

LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS
OFFICE OF THE INSPECTOR GENERAL
OVERSIGHT COMMITTEE MEETING

OPEN SESSION

January 12, 1991

The Washington Court Hotel
525 New Jersey Avenue, N.W.
Washington, D.C. 20001

Board Members Present:

Penny Pullen, Acting Chairman
William Kirk, Jr., Chairman (by telephone)
Howard Dana, Jr.
J. Blakely Hall
George Wittgraf, Jr.
Jeanine E. Wolbeck
Basile Uddo

Staff Present:

John P. O'Hara, President
Patricia Batie, Secretary
Victor Fortuno
Edouard Quatreveaux

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P R O C E E D I N G S

1
2 MS. PULLEN: The Office of The Inspector General
3 Oversight Committee will please come to order.

4 In the physical absence of Chairman Kirk, he has
5 requested me to chair the meeting. Chairman Kirk is joining
6 us by miracles of conference telephone, if you want to call
7 it that, and I will now call the roll.

8 Mr. Hall.

9 MR. HALL: Here.

10 MS. PULLEN: Mr. Wittgraf.

11 MR. WITTGRAF: Here.

12 MS. PULLEN: Mrs. Wolbeck.

13 (No response.)

14 MS. PULLEN: Mr. Kirk.

15 MR. KIRK: Here.

16 MS. PULLEN: Pullen. Here.

17 There being a quorum, I call your attention to the
18 agenda for the meeting which you have in your Committee
19 books. Is there a motion to approve the agenda, please?

M O T I O N

20
21 MR. WITTGRAF: I so move.

22 MS. PULLEN: Is there a second.

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1 MR. HALL: Second.

2 MS. PULLEN: It has been moved and seconded to
3 approve the agenda. Those in favor, say aye.

4 (A chorus of ayes.)

5 MS. PULLEN: Opposed?

6 (No response.)

7 MS. PULLEN: The agenda is approved.

8 The next item is the approval of the minutes of the
9 July 9, 1991, Committee meeting which is, I believe, the most
10 recent formal meeting of this Committee. At that time, it
11 was chaired by Louise Guinot, and as you have noticed in your
12 minutes, and assuming that members have had an opportunity to
13 look over the minutes, I would ask for a motion to approve
14 the minutes.

15 M O T I O N

16 MR. WITTGRAF: I so move.

17 MR. HALL: Second.

18 MS. PULLEN: It has been moved and seconded to
19 approve the minutes of July 9, 1991. All those in favor,
20 please say aye.

21 (A chorus of ayes.)

22 MS. PULLEN: Opposed?

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1 (No response.)

2 MS. PULLEN: The minutes are approved.

3 We now move to Item 3, which is consideration of
4 the Draft Management Report on the Inspector General's 1990
5 and 1991 Semiannual Reports.

6 Presenting this draft to us and discussing it with
7 us will be Mr. Richardson, Mr. Fortunato, and Mr. Quatrevaux.

8 Mr. Richardson, would you like to lead off, please?

9 MR. RICHARDSON: Thank you, Ms. Pullen.

10 CONSIDERATION OF PREVIOUS INSPECTOR GENERAL'S REPORT

11 I have reviewed the Inspector General's reports
12 along with key staff members, and present to you a document
13 in a draft format. It is not so indicated, but is addressing
14 some of the issues of the reports from September 1990 until
15 the present.

16 We have addressed some of the issues that were
17 highlighted in the report. We feel some of the things that
18 maybe were misstated -- at your pleasure of the Committee, I
19 will go through those, if you like.

20 I realize many of you have just received the
21 report. Mr. Kirk, Ms. Pullen, I will -- would you like to
22 wait and give everybody an opportunity to review it quickly,

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1 or would you like for me to continue to walk through it?

2 MR. KIRK: I would say, continue to walk through
3 it.

4 MR. RICHARDSON: Okay, sir.

5 The first item that we have is basically a format
6 as to only addressing the forward, the intent of the Board of
7 directors, and answering the IG report. Page 2 is the
8 introduction. This is the first such report issued on behalf
9 of the Board of Directors regarding the Inspector General's
10 recommendations.

11 I will add here that the reports have been
12 submitted to the Senate Oversight Committee without comment.
13 However, they have, as you are aware, Mr. Kirk, asked us to
14 go back and address some of the management issues that were
15 brought up.

16 On the third page into the report, I get into more
17 of the meat of the matter, and with the help of additional
18 staff, we drafted comments in regards to this semiannual
19 report. Each of these reports sort of repeated each other in
20 many aspects. Therefore, in going through, we tried to
21 address them in like context.

22 With the semiannual report of 1990 there was a

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1 quote, "A significant problem that an inordinate amount of
2 all grant recipients have experienced a loss." We have
3 looked at that in regards -- that was in the September '90
4 report. It was also in the September 5, 1991, report.

5 There were some statistics that were issued in the
6 report that we felt we had to address. And when the original
7 report was cited it talked about pervasive misconduct. We
8 feel that that is appropriate in this particular context.
9 There was talk of an 8 to 10 rates quoted, with losses from
10 1986 until 1991.

11 We feel the more representative figure of that
12 should be 1.7 percent.

13 We have also further explained some of the theft
14 that is described that he has talked about. One in
15 particular was the theft of video equipment. He seemed to
16 indicate that this was employee theft. There is no
17 verification of that.

18 There is also talk about employee theft and it
19 talks about an independent auditor who did not -- who got an
20 advance on an audit report but, however, he did not -- he
21 failed to produce an audit report. That is not employee
22 theft in the context that we are now seeing it and we are now

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1 discussing it.

2 There is also discussion in relation to employee
3 theft of a laser printer that was purchased by mail order. A
4 check was sent. The check was cashed. However, the company
5 went out of business before the computer printer was shipped.
6 That is not employee theft.

7 A mischaracterization. He has also cited that he
8 had concerns about a grantee who had lost upwards of
9 \$400,000. In reviewing it, there is an actual disallowed or
10 an actual loss of \$33,000 that we can identify.

11 The term "inordinate" that we look at here we do
12 not feel really applies. The SAR states that these entities
13 have not conducted formal analysis, and is not certain that
14 these entities are fully aware of the extent of the problems
15 within the network of grant recipients.

16 The last note on this particular item says,
17 "Lastly, it should be noted that 30 of the 31 losses were
18 reported by the LSC recipient programs themselves." That in
19 itself is a clear indication that we do not feel that there
20 is -- there are some problems within the -- let me back up.

21 There maybe some problems that Mr. Quatrevaux and
22 his staff will be looking at in regards to internal control

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1 over the expenditure of funds and also the safeguarding of
2 assets.

3 In future, without doubt, with the new IG looking
4 at those, that we will end up addressing more of those
5 aspects as how we can safeguard the assets of the
6 organizations and give them some additional advice, some
7 direction in that light.

8 MR. KIRK: Let me interrupt you there.

9 MR. RICHARDSON: Yes, sir.

10 MR. KIRK: I like the way this section is written,
11 and the only suggestion that I would have would be in the
12 last sentence, where you said the Inspector General plans to
13 evaluate the current LSC program audit system, and, I think I
14 would just add, and we would expect that he will have
15 standards. We are expecting he will provide a basis for more
16 strict standards, audit standards.

17 Is that an accurate statement?

18 MR. RICHARDSON: I think it will go a little
19 farther than that, because we looked at more strict audit
20 standards, but it will also entail the additional -- the
21 safeguarding of assets with some ideas, as far as inventory
22 control, those items that are on hand, as to how to protect

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1 them.

2 MR. KIRK: Well, then, I think we just say what we
3 expect to do. Make that a little stronger.

4 MR. RICHARDSON: All right, sir.

5 MR. KIRK: Madam Chairman, I didn't ask for
6 permission to be recognized.

7 MS. PULLEN: All right, Mr. Kirk. I assure you,
8 this is a somewhat casual atmosphere.

9 MR. KIRK: Well, that's the way I like to run it.
10 That's good. Thank you. Thanks for doing it that way.

11 MS. PULLEN: Mr. Richardson, would you proceed?

12 MR. RICHARDSON: Yes, Ms. Pullen.

13 There is one, an additional aspect that Inspector
14 General Wilkinson has proffered, and that is that he states,
15 without doubt, his -- let me just quote it. It says, "The
16 current standard for audit of non-profit organizations, like
17 all LSC grant recipients, is OMB Circular A133."

18 We, in fact, do not believe this is the case. We
19 have talked on a number of occasions with government entities
20 who do not feel that we are subject to any OMB circulars or
21 restrictions therein.

22 However, within the IG Act itself, Mr. Quatrevaux

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1 will have full authority to look at the Comptroller General's
2 standards in the yellow book, the different sections of
3 Circular A133, and within that, as we have just amended, we
4 do expect stronger accounting systems and standards and
5 policy direction in this arena.

6 MS. PULLEN: I would suggest that this paragraph
7 does not make that clear, and that an addition such as Mr.
8 Kirk's previous suggestion belongs here as well.

9 MR. RICHARDSON: We will work that in.

10 MR. KIRK: That's where I wanted mine to go, is in
11 this last paragraph. That's where I intended it to go.

12 MR. RICHARDSON: Okay. We will work on some
13 language for that and run it by the Committee before this is
14 sent to the Hill, of course.

15 Under the caption 3 -- I will continue on -- is the
16 audits, and Inspector General Wilkinson had proffered in many
17 cases that he had not been given resources. He didn't have
18 the staff to do audits, and so forth.

19 And I will go back to 1989 and '90, and those
20 budgets certainly did reflect a more investigative arm that
21 the Board at that time and the current president had intended
22 that the Inspector General's Office would go.

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1 However, with the 1991 budget, there was a
2 recognition that audit and audit personnel would be an
3 integral part of this operation. Included in the '91 budget
4 was, of course, the Inspector General, the Inspector General
5 for Investigations, and an investigator. We have an
6 Inspector General for Audits, and an auditor, and an
7 administrative assistant.

8 This budget was reviewed with Mr. Wilkinson. I
9 honestly thought that he had accepted that. Of course, he
10 had wanted more resources. However, within the resources
11 that were here, I might add that he did not add -- and we
12 will get to a second point in the personnel procedures -- he
13 did not acquire the services of an auditor until September
14 4th of this year.

15 He had resources. He had opportunity to hire.
16 However, he did not. With the entry of Mr. Quatrevaux in the
17 middle of September, the FY '92 budget process has continued.
18 You will see that we have -- the Audit and Appropriations
19 Committee has approved a budget of \$762,000 for the IG. That
20 includes 12 personnel, which includes both audit and
21 investigative personnel.

22 To reiterate and to strengthen this, the Audit

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1 Committee, even though -- and, of course, in conjunction with
2 the Board, at the -- an earlier meeting had approved the
3 authority to hire additional staff before the M&A budget was
4 passed, and this was done in recognition that the IG staff
5 did need to get rolling, did need to start beefing up their
6 operations so that they could get out and get on with the
7 mission before them.

8 LSC audit and standards, and here is where we will
9 go back, and we talk about where we hired -- he explains that
10 he had difficulties in hiring an auditor. With the departure
11 of Mr. Wilkinson immanent, the personnel director at the
12 time, when he approached the director about hiring an
13 individual, he did it the first week in September.

14 Knowing that Mr. Wilkinson was due for departure on
15 September 5th, she thought it prudent to verify whether he
16 had hiring authority when he was hiring somebody to begin in
17 the Corporation September 4th when he was leaving September
18 5th.

19 After talking with the director this week, this
20 will be amended somewhat, because her recollection was that
21 she did approach the president. In Mr. Wilkinson's report,
22 he reported that Ms. Dickerson had indeed approached the

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1 chairman, Chairman Wittgraf, on this matter, and she did not.
2 It was the president. It was President Martin at the time.

3 So, we will clarify that, and I apologize for not
4 getting that in here at this point

5 Subject next sort of takes a platform approach, the
6 way I see it. Of course, we do have ongoing litigation. He
7 makes a quote that in his experience, or in my experience
8 -- I will read the quote:

9 "In my experience, the corporation's continuing
10 practice of accepting recess appointments to its Board of
11 directors violates not only the Legal services Corporation
12 Act, but is contrary to the public policies embodied in that
13 statute."

14 My simple statement there is that this subject is
15 part of continuing litigation with Mr. Wilkinson. It should
16 not be a part of the semiannual report.

17 The personnel deficiencies we have gone into quite
18 a bit of detail with. There were some that we feel are
19 inaccurate statements. There was a statement about a staff
20 person who was employed at twice the salary that she was
21 making two months prior.

22 We happen to know that is not the fact, in that

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1 that person was on contract in the Corporation, and we have
2 broken out -- the person was paid an hourly rate, she was
3 brought in on a salary rate. Nothing out of the ordinary
4 with that. The salary definitely was not twice as much, as
5 was indicated.

6 There was a situation with the job description. I
7 detailed that. Of course, any time you have executive
8 privilege -- we have policies and procedures in place, and it
9 is executive policy -- excuse me. It is executive privilege
10 to waive those policies wherever he sees fit, or she, in that
11 case.

12 The report makes -- I'm going to skip the next
13 part, because it is part of the ongoing litigation and
14 elements that are going on about material misrepresentation.
15 It makes it appear -- I will explain it in the broad sense.

16 It makes it appear that the Corporation was aware
17 of the misrepresentation when in fact we were no, but if you
18 would read the IG report, it makes it sound like --

19 MS. PULLEN: If any misrepresentation took place.
20 If any misrepresentation took place.

21 MR. RICHARDSON: If misrepresentation took place,
22 we would certainly not be privy to it before it was done, and

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1 that was the indication, was that we knew that there was a
2 misrepresentation and we accepted it, and I do not believe
3 that is true.

4 MR. KIRK: Madam Chairman.

5 MS. PULLEN: Mr. Kirk.

6 MR. KIRK: It seems like in this general section it
7 might be worth it to give him a little credit for saying
8 -- you know, he did bring this to our attention and we are
9 appreciative of it, and, you know, I think that whether we
10 are aware of it or not, I think it is a question. There are
11 some statements that President Martin was aware of it.
12 President Martin says he was not.

13 I think that we can say that President Martin has
14 denied that he was aware of it and, you know, as far as we
15 know, no one else in the Corporation knew or were aware of
16 it. Am I on the right focal point there?

17 MR. RICHARDSON: Yes, sir. I can certainly add
18 language to that effect.

19 MR. KIRK: Does the rest of the Committee agree
20 with me.

21 MR. WITTGRAF: I do, Mr. Kirk, yes.

22 MR. KIRK: Basically, David, what I am saying

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1 is -- hello?

2 MR. RICHARDSON: Yes, sir.

3 MR. KIRK: Basically, what I am saying is, it seems
4 that, you know, we ought to give Wilkinson credit, because he
5 really did do something there. That is my only point. But
6 otherwise, it may taint the rest of it if we don't give him
7 some credit where he deserves credit, and he probably does on
8 that.

9 MR. RICHARDSON: Okay, we will work out language to
10 that effect, and review that with you.

11 MS. PULLEN: Do you have anything further, Mr.
12 Richardson?

13 MR. RICHARDSON: There is an indication here you
14 made an allegation or you talked about the golden parachutes
15 that were paid last year. It is our understanding that the
16 three individuals that were involved, that the Board was
17 fully aware of the circumstances there and approved those
18 situations.

19 MR. WITTGRAF: To whom are you referring relative
20 to the severance provisions?

21 MR. RICHARDSON: We are speaking of the two
22 officers and the senior two officers being Vice President

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1 Shay, secretary of the Corporation, Ms. Bozell, and Mr. Luke.

2 MR. WITTGRAF: That is correct, then. We did not
3 review the comparable provision put in the contract for Mr.
4 Severson with us before putting it in, but it is true, the
5 handling of those three was reviewed with us prior to
6 completion of those arrangements. Yes.

7 MR. RICHARDSON: The last item, and this I drafted
8 and put in. I certainly need to discuss this more fully with
9 the Board. It is on the independence of the Inspector
10 General. It talks about the questions tended to limit the
11 authority of the IG. I have drafted something that I have
12 reviewed with staff.

13 I believe this to be the case, but the answer that
14 I put forth was, the questions were not intended to limit the
15 scope or independence of the IG. However, the questions were
16 framed to gain insight from different applicants as to how
17 they reviewed the IG operations working with the Monitoring,
18 Audit, and Compliance Office.

19 At that, I would be glad to try to answer any
20 questions you may have. I know it has been very quick, and
21 many people have just received the report.

22 MS. PULLEN: Thank you, Mr. Richardson. I wonder

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1 whether we could hear any comments, if Mr. Fortuno has any to
2 add, or Mr. Quatrevaux. We should note that this report is
3 in response to Inspector General's reports from Mr.
4 Quatrevaux's predecessor, and not reports that he himself
5 prepared, but he has certainly reviewed those since taking
6 his office, and it isn't necessary for him to comment on this
7 if he doesn't choose to, but he is welcome to, as is Mr.
8 Fortuno.

9 MR. QUATREVAUX: I would like to, Madam Chairman.

10 MS. PULLEN: Mr. Quatrevaux.

11 MR. QUATREVAUX: Bud, can you hear me fine?

12 MR. KIRK: Yes, I can.

13 MR. QUATREVAUX: Okay.

14 Dave has done yeoman work trying to put this
15 together, but this is the first crack at it, and I think
16 everyone needs an opportunity to digest it.

17 I also recall your comments in a letter to me
18 suggesting that we use some sort of numbering scheme to tie
19 our responses, or your responses, I should say, to Mr.
20 Wilkinson's report, and we are missing that here, and as a
21 consequence it is a bit difficult to follow.

22 With regard to the topics addressed, I would

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1 suggest that the greatest emphasis, based on our meeting with
2 Senate staff, that the greatest emphasis in the management
3 report addressed the concerns dealing with independence of
4 the IG, and all the things about resources, and many of those
5 Dave has touched on.

6 But I think that is where you want to -- that is
7 where you will get the maximum benefit.

8 Those are the only suggestions I have.

9 MS. PULLEN: Would you suggest, then, that that
10 section at the end be fleshed out more?

11 MR. QUATREVAUX: Yes, I would.

12 MS. PULLEN: Thank you, Mr. Quatrevaux. Does Mr.
13 Fortuno have any comments that he needs to make?

14 MR. FORTUNO: Nothing much, other than I have
15 looked at it today. There are possibly some points that
16 could be cleaned up a little bit. I hadn't had a chance to
17 look at it before. It has been made available to the General
18 Counsel's Office on Friday.

19 I was unavailable because of other demands, and
20 someone in the office, John Penzinger, did look at it, I
21 understand, and offered his comments, and those have been
22 incorporated.

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1 But a couple of portions of this could probably be
2 cleaned up a little bit, and I think I may have some comments
3 to offer in a little while.

4 MR.KIRK: Madam Chairman?

5 MS. PULLEN: Mr. Kirk.

6 MR.KIRK: I would offer a suggestion that one more
7 item be included there at the end of Section 5. That would
8 be that what we called about, the golden parachute, I believe
9 that before any comment was made by Mr. Wilkinson, that the
10 Board certainly at its Portland meeting and some other
11 meetings, indicated a distaste for too many golden parachute
12 contracts, and buying off people that are leaving.

13 And I don't know if that could be worded in such a
14 way that it would tell them that we are just not ignoring
15 that, that even before the IG made his comments, we were
16 aware of it and the Board was moving in that direction.

17 MS. PULLEN: Bud, if I may insert this, it should
18 also be noted that those provisions were in the contracts,
19 that our concern was for future contracts.

20 MR. KIRK: Yes, that is exactly right, but that we
21 were taking a lesson from, and I -- Chairman Wittgraf, am I
22 recalling that correctly?

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1 MR. WITTGRAF: Yes, Mr. Kirk. I think that at the
2 same time that the three senior employees were being
3 negotiated out, we made it clear to then President Martin, as
4 we did to him in subsequent Board meetings, that aside from
5 the positions of president and inspector general, we, as this
6 Board, were not supportive of contracts for employees, and
7 that we were particularly not supportive of lengthy severance
8 provisions.

9 I do think the severance provisions referred to by
10 Mr. Wilkinson and here in the draft management report should
11 be, as you suggested, put in the context of a practice that
12 had existed since the mid-1980s, and should also be given a
13 reference other than the colloquial Golden Parachute, and I
14 think simply that of extended severance pay.

15 MR. KIRK: I would agree with that.

16 MR. WITTGRAF: Thank you. Madam Chairman, may I
17 make additional comments?

18 MS. PULLEN: Mr. Wittgraf, proceed.

19 MR. WITTGRAF: Thank you. Mr. Richardson, we are
20 picking on you, and don't take this personally, please. You
21 are just the unlucky one who got to do the first draft.
22 Section 5, dealing with personnel deficiencies, a couple of

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1 broad comments.

2 First, as you begin that second paragraph talking
3 about, and I quote, "There are some inaccurate statements of
4 fact contained in this report that must be clarified," you
5 may need to, or the report may need to specify what those
6 inaccurate statements are, and then, perhaps, with each
7 inaccurate statement, state the situation accurately insofar
8 as possible.

9 I would also, because of the pending litigation
10 with Mr. Wilkinson and, I think, the continuing threat of
11 litigation, perhaps, with the other employee referred to
12 here, try to maybe reduce to more summary terms the responses
13 or the corrections that you are making, and try to avoid
14 going into so much detail, if possible.

15 I certainly agree with Mr. Kirk and Ms. Pullen that
16 Section 6 should be expanded upon, because I think that is so
17 important, in that it represents the future, both as
18 evidenced by what has been done in the last two or three
19 months and what plans are for future months.

20 And finally, I don't know what circulation has been
21 given so far to the draft, but hopefully, the president and
22 general counsel apparently have received it, but the

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1 president and all division heads would get an opportunity to
2 review it, too.

3 Because of the shotgun nature of Mr. Wilkinson's
4 report or allegations, we want to make sure everybody who was
5 in range of the shotgun has an opportunity to review the
6 management report and comment on it as appropriate.

7 Thank you, Madam Chairman.

8 MS. PULLEN: Thank you, Mr. Wittgraf. Any further
9 comments? This is a draft that the Board has just received,
10 so I do not contemplate that it would be appropriate to take
11 action on it today in this Committee, but that does not
12 foreclose future action whatsoever.

13 And so I would ask whether there are any further
14 comments before we move on to our next agenda item.

15 MR. KIRK: Let me ask Mr. Quatrevaux, we are kind
16 of late getting this in as it is. If we wait another month,
17 I am a little concerned that that might adversely affect our
18 credibility with the Senate Committee.

19 I am wondering if we want to vote for a general
20 approval of the report with modifications and then informal
21 meeting, and then, before it goes out, we will continue to
22 fax it to the members of the Committee for final approval.

1 MR. QUATREVAUX: Madam Chairman?

2 MS. PULLEN: Mr. Quatrevaux.

3 MR. QUATREVAUX: I think, long range, I believe the
4 best way to handle this management report is for it to be a
5 Committee function with, of course, information and
6 consultation as the Committee feels with the remainder of the
7 Board.

8 I would suggest that the general approval is fine,
9 but really, this is a report that the Committee could
10 prepare, especially now that the -- well, let me end my
11 comments there. Yes?

12 MR. KIRK: What I am saying is that it looks like
13 we need -- if we need to get it out before the next meeting,
14 this Committee could vote on it in general, but it would have
15 the approval, whatever the changes were would all be approved
16 by the members of the Committee before it went out to avoid
17 the problems of government sunshine.

18 MR. QUATREVAUX: I agree -- Madam Chairman?

19 MS. PULLEN: Mr. Quatrevaux.

20 MR. QUATREVAUX: I agree that it would be a good
21 idea to move relatively quickly on this and not wait until
22 the next full Board meeting.

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1 MR. KIRK: In that event, I will move that we
2 accept the draft in principle with the suggestions that have
3 been noted herein and that prior to my finally signing it as
4 chairman of the Committee, that it would be approved
5 by -- just the change would be approved by the Committee, by
6 telephone.

7 MS. PULLEN: Mr. Kirk, may I ask whether your
8 motion could be construed to restrict changes in the draft to
9 just those that were discussed here, or whether further
10 changes could be made if when other departments of the
11 Corporation review aspects that relate to their specific
12 departments, they were to find that there might be an error
13 in figures, or what have you, because I am informed that
14 aspects involving various departments have not been verified
15 by those departments to date.

16 MR. KIRK: I think that substantively, we could not
17 make any substantive changes beyond those which we have
18 discussed and approved here, but certainly any other changes
19 beyond that could be made.

20 MS. PULLEN: You are a lawyer, aren't you?

21 MR. WITTGRAF: Mr. Kirk -- Madam Chairman.

22 MS. PULLEN: Mr. Wittgraf.

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1 MR. WITTGRAF: In light of the fact that you and
2 Mr. Quatrevaux met for a couple of hours with the government
3 operations staff members from the Senate, and Mr. Quatrevaux
4 and I, as well as Mr. Fortuno and Mr. Fax, met for an hour or
5 so this afternoon with two GAO staff members, auditors, I
6 don't know that it is urgent that we send this report forward
7 until after our February meeting.

8 I think because of all the suggestions that have
9 been made, and because of the sensitive nature of some of the
10 matters under discussion here, we might be just as well off
11 to wait to send it forward with full Board review based on
12 your and the Committee's recommendations in February.

13 That being the case, I would ask you to consider
14 withdrawing your motion.

15 MR. KIRK: I am afraid you will have to speak a
16 little more plainly to me, because, I mean, my meeting was
17 over a month ago, and, you know, our report was due in
18 September or something like that, and I did have a concern
19 for continuing to wait. I would like for you to relate to me
20 your feelings on why there may not be.

21 MR. WITTGRAF: It seems to me in effect we have
22 asked the staff to essentially rewrite the report, and I

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1 think because of the sensitive nature of the issues discussed
2 in it, it behooves the Board, with the Committee and with you
3 as chairman of the Committee, to review the new draft
4 carefully.

5 And I am more concerned with the draft which
6 becomes part of the permanent record or the report, rather,
7 which becomes part of the permanent record, than I am with
8 the passage of another three or four weeks' time,
9 particularly in light of the fact that we have met with the
10 people from the Senate Committee staff, we have met with GAO
11 auditors, and I think we have made it pretty clear in both
12 instances that we are not hiding anything, we are simply
13 trying to get about the business of an effective IG function.

14 MS. PULLEN: If I may, Mr. Kirk, additionally, I
15 would like to know that while Mr. Richardson was very helpful
16 in outlining the content of the report, none of us have had
17 the opportunity, at least I haven't, while chairing the
18 meeting, to literally read it, and I would prefer not to take
19 action tonight, when I have not read what I am being asked to
20 vote on, when the intent of your motion is that only non-
21 substantive changes could be made in the future.

22 I think we need a little more time on this.

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1 MR. KIRK: Well, I will accede and withdraw my
2 motion, but I must tell you, I have a real concern about
3 continuing to ignore these Committees.

4 MS. PULLEN: Well, I don't think that what we are
5 doing is ignoring the Committees. I think what we are trying
6 to do is to produce a document that is accurate and fairly
7 represents the facts, and that that is a better service to
8 that Committee and to this Corporation than giving them
9 something that we don't have total confidence in yet at the
10 time that we are asked to vote on it.

11 MR. WITTGRAF: I concur, Madam Chairman.

12 MS. PULLEN: I think probably you have had a much
13 better opportunity to go over the content of this than the
14 rest of us have, and so I can understand your being quite
15 confident in moving forward on it.

16 MR. KIRK: Well, I have withdrawn my motion, so --

17 MS. PULLEN: Thank you.

18 Is there any further business to come before the
19 Committee in its open session before we move to Item No. 4?

20 M O T I O N

21 MR. WITTGRAF: Madam Chairman, I move that we
22 proceed to executive session at this time for discussion --

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1 MS. PULLEN: Mr. Wittgraf has moved --

2 MR. WITTGRAF: I'm sorry. For discussion of those
3 matters of which notice has been given previously.

4 MS. PULLEN: Mr. Wittgraf has moved that we go into
5 executive session. Is there a second to his motion?

6 MR. HALL: Second.

7 MS. PULLEN: Mr. Hall has seconded. I will put the
8 motion. All those in favor of now adjourning into executive
9 session, or going into executive session, please say aye.

10 (A chorus of ayes.)

11 MS. PULLEN: Opposed.

12 (No response.)

13 MS. PULLEN: The motion carries. Leaving a moment
14 for our guests to have the opportunity to depart, we will be
15 in executive session.

16 MS. PULLEN: Is there a motion to adjourn the
17 public session?

18 M O T I O N

19 MR. WITTGRAF: Madam Chairman, I move that our
20 Committee forward to the Board for approval the letter
21 Senator Glenn and Representative Conyers as redrafted by the
22 Inspector general, the General counsel, and Special Counsel,

1 when that is available tomorrow for review by members of the
2 Board as a whole.

3 MS. PULLEN: Is there a second?

4 MR. HALL: Second.

5 MS. PULLEN: Mr. Wittgraf moves and Mr. Hall
6 seconds that the Committee send forward to the Board the
7 draft letter to Senator Glenn and Representative Conyers as
8 amended by staff and as to be presented tomorrow.

9 Is there discussion?

10 (No response.)

11 MS. PULLEN: You have heard the motion. All those
12 in favor, say aye.

13 (A chorus of ayes.)

14 MS. PULLEN: Opposed, no.

15 (No response.)

16 MS. PULLEN: The motion carries.

17 Further business?

18 (No response.)

19 MS. PULLEN: Is there a motion to adjourn?

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M O T I O N

1
2 MR. WITTGRAF: I so move.

3 MS. PULLEN: Mr. Wittgraf moves and Mr. Hall
4 seconds that the Committee now adjourn.

5 All those in favor, say aye.

6 (A chorus of ayes.)

7 MS. PULLEN: Opposed, no.

8 (No response.)

9 MS. PULLEN: The Committee is adjourned.

10 (Whereupon, at 7:54 p.m., the meeting was adjourned
11 to executive session.)

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