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OA/ID Number: 13881
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Folder Title:
Meeting with Inspectors General, 1/30/89

Stack:	Row:	Section:	Shelf:	Position:
G	19	2	7	6

GB: Concerned about those involved w/ conflict of interest
IG's work to guaranteed highest of standards
Also just as concerned about money in
tough budgetary times → Darman

DD: refers to Riso

JR: Budget + ethics v. important to this group,
as well as assisting new appointees in Agencies
(Explained structure of PCIE)
GB asked if OMB had statutory authority? yes -

HHS IG: PCIE + IG's / mini IG's to give audatory power
government-wide - coordination under RWR

Bush asked Boyden if Griffin Bell / Malcolm Wilkey
committee could use the collective experience
of this group? BG says yes - Amy Schwartz

GB asked if code at the Agencies re: IG
yes - ethics etc at each one

Types of:
Criminal violations, administrative crime +
ethics violations explained to GB -

HHS IG says support for Ethics Office in WH
to counsel on unethical appearances at Agencies
(often better coming from WH)

EPA IG concerned in post employment +
conflict of interest esp. re Superfund
DOB isn't only place where insider dealing
+ contract manipulation takes place

State IG - now involved in Embassy inspection

GB: Ethical violations: Are these pol appointees
or career guys who do this? - Pol's make

ignorant mistakes - need in doc
but Career guys do it deliberately.
Cabinet + subcabinet need briefings 1-on-1 4/16
needs to be done soon -

GB agrees - makes good sense
Gave GB checklist/book w/ Ethics Do's & Don'ts -

GB spoke of being head of Regulatory Reform
wanting to bring AIDS drug to market b/c he
had held Eli Lilly stock in 1978 + sold it -
That was unreasonable - lowest common denominator
of perception yet want good people in gov't -

16 Hotlines seem to attract trivial complaints like this -
They try not to spend too much time on it -

GB asks what % ^{of cases} from Hotlines? 8-10%

GB: What if you find Congressmen involved in wrongdoing?
- Refer to Head of HHL Committee Chairman.
GB says sensitive to separation of powers but
need to treat equally

16 Told him he's struck a blow for ethics -
preventative effect.
Investment in prevention better than
investment in investigation.

GB will welcome suggestions through
OMB + general Counsel

DD brought up systemic problems that
have resulted in S&L crisis +
nuclear reactors - wants PCIE to look
at these process-wise to nip other
probs in the bud.

OFFICE OF MANAGEMENT AND BUDGET

Sam Adams
395 - 6911

HANDLING

- Urgent! (Hand-carry) Expedite (Time sensitive) Regular Handling
- Decision Memo Information Memo Testimony/Speech
- Correspondence, Outgoing to _____ Control # _____

SPECIAL HANDLING INSTRUCTIONS

SHORT SUMMARY OF MATERIAL

Attached are talking notes for the President for his meeting with the Inspectors General (IGs). These notes also include questions which the President could use as a basis for an open discussion with the IGs. And we have included information under each question regarding possible IG responses to each of these questions.

We have also attached the following (as background information on the IGs):

- o The President's Management Report for 1990 (the IG section is clipped)
- o The 10-year report of the IGS (September 1988), and
- o A two page background piece on the IGs.

Also attached is a one page background statement you requested on the IGs including how they work together on the President's Council.

CLEARED BY

NAME AND DIVISION	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
	Adams GO	Feezle GO	Merck GO	Riso ADM	Haun DO	Cogan DO	
INITIALS AND DATE	SA 1/25	Feezle 1/25/99	Merck 1/25/89				

TALKING NOTES FOR THE PRESIDENT

Meeting with the Inspectors General

Introductory Remarks

- o President Reagan established the President's Council on Integrity and Efficiency as one of his first acts in office as part of his commitment to eliminate fraud, waste and abuse in the Federal Government.
- o You have made significant strides over the past 7 years, and reported the following major accomplishments for you by the close of FY 1988:
 - oo Savings and funds put to better use: \$125 billion
 - oo Successful prosecutions: more than 27,000
 - oo Suspensions and debarments of persons and firms doing business with the government: more than 10,000.
- o I am meeting with you today to discuss the functions of the Council and where we go from here in addressing the major problems confronting the Government.
 - oo Despite your collective achievements, the problems of Government waste and abuse are still very much with us. Almost on a daily basis the media carry stories about an ethical blunder by a high government official, continuing problems with Government procurement, or other problem of Government waste.
- o Let me say at the outset of this meeting, I expect the highest ethical conduct of ^{all} persons serving in my administration. ~~And want to see this ethical tone reflected in the conduct of all Government officials and workers.~~ I am glad to have an opportunity to discuss where we go from here because I know you share those ethical standards and you have done so much in the past to uphold them.

Questions

- o In order to get the ball rolling, let me ask a couple of questions, and then I'd like to hear your views.
 - oo Question. Where are the opportunities for progress in attacking abuse and waste and how should the Council proceed in attacking them? I am particularly interested in your views on what the Council can do in supporting the ethical standards of my Administration.

Answer. The Council works to support the highest ethical standards in Government. Members of the Council include the Director of the Office of Government Ethics and the Special Counsel of the Merit Systems Protection Board. All the IGs conduct investigations and audits within their agencies to ensure that these ethical standards are maintained.

The Council prepares annual project plans to identify "targets of opportunity" in the audit area and focuses its resources based on these plans. Plans for FY 89 and FY 90 are now under discussion by the Council. Some of the substantive areas these plans address include: improvements to procurement management and financial systems.

oo Question. Should the Council continue in its present form, or should it be restructured to address these high priority problems?

Answer. The IGs generally feel that the Council functions well. I provides them with access to the President which they very much want. They are concerned, however, about any White House "interference" in their operations or function, in view of their statutory independence and the nature of their mission.

oo Question. What can the Council do to help support my Administration's efforts to reduce the budget deficit?

Answer. Inspector General audit findings help particularly in spotting and eliminating unnecessary costs. About 90% of the "savings and funds put to better use" reported by the IGs fall in the category of cost avoidance. The balance of their "savings" are collection of accounts receivable and collection of fines and other penalties. Although IG efforts usually do not lead to direct savings which would reduce the deficit, their overall effort acts as a brake on unnecessary spending.

TALKING POINTS FOR THE PRESIDENT

Meeting with the Inspectors General

- o President Reagan established the President's Council on Integrity and Efficiency as one of his first acts in office as part of his commitment to eliminate fraud, waste and abuse in the federal government.
- o You have made significant strides over the past 7 years, and your latest achievements by the close of FY 1988 have been reported to me:
 - Savings and funds put to better use: \$125 billion
 - Successful prosecutions: more than 27,000
 - Suspensions and debarments of persons and firms doing business with the government: more than 10,000
- o I am meeting with you today to discuss the functions of the Council and where we go from here in addressing the major problems confronting the government.
- o Despite your collective achievements, the problems of government waste and abuse are still very much with us.
- o We all know our resources these days are scarce. I want to stress that only through sound management principles and prioritizing our agenda can we best use those resources.
- o You know that I expect the highest ethical standards from you, but also know that I expect good management.
- o As I've said, we're here to discuss the Council and how we can continue the progress you have made so far. In order to get the ball rolling, let me ask a couple of questions, and then I'd like to hear your views.

QUESTIONS

Question: Where are the opportunities for progress in attacking abuse and waste and how should the Council proceed in attacking them? I am particularly interested in your views on what the Council can do in supporting the ethical standards of my Administration.

Question: What can the Council do to help support my Administration's efforts to reduce the budget deficit?

Question: What kind of relationship exists between the Inspector General and the head of each Agency? Would you characterize it as a spirit of cooperation or conflict? In my Administration, I see you working hand in hand with those people whom I've selected as you fight waste, fraud and abuse. I'd like to find out how to create a spirit of cooperation between you.

Question: Should the Council continue in its present form, or should it be restructured to address high priority problems such as procurement management and financial systems?

(If this question should instead be directed at you, we recommend that you remain noncommittal as to whether the Council should continue in its present form. We suggest you simply acknowledge its fine work combatting waste, fraud and abuse while mentioning that the matter is under review.)

(Also, should you be asked whether the Council's biannual meetings with the President will continue, we recommend that you not commit to specific dates or meetings, but rather assure them that you will continue to review their work in either written form or in formal meetings.)