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Comptroller General
of the United States

Accessible Version

April 23, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Priority Open Recommendations: Department of the Treasury

Dear Mr. Secretary:

The purpose of this letter is to provide an update on the overall status of the U.S. Department of the Treasury's (Treasury) implementation of our recommendations and to call your personal attention to areas where open recommendations should be given high priority.¹

In November 2019, we reported that on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.² Treasury's implementation rate was 71 percent. As of April 2020, Treasury had 122 open recommendations, not including recommendations to the Internal Revenue Service, which are addressed in a separate letter to the Commissioner. We have sent a copy of that letter to your office. As operations return to normal from the COVID-19 (coronavirus) pandemic, fully implementing all open recommendations could significantly improve Treasury's operations.

Since our April 2019 letter, Treasury has implemented four of our 25 open priority recommendations. Three of them are related to improvements made to the processes used to prepare the U.S. government's consolidated financial statements.³ Specifically, Treasury has

- designed and implemented an internal control review process for monitoring and assessing the effectiveness of internal controls over the preparation processes;
- developed and implemented a process to reduce the need for significant adjustments to federal entity data included in the consolidated financial statements; and
- conducted an analysis to document whether cases not included in the agency-level legal representation letters are material to the consolidated financial statements.

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

²GAO, *Performance and Accountability Report: Fiscal Year 2019*, [GAO-20-1SP](#) (Washington, D.C.: Nov. 19, 2019).

³For the fourth priority recommendation, Treasury is no longer required to include a note disclosure reporting risk assumed in the U.S. government's consolidated financial statements as a result of changes in federal accounting standards.

We also removed the priority recommendation designation from one recommendation on clarifying the responsibilities of the Financial Stability Oversight Council and Office of Financial Research because it is less relevant today than it was when we made it.⁴

We ask your continued attention on those remaining priority recommendations. We are also adding 11 new recommendations related to modernizing the U.S. financial regulatory system, improving federal financial management, improving information technology (IT) workforce planning, and improving cybersecurity (see enclosure for the list of recommendations).

The 31 priority recommendations fall into the following seven areas.

1. Modernizing the U.S. financial regulatory system.

Two recommendations in this area would help modernize the complex U.S. financial regulatory system with responsibilities fragmented among a number of regulators that have overlapping authorities. The first is related to money laundering. In February 2018, we recommended that the Director of the Federal Crimes Enforcement Network (FinCEN) should jointly with other agencies conduct a retrospective review of the Bank Secrecy Act/anti-money laundering (BSA/AML) regulations and their implementation. FinCEN neither agreed nor disagreed with the recommendation but has improved the efficiency and effectiveness of BSA/AML supervision. To fully implement this recommendation, FinCEN needs to assess the full range of BSA/AML factors that may be influencing banks to derisk or close branches. Without such information, FinCEN, federal banking regulators, and Congress are unable to determine if these regulations can be implemented more effectively or be less burdensome.

The second is focused on financial technology (fintech) lenders. In December 2018, we recommended that the Comptroller of the Currency should, in coordination with other federal banking regulators and the Consumer Financial Protection Bureau, communicate to banks that engage in third-party relationships with fintech lenders about issues to consider when selecting types of alternative data to use in the underwriting process. Treasury agreed and has issued a joint statement with other regulators and agencies that highlights the potential benefits and risks of using alternative data and encourages firms to use the data responsibly. To fully implement this recommendation, the agencies should provide more specific direction on the use of alternative data. Without clear communication from banking regulators, banks partnering with fintech lenders may not effectively manage associated risks, including compliance with fair lending and other consumer protection laws.

2. Improving federal financial management.

Seventeen recommendations are related to the long-standing material weaknesses we identified in the processes used to prepare the consolidated financial statements of the U.S. government and the newly identified deficiencies from the inaugural audit of the Schedules of the General Fund. We made these recommendations between October 2003 and September 2019. Treasury agreed with all but one of these recommendations and expressed its commitment to addressing these deficiencies. Congress, the administration, and federal managers must have ready access to reliable and complete financial and performance information. For the federal government to operate as effectively as possible and to have the

⁴We removed the priority recommendation designation because it was made when the Financial Stability Oversight Council and Office of Financial Research were first created. The recommendation remains open, but is no longer among the highest priority due to the passage of time. See *Financial Stability: New Council and Research Office Should Strengthen the Accountability and Transparency of Their Decisions*, [GAO-12-886](#), (Washington, D.C.: Sept. 11, 2012). The Office of Management and Budget is the implementing entity for two of the remaining priority recommendations. We determined that Treasury's collaboration on them was important enough to highlight in this letter.

information needed to make necessary and difficult decisions to address its financial challenges, federal financial management needs to be improved.

These material weaknesses have contributed to our being prevented from expressing an opinion on the accrual-based consolidated financial statements for the U.S. government. The weaknesses relate to (1) accounting for intragovernmental activity and balances, (2) preparing the consolidated financial statements, and (3) reconciling the budget deficit to net operating cost and changes in cash balance. Treasury needs to address these long-standing material weaknesses by continuing to update corrective action plans and implement corrective actions with support from the Office of Management and Budget (OMB).

3. Evaluating the performance and effectiveness of tax expenditures.

Two recommendations are aimed at assessing whether tax expenditures are accomplishing their objectives. First, we recommended in September 2005 that Treasury focus on developing and implementing a framework for conducting performance reviews of tax expenditures. Many tax expenditures function as spending programs, although with less transparency, and do not compete overtly in the annual budget process. Treasury did not comment on this recommendation and has not taken action to date. We continue to believe that a framework for evaluating tax expenditures could help identify redundancies in related tax and spending programs. It can also help determine how well specific tax expenditures work to achieve their goals and how their benefits and costs compare to other programs with similar goals.

Second, in July 2014, we recommended that Treasury issue guidance on how funding or assistance from other government programs can be combined with the New Markets Tax Credit (NMTC), including the extent to which other government funds can be used to leverage this credit.⁵ While officials from Treasury's Community Development Financial Institutions Fund neither agreed nor disagreed, they shared plans to solicit public comments on collecting additional data which could help identify NMTC-financed projects that may have excessive public funding. Issuing further guidance would help ensure that Treasury has controls to limit the risk of unnecessary duplication in government subsidies or above-market rates of returns on NMTC projects. These additional actions could help ensure that low-income community projects do not receive more government assistance than required to finance a project.

4. Improving IT workforce planning.

Two recommendations address IT workforce planning shortfalls. In March 2019, we reported that Treasury likely miscategorized more than a thousand positions performing IT management functions. We recommended that it take steps to review this and assign the appropriate work role codes as defined in the National Initiative for Cybersecurity Education's (NICE) cybersecurity workforce framework. Treasury partially agreed and said that it plans to review and validate these codes but has not provided evidence showing that it has implemented our recommendation to date. Until it assigns work role codes that are consistent with the IT, cybersecurity, and cyber-related functions performed by these positions, Treasury will continue to have unreliable information about its cybersecurity workforce that it will need to identify its workforce roles of critical need.

We also recommended in November 2016 that Treasury implement eight key workforce planning activities. Treasury agreed with this recommendation and has fully implemented one activity to date: developing competency and staffing requirements. Fully implementing the remaining seven activities would ensure that Treasury has the necessary knowledge, skills, and abilities to execute a range of management functions that support the agency's mission and

⁵26 U.S.C. § 45D.

goals. These seven include establishing a workforce planning process and assessing gaps in competencies.

5. Improving cybersecurity.

Three recommendations are to improve cybersecurity. First, in February 2018, we made one recommendation that Treasury consult with respective sector partners to develop methods for determining the level and type of adoption by entities across the financial services sector of the National Institute of Standards and Technology's *Framework for Improving Critical Infrastructure Cybersecurity*.⁶ Treasury neither agreed nor disagreed but has established ongoing initiatives, such as developing common terminology for cyber terms. However, it has not developed methods to determine the level and type of framework adoption. Fully implementing our recommendation to gain a more comprehensive understanding of the framework's use by its critical infrastructure sector is essential to the success of cybersecurity protection efforts.

We made two recommendations in July 2019 directing Treasury to develop a cybersecurity risk management strategy that includes key elements identified in federal guidance and establish a process for conducting an organization-wide cybersecurity risk assessment. Treasury neither agreed nor disagreed and has not provided information on actions it has taken to implement these recommendations to date. Without fully establishing these elements of its cybersecurity risk management program, Treasury will be hindered in its ability to make consistent, informed risk-based decisions for protecting its systems and information against cyber threats.

6. Improving interagency coordination to address national security concerns.

One recommendation is aimed at Treasury's staffing levels for national security coordination. In February 2018, we recommended that Treasury coordinate with member agencies to better understand staffing levels needed to address the current and projected Committee on Foreign Investment in the United States' (CFIUS) workload associated with core committee functions.⁷

Treasury generally agreed and officials said that they have urged CFIUS member agencies to assess current and anticipated staffing requirements. Without a better understanding of the staffing levels needed to address the current and future workload, CFIUS may be limited in its ability to fulfill its objectives and address national security threats.

7. Implementing the Digital Accountability and Transparency Act of 2014 (DATA Act).⁸

Four recommendations are related to the DATA Act, which directs the Office of Management and Budget (OMB) and Treasury to establish government-wide data standards and requires agencies to report financial spending data using these standards.⁹ Actions to address these recommendations are especially important given the reporting and transparency requirements under the Coronavirus Aid, Relief, and Economic Security Act.¹⁰ Our recommendations range from July 2015 through November 2017. They cover several issues, including establishing a

⁶National Institute of Standards and Technology, *Framework for Improving Critical Infrastructure Cybersecurity* (Gaithersburg, MD: Feb. 12, 2014).

⁷50 U.S.C. § 4565.

⁸Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014). The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006 (FFATA). Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006), *codified at* 31 U.S.C. § 6101 note.

⁹FFATA, § 4.

¹⁰Pub. L. No. 116-136, 134 Stat. 281 (Mar. 27, 2020).

clear data governance structure, creating and communicating guidance to agencies, designing and implementing quality controls, and more clearly disclosing known data limitations. Of the four recommendations, Treasury has agreed with two and defers to OMB for the remaining two.

Treasury has taken some steps to address them. For example, while it increased transparency about known quality issues, such as unreported spending, Treasury could do more to disclose limitations on its USAspending.gov website. Fully implementing our recommendations would help Treasury ensure the completeness and accuracy of agency data submissions. It would also contribute to more reliable and consistent federal data to measure the cost and magnitude of federal investments as well as facilitate efforts to share data across agencies to improve transparency, accountability, decision-making, and oversight.

In March 2019 we issued our most recent 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.¹¹ 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.

Two of our [high-risk areas](#), [modernizing the U.S. financial regulatory system](#) and [enforcement of tax laws](#), center directly on Treasury. While there are no priority recommendations for Treasury related to the housing finance system, that issue is on our [high-risk list](#). [Resolving the federal role in housing finance](#) will require leadership commitment and action by Congress and Treasury. Treasury provided significant capital support to Fannie Mae and Freddie Mac following the financial crisis and their futures remain uncertain with billions of federal dollars at risk.

Several other government-wide [high-risk areas](#) including (1) [ensuring the cybersecurity of the nation](#), (2) [improving the management of IT acquisitions and operations](#), (3) [strategic human capital management](#), (4) [managing federal real property](#), and (5) [government-wide security clearance process](#) also have direct implications for Treasury and its operation.¹² We urge your attention to these government-wide issues as they relate to Treasury. Progress on [high-risk issues](#) has been possible through the concerted actions and efforts of Congress, OMB, and the leadership and staff in agencies, including Treasury.

Copies of this letter are being sent to the Director of OMB and appropriate congressional committees including 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 letter will be available at no charge on the GAO website at <http://www.gao.gov>.

I appreciate Treasury's continued commitment to these important issues especially during this exceedingly challenging time. If you have any questions or would like to discuss any of the issues outlined in the letter, please do not hesitate to contact me or J. Christopher Mihm,

¹¹GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019).

¹²[GAO-19-157SP](#). See pages 91-94 for Modernizing the U.S. Financial Regulatory System, pages 235-240 for Enforcement of Tax Laws, pages 178-184 for Ensuring the Cybersecurity of the Nation, pages 123-127 for Improving the Management of IT Acquisitions and Operations, pages 75-77 for Strategic Human Capital Management, pages 78-85 for Managing Federal Real Property, and pages 170-177 for Government-wide Personnel Security Clearance Process.

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 122 open recommendations, as well as those additional recommendations in the [high-risk areas](#) for which Treasury has a leading role. Thank you for your attention to these matters.

Sincerely yours,

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Gene L. Dodaro
Comptroller General
of the United States

Enclosure - 1

cc: The Honorable Justin Muzinich, Deputy Secretary, Treasury
The Honorable David Lebryk, Fiscal Assistant Secretary, Treasury
The Honorable David F. Eisner, Assistant Secretary for Management, Treasury
The Honorable Russell T. Vought, Acting Director, OMB
The Honorable Charles P. Rettig, Commissioner, IRS
The Honorable Kenneth A. Blanco, Director, FinCEN
The Honorable Dino Falaschetti, Director, OFR

Enclosure Priority Open Recommendations to Treasury

Modernizing the U.S. Financial Regulatory System

Bank Secrecy Act: Derisking along the Southwest Border Highlights Need for Regulators to Enhance Retrospective Reviews. [GAO-18-263](#). Washington, D.C.: February 26, 2018.

Recommendation: The Director of the Financial Crimes Enforcement Network (FinCEN) should jointly conduct a retrospective review of the Bank Secrecy Act (BSA)/anti-money laundering (AML) regulations and their implementation for banks with the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve, and the Office of the Comptroller of the Currency (OCC). This review should focus on how banks' regulatory concerns may be influencing their willingness to provide services. In conducting the review, FDIC, the Federal Reserve, OCC, and FinCEN should take steps, as appropriate, to revise the BSA regulations or the way they are being implemented to help ensure that BSA/AML regulatory objectives are being met in the most effective and least burdensome way.

Action needed: FinCEN neither agreed nor disagreed with our recommendation. In April 2018, FinCEN agreed that the retrospective review would be beneficial and established an interagency working group to review the effectiveness of the BSA regulatory and supervisory framework. As we reported in December 2019, the working group has taken important steps toward improving the efficiency and effectiveness of BSA/AML supervision.¹³ This includes, for example, issuing an interagency statement intended to improve the transparency of the risk-focused approach for the BSA regulatory and supervisory framework that examiners use to plan and conduct BSA examinations.

However, the working group has not yet evaluated the full range of factors that may influence banks to “derisk,”—the practice of banks limiting services or closing accounts with customers to avoid any perceived regulatory concerns about facilitating money laundering. Without assessing the full range of BSA/AML factors that may be influencing banks to derisk or close branches, FinCEN, the federal banking regulators, and Congress do not have the information needed to determine if BSA/AML regulations and their implementation can be made more effective or less burdensome.

High-risk area: [Modernizing the U.S. Financial Regulatory System](#)

Managing Director: Dan Garcia-Diaz, Financial Markets and Community Investment

Contact information: garciadiazd@gao.gov or (202) 512-8678

¹³GAO, *Bank Secrecy Act: Examiners Need Better Understanding of How to Assess Banks' Compliance Controls for Money Transmitter Accounts*, [GAO-20-46](#) (Washington, D.C.: Dec. 3, 2019).

Financial Technology: Agencies Should Provide Clarification on Lenders' Use of Alternative Data. [GAO-19-111](#). Washington, D.C.: December 19, 2018.

Recommendation: The Comptroller of the Currency should, in coordination with the other federal banking regulators and the Bureau of Consumer Financial Protection and with input from relevant stakeholders, communicate in writing to banks that engage in third-party relationships with financial technology (fintech) lenders on the appropriate use of alternative data in the underwriting process, including issues to consider when selecting types of alternative data to use.

Action needed: The Comptroller of the Currency agreed with the recommendation. In December 2019, the Office of the Comptroller of the Currency, along with other banking regulators and the Consumer Financial Protection Bureau (collectively referred to as the agencies), issued an interagency statement on the use of alternative data in credit underwriting. The statement highlights potential benefits and risks of using alternative data and encourages firms to use the data responsibly.

While a step in the right direction, the statement does not provide firms or banks with specific direction on the use of alternative data. The agencies should offer further information as they gain a deeper understanding of the data's usages. Without clear communication from banking regulators, banks partnering with fintech lenders may not effectively manage all the associated risks, including compliance with fair lending and other consumer protection laws.

High-risk area: [Modernizing the U.S. Financial Regulatory System](#)

Managing Director: Dan Garcia-Diaz, Financial Markets and Community Investment

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Improving Federal Financial Management

Management Report: Improvements Needed in Controls over the Processes Used to Prepare the U.S. Consolidated Financial Statements. [GAO-19-624](#). Washington, D.C.: September 4, 2019.

Recommendations: The Department of the Treasury (Treasury) should focus on recommendations related to the long-standing material weaknesses in the processes used to prepare the consolidated financial statements of the U.S. government.¹⁴ In September 2019, we provided the status of corrective actions taken by Treasury, in coordination with the Office of Management and Budget (OMB), to address our recommendations and reported that 16 remained open at the beginning of the fiscal year 2019 audit of the U.S. government's consolidated financial statements.¹⁵ We completed our fiscal year 2019 audit in February 2020 and determined that sufficient corrective action had been taken to address four of the 16 recommendations open at the beginning of the audit. Accordingly, 12 of the 16

¹⁴These recommendations are from GAO, *Management Report: Improvements Needed in Controls over the Processes Used to Prepare the U.S. Consolidated Financial Statements*, [GAO-19-624](#) (Washington, D.C.: Sep. 4, 2019); *Management Report: Improvements Needed in Controls over the Processes Used to Prepare the U.S. Consolidated Financial Statements*, [GAO-17-524](#) (Washington, D.C.: July 12, 2017); *Management Report: Improvements Needed in Controls over the Processes Used to Prepare the U.S. Consolidated Financial Statements*, [GAO-14-543](#) (Washington, D.C.: June 19, 2014); *Management Report: Improvements Needed in Controls over the Processes Used to Prepare the U.S. Consolidated Financial Statements*, [GAO-13-540](#) (Washington, D.C.: June 28, 2013); and *Financial Audit: Process for Preparing the Consolidated Financial Statements of the U.S. Government Needs Improvement*, [GAO-04-45](#) (Washington, D.C.: Oct. 30, 2003).

¹⁵GAO-19-624.

recommendations remain open. Additional recommendations will be issued to address control deficiencies identified during the fiscal year 2019 audit.

Action needed: Treasury agreed with 11 of the 12 recommendations and neither agreed nor disagreed with the remaining recommendation. Treasury and OMB should focus on addressing these 12 recommendations that contribute to long-standing material weaknesses related to (1) accounting for and reconciling intragovernmental activity and balances, (2) preparing the consolidated financial statements, and (3) reconciling the budget deficit to net operating cost and changes in cash balance.

In February 2020, Treasury and OMB officials expressed their continuing commitment to addressing these material weaknesses. We are encouraged by Treasury's and OMB's significant efforts in improving consolidated financial statement processes and working with federal entities to address these material weaknesses, as documented in Treasury and OMB's Remediation Plan for the *Financial Report of the U.S. Government*.¹⁶ Treasury needs to continue to work to address these long-standing material weaknesses by continuing to update corrective action plans and implement corrective actions with OMB's support.

Director: Dawn B. Simpson, Financial Management and Assurance

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Financial Audit: Bureau of the Fiscal Service's Fiscal Year 2018 Schedules of the General Fund. [GAO-19-185](#). Washington, D.C.: May 15, 2019.

Recommendations: In the inaugural audit of the Schedules of the General Fund, we issued 12 recommendations, of which five are priority recommendations. Three of the five contributed to the disclaimer of opinion and relate to the traceability of transactions recorded in the General Fund general ledger and the resolution of differences reported on the Schedules of the General Fund. The remaining two recommendations are additional control deficiencies identified during the audit that relate to the ability to validate beginning balances for the liability for Fund Balance with Treasury accounts. As of January 2020, these five priority recommendations remained open.

Action needed: Treasury agreed with the five priority recommendations and developed corrective action plans in December 2019 with the goal of overcoming these barriers to auditability of the Schedules of the General Fund. Updated in February 2020, Treasury's corrective action plans have targeted completion dates ranging from fiscal year 2020 through fiscal year 2024. Treasury has demonstrated a strong commitment to continuing to address these recommendations. We will continue to monitor Treasury's implementation of these corrective action plans.

Director: Beryl H. Davis, Financial Management and Assurance

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Evaluating the Performance and Effectiveness of Tax Expenditures

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

¹⁶Office of Management and Budget and Department of the Treasury, *Financial Report of the United States Government: Remediation Plan FY 2019* (Washington, D.C.: September 2019).

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: Neither Treasury nor OMB had taken action on this recommendation as of February 2020. In December 2019, OMB said it was exploring options to develop an evaluation framework that would include working with Treasury. However, the fiscal year 2021 budget did not provide an update on evaluation framework efforts. We continue to believe that Treasury should consult with OMB to develop and implement a framework for evaluating tax expenditures and preliminary performance measures. Such action would inform policy decisions about the efficiency, effectiveness, and equity of tax expenditures or whether they are the best tool for accomplishing federal objectives within a functional area.

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

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New Markets Tax Credit: Better Controls and Data Are Needed to Ensure Effectiveness.
GAO-14-500. Washington, D.C.: July 10, 2014.

Recommendation: The Secretary of the Treasury should issue guidance on how funding or assistance from other government programs can be combined with the New Markets Tax Credit (NMTC). This includes the extent to which other government funds can be used to leverage the NMTC by being included in the qualified equity investment.

Action needed: While Treasury neither agreed nor disagreed with this recommendation, Community Development Financial Institutions (CDFI) Fund officials informed us in January 2020 about additional actions they plan to take to address our recommendations. Specifically, CDFI Fund officials stated that they would solicit public comments on additional data to be collected from the Community Development Entities. The CDFI Fund intends to use these data to identify NMTC-financed projects that may have excessive public funding. Once fully implemented, these additional actions could help ensure that low-income community projects do not receive more government assistance than required to finance a project.

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

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Improving IT Workforce Planning

Cybersecurity Workforce: Agencies Need to Accurately Categorize Positions to Effectively Identify Critical Staffing Needs. GAO-19-144. Washington, D.C.: March 12, 2019.

Recommendation: To complete the appropriate assignment of codes to its positions performing IT, cybersecurity, or cyber-related functions, in accordance with the requirements of the Federal Cybersecurity Workforce Assessment Act of 2015, the Secretary of Treasury should

take steps to review the assignment of the "000" code to any positions in the department in the 2210 IT management occupational series and assign the appropriate NICE framework work role codes.

Action needed: Treasury partially concurred with the recommendation and stated that some positions may not align to work roles in the NICE cybersecurity workforce framework. Treasury stated that it planned to review and validate the work role codes of its IT, cybersecurity, or cyber-related positions by March 2019. However, as of February 2020 Treasury had not provided evidence that it has implemented our recommendation. Until it assigns work role codes that are consistent with the IT, cybersecurity, and cyber-related functions performed by these positions, Treasury will continue to have unreliable information about its cybersecurity workforce that the department will need to identify its workforce roles of critical need.

High-risk area: [Ensuring the Cybersecurity of the Nation](#)

Director: Carol C. Harris, Information Technology and Cybersecurity

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IT Workforce: Key Practices Help Ensure Strong Integrated Program Teams; Selected Departments Need to Assess Skill Gaps. [GAO-17-8](#). Washington, D.C.: November 30, 2016.

Recommendation: To facilitate the analysis of gaps between current skills and future needs, the development of strategies for filling the gaps, and succession planning, the Secretary of the Treasury should require the Chief Information Officer, Chief Human Capital Officer, and other senior managers as appropriate to address the shortfalls in IT workforce planning, including the following actions:

- establish and maintain a workforce planning process;
- develop competency and staffing requirements for all positions;
- assess competency and staffing needs regularly;
- assess gaps in competencies and staffing for all components of the workforce;
- develop strategies and plans to address gaps in competencies and staffing for all components of the workforce;
- implement activities that address gaps, including a career path for program managers and special hiring authorities, if justified and cost effective;
- monitor the department's progress in addressing competency and staffing gaps; and
- report to department leadership on progress in addressing competency and staffing gaps for all components of the workforce.

Action needed: Treasury agreed with our recommendation. In October 2019, we reported that Treasury fully implemented the activity to develop competency and staffing requirements, but did not fully implement the remaining seven activities, including developing an IT workforce planning process.¹⁷ In December 2019, Treasury stated that its Office of the Chief Human Capital Officer and Office of the Chief Information Officer would be presenting a decision paper to the Human Capital Advisor Council to request approval and resources to complete an IT Competency Framework, conduct a competency assessment, and conduct a department-wide workforce planning study for the 2210 IT management occupational series. Until Treasury fully

¹⁷GAO, *Information Technology: Agencies Need To Fully Implement Key Workforce Planning Activities*, [GAO-20-129](#) (Washington, D.C.: Oct. 30, 2019).

implements these activities, it is at increased risk of not having the IT staff with the necessary knowledge, skills, and abilities to support its mission and goals.

High-risk areas: [Improving the Management of IT Acquisitions and Operations](#) and [Strategic Human Capital Management](#)

Director: Carol C. Harris, Information Technology and Cybersecurity

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Improving Cybersecurity

Critical Infrastructure Protection: Additional Actions Are Essential for Assessing Cybersecurity Framework Adoption. [GAO-18-211](#). Washington, D.C.: February 15, 2018.

Recommendation: The Secretary of Treasury should take steps to consult with respective sector partner(s), such as the sector coordinating council, Department of Homeland Security, and the National Institute of Standards and Technology (NIST), as appropriate, to develop methods for determining the level and type of framework adoption by entities across their respective sector.

Action needed: Treasury neither agreed nor disagreed with this recommendation, stating that it does not have the authority to compel entities to share cybersecurity framework adoption data. As of February 2020, Treasury officials had yet to develop methods to determine the level and type of framework adoption. However, Treasury has identified steps to facilitate and encourage framework use. Specifically, officials stated they have, in coordination with the Financial and Banking Information Infrastructure Committee and in consultation with NIST, developed the Cybersecurity Lexicon to address, among other things, common terminology used in the framework.

Additionally, in October 2018, the Financial Services sector, in consultation with NIST, created the Financial Service Sector Cybersecurity Profile, which mapped the framework to existing regulations and guidance.¹⁸ While Treasury has ongoing initiatives in this area, fully implementing our recommendations to gain a more comprehensive understanding of the framework's use by critical infrastructure sectors is essential to the success of cybersecurity protection efforts.

High-risk area: [Ensuring the Cybersecurity of the Nation](#)

Director: Vijay A. D'Souza, Information Technology and Cybersecurity

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Cybersecurity: Agencies Need to Fully Establish Risk Management Programs and Address Challenges. [GAO-19-384](#). Washington, D.C.: July 25, 2019.

Recommendation: The Secretary of the Treasury should develop a cybersecurity risk management strategy that includes the key elements identified in this report.

Action needed: Treasury neither agreed nor disagreed with this recommendation. As of April 2020, the department had not provided any additional information on actions planned or under way to address the recommendation. Without developing an agency-wide cybersecurity risk

¹⁸The profile was mapped to existing regulations and guidance, for example, see Commodity Futures Trading Commission, *System Safeguards Testing Requirements*, 81 FR 64271, (Washington D.C.: Sept. 19, 2016).

management strategy, Treasury may lack a consistent approach to managing cybersecurity risks.

Recommendation: The Secretary of the Treasury should establish a process for conducting an organization-wide cybersecurity risk assessment.

Action needed: Treasury neither agreed nor disagreed with this recommendation. As of April 2020, the department had not provided any additional information on actions planned or under way to address the recommendation. Without a process for an agency-wide cybersecurity risk assessment, Treasury may be missing opportunities to identify risks that affect its entire organization and to implement solutions to address them.

High-risk area: [Ensuring the Cybersecurity of the Nation](#)

Director: Nicholas H. Marinos, Information Technology and Cybersecurity

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[Improving Interagency Coordination to Address National Security Concerns](#)

[Committee on Foreign Investment in the United States: Treasury Should Coordinate Assessments of Resources Needed to Address Increased Workload.](#) [GAO-18-249](#). Washington, D.C.: February 14, 2018.

Recommendation: The Secretary of the Treasury, as the chair of the Committee on Foreign Investment in the United States (CFIUS), and working with member agencies, should coordinate member agencies' efforts to better understand the staffing levels needed to address the current and projected CFIUS workload associated with core committee functions.

Action needed: Treasury generally agreed with this recommendation. In January 2020, Treasury stated that the agency has urged each of the CFIUS member agencies to assess current and anticipated staffing requirements after February 2020 when full regulation implementation of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) occurs.¹⁹ According to the 2019 FIRRMA Implementation Report to Congress, Treasury is working with member agencies and OMB to understand expected staffing and resource needs and developing plans to meet those needs.²⁰ Without this information, CFIUS member agencies may be limited in their ability to fulfill their objectives and address threats to the national security of the United States.

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[Implementing the DATA Act](#)

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

Recommendation: 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

¹⁹John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232, §§ 1701–1728, 132 Stat. 1636, 2174–2207 (Aug. 13, 2018).

²⁰Department of the Treasury, *FIRRMA Implementation Report 2019: Report to Congress Regarding the Implementation of the Foreign Investment Risk Review Modernization Act of 2018*.

clear policies and processes for developing and maintaining data standards that are consistent with leading practices for data governance.

Action needed: Treasury neither agreed nor disagreed with this recommendation. In February 2020, Treasury officials told us that they defer to OMB for responding to this recommendation. OMB issued several guidance documents in 2019 that set out key aspects of a process for agencies to establish standards for, and practices for governing, managing, and protecting, all federal data. These and related efforts represent significant progress, but OMB needs to ensure this broad guidance is followed by clear and specific requirements for agency data governance to ensure the quality of their data act reporting.

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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 that they clearly document and communicate these actions to agencies providing this data as well as to end users.

Action needed: OMB generally agreed with this recommendation. In February 2020, Treasury told us that it defers to OMB to respond to this recommendation. OMB has taken some actions to address this recommendation related to procurement awards, such as adopting a shorter character limit for the “Award Description” element and providing additional guidance for the “Primary Place of Performance” element. However, it needs to provide additional guidance for these data elements related to grant awards to ensure collection of consistent and comparable information.

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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.

Recommendation: The Secretary of the Treasury should reasonably assure that ongoing monitoring controls to help ensure the completeness and accuracy of agency submissions are designed, implemented, and operating as designed.

Action needed: Treasury generally agreed with this recommendation. Treasury officials said that they have ongoing monitoring controls to help ensure the completeness and accuracy of agency submissions. In February 2020, Treasury provided additional documentation of its controls. However, it is still not clear how the Treasury system that collects, validates, and displays agency-submitted data includes and enforces monitoring controls to help ensure the accuracy and completeness of agency submission files. Treasury should fully implement this recommendation to help to ensure the completeness and accuracy of agency submissions.

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Recommendation: The Secretary of the Treasury should disclose known data quality issues and limitations on the new USAspending.gov.

Action needed: Treasury generally agreed with this recommendation. As of January 2020, Treasury has made progress by disclosing limitations related to unreported spending, among other things. Treasury is planning a major update to the USAspending.gov website to include more information about known data quality issues. Treasury plans to make this update to the website in the coming months and has an internal target date of June 2020 for completion. When completed, this action will help users make more informed decisions about how to interpret and use the data provided on the website.

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