should act responsibly in respecting his decision. However, I do not support granting Mr. Neely immunity at this time, Mr. Chairman. On Thursday, the chairman sent a letter to Mr. Neely's attorney suggesting that the chairman was considering immunizing him. On Friday, Mr. Neely's attorney responded positively, writing that Mr. Neely, quote, "will abide by the appropriate court order and the procedures set forth under the immunity statute," end of quote.

Granting immunity is a serious action that should not be entered into lightly since it could negatively impact a future criminal prosecution or prosecutions. Such a decision requires thoughtful considerations and consultation with the Justice Department. Our committee has no consultations about this, and I see no reason to immunize Mr. Neely if he has taken the actions of which he stands accused.

In addition to addressing the actions of specific individuals, we need to understand how GSA's system allowed this pattern in this case, the extent to which it happened in previous cases, and the reforms necessary to prevent it from ever happening again.

According to interviews by the Inspector General's Office, these activities were going on for years. When discussing the 2010 conference, one witness stated, "The planning of it was similar to what happened in previous WRCs. You know, we just kind of proceeded based on that." When investigators asked another witness whether the 2010 conference was an outlier, he said it was pretty consistent with previous conferences, and that although Mr. Neely wanted to do better than they did in New Orleans in 2008, there was not much difference.

Let me close by noting that one of the most damaging aspects of this incident is that it tarnishes the reputation of hardworking government workers who dedicate their lives to public service. It gives them a bad name, and it is completely unfair. There are scrupulous employees across this government who follow the rules every single day. They pool their money out of their own pockets just to pay for



coffee at their offices. They are honest and hardworking, and they should not be painted with the same brush.

Mr. Chairman, I thank you for calling this hearing. And, with that, I yield back.

Chairman ISSA. I thank the gentleman.

Chairman ISSA. Pursuant to our rules, I now ask unanimous consent that our colleague from Missouri, Ms. Emerson, be allowed to participate in today's hearing.

Without objection, so ordered.

All Members will have 7 days to submit opening statements for the record.

Chairman ISSA. We now recognize our panel. The Honorable Brian D. Miller is the Inspector General of the General Services Administration. Ms. Martha N. Johnson is the former Administrator of the General Services Administration. Mr. Jeff Neely is the Regional Commissioner of Public Buildings Service in the Pacific Rim Region at the General Services Administration. Mr. Michael J. Robertson is Chief of Staff at the General Services Administration. And Mr. David E. Foley is the Deputy Commissioner of Public Buildings Service at the General Services Administration.

Pursuant to our rules, all witnesses are required to take the oath. Would you please rise and raise your right hand to take the oath?

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

Let the record reflect that all witnesses answered in the affirmative.

Please take your seats.

In order to allow time for discussion, testimony will be limited to 5 minutes. Some of you have written statements; some do not. In either case, you may consider—or your written statements will be placed in the record in their entirety, so you may either read your written statement for 5 minutes or make other such comments as you think would be helpful to all of us.

With that, the chair recognizes Mr. Miller for 5 minutes.

#### **WITNESS STATEMENTS**

##### **STATEMENT OF THE HON. BRIAN D. MILLER**

Mr. MILLER. Thank you, Mr. Chairman.

Good afternoon, Chairman Issa, Ranking Member——

Chairman ISSA. Would you pull the mic as close as you can tolerate?

Mr. MILLER. Okay.

Chairman ISSA. Thank you.

Mr. MILLER. Chairman Issa, Ranking Member Cummings, members of the committee, thank you for inviting me here to testify today.

As you know, on April 2nd of this year, I published a report regarding GSA mismanagement of its Western Regions Conference in the fall of 2010. It may be very difficult among all the bad news and repugnant behavior to find but there is at least a glimmer of good news: The oversight system worked. My office aggressively in-

vestigated, interviewed witnesses, and issued a report. No one stopped us from writing the report, and no one stopped us from publishing the report. Justice Brandeis said that sunlight is said to be one of the best of disinfectants. Let's hope so.

Congress recently strengthened Inspectors General, and we thank you for that. It helps us to do our job in protecting taxpayer dollars. And, unfortunately, we may be the last resort for protecting taxpayer dollars and, unfortunately, catching the fraud, waste, and abuse after the money is spent. More needs to be done to establish early warning systems. And that is why Acting Administrator Tangherlini and I reminded GSA employees to alert us as soon as they see anything wrong.

When GSA wastes its own money, how can other agencies trust it to handle the taxpayer dollars given to them? As detailed in my report, GSA committed numerous violations of contracting regulations and the Federal travel regulation. This is a special concern because other Federal agencies need to be able to look to GSA as a model of how to conduct contracting and conference planning.

In attempting to model the entrepreneurial spirit of a private business, some in the Public Buildings Service seem to have forgotten that they have a special responsibility to the taxpayers to spend their money wisely and economically. While a private business may use profits to reward employees in a lavish fashion, a government agency may not.

In preparing the Western Regions Conference report, numerous dedicated professionals from throughout my office worked long hours to ensure that the report was accurate and it drew no conclusions beyond those fully supported by the evidence. It is my hope that these efforts will enable GSA to improve its contracting and conference-planning practices in the future so that GSA may not only be a better steward of taxpayer dollars but act as the leader within the Federal Government in efficient procurement and conference planning.

I thank you for the opportunity to discuss this important report. I request that the report, as well as my written statement, be made part of the record. And I welcome any questions. Thank you.

Chairman ISSA. Thank you.

[Prepared statement of Mr. Miller follows:]

**Statement of the Honorable Brian D. Miller**  
**Inspector General**  
**General Services Administration**



**Committee on Oversight and Government Reform**  
**United States House of Representatives**

**APRIL 16, 2012**

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Chairman Issa, Ranking Member Cummings, members of the Committee, I thank you for inviting me to testify here today. As you know, on April 2, 2012, the General Services Administration Office of Inspector General (GSA OIG) published a report regarding GSA mismanagement of its Western Regions Conference in the fall of 2010.

It may be very difficult to find among all the bad news and repugnant conduct, but there is at least a glimmer of good news. The oversight system worked. My office aggressively investigated, audited, interviewed witnesses, and issued a report. No one stopped us from writing the report and making it public. Based on the final report, swift action has been taken, hearings have been scheduled, and the whole ugly event now lay bare for all to see. Justice Brandeis said that sunlight is said to be the best of disinfectants.

Almost every federal agency has an inspector general, someone watching and reporting fraud, waste, and abuse of taxpayer dollars. Congress recently strengthened Offices of Inspectors General so that we can better perform our oversight work. We are often the last resort for protecting taxpayer dollars -- unfortunately catching the fraud, waste, and abuse after the money is spent. More needs to be done to establish early warning systems. This is why Acting Administrator Tangherlini and I recently reminded GSA employees to alert us as soon as they see anything wrong. The Western Regions Conference could only occur in an environment where the best lack all conviction while the worst skirt the rules.

Benjamin Franklin warned us at our Nation's founding: "There is no kind of dishonesty into which otherwise good people more easily and frequently fall than that of defrauding the government." Those tempted to engage in fraud, waste, and abuse need to know they will be caught. The ultimate deterrence against fraud, waste, and abuse is criminal prosecution. We frequently partner with the Department of Justice in civil and criminal cases.

The GSA Office of Inspector General has about 300 employees to oversee an agency of over 12,000 employees, who are responsible for almost \$50 billion in civilian contracts, most federal buildings, and the federal automotive fleet. Despite the ratio of IG personnel to GSA personnel, our office has achieved over \$6.5 billion in savings to the taxpayer since 2005. In 2008, GAO found that the GSA OIG had an average return of \$19 dollars per dollar budgeted (GAO Report 09-88, 2008).

Our special agents, forensic auditors, and lawyers deserve the recognition for this report. But our office and other Offices of Inspectors General produce great work like this day after day. My own office has issued numerous audit reports relating to GSA's construction and renovation contracts under the Recovery Act. We discovered and investigated eleven federal property managers and contractors taking bribes and kickbacks. All eleven are now convicted. Criminals selling counterfeit IT products were caught and convicted, and are now serving time in federal prison, because of the work of our office and other law enforcement agencies. Federal contractors have paid back hundreds of millions of dollars, because of our audits. Most recently, Oracle paid \$199.5 million to settle False Claims Act allegations.

The core mission of GSA is to provide low cost goods and services. When GSA wastes its own money, how can other agencies trust it to handle the taxpayer dollars given to them? GSA also has the sole responsibility for the Federal Travel Regulation, which governs travel and conference planning by agencies across the executive branch. 5 U.S.C. § 5707(a)(1). As detailed in my office's report, in putting on the Western Regions Conference, GSA committed numerous violations of contracting regulations and policies, and of the Federal Travel Regulation. This is of special concern because other federal agencies need to be able to look to

GSA as a model of how to conduct their contracting and procurement efforts, and manage their travel and conference planning.

In attempting to model the entrepreneurial spirit of a private business, some in the Public Buildings Service seemed to have forgotten that they have a special responsibility to the taxpayers to spend their money wisely and economically. While a private business may use its profits to reward employees in a lavish fashion, a government agency may not. Even so, this report should not obscure the fact that thousands of GSA employees work hard and do a great job for the American taxpayers. It is only a minority of employees that are responsible for this debacle.

In preparing the Western Regions Conference report, numerous dedicated professionals from throughout the OIG worked long hours to ensure that the report was accurate and that it drew no conclusions beyond those fully supported by the evidence. My office continued to receive documents relating to this report as late as this January. We are still receiving documents relating to ongoing investigations. It is my hope that these efforts will enable GSA to improve its contracting and conference planning practices in the future, so that GSA may not only be a better steward of taxpayer dollars, but act as a leader within the federal government in efficient procurement and conference planning.

I thank you for an opportunity to discuss this important work of the OIG with the Committee. I request that the attached report and this statement be made part of the record, and I welcome your questions.



**Office of Investigations  
Office of Inspector General  
U.S. General Services Administration**

**Management Deficiency Report:**  
General Services Administration  
Public Buildings Service

**2010 WESTERN REGIONS CONFERENCE**

*April 2, 2012*

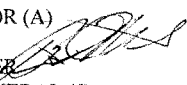


**U.S. General Services Administration**  
Office of Inspector General

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April 2, 2012

MEMORANDUM FOR     MARTHA N. JOHNSON  
                                 ADMINISTRATOR (A)

FROM:                    BRIAN D. MILLER   
                                 INSPECTOR GENERAL (J)

SUBJECT:                Final Management Deficiency Report  
                                 Public Buildings Service

Our final management deficiency report on the Public Buildings Service 2010 Western Regions Conference is attached. We will publish the report with your response concurring with our recommendations and outlining the steps you are taking to prevent such waste and abuse from occurring in the future.

Thank you for all the assistance and courtesies extended to our staff during this review. Should you have any questions or require additional information, please contact me or have a member of your staff contact Assistant Inspector General for Investigations Geoff Cherrington on (202) 501-0035.

Attachment



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### EXECUTIVE SUMMARY

The Public Buildings Service (PBS) of the General Services Administration (GSA) held its biennial Western Regions Conference (WRC), which had approximately 300 attendees, in October of 2010, at the M Resort Spa Casino (M Resort) just outside Las Vegas, Nevada. The GSA Deputy Administrator requested that the GSA Office of Inspector General (OIG) investigate allegations of possible excessive expenditures and employee misconduct in connection with the 2010 WRC.

The OIG found that many of the expenditures on this conference were excessive and wasteful and that in many instances GSA followed neither federal procurement laws nor its own policy on conference spending. Conference costs included eight off-site planning meetings and significant food and beverage costs. The total cost of the conference was over \$820,000, broken down as follows:

Phase	Description	Costs
Pre-Conference	Travel, Catering, Vendors, and Other Hotel Costs	\$136,504
Conference	Travel, Catering, and Vendors	\$686,247
<b>TOTAL</b>		<b>\$822,751</b>

Our findings included the following:

- **GSA spending on conference planning was excessive, wasteful, and in some cases impermissible.** To select a venue and plan the conference, GSA employees conducted two “scouting trips,” five off-site planning meetings, and a “dry run.” Six of these planning events took place at the M Resort (the conference venue) itself. Travel expenses<sup>1</sup> for conference planning totaled \$100,405.37, and catering costs totaled over \$30,000. GSA spent money on refreshment breaks during the planning meetings, which it had no authority to do, and the cost of catered meals at those meetings exceeded per diem limits.
- **GSA failed to follow contracting regulations in many of the procurements associated with the WRC and wasted taxpayer dollars.** GSA actions included:
  - Disclosing a competitor’s proposal price to a favored contractor;
  - Awarding a \$58,000 contract to a large business in violation of small-business set-asides;
  - Promising the hotel an additional \$41,480 in catering charges in exchange for the “concession” of the hotel honoring the government’s lodging cost limit;
  - Providing free rooms to a contractor’s employees even though the contract cost included lodging; and

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<sup>1</sup> “Travel costs” or “travel expenses” as used in this report include per diem, lodging, and transportation costs.

- Disclosing to the team-building contractor the agency's maximum budget for one day of training, then agreeing to pay the contractor that amount (\$75,000).
- **GSA incurred excessive and impermissible costs for food at the WRC.** GSA spent \$146,527.05 on catered food and beverages during the WRC. That spending included \$5,600 for three semi-private catered in-room parties and \$44 per person daily breakfasts. GSA also paid \$30,207.60 – or roughly \$95 per person – for the closing reception and dinner; attendees at that dinner included 27 guests of GSA employees and seven contractor employees. GSA obtained repayment for guests' meals, but only for 23 of the guests and not for the entire cost of the meal.
- **GSA incurred impermissible and questionable miscellaneous expenses.** These expenses included mementos for attendees, purchases of clothing for GSA employees, and tuxedo rentals.
- **GSA's approach to the conference indicates that minimizing expenses was not a goal.** The PBS Region 9 Commissioner/Acting Regional Administrator instructed those planning the conference to make it "over the top" and to make it bigger and better than previous conferences. Several suggestions to minimize expenses were ignored.

GSA, in its management response, concurred with our recommendations and outlined the steps it is taking to prevent future waste and abuse.

## SUMMARY OF INVESTIGATION

### BACKGROUND

PBS Regions 7, 8, 9, and 10 (covering the western half of the United States) have held the WRC since the early 1990s and now hold it every other year. The conference typically includes about 300 people, selected from the participating regions' thousands of employees. The WRC's purpose has been described variously by different PBS officials as principally offering training in job skills; an exchange of ideas between the "higher-ups" in the four regions; and a combination of those things.

The 2010 WRC, which took place from October 25 through October 29,<sup>2</sup> was hosted by Region 9. PBS chose "A Showcase of World-Class Talent" as its theme; the conference was to "celebrate, share, and showcase the diverse professional and personal talents of GSA associates." GSA considered this theme a good match for the Las Vegas location, which, as GSA stated, has long "been a destination for talented musicians, dancers, magicians and showmen" to "showcase their talents to the international audience Las Vegas attracts." GSA created an internal website with information on the conference, including pictures and videos of conference events, which was taken down on March 23, 2012.

The GSA Deputy Administrator requested that the OIG investigate allegations of possible excessive expenditures and employee misconduct in connection with the 2010 WRC. The allegations included concerns with the team-building exercise, donation of bicycles to charity, and the costs of the conference. In reviewing these allegations, the OIG conducted interviews and reviewed contract files, correspondence, invoices, and other documents related to the WRC. On May 3, 2011, the OIG provided GSA management an interim presentation communicating many concerns regarding the WRC. The M Resort provided the most recent set of documents on January 13, 2012. Investigations are ongoing regarding a number of issues addressed in this report.

### EXCESSIVE SPENDING ON CONFERENCE PLANNING

GSA held eight scouting and off-site pre-conference meetings, costing over \$130,000, to plan this conference. Six were held at the conference site. Below we discuss the pre-conference planning trips and their cost.

GSA published a notice of its planned procurement on February 2, 2009. The subsequent conference planning meetings included the following:

- |                  |                                                                                                                     |
|------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>March '09</b> | Five GSA employees conducted a "scouting trip" to visit nine Las Vegas-area hotels.                                 |
| <b>March '09</b> | Fifteen GSA employees returned to visit two of the nine hotels again, staying at the M Resort and the Ritz-Carlton. |

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<sup>2</sup> The morning of Monday, October 25, and all of Friday, October 29, were travel days.

<b>August '09</b>	Seven GSA employees stayed at the M Resort for a planning meeting.
<b>November '09</b>	A second WRC planning meeting, attended by 11 GSA employees, was held at the M Resort following Region 9's leadership council meeting.
<b>March '10</b>	Sixteen GSA employees stayed at the M Resort again for a planning meeting.
<b>June '10</b>	Nine GSA employees attended another planning meeting, this one at a Marriott Hotel in Denver, Colorado.
<b>August '10</b>	Twenty-one GSA employees attended a conference planning meeting at the M Resort.
<b>October '10</b>	Thirty-one GSA employees traveled to the M Resort for a "dry run" of the conference to be held later that month.

These off-site meetings cost the government over \$130,000, including:

- A total of \$100,405.37 in employee travel costs.
- Significant spending on catered food and beverages during the various pre-conference trips to the M Resort, totaling over \$30,000 for the scouting trip, four pre-planning meetings, and dry run. These charges included \$57.72 per head lunches (\$44 for lunch plus beverages and a 22% gratuity) and \$48.80 breakfasts (\$40 plus a 22% gratuity).
- Other expenses, such as audio-visual services and printing costs.

#### **IMPROPER CONTRACTING**

GSA failed to follow contracting regulations in many of the procurements associated with the WRC and wasted taxpayer funds. Below we discuss (1) the original solicitation and agreement with the hotel, (2) the revised hotel agreement, (3) the contract to provide a team-building exercise, and (4) the contract for audio-visual services.

##### ***Original Solicitation and Agreement with M Resort***

On February 2, 2009, PBS posted on the Federal Business Opportunities website a combined synopsis and solicitation for its proposed acquisition of hotel space for the WRC. The solicitation sought proposals for single-occupancy sleeping rooms and meeting space during three possible date ranges, the preferred range being October 25-28, 2010. It specified that a "Cyber Café Room" and a conference-style office for 20 people must be available from Sunday through Friday, and that Monday through Thursday GSA required a conference room that would hold 275-300 people. The solicitation also described food and beverage requirements. This included a cash bar on Monday evening, a closing dinner on Thursday evening, breakfast and "AM/PM Breaks" Tuesday through Thursday, and a lunch on Wednesday. The solicitation also requested that offerors provide their price lists for food and "indicate discount off menu prices, if applicable." The acquisition was open to hotels in Las Vegas and the commuting area of McCarran Airport with both sleeping rooms and meeting rooms, and which could offer lodging rates "within prevailing Government per diem (currently \$105.00/night)."

*Role of Location Solvers*

Immediately after posting the solicitation on the Federal Business Opportunities site, a GSA national event planner sent a copy of it to the sales representatives of national hotel chains and to Location Solvers, a private company that assists organizational clients in finding venues for conferences. Location Solvers then informed the M Resort and other independent Las Vegas hotels about GSA's interest in acquiring a conference facility.

In making its proposal, the M Resort contacted GSA through Location Solvers; Location Solvers also assisted GSA in negotiating pricing and other terms of the agreements for the various trips GSA employees made to the M Resort. In exchange for these services, Location Solvers received a \$12,601.50 commission from the M Resort. The M Resort's willingness to pay over \$12,000 as a finder's fee strongly indicates that further discounts might have been available to GSA if GSA had contacted the hotel directly, rather than working through Location Solvers. Since GSA already employs several full-time event planners, the use of Location Solvers seems redundant and wasteful.

*Original Agreement*

GSA first entered an agreement with the M Resort on May 8, 2009. The agreement was signed by a national event planner, who had a contracting officer's warrant limited to \$100,000. That agreement did not comply with the Federal Acquisition Regulation. Weaknesses included the following:

- That agreement required GSA to pay a \$50,000 fee if the event were cancelled. That fee increased to \$200,000 (which is above the event planner's warrant) if cancellation occurred after May 1, 2011. Exclusive of lodging costs, which were to be paid by individual employees, the original projected cost was \$92,720; the final cost was \$153,975.60.
- The agreement was missing many clauses that statutes and regulations required to be included in contracts with the federal government.
- Although the solicitation stated the government-approved lodging rate was subject to change, the agreement set forth a nightly lodging rate of \$105, without noting the approved rate might change.<sup>3</sup>

*Revised M Resort Agreement*

One month before the conference itself, on September 21, 2010, a contracting officer with a \$10 million warrant (rather than the event planner, who had a \$100,000 warrant) signed a revised

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<sup>3</sup> As discussed later, the government-approved lodging rate dropped to \$93, which led to GSA making numerous "concessions" to the hotel to obtain the lodging price reduction.

agreement with the M Resort. That agreement stated that the standard commercial agreement terms mandated by the Federal Acquisition Regulation took precedence over the M Resort's own standard terms and reduced the nightly rate to \$93, because the federal rate ceiling had dropped after GSA signed the initial agreement. Because regional officials did not inform the recently assigned contracting officer that GSA had published a solicitation in February 2009, he prepared a written justification for procuring facilities from the M Resort on a sole-source basis – without advertisement or competition. He argued that it was “a very time sensitive procurement” and that it would have been too costly “to review each and every site.” That a contracting officer prepared a sole-source justification for a procurement that was in fact advertised is indicative of the carelessness of GSA's planning of the conference.<sup>4</sup>

#### *Contract for Team-Building Exercise*

GSA awarded a \$75,000 contract to Most Valuable Performers (also known as Delta4) to provide a morning team-building exercise during the conference, followed by an afternoon bicycle-building project that would use the new teamwork skills. As part of the contract, the vendor purchased the 24 bikes used for that project. That contract suffered from significant irregularities:

- A GSA program director told the vendor that its initial offer of almost \$125,000 was too high. At the vendor's request, the program director disclosed that GSA's maximum budget for one day of team-building training was \$75,000. GSA then awarded the contract at this price.
- The goal of the bicycle-building project was that employees would work together in an act of service to those in need.<sup>5</sup> Therefore, GSA officials wanted participants to see the bicycles donated to the children of the local Boys' and Girls' Club during the conference. However, if the government acquires property, it may only dispose of that property pursuant to the Federal Surplus Property Donation Program – created by GSA itself to enable all federal agencies to comply with the Property Act. In order to avoid the requirements of the Property Act, GSA specified that the bicycles would remain at all times the property of the team-building provider. Even though GSA specified the bicycles were the property of the provider, GSA selected the recipient of the bicycles (from a list provided by the vendor); this action appears inconsistent with the assertion that the vendor owned the bicycles.

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<sup>4</sup> In addition, federal conferences may only be held at a hotel that is on FEMA's list of Fire Safety Act-approved accommodations. The M Resort is not. Although the solicitation posted on Federal Business Opportunities required that the venue comply with this requirement, GSA's eventual contract with the M Resort was silent on the subject. This requirement may be waived, but we found no evidence of a waiver.

<sup>5</sup> One employee suggested that if GSA wished to indicate its commitment to service, employees should voluntarily work on a service project after work hours rather than on the clock; this suggestion was ignored.

***Contract for Audio-Visual Services***

GSA awarded Royal Productions a \$58,808 contract<sup>6</sup> for audio-visual services. The flaws in this procurement included the following:

- Prior to selecting a vendor for these services, GSA was required to publish a solicitation on Federal Business Opportunities, but did not do so.<sup>7</sup>
- Federal regulation also provides that contracts in this dollar amount are “reserved exclusively for small business concerns.” Royal Productions is not a small business for purposes of this type of contract.
- GSA personnel provided the quote from the competing offeror for the audio-visual contract to Royal Productions, enabling it to present a winning bid. Disclosing source information is prohibited.
- GSA paid the housing expenses of Royal Productions employees twice. Royal Productions’ contract included \$1,962 for “technical crew housing,” comprised of \$110 per night for three rooms at six nights each. However, GSA *also* provided the Royal Productions crew with twenty room-nights (four rooms for five nights each) out of its “comped” rooms. (The M Resort contract provided for one free room-night for each 50 paid room-nights.) Had GSA not provided these rooms to the Royal Productions employees, it could have used them for GSA employees, reducing the cost by \$1,860 (twenty room-nights at \$93 each).

**EXCESSIVE SPENDING ON FOOD**

GSA expenditures on food, as provided for in the contract and in actuality, were excessive, and in several cases, impermissible.

***Contract Provisions Regarding Food***

GSA’s original contract with the M Resort included a food and beverage minimum of \$76,000, exclusive of gratuity – which was set at 22%. However, in September of 2010, GSA contacted the M Resort seeking a reduction of the nightly room rate to the new government rate of \$93. Recognizing that “this would in essence cost the hotel \$16,800.00,” GSA offered the hotel “concessions.” These included increasing the food and beverage minimum to \$110,000 (\$134,200 with gratuity), which included adding a cocktail reception before the Thursday night

<sup>6</sup> This amount was later increased by \$3,000.

<sup>7</sup> GSA took disciplinary action against an employee in connection with this failure.



dinner and a catered breakfast on Friday morning. GSA also advised the hotel that “[o]ur host<sup>[8]</sup> is having a post function wrap up party in his loft suite after dinner Thursday bringing in approximately \$2K to the room service team.” As an additional concession, GSA said it would attempt to book another event at the hotel in March 2011, noting that “GSA absolutely loves this property” and “would gladly share any future leads with M Resort.”<sup>9</sup>

The government may not enter into contracts without determining that pricing is fair and reasonable. A month before the conference, the contracting officer sent regional personnel an email asking whether they had negotiated the food pricing, or determined that the prices were fair and reasonable. He also noted that the breakfasts cost \$34 or more, while employees’ allowances for breakfast are much lower (\$12 for Las Vegas). The regional event planner responded that GSA had simply accepted the hotel’s menu prices that any customer would have paid, as “[w]e used the . . . increase” in catering costs to “justify” the hotel honoring the government lodging rate.

#### ***Rules Governing Food Expenditures***

A brief summary of the rules governing food expenditures follows. As discussed below, many of the GSA food expenditures violated these rules or were otherwise questionable.

- Federal employees traveling for work are paid for their lodging costs plus a fixed amount for meals (“per diem”). In 2010, the meal and incidental expenses allowance for Las Vegas was \$71 per day. If the government provides employees with meals, they must deduct a portion of this amount: \$12 for breakfast, \$18 for lunch, and \$36 for dinner. Employees attending the WRC were instructed beforehand to make these deductions for the meals provided, and most of them did so.
- GSA policy states that if conference planners use a contract to purchase meals for employees (rather than allowing employees to find their own meals), the contract pricing may not exceed the regulatory limitations on meal expenses.
- Agencies may pay for meals or “light refreshments” for their employees if these are necessary to achieve the objectives of a training program or an official conference. Agencies may not pay for food (other than the set meal allowance for employees who are traveling) at “‘day-to-day’ meetings” that “involve discussions of the internal procedures or operations of the agency.”
- Agencies also may pay for food for nonfederal employees at training, such as conference speakers, when necessary to the effective accomplishment of the training function.

<sup>8</sup> Since the party on Thursday night occurred at the behest of the PBS Region 9 Commissioner/Acting Regional Administrator, it appears the agency considered this employee to be the conference’s “host.”

<sup>9</sup> Favoring the M Resort in future government procurements would be improper; the agency’s obligation is to conduct all conference and acquisition planning so as to minimize costs and act in the best interest of the United States.

- Agencies may pay for food for contractor employees who are traveling to perform their duties, to the extent specified in their contracts.
- Agencies may pay for food for agency employees at an award ceremony if this would make the ceremony more effective. It is also permissible at an award ceremony to pay for refreshments for a guest (for example, a spouse) of an employee who is receiving an award.

#### ***Questionable Expenditures for Food***

GSA spent \$146,527.05 on catered food and beverages during the WRC itself. That amount breaks down as follows:

<b>Food and Beverage Catering</b>	<b>Costs</b>
Light Refreshments and Breakfast Buffets	\$ 79,511
In-Room Parties	\$ 5,600
Networking Reception	\$ 31,208
Cocktail Reception and Award Dinner	\$ 30,208
<b>TOTAL</b>	<b>\$146,527</b>

Specific questionable expenditures included the following:

- The “networking reception” on the conference’s first evening included 400 pieces of \$4.75 “Petit Beef Wellington,” 400 “Mini Monte Cristo Sandwiches” at \$5.00 each, 1,000 sushi rolls for \$7.00 apiece, 150 units of a \$19 per person “American Artisanal Cheese Display,” and 225 units of a \$16 per person “Pasta Reception Station.” Also during that reception, GSA paid \$525 for two hours of “bartender service fees” for a cash bar;<sup>10</sup> the total cost of the reception was \$31,208. We understand commemorative coins were presented at that reception. We do not believe this expense can be justified as either an award ceremony or light refreshments, based either on the nature of the event or the amount spent – over \$100 per person.
- Meal expenses exceeded per diem limits. For example, GSA provided breakfast for the WRC’s three mornings at a cost of \$44 per person, or \$32 per person per day more than it would have spent had it simply allowed employees to purchase their own breakfasts and claim the travel allowance set by regulation – a cost of \$29,568 over the per diem allowance for breakfasts at the WRC.<sup>11</sup> As another example, the total cost for the closing

<sup>10</sup> There is no evidence that GSA paid for any alcoholic beverages during the WRC. Alcohol was apparently purchased with personal funds, and is not included in this report.

<sup>11</sup> Twenty-five employees who worked on planning the conference received a \$48.80 catered breakfast the morning after the conference’s concluding dinner, representing an additional \$920 in cost over the individual employees’ meal allowances.

dinner was \$73.20 per person – \$37.20 more than the allotted per diem. Moreover, as discussed above, a month before the conference GSA added a cocktail reception before the closing dinner as a “concession” to offset the reduction in the nightly lodging rate. That reception included 300 shrimp at \$4.00 each, and 300 items of \$5.00 “Boursin Scalloped Potato with Barolo Wine Braised Short Ribs.” The total food bill for the evening’s events was \$30,207.60 (or \$95 per person based on 318 attendees), which, again, included \$525 in bartender service fees for a cash bar. This made the total cost \$59 per person more than the employee travel allowance for dinner, a total of \$18,760 over the per diem allowance.<sup>12</sup>

- GSA impermissibly purchased food for non-employees. Examples include the following. A total of 299 GSA employees attended the conference but GSA purchased the dinner on the final day of the conference for 318 people. The list of attendees GSA prepared included 27 personal guests and seven of the agency’s embedded contractor employees in addition to 284 GSA employees. Twenty-three GSA employees paid \$60 apiece for the dinners of their personal guests. This figure did not include the 22% gratuity added to each meal, however (a total of \$303.60 for the 23 guests). Moreover, GSA paid the M Resort for meals for guests who were expected to attend but canceled before the event, but did not charge employees for those guests. The seven embedded contractor employees did not pay for their dinners. Relatives, who were not employees, also ate agency-provided meals throughout the conference. We question whether the meals purchased for personal guests and contractor employees were permissible.
- GSA officials also hosted several semi-private “parties” in their own hotel rooms or suites, which were catered at taxpayer expense. On the evening before the conference officially began, two regional officials hosted a party in an upgraded room. Catering for the event totaled \$922.90. The stated purpose of the event was for those organizing the conference (who had arrived a day early) to become acquainted with one another. Two nights later, the PBS Commissioner hosted an essentially celebratory party in his loft suite for GSA senior officials, at a cost of \$1,960.<sup>13</sup> Neither of these parties fit any legal authority for GSA to spend funds on food.
- On the last night of the conference, after the closing dinner, the PBS Region 9 Commissioner/Acting Regional Administrator hosted a third party, in the empty loft suite vacated by the PBS Commissioner, who had already departed. GSA had retained the suite

<sup>12</sup> The M Resort did not charge the agency a room rental fee for conference space, either at the pre-planning meetings or at the WRC itself. Thus, the catering costs to some extent compensate for usage of the facility as well. However, one must also consider that during the WRC itself, the conference occupied 314 of the hotel’s 390 rooms, making the agency the only likely user of the meeting space. Moreover, less expensive breakfast and refreshment options were available. Agency policy states that if hotels offer “packaged” costs (as here, for meeting space and catering), the agency must still obtain “a total cost for subsistence [i.e., food] items,” so the agency can determine “that the maximum per diem rates have not been exceeded.” That did not occur here.

<sup>13</sup> As noted previously, these amounts do not include any alcoholic beverages, which were purchased with personal funds.

for use as a “hospitality suite.”<sup>14</sup> This party cost \$2,717.09. Conference organizers and regional “ambassadors” were invited; regional officials played a slide show of the conference, and the ambassadors received awards and “souvenir books.” While purchasing food for award ceremonies is authorized, the event’s qualification as an award ceremony is weak, at best.

- Because the pre-conference meetings were for planning, not training, GSA was not authorized to pay for the refreshment breaks at these meetings. As with the conference itself, meal charges exceeded the traveling employees’ meal allowances.<sup>15</sup>

#### OTHER IMPERMISSIBLE AND QUESTIONABLE EXPENSES

GSA made various impermissible and questionable expenditures unrelated to food, including improperly purchasing mementos for conference attendees.

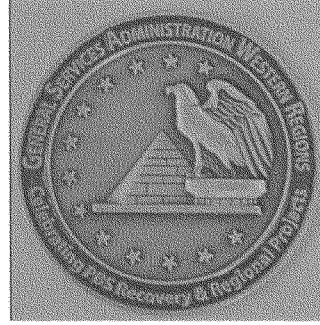
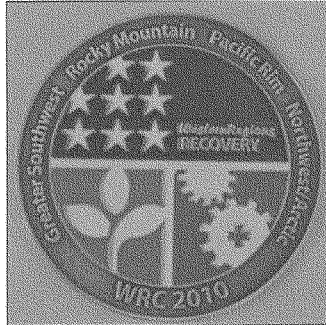
- GSA policy provides that agency funds “are not available to purchase memento items for distribution to conference attendees as a remembrance of an event.” Contrary to this policy:
  - At the closing-night dinner, all participants received a “yearbook” containing pictures of all those attending the conference, taken when they checked into the hotel. GSA also printed souvenir books for the regional ambassadors. These costs totaled \$8,130.
  - GSA purchased numerous other items for distribution to conference participants. Canteens and carabiners cost \$2,781.50, and shirts for all conference participants for the team-building activity were \$3,749.40.

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<sup>14</sup> GSA selected this suite as one of its “comped” rooms. An internal GSA email to the PBS Region 9 Commissioner/Acting Regional Administrator noted the options of giving the room to a GSA Associate Administrator who was checking in on the same day the PBS Commissioner checked out, or keeping it “as a ‘hospitality’ suite (where you can have your party Thursday night).”

<sup>15</sup> Additional questionable expenses included such items as two birthday cakes, one for \$120 and one for \$50, for pre-conference planning attendees and an ice cream station costing \$292.80 for 24 children brought in by the Boys’ and Girls’ Club to receive the bicycles GSA employees had assembled.

- GSA spent \$6,325 on commemorative coins “rewarding” all conference participants (as well as all regional employees who did not attend the conference) for their work on Recovery Act projects, along with velvet boxes to hold the coins. These did not qualify as permissible awards because the coins’ design, which appears below, shows that they were intended to be mementos of the WRC.



- GSA spent \$1,840 for vests for the 19 “regional ambassadors” and other employees, and \$393.90 for the rental of tuxedos worn by three employees who acted as masters of ceremonies at the awards dinner.

#### **INDIVIDUAL IMPERMISSIBLE AND QUESTIONABLE ACTIONS**

GSA employees may not solicit or accept gifts from any entity doing business with the agency, or use their positions to induce another person to provide any benefit, financial or otherwise, to themselves or their friends or relatives. Numerous employee actions may have violated these prohibitions, including the following:

- Before the original M Resort site visit in March of 2009, Location Solvers emailed the hotel to relate that an agency employee would be staying at the hotel on the night before the travel days for the scouting trip, and therefore was not entitled to the government rate or a complimentary free night. Thus, Location Solvers stated, the employee “needs a friend of a friend of the owner rate. (wink).”
- During the second trip in March of 2009, a different employee stayed in a flat suite – with a connecting room for her sister and niece, apparently offered at a discount by the hotel, which was then working to secure the eventual contract to host the WRC.
- At the behest of the spouse of a senior PBS official, a GSA event planner asked for and the hotel provided an adjoining room during the WRC, at the \$93 government rate, for the spouse’s relatives. Neither the spouse nor the spouse’s relatives were agency employees or participants in the conference.

- During the WRC, a GSA event planner contacted the M Resort's catering and conference services manager and said that she "cannot live without" a \$98 purse from the hotel's gift shop, asking whether the manager received a discount and "if so, will you help me?" The manager responded, "I can give you a \$30 comp," which was promptly accepted.

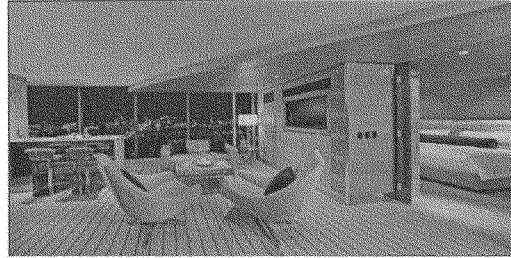
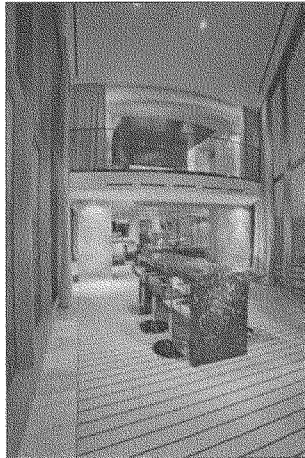
#### GSA'S OVER THE TOP APPROACH TO THE CONFERENCE

Federal regulations on conference planning emphasize cost reduction, stating conference planners "must minimize all conference costs," use government-owned conference facilities as much as possible, and take into account "all direct and indirect conference costs." The evidence the OIG developed, however, showed the goal was not to minimize costs, but to be "over the top." That evidence included the following:

- The PBS Region 9 Commissioner/Acting Regional Administrator instructed those planning the conference to make it "over the top," bigger and better than previous conferences. Several suggestions by regional employees that costs be reined in were ignored.
- In planning meetings, GSA personnel discussed that the theme was intended to showcase the business talent of the regional offices, but the emphasis was to be split between business talent and "theatrical talent." Thus, the "Capstone Dinner" on the last evening of the conference was to have a "red carpet" and "lighthearted awards," having "more to do with contribution at the conference" than job performance. Employees were told that the "award" ceremony was necessary so that federal funds could be spent for food; several employees indicated this has become something of a running joke in the region.<sup>16</sup>
- The in-room "party" on the evening of the closing dinner was hosted by the PBS Region 9 Commissioner/Acting Regional Administrator. A relative of the host worked closely with the agency's regional event planner on the food items selected for that party. Among other things, the employee's relative, who is not a GSA employee and yet "co-hosted" the party, contacted the event planner to add more food items, commenting, "Knowing we have a bit more money in the budget helps." The event planner acquiesced and ordered additional food, increasing costs to \$2,717.09 at the government's expense.
- During scouting trips, GSA "VIPs" were shown upgraded suites that they received as a perk for GSA contracting with the M Resort for the 2010 WRC. Loft suites have 2,400 square feet of space, two stories, multiple HD televisions and wet bars, and a going rate

<sup>16</sup> The agenda on the last day included a "Cocktail Reception" at 4:00 pm, a "Red Carpet Show" at 5:30, a "Talent Award Showcase" at 5:50, and dinner with a speaker at 6:20. The only "awards" given during these events were presented during the Talent Award Showcase. There were four non-monetary awards given at that ceremony for musical performances, one for each region. The proper purpose of an awards ceremony is to give out awards recognizing significant contributions to the efficiency and effectiveness of government operations, rather than holding an event and giving out awards as an ancillary purpose to justify food. We do not believe the expenditures at the reception or dinner can be explained as incident to an awards ceremony.

of \$1,179 per night. Flat suites have 1,440 square feet and cost \$449-\$599 per night. The contract between GSA and the M Resort provided that GSA could have two loft suites for five nights each at the government rate for hotel rooms; GSA used all but one of those nights. GSA also received six flat suites for five nights each at the government room rate, and used 25 of those room-nights. The value of the discount that the M Resort offered GSA for these 40 nights was \$21,540.



*Luxury suites at Nevada's M Resort. At left, a loft suite; above, a flat suite.*

#### CONCLUSION

The excessive pre-conference planning, catering, and other costs, as well as the luxury accommodations and overall approach, show that GSA's planning and expenditures for the 2010 WRC were incompatible with its obligation to be a responsible steward of the public's money. As the agency Congress has entrusted with developing the rules followed by other federal agencies for conferences, GSA has a special responsibility to set an example, and that did not occur here.

### **RECOMMENDATIONS**

The GSA Administrator should take appropriate action to:

- Ensure expenditures at all future conferences comply with all applicable regulations and policies, including that costs be minimized and Executive Order 13589 on Promoting Efficient Spending, which was issued after the date of this conference; these steps should include:
  - Minimize planning expenses for all future conferences;
  - Ensure food expenditures comply with applicable regulations and are necessary and appropriate;
  - Do not spend GSA money on mementos; and
  - Eliminate extraneous and unnecessary expenses such as vests and tuxedo rentals.
- Ensure events are not improperly designated as award ceremonies in order to justify the purchase of food.
- Ensure all regulations are followed in procurements associated with conferences, including:
  - Do not share proposals with competitors;
  - Follow small business set-aside requirements;
  - Ensure contracts adequately protect the government's interests and include all required clauses;
  - Obtain fair and reasonable pricing on all costs;
  - Ensure the contracting officer has an adequate warrant and all relevant information;
  - Do not provide benefits to contractors outside the scope of the contract, including free rooms when those costs are included in the contract;
  - Do not request personal benefits from conference contractors.
- Determine whether GSA can recover funds from Royal Productions based on GSA including the cost of rooms in the contract price and subsequently providing the rooms for free.
- Determine whether GSA can recover funds improperly paid, such as for meals for non-employees.
- Hold senior GSA officials responsible for excessive spending at conferences.



**MANAGEMENT RESPONSE**

GSA, in its management response, concurred with our recommendations and outlined the steps it is taking to prevent future waste and abuse. GSA's response is contained in the Appendix.

*Appendix*

The Administrator

April 2, 2012

MEMORANDUM FOR BRIAN D. MILLER  
INSPECTOR GENERAL (J)FROM: MARTHA JOHNSON *Martha Johnson*  
ADMINISTRATOR (A)  
SUBJECT: Response to the "February 12, 2012  
Draft Management Deficiency Report  
Public Buildings Service"

Thank you for your response to our request for a review of possible excessive expenditures and employee misconduct in connection with the 2010 Western Regions Conference (WRC). I appreciate the thoroughness of the Draft Management Deficiency Report and your review of this matter. I concur with all of the recommendations in your Report. I find the information in your Report to be very troubling as it outlines potential violations of federal procurement laws and agency policy. The excessive spending and other misconduct described in the report would be absolutely unacceptable under any circumstances. But it is especially egregious at a time when the fiscal constraints facing our nation demand that every dollar deliver the greatest value to the American taxpayer. Such misconduct will not be tolerated at GSA.

I am committed to eliminating excessive spending, promoting efficiency and ensuring strict compliance with GSA policies and federal regulations. The Agency has internal controls and extensive guidance in place that addresses excessive spending and what constitutes serious misconduct. However, we recognize in this situation that the internal controls were not adhered to, and the guidance was not followed. In order to ensure this situation does not occur again, I have taken proactive steps to implement tighter internal controls over conferences, finances, and procurements in order to eliminate waste and improper or unnecessary expenditures. In addition, we are taking appropriate disciplinary actions where warranted.

While this document outlines only those steps that address the recommendations made in your report, GSA will be taking a number of other decisive actions to address broader issues related to other conferences, overall risk management and internal controls, and

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*Appendix*

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employee ethics. In response to your specific recommendations, the Agency is taking the following direct actions:

IG Recommendation: Ensure expenditures at all future conferences comply with all applicable regulations and policies, including that costs be minimized. Additionally, ensure that conferences are in accordance with steps and recommendations identified in Executive Order 13589 on Promoting Efficient Spending.

GSA Action: On August 9, 2011, I established the Office of Administrative Services (OAS) in order to provide greater oversight and accountability for all administrative functions within the agency. In light of your report, I am accelerating and escalating changes that were already planned for this year. Effective immediately, functions that will be performed by the Chief Administrative Services Officer will include:

- 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 the budget;
- Oversight and coordination with GSA conference/event planners and contracting officers on conference planning; and,
- Review of travel and accommodations related to conference planning and execution.
- Handling of procurement for all internal GSA conferences

This is effective immediately and written notice will be sent to GSA Heads of Services and Staff Offices and Regional Administrators informing them of these changes. The Office of Acquisition Policy, the Office of the General Counsel and the Office of Administrative Services will develop mandatory annual training for all employees regarding conference planning and attendance.

These changes are consistent with the OAS's broad range of functional responsibilities that are primarily focused on internal GSA administrative policies, programs and operations. The OAS's mission is to ensure GSA runs as cost-effectively and efficiently as possible by developing and implementing policy and operational programs, including but not limited to, Personal Property (Internal) Accountability, Internal GSA Procurement, and GSA's Travel Program.

IG Recommendation: Hold senior GSA officials responsible for excessive spending at conferences.

GSA Action: I have directed the GSA Region 9 Regional Administrator to perform a thorough review of the conduct of the Regional Commissioner for the Public Buildings Service in Region 9 with respect to the 2010 WRC. The Agency will take any

*Appendix*

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disciplinary action that may be warranted based on the results of the review. The [REDACTED] has been placed on administrative leave until further notice pending the outcome of the review.

I have made a decision to take disciplinary action against several senior management officials. This can include a range of disciplinary actions, up to and including suspensions or removals. Further, I have directed the appropriate senior management officials to vigorously review the matters raised in your report and determine if additional policy and organizational changes are necessary, and if additional disciplinary actions are warranted against other senior officials and employees.

In addition to the above, I am taking the following steps:

- Directing PBS to cancel all future Western Regions Conferences;
- Reducing PBS travel budgets for FY 2013 in Regions 7, 8, 9 and 10;
- Shifting reporting and oversight of all Regional PBS budgets to the Central Office PBS; and
- Directing the GSA Chief Financial Officer and Senior Procurement Executive to review contracts and expenses not only associated with the WRC, but also all conferences currently in the planning phase, but also all conferences currently in the planning phase.

IG Recommendation: Ensure events are not improperly designated as award ceremonies in order to justify the purchase of food.

GSA Action: The Chief Administrative Services Officer will review and approve any awards ceremonies where food is provided by the Federal government. This topic will be covered in mandatory training for supervisors and managers.

IG Recommendation: Ensure all regulations are followed in procurements associated with conferences, including the ones identified in the recommendations.

GSA Action: I have directed the GSA Office of Acquisition Policy to ensure that the proper training courses are mandatory for contracting officers and event planners who are tasked with conference planning, contracting and execution. Training will be annual and mandatory. Unannounced and random Procurement Management Reviews, under the direction of the Senior Procurement Executive, will be conducted at least quarterly.

IG Recommendation: Determine whether GSA can recover funds from Royal Productions based on GSA including the cost of rooms in the contract price and subsequently providing rooms for free as well as, determine whether GSA can recover funds improperly paid, such as for meals for non-employees.

*Appendix*

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GSA Action: I have directed the GSA Senior Procurement Executive to explore all opportunities for funds recovery in this matter and take appropriate actions.

I appreciate your attention to this matter and will continue to work closely with the Office of Inspector General until it is resolved.

Chairman ISSA. Ms. Johnson?

**STATEMENT OF THE HON. MARTHA N. JOHNSON**

Ms. JOHNSON. Chairman Issa, Ranking Member Cummings, and members of the committee, thank you for providing me the opportunity to present this testimony today.

On April 2nd, 2012, I resigned as Administrator of the General Services Administration and left my cherished career as a public servant. I did so in order to step aside and allow a new team to rebuild GSA from major missteps regarding the Western Regions Conference in October 2010.

I previously served GSA in the Clinton administration, leaving in 2001. At that time, the leadership was strong. Scheduled design programs and other programs were producing much value for our customers. When I returned to GSA in 2010, the agency was not quite the same. A quarter of the executive positions were empty, strategy was nonexistent, major customers viewed our partnership askance, labor relations were acrimonious, a more expensive leasing portfolio had ballooned, and more.

Nearly 2 years had elapsed without a confirmed Administrator. Although I received a unanimous vote by the Senate, my own confirmation was delayed by 9 months. By the time I was sworn in, a sequence of four Acting Administrators had overseen the agency.

What I did not know was that there was yet another problem. The Western Regions Conference and economical training event in the late 1990s had evolved into a raucous, extravagant, arrogant, self-congratulatory event that ultimately belittled Federal workers. Leaders apparently competed in entertainment rather than building performance capability. The expensive planning for that conference was well under way when I entered GSA, and I was unaware of the scope. Thus I began my tenure as Administrator.

I take this opportunity to thank the overwhelming majority of GSA employees, 13,000 of them, who eagerly rose to the task of renewal. Their record is extraordinary: a building portfolio 22 percent more efficient than equivalent private-sector buildings; efficient management of 220,000 vehicles, 10 million trip reservations, billions in purchase card transactions; the innovative USA.gov, results.gov, and more.

As for my part, I set about reconstituting GSA's executive team. Over three-quarters of the senior executives are now in different roles than they were when I arrived. GSA's strategic path is clear. Customers praise us publicly—praise GSA publicly. The labor partnership is fruitful. GSA has email in the cloud. GSA's renovated 1800 F Street headquarters, which held 2,500 people, will be home to 4,500 people next year, allowing GSA to relinquish leases and save millions.

However, GSA's performance, tragically, does not compensate for the issues raised by the IG and this committee. I greeted Mr. Miller's report on the conference without hesitation, agreeing completely with the recommendation. I am extremely aggrieved by the gall of a handful of people to misuse Federal tax dollars, twist contracting rules, and defile the great name of the General Services Administration.

This is how that chapter unfolded. Around late October 2010, Deputy Administrator Susan Brita requested an investigation into the Western Regions Conference. The IG subsequently communicated progress with a PowerPoint deck. In May 2011, we realized this was a very serious matter and we needed all the facts. However painful and disruptive, we were eager for the full report.

In the interim, I addressed leadership, organizational controls, and conference management. I placed a new Regional Administrator in Region 9, relieving Jeff Neely of that responsibility. We also promptly backfilled the Region 9 regional counsel with an internal reassignment. Under organizational controls, I established a Chief Administrative Services Office, reporting to me, with responsibility for GSA's acquisition, oversight of travel, conferences, and the like.

With conference management, GSA had already been overhauling conferences. For example, the 50-year-old interagency resource management conference was evolving from an offsite at a hotel to a shorter event at Gallaudet. This year, it is a 1-day conference. We also cataloged our internal conferences, and Ms. Brita reviewed expenditures until she was satisfied that controls were in place.

I believed the IG would conclude the investigation expeditiously. We finally received a report in February 2012. We then began disciplinary actions, revised internal controls, and adjusted budgets to penalize the regions.

I accepted the IG's recommendation. I extended disciplinary action to career employees. It is a complicated process; it is under way. The egregious course and nature of this evidence led me then to terminate two of the political appointees in the line of authority to me and I submitted my own resignation.

I personally apologize to the American people. As the head of the agency, I am responsible. I deeply regret this. I will mourn for the rest of my life the loss of my appointment.

[Prepared statement of Ms. Johnson follows:]

**Statement of Martha N. Johnson, Annapolis, Maryland  
Committee on Oversight and Government Reform  
April 16, 2012**

Chairman Issa, Ranking Member Cummings and Members of the Committee, thank you for providing me the opportunity to present this testimony to you today.

On April 2, 2012, I resigned my position as Administrator of the General Services Administration ("GSA"), and left my cherished career as a public servant. I did so in order to step aside and allow a new team to lead GSA as it rebuilds itself from major missteps regarding the handling of the Western Regions' Conference in October 2010.

I previously served at GSA for five years in the Clinton Administration, leaving in January 2001. At that time the leadership team was strong, the innovative work of the Multiple Awards Schedule, the Design Excellence program, the first government web portals, and other programs were producing much value to our customers in the United States Government.

When I returned to GSA in February 2010, the agency was not the same. A quarter of the executive positions were empty, strategy was non-existent, major customers viewed our partnership askance, labor relations were acrimonious, the information technology infrastructure was inadequate, the Schedules and other contract vehicles were burdensome, the Federal Acquisition Institute had atrophied, government-wide policy lacked focus, and the more expensive leasing portfolio had ballooned. Of deep concern was that nearly two years had elapsed without a confirmed Administrator. Although I received a unanimous vote by the Senate, my own confirmation was delayed by nine months. By the time I was sworn in, a sequence of four acting administrators had overseen the agency.

What I did not know until much later was that there was yet another problem. The Western Regions' Conference, which had been an economical, straightforward set of training sessions in the late 1990's, had evolved into a raucous, extravagant, arrogant, self-congratulatory event that ultimately belittled federal workers and would stain the very work that other committed staff and I were preparing to do. Leaders apparently competed to show their people how much entertainment they could provide, rather than how much performance capability they could build. The expensive planning for that conference was well underway when I entered GSA, and I was unaware of the scope.

Thus, I began my tenure as Administrator facing the massive challenges of renewal, reinvigoration and transformation. I must take this opportunity to thank and praise the overwhelming majority of GSA employees – the nearly 13,000 people – who eagerly rose to the task. Their record is extraordinary: a building portfolio 22% more efficient than equivalent private sector buildings, arguably the best small



business support program in the federal government through our Schedules program, efficient management of 220,000 vehicles, 10 million trip reservations, billions in purchase card transactions, the innovative USA.gov, GobiernoUSA.gov, Results.gov, and many many other innovative and efficient programs.

As for my part, I set about reconstituting GSA's executive team. Over three quarters of the senior executives are now in different roles than they were when I arrived. GSA's strategic path of More for the Customers' Mission is clear and drives enormous cost savings and efficiency. Our customers repeatedly praise us publicly for our support. Labor relations are rapidly mending and our partnership is fruitful. GSA's information technology infrastructure now supports the cloud for GSA's email, collaborative platforms such as Salesforce and Chatter, and mobile workers so that GSA can dramatically cut its own real estate footprint. GSA's partially renovated 1800 F Street Headquarters building which held 2500 people will be home to 4500 people at this time next year, allowing GSA to relinquish leases and save millions. Additionally, the Federal Acquisition Institute has been overhauled, the Schedules are on track for major upgrades, the Networx transition is rounding the final bend, and much more has been accomplished.

However, GSA's phenomenal record of performance tragically does not compensate for the issues raised by the Inspector General ("IG") and this Committee. I greeted the IG report on the Western Regions' Conference without hesitation, agreeing completely with the recommendations. I am extremely aggrieved by the gall of a handful of people to misuse federal tax dollars, twist contracting rules and defile the great name of the General Services Administration. Further, I am affronted by the insensitivity of the leaders to the culture they were condoning and am appalled that a handful of people can undercut public confidence in GSA and, indeed, all of government.

This is how that chapter unfolded:

Some time around late October 2010, Deputy Administrator Susan Brita requested an investigation into the Western Regions' Conference.

I believe the Inspector General subsequently briefed her with a Powerpoint deck on their initial findings. Ms. Brita shared these findings with four of us in a May 2011 meeting that included: Steven Leeds, Senior Counselor; Michael Robertson, Chief of Staff; Robert Peck, Commissioner of the Public Building Service; and myself. The full team was seriously concerned and unanimously agreed that the IG should conclude his investigation so that we could understand the full extent of the situation. I believe Ms. Brita communicated that message to the Inspector General. We did not envision launching our own investigation at that time as such action would have entailed a terrific duplication of government resources. We realized this was a very serious matter and we needed all the facts however painful and disruptive they might prove to be.

In the interim nine months before receiving the final IG report, we continued various important efforts already underway to strengthen the leadership, secure organizational controls, and address conference management, all of which were troubling in the interim findings:

**Leadership:** In line with our efforts to fill positions and to give executives a broader set of experiences, we secured Ruth Cox as a permanent Regional Administrator for Region 9, relieving Jeff Neely of that additional responsibility which he had shouldered for over two years. We also moved promptly to backfill the Region 9 Regional Counsel with an internal reassignment.

**Organizational controls:** We established the central, consolidated Chief Administrative Services Office and hired a distinguished executive to lead it. This office has been designated with responsibility for GSA's acquisition, oversight of travel and conferences and the like.

**Conference Management:** GSA was already focused on overhauling conferences. The 50 year old Interagency Resource Management Conference ("IRMCO") was evolving from an offsite at a hotel to a shorter event held at Gallaudet University. My last speech as Administrator in March was to the further revamped IRMCO, now a one-day Acquisition Excellence conference with even broader participation and a concentrated agenda. As another example, The Networkx Conference for the telecommunications industry was folded alongside the annual EXPO training conference to reduce travel and expenses. For GSA internal conferences and in response to the President's order regarding government efficiency, we catalogued all our internal conferences and Deputy Administrator Brita reviewed expenditures until she was satisfied that controls were in place.

I was led to believe the IG would conclude the Western Regions' Conference investigation expeditiously. Ms. Brita periodically gave me an update on their expected release date, however, the deadline slipped repeatedly from October to November to December. We finally received the report in March, 2012, a full 15 months after it was requested.

Once GSA received the IG report we reviewed it carefully and began the complex process of disciplinary action, revised internal controls, renewed efforts to train and inculcate among employees the current rules, and actions to adjust budgets to penalize the regions for the wasted monies. We also communicated to the IG that we accepted the recommendations in the draft report.

The process of disciplinary action for career employees is a careful one, requiring due process, the naming of a recommending official, specific documentation, a waiting period of 30 days, and a final disposition by a deciding official. They are also guided by confidentiality rules. Those processes were launched and I believe

continue. Once that work was set in motion, it was clear that the egregious and coarse nature of some of the evidence from the Western Regions' Conference and the disregard for the waste of resources assured a loss of confidence in the leadership of GSA. Therefore, I terminated two appointees in the line of authority and submitted my own resignation.

I personally apologize to the American people for the entire situation. As the head of the Agency, I am responsible. I deeply regret that the exceedingly good work of GSA has been besmirched. I will mourn for the rest of my life the loss of my appointment and its role in leading a vital and important part of the government of the United States of America.

Chairman ISSA. Mr. Robertson?

**STATEMENT OF THE HON. MICHAEL J. ROBERTSON**

Mr. ROBERTSON. Thank you, Mr. Chairman.

Good afternoon, Chairman——

Chairman ISSA. I think your mic is not on yet. Thank you.

Mr. ROBERTSON. Good afternoon, Chairman Issa, Ranking Member Cummings, and members of the committee. Thank you for allowing me the opportunity to appear before you here today.

My name is Michael Robertson, and I am Chief of Staff at the U.S. General Services Administration. Like you, I am appalled and disappointed by the indefensible conduct surrounding the Western Regions Conference outlined in the IG's report. The behavior of those responsible undermines GSA's core mission, the trust given to us by our government customers, and the trust of those we ultimately serve: the American people.

GSA has accepted all of Inspector General Miller's recommendations, and we have taken strong action to prevent further abuses from occurring. And we will continue to work hard to restore faith in our mission.

I appreciate the opportunity to appear today, and I look forward to working with this committee. And I welcome the opportunity to answer any questions. Thank you.

Chairman ISSA. Mr. Foley?

**STATEMENT OF DAVID E. FOLEY**

Mr. FOLEY. Chairman Issa, Ranking Member Cummings, and members of the committee, thank you for inviting me to testify today. My name is David Foley, and I am the Deputy Commissioner of the Public Buildings Service.

I sincerely apologize for my remarks at the awards ceremony for the Western Regions Conference. At the time of my remarks, I was not aware of the significant spending irregularities. I did not intend to condone any wasteful spending or minimize the role of congressional oversight.

I especially apologize to Congresswoman Norton. I have the utmost respect for you. You have always been a strong advocate for GSA and our programs while holding us accountable as an agency, and I did not mean to belittle you or your role in any way. I attempted to make a joke in the context of a talent celebration that I perceived as being similar to a comedic roast.

As the Deputy Commissioner, I should have taken the stage to stress that we have a serious job and responsibility as stewards of taxpayer funds. I realize I missed an opportunity to address nearly 300 people in my organization and stress the importance of the work we do.

During my presentation at the award ceremony, I told the award recipient I was making his dreams come true by making him Commissioner for the rest of the day. Obviously, that was a joke; I was not seriously delegating any authority to the awardee.

I also joked about some of the obligations of being the Commissioner. My understanding at the time was that the Commissioner was paying for the charges associated with the after-hours party on Tuesday evening, so I tried to use that in a humorous way that

suggested that the awardee would have to pay for the party and the hotel.

Finally, I said as the Acting Commissioner he would have to answer for his proposed pay increases in the video. My intent was to point out that the Commissioner has a lot of responsibilities and to answer to a lot of people in the administration and Congress, not to mock the various oversight roles.

My remarks were wrong, and I take full responsibility for what I said. I understand the outrage about this conference, my comments, and how they have inflamed all of the issues surrounding this event.

I preface the rest of my statement by saying that I have only seen the draft IG report that appears to be the same as what has been released publicly. I have not seen any of the supporting documents and was not questioned or briefed by the IG during the investigation, so I do not know all of the details. Additionally, I no longer have access to my emails or files, so I have not been able to review or verify my memory of these events. This represents my understanding based upon what I remember from almost 2 years ago.

Concerning my role in the Western Regions Conference, again I want to start by apologizing. I was not directly involved in the planning for the conference or any of the financial and contracting irregularities identified in the Inspector General's report. I did attend 2-1/2 days of the conference. There were things that seemed over-the-top, but I believed they were not being paid for with government funds. In past conferences, items like the tuxedos and the after-hour parties were paid for by individuals, not the taxpayer. Had I known since what has been revealed, I would have been concerned and would have reported it.

Because of the regional reporting structure in our agency, I did not have supervisory control or authority over how the regional budget was spent, procurement activities, or any of the employees in the Western Regions. The Regional Commissioners and their staff reported directly to their Regional Administrators, who in turn report to the Administrator's office. My primary role as the Deputy Commissioner is dealing with OMB, Congress, and other Federal agencies on critical projects and policy issues. I am not a contracting officer, and I do not have a warrant to approve expenditures.

I attended two of the receptions cited in the IG report. One was hosted by the Commissioner, and I understood that he would be paying for refreshments and beverages. The second was on the last night to thank everyone for their efforts. At the time, I believed that one was paid for by the four hosting Regional Commissioners. I did not believe that any government funds were used to pay for the events that occurred after-hours.

I have spent the last 15 years of my career working for GSA, and I believe strongly in the agency's mission and the value it provides to other agencies and our country. I am truly sorry for my comments and apologize to this committee, the administration, my fellow GSA employees, and, most importantly, the American taxpayers.

At this point, I am willing to take any questions you may have.

Chairman ISSA. Thank you.

Chairman ISSA. Mr. Neely, you have not provided us with any written testimony before the committee. Do you wish to make an opening statement?

Mr. NEELY. No, Mr. Chairman, I don't.

Chairman ISSA. It is my understanding from your counsel that you may want to assert your constitutional privileges and remain silent. Is that correct?

Mr. NEELY. Yes, Mr. Chairman, that is correct.

Chairman ISSA. Mr. Neely, the topic of today's hearing is GSA's culture of waste and spending. You are uniquely positioned to provide testimony that will help the committee better understand the GSA's spending of more than \$850,000 at the conference in Las Vegas in 2010. To that end, I must ask you once again to consider answering the questions, so if you will bear with me.

Mr. Neely, what is your title at GSA?

Mr. NEELY. Mr. Chairman, on the advice of counsel, I respectfully decline to answer based upon my Fifth Amendment constitutional privilege.

Chairman ISSA. Mr. Neely, did you attend the 2010 Western Regional Conference in Las Vegas?

Mr. NEELY. Mr. Chairman, on the advice of my counsel, I respectfully decline to answer based upon my Fifth Amendment constitutional privilege.

Chairman ISSA. Mr. Neely, did you approve the funding for the 2010 Western Regional Conference?

Mr. NEELY. Mr. Chairman, on the advice of my counsel, I respectfully decline to answer based upon my Fifth Amendment constitutional privilege.

Chairman ISSA. Just a few more. Mr. Neely, what was the original budget for that conference?

Mr. NEELY. Mr. Chairman, on the advice of my counsel, I respectfully decline to answer based upon my Fifth Amendment constitutional privilege.

Chairman ISSA. Mr. Neely, are you currently employed by the GSA as a Federal employee?

Mr. NEELY. Mr. Chairman, on the advice of my counsel, I respectfully decline to answer based upon my Fifth Amendment constitutional privilege.

Chairman ISSA. Lastly, Mr. Neely, are you prepared to answer any questions here today about your participation in the 2010 Western Regional Conference?

Mr. NEELY. Mr. Chairman, I respectfully decline to answer any questions here today based upon my Fifth Amendment constitutional privilege.

Chairman ISSA. Mr. Cummings, do you have any questions?

Mr. CUMMINGS. Mr. Chairman, in light of the fact that Mr. Neely has asserted his rights under the Fifth Amendment, I have no questions.

Chairman ISSA. Thank you.

Given that the witness has indicated that he does not intend to answer any questions and out of respect for his constitutional rights, I do now ask the committee to excuse the witness from the table but to have him remain for the remainder of the hearing.

Without objection——

Mr. CUMMINGS. I have no objections.

Chairman ISSA. Without objection, so ordered.

We will now take a very short, about a 4-minute, 3-minute recess. And I would ask Mr. Neely and his attorney to join us through that door.

[Recess.]

Chairman ISSA. Thank you. Thank you all.

Could we have the clerk remove Mr. Neely's name?

I want to thank all of you for your patience. I have served for 12 years, Mr. Cummings for longer. This is the first time we have had somebody do this before one of my committees, so we wanted to make sure we did it exactly according to the rules.

With that, I will recognize myself for 5 minutes.

Ms. JOHNSON, I appreciate your opening statement and the work that you said you did, but I am very troubled by the bonus that Mr. Neely received. How can you justify a bonus for somebody that you knew at the time of his bonus from Mr. Miller in fact was at the center of this misconduct?

Ms. JOHNSON. Congressman, there are two processes; one is the conduct process, and one is the performance process. The conduct process by which I could discipline someone was wrapped up in an investigation which I requested from the IG.

Chairman ISSA. Well——

Ms. JOHNSON. It took much longer than I expected.

Chairman ISSA. No, I appreciate that, but Mr. Miller——

Ms. JOHNSON. The performance process——

Chairman ISSA. Were you aware that excess money was spent at that conference, significant excess?

Ms. JOHNSON. I had received a communication from the IG with nonconclusive results. I was concerned; I wanted the full picture.

So when we moved to the performance cycle, the performance reviews for senior executives are based on a 3 for maintaining an organization, a 4 for reforming an organization, and a 5 for transforming. I was informed that his leasing processes were the model for the Nation. Leasing is one of our critical issues. I granted him a 4.

Chairman ISSA. Okay.

Mr. Miller, you gave that preliminary some 11 months before your final. I am going to ask you something not normally asked of an IG. Would you have tried to find a way not to grant that bonus considering what you knew and had briefed on, concerning Mr. Neely and others?

Mr. MILLER. Mr. Chairman, of course I am not in that position, but, you know, I believe the Administrator was free not to give the Region 9 Regional Commissioner a good performance evaluation and a performance award or a special act award. She was free not to give those special awards to the Regional Commissioner.

She had in her possession a final report on the Hats Off Program, the employee reward program, and that was final. That went final at the end of June. So that was final; all the facts were nailed down on that. She had the interim report——

Chairman ISSA. And I think you have made your case that it was a discretionary, and the discretion, Ms. Johnson, was yours not to

grant that. I appreciate that you are able to bifurcate some of these, but let's go through it.

Did you, in fact, relieve Mr. Neely of some of his responsibilities because of the interim report, as you stated in your opening statement? You made changes—

Ms. JOHNSON. It was an opening communication. It was not an interim report. I received it through the Deputy Administrator, who—and the IG was giving us a—communicating to us that the report was—that the investigation was under way.

Chairman ISSA. Okay. Well, let's go through this. And I will make this available for the record. Although it does say "for official use only," I think it is pretty well outed here.

Was it a 30-page report that detailed the excess spending and the ceremonies and so on? And were you aware of that?

Ms. JOHNSON. I was aware of a PowerPoint slide deck, but I did not see it.

Chairman ISSA. So it was not important enough for you to see?

Ms. JOHNSON. The Deputy Administrator had seen it and shared the information in it with us.

Chairman ISSA. Because I am trying to understand. You personally were responsible for Mr. Neely's bonus, but you were not personally willing to look at the evidence of why he shouldn't receive a bonus?

Ms. JOHNSON. Again, that was a conduct review—

Chairman ISSA. Okay. I think you have answered that—

Ms. JOHNSON. —with a disciplinary process for conduct.

Chairman ISSA. —and I am sorry that you can bifurcate it quite that way.

Mr. Miller, does this one incident represent the only time that you have seen the kinds of excesses in this and other units? And you don't have to be specific on ongoing investigations, but have you seen similar waste, excess stays, spending of the taxpayers' money in a way that is inconsistent with the requirements of law or at least the intent?

Mr. MILLER. In Region 9, yes, Mr. Chairman.

Chairman ISSA. So this was, to use the term, widespread?

Mr. MILLER. Unfortunately, we don't have a report concluding that. We have heard from witnesses that indicate that it was widespread in Region 9.

Chairman ISSA. I mean, certainly, 5 days for a ribbon-cutting with multiple people—

Mr. MILLER. In Hawaii.

Chairman ISSA. —is another example?

Mr. MILLER. Yes.

Chairman ISSA. Do you know, not with specific examples, but do you know or suspect or are you investigating other misconduct including kickbacks, bribes, and other activities that might go to the very question of the objectivity of purchasing and other GSA officials?

Mr. MILLER. We do have other ongoing investigations—

Chairman ISSA. Including kickbacks?

Mr. MILLER. Including all sorts of improprieties, including bribes, possibly kickbacks, but I would have to check on precisely kickbacks.



Chairman ISSA. Well, this committee some years ago, when I was in the minority—or I guess I was in the majority, but a subcommittee chairman—investigated an organization formerly called the Mineral Management Services. And we found that, in fact, they were partying with the people they were supposed to oversee, they were taking gifts and favors, and they thought that they needed to have a close relationship with the people they were interfacing with and justified ignoring Federal rules as to gifts based on that.

Is that similar to what you are seeing at GSA?

Mr. MILLER. Yes, Mr. Chairman, very similar. We are investigating those sorts of things.

Chairman ISSA. As I recognize the ranking member, I might remind everybody that, although we produced scathing reports on the Mineral Management Service and tried to get the then-Bush administration to make changes and the then-Obama administration to make changes, we failed to do so, and the Gulf of Mexico was filled with oil because of that agency's ongoing failures.

With that, I recognize the gentleman from Maryland and would ask that he have an additional 1 minute.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Mr. Miller, as I walked around my district this weekend, a lot of people were complaining about having to write checks to the IRS. And in that light, Mr. Miller, and based on your report, there were thousands or even tens of thousands of dollars in improper expenditures in 2010—with regard to this 2010 conference. GSA employees stayed in luxury resort suites, charged expenses for after-hour parties, and purchased food for non-GSA employees, just to name a few of the examples.

One of the recommendations you made in your report is that, and I quote, "Determine whether GSA can recover funds improperly paid, such as for meals for non-employees," end of quote. I think a lot of people agree with that, including myself. These employees acted like this was their money, and now they should pay it back.

What can you do to recover the funds from these Federal employees?

Mr. MILLER. Congressman Cummings, when Dan Tangherlini became Acting Administrator, one of our first conversations was about sending a bill to the Regional Commissioner, the former PBS Commissioner, and others responsible for these in-room parties and other expenses. And I believe that the Acting Administrator has sent the bill. He is on the next panel, and I believe he would say that he has already at least taken steps to send a bill.

Mr. CUMMINGS. So if they don't pay it back, what happens? I mean, do you have criminal or civil remedies to try to get it back?

Mr. MILLER. Perhaps civil remedies.

Mr. CUMMINGS. Okay. Very good.

Mr. Miller, in several of the interviews your investigators conducted, witnesses told you that they were scared that Mr. Neely would retaliate against them if they blew the whistle. This is actually shocking to the conscience. For example, one employee said that if you crossed Mr. Neely, and I quote, "then you are in trouble. You know, he threatens you with poor performance appraisals," end of quote. When another employee tried to raise concerns about

the extravagant conferences, the witness told your investigators that that employee was, and I quote, "squashed like a bug," end of quote, by Mr. Neely. Those are the kind of threats he allegedly made.

Are you familiar with these statements?

Mr. MILLER. Yes, I am, sir. Those statements and more.

Mr. CUMMINGS. Was this fear of retaliation by Mr. Neely a significant factor enabling him to continue his inappropriate actions for years?

Mr. MILLER. Congressman, it is a significant factor. They apparently had a very hostile environment. And when someone spoke up, they were, quote, according to a witness, "squashed like a bug," unquote. And another witness said that when individuals spoke up, they were, I think, quote, "put down and not in a gentle way," end of quote. So that is a factor, unfortunately.

Mr. CUMMINGS. And this is the same guy that Ms. Johnson gave a bonus to?

Mr. MILLER. Yes, Congressman.

Mr. CUMMINGS. In fact, it wasn't until the Deputy Administrator of GSA, a high-level Democratic political appointee, raised this issue to you that Mr. Neely's actions came to light. It seems clear that Mr. Neely has a lot to answer for.

Let me ask you one final question. The chairman has written to Mr. Neely's attorney, stating that the committee was considering conferring immunity on Mr. Neely. And I applaud the chairman. We have agreed and he has made it clear—and correct me if I am wrong, Mr. Chairman—that he has now indicated that he has no immediate plans to go forward with immunity.

And I want to ask you this question. And I agree with the chairman absolutely. Mr. Miller, given what you have uncovered about Mr. Neely and his actions, would you support granting him immunity at this time and do you think it would be a good idea? Now, I have made it clear the chairman is not going to do that, but I am just curious.

Mr. MILLER. I agree with the chairman's decision not to grant him immunity.

Mr. CUMMINGS. And so, can you tell us why that is?

Mr. MILLER. Well, I believe that the criminal justice system should run its course and that if any charges are brought against Mr. Neely he should defend himself. He does have a right to—a Fifth Amendment right, and all people are presumed innocent until proven guilty. And if such charges are lodged against Mr. Neely, I think the appropriate place is in the court of law.

Mr. CUMMINGS. Now, let's go back for a moment to this retaliation and these threats. Did you hear people—I mean, during your investigation, were there numerous people who said that they felt fear?

Mr. MILLER. Congressman, yes. We had a witness that was extremely afraid, and we made the witness a confidential witness. And that witness, even though she had left and gotten a new job, was extremely afraid that even in her new job she would experience retaliation.

Mr. CUMMINGS. And when they used words like "squashed like a bug," did you get any idea what they meant by that? I mean,

were there things that he had actually done to people that came to light?

Mr. MILLER. I can't go beyond what the transcript of the interview says.

Mr. CUMMINGS. But I take it that you were convinced that this was conduct that was totally inappropriate?

Mr. MILLER. Congressman, we took it very seriously, and we believed our witness when he or she said that he or she was afraid of retaliation.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Chairman ISSA. Would the gentleman yield?

Mr. CUMMINGS. Of course.

Chairman ISSA. I would just like to make sure we both understand on the record, when our counsels provided that letter to his counsel, it was based on his assertion that he might take the Fifth. And we listed a number of things that could affect somebody, but most importantly we had the conundrum that often happens in the law, which is that until you subpoena somebody and they come and they take the Fifth, any other consideration can't actually begin.

So rather than a conclusion that we would consider that it was, you know, sort of a form letter to make sure that this committee stayed properly within both the D.C. Bar's determination, but also, quite frankly, we wanted to make sure that it was understood that we were hoping Mr. Neely, who gave testimony only 3 weeks ago before the IG, would reconsider his willingness to cooperate here. Sadly, he did not.

Mr. CUMMINGS. Mr. Chairman, I want to thank you for that clarification. And I wanted to make it very clear—I mean, that helps tremendously, but I wanted to make it very clear that you were in no way going to proceed with the immunity, I mean, during our discussions. And so——

Chairman ISSA. In none of our investigations to date have we ever considered full immunity, transactional immunity. And we have not yet even considered use immunity. So I don't expect that that will be often, and I would expect that we would consult with you well before doing it.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. I really appreciate it.

Chairman ISSA. I thank you.

And we now go to the former chairman of the full committee, Mr. Burton, for 5 minutes.

Mr. BURTON. You can call me "chairman emeritus." I don't mind that that much.

Chairman ISSA. Should I emphasize the "emeritus"?

Mr. BURTON. No, no, I am just kidding.

Mr. Miller, when you discussed the preliminary report with Ms. Johnson, did you go into all the details or most of the details in this report?

Mr. MILLER. I believe I did, Congressman.

Mr. BURTON. Okay. This was on May the 17th of 2011?

Mr. MILLER. Yes. That is what my calendar indicates, and that is the best of my recollection. We had a meeting——

Mr. BURTON. So she knew about these accusations on May the 11th, then?

Mr. MILLER. Indeed. And my deputy, Bob Erickson, leaned over and said, "This is very unusual that we would do an interim report, but it is so that you can fix future abuses."

Mr. BURTON. Did you tell her about the bullying that took place?

Mr. MILLER. I think we may have alluded to witnesses that were afraid of retaliation, but I am not positive. It has been about a year ago, so——

Mr. BURTON. Well, that is pretty significant, though. I mean, if you were talking to her and there were people that were pushing other employees around, it seems to me that you probably mentioned it at least.

Mr. MILLER. I believe we did, but——

Mr. BURTON. Okay.

Ms. JOHNSON, do you remember May the 11th? Do you remember this report?

Ms. JOHNSON. Congressman, I apologize. I don't remember that meeting, and I don't have access to my schedule that——

Mr. BURTON. Whoa, whoa, whoa. You don't remember the meeting?

Ms. JOHNSON. Well, the Inspector General and I met with some regularity, and I——

Mr. BURTON. Well, this is not an insignificant report.

Ms. JOHNSON. No, I am not saying I didn't remember the issues. I can't place where we had that meeting, and I can't jog my memory.

Mr. BURTON. You can't remember the time, the date?

Ms. JOHNSON. No. I don't have my calendar with me.

Mr. BURTON. But he talked about the irregularities——

Ms. JOHNSON. Yes.

Mr. BURTON. —and he mentioned the pressure that was put on employees, if not bullying. And you didn't take any action about that?

Ms. JOHNSON. There are a couple of things I must repeat. First of all, it was an interim communication——

Mr. BURTON. Yeah, I understand——

Ms. JOHNSON. It was not the final report. I asked for the investigation, and I wanted to hear the full context. I did not want——

Mr. BURTON. Well——

Ms. JOHNSON. —to work with nonconclusive information.

Mr. BURTON. I understand. I heard that before. I heard that before.

Ms. JOHNSON. All right.

Mr. BURTON. But Mr. Neely was still in his position. You had been told that he had bullied people or pushed them, and you kept him in his position, and you gave him a \$9,000 bonus. It just seems almost unthinkable. I mean, if somebody came in my office and said, "There is somebody on your staff that is pushing other people around on your staff"—and I don't have a staff anywhere near the kind of number of people that you dealt with. But if somebody was pushing members of the organization around, I would have taken action immediately. I certainly wouldn't have left him in his position, and I certainly wouldn't have given him a bonus.

So, you know, I wish you could elaborate just a little bit more on that, because I think this is really important. I can't imagine

you seeing this report, talking to Mr. Miller and his associate and him telling you this information and you say, "Well, it is just an interim report. We will wait until it is finalized."

Ms. JOHNSON. You know, I have great respect for the Inspector General, and he and I have worked together a great deal. We asked for this investigation. One does not interfere with an investigation. He was, I assumed, moving quickly and would be getting me the final report promptly.

Mr. BURTON. Well, let me just say this. You wanted to see the final report. But if you knew Mr. Neely was accused of doing this in the interim report and you knew that they have alluded to him pushing employees around and threatening them, why wouldn't you take him and put him in some kind of a position where he couldn't do that while the investigation continued?

I just can't understand why you left him there during the next, what, 8, 9 months when you knew what he had done, or you had a pretty good idea. And even if you didn't know for sure, you would have taken the precaution of putting him someplace where he couldn't bully anybody again. I hate bullies, don't you?

Ms. JOHNSON. I hate bullying, too.

Mr. MILLER. Congressman, if I may for the record, the bullying and the coercive atmosphere—we probably laid out the facts at the May 17 meeting. We probably didn't get very much into the bullying aspect. A lot of that came up later on in the investigation. So, to be fair to Ms. Johnson—

Mr. BURTON. Well, did you mention anything about that to her?

Mr. MILLER. I don't recall if we did.

Mr. BURTON. Well, you said a few minutes ago that you mentioned some coercive action.

Mr. MILLER. It was a coercive atmosphere. We did have a confidential witness. And—

Mr. BURTON. And you told her about the confidential witness?

Mr. MILLER. No, because the witness is confidential. We did tell her what was in the PowerPoint—

Mr. BURTON. Well, let me ask you this. Did you give her enough information to where she should have been concerned about this guy?

Mr. MILLER. Absolutely.

Mr. BURTON. Okay. Well, that is the point.

If there was concern about Mr. Neely, why didn't you put him in a position where he couldn't do what he was doing, at least during the interim for the rest of the investigation?

Ms. JOHNSON. Do I only have 3 seconds?

Mr. BURTON. No, go ahead. I am sure he will let you finish your answer.

Chairman ISSA. Take the time you need.

Ms. JOHNSON. Thank you. All right.

When I asked for the investigation, this is a very serious—when Susan Brita requested the investigation and as we received that interim communication, it was very clear that it was very serious. And I did not want to move until I had a formal, official, complete, you know, conclusive report.

At the same time, I did a number of things to manage the situation. First of all, I put a Regional Administrator into Region 9 su-

pervising immediately Mr. Neely. He did not have an immediate supervisor in the region, and we appointed a Regional Administrator in June, relieving him of his second job and putting direct supervision in there.

We also immediately appointed new general counsel for the region when that person retired, so that I wanted to be sure we had a good team in the region that I could trust around them.

We also did a number of other things around management controls and conference management and so on I can get into. But it was very important to me not to, in any way, interfere in a way that would upset the investigation that the Inspector General was doing.

Now, you have to understand, I did not think it would take 9 more months to complete. I thought it looked pretty complete from what I was hearing, and I wasn't expecting to wait that much longer. So I—so those were the circumstances under which I was operating.

Chairman ISSA. Thank you.

My staff has asked me just to make sure one thing is clear. Earlier you said under oath that you ordered the investigation; then later you said Susan Brita ordered it.

Ms. JOHNSON. I am sorry. Susan Brita, my Deputy Administrator—

Chairman ISSA. Had actually ordered it.

Ms. JOHNSON. —who had—yes. She asked the Inspector General to investigate. I had designated to her the role of interacting with the IG, so—

Chairman ISSA. Okay. So it is correct that Susan Brita did it.

Ms. JOHNSON. —she was doing it for me.

Chairman ISSA. Okay.

Ms. JOHNSON. She did it, yes.

Chairman ISSA. No problem. I just want to make sure that we didn't have any inconsistency there.

Ms. JOHNSON. Sorry.

Chairman ISSA. No, no. No problem. Our goal here is just to get the record accurate. And there will be mistakes made, and we just want to make sure they are clarified when they occur.

With that, we recognize the gentlelady from the District of Columbia, Ms. Norton, for 5 minutes.

Ms. NORTON. Thank you, Mr. Chairman. I appreciate this hearing.

I have got a couple of points to make in my brief period. First, I want to assure Mr. Foley that even members of the Oversight Committee can take a joke with respect to the joke regarding my role on the committee, which has direct oversight over GSA. Far from belittling me, I think that the joke complimented me for my oversight role because it essentially said Norton is on the phone already with you with regard to one of the abuses that were—

Chairman ISSA. Your clock will begin now because we figured that was the joke portion.

Ms. NORTON. Thank you, Mr. Chairman.

I would just like to clarify when actions should have been taken because I have an email, Mr. Miller, from a man who appears to be your deputy, Mr. Erickson, who, on May 3rd, 2011, did issue the

interim report and said, and here I am quoting him, "Our purpose in issuing the interim report was to alert GSA to potential waste and abuse so GSA could take steps to avoid future issues. Please be advised that the investigation is ongoing, and no personnel actions should be taken until you have received the final report."

Now, with respect to some notion that maybe the officers of the agency or even the administration should have taken action, is it your view that personnel action could not have been taken until April, when the final report was released or had become known?

Mr. MILLER. Representative Norton, I believe the email is dated July 25, 2011.

Ms. NORTON. It is. But it says, on May 3rd.

Mr. MILLER. Yes. Well, we gave the interim report on May 3rd to Ms. Johnson and the Deputy Administrator, Susan Brita. On May 17th, we personally briefed the Administrator. And on July 25—and again, there is a second report. The second report—

Ms. NORTON. When was the final report alluded to in this email, when was that final report received?

Mr. MILLER. The final report on the Western Regions Conference is April 2nd. That is the absolute final date.

Ms. NORTON. That is my question. Nothing could have taken place until that final report.

Mr. MILLER. But if I could explain—

Ms. NORTON. Yes.

Mr. MILLER. The email deals with the Hats Off report as well. That was an employee reward program. And we gave a draft report on the same day in May.

Ms. NORTON. So does it allude to both or to only one? I want to get onto my next question.

Mr. MILLER. I believe that Mr. Leeds had confused the two.

Ms. NORTON. So what does it refer to in terms of a personnel action?

Mr. MILLER. Okay. In terms of personnel action, it refers to the Western Regions Conference report.

Ms. NORTON. That was my question. Thank you. That was precisely my question. No action should be taken until the final report.

Let me go onto the next question, because I am seriously concerned about whether we have a culture in the Western Region, whether we have a culture in the GSA. One incident of this kind, one event, one conference of this kind has outraged the public enough.

But there were suggestions, Mr. Miller, in your report, that this was not an anomaly, that similar events or conferences had taken place, that in 2006 and 2008, there had been conferences with fairly lavish catering, that this was not an outlier but rather consistent. Are you looking at the conferences of the Western Region in 2008, in 2006? Do we have a culture in the Western Region that needs closer inspection beyond this particular conference?

Mr. MILLER. Representative Norton, we are looking at conferences in Region 9. There are many conferences in Region 9. There have been Western Regions—

Ms. NORTON. That is the Western Region?

Mr. MILLER. No, there is no Western Region, first of all, of GSA.

Ms. NORTON. So are we talking about the same thing? I don't want to waste time on——

Mr. MILLER. No, we are not. There are 10 regions of GSA and the District of Columbia, which would make it 11. It appears that Regions 7, 8, 9, and 10 got together to do a conference, and they did the conference every 2 years. They called the conference the Western Regions Conference. As far as I know, there is no such thing as an Eastern Regions Conference or a Southern Regions Conference. It is only the Western Regions Conference.

Ms. NORTON. So have you looked at those conferences that were alluded to in your report in 2008, in 2006? Or if not, do you have any intention to look at those conferences to see whether a culture has developed or was developing in these regions in the western part of the United States?

Mr. MILLER. Representative Norton, we are looking at conferences in Region 9 right now. The older Western Regions Conferences will, number one, be old. Already the 2010 conference is——

Ms. NORTON. Do you have any notion that there was a culture there that needs to be examined and to be rooted out? That is what I am really getting at, Mr. Miller.

Mr. MILLER. The witnesses, many of the witnesses say that the Western Regions Conference in Las Vegas was not materially different than the previous Western Regions Conferences, I believe New Orleans, in Oklahoma, and at Lake Tahoe.

Chairman ISSA. If the gentlelady would yield?

Ms. NORTON. I yield to the chairman.

Chairman ISSA. Ms. Norton, we have sent 23 additional letters to other agencies. The committee intends on investigating the whole practice of conferences, team building——

Ms. NORTON. You mean other regions or other agencies?

Chairman ISSA. No, no, other agencies.

Additionally, I certainly would like to make the record very clear, since other GSA regions or groups that could make a region didn't seem to have these conferences, the first question under any administration should be, why does one need it? The second one that begs the worst question in some ways when I look at New Orleans as a location, if you are the western States, who would think that going to New Orleans was the logical place to go if in fact, as I understand, New Orleans is not within any of those groups' regions? So I certainly think that as we look at a pattern that apparently began and continued probably through every administration since Hoover, that what we want to do is bring it to an end under this administration.

But I think the gentlelady makes a very good point in her questions. And we are going to be expansive in our look at unnecessary conferences and meetings, perhaps even challenge coins paid for at the taxpayers' expense so they can give them to each other. And I thank the gentlelady.

With that, we go to the gentleman from Ohio, one of the gentlemen from Ohio, Mr. Turner.

Mr. TURNER. Thank you, Mr. Chairman.

Ms. Johnson, I was fascinated by your opening statement because you said you had been at GSA during the Clinton adminis-



tration and returned during—after the first year of the Obama administration, but it was not the same GSA that you had left. And I want to agree with you. Because I believe that when you left the Clinton administration and returned then after the first year of the Obama administration, you would have been joining an administration that had a completely different culture than the Clinton administration, a completely different culture than the Bush administration.

This is an administration that believes that when government spending is occurring, when taxpayers' dollars are being spent, that jobs are being created. That was the whole crux of the stimulus, the stimulus I voted and many people in this room voted against, is because the American people actually believe that when taxpayers' dollars are being spent that debt is being created.

Now, I have some examples of that spending that GSA was doing. And Mr. Foley, you had said you weren't aware that the tuxes were being paid for by the taxpayers.

This is one of those examples of GSA spending, Ms. Johnson, under your leadership. It includes the conference logo. And everyone was given one of these. This is apparently, I am told, a blackjack dealer's vest so that everybody could feel as if they are in character when they get to the conference. In addition to that, they were given a participatory directory that has everybody's picture. And in it, they are assigned characters and roles. On the page that I have opened here one is assigned Cher; one is assigned Sammy Davis, Jr.; Elvis; and Celine Dion.

Additional items were given to the people that were there, including a then and now book on Las Vegas signed by Mr. Neely himself, thanking them for being there. By the way, this was printed in China. The vest was made in China. They were given other party favors while they were there. All GSA spending, taxpayers' dollars spending. And they were given a coin, a commemorative coin, we will call it a gambling chip for this aspect. It is a commemorative coin commemorating the stimulus; again, you know, a program that most Americans believe did not work. It is celebrating a program that has not created jobs in Ohio and that we have not seen a turnaround in our economy.

But the question that I have is, how much did these items cost, the tuxedo, the coin, the book, the participatory directory? And were stimulus dollars used for this?

Now, I was talking to Brad Miller earlier, and I appreciate his hard work on this, and I want to acknowledge that we have Jo Ann Emerson here, the chairman of the Appropriations Subcommittee under which GSA falls. And it would seem to me that, one, we have a problem that all these items are being purchased and made from China, so we are stimulating China and not the United States. Second thing is, what slush funds exist in GSA that these types of moneys could be moved? It is not just an issue of who approved it. Who in the organization would ever have that type of authority to use taxpayers' dollars to buy a blackjack dealer's vest with an event logo on it?

So, one, I want to know from you, Ms. Johnson, you know, under you, how is it that something like this gets approved for expenditure? What type of funds were used to buy these things? What is

your policy with respect to buying things made in America, since all these things were apparently made elsewhere, including the T-shirts that the participants were given, which were made in El Salvador?

And also I would like Mr. Robertson to give us an answer on, that he will give us a commitment that he will tell us the source of these funds that were used to buy these. And specifically in GSA's budget, how is it that this type of money could be laying around so that it could be used in this slush fund manner? This isn't just an approval process. This isn't just someone brazenly violating their authority. This is an issue of money and a budgetary process being available in GSA to be moved elsewhere when Congress has a tremendous amount of priorities and needs in this country that those moneys should have been applied to, in addition to reducing our national deficit annually.

Ms. JOHNSON.

Mr. JOHNSON. Mr. Congressman, I am just as appalled as you are by those examples of expenditures. When I learned about the extent of them and the nature of them, I began disciplinary action, some of which is confidential and I cannot share at this point. I fired the two political people who were in the chain of command to me, and I resigned.

Chairman ISSA. I think you had a slush fund question in there, too.

Mr. TURNER. Yeah. Mr. Robertson.

And also Ms. Johnson, one other thing before we go on to Mr. Johnson, the fact that you continue to say that you don't want to interfere with an investigation by not approving a bonus is so outrageous that I think everyone in the room is shocked. Not approving a bonus is not interfering with an investigation.

Mr. Robertson, will you assure us that you will tell us how these moneys are available in GSA so that we can on a congressional basis stop it?

Mr. ROBERTSON. Yes. I am happy to get that information to the committee about the budget where these items were purchased. My understanding from the IG's report is that one of the glaring problems that we had at the time was that the budgets were diffused out into the regions. Since then, as part of the response to the report, we have pulled the budgets back into the central office CFO so that there is centralized control over those budgets.

Mr. TURNER. Thank you.

Mr. MILLER. Congressman Turner?

Chairman ISSA. Thank you.

We now go to the gentleman from Virginia—I am sorry, Mr. Miller, did you have something?

Mr. MILLER. I am sorry.

Chairman ISSA. Of course.

Mr. MILLER. If I may, I just wanted to clarify that on page 11 and 12 of the report, we identify those items. We identify the \$1,840 for the vests for 19 regional ambassadors to wear and the \$6,325 on the commemorative coins. And as far as we can tell, no stimulus money was used. The money was paid on government purchase cards and taken out of the Federal Building Fund building operations.

Chairman ISSA. Just a quick follow-up, very quick. So that is \$100 apiece for the vests, and the challenge coin-looking things are about 20 bucks apiece, when those of us who buy them out of our own pocket typically spend less than a dollar apiece. Is that roughly right? They were about \$20 apiece, 300 of them coming to \$6,300?

Mr. MILLER. Yes, \$6,325 is the total for the coins. I would have to go through the math. I am not as quick on the math as you are.

Chairman ISSA. Mr. Connolly, do you give out challenge coins?

Mr. CONNOLLY. I haven't done that.

Chairman ISSA. You know, down at Quantico, you can have them made with your name on them for about a dollar. You got to ask how GSA managed to spend \$20 having them made.

With that, the gentleman is recognized.

Mr. CONNOLLY. If I could say to the chairman, I am told that I will get a discount if we have your face on one side and mine on the other.

Chairman ISSA. That certainly will give great value for its rarity.

Mr. CONNOLLY. That is what I think.

Thank you, Mr. Chairman.

And Mr. Chairman, I want to thank you for your opening statement. I think you struck exactly the right note.

This isn't an opportunity for partisan exploitation. This is an opportunity for the Oversight and Government Reform Committee to look at an agency where something went dreadfully wrong.

And I think, Mr. Chairman, you struck just the right tone, as did the ranking member. And I thank you both for the way you began this hearing.

Mr. Miller, you are the Inspector General of GSA. How long have you been in that job?

Mr. MILLER. Congressman, I was confirmed by the Senate in July 2005.

Mr. CONNOLLY. 2005. Between 2005 and when Ms. Johnson's office alerted you, were you ever aware of the fact that excess spending and raucous behavior and perhaps inappropriate use of resources was going on in the agency anywhere?

Mr. MILLER. We always look for that, sir.

Mr. CONNOLLY. I mean, I am specifically talking about this kind of conference. Because as you pointed out, this isn't the first time this has happened. It happened in New Orleans. It happened in some other locations. Did anyone at any point ever bring to your attention, or did you discover independently that this kind of thing was going on so that you could intervene to prevent when it sadly came to a crescendo here?

Mr. MILLER. We rely on GSA employees to tell us. We did not have hotline complaints about this conference. And I do commend the Deputy Administrator for bringing it to our attention.

Mr. CONNOLLY. Susan Brita.

Mr. MILLER. Susan Brita.

Mr. CONNOLLY. She did that at the direction of the Administrator. Is that correct? Is that your understanding?

Mr. MILLER. That is my understanding. But we have the Administrator here.

Mr. CONNOLLY. I am just asking you as the IG what your understanding was. Was your understanding Ms. Brita was acting alone or at the direction of Martha Johnson?

Mr. MILLER. I viewed the Deputy Administrator as the alter ego of the Administrator.

Mr. CONNOLLY. So the sequence was, though you had been on the job since 2005, the first anybody in the agency alerted you that this kind of excess, to this kind of occasion, was when Susan Brita, acting on Ms. Johnson's behalf, alerted you to the fact that we think something is wrong here.

Mr. MILLER. Ms. Brita came to our office in December 2010 and alerted us. We did not get any hotline reports on it.

Mr. CONNOLLY. Right. And when were the events in question? When did they occur?

Mr. MILLER. In October 2010.

Mr. CONNOLLY. So about a month and a half or so later?

Mr. MILLER. Yes.

Mr. CONNOLLY. Did she indicate to you how she was made aware of these—of this information?

Mr. MILLER. Well, she said she had heard rumors and heard things, overheard conversations.

Mr. CONNOLLY. Now, your review of this matter, if I understand Ms. Johnson correctly, took about 9 months. Is that correct?

Mr. MILLER. We started in earnest when Ms. Brita brought the complaint forward. You do have to understand that there are a lot of documents to go through. Part of the problem is that the funds came from different sources. As the previous question illustrated, we had to identify funds on purchase cards, in building and operation funds, and money budgeted to the conference.

Mr. CONNOLLY. Right. So it is a complicated affair.

Mr. MILLER. It is. And when you talk to witnesses, you know, in turning over the proverbial stone, you find 50 more stones, and you never know what is going to crawl out from under them.

Mr. CONNOLLY. So it took 9 months, though, to be fair and to go through all of that.

Mr. MILLER. Yeah. Sure.

Mr. CONNOLLY. Is that correct?

Ms. Johnson indicated in her testimony that she was a little surprised it took that long. She also indicated that there were many conversations and meetings between you about this and other matters, of course. Did you have conversations with the Administrator about the length of time it was taking? And were you giving her interim reports as to what you were finding?

Mr. MILLER. I believe we had a few. I also—she mentioned the Regional Administrator was appointed in Region 9. In August of 2011, I personally briefed the Regional Administrator about this, shared the interim report, and I advised her to get a handle on the Regional Commissioner's travel and perhaps even have the financial officer take a look at his travel.

Mr. CONNOLLY. Thank you. I have only 25 more seconds. I am going to ask you and Ms. Johnson real quickly, and maybe the chairman will indulge your answer. But one of the critiques of GSA is there is too much autonomy for these 10 regional offices and not

enough top-down management. I wonder real briefly if the two of you would address that.

Ms. JOHNSON. In light of this incident, I would agree that there was, and therefore, there needed to be more central control of the financial structures, yes.

Mr. MILLER. I agree as well.

Mr. CONNOLLY. Thank you, Mr. Chairman. I give back my few seconds.

Chairman ISSA. Would the gentleman yield?

Mr. CONNOLLY. Absolutely.

Chairman ISSA. What is the highest-ranking, highest-paid person in each of these 10 areas? In other words, when we talk about decentralized control, we are talking about relatively large amounts of people in each of these regions. What would be the highest paid—for example Mr. Neely, what was his pay, or the person you put in over him in that region? What was their pay?

Ms. JOHNSON. I am sorry, Congressman, I don't know. I can certainly see if I can get you that information.

Chairman ISSA. Mr. Robertson, would you know?

I think the gentleman hit on something, which is we appreciate things being centralized, but one of the questions is, do we have high-ranking, high-paid civil servants in these regions? And if we are going to be pulling everything back because they are not responsible, perhaps we are paying more than we should for responsibility not met.

Mr. Robertson?

Mr. ROBERTSON. I am happy to get the exact numbers for the committee, but my understanding is that in I believe all the regions the Regional Commissioners are paid more than the Regional Administrators.

Chairman ISSA. But more than \$100,000? Significantly.

Mr. ROBERTSON. I believe both of them are over that number, yes.

Chairman ISSA. Thank you.

Mr. MILLER. Mr. Chairman.

Chairman ISSA. Yes.

Mr. MILLER. The Regional Commissioners are career SES, Senior Executive Service, positions. And they do pay quite a bit. The Regional Administrator is a political appointment at the GS-15 level.

Chairman ISSA. Which would put them quite a bit below an SES.

Mr. Chaffetz is recognized for 5 minutes.

Mr. CHAFFETZ. Thank you, Mr. Chairman.

Ms. Johnson, with whom did you collaborate in the development of your testimony that was submitted? Did you collaborate with anybody in the development of your testimony?

Ms. JOHNSON. I wrote my testimony, and I discussed it with my lawyer.

Mr. CHAFFETZ. Anybody at the White House?

Ms. JOHNSON. No.

Mr. CHAFFETZ. Anybody within the GSA?

Ms. JOHNSON. No.

Mr. CHAFFETZ. Question about why not fire Mr. Neely. You know, he is still being paid by the taxpayers. He is on administrative leave. He is still taking his salary. This is somebody who took

a conference with a budget of \$250,000 and made it over \$800,000; spent \$75,000 on a bike building exercise, where he built a grand total of 25 bicycles for \$75,000; \$2,000 in-room party; yearbook and a souvenir book at a cost of \$8,000 to the taxpayer; \$6,000 for the stimulus coins that were given out at one of the two \$30,000 parties that were given—keep in mind, there were only 300 people at this; and a Top Hat program, a recognition program that has fraud. So my question is to the Chief of Staff is, why is he still an employee of the United States Government?

Mr. ROBERTSON. My understanding is that disciplinary action has been begun against several individuals involved in planning and executing the Western Regions Conference.

Mr. CHAFFETZ. Why does it take so long? You were given this report in February. Correct?

Mr. ROBERTSON. Yes. Correct.

Mr. CHAFFETZ. What does it take to actually be fired from the GSA?

Mr. ROBERTSON. There is a long-standing due process that career employees are entitled to as part of their employment. We have begun that process, among other disciplinary actions, for several individuals that were involved in planning and execution of this conference.

Mr. CHAFFETZ. My question is, why did he get a bonus? Didn't the President of the United States issue a pay freeze?

Mr. ROBERTSON. I wasn't part of that decision.

Mr. CHAFFETZ. You are the Chief of Staff. You are telling my you are not involved in any sort of bonuses.

Mr. ROBERTSON. I was not involved in that bonus.

Mr. CHAFFETZ. Who was?

Mr. ROBERTSON. The Administrator. And there is a performance management review.

Mr. CHAFFETZ. Ms. Johnson, why were you giving out bonuses when the President said there was a pay freeze?

Ms. JOHNSON. The senior executives were entitled to bonuses under our—were entitled to bonuses. I don't believe the pay freeze affected those bonuses.

Chairman ISSA. Would the gentleman yield for just one question?

Mr. CHAFFETZ. As long as it doesn't take some of my time.

Chairman ISSA. The gentlelady just seemed to say entitled. I thought it was that they were possibly going to be granted. Entitlement seems to be a question the gentleman may want to follow up on.

Ms. JOHNSON. I apologize. I did not mean entitled.

Mr. CHAFFETZ. Oh, I think you did mean entitlement. I think that is the fundamental problem that America gets and that government doesn't get. There are a lot of good Federal employees who work hard; they are patriotic, and they are frugal with their money. But when you see this widespread abuse of money, and then you, as the former Administrator, said, well, they were entitled to it, that is where there is frustration just steaming out of our ears. It is totally unacceptable.

And for the President of the United States to look the American people in the eye and say, well, we got a pay freeze in place while you are getting bonuses and going on trips is totally unacceptable.

Tell me about—let's look at the budget here. If you could put up the budget graphic. Is there anything wrong with this number that you see over here? Three point eight that should be billion dollars spent by the administration. These are outlays in the first 3 years. If there is anything wrong that you see with that graphic, please let me know. This is the last 3 years of the Bush administration; the first 3 years of the Obama administration.

I am going to continue on. If you want to get back to me on that, that would be great.

Ms. JOHNSON, can you tell me about Results.gov? You highlighted it as one of the great accomplishments of the GSA. What does it do?

Ms. JOHNSON. The Results.gov, among other online Web sites, allows Federal Government employees, as well as U.S. citizens, to look at and access data about their government.

Mr. CHAFFETZ. So when I type in www.Results.gov, why does it come up blank?

Ms. JOHNSON. I don't know, sir.

Mr. CHAFFETZ. Mr. Robertson, you are the Chief of Staff.

Mr. ROBERTSON. I am unfamiliar with the Results.gov Web site.

Mr. CHAFFETZ. Now, this is the disconnect. You are the Chief of Staff; she is the former Administrator. She cites it as one of just a handful of great accomplishments at the GSA, and you don't even know what it is?

Mr. ROBERTSON. I believe that the Administrator—former Administrator's reference to data was about Data.gov.

Mr. CHAFFETZ. That is not what she said. She said Results.gov. And it is blank. It is blank. It is something that actually the Bush administration does, but I don't see it there. I didn't even go to it until you highlighted it in your testimony. And I would appreciate the GSA getting back to us. I think that is terribly unacceptable.

Location Solvers. My understanding, Mr. Robertson, is that the GSA employs people that are full-time planning coordinators. Is that correct?

Mr. ROBERTSON. That is my understanding, yes.

Mr. CHAFFETZ. Okay. So in this particular instance, Location Solvers is hired, and they were rewarded a \$12,000 finder fee. Why are we hiring full-time people to be party planners only to go out and hire a service that then gets a \$12,000 commission? Don't you think they would have given that commission back to the American taxpayers had we done this directly?

Mr. ROBERTSON. I do not understand that action either. That was one of the outlying—

Mr. CHAFFETZ. I struggle to figure out what you do understand and what you do know. You are the Chief of Staff. We expect you to understand these things.

I yield back, Mr. Chairman.

Chairman ISSA. I thank the gentleman.

We now recognize the gentleman from Kentucky, Mr. Yarmuth, for 5 minutes.

Mr. YARMUTH. Thank you, Mr. Chairman.

I also would like to commend you on this hearing and your opening remarks, and the ranking member as well. I think this is a very constructive hearing. I want to express my outrage at the sub-

ject under investigation not just for myself, but on behalf of the 13,000 current and retired Federal employees in my district, because as Mr. Chaffetz said, we have many, many very responsible public employees, Federal employees who I know are embarrassed by association because of these instances.

I have a question about this whole idea of conferences and the extent to which this practice may be common, not just in GSA but across government. You already said this is not something that is held in every region, this type of conference. But do you have any idea of the number of conferences, kind of internal conferences that are held throughout the GSA organization? Ms. Johnson or Mr. Robertson?

Ms. JOHNSON. I don't have a good sense of the numbers. The numbers of conferences that I attended over my tenure I can talk about. They included about five internal conferences over 26 months.

Mr. YARMUTH. Over 26 months. That is a fairly frequent number. Are there guidelines within GSA for conducting conferences? It is kind of ironic, I think, that you have the agency that is responsible for facilities, and at least in this particular case they had to go to an outside—a private facility outside of—if that is an example, Mr. Chairman, of government spending, I guess stimulating the economy but probably not in the right way if you have Federal facilities that might house these events.

Ms. JOHNSON. Yes, there are various policies and rules, per diem, for example, how much people can spend when they travel, what they can be reimbursed for. Yes, there are.

Mr. YARMUTH. Would there be, for instance, any rules regarding the things that went on here? Like, for instance, the hiring of a mind reader, entertainment, bling, as we call it, these souvenirs; are there any guidelines for those types of acquisitions?

Ms. JOHNSON. I am not familiar with direct guidelines around mind readers and commemorative coins. I am aware that our senior executives should be operating under the common sense of no waste and would be preserving their budgets for other things.

Mr. YARMUTH. Mr. Miller, you have been involved in government for quite a long time. Are there rules in other agencies that you may be familiar with that are more specific as to the conduct of internal conferences or events?

Mr. MILLER. I think the rules governing GSA and GSA policy says that they are to plan conferences with an eye to minimizing costs. And that is from the GSA policy. So, in terms of minimizing costs, things like commemorative coins would be impermissible.

We do have a discussion of rules within the final report. And when it comes down to mind readers, or I think he billed himself as a motivational speaker, in terms of the report, we stayed away from the quality of—any quality judgments on the type of training because we are not the experts in Public Buildings Service, but the rules do allow a motivational speaker. Now, if he was mind reading or entertainment, that would not be permitted.

Mr. YARMUTH. So, in terms of both the activities and the ancillary materials that were provided in here, there were in your estimation, Mr. Miller, violations of agency rules.

Mr. MILLER. Yes. And we have outlined them in our report.



Mr. YARMUTH. And also in terms of the procurement rules regarding the acquisitions.

Mr. MILLER. Yes, sir.

Congressman, they gave a bid of one bidder to another bidder. And that is about as much against the rules as you can come up with.

Mr. YARMUTH. Now, a question, because obviously the GSA is involved in a lot of contracting throughout the country, does your office, does the GSA have sufficient auditing capabilities to deal with not just the auditing of a conference that the agency conducted for itself but for the many other activities that it is involved in, its primary responsibilities?

Mr. MILLER. We do all the auditing at GSA. We do not rely on DCAA, except for a very exceptional circumstance. My office has about 300 employees. We have 70 special agents who would actually interview individuals. And I think they have done a tremendous job with this report. And I think they moved at tremendous speed, often working 18-hour days and weekends. And I do commend the special agents and the forensic auditors that we have.

Chairman ISSA. I thank the gentleman.

We now go to the gentleman from Pennsylvania, Mr. Kelly, for 5 minutes.

Mr. KELLY. I thank the chairman.

Again, thank you for calling this hearing.

You know, this is one of those unusual things. And Mr. Cummings was talking about being back in his district and walking the streets last week. And I got to tell you the same thing happened to me in northwest Pennsylvania.

I wonder if we could, we have a slide showing I believe the mission statement, the visions and goals. That is a real eye chart. Let me go through—

Chairman ISSA. Perhaps the gentleman could read from it.

Mr. KELLY. I am not going to read from that. I am not that good. Let me just say the mission, GSA mission is to use expertise to provide innovative solutions for our customers in support of their missions and, by so doing foster an effective, sustainable, and transparent government for the American people. Then it goes into the vision part. And when you go down to the third bullet point: GSA envisions a government that works ever better for the American people. It is fueled by two powerful sparks for change, namely sustainability and transparency. The former is a doctrine for managing resources with utmost care and an obsession with no waste. The latter is a doctrine for inviting our collective intelligence and our wisdom to work.

Then it goes down to strategic goals, and it goes through what the GSA will test innovative solutions in its own operations, offer those solutions to other agencies through its government-wide contracting and policymaking authorities, which we find out they don't follow.

You know, as I look through this, there is no wonder that the American people have lost faith in their government.

Now, let me ask you something, Ms. Johnson. To date, there was at least four Regional Administrators placed on administrative leave. Is that correct?

Ms. JOHNSON. Regional Commissioners, I think. Did you say Administrators?

Mr. KELLY. Regional Administrators.

Ms. JOHNSON. No, the Regional Administrators——

Mr. KELLY. Jeff Neely, Paul Prouty, Robin Graf, and Jim Weller.

Ms. JOHNSON. Those are Regional Commissioners.

Mr. KELLY. Okay. So they are on administrative leave.

Ms. JOHNSON. Yes, they are from the Public Buildings Service, yes.

Mr. KELLY. Okay. But they are still being paid.

Ms. JOHNSON. I believe so, but I am not there.

Mr. KELLY. Mr. Neely is being paid. He is on administrative leave.

Ms. JOHNSON. On administrative leave, my understanding is the person is——

Mr. KELLY. Okay. You have any idea what these folks make?

Maybe, Mr. Robertson, you are Chief of Staff, you surely would know what these people make.

Mr. ROBERTSON. I am happy to provide the exact numbers, but I believe they are all at the top of the SES scale.

Mr. KELLY. Okay. So what is the top of the scale?

Mr. ROBERTSON. I believe it is close somewhere in the 170 range.

Mr. KELLY. One hundred seventy range. You know, Mr. Chaffetz made some good points. You know, I got to tell you that, thank God, this time what happened in Vegas didn't stay in Vegas. The disappointment of these hardworking American taxpayers to know that the GSA, the watchdog, the people who are going to make sure—listen, they have an obsession with no waste. To see this go on day after day in our government, asking people to give more of what they have, dipping into what they have to support a government that wastes more and more of their money.

I don't think anybody minds paying taxes if the money is well spent. But they sure as heck resent the fact that a government that tells them they have to pay more of their fair share cannot cut back anywhere. In fact, when you folks come in, and you are in charge of it, you can't even answer the questions who did what, when did you know about it, what did you decide to do about it? Who the heck is the watchdog? And if the watchdog is being fed so well, why does it even care what goes on?

And I got to tell you, it is so easy to spend somebody else's money, especially when you are not held accountable. I think it is absolutely ridiculous that the American people have to sit back and watch this. Ms. Johnson, you have a great record of public service. I read your resume. This is very impressive. What did you do in your last job before you came here?

Ms. JOHNSON. I was at the Computer Sciences Corporation.

Mr. KELLY. In December of 2008—in 2008, you were on the Presidential transition team and then came onto the General Services Administration.

Mr. Robertson, tell me what you did before you came in the GSA.

Mr. ROBERTSON. Before entering GSA or before the current position that I hold?

Mr. KELLY. Well, before the current position you have now. Just go a through a little bit, maybe like the last 5 years, 4 years of your career.

Mr. ROBERTSON. Of my career?

Mr. KELLY. Yeah.

Mr. ROBERTSON. Immediately prior to the position I hold now, I was the associate administrator for government-wide policy within GSA. Prior to that, I was the White House liaison inside GSA. Immediately prior to joining GSA, I was the deputy working group lead on the Presidential transition team for—

Mr. KELLY. Okay. Let me just say one thing. For somebody in administration that talks about a clear and transparent government, a government that is more answering to the American taxpayers, I have got to tell you, as a guy who has only been here 14 months, thank God some of us are here now, because apparently you folks that made a career out of spending taxpayer money have got some kind of a magic shield, or you stay inside this bubble that allows you to do those things without absolutely any, any feeling of wrongdoing. And to watch what is going on and watch those videos of what happened and knowing that the people that I represent in northwest Pennsylvania work hard, some of them two jobs—two jobs for mom, two jobs for dad—to make ends meet, and they watch their tax dollars being spent and wasted in this way; it is an absolute shame to have to sit here in this meeting today and listen to that and watch as we take the Fifth, okay, fine, that is your Constitutional right. I am not sure, cloudy, murky. I don't know; it happened before in other administrations. All I was just doing was kind of moving the ball up. It is pathetic. And I got to tell you I can't tell you how disappointed I am.

And with that, I yield back.

Chairman ISSA. I thank the gentleman.

We now go to the gentleman from Massachusetts, Mr. Tierney.

Mr. TIERNEY. Thank you, Mr. Chairman.

I mean, this outrage that we are hearing today is genuine, and it is bipartisan. And I don't need to feed into it any more, except that this notion that the GSA should act like private corporations; I don't think anybody's pleased when they see private corporations, Tyco, AIG, and others out there, wasting their corporate money. The shareholders seem powerless to do much about it. Taxpayers should be upset about that because, of course, somebody is probably writing it off as a business expense. But 100 percent of this wasted money is on the taxpayer. And that is why people are so upset. It is not even masked; it is their taxpayers' money being wastefully spent.

And I have a lot of government employees and GSA employees in my area that work hard every day, and work honestly and don't waste any money; haven't had a raise for a number of years; had their pensions attacked by about 15 bills down here as if they are the problem, when in fact it is these outlying situations that are just ridiculous. And I think it goes deeper and more systemic than just one individual on that.

Let me ask the former Administrator, you were actually nominated at what point in time by President Obama?

Ms. JOHNSON. I was nominated early in 2009.

Mr. TIERNEY. And at that time, was the position of the GSA Administrator, was it vacant?

Ms. JOHNSON. There was no confirmed Administrator.

Mr. TIERNEY. And there hadn't been for a couple of years, right?

Ms. JOHNSON. I believe—I am always bad with chronology—it had maybe about a year-and-a-half, maybe a year.

Mr. TIERNEY. Year, year-and-a-half before you were nominated. How long between the time you were nominated and the time the Senate actually voted on your position?

Ms. JOHNSON. The Senate, I had my hearings in June of 2009, and I was voted unanimously in February 2010.

Mr. TIERNEY. So over 9 months?

Ms. JOHNSON. Yes.

Mr. TIERNEY. What was the delay?

Ms. JOHNSON. Sir, the Senate didn't entertain my confirmation and vote on it.

Mr. TIERNEY. So no permanent Administrator all that period of time.

Now, you had worked as a Chief of Staff at the same agency in the 1990s. Is that correct?

Ms. JOHNSON. Yes, I had.

Mr. TIERNEY. So was this kind of activity, as far as you know, going on in the 1990s?

Ms. JOHNSON. No.

Mr. TIERNEY. Tell me what the agency looked like in your mind in the 1990s when you were there.

Ms. JOHNSON. The agency is full of hardworking people delivering goods and services to the American people. It was an agency that was just emerging from the Clinger-Cohen legislative change for its mandate. And in the mid-1990s, it no longer was allowed to be a monopoly provider to the government. And it became a non-mandatory supplier. So the element of competition was introduced into GSA, which I think was a tremendous improvement in GSA in that it forced GSA to stand up and look at its customers and think about what it was delivering. It was a very exciting time at GSA.

Mr. TIERNEY. I want to read what you had in your written statement here. When you returned to the GSA in February of 2010, the agency was not the same as what you just described I guess. A quarter of the executive positions were empty. Strategy was nonexistent. Major customers viewed our partnership askance. Labor relations were acrimonious. The information technology infrastructure was inadequate. The schedules and other contract vehicles were burdensome. The Federal Acquisition Institute had atrophied. Government-wide policy looked focus. And more expensive leasing portfolios had ballooned. So this is what you found different about the agency from the first time that you served there.

Ms. JOHNSON. Yes.

Mr. TIERNEY. And obviously, that all bespeaks, I would think, of a lack of leadership, going through a rudderless sort of existence. When you were finally sworn in, what did you start doing to try to right that ship?

Ms. JOHNSON. Worked very hard. The very first thing I really did was to try to begin to fill the executive slots. We needed leaders

in those positions, and we needed them quickly. So that was literally my first effort.

Mr. TIERNEY. Who in that chain of command would have been responsible for knowing that the kind of behavior that we are here today about was occurring?

Ms. JOHNSON. The chain of command around this conference would have—it is a matrix. It would have been in the sense that it was in the Public Buildings Service, it was Jeff Neely as the Regional Commissioner reporting up to Bob Peck, who was the Commissioner of the Public Buildings Service. At the same time, it is a regional structure. And the Regional Commissioner reports to the Regional Administrator. There was no Regional Administrator there. Jeff Neely was dual-hatted. So he was essentially—

Mr. TIERNEY. He was watching himself.

Ms. JOHNSON. Yes. And he then in that Regional Administrator role reported in to the senior counselor, who reported to me.

Mr. TIERNEY. Did you set about trying to replace those people and put the right oversight people in charge there?

Ms. JOHNSON. We were filling the Regional Administrator slots, yes, absolutely.

Mr. TIERNEY. It is hard to run an agency when nobody is watching anybody else and there is no oversight on that. That is what strikes me as incredible here. So when this event happened and somebody on your staff reported it to Mr. Miller, was that the first time you were aware that this conduct had been going on?

Ms. JOHNSON. When he gave us the interim communications PowerPoint was when I learned of the extent of it. And that was—that is when it hit me, yes.

Mr. TIERNEY. So nobody had reported to you that this type of behavior happened in New Orleans in 2008 and in other instances?

Ms. JOHNSON. No.

Mr. TIERNEY. Apparently for a number of years leading up to this.

Ms. JOHNSON. No, I did not know about the other conferences, frankly.

Mr. TIERNEY. Thank you. Yield back.

Chairman ISSA. Thank the gentleman.

We now go to the gentleman from Oklahoma, somebody who understands budgets very, very well, Mr. Lankford.

Mr. LANKFORD. Thank you.

And thank you all for being here, giving a chance to voice it. Let me run through a couple things that just strike me. During the time of this conference, at that same month unemployment in the Nation was 9.6 percent. We were in the process—in fact, GSA was in the process of putting out stimulus dollars totaling \$5.85 billion, trying to help through a very dramatic recovery. The President had just recently rebuked public companies who did conferences in Las Vegas that had also received TARP money at a very similar time that GSA is holding a huge conference in Las Vegas of this type. I have been interested, as I have gone back through the history, that several folks had mentioned this kind of behavior had gone on for a while. So I looked at the Oklahoma City conference, which is in the heart of my district, and went back just 4 years before and noticed that in the Oklahoma City conference, same number of peo-

ple, \$323,000 was spent. In the Vegas conference, \$840,000 was spent. So to say all these previous conferences, like Oklahoma City and New Orleans and all this are the same, they are not. There was something that was happening that was very unique. And that was dialing up with incredible speed on this.

Ms. JOHNSON, you have an incredible career, and I mean that in all sincerity, in both the private sector and the public sector. I can't imagine you not having incredible frustration at the process of dismissal on the Federal side, of going through the process of people you know should be dismissed, but instead you have resigned, when you know some of the people most culpable in these decisions are still there going through a long drawn-out process of appeals. My question for you is what do we need to fix in dealing with Federal hiring when this kind of stuff comes up that we can work through a process judiciously, because there are a lot of great Federal employees, but to work through a judicious process where we can clear the house of people that give the Federal Government a bad name?

Ms. JOHNSON. Congressman, I would certainly welcome a thoughtful policy discussion about that. I am not a human resources specialist. I am not sure what I would suggest. Certainly there is due process for employees. I appreciate that. I appreciate the fact that there needed to be two officials involved so that there isn't preemptory decision-making. I would yield to the experts in the personnel management organizations.

Mr. LANKFORD. I understand. But you resigned——

Ms. JOHNSON. Yes, I did.

Mr. LANKFORD. —though your office was the office that actually started this investigation.

Ms. JOHNSON. Yes.

Mr. LANKFORD. This would not come to light unless your office would have started it. But as the leader and at the top, you resigned, and people that were directly there making the decisions, signing onto the warrants, going through these fraudulent contracts, they are still there.

Ms. JOHNSON. Yes, I have resigned, and yes, I believe they are still there.

Mr. LANKFORD. Let me just mention a couple things that are jarring on this to me. One is in the GSA process and one of them I find very meaningful in this, trying to do a piece of charity work with this \$75,000 bike team-building experience. The frustration is they have a \$75,000 team-building experience that was designed to give away 24 bikes to needy boys and girls from the Boys and Girls Club. And so instead of employees putting together this and doing this out of charity, they used taxpayer funds to provide a charity event of these 24 bikes, and then used taxpayer funds to provide an ice cream party for the children when they came and picked them up, and so everyone could feel good. But it wasn't their money, and it wasn't even their time. They were paid to be on the clock to do that as a Federal employee. And the Federal taxpayer paid for the bikes. And then everyone else felt good. And that is one of those moments that we look at and say, where have we gone that suddenly now doing charity work as a Federal employee has

to come from the hardworking American taxpayer rather than actually engaging from it?

The other side is this contracting issue with the sound company and the hotel, not to mention that the charity work done with the bikes directly violates GSA policy on disposing of Federal property. I mean, it is in direct violation of GSA property. Then this sound contract gets preferential treatment over another company. And they get free rooms in addition to the rooms that they were paid for. The hotel contract was really negotiated off line separately so we can have additional food because we didn't pay enough for this, or we are going to do all this extra food for this.

This is the kind of stuff that makes people in my district that try to get a Federal contract furious. And they come to our office and say we are trying to get a Federal contract, but it looks like some sweetheart deal is done for some other company, and no one can validate it. How do we start clearing the deck on this so we really do have fair competition, whether it be in GSA or anywhere else? How do we root this kind of stuff out?

Ms. JOHNSON. Well, I believe, first of all, we have a good oversight process. And I appreciate that the Inspector General is there, and we can go to him and say, would you look into this and find this out? Because it was appalling to me. And I felt grateful that someone had the capability to do that kind of investigation. So that is certainly a piece of it. I think, as alluded to by some other questions, I think leaving agencies without steady leadership is to leave an agency hanging. And although there were able interim Administrators, no one had the clout of being confirmed and able to move in and really assume the job. So I think there are a number of different things that could be addressed.

Mr. LANKFORD. I yield back.

Chairman ISSA. I thank the gentleman.

I might note for the record we did look it up, and SES people can make as much as \$179,000, which means they are paid more than Members of Congress.

Perhaps we could consider those people unnecessary if you are centralizing control, Mr. Robertson.

Ms. JOHNSON. And they are paid much more than I am—was.

Chairman ISSA. Noted.

With that, we go to the gentleman, Mr. Walsh.

Mr. WALSH. Thank you, Mr. Chairman.

Ms. JOHNSON, without getting bogged down into conduct reviews versus performance reviews, why did you give that \$9,000 bonus?

Ms. JOHNSON. I gave that \$9,000 bonus because I was focused on performance, and because the recommendation came from the buildings commissioner, who was the direct budgeting and supervisor of Mr. Neely.

Mr. WALSH. Let me ask it another way. If you could take that bonus back, if you could go back in time and not approve that bonus, would you do that?

Ms. JOHNSON. Well, I would certainly like to avoid these questions, yes.

Mr. WALSH. Would you—

Ms. JOHNSON. I think—

Mr. WALSH. Do you wish you had not approved that bonus?

Ms. JOHNSON. Everything in retrospect is always hard to understand. At the time, I was expecting the Inspector General's report. You know it's not a decision——

Mr. WALSH. I appreciate that. But right now, if you could, do you wish you had not approved that bonus?

Ms. JOHNSON. I am not sure how I can—I am not sure how I can answer that, knowing what I know about all of the rules and the——

Mr. WALSH. I appreciate that. Let me move on.

My colleagues on both sides have rightfully focused on how did this happen? Who knew what? What procedures were in place that let this happen? When did it happen? All important questions in an investigation. But what eats at me is the why; why does something like this happen? And again, many of these examples have been pointed out. The \$6,000 commemorative coins. Did Mr. Neely, Ms. Johnson, think that was his money?

Ms. JOHNSON. I have no idea.

Mr. WALSH. Do you think it is your money?

Ms. JOHNSON. I do think it is my money. That is why I was so appalled. And that is why I resigned.

Mr. WALSH. You don't think that is your money.

Ms. JOHNSON. I believe the—I am a taxpayer. It is my taxpayers' money.

Mr. WALSH. Taxpayers' money. The \$8,000 spent on yearbooks. Do you believe Mr. Neely thought that was his money?

Ms. JOHNSON. I don't know what he was thinking.

Mr. WALSH. Do you think it is your money? Whose money is that?

Ms. JOHNSON. It is the taxpayers' money.

Mr. WALSH. The \$130,000 spent on six scouting missions to visit Las Vegas. Do you think Mr. Neely thought that was his money?

Ms. JOHNSON. I have no idea what Mr. Neely was thinking.

Mr. WALSH. Do you think it is your money?

Ms. JOHNSON. I believe it is the taxpayers' money.

Mr. WALSH. Mr. Robertson, do you think that \$130,000 was your money?

Mr. ROBERTSON. I believe that money belongs to the taxpayers.

Mr. WALSH. Mr. Foley, do you think that was your money?

Mr. FOLEY. No, I believe it is the taxpayers' money.

Mr. WALSH. Food and drink for the conference, \$145,000.

Mr. Robertson, do you think Mr. Neely truly thought that was his money?

Mr. ROBERTSON. I don't know what Mr. Neely was thinking.

Mr. WALSH. Do you think that was your money?

Mr. ROBERTSON. That money clearly belongs to the taxpayers.

Mr. WALSH. Mr. Foley, do you think Mr. Neely thought that was his money?

Mr. FOLEY. I do not know what he was thinking.

Mr. WALSH. Do you think that was your money?

Mr. FOLEY. No. It clearly belongs to the taxpayers.

Mr. WALSH. And I don't know you, and I respect your service, but why even joke, why even joke about abusing taxpayer dollars? Why even do that? I mean, all my colleagues have said, rightfully, every-



body knows what the American people are going through right now.

Mr. FOLEY. It was——

Mr. WALSH. Can't you imagine that for \$6,500, the average struggling taxpayer out there could find something to do with that? For \$8,000 for these souvenir yearbooks, do you think the average man or woman in any one of our districts today would know what to do with \$8,000?

Mr. FOLEY. Again, I absolutely apologize for my remarks. I clearly recognize they were inappropriate.

Mr. WALSH. But Mr. Foley, what made you feel like you could joke about it to begin with? See, what I want to know is this culture, the why, why did Mr. Neely feel like he could do what he did? If Mr. Neely had to foot the bill for this conference would he have felt that he could have abused his own dollars like that?

Mr. FOLEY. I don't know what Mr. Neely would have felt.

Mr. WALSH. It is just—and Ms. Johnson, I know you appreciate this. It is not your money.

It is—Mr. Robertson, it is not your money. And this is what has the American people so worked up: \$8,000 is a lot of money; \$6,500 goes a very long way for most families today. And I would argue that the invisible man there, Mr. Neely, if he had thought this was his money, we wouldn't be here today.

Mr. Chairman, I yield back. Thank you.

Chairman ISSA. I thank the gentleman.

And I would note for the record that we have not been able to get a clarification whether it is 6 or 10. It appears it could be 10 round trips with family in some cases, costing over \$100,000, to find out what Vegas was like.

With that, we go to the gentleman from another region, the gentleman from Texas, Mr. Farenthold.

Mr. FARENTHOLD. Thank you, Mr. Chairman.

And I generally applaud yours and the committee's selection of witnesses. But you have left out one important witness in that hearing, and that is the mind reader. Maybe he could tell us what some of these people were thinking when they did that.

I do have a couple of comments and questions that hopefully you all could clear up for me. I am really concerned about a pattern that we are seeing, not just in the GSA but in the government overall, about a lack of common sense or about it not being our money. You should have a higher respect for the taxpayers' dollars than you have even for your own dollars. They are giving this to us in trust to spend for them.

But you look at what is happening in the news today. You look at this convention. You look at the Secret Service Agents and that fiasco that happened. You look at some of the things this committee is investigating. A lack of common sense in Fast and Furious, the Freddie and Fannie bonuses. And I would like to ask the gentleman from the Inspector General's Office, do you see this pervasive in your agency or pervasive in the government?

The GSA agents I have dealt with personally doing the office we have in the district and helping out with some constituents have been great people. But are we developing in the GSA or the government in general a culture of lack of common sense or indifference

about taxpayers' dollars? I mean, I Priceline hotels. I don't just use you all's government rate.

Mr. MILLER. Congressman, all IGs are very concerned to protect taxpayer dollars and to get the best value for taxpayer dollars. I think the question was asked, you know, why did Mr. Neely do this? We can't get into his head. But one reason was that he could. There was a lack of accountability. He was both the Regional Commissioner and Acting Regional Administrator.

Mr. FARENTHOLD. But wouldn't you agree, regardless of how many rules we have, if we have an attitude of let's see how we can sneak it in under the rules or just outright ignore the rules, the money is going to continue to fly out the door at a fast and furious pace?

Mr. MILLER. Unfortunately, people know the rules, and they know how to skirt the rules.

Mr. FARENTHOLD. And that is really disappointing. And I want to take a second to point out that if this is happening in other government agencies, we need to know about it. This committee has a Web site, Oversight.House.gov, and there is big orange button there that says whistleblower. We need to stop this, and we need to stop the culture of overspending in our government. What we have got to do is take Rudy Giuliani's attitude; let's start with the little things, fix the broken glass. You have got to remember, it is not your money; it is the taxpayers' money, and you owe them the highest duty with respect to protecting that money.

Let me go back to the former Administrator. And I want to commend you for taking responsibility for that and resigning. I wish you would have had a chance to clean up a little bit more before you were able to go. And I do think this is something that this committee and the Congress as a whole needs to look at is how government employees can linger on and on and on, basically on paid vacation when they are on administrative leave. We are getting no value for it. And the money is just going flat out the door.

Do you have any comments on that?

Ms. JOHNSON. Not really, Congressman.

You have heard my thoughts in my statements. I think that we certainly were initiating disciplinary action, and we needed to adhere to due process. And that is what we were working with. But we were working diligently with the process we had.

Mr. FARENTHOLD. And I understand everybody is entitled to due process. And one of the reasons people choose to work for the government is to get away from employment at will. You know, you have some rights with respect to the government. But I am thinking we need to look at, especially in cases of clear misconduct, that we need to be able to find a way to expedite this process. And I do—and pardon me for asking this question, but this is a game of politics, and some people have asked me, your resignation was timed with the day that this report came out. Was that coordinated with the White House or the President's campaign? Did you talk to anybody over there about that?

Ms. JOHNSON. It was certainly not coordinated with the campaign. I did inform the White House. We were in communication with the White House so that they would be aware of it. I mean, I was resigning from my White House appointment. And it was—

Mr. FARENTHOLD. Did the White House ask you to resign, or was that your decision?

Ms. JOHNSON. No, they did not. No, they did not. I chose to resign.

Mr. FARENTHOLD. And again, I commend you on having done the honorable thing there, and thank you for your public service. And I am sorry you have to leave on this sour note. Thank you.

Chairman ISSA. Would the gentleman yield?

Mr. FARENTHOLD. Certainly.

Chairman ISSA. Just a quick follow up. You knew this report was coming. You had 11 months between a scathing preliminary and the final. You resigned on the day it came out. When did you decide that you would resign? When did you first know that this report would look the way it did?

Ms. JOHNSON. I knew when I received the draft report that it would look that way because I had no quarrel with the IG.

Chairman ISSA. So you had 11 months' warning?

Ms. JOHNSON. No, it was 45 days. From the time that they gave us the draft—

Chairman ISSA. So about 60 days, okay.

Ms. JOHNSON. Yeah. I mean, it was someplace in there. And I knew that it—so I knew what was in the report, and I did not contest it. I had no reason to. I accepted all the recommendations.

Part of what we worked through, because I took the role of running our response myself, is understanding what our personnel rules were, what our legal positions were, and so on. And as that unfolded, it became clearer and clearer to me that we needed to do something very—I don't want to use the word "dramatic," but we needed to make a very strong statement about how this was so appalling. So I decided to resign. I finally came to the decision in my own head about 3 or 4 days before I resigned, but I had thought about it for the entire 6 weeks.

Chairman ISSA. Thank you.

The gentleman from New Hampshire, Mr. Guinta, is recognized for 5 minutes.

Mr. GUINTA. Thank you, Mr. Chairman.

I want to continue on this line of questioning. You said over that several-day period you had thought about resigning?

Ms. JOHNSON. Over the whole—well, the thought entered my head right away, you know, was this something I needed to resign over. And I worked my way through what the discipline was for the various people involved, what other actions we could take. But I came to the—you know, I was ready to sit down and write my resignation about 3 days before.

Mr. GUINTA. Did you consult with your Chief of Staff on that?

Ms. JOHNSON. Yes. I mean, he understood my thinking. Yes.

Mr. GUINTA. Okay.

What was your position, Mr. Robertson, in 2007?

Mr. ROBERTSON. My position in 2007?

Mr. GUINTA. Yes.

Mr. ROBERTSON. It depends on what time in 2007. I held two jobs in the year 2007.

Mr. GUINTA. Which were the two?

Mr. ROBERTSON. In the U.S. Senate, in this body of the U.S. Congress, I was a legislative coordinator in the Senate. And then, following that, I joined the Presidential campaign for then-Senator Obama.

Mr. GUINTA. You were a legislative coordinator for a Senator?

Mr. ROBERTSON. Yes.

Mr. GUINTA. Which Senator?

Mr. ROBERTSON. It was Senator Obama.

Mr. GUINTA. Okay. So you went from working for Senator Obama as an LC to then working on the Presidential campaign to then working on transition to then going to GSA to then being Chief of Staff to GSA. Is that fair?

Mr. ROBERTSON. After about 18 months inside GSA, yes.

Mr. GUINTA. Okay, in an 18-month—you went from an LC to a Chief of Staff. That is great. Congratulations.

At what point did you talk with Ms. Johnson about her resignation? She just said that she had talked with you about resigning. When did you speak with her about resigning?

Mr. ROBERTSON. She told me that she was thinking about it at some point during the development of our response. I don't recall the date.

Mr. GUINTA. Can you give me a month, a month of the first time you talked about it with her?

Mr. ROBERTSON. It was sometime between February and April when the final report came out. I believe it was in March.

Mr. GUINTA. Who did you talk to at the White House about her resignation during that period of time?

Mr. ROBERTSON. Nobody.

Mr. GUINTA. You did not convey in writing or verbally to anyone at the White House that there was a consideration of a resignation?

Mr. ROBERTSON. No. To the best of my recollection, I did not.

Mr. GUINTA. To the best of your recollection?

Mr. ROBERTSON. Yeah.

Mr. GUINTA. So you didn't or to the best of your recollection?

Mr. ROBERTSON. To the best of my recollection, I did not communicate anything about the Administrator's resignation to the White House.

Mr. GUINTA. So it is possible you did communicate something to the White House?

Mr. ROBERTSON. To the best of my recollection, I did not communicate anything about the Administrator's resignation to the White House.

Mr. GUINTA. Did anyone from the White House talk to you in writing or verbally about the thought or the idea of Ms. Johnson resigning?

Mr. ROBERTSON. To the best of my recollection, no.

Mr. GUINTA. Mr. Miller, you said earlier in your testimony that it was, I think, abnormal—I don't recall the words you used, but it was not the norm.

Mr. MILLER. Unusual.

Mr. GUINTA. Unusual, okay, thank you. So why did you provide this preliminarily information?

Mr. MILLER. I provided it to the Administrator May 3rd, 2011, so that GSA could take steps to prevent future waste.

Mr. GUINTA. Okay.

And I am reading from Ms. Johnson's written testimony that was submitted today. "We finally received the report"—excuse me, let me back up. You had written, "Ms. Brita shared these findings with four of us in May 2011," and you named the four people who were in that meeting. And according to your testimony, you were part of that meeting. Is that accurate?

Ms. JOHNSON. Yes.

Mr. GUINTA. In your line of questioning with the chairman at the beginning of this hearing, you had stated, quote, "I was aware of a PowerPoint slide deck, but I did not see it." Yet, in your written testimony—so maybe you want to clarify—you said, "Ms. Brita shared these findings with the four of us in May 2011."

The sentence prior to that says, "I believe the Inspector General subsequently briefed her with a PowerPoint deck," yet you are saying you never saw the PowerPoint deck. So I want to be clear if you saw that PowerPoint deck in May during that briefing.

Ms. JOHNSON. I have to apologize. It must be because I am 59 years old, but I have no memory of seeing it.

Mr. GUINTA. Okay.

Ms. JOHNSON. This is based on my memories. If I could see my schedule and jog them and think about what meeting I was in with the Inspector General, I might be able to recall something. But right now I cannot recall that.

Mr. GUINTA. All right. The last point I want to get to—

Ms. JOHNSON. But we did have a discussion about it.

Mr. GUINTA. Okay. Thank you.

The last point I want to get to is the raise of Mr. Neely. I have this email dated November 5th, 2011, which is certainly after, significantly after, you and others were briefed about this incident, this circumstance. And your email said, "I spoke to Bob yesterday afternoon." I believe that is Bob—I would assume you are referring to Bob Peck. "He is recommending a 4 based on the extent to which Jeff is achieving more results in leasing than anyone else and some other things which he didn't delineate. I could support that if the Steve Jobs message is dead-clear. Next year people have to have crackling good collaboration/people skills to get above a 3. I have made that adjustment in a couple of other cases this year. It has to be in the message like a fire siren. Yes on the bonus. He was also Acting RA forever and a day."

That is the entire body of the email sent by you to Susan Brita, with a CC to Steve Leeds and Bob Peck, regarding Mr. Neely's \$9,000—I find it a little shocking that that would really be the only thing we have, the only correspondence we have, the fact that—it looks like you cite two things: He has been an RA forever and a day, and, secondly, that he is achieving more results in leasing than anyone else.

Is there any kind of guideline or specific documentation that someone has to go through to determine if there are measurable outcomes and objectives that someone at this level is meeting the criteria in order to receive a bonus?

Ms. JOHNSON. So the process involves a performance review board, and I believe they had a fair amount of documentation. The Deputy Administrator was briefing me. She was briefing me fairly regularly, just verbally. We sit right next to each other. So she was informing me of their thinking and where they were wrestling with a recommendation and where they were pretty straightforward. There was a lot of dialogue.

Mr. GUINTA. Do you still agree that he should have received this \$9,000 bonus?

Ms. JOHNSON. Well, as the other Congressman was asking what would I do in hindsight, I still am not sure how to think about the two different expectations on me around assessing performance and conduct and how much I would have interfered with a conduct review that I considered very serious if I had moved in a different direction with a performance process and made that less independent.

Mr. GUINTA. Thank you. I yield back.

Chairman ISSA. I thank the gentleman.

We now go to the gentleman from South Carolina, Mr. Gowdy.

Mr. GOWDY. Thank you, Mr. Chairman.

Mr. Miller, have you made a referral to the United States Attorney's Office?

Mr. MILLER. To the Department of Justice, yes.

Mr. GOWDY. I hope it is a different group than the one that handled Fast and Furious. But you have made a referral?

Mr. MILLER. Indeed, yes.

Mr. GOWDY. When did you make it? With a recommendation?

Mr. MILLER. Yes.

Mr. GOWDY. Did you make recommendations for criminal charges or just FYI, forwarded it?

Mr. MILLER. No, we recommended criminal charges.

Mr. GOWDY. All right.

Well, Mr. Chairman, the need for a hearing like this epitomizes our fellow citizens' frustration with government. They are absolutely convinced that we spend their money differently from the way that we would spend our own, and they are exactly correct.

The rest of America cannot comprehend a \$44 breakfast. They are pouring generic brand cereal while you are eating a \$44 breakfast. The rest of America would never conceive of a \$7 Monte Cristo mini-sandwich, and neither would you if you were spending your own money. You don't go out of your pocket and buy commemorative coins. I don't know anyone who does that. But we don't hesitate to spend taxpayer money on a trinket like that.

Giving bicycles to indigent children is a wonderful idea. I hate that you robbed yourself of the satisfaction of knowing what it feels like to do it yourself instead of spending someone else's money to do it.

The ostensible purpose of this hearing was to exchange ideas. You know, Alexander Graham Bell has this marvelous invention called the telephone, or, better yet, videoconferencing. The notion that you have to spend \$800,000 to exchange ideas is laughable and perhaps criminal.

And the part that galls me the most is the hypocrisy of GSA not even following its own damn rules. You are so quick to make every-

one else follow the rules, and you can't follow your own rules. You have an event planner on staff. That will come as quite a surprise to most taxpayers. What will come as even more of a surprise is the fact that you didn't even use them. You paid somebody else to plan the event despite the fact that you have event planners at taxpayer salary.

And the scouting trips. You know, Mr. Chairman, the tribes of Israel sent 12 scouts into the promised land before they decided to invade, and GSA has to send 15 to Las Vegas to check out a hotel.

Do you not see the outrage in that, Mr. Robertson? Do you see it?

Mr. ROBERTSON. Absolutely. This conference was outrageous.

Mr. GOWDY. Well, I am not going to be as self-congratulatory as some other people are. I think the fact that we are having a hearing is a loss. Most people don't need a hearing to know that you don't spend other people's money the way that money was spent at this conference. We don't need a list of recommendations from the Inspector General. We don't need to be reminded that you can't negotiate a discount on a purse because the U.S. Government decided to contract with a hotel. That is criminal.

And a mind reader? My guess is they will not need a mind reader to find out the American public has lost confidence in the institutions of government and their response.

I want indictments, Mr. Inspector General. That is a great way to get people's attention, an indictment. Not a memo, not corrective measure, an indictment.

I went through your report and I wrote 25 times, what is the penalty? What is the penalty for doing what you found that they did? What is the penalty for negotiating a discount on a purse for your personal use because you work for the government and you steered work? What is the penalty for tipping off a competitor of another bid? That sounds remarkably criminal to me, Mr. Inspector General.

You know, Mr. Chairman, while this conference was being planned and executed, I was working in a small DA's office in South Carolina. We had budget cuts. We had to furlough secretaries that were making \$20,000 a year. We started a fund out of our own pocket to pay for kids' birthday presents. We never thought about spending taxpayer money on it.

Working for the government is a sacred trust which you have blown. So instead of a team-building exercise, you might want to investigate a trust-building exercise, because you have lost it.

Chairman ISSA. That concludes our first round. The gentleman's outrage I think is a bipartisan reflection of the entire first round. I will be brief in the second round. There are a few things that weren't covered. So I recognize myself.

Mr. Miller, Exhibit 2, a letter we have from Susan Brita, that, although she was the original, if you will, provocateur that caused your investigation to begin, she writes—or, actually, to Ruth Cox, there is a question, wanted to know why the report had to be made public since she was told otherwise by Bob Peck.

Are you familiar with this exhibit?

Mr. MILLER. Yes, I am, Mr. Chairman.

Chairman ISSA. And I appreciate your completeness in supplying us this.

Chairman ISSA. How do you explain anybody, political appointee or not, considering that any part of this would be retained as private, particularly after such a long time of us not knowing about it?

Mr. MILLER. I can't explain that, Mr. Chairman. We always intended for this to be public. It is of such a magnitude and such an outrage that it had to be made public for transparency.

Chairman ISSA. Well, I would like to follow up on that, because the ranking member and I regularly receive briefings from IGs. IGs, all 12,000 men and women and \$2 billion budget, exist to a great extent for a liaison with this branch. I am a little—I am more than a little concerned. You have done a wonderful job. It is a comprehensive report, and it is going to change a lot of things throughout government. But if you had to do it again, when would you have briefed this committee, your primary committee for oversight?

Mr. MILLER. Well, Mr. Chairman, we wanted to nail down all the facts every which way before we put the report to print. I am receiving your message that we should come to you sooner, much sooner than we have a draft report.

The process was that we wanted to get something together quickly to warn the Administrator and others so that they can stop further waste. We did that quickly and did it in May 2011. It took a long time to nail down the facts every possible way, and we got a final report to her in February. She requested an extension of an extra 30 days.

You know, I—you know, we—I am happy to talk with you about when we should bring these reports to you. These are sensitive reports. They do contain what we view as criminal conduct.

Chairman ISSA. Well, and I appreciate the criminal conduct. And, obviously, one of the concerns we have is, we need to know from a reform standpoint, from an oversight standpoint earlier, not later.

I will say this on the record to you but, in fact, to all the IGs, the 70-plus, and all the people that work for them. It is my intention to work with the ranking member to produce a guidance letter from this committee that would spell out an expectation. If that expectation, which is ordinary—we are going to try to be consistent with what often occurs—if that is not something that we see on a go-forward basis, then I will also draft legislation with the ranking member to try to codify in law.

It has not been a problem in the past. I do find it exceptional. And, by the way, good work. I am not making any disparaging remark on the quality of your work. But it is highly unusual for us not to receive a heads-up much, much sooner, particularly when it would have allowed us—for example, the 23 letters I sent to other agencies—to begin looking at perhaps the effects of so much money being infused into the government.

As you know, Earl Devaney and I work closely. We were monitoring through the stimulus funding a plethora of possible areas in which so much money could, in fact, be misspent. And former IG Devaney, Chairman Devaney, and this committee worked constantly on this, along with the Vice President. So while we were



doing all of that, this would have been helpful. That is the only criticism.

I am going to close here with Mr. Robertson. You were previously liaison to, essentially, the White House. And I know the word "administration" versus "White House" versus "President" gets used loosely. So let's just take the largest question.

In your role as, in fact, the communicator, not representing the Administrator, but representing White House liaison, that role in which your job was to communicate to have no surprises, nothing unknown to the people of the White House, both political and non-political, wouldn't you ordinarily have reported something like this in that role?

Mr. ROBERTSON. The role of the White House liaison is to on-board appointees into different offices in the executive branch agencies and departments.

Chairman ISSA. No, but here is the whole point. When you worked for Senator Obama, I am sure your Chief of Staff told you, "No surprises for the Senator," right?

Mr. ROBERTSON. I don't remember having that conversation in the Senate.

Chairman ISSA. So you would have kept something like this that could embarrass the President, you would have kept it a secret when he was your boss as a Senator? Or would you have told the Chief of Staff that?

Mr. ROBERTSON. I don't know how to answer a hypothetical question.

Chairman ISSA. Well, this is not all that hypothetical. All of us on the dais, in fact, you know, we have the same situation that Senator Obama has. So this is not something that is unusual. When you work for a Member of Congress, it is almost a given that the one thing you don't do is let somebody be surprised with a scandal that occurs under their watch.

Now, I am going to ask you because you still have your job, you are still a political appointee at the highest level—and, as Ms. Johnson says, you are probably making less than the \$179,000 that Mr. Neely is still making today. So I ask you again, during the time that you were White House liaison, wouldn't there be an expectation that you would inform people at the White House?

Mr. ROBERTSON. During my time as White House liaison, I executed the duties assigned to me by my boss, the Acting Administrator, at the time.

Chairman ISSA. So the word "liaison" doesn't mean anything?

Mr. ROBERTSON. It means that the primary duty of the White House liaison is to on-board appointees into the executive branch agencies and departments.

Chairman ISSA. So you are telling me that the Obama administration doesn't use White House liaisons to communicate back and forth to keep the White House staff informed about things that may—a heads-up that may be significant?

Mr. ROBERTSON. My role as White House liaison was to on-board the appointees into the executive branch agencies, my branch agency.

Chairman ISSA. Okay. When did you first become aware of this scandal?

Mr. ROBERTSON. I had secondhand knowledge in May following the briefing that the IG gave to the Administrator. It was mentioned to me that this was an ongoing investigation that existed.

Chairman ISSA. Since May of last year, more than a year, or approximately a year, have you talked to anyone in the administration outside of GSA that may have communicated it to anyone inside the White House or related areas?

Mr. ROBERTSON. Do you mind repeating the question? I am not—

Chairman ISSA. It is a fairly broad question. Did you—once you knew of this terrible scandal, this waste, did you talk to any of your friends, associates, or other people employed either by the Office of the President or related areas within the administration? Did you communicate this to any of your, sort of, friends and family?

Mr. ROBERTSON. I communicated to the appropriate people.

Chairman ISSA. Who are they?

Mr. ROBERTSON. Who are the appropriate people? In my ongoing work as Chief of Staff to the Administrator inside GSA, I occasionally and sometimes on a regular basis communicate to the White House about the policy priorities inside GSA as well as any issues within the agency that might impact administration priorities.

Chairman ISSA. To the best of your recollection, when did you first report this scandal to those people?

Mr. ROBERTSON. To the best my recollection, the first mention I made of the ongoing investigation by Brian, which I was not assigned—it is important to note that the Administrator directly assigned the Deputy Administrator and the senior counselor to both the relationship with the IG as well as the specific investigation.

And after becoming aware of the existence of the investigation, I mentioned it to a White House staffer that I worked with on a regular basis, among, you know, other things that I communicated to them about what was going on inside GSA.

Chairman ISSA. That was a pretty good answer, but the word “when” was in my question.

Mr. ROBERTSON. I apologize, Mr. Chairman. That was sometime shortly after the May 2011 time frame when I became aware that the IG had briefed Administrator Johnson.

Chairman ISSA. Okay. So you hear about it in May; you report it promptly to a staff person within the White House.

Mr. ROBERTSON. I would say it was sometime after May, in the next several weeks that—

Chairman ISSA. Within a few weeks.

Mr. ROBERTSON. Yes.

Chairman ISSA. Who was that staff person?

Mr. ROBERTSON. It was a member of the White House Counsel's Office that I work with on a regular basis as far as GSA issues go.

Chairman ISSA. I said “who.”

Mr. ROBERTSON. It was a lawyer in the White House Counsel's Office.

Chairman ISSA. What is the name?

Mr. ROBERTSON. Her name was Kim Harris.

Chairman ISSA. Kim Harris?

Mr. ROBERTSON. Yes, sir.

Chairman ISSA. Okay. Thank you very much.

I don't want to take this panel longer because we do have another panel. I appreciate the ranking member's indulgence of longer than would ordinarily be prudent. And I recognize the ranking member.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Ms. JOHNSON, you know, I am sitting here, and I have been just listening and watching, and I was trying to figure out some issues. First of all, I know that you are an honorable woman. I know that. And I know that you have a reputation for excellence.

And I just want to go back to when you resigned. Tell us why you resigned.

You know, and let me say where I am going. This is not a trick question. You know, a lot of times when something happens, and although a person at the top does not necessarily feel that it was their fault, they know that they were in charge. Sometimes you will hear a President say, "It was under my watch, I take full responsibility," of whatever. On the other hand, I guess some of them may feel that they actually could have done something different, in other words, to avoid certain things from happening, or that they did something to cause these things to happen.

And I am just wondering, why did you resign? Do you follow my question?

Ms. JOHNSON. Congressman—yes. I resigned because I wanted to step aside so that GSA could have some new leadership going forward. Frankly, the nature of that conference, the coarseness, the videotapes, the kind of impact that it was having deeply disturbed me. And I wanted to, as much as I could, reassure the American people that somebody was taking it quite seriously, and through my resignation, could send the message that this is unacceptable, it is appalling, and it is not the norm.

Mr. CUMMINGS. As I listened to the way you came in and the delay in your confirmation and when you came in and what you came into, you know, and then I watch you, and you said something that you probably don't even realize you said. As a matter of fact, you said it twice, and not necessarily in response to a question; you just volunteered this. I think it may have been the chairman that was asking you. But a comment was made about the salaries of certain employees, and you said, "Yeah, they make more than the Administrator." You said it twice.

Ms. JOHNSON. Oh, I did?

Mr. CUMMINGS. Yes, you did. I saw you. And you seemed like you were very, kind of, upset about that.

And let me tell you where I am going with this. It seems like there are some things going on at GSA—and God knows I hope they are not going on in these other agencies—that are out of control. In other words, the Administrator comes in and there are some things that have been going on. And, you know, I look at what have we read about what Mr. Neely has been accused of doing, and I don't necessarily want to get into all that. But I am just wondering, are there things that you felt you had no control over?

And the reason why this is so significant is because I believe the chairman is concerned, as I am, about getting to the reform that

is necessary to get to, but it seems as if—it is almost like the Administrator is here, and there is something happening down there, and it is all—I mean, when I read the facts of what went on here—you know, a fund that, you know, you can almost pull out a million dollars to hold a conference for. People can talk about this money as if it is their money. The chairman made a good point of that, and others. You know, and they can use it for whatever they want.

I just—I mean, are we—has government become—I mean, do we need a different—some kind of different kinds of controls here?

And you might want to chime in here, Mr. Miller, too. Because, I mean, if we are going to get to the bottom of this—I mean, we can go through these hearings and accuse one administration of doing it and another administration of doing it and all that kind of stuff, but if we don't get to exactly controlling what is going on there, we will never solve this problem. And so then 10 years from now there will be a new set of people sitting up here, and they won't be talking about a \$900,000 event, they will be talking about a \$2 million event.

So I am just—I mean, help us, help us. I mean, you have written this wonderful report, Mr. Miller.

And, Ms. Johnson, am I reading you right, that you—and you seem like you—I have watched your expression. It is like, you know, really—and this is what it seems like you are saying. You don't have to tell me, but it seems like you are saying, this really pisses me off, not that you have to be here, but that you have these people who did these stupid things, did these greedy things, and I am just pissed, but I was not in a position to control it.

And I am not trying to excuse you; I am just trying to get to the bottom of this.

Ms. JOHNSON. I appreciate that. I appreciate that, Congressman.

And I think that—I alluded to what I do think is one of the issues that I would certainly welcome attention to, and that is to be sure that there is leadership in place in these organizations and that they aren't left in interim status too long. I think that is very hard. It is a very large, complicated organization. It takes time for a person even coming in to learn the organization. I was lucky, I already knew a fair amount about it. But I think that the leadership aspect is a pretty important part of this story.

Secondly, I think that with any large organization you do need good management oversight. I had acted as an executive would, and I tasked various people with oversight, and there was a clear breakdown in the organization around that. Where I trusted, I needed to confront the fact that I had trusted and it yielded this. And I resigned as a result.

Mr. CUMMINGS. Mr. Miller, did you have a comment on it?

Mr. MILLER. Well, I have discussed some of these issues with Acting Administrator Tangherlini, and I know he is going to address you in a few minutes.

I applaud him in taking stronger action to strengthen central office control over budgets of the regions. One reason they could spend this money was that their budgets weren't being—they didn't have accountability for their budgets. And so they could move money from the operations fund into a conference and use purchase

cards and that sort of thing. And I believe Mr. Tangherlini will tell you that the CFO now will be able to see those transactions.

There was a—I guess the regions had a lot of power and autonomy. And I know that Mr. Tangherlini is taking steps to have the Deputy Administrator take more active control and management of the regions.

But I don't want to steal his thunder, so I will let—

Mr. CUMMINGS. No, you don't have to steal his thunder, but let me just say this. I agree with the chairman that—I know there may be all kinds of reasons for not giving us some kind of heads-up. But, you know, sometimes—who was the fellow in charge of making sure he oversaw the money? You mentioned his name.

Chairman ISSA. Earl Devaney.

Mr. CUMMINGS. Devaney. Earl Devaney said something that I will never forget. You know, he said he tried to operate in a way where the rules didn't get violated. In other words, he tried to be in front of the train instead of, you know, waiting for things to happen.

And so I just kind of—it's just helpful for us, I mean, that—I mean, we would love to have had all the information on this one so that we could have possibly done some things, I mean, brought some people in and just actually sat around the table and say, look, how do we make sure this doesn't happen, instead of letting it happen and then going—and we probably could have saved some people—first of all, could have saved some money, but we also may have been able to save some embarrassment.

The last thing I want to say is this, Mr. Chairman, as I close, and this will only take a second. You know, a lot of times, groups—and I am saying this to our GSA employees and to other employees that may be watching this. A lot of times, groups are judged by their weakest link. And it is so sad because then people look at what a few people do in that group and they judge the whole group.

And I just want to say that, you know, we have a lot of great Federal employees, and you know it, that are doing a hell of a job. And I just don't want them to be tarnished by this. I just want the public to understand that there are people, like I said in my opening, that, you know, they collect money for the coffee so that they are spending their own coffee money, you know? And they do all those little things coming out of their own pocket. Some of them—many of them, of course, as you know, have taken—you know, they can't get a pay raise for 2 years and whatever and gone on furloughs, all kinds of stuff. And so, anyway, I just don't want the public to judge our Federal employees by these weak links.

And I want to thank you very much. Thank you.

Thank you, Mr. Chairman.

Chairman ISSA. Thank you.

As we close this panel, I would like to let Mr. Robertson and Mr. Miller know that we will likely be back in this setting more times as we get through the reform part of this.

Ms. Johnson, we are unlikely to ask you back in the same setting. Your experience at Computer Sciences Corporation, your experience here—we may ask if you would voluntarily help us as we begin to sort out some of the frustrations you saw between political

appointees, who in fact you might have a hard time recruiting the kinds of people that need to oversee SES and other very senior individuals in the bureaucracy, and of course some of your frustrations that may exist as to what it takes to eliminate a member of civil service even after egregious behavior.

Ms. JOHNSON. I would be happy to be of any support I can be.

Chairman ISSA. And we will make sure it is not at a cost of needing a counsel here again.

Ms. JOHNSON. Thank you.

Chairman ISSA. And, with that, we will take a short recess before the second panel.

[Recess.]

Chairman ISSA. The committee will now come to order.

Our second panel is the Acting Administrator of the General Services Administration, Mr. Daniel M. Tangherlini.

Mr. Tangherlini was kind enough to call me almost immediately after his appointment.

And we look forward to your opening statement and, in light of the first panel and your listening to that, your comments on changes you anticipate. And, with that, the gentleman is recognized for 5 minutes.

Mr. TANGHERLINI. Good afternoon, Chairman Issa—

Chairman ISSA. I apologize. I have to stick with the script. Pursuant to the rules, all witnesses will be sworn. Would you please rise?

Do you solemnly swear or affirm the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

Mr. TANGHERLINI. I do.

Chairman ISSA. Let the record reflect the witness answered in the affirmative.

The gentleman is recognized.

#### **STATEMENT OF THE HON. DANIEL M. TANGHERLINI**

Mr. TANGHERLINI. Thank you. And good afternoon, Chairman Issa, Ranking Member Cummings, and members of the committee. My name is Dan Tangherlini, and I am the Acting Administrator of the U.S. General Services Administration. I appreciate the opportunity to come before the committee today.

First and foremost, I want to state that the waste and abuse outlined in the Inspector General's report is an outrage and completely antithetical to the goals of the administration. The report details violations of travel rules, acquisition rules, and good conduct. Just as importantly, those responsible violated rules of common sense, the spirit of public service, and the trust that the American taxpayers have placed in us.

I speak for the overwhelming majority of GSA staff when I say that we are as shocked, appalled, and deeply disappointed by these indefensible actions as you are. We have taken strong action against those officials who are responsible and will continue to do so where appropriate.

I intend to uphold the highest ethical standards at this agency, including referring any criminal activity to appropriate law enforcement officials and taking any action that is necessary and appropriate. If we find irregularities, I will immediately engage GSA's

Inspector General. As indicated in the joint letter that Inspector General Brian Miller and I sent to all GSA staff, we expect an employee who sees waste, fraud, or abuse to report it.

We want to build a partnership with the IG, while respecting their independence, that will ensure that nothing like this ever happens again. There will be no tolerance for employees who violate or in any way disregard these rules. I believe this is critical, not only because we owe it to the American taxpayers, but also because we owe it to the many GSA employees who work hard, follow the rules, and deserve to be proud of the agency for which they work.

We have also taken steps to improve internal controls and oversight. Already I have cancelled all future Western Regions Conferences. I have also cancelled 35 previously planned conferences, saving nearly a million dollars in taxpayer expenses. I have suspended the Hats Off stores and have already demanded reimbursement from Mr. Peck, Mr. Shepard, and Mr. Neely for private in-room parties. I have cancelled most travel through the end of the fiscal year agency-wide. And I am centralizing budget authority and have already centralized procurement oversight for regional offices to make them more directly accountable.

I look forward to working in partnership with this committee to ensure that there is full accountability for these activities so that we can begin to restore the trust of the American people. I hope that in so doing GSA can refocus on its core mission: saving taxpayers' money by efficiently procuring supplies, services, and real estate and effectively disposing of unneeded government property.

We believe that there has rarely been a time of greater need for these services and the savings they bring to the government and the taxpayer. There is a powerful value proposition to a single agency dedicated to this work, especially in these austere fiscal times. We need to ensure we get back to basics and conduct this work better than ever.

At GSA, our commitment is to our public service, our duty, and our Nation and not to conferences, awards, or parties. The unacceptable, inappropriate, and possibly illegal activities at the Western Regions Conference stand in direct contradiction to the expressed goals of this agency and the administration. And I am committed to ensuring that we take whatever steps are necessary to hold responsible parties accountable and to make sure that this never happens again. We need to focus this agency on the basics, streamlining the administrative work of the Federal Government to save taxpayers' money.

I look forward to working with the committee moving forward, and I welcome the opportunity to answer any questions at this time.

Chairman ISSA. Thank you.

Chairman ISSA. I will recognize myself, and I will start with one question.

Do you know if the administration plans on putting you up promptly to the Senate for confirmation?

Mr. TANGHERLINI. I have not talked to anyone about plans beyond my time coming over as Acting Administrator.

Chairman ISSA. Well, I appreciate that. I want to make sure the record is clear that the earlier panel made it very clear that a series of Acting Administrators was part of the lack of continuity of control that in no small part led to, if you will, Ms. Johnson receiving an agency that was already, to a certain extent, in trouble. So hopefully at OMB and OPM and at the White House that is all being heard, as we speak.

I appreciate the fact that for the record you embraced a number of recommendations. But would you have exception to any of the recommendations from the Inspector General, realizing Ms. Johnson had already embraced all of the recommendations for change?

Mr. TANGHERLINI. No. In fact, the Inspector General and I met on the first day to talk about the report and to talk about building a strong rapport going forward so that we wouldn't have any such situations develop like this again.

Chairman ISSA. The Inspector General made us aware in his answers to our questions that there were ongoing investigations, including ones that fall much more in the nature of corruption, meaning kickbacks, perhaps bribes, and the like.

Would you commit to us today to ensure that both the chairman and ranking member be informed in sufficient specificity to understand the gravity of events, if not necessarily all the details of possible criminal indictments?

Mr. TANGHERLINI. To the extent that I can do that in working with the Inspector General, I would be happy to work with the committee on those issues.

Chairman ISSA. We appreciate that. No small matter. My ego can take not knowing about something. What I can't do is deny the ranking member and myself the possibility of looking for fundamental changes in yours and other agencies in a prompt period of time, we think in 2-year increments or less, and would like to make sure that we don't have 2 years go by without that.

You were previously Senate-confirmed, so the expectation of this committee is that, if you are promptly put up, you would promptly be confirmed again. So hopefully that message is delivered.

You have listened to the testimony of the previous panel, including the frustrations of your predecessor, for more than 2 hours. Do you feel that you would be able to resolve the issues that your predecessor was unable to resolve? And I would particularly question, do you have confidence in the team you now have in place, obviously sans the two that were dismissed?

Mr. TANGHERLINI. Well, I intend to conduct a top-to-bottom review of the organization. As a new person coming in, particularly in these circumstances, I have to have confidence in the people I have, but I also have to have that confidence demonstrated. I have to have a sense of how we have structured the organization, how we have put our resources into play, and make sure that that is in fact the way we think we should go forward. Clearly, there were serious gaps, as evidenced by what took place here.

Chairman ISSA. Now, as you know, you have a fairly large amount of Schedule C political appointees that work for you, just as you are a political appointee. When you were appointed Acting, were you given the full ability to clean house, to determine political



appointees you would keep and those that you would ask to be replaced?

Mr. TANGHERLINI. I believe when I was appointed Acting I was given full latitude to make managerial decisions over the General Services Administration.

Chairman ISSA. I appreciate that, but my question was a little more nuanced. The President has placed a number of political appointees, from your Chief of Staff on down. Were you given the ability, or do you believe you have the ability, to retain or to dismiss any or all of those individuals you find not to meet the standards necessary going forward for what you envision to be a predictable GSA that is cleaned up and that this sort of thing never happens again?

Mr. TANGHERLINI. At the time, I never had a discussion specifically about that. But I did ask if I was going to have full authority to make recommendations on how we should structure the agency going forward, and that I was given assurance I would.

Chairman ISSA. Your predecessor showed a considerable frustration to both the chairman and the ranking member seemingly in two areas: the SESs that were paid a lot of money and, in fact, may not have performed well and even, in the case of Mr. Neely, are still being paid by the taxpayers; and the political appointees who made significantly less than those individuals. Do you share that frustration?

Mr. TANGHERLINI. I, again, need to understand the reason why we have the GSA structure that we do. And in the sense that I heard the description from my predecessor, I understand the nature of her frustration. But I would like to know why we have the structure we have and see if there are ways that we can make it better.

Chairman ISSA. Has the GSA been successful in recovering any money so far from individuals who received benefits that were not warranted, either the individuals who made the decisions to spend the money or those who accepted them?

Mr. TANGHERLINI. We began that process late last week, so I don't think we have received any money back at this time.

Chairman ISSA. How much are you hoping to receive back for the taxpayers?

Mr. TANGHERLINI. Right now we have the case of the three individuals we have sought reimbursement for the private in-room parties. We also have the contractor that charged us for hotel rooms when they were actually getting hotel rooms from GSA.

I want to work very closely with Brian Miller and go through the entire bill of particulars and see how much of that we can get back.

Chairman ISSA. Our indication is that approximately \$100,000 was spent. You know, this is an egregious amount, but when you break it down, one of the most egregious portions were the 10 fam trips, the 10 trips that included other luxury hotels on the Strip and so on that were visited by both individuals and their families. Will you seek to get any part of that money back from the individuals who had their vacations with their family paid for by the taxpayers?

Mr. TANGHERLINI. I will work closely with Inspector General Miller to make sure that, to the extent that any funds are recoverable, we will recover them.

Chairman ISSA. Would you commit to us if you find that you cannot recover because statute doesn't allow for it to inform us? Because ultimately one of the reforms that I believe the chairman, in my role, and the ranking member and all of us on the committee want to do is make sure you are empowered when people receive something they are not entitled to to make sure the statute allows it to be clawed back.

Mr. TANGHERLINI. I will commit to working with the committee and sharing with you where I have succeeded and where I have had less success.

Chairman ISSA. Lastly, you are inheriting an organization that had other problems. Some of the Members that were here earlier have worked on it. I know the ranking member in his role over at Transportation and Infrastructure, Ms. Norton in her role over there, have been frustrated for a very long time that there is a huge amount of waste within the management and disposal of Federal property. That is not the subject of this hearing, but it will continue to be the subject of both individual and joint hearings by T&I and this committee. So I would hope you would be prepared as quickly as possible to address those issues, because they are going to be of billion-dollar concerns to us.

Lastly, so far, we have been able to get from the Inspector General a pretty good production of documents. He has been very cooperative. Would you also commit to make sure that we get documents, preferably in electronic format, and organized pursuant to our request?

Mr. TANGHERLINI. I think, to date, we have provided nearly 50,000 documents to the committee. We had a—the initial request came in just about this time last week, so we have been working day and night and through the weekend to try to provide the committee with all the documents we can.

Chairman ISSA. Well, as I turn it over to the ranking member, I would like this to be an example of how it doesn't take months or a year to get document production. So far, the work from the GSA has been excellent. And that was the reason for the question but also for a comment, that it has been good so far.

With that, I recognize the ranking member.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

I am hopeful, Mr. Chairman, that we can bring Mr. Tangherlini back, and Mr. Miller, for some periodic checkups as to where they are with regard to what they are doing, because I just don't want to—I want us to make sure we stay on top of this.

Chairman ISSA. Oh, I have no doubt we will have several hearings of this sort going forward on a joint basis.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Mr. Tangherlini, you shared your plan to review the previous conferences as well as the controversial Hats Off Program that awarded electronic cameras and iPods to GSA employees. The Hats Off Program has been suspended pending your review. I understand that you also closed all other award programs; is that correct?

Mr. TANGHERLINI. All other similar award programs in which points were given to employees that they could then turn in for prizes or awards.

Mr. CUMMINGS. Uh-huh. And how did that start, do you know?

Mr. TANGHERLINI. I really don't know, and that is part of what I am trying to understand. What I would like to do is look at things like these award programs and ask ourselves, where did they come from, what purpose did they serve, is there some good underlying them, what contractual agreements do we have with our employees related to them.

So we have suspended them. It is part of the top-to-bottom review, to really get to the bottom of where it came from.

Mr. CUMMINGS. And what will be done with the inventory remaining in those award programs?

Mr. TANGHERLINI. Well, for the time being, I have asked them to hold and suspend the inventory pending a decision on whether we move forward on the program. If we move forward on the program, it could be reused. If we don't, we have—we are in charge of disposal of Federal property, so we would find a way to dispose of it properly.

Mr. CUMMINGS. And what type of awards programs, if any, do you feel are appropriate, if any?

Mr. TANGHERLINI. Well, I think that that is one of the things we have to look at, is ask ourselves is our bonus and award program tied to the appropriate outcomes and the appropriate types of performance. GSA is about saving, so we should really find ways that we can re-emphasize savings within the GSA mission.

Mr. CUMMINGS. Now, you heard the testimony of the former Administrator and the fact that I think just about all the Members on the dais are very concerned about—and I think it was probably one of the weak parts of her testimony—the whole issue of the \$9,000 bonus. And she explained the process by which one thing was separate from another thing.

I mean, how do you deal with that? Because I think if there is anything—I remember when we had AIG and all these companies giving bonuses for bad behavior, I was very loud and sometimes loud by myself, and very upset about it. I think when you have bad actors, the last thing you want to do is to give them bonuses. The public doesn't understand it.

And even if there is a two-track process—and that is the impression that I got, there are two tracks here. Some kind of way, we don't want—you know, as you go about the business of trying to re-establish this trust, you don't want the public to be confused about folks going out there and partying with their money and at the same time getting a bonus. I mean, it is like slapping them in the face.

So I am just wondering, what are your plans with regard to that? Have you talked about it? Have you studied it? I mean, I know it is early on, but tell me, I mean, is that something that is GSA-wide, Federal Government-wide? I am just wondering.

Mr. TANGHERLINI. I had some of these responsibilities overseeing the human capital operations at the Treasury Department in my role as assistant secretary of management. And I have to say that I have a slight disagreement. I believe that the process actually

gives the Administrator more authority. And so one of the things we will need to do is make sure, as we look at how we manage performance, that we should look at the conversations we are having with the IG, and if there are any issues out there, and maybe put these things on hold if there are big questions out there.

Mr. CUMMINGS. You know, I talked about reestablishing trust, but it seems as if—you know, when I look at what happened here, it seems as if there may have been rules that were just totally disregarded. And that concerns me, because, and particularly when you have got rules that are being disregarded and not only being disregarded, but then you have folks making videos about how they are disregarding them, which is incredible to me, and basically saying, to hell with those people who are supposed to be over the oversight. I mean, it just seems like you got to dig deep to get into some of this. I don't know if this is just some surface stuff. So I am just trying to figure out, how do you get to that? Were you in here for the Administrator's testimony?

Mr. TANGHERLINI. Yes, I saw the testimony.

Mr. CUMMINGS. All right. And did you hear my last question, sir, with regard to it seems as if the Administrator is here, but then there is all this stuff going on that seems to have a disconnect. And so tell me about that. Talk to me.

Mr. TANGHERLINI. So what I found in just the short time I have been there, and it has only been about 2 weeks now, that it seems obvious to me that there is a disconnect between the headquarters and the regional operations. And to some extent, we need to build a stronger connection at a separation of duties level. So the chief financial officer, I have asked that the chief financial officer of the GSA serve as the chief financial officer straight down into the regions so that we have visibility into the way the regions are designing their budgets, and more importantly, spending their budgets. And I think that that is one of the things, as we conduct a top-to-bottom review of GSA, we can ask ourselves some questions; why are we structured this way? Is this the best way to provide accountability and oversight? And if not, we should change it.

Mr. CUMMINGS. I really wish you well as you go forward. And I, too, agree with the chairman that we have seen what the failure to have somebody in that position permanently can do. And we need to do that. And I am hoping that the President will nominate you or somebody capable of addressing these issues, and then the Senate will move on the confirmation as soon as possible.

Thank you very much. And if there is anything that we can do to be supportive of your efforts, please don't fail to call on us.

Mr. TANGHERLINI. I appreciate that.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Mr. GOWDY. [presiding.] Thank the gentleman from Maryland.

The chair now recognize the gentleman from Texas, Mr. Farenthold.

Mr. FARENTHOLD. Thank you, Mr. Chairman.

And we saw earlier in the day the GSA mission statement. Are you looking at revising that, or are you thinking we are all right with what it is?

Mr. TANGHERLINI. I think as part of a top-to-bottom review, we should start with the mission statement and the goals. I haven't

been there long enough to say whether this is the exact right one or the exact wrong one. It seems to hit many of the key points of savings and efficiency, economy, effectiveness. So I want to make sure that even if we were to change it, that we wouldn't lose those important parts.

Mr. FARENTHOLD. Right. And it would be your belief that in general, it is the GSA's job to get the best deal for the government and efficiently manage what the government has. Just broad general terms.

Mr. TANGHERLINI. Absolutely.

Mr. FARENTHOLD. And part of that would be taking care of tax dollars as if they were your own or, more so, almost as if they were being held in trust.

Mr. TANGHERLINI. Absolutely.

Mr. FARENTHOLD. Great. Now, the title of this hearing was, do we have a culture problem within the GSA or within the broader government? And I have to say I have worked with a lot of great government employees; I have worked with some that aren't so great. Do you think this is a cultural problem, or do you think this is more of a cancer?

Mr. TANGHERLINI. Well, I think we definitely had a cultural problem in Region 9, probably tied to a leadership problem. But I can't say that I know enough about GSA to say whether we do or do not have a cultural problem across the organization when it comes to these issues.

I will point out, though, I have received dozens and dozens of email mails from GSA employees who are every bit as outraged, every bit as angry about what took place here.

Mr. FARENTHOLD. It is my hope that this is a cancer, and we are going to be able to excise it from wherever it exists, be it in the GSA or any other government agency. And I think this committee has already started investigating the spending habits of some government agencies.

I did want to touch on one other point. With regard to the acquisition of services, in his report, the IG identified a number of problems. In fact, this isn't the first report by Mr. Miller that has raised concern about the GSA acquisition officers disclosing competitor pricing or the maximum price. And GSA officials have failed to abide by small business set-asides, failed to properly publish offerings, and omitted important Federal Acquisition Regulations clauses which protect the government. Do you think this is intentional misconduct, or do you think this is just ignorance or poor training?

Mr. TANGHERLINI. I am not sure what it was in this case, but I can tell you that I think it is unacceptable. And I can tell you I think the GSA should be held to a higher standard. We should hold ourselves to a higher standard.

And one of the actions I have taken most recently is to centralize in our senior procurement official, our senior procurement executive, the ability to grant or withdraw warrants. Warrants are the ability to actually make procurement actions. So I think we have to take a good strong look at how we do things, how we set ourselves up, what our standards are, what our performance is. How do we create structures of accountability? And hopefully, we can

make the improvements to make sure that nothing like this can happen again.

Mr. FARENTHOLD. And Members of Congress have district offices where they hear complaints and problems from constituents. And just in the past few months, there have been an alarming number of folks who have complained about the government contracting process, not just with the GSA but other agencies. And you ought to be able to walk away feeling like you were treated fairly by the government. As a former small business owner, I know it takes a lot of time and, in many cases, thousands of dollars to prepare a proposal, especially for a government agency. And to have your bid disclosed to a competitor, or to have your bid, when it was the lowest, passed over is very frustrating to people, and ends up, especially in the case of smaller businesses, you just throw up your hands. You don't have the money to go hire a government contracting attorney. You just walk away and say I am done with the government. And you end up with good people who could offer products and services at a better cost just refusing to go through the red tape.

So I look forward to the GSA making that a priority to educate not just their own contracting officers but the other government agencies that the GSA trains through the Federal Acquisition Institute. And I would appreciate your commitment to make that part of your agenda.

Mr. TANGHERLINI. I appreciate that. And I think you are right, that government contracting isn't always easy, but it should be fair.

Mr. FARENTHOLD. Thank you very much.

I yield back.

Mr. GOWDY. The chair thanks the gentleman from Texas, and now recognizes the gentlelady from the District of Columbia, Ms. Holmes Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. Tangherlini, I must say that I welcome the President's decision to bring you to the GSA, because I am very familiar with your own record as, if you will forgive me, something of a turnaround agent in government because of the tough posts you have had. First, the President simply takes out the top of the agency, including the Administrator, who may not have been conversant with what was happening below, and he had to do that. That is the way things like this are done in parliamentary democracies, like Britain and Asia. But in our country, somehow we go beneath the top and go after someone who has hands on as if the top has nothing to do with how the agency is run.

So I think that your experience running, you were the operational head of the District of Columbia, running the operations of a big city and, for that matter, of the Metropolitan Transit Authority more than equips you to take on what needs to be done here. And you heard perhaps the Administrator speak about how she felt the agency was in need of reforming. I can't imagine that you don't think so as well. It may be that you can continue what she began, and it may be that you have a different vision.

But let me give you a specific example, because it really involves a chain of command. There was a question asked by one of our col-

leagues on the other side that I thought was very good, which is how did Mr. Neely get ahold of this pot of money in the first place? It looked like he regarded as his own. And actually it wasn't ever answered, at least to my satisfaction. It looks like Mr. Neely was in charge of Mr. Neely.

Let me ask you about how decentralized this agency is, and whether it is decentralized to a fault. There is one theory of management, which is I think a very efficacious one, that goes that if you delegate to managers hands-on responsibility, you can hold them accountable and they become more creative. When you get a situation like this, one has to ask about whether or not the agency has any chain of command, whether if, for important issues like spending, the Administrator at the top and the Chief of Staff can sit here and say, well, I don't know anything about it, one wonders whether this agency is simply run at the regional level with Washington having no responsibility for holding the regions accountable. So I would like you to discuss what you think of the chain of command now, if you think it is too decentralized, if you think its operations and its budget—I think you said something about the CFO—but whether in general, this agency has simply allowed itself to be run as if there were—what is it—11 regions running one agency.

Mr. TANGHERLINI. I think autonomy is incredibly important if you are going to allow managers to innovate. But autonomy without accountability can lead to the kind of situations we find here. And what we are interested in—

Ms. NORTON. For example, did Mr. Neely report to anyone on spending, or was he the final check on spending, including his own spending?

Mr. TANGHERLINI. I don't exactly understand the nature of the reporting structure that Mr. Neely was operating under at the time. I can tell you my concern is that the financial management office of the Public Buildings Service was autonomous from the chief financial officer; that each of the different authorities, each of the different regions had authority over their own budget within the region, and so they had autonomy over the administration of those budgets. We even found, in trying to get the records, that it is very hard to get the records from the regions of the actual spending.

So, early on, we think the quickest thing we can do to make sure that we have a stronger sense of accountability to avoid this kind of problem from happening again in the near term and going forward is to centralize the authority over the financial management of the agency within the agency chief financial officer and make each one of those service and regional financial managers report up to the chief financial officer. We are now going to have to build the appropriate data systems, the data collection systems. We are going to have to build the appropriate budget oversight. But that appeared to be missing.

Ms. NORTON. I want to ask you a question about this Hats Off. GSA procures for Federal agencies, doesn't it? If you want to order something, you order it through the GSA. Can it be that through this program, where they awarded electronic cameras and iPods and the like, got out of hand because GSA ran the procurement of these electronic devices, and with little oversight from the top, sim-

ply regarded these stores as something that grew on its own as something that they could use to award to their own employees? In other words, I am looking for the link between their own procurement authority and using that authority within the agency for its own employees in a way that I have never seen done in Federal agencies elsewhere.

Mr. TANGHERLINI. So from what I understand, and this is from the IG report, Mr. Miller's report on the Hats Off program, that that was focused with the electronic equipment, the GPS's, was focused around Region 9 and just Region 9.

Ms. NORTON. Yeah, I am talking about Region 9.

Mr. TANGHERLINI. Right. The broader program operated throughout the agency.

From what I also understand, what was going on in Region 9 was that they were violating simply the, if not the procurement rules, they were violating the personnel rules and the limit you could give for any one special act-type award in that regard. So I think that the rules actually are in place. What we had was a case of people simply ignoring them.

Ms. NORTON. I just wonder if you are going to give out valuable, much-wanted things like iPods and other electronic equipment, it seems to me there ought to be—somebody ought to have done something pretty wonderful in the agency.

Thank you very much, Mr. Chairman.

Mr. GOWDY. I thank the gentlelady from the District of Columbia.

The chair would now recognize himself for questioning.

Mr. Tangherlini, you have a Herculean task ahead of you, which is to restore public trust not just in GSA; most folks don't compartmentalize government that way. They just don't have any trust or confidence in really any of the institutions of government, including those of us sitting on this dais.

So it is a big challenge, but it is a fundamental challenge. You have to do it. And far be it from me to tell you how to do your job. I never ran anything the size of GSA. But I can tell you this, in a little D.A.'s office in Spartanburg County, when we had budget cuts, we suspended all travel. And I would encourage you to do something, not just at the margins, but something to send a message that if it can be done via telephone, it must be done via telephone. If it can be done by video conferencing—I understand, I guess, at some level team building. I am not saying I have never been part of a team building exercise. I am sure I have. I don't remember enjoying it. But I remember—I have been to different conferences where they did it. But these are really austere times. And for folks watching, who really are struggling, it is hard for them to understand what they have heard today or what they have read about this conference. And let me ask you this starting off. If one of the folks we are working for, one of our fellow citizens or a government employee is aware of waste, fraud, abuse, personal gain, is there a repository? They don't have access to the Inspector General. How would just an ordinary citizen or an ordinary government employee that sees waste, fraud, and abuse and wants to correct it, to whom would they report it?



Mr. TANGHERLINI. I know this committee has a Web site on which they can report these things. But actually, a private citizen can report waste, fraud, and abuse that they think is related to GSA to the GSA IG by going to [www.GSAIG.gov](http://www.GSAIG.gov). We also have [fraudnet@GSAIG.gov](mailto:fraudnet@GSAIG.gov). And that is an email address people can use. And the GSA IG has a phone number, (800) 424-5210. And we encourage anyone who sees anything that they think is untoward about GSA activity to reach out to the IG.

Mr. GOWDY. Well, thank you for that.

And you know, Mr. Cummings raised a pretty provocative point, I thought, which is—and so did Mr. Farenthold—where is the line between nuances that need more training and just a character deficiency? Because honestly, some of what happened in this conference, there is no training in the world that is going to fix that. It is just a character flaw. So from a hiring standpoint or a retention standpoint, if you are having to train someone that they can't go to a hotel employee and ask for a discount on a personal purse or pocketbook, it just strikes me that there is no training in the world that is going to fix that. So there has to be a moral component to it. How do you address that from your position?

Mr. TANGHERLINI. I think it starts at—it is a leadership requirement. And it means that you have to have strong messages coming from the top. And that is why in the first week, meeting with the Inspector General, we agreed to send a joint letter to all GSA staff and tell everyone that we have an expectation that they will raise alarm or concern if they see something they think is untoward.

GSA employees are the most skilled employees for understanding the travel rules, the procurement rules, the acquisition rules. So they should be the ones who are the easiest ones to recognize when something is wrong. And so I think we have to start with strong leadership, and then we have to make sure that our leaders are actually sending the leaders in the regions, the leaders throughout the organization are also sending a similar message.

But we also have to encourage employees to come forward and say it is okay to come forward if you see something wrong, because that is the way we can catch these things before they spin out of control and happen the way this one did.

Mr. GOWDY. I have time for one more specific question, so I will end it on this. Most folks reading about this, watching it on the news, are struggling with whether or not they are going to be able to go on vacation this summer. The thought of going on a scouting trip to figure out whether or not they like the condo or the beach house or the amusement park has never entered their mind. Was this a question of people exceeding their jurisdiction, their subject matter jurisdiction, if you will, from a legal standpoint, or was it an abuse of discretion? I mean, is there really the power to say I need to go four or five times to scout a series of four-star hotels? So is it totally outside their jurisdiction, or was it just an abuse of discretion? Because most of us were surprised to learn that you would have the authority to abuse, to have multiple scouting trips when everything is available, I mean virtual online tours, word of mouth. Which is it? Is it a discretion issue or a power issue?

Mr. TANGHERLINI. I may not be the best person to answer that question.

I can tell you what we have done. And what we have done is centralize our travel and conference approval process in our chief administrative officer's office. Now, we don't think we are going to get in the way of anyone doing important and valuable travel and training by simply asking that they come to the front office; they come to the GSA headquarters and make a case for what it is exactly they are doing. And then, hopefully, if this kind of thing begins to happen, we can see a pattern, and we can stop it before it goes any further. Frankly, I think that people know when they are being watched and that they have to make a case and they have to document it, that that will in part stop this behavior.

Mr. GOWDY. Well, my time is up. On behalf of all of us, thank you for your testimony today. We honestly, earnestly wish you well. I don't know you. Not because I personally want you to do well, but for us to make it as a Republic, you have to do well. We have to do well. We can't survive with people not having confidence in the institutions of government. We just won't make it.

So on behalf of all of us, thank you and good luck.

Mr. TANGHERLINI. Thank you.

Mr. GOWDY. With that, the hearing is adjourned.

[Whereupon, at 4:54 p.m., the committee was adjourned.]

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CHAIRMAN

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LAWRENCE J. BRADY  
STAFF DIRECTOR

ONE HUNDRED TWELFTH CONGRESS

## Congress of the United States

### House of Representatives

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### Opening Statement

Rep. Elijah E. Cummings, Ranking Member

ELIJAH E. CUMMINGS, MARYLAND  
RANKING MINORITY MEMBER

EDIE PHILIP TOWNS, NEW YORK  
CAROLYN R. MALONEY, NEW YORK  
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CHRISTOPHER S. MURPHY, CONNECTICUT  
JACKIE SPEER, CALIFORNIA

### Hearing on "Addressing GSA's Culture of Wasteful Spending"

April 16, 2012

Thank you, Mr. Chairman. I want to begin by thanking Mr. Miller, the Inspector General at GSA, for bringing to light this gross abuse of taxpayer funds and for his office's work over the past year investigating the conference in 2010. Two weeks ago, the nation was appalled to learn the results of this investigation: that GSA employees betrayed the trust we placed in them.

For example, the Inspector General's report described the actions of Jeff Neely, a career GSA employee for many years and a senior-level executive in the Pacific Rim region based in San Francisco. He is certainly not the only official implicated in this investigation, and several others appear to have maximized their own benefit in an environment in which they knew they could get away with it. Nevertheless, Mr. Neely's role as the host of the 2010 conference has raised significant questions.

According to the report, Mr. Neely engaged in an indefensible and intolerable pattern of misconduct, including repeatedly violating federal travel and procurement rules, holding lavish parties in luxury suites, and allowing his wife and other non-government officials to participate in some of these events at the taxpayers' expense.

In addition, documents obtained by the Inspector General indicate that Mr. Neely was aware that his actions were inappropriate. In one email, Mr. Neely invited personal friends to the conference, writing, "We will get you guys a room near us and we will pick up the room tab. Could be a blast." He then wrote this:

I know. I am bad. But as deb and I say often, why not enjoy it while we have it and while we can. Aint going to last forever.

The record indicates that Mr. Neely's wife personally handled party arrangements, directed the actions of federal employees, and ordered thousands of dollars of food at taxpayer expense. In one case, Mr. Neely's wife reportedly impersonated a federal employee so she could join him at a private sector conference.

The impression conveyed by these documents is that Mr. Neely and his wife believed they were some sort of agency royalty who used taxpayer funds to bankroll their lavish lifestyle.

They disregarded one of the most basic tenets of government service—it's not your money, it's the taxpayers' money. Some of my questions today will be about the Inspector General's recommendation to get some of that money back. I want to know how we can recoup these funds, including from Mr. Neely and other GSA employees personally.

I understand the Justice Department may be examining Mr. Neely's actions, and that he intends to invoke the Fifth Amendment today. That is his right under the Constitution, and the Committee should act responsibly in respecting his decision.

However, I do not support granting Mr. Neely immunity at this time. Mr. Chairman, on Thursday you sent a letter to Mr. Neely's attorney suggesting that you were considering immunizing him. On Friday, Mr. Neely's attorney responded positively, writing that Mr. Neely "will abide by the appropriate court order and the procedures set forth under the immunity statute."

Granting immunity is a serious action that should not be entered into lightly since it could negatively impact a future criminal prosecution. Such a decision requires thoughtful consideration and consultation with the Justice Department. Our Committee has had no consultations about this, and I see no reason to immunize Mr. Neely if he has taken the actions of which he stands accused.

In addition to addressing the actions of specific individuals, we need to understand how GSA's systems allowed this to happen in this case, the extent to which it happened in previous cases, and the reforms necessary to prevent it from ever happening again.

According to interviews by the Inspector General's office, these activities were going on for years. When discussing the 2010 conference, one witness stated: "[T]he planning of it was similar to what had happened in previous WRCs [Western Regional Conferences]. You know, we just kind of proceeded based on that."

When investigators asked another witness whether the 2010 conference was an "outlier," he said it was "pretty consistent" with previous conferences, and that although Mr. Neely "wanted to do better than they did in New Orleans" in 2008, there was "not much difference."

Let me close by noting that one of the most damaging aspects of this incident is that it tarnishes the reputation of government workers who dedicate their lives to public service. It gives them a bad name, and it is completely unfair. There are scrupulous employees across the government who follow the rules every single day. They pool money out of their own pockets just to pay for coffee in their offices. They are honest and hardworking, and they should not be painted with the same brush.

Thank you, Mr. Chairman.

## Email from GSA Deputy Administrator Susan Brita to GSA IG Brian Miller

*Region 9 Administrator is political appointee Ruth Cox. Bob refers to former Public Buildings Commissioner Bob Peck*



Fw: My latest blog  
Brian D. Miller to: [REDACTED]

04/14/2012 05:04 PM

----- Forwarded by [REDACTED] on 04/14/2012 04:23 PM -----

{In Archive} Re: Fw: My latest blog

Susan Brita (AD) to: [REDACTED]

01/31/2012 12:51 PM

Cc: "Robert Erickson Jr."

Archive:

just spoke to region 9 administrator. she is very aware of trip, is supportive, issues with federal courthouse in Saipan.  
she wanted to know why WRC report has to be made public, since she was told otherwise by bob.

On Tue, Jan 31, 2012 at 11:49 AM, [REDACTED] wrote:

From: "Robert Peck (PJ)" [REDACTED]

To: Brian Miller [REDACTED] "Robert Erickson Jr." [REDACTED]

Date: 01/20/2012 04:27 PM

Subject: Fwd: My latest blog

This is the blog about the NCR crooks. I keep the blogs short, but I'm hoping it makes the appropriate warning points, while praising our overwhelming number of honest people.

**ROBERT A. PECK**  
Commissioner, Public Buildings Service  
U.S. General Services Administration



----- Forwarded message -----

Statement of Congressman Gerald E. Connolly

April 16<sup>th</sup>, 2012

Everyone acknowledges that the GSA Western Regions Conference event was an inexcusable waste of money. It was so inexcusable that the GSA Administrator fired the officials responsible for it or placed them on leave where civil service regulations prevent immediate firing. Then the Administrator resigned herself, sending the message that even if she hadn't planned or attended the event she had to take personal responsibility for it.

The former Administrator did not resign, however, until completing a response to the GSA Inspector General. In that response, she outlined a comprehensive set of proposals to prevent the waste of the Western Regions conference from recurring. The Administrator canceled future Western Regions conferences, established processes to ensure that regional procurement decisions are reviewed by national GSA procurement staff, reduced Public Building Services travel budgets, and established multi-layered review policies for future event procurements. These reforms accelerated deployment of policies that the Administrator had set in motion with the establishment of the Office of Administrative Services in 2011. The question for us today is, is this a limited event or does GSA have a "culture of wasteful spending," as the title of this hearing suggests. We also need to explore the management structure of GSA that seemingly allows regions to operate as autonomous entities with little oversight by headquarters or the administrator.

The record does show that when abuse did occur at GSA in this one instance, the Inspector General identified it, a GSA employee ensured the criticism was public, and the former Administrator fired responsible parties, implemented immediate procurement reforms, and resigned herself.

I would welcome an effort by this Committee to ensure that events such as the Western Regions Conference never occur again, including at other agencies. Unfortunately, our own Committee's attempts to eviscerate the federal government and workforce, including oversight entities such as IGs and the GAO, actually make such abuse more likely in the future. As the GAO has noted, the GSA IG saves \$19 for every \$1 invested, a return on investment similar to that of GAO itself and other oversight entities. Instead of using the Western Regions Conference to bash federal agencies and federal employees generally, this Committee should use it as an opportunity to remind our colleagues about the importance of investing in oversight.

Congressman Paul Gosar  
Member of the Committee on Oversight and Government Reform  
Hearing: "Addressing GSA's Culture of Wasteful Spending"

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- 1) I am in high hopes that you are learning a great deal from your colleagues' mistakes here today. In fact, since you are acting administrator, I hope you were picked based on some sort of record of good judgment when it comes to GSA spending taxpayer money.
- 2) If you find more of the same practices during your watch, will you be dealing with them head on as opposed to Ms. Johnson's mishandlings and neglect?
  - a. Would you be willing to fire Mr. Neely and the other suspended officials for their behavior?
  - b. Are you going to see that they are terminated?
  - c. Do you believe their behavior warrants further repercussions? Fines? Imprisonment?

See the attached document of personnel actions. **This information may be protected by a privilege, the Privacy Act, or other disclosure exemption. Please do not disseminate or release this information without prior coordination with and approval from the Office of General Counsel, U.S. General Services Administration.**

- 3) How can we be sure that this will not happen under your watch or ever again? What safeguards have you established?
  - a. If there is none yet, when can we expect them to be established? I would like a date and I would like you to send those new rules to this committee upon completion.

Acting Administrator Tangherlini has made a number of policy changes to ensure taxpayer dollars are being spent wisely. Attached is the new GSA travel policy Memorandum from Acting Administrator Tangherlini with additional clarification memoranda from the Head of the Office of Administrative Services, Cynthia Metzler.

The Acting Administrator is also conducting a top to bottom review of the entire agency which is designed to address the full range of critical challenges and opportunities confronting GSA. It will include a review of each of GSA's eleven regions and every organizational unit included in GSA's top-level organizational structure. It will conclude with the development of recommendations and action plans around specific reform proposals to enhance the organization's ability to fulfill its mission of delivering savings to federal agencies.


Although review of GSA structure and operations will be ongoing, our plan is for the review to be completed in September of this year as part of the 2014 budget process. Deliverables will include specific, actionable recommendations and action steps to reform GSA to better meet its purpose of delivering efficiency and savings to federal agencies and the American taxpayers.



U. S. General Services Administration

April 15, 2012

## Memorandum for All Employees

**From:** Dan Tangherlini   
Acting Administrator

**Subject:** Restrictions on Travel and Conferences for FY 2012

### Travel and Training

From now until the end of the fiscal year, **all travel for internal GSA meetings, training, conferences, seminars, leadership or management events, etc.**, whether paid for by the Government or another entity is suspended unless exempted by one of the following sections:

Travel is permitted for approved conferences for external audiences pursuant to the section below. Travel is also permitted to perform GSA's essential mission functions, such as to work with other agencies or customers of GSA, conduct litigation, perform program performance reviews or audits (such as A123), property auctions or building inspections, or other similar operation-related work. Only travelers essential, as determined by management, to the performance of the relevant function are permitted to travel.

Travel for routine management meetings that require in-person presence, after other options such as video teleconferencing are considered, may occur upon waiver of this policy by the Acting Administrator or Deputy Administrator.

Travel for training will be limited to essential job related skills and development and consistent with approved individual development plans (IDPs).

### Conferences for External Audiences

During this period of hiatus, conferences with the primary purpose of expanding or advancing the services of GSA, GSA's customers, client-related or project-related functions may be permitted to go forward after an approved business justification and conference budget. These conferences must be approved by the Head of Service or Staff Office, Regional Administrator, and the Chief Administrative Services Officer and the Chief Financial Officer before any procurement activity takes place or cost is incurred by the organization sponsoring the event.

For the purpose of this memorandum, a conference is a symposium, seminar, workshop, or other organized or formal meeting lasting portions of one or more days, where people assemble to exchange information and views or explore or clarify a defined subject, problem or area of knowledge.



MEMORANDUM

DATE: APRIL 27, 2012

TO: HEADS OF SERVICES AND STAFF OFFICES AND  
REGIONAL ADMINISTRATORS

FROM: CYNTHIA A. METZLER,  
CHIEF ADMINISTRATIVE SERVICES OFFICER (H)

SUBJECT: CLARIFICATION ON APRIL 15, 2012 TRAVEL, TRAINING  
AND CONFERENCES

This memorandum provides additional guidance regarding the implementation of the Acting Administrator Dan Tangherlini's memorandum dated April 15, 2012, regarding restrictions on travel and conferences for FY 2012. A number of questions have arisen regarding who is responsible for approvals for travel, training and conferences. Hopefully, this memorandum will provide some clarification.

All GSA leaders are responsible for ensuring that the mission of GSA is carried out in the most effective and efficient manner, as well as ensuring that all of our policies and rules are followed. It is especially important that we be prudent in our use of resources. As we move forward, please keep the following in mind in considering or approving travel:

- Travel for meetings should be authorized only when alternatives to travel such as video-conferencing, teleconferencing, and webinars have been considered and determined to be unavailable or impractical.
- All travel must be limited to the minimum number of individuals necessary to carry out the task.
- If travel to a conference is involved (whether hosted by GSA or another entity) attendance must meet the following criteria:
  - ✓ Having planned meetings with GSA customers, the public or vendors;
  - ✓ Working as GSA operational support for the conference;
  - ✓ Providing training or speaking related to GSA mission;
  - ✓ Fulfilling legitimate training requirements per their job functions (as per individual development plans, etc.)
- Attendance must be limited to the amount of time required to carry out any required activity.
- Costs must be kept to a minimum and all per diem, ethics and other policies must be strictly adhered to.

In order to ensure that all travel is appropriate, we strongly recommend that Heads of Services and Staff Offices (HSSOs) and Regional Administrators (RAs) rescind open authorization travel approvals for the remainder of the fiscal year and approve

travel on a trip-by-trip basis, or ensure that each employee has a travel plan that reflects the April 15, 2012, policies. The E2 system will then require approval before travel can be booked.

The following clarifies who must approve the various types of activity.

A. Authorization by the HSSO and/or RA

1. Training. Training which requires travel may occur if the training is not available in any other way and is essential to job related skills and development and consistent with approved individual development plans as reflected in employee training plans that have been approved by the HSSO or RA and the RA or HSSO must approve any such training occurring after April 15, 2012. Questions regarding training should be addressed to the Chief People Officer (CPO).
2. Business travel directly related to the work of GSA. Business travel to meet the day-to-day business needs of GSA's mission must be approved by the HSSO or RA. Regional staff must obtain the approval of the RA, after other appropriate approvals from the Regional Commissioners in consultation with the Commissioner. The mission related travel is travel that is necessary to carry out essential functions of the organization; it does not include routine management meetings. The HSSO or RA determines whether the travel is related to the mission.

B. Approval by the Office of Administrative Services (OAS)

Conferences and award ceremonies with food that involve travel must be approved as outlined in ADM IL-12-01 dated April 15, 2012. This includes events hosted by others where GSA plays a role such as hosting an event or a booth. Conferences that are sponsored or held by regional office staff in the Public Buildings Service (PBS) and the Federal Acquisition Service (FAS) require the concurrence of the RA and relevant FAS or PBS Commissioner prior to submission to OAS. Requests for approval must be submitted using Attachment A or B as appropriate.

C. Waiver by the Administrator or Deputy Administrator

Hosting a management meeting that requires travel. Holding or hosting an internal management meeting where travel is required requires a waiver by the Administrator, Deputy Administrator or their designee, before any travel can take place. Requests for waivers must be submitted using Attachment C or other electronic tool developed by the OAS.

All forms are available on GSA InSite, Travel and Relocation tab. Forms should be submitted to: [travel-event-approval-requests@gsa.gov](mailto:travel-event-approval-requests@gsa.gov).

## MEMORANDUM

DATE: JUNE 14, 2012

TO: HEADS OF SERVICES AND STAFF OFFICES AND  
REGIONAL ADMINISTRATORS

FROM: CYNTHIA A. METZLER  
CHIEF ADMINISTRATIVE SERVICES OFFICER

SUBJECT: TRAVEL AND CONFERENCE CLARRIFICATION II

As you know, on April 15, 2012 Acting Administrator Tangherlini restricted travel for the remainder of FY 2012. On April 15, 2012 Instructional Letter (ADM IL-12-01) was issued on Management and Approval of Conferences and Award Ceremonies. This memorandum provides clarification on a number of points and questions that have arisen over the last month.

Detailees, Virtual and Satellite employees

The limitations on travel contained in the Acting Administrator's April 15 memo apply to these employees. As was stated in the memo, travel for these employees is suspended unless the Regional Administrator (RA) or the Head of Service or Staff Office (HSSO) has determined that the travel is required to "perform GSA's essential mission functions, such as to work with other agencies or customers of GSA, conduct litigation, perform program performance reviews or audits (such as A123), property auctions or building inspections, or other similar operation-related work. Only travelers essential...to the performance of the relevant function are permitted to travel."

A review of all such employees is currently underway, so please be sure to have documentation for the justification/rationale for each employee.

Ongoing Conferences and Events

In some circumstances, GSA has sponsored, hosted or co-hosted events, meetings and conferences over many years. All post-April 15, 2012 conferences were cancelled by virtue of the IL on Management and Approval of Conferences and Award Ceremonies. Any post-April 15, 2012 conferences must be approved pursuant to the IL. Please be sure to remove or have removed by another entity any reference to a future event to be hosted or sponsored by GSA from any website until it has been approved.

Third Party Event Planners

Pursuant to the April 15, 2012 IL, a third party event planner may be "utilized only after approval by the HSSO or RA and the Office of Administrative Services (OAS)." A third

party event planner includes an entity that provides services and/or assistance in determining an appropriate location to host a conference, whether or not the entity charges GSA for the service.

GSA policy requires that conference and event planners obtain fair and reasonable price proposals for the Government. For conference city comparison and selection, planners are instructed to use GSA's Travel Management Information System (MIS) group planning tool, not an outside third party. This tool creates a cost comparison for up to 10 potential conference cities using contract air fares, per diem, and car rental for estimations. Use of the Travel MIS assists in complying with FTR § 301-74.5 for selecting a location and facility. For event venue, planners must first consider use of Government facilities. When such facilities are not available or cost effective, GSA sponsored conferences must be held at sites that are on the Federal Emergency Management Agency's list of Fire Safety Act-approved accommodations. In selecting commercial hotel/conference venues, planners are instructed to first consider using FedRooms®. (FTR §301-11.11).

In addition, should anyone utilize a third party to assist in determining a location for a conference, they must justify this action in the request for conference approval and indicate why the third party was utilized rather than the GSA Travel MIS.

If you have any questions about this memo, please do not hesitate to contact me, at [cynthia.metzler@gsa.gov](mailto:cynthia.metzler@gsa.gov) or (202) 357-9697 or Norma Tolson, Director, Travel and Charge Card program, at [norma.tolson@gsa.gov](mailto:norma.tolson@gsa.gov) or (202) 208-0584.

MEMORANDUM

DATE: JULY 20, 2012

TO: HEADS OF SERVICES AND STAFF OFFICES AND  
REGIONAL ADMINISTRATORS

FROM: CYNTHIA A. METZLER,  
CHIEF ADMINISTRATIVE SERVICES OFFICER (H)

SUBJECT: CLARIFICATION III ON APRIL 15, 2012 TRAVEL, TRAINING  
AND CONFERENCES—Conference Attendance

This memorandum provides additional guidance regarding the implementation of Acting Administrator Dan Tangherlini's memorandum dated April 15, 2012, regarding restrictions on travel and conferences for FY 2012.

Any proposed conference attendance by a GSA employee must be submitted to the Office of Administrative Services before any commitment is made for the employee to attend the conference. This policy applies to conference attendance whether travel is required or not and applies to all conferences whether hosted by GSA or any other entity.

Please recall that conference attendance is limited. Attendance must meet the following criteria:

- ✓ Having planned meetings with GSA customers, the public or vendors;
- ✓ Working as GSA operational support for the conference;
- ✓ Providing training or speaking related to GSA mission;
- ✓ Fulfilling legitimate training requirements per their job functions (as per individual development plans, etc.); and is
- ✓ Limited to the amount of time required to carry out any required activity.

You must ensure that all conference attendance documents and materials have been submitted to the Office of Administrative Services in a timely manner for approval before any commitments, such as travel arrangements, including hotel and airline or train tickets are booked, as well as any registration fees that may be paid are committed.

Questions for Ms. Martha Johnson

Former Administrator of the General Services Administration

Congressman Paul Gosar

Member of the Committee on Oversight and Government Reform

Hearing: "Addressing GSA's Culture of Wasteful Spending"

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1. If government employees, including Members of Congress, misuse taxpayer money, they can be reprimanded in a variety of ways, including fines and imprisonment. How can you justify your agency spending thousands of dollars on collectible coins in velvet boxes?

Response: The General Services Administration Inspector General raised concerns about overspending, mis-management, and poor judgment regarding a training conference. The coins were an example he employed. I agreed with his report.

- a) Does this not just scream misuse of taxpayer money to you?

Response: Misuse of taxpayer money is a serious matter. I refer you to my prepared statement (a copy of which is attached) and testimony before the Committee on April 16, 2012.

- b) What was the cost of the coins?

Response: I do not have access to that information as I am no longer at the Agency.

- c) What value did they have for the taxpayers that bought them?

Response: The value of the coins is questionable. I refer you to my above-referenced statement and testimony.

- d) Do you think that taxpayers would think they were worth the money?

Response: I cannot speak for taxpayers in general but as a private citizen I expect the government to be transparent and efficient in money management.

2. Do you feel as though your actions and the actions of your team warrant any fines, imprisonment, or other repercussions?

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Response: With respect to the Western Regions' Conference mismanagement, I established a Central Office of Administration, hired a Regional Administrator for Region 9, began over a half dozen disciplinary actions, fired two appointed executives who reported to me, and resigned. I refer you to my above-referenced statement and testimony before the Committee.

3. Reports indicate that GSA spent an outrageous \$822,751 on the Western Regions Conference. Of that \$822+ thousand dollars, our records indicate that \$136,504 dollars was used merely on the planning process for this event.

a) How are you able to justify spending this amount on event planning? Can you provide this committee an itemized account of where all those funds went?

Response: Question #1: I refer you to my above-referenced statement and testimony before the Committee.

Question #2: I do not have access to that information as I am no longer at the agency.

b) Not only is that an outrageous sum of money, but the conference was for about 320 workers. That math equals roughly 425 dollars per attendee JUST in planning coordination efforts. Would you say that amount reflects appropriate stewardship of taxpayer dollars?

Response: I agreed with the findings and recommendations of the GSA Inspector General which identified the overspending for conference planning purposes.

4. Further, GSA has a full-time staff of several "event planners." Is the cost of planning events not built into their salaries?

Response: I do not have access to internal salary information or analysis as I am no longer at the Agency.

a) I am all for shrinking our bloated government and for contracting out services where appropriate, but why did you authorize the contract for a company to simply find and choose a venue for the conference? I will remind you that the contracted company received a \$12,000 "finder's fee."

Response: I agreed with the findings and recommendations of the GSA Inspector General which identified the contractor's fees as questionable.

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- b) Does it really take a contracted private company to simply pick a venue for a conference? Does GSA not have the resources at its disposal internally to choose this venue?

Response: The government contracts out many services. I do not know the particular details of this contract nor its justification, and I no longer have access to files that would supply that answer.

- 5. In your testimony, you said the expensive planning was “well underway” when you entered GSA, and that you were “unaware of the scope.”

- a) If not you, then who at GSA would have been responsible at that point, to at least get a report on the planning and address the costs?

Response: The Western Regions’ Conference planning was the responsibility of the Regional Commissioner for Region 9.

- b) Are you asserting you did not care enough to find out more details?

Response: My office asked for an investigation of the conference which included analysis of the planning expenses.

- c) You said GSA was “already focused” on overhauling conferences while you waited on the OIG report. If you were “already focused” before the report, why was nothing done to halt the spending for the lavish Las Vegas conference?

Response: The Las Vegas conference happened in October 2010. Our focus on conference management began with consolidation of various conferences managed by the Federal Acquisition Service and the Office of Government wide Policy. That effort was after October 2010.

- 6. The record makes it clear that you took little to no disciplinary measures with regard to this conference.

- a) Why did you not take any real disciplinary action after the initial power point report from OIG?

Response: I took both management and structural action, holding off on direct disciplinary action until the OIG completed its investigation. I refer you to my above-referenced statement and testimony before the Committee.



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b) Why did you not take any real disciplinary action after the full report was filed?

Response: Respecting the OIG's process, I did not choose to preempt his final report, nor did I choose to interrupt or disrupt the gathering of evidence, the candor of witnesses, or the validating and verifying of findings.

c) Why is Mr. Neely, who wanted to go "over the top" with taxpayer money, only suspended and not fired? Do you think that is wise judgment? Do you think he should be terminated?

Response: I put Mr. Neely on Administrative Leave as an initial action in a highly structure personnel process. The purpose was to lay the groundwork for Termination.

d) When, if ever, were you going to take action besides on the day you resigned?

Response: I took management and structural action as well as disciplinary action on dates other than April 2, 2012. I refer you to my above-referenced statement and testimony before the Committee.