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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

RICHARD J. KESSLER, STAFF DIRECTOR
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March 7, 2013

The Honorable Gene Dodaro
Comptroller General of the United States
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

As part of the Subcommittee's oversight of federal spending, I am writing to request that the Government Accountability Office (GAO) review how the State Department awards and manages grants and cooperative agreements.

Recent reports by GAO and the Special Inspector General for Afghanistan Reconstruction (SIGAR) raise concerns regarding the Department's ability to adequately oversee grants. In 2012, SIGAR reported that it was unable to assess whether adequate pre-award assessments or competition had occurred for grants under the public diplomacy program administered through the Kabul Embassy because of a lack of adequate documentation. In January 2013, GAO found that the Department has failed to conduct financial internal control reviews for over two-thirds of its implementing partners under one State Department program.¹

I am troubled by the potential for overcharges, improper billing, and other areas of potential fraud that may be occurring as a result of lax oversight by the Department. Based on these concerns, I request that you assess potential risks associated with the State Department's management and oversight of grants and cooperative agreements, including whether the Department has complied with its audit responsibilities. I also request that you review the Department's structure for administering and overseeing grants and cooperative agreements, including its ability to track obligations and expenditures, the number of sole-source awards made by the Department, and the Department's visibility over awards to subgrantees. Finally, I request that you review the Department's effectiveness in assessing whether the grants and cooperative agreements it funds are achieving their stated goals.

¹ U.S. Government Accountability Office, *Cuba Democracy Assistance: USAID's Program Is Improved, but State Could Better Monitor Its Implementing Partners* (Jan. 25, 2013); Special Inspector General for Afghanistan Reconstruction, *Selected Public Diplomacy Awards Mostly Achieved Objectives but Embassy can Take Steps to Enhance Grant Management and Oversight* (July 30, 2012) (SIGAR-Audit 12-13).

The Honorable Gene Dodaro

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Please have your staff contact Alan Kahn with the Subcommittee staff at (202) 224-6814 with any questions. Please send any official correspondence related to this request to Lauren_Corcoran@hsgac.senate.gov.

Sincerely,



Claire McCaskill

Chairman

Subcommittee on Financial and Contracting Oversight

cc: Ron Johnson
Ranking Member
Subcommittee on Financial and Contracting Oversight