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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

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November 2, 2017

The Honorable Mick Mulvaney
Director
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Dear Mr. Mulvaney:

I am writing to request information from the Office of Management and Budget (OMB) regarding the agency's efforts to implement the priority recommendations identified by the Government Accountability Office (GAO).

On May 5, 2017, you received a letter from GAO updating you on the status of OMB's implementation of GAO's recommendations and "call[ing] your personal attention to areas where open recommendations should be given high priority." The letter noted that OMB's rate of implementing open GAO recommendations trails the government-wide average and that the agency had 163 open recommendations as of April 2017. The Comptroller General identified 31 of these open recommendations as "the highest priorities for implementation given the critical role [OMB] plays in providing oversight of vital government-wide performance and management issues."¹

While GAO's list of priority recommendations for OMB includes a broad range of issues, I am particularly concerned about the outstanding items related to improper payments and the implementation of the Fraud Reduction and Data Analytics Act of 2015 (FRDA). GAO's letter cites open recommendations related to reducing improper payments at the Department of Defense and in several other high risk programs. For example, in October 2015, GAO reported that additional efforts are needed by OMB and federal agencies to reduce improper payments in Medicare, Medicaid, and the Earned Income Tax Credit. These three programs account for more than 78% of the total reported Fiscal Year 2016 improper payments. In a June 2016 report, GAO also found that opportunities remain for agencies to streamline administrative requirements for federal research grants. The report recommended that as OMB evaluate its Uniform Guidance, and that it also "evaluate options for targeting requirements for research grants to universities, including requirements for purchases and sub-recipient monitoring, on areas of greatest risk for improper use of research funds." OMB did not comment on this recommendation. GAO's letter also notes that the "full and effective implementation of FRDA will help foster progress on high-

¹ Letter from Eugene Dodaro, Comptroller General, U.S. Government Accountability Office to the Honorable Mick Mulvaney, Director, Office of Management and Budget (May 5, 2017).

risk issues government-wide.” The Act requires OMB to use GAO’s Fraud Risk Framework to create guidelines for federal agencies to identify and assess fraud risks, and then implement control activities to prevent, detect, and respond to fraud. The letter added that GAO stood ready to consult with OMB staff on the development of these guidelines and other aspects of FRDA’s implementation.²

The jurisdiction of the Senate Homeland Security and Government Affairs Committee, as set forth in Section 101 of Senate Resolution 445 (108th Congress), provides the Committee oversight of the “organization and reorganization of the executive branch of the Government.” The Committee also carries the responsibility of overseeing the “the efficiency, economy, and effectiveness of all agencies and departments of the Government.”³ It is critically important that this Committee ensure that OMB is working diligently to reduce improper payments and fraud that puts taxpayer dollars at risk.

In order to better understand OMB’s efforts to implement GAO’s outstanding priority recommendations regarding improper payments and FRDA, please provide a written response to the following requests to my office not later than November 16, 2017:

1. Please describe the current status of OMB’s implementation of GAO’s priority recommendations related to improper payments, including whether the recommendations are closed, and if not, OMB’s timetable for closure.
2. Please describe the current status of OMB’s implementation of GAO’s priority recommendations related to the Fraud Reduction and Data Analytics Act of 2015, including whether the recommendations are closed, and if not, OMB’s timetable for closure.
3. As of this writing, has OMB leadership consulted with GAO on the development of fraud reduction guidelines and other aspects of FRDA’s implementation? If so, what was the result of the consultation? If not, when will that consultation take place?
4. Please explain what steps the Congress can take to facilitate OMB’s prompt implementation of any outstanding recommendations in these areas.

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Lucy Balcezak at Lucy_Balcezak@hsgac.senate.gov. Thank you for your prompt attention to this matter.

² Letter from Eugene Dodaro, Comptroller General, U.S. Government Accountability Office to the Honorable Mick Mulvaney, Director, Office of Management and Budget (May 5, 2017).

³ S. Res. 445 (108th Cong.); S. Res. 34 (115th Cong.).

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Sincerely,

A handwritten signature in blue ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman