



Project On Government Oversight



2009 ANNUAL REPORT

accountable
effective open
ethical

POGO

Letter from the Vice-Chair of the Board



Dear Friends,

If you're reading this letter, you likely already know something about the Project On Government Oversight (POGO). And you might know the inestimable value of POGO's work investigating, exposing, and working to remedy corruption and other misconduct with an eye toward a federal government that is more effective, accountable, open, and ethical.

POGO's work in 2009 received unprecedented and well-deserved attention in the media and from key audiences in DC and beyond. But, no matter how much attention POGO gets and no matter how much waste, fraud, and abuse they expose, their work is never done—and, from my perspective, even though government transparency and accountability has gained popularity in the U.S., not enough people know about POGO and their work.

I feel particularly lucky because I haven't known a Washington, DC, without POGO. POGO was the first nonprofit group I "met" upon my arrival here in 1995 when I went to work for Congresswoman Carolyn Maloney (D-NY). Seriously, what other nonprofit organization could ever claim to have made government procurement reform sexy? What other organization can say that they've made you think hard *and* laugh out loud when reading their blog entries on topics like contractor oversight and the overhaul of our financial regulatory system? As far as I'm concerned, there's no one that can make you laugh as loud, cry as hard, and want to take action like POGO can.

Until recently, POGO's fan base consisted of a small, incredibly loyal and dedicated group of folks, although these POGO groupies could generally only be found in government-insider, investigative-reporter, and other policy-wonk audiences. But the number of people who know and listen to POGO is rapidly growing. A recent Carnegie Foundation report highlighted POGO's increasing reach, saying that "In recent years this nonprofit organization [POGO] that works with whistleblowers to add transparency to government operations has expanded its outreach and achieved noticeable results."

POGO's work has created a ton of great buzz, gotten a lot of stellar media coverage, and, of course, created a lot of positive change in 2009. As we continue to support POGO and the work they do, I challenge you to join me in making 2010 the year that "the masses" learned about POGO's critical work.

Regards,

A handwritten signature in black ink that reads "Lisa Baumgartner Bonds". The signature is written in a cursive, flowing style.

Lisa Baumgartner Bonds, Ph.D.
Vice-Chair

"I have worked with POGO on a wide range of issues and have found its work extremely solid and valuable. POGO is an indispensable resource for anyone in Congress truly interested in making government more efficient and accountable."

– Senator Claire McCaskill (D-MO)

About POGO

“Government accountability is essential to maintaining a functioning democracy, and we need people who are dedicated to ensuring that our officials maintain the ethical standards the American people expect of them. I am grateful for the work Project On Government Oversight performs on behalf of the American people.”

– Former Representative Christopher Shays (R-CT)



The Project On Government Oversight is an independent nonprofit that, for twenty-eight years, has investigated and exposed corruption and other misconduct in order to achieve a more effective, accountable, open, and ethical federal government.

POGO has earned a solid reputation for uncovering deep-rooted systemic problems which threaten the integrity of the federal government. By working effectively with whistleblowers and expert insiders, and conducting in-depth investigations, POGO is able to provide accurate and reliable information, findings, and recommendations that are trusted by policymakers, the media, and the public. In fact, policymakers frequently adopt and implement our recommendations to fix the systemic problems originally investigated by POGO. We are further able to advance public policy improvements because we have built solid bi-partisan relationships with congressional allies and senior agency officials, and have engaged in an aggressive public education program.

In POGO’s continuous drive to create positive systemic reform, we not only focus on problems in government policies but also on problems with the government’s oversight and accountability infrastructures. If those structures can be made healthy, it is far more likely that the integrity of the government can be ensured. From offering such programs as monthly training sessions for congressional staff in the art of oversight, to working to strengthen both the independence and accountability of the Inspectors General system, POGO is tirelessly working toward a more effective, accountable, open, and ethical federal government.



How POGO Works

- **IDENTIFY** systemic corruption or other misconduct in federal government
- Launch independent **INVESTIGATIONS**
- Work with whistleblowers, insiders, and other knowledgeable individuals to **RESEARCH AND CONFIRM** findings
- Recommend **COMMON-SENSE SOLUTIONS** for positive change
- **INFORM PUBLIC** of findings
- Work with government officials to **INITIATE SYSTEMIC POLICY IMPROVEMENTS**
- Continue to work towards a more **EFFECTIVE, ACCOUNTABLE, OPEN, AND ETHICAL** federal government

Accomplishments and Progress in 2009



“The inspector general’s investigation was undertaken in response to allegations by the Project on Government Oversight, an independent watchdog group.”

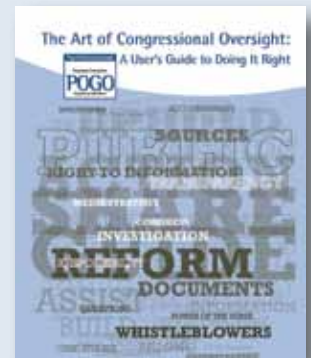
– Steven Mufson, “Nuclear regulator broke rules, says inspector general,” *The Washington Post*, October 29, 2009

Effective

- **Preventing Diversion of Dollars from National Security Needs by Ending the F-22 Fighter Jet.** Long one of POGO’s targets, the F-22 fighter jet is a symbol of congressional and military industrial complex excess. POGO supported the charge led by Senators John McCain (R-AZ) and Carl Levin (D-MI) to halt the production of the F-22, and worked around the clock visiting Senators from both sides of the aisle to counter information put together by defense industry lobbyists who would put their profit margins over the needs of the country. In the end, the Senate voted 58-40 to halt production of the F-22, leading the House to strip funds for fighter jets that even the Pentagon didn’t want.
- **Stopping Oil and Gas Royalties Give-Away.** After years of raising concerns about the Royalty-In-Kind (RIK) program—the government’s flawed program to collect royalty payments from companies drilling for natural resources on federal lands—POGO saw one of its top recommendations implemented. Interior Secretary Ken Salazar announced the end of the RIK program almost one year to the day after the release of POGO’s report recommending that the program be killed. Now we can move forward towards a better system of collecting oil and gas royalties—one of the largest sources of revenue for the federal government.
- **Running Monthly Oversight Training Series on the Hill.** Now entering its fourth year, POGO’s Congressional Oversight Training Series (COTS) continues to spark idea exchange, encourage collaboration, and hone the oversight skills of congressional staffers on both sides of the aisle. Over 250 congressional staffers representing more than 100 Senate and House offices participated in at least one of our thirteen seminars this year.

• Publishing Book on Congressional Oversight.

POGO published its first book in June 2009: *The Art of Congressional Oversight: A User’s Guide to Doing It Right*. Emerging out of our work on COTS, the book is a compilation of tips, case studies, and best practices for congressional oversight. POGO hopes the book will inspire a new generation of staffers to continue and improve upon the rich tradition of congressional oversight.



Accountable

- **Causing State Department to Cancel Contract after Exposing “Lord of the Flies” Security Environment at the U.S. Embassy in Kabul.** POGO collaborated with whistleblowers to expose enormous deficiencies in the State Department’s oversight of ArmorGroup North America (AGNA), the contractor in charge of security at the U.S. Embassy in Kabul. POGO found that the embassy was guarded by a sleep-deprived guard force that struggled to communicate among themselves because of language barriers. Furthermore, the lewd and deviant behavior of some of the supervisors and guards had resulted in complete distrust of leadership and a breakdown of the chain of command, compromising security. In spite of these shortcomings—many of which the Department was aware of—State continued to renew AGNA’s contract. Three months after POGO sent a letter outlining the problems to Secretary of State Hillary Clinton, the Department finally elected not to renew the AGNA contract. The government is now re-evaluating its use of private security contractors in combat zones.



- **Releasing a Report on IG Accountability.** In March 2009, POGO released *Inspectors General: Accountability is a Balancing Act*, a report examining the federal Inspector General (IG) system. In the report, POGO urged the IGs to prioritize their workloads and treat whistleblowers with the attention and protection they deserve. POGO also recommended that the IGs ensure that operators answering whistleblower hotlines are appropriately trained and experienced. As a result, the Council of IGs launched a government-wide review of their hotlines.
- **Leading the FDA to Hold an Official Accountable.** After pressure from POGO and others, in August 2009 Daniel Schultz—the head of the FDA center in charge of medical device safety—was forced to resign after reaching an agreement with FDA Commissioner Margaret Hamburg that “stepping down at this time would be in the best interest of the center and the agency.” In a February 2009 report, *The FDA’s Deadly Gamble with the Safety of Medical Devices*, we raised concerns about Schultz’s decision to disregard the Good Laboratory Practice (GLP) regulation, which had resulted in a lower safety standard for certain medical devices.

Open

- **Moving Whistleblower Reform in the Senate.** After nearly a decade-long effort (in which POGO played no small part), in July 2009 the Senate Committee on Homeland Security and Governmental Affairs advanced whistleblower protection legislation, which included such vital provisions as allowing jury trials for whistleblowers suffering retaliation. The legislation will now move to the House, where it is expected to be strengthened.

- **Organizing and Presenting Whistleblower Film Series.** As part of the landmark nine-year legislative effort to restore credible whistleblower rights for government employees and contractors, POGO held screenings of different whistleblower films every Thursday in October over on Capitol Hill. Post-film discussions featured film directors, producers, Members of Congress, and often the whistleblowers themselves. The series culminated with the Washington, DC, premiere of *The Most Dangerous Man in America: Daniel Ellsberg and the Pentagon Papers*, which drew over 500 attendees.
- **Receiving the Sunshine Award.** In August 2009, the Society of Professional Journalists awarded POGO its national Sunshine Award for important contributions in the area of open government. The award recognized our work investigating the Minerals Management Service (and the aforementioned RIK program), our Federal Contractor Misconduct Database, and our investigations showing wasteful spending of taxpayer funds by the Air Force.



Ethical

- **Working with Congress to Oversee Conflicts of Interest at the Treasury Department.** POGO sent a letter in May 2009 to Congress raising concerns about the potential for conflicts of interest involving bailout asset managers that have been hired by the Federal Reserve and Treasury Department. In response, several congressional offices contacted POGO with questions about how Congress could do a better job overseeing these conflicts of interest. POGO also met with staff from the Office of the Special Inspector General for the Troubled Asset Relief Program, the government watchdog monitoring the bailout, to discuss our concerns.

“The Project on Government Oversight, a government watchdog group, compiled data on Honeywell, Battelle and other contractors that have had legal or regulatory issues with federal agencies. For its analysis, The Post compared a list of companies receiving stimulus grants with POGO’s data and examined reports from the Government Accountability Office, court records from the Justice Department and other public documents.”

– Kimberly Kindy, “Stimulus dollars going to accused contractors,” *The Washington Post*, October 29, 2009

POGO's Dream: The Story of the Whistleblower Film Series

Eleven years ago, we came to a shocking realization: many people under thirty had never heard of the classic whistleblowers. We dreamed of using movies about whistleblowers to educate the newer generation, but POGO had no experience organizing film festivals. We explored solutions for years to no avail, but concept finally became reality when POGO connected with Chris Garlock of the DC Labor FilmFest.

The films—*The Pentagon Wars*, *The Whistleblower*, *Silkwood*, *The Insider*, and *The Most Dangerous Man in America: Daniel Ellsberg and the Pentagon Papers*—were shown on Capitol Hill and were well attended. After each film, speakers who played parts in the actual stories talked about issues the films presented. Those speakers included Col. Jim Burton, Peter Stockton, former *New York Times* reporter David Burnham, Dr. Jeffrey Wigand, former *Washington Post* editor Leonard Downie, Jr., filmmakers Judith Ehrlich and Rick Goldsmith, and Daniel Ellsberg.

The Government Accountability Project, Public Citizen, the National Whistleblower Center, Union of Concerned Scientists, DC Environmental Film Festival, The Impact Arts + Film Fund, and DC Labor Film Festival also helped present the films.

POGO's dream became a successful reality: we broadened awareness of the good done by whistleblowers, the tribulations they suffer, and the need to pass the Whistleblower Protection Enhancement Act.

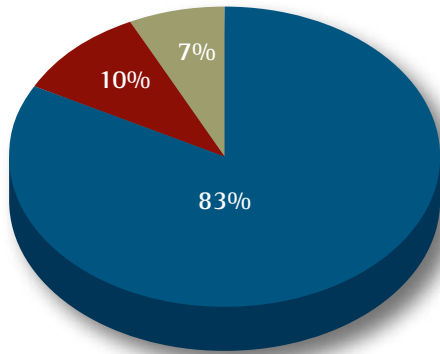
"The report, obtained by the Project on Government Oversight, a Washington watchdog group, paints a grim picture of systematic fraud, waste and mismanagement of the travel card program."

– Robert Brodsky, "Report paints agencies as deadbeat travel card holders," *Government Executive*, May 29, 2009



Statement of Activities

A commitment we will always keep to our supporters—large and small—is that we practice what we preach. We diligently search for ways to both stretch our dollars and expand our impact.



- Program Services
- Development
- Administrative

Statement of Activities for the Year Ended December 31, 2009*

REVENUE & SUPPORT	Grants	\$ 1,661,570
	Contributions	1,880,507
	Investment Income	130,971
	Volunteer Services	80,505
	Publications and Other Income	18,570
	TOTAL REVENUE & SUPPORT	3,772,123

EXPENSES	PROGRAM SERVICES	
	Contract Oversight Investigations	179,733
	Inherently Governmental Functions	168,066
	Defense and National Security Investigations	115,328
	Whistleblower Investigations	113,131
	Bailout Watch	110,054
	Government Oversight	104,629
	Congressional Oversight	86,277
	Nuclear Weapons Security Investigations	85,148
	Nuclear Power Security Investigations	32,837
	Livermore Nuclear Investigations	21,675
	Public Health Investigations	76,551
	Emerging Programs	76,288
	Inspector General Investigations	66,657
	Government Corruption (Revolving Door)	44,069
	Energy and Natural Resources Investigations	30,564
	Direct Lobbying	38,835
	TOTAL PROGRAM SERVICES	1,349,842

	SUPPORTING SERVICES	
	Administrative	116,433
	Development	162,688
	TOTAL SUPPORTING SERVICES	279,121
	TOTAL EXPENSES	1,628,963
Change in Net Assets	2,143,160	
NET ASSETS, BEGINNING OF YEAR	1,201,428	
NET ASSETS, END OF YEAR	\$3,344,588	

*Audited

"I admire the fact that your organization has such tight restrictions on accepting funding that could potentially compromise your work. You and your team are some of the last truly independent voices inside the Beltway; keep up the great work!"

– Office of Inspector General Audit Manager

Foundation Supporters

“Your organization serves a very important function in making government decision-making more transparent. Your grasp of the issues makes it even more important that we consider your input carefully.”

– Federal Agency Suspension and Debarment Officer



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POGO also extends thanks to the many contributors who gave between \$1 and \$99 in 2009—we deeply appreciate all of our generous supporters. You are truly the foundation of our organization. If we somehow neglected to acknowledge you here, please let us know and accept our regrets.

In order to preserve our independence, POGO does not accept contributions from the government, unions, corporations, or anyone with a financial stake in the outcomes of our investigations. POGO accepts limited contributions from law firms, capping each at less than 1% of POGO's operating budget. POGO also accepts employee-directed contributions from individuals who donate through their companies.

* Member of the Monthly Giving Club. It's easy to support POGO on a monthly basis, and every donation makes a difference for our programs.



Spotlight on Donors

Cyril Bouteille Gives POGO a Place in the Facebook Cause Phenomenon

Why did you set up a POGO Cause Page?

Causes is a nice Facebook application to manage the charities you are supporting. It leverages the power of social networks to add exposure to your favorite groups through your friends, and stimulates fundraising through gaming concepts.

I thought it would be a good idea to donate through this application but a cause was not setup yet, so I thought I should create one for POGO! Setting up the Cause Page was very empowering and rewarding, as I was able to do so as just a fan, without direct contact within the organization.

When did you first hear of POGO?

I was watching a PBS show called NOW, which was reporting on a government auditor at Minerals Management Service (MMS) who discovered that an oil company had found a way to avoid paying millions of dollars in royalties. His bosses told him to drop the matter. He refused and was laid off when he spoke out about the matter. I was so mad—I was outraged that such corruption would be going on without more public attention! When I followed up on pbs.org to get more information I saw POGO was mentioned as an organization exposing such failures to regulate and I thought it was a great cause!



Recognition

Congratulations to Danielle Brian and Keith Rutter for their twenty years of service to POGO. Under Danielle's direction, POGO has conducted numerous investigations that have resulted in major public policy reforms and has strengthened the oversight infrastructure of the government itself. Keith has overseen all functions at POGO, ranging from research and strategy to development and finance. Their leadership and vision has kept POGO on an exciting journey improving the federal government.



Congratulations also to Beth Daley, Danni Downing, and Pam Rutter for their ten years of service to POGO. Beth began as an investigator, taking on the government's ineffectual collection of oil royalties and advocating for national security whistleblower protections. Beth's role grew, and she became in turn Director of Development, Director of Communications, and finally Director of Investigations. Danni also came to POGO as an investigator, working on whistleblower protections and open government issues. She is now POGO's Editor, and works to ensure that all of POGO's products are clear and accurate. Pam started at POGO taking on almost every administrative task, as well as running the website. As the role of the web in POGO's work changed, so did Pam's. She is now our Web Manager and has guided the website into the robust site it is today.

As a result of the over 70 years combined experience of these staff members, POGO is a much stronger and more effective organization.

POGO People

“I want to, for my own part, thank you and thank POGO for your work here. But for your work, we really would not be here today....[T]hese recent problems over the course of the summer...were learned about by the State Department only through the efforts of POGO.”

– Clark Kent Ervin, Commissioner, Commission on Wartime Contracting in Iraq and Afghanistan, at the September 14, 2009, hearing about “State Department Oversight and Contractor-Employee Conduct”



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Thank you

Former staff members Beverley Lumpkin and Marthena Cowart; and interns Grace Bowden, Nina Brekelmans, John Cappel, Jerry Dunleavy, Jeremiah Lindsey, Ana O’Harrow, Eric Orenstein, and Marc Vartabedian.



POGO

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