



Accessible Version

April 10, 2019

The Honorable Mick Mulvaney
Director

The Honorable Russell Vought
Acting Director

The Honorable Margaret Weichert
Deputy Director for Management
Office of Management and Budget

725 17th Street, NW

Washington, D.C. 20503

Priority Open Recommendations: Office of Management and Budget

Dear Mr. Mulvaney:

The purpose of this letter is to provide an update on the overall status of the Office of Management and Budget's (OMB) implementation of GAO's recommendations and to call your personal attention to critical open recommendations that should be given high priority.¹ In November 2018, we reported that on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.² OMB's recommendation implementation rate was 61 percent. As of January 2019, OMB had 148 open recommendations. Fully implementing these open recommendations could yield significant savings and other improvements in executive branch agency operations.

Since our last letter on OMB's 27 open priority recommendations in April 2018, OMB has implemented seven of the priority recommendations. OMB implemented four recommendations that could help reduce acquisition costs by better promoting agency accountability for implementing category management requirements. OMB's updated guidance on agency use of the Do Not Pay system also addressed two additional priority recommendations and could help reduce government-wide improper payments.³ OMB's efforts to assess agencies' compliance with requirements for reporting spending information addressed a recommendation that will help improve transparency. These are important actions that demonstrate progress on significant challenges facing the federal government. In addition, we are closing one recommendation from

¹Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or fragmentation, overlap, or duplication issue.

²GAO, *Performance and Accountability Report: Fiscal Year 2018*, [GAO-19-1SP](#) (Washington, D.C.: Nov. 15, 2018).

³Office of Management and Budget, Circular No. A-123, Appendix C (June 26, 2018).

our 2018 letter as not implemented because it is no longer relevant due to changing circumstances.⁴

Given the critical role OMB plays in providing oversight of vital government-wide performance and management issues, we ask your continued attention on the remaining 19 open priority recommendations identified in the 2018 letter. We also are adding 12 new recommendations related to developing an inventory of federal programs, improving oversight of information technology (IT) investments, reducing government-wide improper payments, and improving fraud risk management as priorities this year. This brings the total number of priority recommendations to 31 (see enclosure I for the list of these recommendations).

The 31 priority recommendations fall into the following eight areas.

Improving government performance.

Implementing 12 priority recommendations would help OMB better meet the information needs of various decision makers. These recommendations involve fully and effectively implementing the federal program inventory and broadening the scope of programs that OMB typically considers in assessing federal agency performance.

We made eight recommendations in October 2014 to update relevant guidance to help develop a more coherent picture of all federal programs and to better ensure information is useful for decision makers. Implementing two additional recommendations from September 2017 could further ensure the usefulness of the inventory. Specifically, we recommended OMB consider using a systematic approach, such as information architecture, as it determines its strategy for implementation. We also recommended that OMB provide time frames and associated milestones for implementation of the program inventory in publicly issued guidance. To fully implement these recommendations, OMB should develop an inventory of federal programs, which is required under the GPRAMA Modernization Act of 2010 (GPRAMA).⁵ Such an inventory could be a critical tool to help decision makers better identify and manage fragmentation, overlap, and duplication across the federal government.

We have also recommended since September 2005 that OMB develop and implement a framework for conducting performance reviews of tax expenditures, which represent forgone revenue estimated at around \$1 trillion annually since 2010. We further recommended in July 2016 that OMB work with agencies to determine which tax expenditures contribute to their agency goals and develop guidance for agencies on contributions made by tax expenditures toward the achievement of agency priority goals. Such action would help inform policy decisions about the efficiency, effectiveness, and equity of tax expenditures and whether they are the best tool for accomplishing federal objectives within different functional areas.

Increasing spending transparency.

Implementing six priority recommendations regarding spending transparency would improve the quality of data and the public's understanding of how federal funds are spent. The Digital Accountability and Transparency Act of 2014 (DATA Act) requires agencies to provide additional data on approximately \$4 trillion in annual federal spending reported to the public on USAspending.gov.⁶ The act also requires OMB and the Department of the Treasury (Treasury)

⁴GAO, *DATA Act: As Reporting Deadline Nears, Challenges Remain That Will Affect Data Quality*, [GAO-17-496](#) (Washington, D.C.: Apr. 28, 2017).

⁵[31 U.S.C. § 1122\(a\)](#).

⁶Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

to establish data standards to enable the consistent reporting and tracking of agency spending. We found in 2017 that agencies did not properly report information on billions of dollars in assistance awards. While OMB has taken some steps to address this issue, we are highlighting a recommendation from June 2014 that would, if fully implemented, clarify guidance on agency responsibilities for reporting awards funded by non-annual appropriations to ensure the transparency and accuracy of this information.

Four recommendations from July 2015 and November 2017 concern data standards. These recommendations center on linking financial spending data to a federal program inventory, developing clearly defined data elements, and establishing a robust data governance structure. OMB told us that they are transitioning to a new governance structure as part of a broader federal data strategy and that they issued guidance to ensure more consistent compliance with DATA Act standards. However, OMB can help ensure that the integrity of data standards is maintained over time by issuing additional clarifying guidance and creating a formal framework for providing data governance throughout the life cycle of developing and implementing standards.

One final recommendation from January 2016 is for OMB to ensure that agencies submit quarterly data as required. OMB has taken steps to address this recommendation but needs to clarify definitions and publicize guidance, among other things, for it to be fully implemented.

Improving acquisition management and reducing costs.

Implementing four priority recommendations related to federal acquisitions would help agencies improve the management of high-priority information technology (IT) projects and achieve billions of dollars in other potential savings. For instance, the federal government planned to spend nearly \$96 billion on IT investments in fiscal year 2018. However, too often these investments have cost overruns and schedule delays. To enhance the oversight of high-priority IT projects, in November 2017 we recommended the Federal Chief Information Officer (CIO) become more directly involved in the oversight of these projects, an approach that improved results and produced significant savings when used in the past.

Category management is an approach based on industry leading practices to streamline and manage entire categories of spending across government like a single enterprise to leverage the government's buying power. Setting goals and assessing agencies' progress in implementing category management should help OMB hold agencies accountable, reduce contract duplication, and increase cost savings. In October 2016, we made two priority recommendations to use category management for land mobile radio equipment. The Department of Homeland Security is establishing a contract vehicle for this equipment from which all federal agencies can order, and OMB's support of efforts to finalize this contract vehicle and fully implement these recommendations could help agencies reap billions of dollars in potential savings.

Federal agencies also have increasingly been using reverse auctions as a tool to reduce the price they pay for certain types of items. We made a priority recommendation in December 2013 to help reduce confusion about these auctions. Completing work to amend the Federal Acquisition Regulation (FAR) to address agencies' use of reverse auctions and increase competition among providers would help agencies make more effective use of a tool that has the potential to significantly reduce the cost of procurement.⁷

⁷See Federal Acquisition Regulations Case 2015-038, *Reverse Auction Guidance*. See also Carl Levin and Howard P. Buck McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, § 824, 128 Stat. 3292, 3436 (Dec. 19, 2014) *codified at* 10 U.S.C. § 2304 note; DFARS Case 2015-D010 (withdrawn, stating the applicable guidance would be addressed in the FAR under FAR case 2015-038, *Reverse Auction Guidance*).

Reducing government-wide improper payments.

OMB's attention to five recommendations can help further address improper payments. We have reported for several years that the federal government is unable to determine the full extent to which improper payments occur and reasonably assure that actions are taken to reduce them. Improper payment estimates totaled \$151 billion for fiscal year 2018, up from \$141 billion in fiscal year 2017.⁸ OMB plays a key role in the oversight of government-wide improper payments and provides guidance to agencies on assessing the risk of improper payments and estimating them. We commend OMB for its efforts to establish new agency guidance to identify the root causes of improper payments and we encourage OMB to continue working with agencies to ensure that new guidance and corrective actions are implemented.

We recommended in May 2017 that the Director of OMB coordinate with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) to develop and issue guidance, either jointly or independently, to specify what procedures should be conducted as part of the Improper Payments Elimination and Recovery Act (IPERA) compliance determinations made by inspectors general (IG).⁹ While CIGIE stated that it has asked for comments on a draft audit guide, OMB's efforts to finalize such guidance for IGs could help improve the accuracy of information on agencies' compliance with IPERA requirements. We also made two recommendations in October 2016 that OMB provide additional guidance that outlines when and how agencies should verify that the Do Not Pay (DNP) working system matches against a secondary source, and establish monitoring mechanisms to evaluate agency use of the DNP working system. These actions would allow OMB to ensure agencies have reliable and complete data and to effectively evaluate agencies' use of the DNP working system and remediate any identified issues.

Finally, we issued two recommendations to help OMB strengthen its guidance on identifying improper payments. Specifically, we recommended in May 2018 that OMB develop guidance for how agencies should identify improper payments. This should include using a risk-based approach to help ensure that key risks of improper payments are addressed. It should also include nonresponse cases for improper payment estimation purposes to help ensure that agencies' improper payment estimates are not understated and that estimates for similar programs are comparable.

We also want to make sure that you are aware we asked Congress to consider expanding access to the Social Security Administration's full death file to additional agencies through the DNP working system. This proposal would allow for better data matching. Likewise, we encourage you to consider this issue in developing any administration position in this regard.

Improving fraud risk management.

Implementing our priority recommendation related to fraud risk management could help ensure agencies are better positioned to assess and mitigate fraud risks. The Fraud Reduction and Data Analytics Act requires OMB to establish a working group to, among other things, improve sharing of financial and administrative controls and other best practices and techniques for detecting, preventing, and responding to fraud.¹⁰ We recommended in December 2018 that

⁸GAO, *Financial Audit: Fiscal Years 2018 and 2017 Consolidated Financial Statements of the U.S. Government*, [GAO-19-294R](#) (Washington, D.C.: Mar. 28, 2019).

⁹Pub. L. No. 111-204, 124 Stat. 2224 (July 22, 2010), *codified at* 31 U.S.C. § 3321.

¹⁰Pub. L. No. 114-186, 130 Stat. 546 (June 30, 2016).

OMB ensure the working group involves the Chief Financial Officers of all agencies subject to the act and that mechanisms are in place for sharing best practices and techniques. Fully implementing this recommendation would help ensure agencies can learn from each other's experiences and share solutions for preventing and responding to fraud risks in their programs.

Establishing controls for disaster relief.

We made one priority recommendation in November 2013 that OMB develop standard guidance for federal agencies to use in designing internal control plans for disaster relief funding. More robust guidance should help agencies establish controls before disasters occur to help minimize risks associated with disaster relief funding and the need to deliver such funding quickly. While OMB revised Circular No. A-123 to require agencies to implement enterprise risk management, to fully address the recommendation OMB should include specific guidance for identifying risks related to disaster funding.¹¹

Improving federal grants management.

Implementing our priority recommendation related to research grants management would help reduce administrative workload and costs by allowing universities flexibility to focus their implementation of certain administrative requirements on areas of greatest risk. We recommended in June 2016 that OMB evaluate options for targeting requirements for research grants to universities on areas of greatest risk for improper use of research funds, including requirements for purchases and subrecipient monitoring. For the recommendation to be fully implemented, OMB needs to show that it evaluated options to streamline administrative requirements on research grants to universities.

Oversight of agency collection and coordination of federal data on sexual violence.

We made one priority recommendation in July 2016 that OMB establish a working group for agencies that collect sexual violence data to assess the benefits and drawbacks of the differences across federal data collection efforts. The Paperwork Reduction Act, among other things, establishes a process for OMB to oversee agency information collection efforts in order to improve the quality and use of federal information while reducing collection burdens, including through the coordination of federal statistics.¹² Using this process to improve the coordination of federal efforts to collect data on sexual violence—which differ across target populations, terminology, measurements, and methodology—would help to clarify the scope of the problem of sexual violence in the United States.

Key Recommendations in High-Risk Areas and Financial Management

We also urge your attention to other agencies' priority open recommendations in critical areas where OMB leadership and oversight could facilitate progress. As you also know, in March 2019, we issued our biennial update to our high-risk program, which identifies government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges.¹³ Our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical service to the public. Several government-wide high-risk areas, including (1) ensuring cybersecurity of the nation, (2) improving management of IT

¹¹Office of Management and Budget, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Circular No. A-123 (July 15, 2016).

¹²44 U.S.C. § 3504.

¹³GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

acquisitions and operations, (3) strategic human capital management, (4) managing federal real property, (5) the government-wide security clearance process, and (6) federal program integrity have direct implications for OMB and the operations of federal agencies.

Meetings with senior OMB and agency officials on individual high-risk areas have proven in the past to be helpful to making progress. As you know, the Program Management Improvement Accountability Act, among other actions, requires OMB's Deputy Director to conduct portfolio reviews to address programs identified as high risk by GAO.¹⁴ We look forward to continue working with you as OMB carries out this responsibility.

We also ask that OMB continue its efforts to improve federal financial management as much work remains. In particular, the processes used to prepare the consolidated financial statements and the Department of Defense's financial management are long-standing impediments that we believe could benefit from additional focus from OMB.

Progress on high-risk and financial management issues has been possible through the concerted actions and efforts of Congress, OMB, and agencies, and we urge your continued attention to these critical issues. Our letters to the Departments of Defense, Health and Human Services, Homeland Security, and Treasury, as well the General Services Administration and the Office of Personnel Management, provide more detailed information on priority open recommendations in these high-risk areas. We are sending you copies of these letters as they are sent to the heads of agencies, and we are publicly releasing them as well.

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Copies of this report are also being sent to appropriate congressional committees, the Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, and Oversight and Reform, House of Representatives. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

I appreciate OMB's continued commitment to addressing these important issues. If you have any questions or would like to discuss any of the issues outlined in this report, please do not hesitate to contact me or J. Christopher Mihm, Managing Director, Strategic Issues, at mihmj@gao.gov or 202-512-6806. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Our teams will continue to coordinate with your staff on all of the 148 open recommendations, as well as those recommendations in the high-risk areas for which OMB has an important role. Thank you for your attention to these matters.

Sincerely yours,



Gene L. Dodaro
Comptroller General
of the United States

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¹⁴Pub. L. No. 114-264, § 2(a)(1), 130 Stat. 1371, 1372 (Dec. 14, 2016) *codified at* 31 U.S.C. § 503(c)(1)(F).

Priority Open Recommendations to the Office of Management and Budget

Improving Government Performance

Government Efficiency and Effectiveness: Inconsistent Definitions and Information Limit the Usefulness of Federal Program Inventories. [GAO-15-83](#). Washington, D.C.: October 31, 2014.

Recommendations: To ensure the effective implementation of federal program inventory requirements, make the inventories more useful, and better present a more coherent picture of all federal programs, the Director of the Office of Management and Budget (OMB) should take the following eight actions:

1. Revise relevant guidance to direct agencies to collaborate with each other in defining and identifying programs that contribute to common outcomes.
2. Revise relevant guidance to provide a time frame for what constitutes “persistent over time” that agencies can use as a decision rule for whether to include short-term efforts as programs.
3. Define plans for when additional agencies will be required to develop program inventories.
4. Include tax expenditures in the federal program inventory effort by designating tax expenditure as a program type in relevant guidance.
5. Develop, in coordination with the Secretary of the Treasury, a tax expenditure inventory that identifies each tax expenditure and provides a description of how the tax expenditure is defined, its purpose, and related performance and budget information.
6. Revise relevant guidance to direct agencies to consult with relevant congressional committees and stakeholders on their program definition approach and identified programs when developing or updating their inventories.
7. Revise relevant guidance to direct agencies to identify in their inventories the performance goal(s) to which each program contributes.
8. Ensure, during OMB reviews of inventories, that agencies consistently identify, as applicable, the strategic goals, strategic objectives, agency priority goals, and cross-agency priority goals each program supports.

Action needed: OMB agreed with five of the eight recommendations and neither agreed nor disagreed with the fourth, fifth, and seventh recommendations. OMB has not taken any actions to implement the eight recommendations. In March 2019, OMB staff told us they had no updated information on actions taken to address these recommendations.

Acting Director: Triana McNeil, Strategic Issues

Contact information: McNeilT@gao.gov, 202-512-6806

Managing for Results: Further Progress Made in Implementing the GPRM Modernization Act, but Additional Actions Needed to Address Pressing Governance Challenges. [GAO-17-775](#). Washington, D.C.: September 29, 2017.

Recommendations: The Director of OMB should take the following two actions:

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1. Revise and publicly issue OMB guidance—through an update to its Circular No. A-11, a memorandum, or other means—to provide time frames and associated milestones for implementing the federal program inventory.
2. Consider—as OMB determines its strategy for resumed implementation of the federal program inventory—using a systematic approach, such as the information architecture framework, to help ensure that GPRM Modernization Act (GPRAMA) requirements and our past recommendations for the inventory are addressed.

Action needed: OMB agreed with these recommendations, but has not taken any actions to address them. In March 2019, OMB staff told us they had no updated information on actions taken to address these recommendations.

Acting Director: Triana McNeil, Strategic Issues

Contact information: McNeilT@gao.gov, 202-512-6806

Government Performance and Accountability: Tax Expenditures Represent a Substantial Federal Commitment and Need to Be Reexamined. [GAO-05-690](#). Washington, D.C.: September 23, 2005.

Recommendation: To ensure that policymakers and the public have the necessary information to make informed decisions and to improve the progress toward exercising greater scrutiny of tax expenditures, the Director of OMB, in consultation with the Secretary of the Treasury, should develop and implement a framework for conducting performance reviews of tax expenditures. In developing the framework, the Director should

- determine which agencies will have leadership responsibilities to review tax expenditures, how reviews will be coordinated among agencies with related responsibilities, and how to address the lack of credible performance information on tax expenditures;
- set a schedule for conducting tax expenditure evaluations;
- re-establish appropriate methods to test the overall evaluation framework and make improvements as experience is gained; and
- identify any additional resources that may be needed for tax expenditure reviews.

Action needed: At the time of our report, OMB agreed that this recommendation had promise. The President's fiscal year 2012 budget discussed challenges in developing an evaluation framework, and OMB has not reported on progress on this recommendation since that time. In March 2019, OMB staff said no one is assigned responsibility for developing or working with Treasury to develop an evaluation framework. We continue to believe that OMB should develop and implement a framework for evaluating the performance of tax expenditures and preliminary performance measures. Though revenue losses from tax expenditures after recent tax legislation still exceed \$1 trillion, tax expenditures still do not receive the same level of scrutiny within federal budget processes as discretionary spending.

Director: James R. McTigue, Jr., Strategic Issues

Contact information: MctigueJ@gao.gov, (202) 512-9110

Tax Expenditures: Opportunities Exist to Use Budgeting and Agency Performance Processes to Increase Oversight. [GAO-16-622](#). Washington, D.C.: July 7, 2016.

Recommendation: To help ensure that the contributions of tax expenditures toward the achievement of agency goals are identified and measured, the Director of OMB, in collaboration

with the Secretary of the Treasury, should work with agencies to identify which tax expenditures contribute to their agency goals, as appropriate—that is, they should identify which specific tax expenditures contribute to specific strategic objectives and agency priority goals.

Action needed: OMB generally agreed with this recommendation. However, in January 2018, OMB said that although it still agreed, it was not pursuing the effort because of competing priorities, as well as capacity and resource constraints. In March 2019, OMB staff told us that the status of the recommendation had not changed. We continue to believe that OMB, in collaboration with the Department of the Treasury (Treasury), needs to assist agencies in identifying tax expenditures that relate to agency goals so that the agencies have a more complete understanding of how a broader range of federal investments contribute to their goals.

Director: James R. McTigue, Jr., Strategic Issues

Contact information: MctigueJ@gao.gov, 202-512-9110

Increasing Spending Transparency

Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website. [GAO-14-476](#). Washington, D.C.: June 30, 2014.

Recommendation: To improve the completeness and accuracy of data submissions to the USAspending.gov website, the Director of OMB, in collaboration with Treasury's Bureau of the Fiscal Service, should clarify guidance on (1) agency responsibilities for reporting awards funded by non-annual appropriations; (2) the applicability of USAspending.gov reporting requirements to non-classified awards associated with intelligence operations; (3) the requirement that award titles describe the award's purpose (consistent with our prior recommendation); and (4) agency maintenance of authoritative records adequate to verify the accuracy of required data reported for use by USAspending.gov.

Action needed: OMB generally agreed with this recommendation and has taken steps to address several of the issues discussed in this recommendation, including working with agencies to identify those required to report under the Digital Accountability and Transparency Act of 2014 (DATA Act). However, OMB still needs to clarify its guidance on topics including descriptive award titles and nonclassified awards related to intelligence activities.

Director: Carol C. Harris, Information Technology and Cybersecurity

Contact Information: HarrisCC@gao.gov, 202-512-4456

DATA Act: Progress Made in Initial Implementation but Challenges Must be Addressed as Efforts Proceed. [GAO-15-752T](#). Washington, D.C.: July 29, 2015.

Recommendations:

1. To ensure that federal program spending data are provided to the public in a transparent, useful, and timely manner, the Director of OMB should accelerate efforts to determine how best to merge DATA Act purposes and requirements with the GPRAMA requirement to produce a federal program inventory.
2. To ensure that the integrity of data standards is maintained over time, the Director of OMB, in collaboration with the Secretary of the Treasury, should establish a set of clear policies and processes for developing and maintaining data standards that are consistent with leading practices for data governance.

Action needed: OMB staff did not comment on these recommendations. OMB has not taken actions to implement the first recommendation. On the second recommendation, in December

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2018 OMB staff told us they are transitioning from the governance structure used for DATA Act implementation to a new structure within the broader context of a federal data strategy. However, we continue to believe that additional efforts are needed to build a governance structure that is consistent with leading practices we identified for ensuring the quality of federal spending data over time.

Director: Michelle Sager, Strategic Issues

Contact information: SagerM@gao.gov, 202-512-6806

DATA Act: Data Standards Established, but More Complete and Timely Guidance Is Needed to Ensure Effective Implementation. [GAO-16-261](#). Washington, D.C.: January 29, 2016.

Recommendation: To help ensure that agencies report consistent and comparable data on federal spending, the Director of OMB, in collaboration with the Secretary of the Treasury, should provide agencies with additional guidance to address potential clarity, consistency, or quality issues with the definitions for specific data elements including “Award Description” and “Primary Place of Performance” and clearly document and communicate these actions to agencies providing these data as well as to end users.

Action needed: OMB generally agreed with this recommendation and issued guidance in June 2018 which the agency said provides additional clarification on reporting requirements for some data element definitions.¹⁵ However, additional guidance is needed to clarify how agencies are to report spending data using standardized data element definitions that may be open to more than one interpretation. OMB also needs to broadly communicate this information to agencies and the public.

Director: Michelle Sager, Strategic Issues

Contact information: SagerM@gao.gov, 202-512-6806

DATA ACT: OMB, Treasury, and Agencies Need to Improve Completeness and Accuracy of Spending Data and Disclose Limitations. [GAO-18-138](#). Washington, D.C.: November 8, 2017.

Recommendations:

1. The Director of OMB should continue to provide ongoing technical assistance that significantly contributes to agencies making their own determinations about their DATA Act reporting requirements and monitor agency submissions.
2. The Director of OMB should clarify and align existing guidance regarding the appropriate definitions agencies should use to collect and report on Primary Place of Performance and establish monitoring mechanisms to foster consistent application and compliance.

Action needed: OMB generally agreed with both recommendations. OMB reported it has provided technical assistance to help agencies make their own determinations and provided documentation showing the agencies required to report and a summary of agency submissions for one quarter. OMB still needs to take action on monitoring quarterly agency submissions to help ensure that all agencies report complete and consistent data as required.

On the second recommendation, in October 2018 OMB staff stated that OMB’s June 2018 guidance on the management of reporting and data integrity clarified how agencies should

¹⁵Office of Management and Budget, *Appendix A to OMB Circular No. A-123, Management of Reporting and Data Integrity Risk*, OMB Memorandum M-18-16 (June 6, 2018).

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report Primary Place of Performance. However, to ensure consistent reporting by federal agencies, we believe that additional clarification is needed and the changes should be clearly communicated. The guidance also includes a requirement for agencies to develop a data quality plan and review those plans every 3 years. According to OMB staff, these steps will establish monitoring mechanisms and ensure consistent application and compliance with DATA Act standards. GAO will continue to monitor this effort as agency data quality plans are issued.

Director: Michelle Sager, Strategic Issues

Contact information: SagerM@gao.gov, 202-512-6806

Improving Acquisition Management and Reducing Costs

Information Technology: OMB Needs to Report On and Improve Its Oversight of the Highest Priority Programs. [GAO-18-51](#). Washington, D.C.: November 21, 2017.

Recommendation: To enhance the oversight of high-priority programs and to improve program outcomes, the Director of OMB should ensure that the Federal Chief Information Officer (CIO) is directly involved in the oversight of high priority programs.

Action needed: OMB neither agreed nor disagreed with this recommendation. OMB told us the Federal CIO is not typically involved with overseeing individual IT programs because of the large number of programs. However, the results of past CIO-led reviews of troubled programs suggest that CIO oversight can have significant positive results.

High-risk area: Improving the Management of IT Acquisitions and Operations

Director: Carol C. Harris, Information Technology and Cybersecurity

Contact information: HarrisCC@gao.gov, (202) 512-4456

Emergency Communications: Improved Procurement of Land Mobile Radios Could Enhance Interoperability and Cut Costs. [GAO-17-12](#). Washington, D.C.: October 5, 2016.

Recommendations: To improve federal agency land mobile radio (LMR) procurement practices, the Director of OMB should direct OMB's Office of Federal Procurement Policy to take the following two actions:

1. Examine the feasibility of including LMR technology in the category management initiative.
2. If warranted, include LMR technology within the appropriate spend category of the category management initiative.

Action needed: OMB generally agreed with both recommendations and noted that the Department of Homeland Security (DHS) is establishing a contract vehicle for commercially available, tactical communications equipment and services from which all federal agencies can order. OMB believes the use of this contract vehicle is an effective category management strategy for LMR. In March 2019, OMB staff told us they expect the contract vehicle to be awarded in the spring of 2019. OMB should support efforts to finalize this contract vehicle.

Director: Mark Goldstein, Physical Infrastructure

Contact information: GoldsteinM@gao.gov, (202) 512-2834

Reverse Auctions: Guidance Is Needed to Maximize Competition and Achieve Cost Savings. GAO-14-108. Washington, D.C: December 9, 2013.

Recommendation: To help mitigate confusion about the use of reverse auctions in federal acquisitions, the Director of OMB should take steps to amend the Federal Acquisition Regulation (FAR) to address agencies' use of reverse auctions.

Action needed: OMB generally agreed with this recommendation and, in response, drafted proposed regulatory changes to address the use of reverse auctions. To fully implement the recommendation, OMB should finalize the FAR amendment to address agencies' use of reverse auctions.

Director: Timothy J. DiNapoli, Contracting and National Security Acquisitions

Contact information: DinapoliT@gao.gov, (202) 512-4841

Reducing Government-wide Improper Payments

Improper Payments: Additional Guidance Could Provide More Consistent Compliance Determinations and Reporting by Inspectors General. GAO-17-484. Washington, D.C.: May 31, 2017.

Recommendation: To help ensure that government-wide compliance under the Improper Payments Elimination and Recovery Act of 2010 (IPERA) is consistently determined and reported, the Director of OMB should coordinate with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) to develop and issue guidance, either jointly or independently, to specify what procedures should be conducted as part of the IGs' IPERA compliance determinations.

Action needed: OMB had no comments on this recommendation. Although this recommendation was not directed to CIGIE, the CIGIE Chairperson stated that CIGIE would coordinate with OMB, as needed, and provide feedback on any draft OMB guidance. In October 2018, CIGIE stated that it sent out the draft audit guide for the annual IPERA audits with a request for members to review it while conducting this year's reviews, and provide comments by the end of June 2019. To fully implement this recommendation, OMB needs to finalize guidance that specifies what, if any, evaluative procedures should be conducted as part of the IGs' compliance determination.

Director: Beryl Davis, Financial Management and Assurance

Contact information: DavisBH@gao.gov, 202-512-2623

Improper Payments: Strategy and Additional Actions Needed to Help Ensure Agencies Use the Do Not Pay Working System as Intended. GAO-17-15. Washington, D.C.: October 14, 2016.

Recommendations:

1. To reasonably assure that agencies develop consistent policies and procedures to verify the Do Not Pay (DNP) working system matches, the Director of OMB should provide additional guidance that outlines when and how agencies should verify DNP matches against a secondary source and provide individuals an opportunity to contest before taking adverse actions as a result of DNP matches.
2. To better monitor agency use of the DNP working system once a strategy has been developed, the Director of OMB should develop and implement monitoring mechanisms—such as goals, benchmarks, and performance measures—to evaluate agency use of the DNP working system.

Action needed: OMB agreed with the concepts of consistent policies and procedures and monitoring mechanisms and said it would work with agencies to address these recommendations. In March 2019, OMB staff stated they will continue engaging with agencies to assist them in enhancing their capacity to improve payment accuracy. However, OMB provided no additional information on specific actions taken in response to these recommendations.

High-risk areas: Medicare/Medicaid Improper Payments

Director: Beryl Davis, Financial Management and Assurance

Contact information: DavisBH@gao.gov, 202-512-2623

Improper Payments: Actions and Guidance Could Help Address Issues and Inconsistencies in Estimation Processes. GAO-18-377. Washington, D.C.: May 31, 2018.

Recommendations:

1. The Director of OMB should develop guidance on how agencies test to identify improper payments, such as using a risk-based approach to help ensure that key risks of improper payments, such as eligibility, are addressed through testing processes.
2. The Director of OMB should develop guidance clarifying the appropriate treatment of nonresponse cases during improper payment testing.

Action needed: OMB partially agreed with the first recommendation. In April 2018, OMB stated that it should not have to develop more specific guidance as each program and activity has its own risks. Although we agree that programs and activities may face different risks of improper payment, we continue to believe that guidance from OMB on how agencies test to identify improper payments could help ensure that agencies address the specific risks they identify when developing improper payment estimates.

OMB agreed with the second recommendation, but has not taken action to develop this guidance. In March 2019, OMB staff stated they will continue engaging with agencies to assist them in enhancing their capacity to improve payment accuracy. However, OMB provided no additional information on specific actions taken in response to this recommendation.

High-risk area: Medicare/Medicaid Improper Payments

Director: Beryl Davis, Financial Management and Assurance

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Improving Fraud Risk Management

Fraud Risk Management: OMB Should Improve Guidelines and Working-Group Efforts to Support Agencies' Implementation of the Fraud Reduction and Data Analytics Act. GAO-19-34. Washington, D.C.: December 4, 2018.

Recommendation: The Director of OMB should ensure the working group's composition meets Fraud Reduction and Data Analytics Act (FRDAA) requirements by involving the Chief Financial Officers of all agencies subject to the act by inviting them to participate or otherwise providing access and input into the working group, and ensuring that mechanisms to share controls, best practices, and data-analytics techniques are in place.

Action Needed: OMB disagreed with this recommendation. According to OMB staff, they believe they provided an opportunity for all agencies to attend the working group meetings. Nevertheless, evidence submitted by OMB and agencies' responses to our survey indicate that

not all agencies had the opportunity to participate in the working group. Furthermore, OMB staff noted that they do not document minutes or notes from working-group meetings to share, as we suggest. This is significant because most agencies identified the sufficiency of information from the working group as a top challenge to their implementation efforts.

Without participation in appropriately recurring working-group meetings, and documentation to facilitate information sharing, agencies will continue to miss opportunities to learn from each other's experiences and share solutions for establishing financial and administrative controls to prevent, detect, and respond to fraud risks in their programs. Fully implementing this recommendation would better position agencies to improve controls and procedures to assess and mitigate fraud risks, as FRDAA intends.

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Establishing Controls for Disaster Relief

Hurricane Sandy Relief: Improved Guidance on Designing Internal Control Plans Could Enhance Oversight of Disaster Funding. [GAO-14-58](#). Washington, D.C.: November 26, 2013.

Recommendation: To prepare for oversight of future disaster relief funding, the Director of OMB should develop standard guidance for federal agencies to use in designing internal control plans for disaster relief funding. Such guidance could leverage existing internal control review processes and should include, at a minimum, the following elements: (1) robust criteria for identifying and documenting incremental risks and mitigating controls related to the funding and (2) requirements for documenting the linkage between the incremental risks related to disaster funding and efforts to address known internal control risks.

Action needed: OMB generally agreed with this recommendation. In July 2016, OMB issued the revised Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*.¹⁶ The circular requires agencies to implement enterprise risk management, which includes the development of a risk profile that analyzes the risks faced in achieving strategic objectives and identifies options for addressing them. In April 2017, OMB staff stated they believe the implementation of enterprise risk management through Circular No. A-123 satisfies the intent of our recommendation.

We disagree. Because the responsibility for implementing enterprise risk management lies with agency management, Circular No. A-123 does not include specific guidance for identifying risks related to disaster funding. The Bipartisan Budget Act of 2018 requires OMB to issue standard guidance for federal agencies to use in designing internal control plans for disaster relief funding in order to proactively prepare for oversight of future disaster relief funds.¹⁷ The act states that this guidance shall leverage existing internal control review processes and shall include, at a minimum, the elements included in our recommendation. To fully implement this recommendation OMB must issue this guidance.

Director: Beryl Davis, Financial Management and Assurance

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¹⁶Office of Management and Budget, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Circular No. A-123 (July 15, 2016).

¹⁷Pub. L. No. 115-123, § 21208(c) (2018).

Improving Federal Grants Management

***Federal Research Grants: Opportunities Remain for Agencies to Streamline Administrative Requirements.* GAO-16-573. Washington, D.C.: June 22, 2016.**

Recommendation: To better target requirements on areas of greatest risk, while maintaining accountability over grant funds, the Director of OMB, as part of OMB's planned evaluation of the Uniform Guidance, should evaluate options for targeting requirements for research grants to universities, including requirements for purchases and subrecipient monitoring, on areas of greatest risk for improper use of research funds.

Action needed: OMB did not comment on this recommendation. However, the President's Management Agenda states that federal agencies will maximize the value of grant funding by applying a risk-based, data-driven framework that balances compliance requirements with demonstrating successful results.¹⁸ OMB needs to show that it has evaluated options to streamline administrative requirements on research grants to universities. In particular, OMB needs to show that its evaluation considered opportunities to reduce administrative workload and costs by targeting requirements on areas of greatest risk.

Director: John Neumann; Science, Technology Assessment, and Analytics

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Oversight of Agency Collection and Coordination of Federal Data on Sexual Violence

***Sexual Violence Data: Actions Needed to Improve Clarity and Address Differences across Federal Data Collection Efforts.* GAO-16-546. Washington, D.C.: July 19, 2016.**

Recommendation: To help lessen confusion among the public and policy makers regarding federal data on sexual violence, the Director of OMB should establish a federal interagency forum on sexual violence statistics. The forum should consider the broad range of differences across the data collection efforts to assess which differences enhance or hinder the overall understanding of sexual violence in the United States.

Action needed: OMB neither agreed nor disagreed with this recommendation but stated that it did not believe convening a forum was the most strategic use of resources because agencies were not far enough along with their data collection efforts. We disagree with OMB's assertion because seven of the 10 data collection efforts have been in place for more than 10 years, and several have been in place for multiple decades. In March 2019, OMB staff stated that they continue to support collaboration on work specifically involving the National Crime Victimization Survey (NCVS), which is administered by the Department of Justice's Bureau of Justice Statistics, and the National Intimate Partner and Sexual Violence Survey (NISVS), which is administered by the Department of Health and Human Services' Centers for Disease Control and Prevention, among other federal agencies more generally. However, other data collection efforts, in addition to NCVS and NISVS, also influence policy decisions on sexual violence. OMB did not provide information on any efforts to establish a federal interagency forum on sexual violence statistics, as we have recommended.

Director: Gretta Goodwin, Homeland Security and Justice

¹⁸Office of Management and Budget, *President's Management Agenda* (Washington, D.C.: Mar. 20, 2018).

Enclosure I

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