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THE COMMITTEE ON APPROPRIATIONS**

**Statement Before the House Subcommittee on the Legislative Branch
Appropriations**

– on the –

House Office of Inspector General, Fiscal Year 2025 Budget Request

April 17, 2024

**Joseph C. Picolla
Inspector General**

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**Funding
Request
Summary**

Chairman Valadao, Ranking Member Espaillat, and Members of the Subcommittee, thank you for this opportunity to share with you the important work of the Office of Inspector General (OIG, Office) and our Fiscal Year (FY) 2025 budget request. Our request seeks total funding of \$5,772,000, an overall increase of \$260,000 (4.7%) above our FY 2024 budget¹ and encompasses our Audit and Advisory, Administration, and Training programs.

The elements of the request for additional funds are:

- \$427,000 due to changes in mandatory spending (e.g., staff salaries, including the cost-of-living allowance (COLA), the projected COLA for FY 2025 and scheduled longevity step increases.)
- \$3,000 due to price level increases.
- \$170,000 *reduction* in costs within program budgets achieved via strategic purchasing and delaying certain hardware replacements.

**Organization
History and
Background**

House Resolution 423, the “*House Administrative Reform Resolution of 1992*,” established the Office of Inspector General for the House. Since the November 1993 appointment of the first Inspector General, John Lainhart IV, this Office has worked closely with House Leadership, the Committee on House Administration (CHA), House Officers and Officials, and this Subcommittee to 1) identify risks to the legislative process and

¹ Enacted March 23, 2024

to the House, 2) improve service to Members and Committees, 3) identify and deter fraud, and 4) improve the operational effectiveness of the House and reduce inefficiency and costs.

The Office today offers traditional audit services through its two audit divisions and forward-looking analysis and guidance through its Management Advisory Services division. Our work is performed by a staff of experienced, dedicated professionals who hold a bachelor's or more advanced degree, at least one relevant professional certification, and have extensive public and/ or private sector experience.

**Highlights of
the First Session
of the 118th
Congress**

The OIG completed six reports during the first session. The reports addressed the general areas of Members/ House-wide Support, Back-office Operations Efficiencies, Information Technology Cybersecurity and Resiliency, and support for the House Financial Statement Audit.

In addition, the OIG also delivered other types of support and advice to House Officers and Officials. For instance, our Management Advisory Services (MAS) Division provided periodic input/ ideas on topics like the payroll cycle, per-diem miscellaneous and incidental expense reimbursement, and shared employees.

The House Officers have worked with the OIG to reduce organizational risk by addressing open recommendations included in past OIG reports. Information about outstanding recommendations is shared regularly with the Officers and monthly with the CHA to sustain focus and help ensure the risks identified in the audit reports are addressed timely and appropriately. Since the beginning of the 2nd session of the 117th Congress, the Officers closed 30 outstanding recommendations, five of which were closed during the first session of this Congress. Notably, 25 of those closed were deemed "high risk" and 5 were considered "medium risk."

**Focus for the
Second Session**

Every day, the House faces new and evolving challenges and opportunities. The House can expect cybersecurity threats that will continue to grow in volume and sophistication. We can expect threats to continue towards House facilities and people. We can expect the evolving sophistication and use of artificial intelligence for both positive and negative ends.

Strategically, our Office must and will continue to deliver relevant, accurate, and timely information that helps improve the operational

efficiency of the House and reduces the risk of financial losses; damage to the House's reputation; harm to its people and visitors; misuse of or damage to House assets and property; mishandling of and unintentional or malicious damage to its information; and delays and disruption to the legislative process.

Tactically, this Office will continue to engage stakeholders, process owners, and oversight to *work together to ensure that the OIG's work is on topics that matter to the House*. Our annual planning process is the cornerstone of this effort. The process iterates through various levels of management and oversight. The resulting plan is risk-based and aligned with the consolidated views of many to address the most critical aspects of House operations.

**Overview of the
Budget
Formulation
Approach**

Our FY 2025 budget request funds the OIG's mission consistent with our record of value-added services and rigorous fiscal stewardship. Our request is based upon our work plan and is formulated to help ensure that the OIG can quickly respond to special projects as needed.

We are always mindful that our funding comes from the People. We take considered, deliberate steps to examine and, where possible, reduce costs without sacrificing fundamental office needs, quality, or our mission. We do this in part by using existing House-wide licenses and bulk purchase agreements, negotiating favorable pricing for contract purchases, educating our people, and streamlining internal processes through automation or simplification. The focus upon stewardship also enables us to proactively release funds for reprogramming when our funding exceeds our projected spending.

We are proud that we consistently minimize our requested increases while continuing to fulfill the OIG's important mission to the House. This achievement is underpinned by three key values. First, we highly value ongoing, open communication with stakeholders to understand their needs and challenges, especially through the annual work planning process.

Second, we invest in our staff through training and coaching. As part of our staff's professional development -- consistent with our core values of integrity, excellence, and innovation -- we provide training and performance feedback to help build each person's knowledge, skills, confidence, and teamwork. For example, during the first session, our staff attended 466 classes totaling 1,240 training hours at a cost of \$22,565. This tangible demonstration of our appreciation for the staff's

abilities, dedication, and contributions while concurrently reducing the need for costly outside experts is a “win-win” for the staff and the House.

Third, we always seek to improve the effectiveness of our work and streamline our processes to maximize our contributions to the House at closely scrutinized costs. For example, we have developed a robust SharePoint site that saves great time and effort and improves the accuracy of our internal administrative processing, all while providing our clients, our oversight, and leadership direct access to important information.

**Fiscal Year 2025
Budget Request
Details**

The OIG’s FY 2025 budget request seeks total funding of \$5,772,000. Our overall FY 2025 budget request is \$260,000 (4.72%) over the amount of our FY 2024 budget. Our FY 2025 request includes \$4,647,766 for mandatory items, \$3,000 in price level increases (inflation), and \$1,121,234 for program current services.

Notably, our requested increase of \$426,892 for mandatory items (e.g., salary COLA, merit increases) and \$3,000 for non-salary price level increases is partially offset by a \$169,892 *reduction* in the cost of providing our program services.

We use zero-based budgeting to identify recurring program needs and to make realistic estimates for each program’s execution. As noted, we negotiate beneficial pricing and achieve cost-savings through leveraging House-wide licenses and bulk purchase agreements, negotiating contract pricing through the Office of Acquisitions Management, making smart decisions about replacing equipment, and investing in staff to minimize the need for outside experts.

Our programs’ current and continuing services include funding for the annual audit of the House financial statements by an external certified public accountant firm; software licensing and support agreements; publications, resources, research services, guidance for audit, advisory, and investigative inquiry work; supplies and equipment; communications service plans; technical service support; staff training to increase in-house knowledge and to remain in compliance with government audit standards; and when necessary, external specialized subject matter experts to support the wide range of engagements performed by our office.

Conclusion

Chairman Valadao, Ranking Member Espaillat, and the Members of this Subcommittee, thank you all for this opportunity to highlight the work of the OIG and its FY 2025 budget request. Each year, this Office looks forward to working with this Subcommittee, the Committee on House Administration, Leadership, and the House Officers and Officials to continue to perform relevant, risk-based audits and advisories that include value-added recommendations. We will continue to direct our resources to issues of high importance to help the House conduct its operations efficiently and effectively, consider risks, comply with applicable laws and rules, and apply best practices.

In closing, please know that *every person in the Office of Inspector General believes in our mission and is honored to be of service to the House*. Thank you for considering my testimony. It is my honor to answer any questions you may have for me.