

# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
WASHINGTON, DC 20510-6250

RICHARD J. KESSLER, STAFF DIRECTOR  
KEITH B. ASHDOWN, MINORITY STAFF DIRECTOR

March 31, 2014

Merton W. Miller  
Associate Director of Investigations  
Office of Personnel Management  
1900 E Street, N.W.  
Washington, DC 20415-1000

Dear Mr. Miller:

It was recently brought to my attention that the Federal Investigative Services (FIS) recently discovered a \$39 million budget shortfall caused by an accounting error that persisted for years. I understand that FIS has used its Retained Earnings fund, part of the Revolving Fund, to cover this shortfall.

As part of the Subcommittee's ongoing oversight of federal spending, I request that you provide a briefing on this issue to the Subcommittee. At the briefing, I request that you be prepared to provide the following information and documents:

- (1) A full description of the cause(s) of the budget shortfall, including when and how the improper accounting of budget totals began, the length of time the improper accounting persisted, when and how the shortfall was discovered, and when and how FIS addressed the shortfall;
- (2) An accounting of the costs to correct the error, including the number of hours required by federal employees and/or contractors and the costs of any technological fix(es);
- (3) An explanation of the Retained Earnings fund, including the rationale for the fund, how much the fund typically holds, the current amount available in the fund, the source of the funds, and how long this fund has been in existence;
- (4) The rationale for using the Retained Earnings fund to cover accounting deficiencies and what approvals were necessary to do so;
- (5) An explanation of whether the funds deposited in the Retained Earnings fund are considered in the calculation of FIS' "full cost recovery" for background investigations performed;
- (6) Copies of the last 3 financial audits of the Federal Investigative Service;
- (7) A description and the associated reports or summaries of any investigations into the accounting error, including whether there was a violation of the Anti-Deficiency Act, and any notifications

Merton W. Miller  
March 31, 2014  
Page 2

made to Congress and the Office of Management and Budget in compliance with that Act, including copies of these notifications;

- (8) The name(s) of the person(s) responsible for the error, and any steps taken to hold them accountable; and
- (9) An explanation of any effects of the shortfall on FIS' operations.

I request that you provide the briefing as soon as possible, but in no case later than **April 11, 2014**.

The jurisdiction of the Subcommittee on Contracting Oversight is set forth in Senate Rule XXV clause 1(k); Senate Resolution 445 section 101 (108<sup>th</sup> Congress); and Senate Resolution 64 (113<sup>th</sup> Congress).

Please contact Cathy Yu with Senator McCaskill's Subcommittee staff at (202) 224-9383 with any questions. Please send any correspondence relating to this request to the Subcommittee's clerk at [Kelsey\\_Stroud@hsgac.senate.gov](mailto:Kelsey_Stroud@hsgac.senate.gov).

Sincerely,



Claire McCaskill  
Chairman  
Subcommittee on Financial and  
Contracting Oversight

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