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June 26, 2017

Tim Horne
Acting Administrator
General Services Administration
1800 F Street, NW
Washington, DC 20405

Dear Mr. Horne:

I am writing to request information regarding the General Services Administration's (GSA) efforts to identify and reduce improper payments.

On May 4, 2017, the GSA Office of the Inspector General (OIG) issued an audit report assessing the agency's compliance with the Improper Payments Acts - the Improper Payments Information Act of 2002, the Improper Payments Elimination and Recovery Act of 2010, and the Improper Payments Elimination and Recovery Improvement Act of 2012. GSA OIG's audit found that GSA "did not comply with the Improper Payment Acts" in Fiscal Year (FY) 2016. Although, GSA OIG found that the agency complied with five of the six requirements of the Improper Payment Acts, GSA "did not meet its improper payment reduction target for the Rental of Space Program, causing it to be in noncompliance with the Acts."¹

GSA OIG also found that GSA's Office of the Chief Financial Officer's (OCFO) failed to make fully accurate and complete reports and evaluations of improper payments. GSA OIG's report concluded that GSA's OCFO lacked adequate internal controls over reporting improper payments, which led the agency's FY 2016 annual financial report to be published with numerous errors related to improper payments. GSA OIG found that the agency's OCFO was also unsuccessful in identifying ineffective controls through its continuous monitoring of vendor payments and failed to sufficiently "implement its corrective action related to its FY 2015 improper payments risk assessment."²

The Inspector General's report made several recommendations to GSA that the agency is currently working to implement. Based on its finding that GSA failed to meet its FY 2016 reduction target for the Rental of Space Program, GSA OIG recommended that the GSA OCFO submit a plan for addressing noncompliance within 90 days, as required by OMB guidance,

¹ U.S. General Services Administration Office of the Inspector General, *GSA Did Not Comply with the Improper Payments Acts in FY 2016* (May 4, 2017) (Report Number A160141/B/5/F17001).

² *Id.*

submit corrected improper payments information to OMB, and improve Rental of Space improper payments testing processes to ensure OCFO reaches correct improper payments determinations. In order to address GSA's reporting errors related to improper payments, GSA OIG recommended that the agency's OCFO provide detailed training on how to complete the Agency Financial Report (AFR) tables, implement controls, including additional review and independent verification, to prevent and detect future misstatements in improper payment reporting, and customize reporting to convey meaningful information tailored to GSA operations. GSA OIG also recommended that GSA's OCFO implement controls to verify continuous monitoring processes and to use the results of continuous monitoring to identify and improve ineffective controls. Finally, GSA OIG recommended that GSA's OCFO develop a detailed methodology for conducting improper payment risk assessments that includes an evaluation of all GSA programs.³

GSA concurred with all of GSA OIG's recommendations for improving compliance with the Improper Payments Acts. GSA indicated that "corrective action is underway" to make improvements in the agency's processes and controls related to improper payments that were identified by the OIG. GSA indicates that it has conducted an evaluation of the agency's improper payments reporting in the AFR to ensure the quality and value for the information provided. GSA has also taken steps to implement controls including initial review and verification to prevent and detect future misstatements in improper payment reporting. GSA is also evaluating skillsets expertise and resources assigned to testing rental of space payments, utilizing improper payments to identify opportunities to reduce improper payments and to ensure future years' target goals are reasonable and achievable. Since 2013, GSA OIG has consistently found that GSA has failed to fully comply with the Improper Payments Acts. While I am encouraged that GSA has agreed to implement all of the Inspector General's recommendations, the agency qualified that response by noting that these remedial actions "will be implemented as feasible."⁴

In order to better understand the General Services Administration's current efforts and going forward plans to reduce improper payments, please provide the following information to my office on or before July 10, 2017:

1. An update on the status of GSA's implementation of GSA OIG's recommendations found in its May 4, 2017 audit report entitled, *GSA Did Not Comply with the Improper Payments Acts in FY 2016*, including an outline of all closed and outstanding recommendations;
2. A list of any and all outstanding Inspector General recommendations related to GSA's compliance with the Improper Payment Acts in FY 2011 through 2016, and a timeline for when GSA expects to close these outstanding recommendations;

³ *Id.*

⁴ *Id.*

3. What factors you anticipate may impact the “feasibility” of implementing any and all outstanding Inspector General recommendations related to GSA’s compliance with the Improper Payment Acts, and what steps GSA will take to mitigate any such feasibility concerns;
4. What additional steps GSA has taken to improve the agency’s oversight of improper payments; and
5. An explanation of how the President’s proposed budget for GSA will impact the agency’s ability to close any outstanding Inspector General recommendations related to GSA’s compliance with the Improper Payment Acts.

If you have any questions regarding this inquiry, please contact Donald Sherman on my staff at Donald_Sherman@hsgac.senate.gov or by phone at (202) 224-2627. Please send any official correspondence relating to this request to Amanda_Trosen@hsgac.senate.gov. Thank you in advance for your prompt attention to this request. I look forward to your response.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman