

**Accessible Version**

June 24, 2021

The Honorable Shalanda Young  
Acting Director  
The Honorable Jason Miller  
Deputy Director for Management  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW  
Washington, D.C. 20503

**Priority Open Recommendations: Office of Management and Budget**

Dear Ms. Young and Mr. Miller:

I appreciated our recent meeting and look forward to a constructive working relationship between our two institutions. As discussed, 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.<sup>1</sup> In November 2020, we reported that on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.<sup>2</sup> As of June 2021, OMB's recommendation implementation rate was 60 percent and OMB had 153 open recommendations. Fully implementing these open recommendations could yield significant savings and other improvements in executive branch agency operations.

Since our April 2020 letter, OMB has implemented four of our 35 open priority recommendations.

- OMB, in coordination with the Department of the Treasury, issued additional guidance related to the Digital Accountability and Transparency Act of 2014 (DATA Act).<sup>3</sup> The various guidance implements two priority recommendations that could help ensure that the integrity of certain data standards is maintained over time and improve the clarity, consistency, and quality of agency spending data.<sup>4</sup>

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<sup>1</sup>Priority 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.

<sup>2</sup>GAO, *Performance and Accountability Report: Fiscal Year 2020*, [GAO-21-4SP](#) (Washington, D.C.: Nov. 16, 2020).

<sup>3</sup>Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

<sup>4</sup>OMB Memorandum M-19-16, *Centralized Mission Support Capabilities for the Federal Government* (Apr. 26, 2019).

- OMB updated improper payment guidance, implementing two priority recommendations that will help agencies better address inconsistencies in improper payment estimations and improve congressional oversight of noncompliant programs.<sup>5</sup>

Given the critical role OMB plays in providing oversight of vital government-wide performance and management issues, we ask for your attention to the remaining 31 open priority recommendations identified in the 2020 letter. We also are adding 13 new recommendations related to improving government performance, increasing availability and transparency of government data, improving acquisition management and reducing costs, reducing government-wide improper payments, improving federal real property asset management, and improving information management. This brings the total number of priority recommendations to 44 (see enclosure I for the list of these recommendations).

The 44 priority recommendations fall into the following nine areas.

### Improving government performance.

Implementing 17 priority recommendations would help OMB better meet the information needs of various decision makers. These recommendations involve fully and effectively implementing a federal program inventory, improving program management, broadening the scope of programs that OMB typically considers in assessing federal agency performance to include tax expenditures, strengthening monitoring and evaluation practices for foreign assistance programs, and developing goals to support child well-being and employment for people with disabilities.

Ten recommendations relate to developing an inventory of federal programs, as required by the GPRA Modernization Act of 2010 (GPRAMA).<sup>6</sup> Such an inventory could be a critical tool to help decision makers better identify and manage fragmentation, overlap, and duplication across the federal government. In October 2014, we made eight recommendations for OMB 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. We made two additional recommendations in September 2017 to (1) define time frames and milestones, and (2) consider taking a systematic approach for implementing the inventory.

In December 2020, OMB issued a memorandum announcing a federal program inventory exploratory pilot, and in January 2021, OMB launched a website that provided initial results. As part of this effort, OMB has taken actions that reflect progress toward a few of our October 2014 recommendations. For example, OMB included a broad range of federal agencies in the pilot, and planned next steps include engaging stakeholders.

In January 2021, Congress amended and expanded the requirements for a federal program inventory as part of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (NDAA 2021).<sup>7</sup> The act includes provisions for OMB to develop and submit an implementation plan to appropriate congressional committees by July 2021. Determining an

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<sup>5</sup>OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*. (Mar. 5, 2021).

<sup>6</sup>Pub. L. No. 111-352, 124 Stat. 3866 (Jan. 4, 2011), *codified at* 31 U.S.C. § 1122(a).

<sup>7</sup>Pub. L. No. 116-283, div. H, tit. XCVI, § 9601, 134 Stat. 3388, 4823 (Jan. 1, 2021).

approach for implementing these new requirements presents an opportunity for OMB to fully address all 10 recommendations.

OMB's efforts to implement those provisions similarly provides an opportunity to address one of two recommendations we made in December 2019 to strengthen program management across the federal government. We recommended that OMB clarify for agencies how different definitions of a "program" relate to each other in OMB guidance. Now that Congress has provided a definition of "program" for purposes of the federal program inventory, providing such clarity is even more important.<sup>8</sup> Clarifying the definitions could help agencies and OMB increase transparency and identify synergies across related laws, such as GPRAMA and the Program Management Improvement Accountability Act.<sup>9</sup>

We further recommended in December 2019 that OMB should convene trilateral meetings between OMB, relevant agencies, and us for addressing all areas on our [High-Risk List](#) during each 2-year high-risk cycle. Meetings with senior OMB and agency officials on individual high-risk areas have proven in the past to be helpful to making progress. These meetings would also help OMB meet statutory requirements to conduct portfolio reviews of programs on GAO's High-Risk List.<sup>10</sup> OMB has agreed to take action to again convene these meetings. We look forward to working with OMB to fully address the high risk areas we have identified.

Two priority recommendations focus on assessing the performance of tax expenditures, which represent forgone revenue estimated at around \$1 trillion annually since 2010. In September 2005, we recommended that OMB develop and implement a framework for conducting performance reviews of tax expenditures. 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. As of March 2021, OMB has not reported progress on exploring options to develop its tax expenditure evaluation framework. These actions could 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.

With regard to foreign assistance, we recommended in July 2019 that OMB update its guidance for monitoring and evaluating foreign assistance programs to include leading practices that we identified. By ensuring that its guidance include these leading practices, OMB will have greater assurance that agencies are well positioned to address impediments, effectively manage foreign assistance, and achieve their goals.

In addition, many federal programs support employment for people with disabilities, yet there is insufficient coordination among these programs. Further, the employment rate for this population fell faster and remains lower than for those without disabilities during the Coronavirus Disease 2019 (COVID-19) pandemic.

In February 2012, we reported that OMB should establish government-wide goals for employment of people with disabilities to improve performance through greater coordination.

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<sup>8</sup>The NDAA 2021 defined the term "program" to mean a single program activity or an organized set of aggregated, disaggregated, or consolidated program activities by one or more agencies directed toward a common purpose or goal. 31 U.S.C. § 1122(a)(1)(C).

<sup>9</sup>Pub. L. No. 114-264, 130 Stat. 1371 (Dec. 14, 2016).

<sup>10</sup>31 U.S.C. § 503(c)(1)(F).

OMB has worked with federal agencies to enhance coordination, set goals across some programs, and develop demonstration projects. However, to fully implement our recommendation, OMB needs to establish measurable government-wide goals across the group of agencies and programs that support employment for people with disabilities. Establishing such goals could enhance coordination and help improve employment outcomes for people with disabilities.

Further, in November 2017 we reported that not all areas of child well-being are improving and experts suggested that efforts to address child well-being are hindered by insufficient coordination at the federal level. We recommended that OMB consider developing a goal that addresses a coordinated federal approach to child well-being among its next set of cross-agency priority (CAP) goals, and work with agencies to ensure their strategic plans reflect these goals.

As of April 2021, OMB was in the process of identifying a new set of CAP goals to reflect the administration's policy and management priorities. OMB officials noted that CAP goals, per GPRAMA, are typically reserved for a limited set of priorities and consider various factors, including the perspectives of stakeholders and relevant congressional committees. However, we continue to believe that by developing a CAP goal related to child well-being, OMB could provide an opportunity across the federal government to better address the needs of children in ways that take into account the interrelatedness of federal actions and policies that aim to improve child well-being.

#### Increasing availability and transparency of government data.

Implementing seven priority recommendations regarding spending transparency would improve the quality of data and contribute to public understanding of how federal funds are spent. Congress and the administration have taken several steps to improve the availability, transparency, and quality of federal data. For example, the DATA Act requires agencies to provide additional data on approximately \$4 trillion in annual federal spending reported to the public on USAspending.gov.<sup>11</sup> In addition, the enactment of Title II of the Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act)—the Open, Public, Electronic and Necessary Government Data Act (OPEN Government Data Act)—requires agencies to publish information as open data by default, as well as develop and maintain comprehensive data inventories.<sup>12</sup> Moreover, in April 2020 and March 2021 guidance, OMB announced that agencies and recipients are to leverage this existing framework to meet monthly reporting requirements put in place following passage of the CARES Act and the American Rescue Plan Act.<sup>13</sup>

OMB has taken some steps to address data completeness and accuracy issues we first identified in June 2014. However, OMB still needs to clarify its guidance on topics including descriptive award titles and non-classified awards related to intelligence activities. Fully

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<sup>11</sup>Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

<sup>12</sup>Pub. L. No. 115-435, tit II, 132 Stat. 5534 (Jan. 14, 2019).

<sup>13</sup>OMB, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)*, M-20-21 (Apr. 10, 2020) and OMB, *Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources*, M-21-20 (Mar. 19, 2021). Pub. L. No. 116-136, §§ 15010, 15011, 134 Stat. 281, 534–42 (Mar. 27, 2020); Pub. L. No. 117-2, 135 Stat. 4 (Mar. 11, 2021).

implementing this recommendation would help ensure the transparency and accuracy of the information reported on USA Spending.gov.

Three recommendations from July 2015, November 2017, and March 2019 concern data standards. These recommendations center on linking financial spending data to a federal program inventory, developing clearly defined data elements, and improving transparency in how OMB communicates its process for changing data definition standards for DATA Act reporting. Moving forward, OMB needs to clearly communicate how recent progress with its program inventory pilot program will help achieve the transparent reporting purpose set out in the DATA Act; issue additional guidance to provide further clarity on, and improve the quality of, the “Primary Place of Performance” data element; and clearly document and publicly communicate its procedures for changing and managing data definitions.

Additionally, in November 2017, we recommended that OMB provide technical assistance to help agencies determine whether they are subject to the DATA Act and thus required to report quarterly spending data. Although OMB staff told us they believe past actions have addressed this issue, our work has continued to identify instances where agencies did not submit these data. To fully implement our recommendation, OMB needs to take additional actions, including following up with agencies that are not submitting these data to find out why they are not reporting.

Finally, two recommendations from October 2020 concern OMB’s implementation of OPEN Government Data Act requirements. Open access to government data is particularly important in the current pandemic environment as government agencies, scientists, and the public work to understand and respond to COVID-19 using data-focused approaches. The act directs OMB to facilitate agency implementation by (1) issuing guidance for agencies to develop and maintain comprehensive data inventories and (2) reporting on agency performance and compliance with the OPEN Government Data Act. However, as of April 2021, OMB still needs to issue implementation guidance and publish a report on agencies’ performance. Implementation of these statutory requirements is critical to agencies’ compliance with the act.

### Improving acquisition management and reducing costs.

Implementing 10 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 spends more than \$90 billion annually on IT investments. 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. In May 2020, OMB told us that its process for identifying high priority programs had evolved and been superseded by a process for identifying agencies’ most critical assets—known as high-value assets. The agency stated that both the Federal CIO and Federal Chief Information Security Officer were engaged in overseeing these assets through their involvement on the Federal CIO and Federal Chief Information Security Officer Councils. However, as of April 2021, OMB had not taken additional action to ensure that the Federal CIO was directly involved in the oversight of the full range of high priority programs across the federal government. As we reported, such oversight would improve accountability and achieve positive results for the federal government’s investments.

Federal agencies also have been increasingly using reverse auctions as a tool to reduce the price they pay for certain types of items. However, in December 2013 we found that a lack of comprehensive government-wide guidance about their use resulted in confusion and inefficiencies. We made a recommendation to take steps to amend the Federal Acquisition Regulation (FAR) to address agencies' use of these auctions. In December 2020, FAR Council members published a notice of proposed rulemaking to amend the FAR to provide guidance on reverse auctions. Completing work to amend the FAR to address agencies' use of reverse auctions would help agencies make more effective use of a tool that has the potential to significantly reduce the cost of procurement.<sup>14</sup>

In October 2015, we made two recommendations to OMB's Office of Federal Procurement Policy (OFPP) that would help gain visibility and enable efficient management on the use of bridge contracts in federal agencies.<sup>15</sup> Although these contracts can sometimes be a useful tool to avoid a gap in services, they are typically envisioned to be used for short periods of time. OMB staff had previously told us that they were in the process of addressing our recommendation to develop government-wide guidance that defines bridge contracts.

In January 2020 they noted that they are reviewing the extent to which OMB guidance is necessary moving forward. Without this guidance, agencies may continue to use noncompetitive bridge contracts frequently or for prolonged periods of time, and are at risk of potentially paying more than they should for goods and services.

Category management is a government-wide initiative led by OMB that saves the federal government billions of dollars each year by improving how agencies buy common products and services. We are designating five recommendations that we made to the Director of OMB in November 2020 as priority recommendations. These relate to improving how agencies define requirements for common products and services, and leading efforts to address government-wide data challenges, among other things. OMB agreed with the substance of our recommendations, and reported in April 2021 some specific actions it plans to take in the coming year, such as updating its Fiscal Year 2022 Key Performance Indicators to include metrics for requirements definition.

These actions have the potential to address three of our recommendations once fully implemented. However, it is unclear how the specific actions OMB plans to take will address two of our recommendations, including our recommendation to address government-wide data challenges. OMB can help agencies more effectively implement category management by addressing all five of these recommendations, which will result in greater savings for taxpayers.

Additionally, federal agencies are using Defense Production Act (DPA) Title I authority to place priority ratings on medical supply contracts as a method to ensure quicker access to these items in response to COVID-19. We made a recommendation in November 2020 for OMB to direct the OFPP to develop appropriate agency reporting guidance to help increase visibility on the use of

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<sup>14</sup>85 Fed. Reg. 78815, Proposed Rule, Dec. 7, 2020 (Federal Acquisition Regulation 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*).

<sup>15</sup>GAO defines a "bridge contract" as an extension to an existing contract beyond the period of performance (including base and option years), or a new, short-term contract awarded on a sole-source basis to an incumbent contractor to avoid a lapse in service caused by a delay in awarding a follow-on contract.

this authority. Providing guidance to federal agencies on how to identify priority-rated contracts in the Federal Procurement Data System-Next Generation (FPDS-NG) would promote full, clear, and consistent transparency in the tracking of COVID-19 related actions, and federal agencies would have complete information to support federal government-wide analysis of the effectiveness of the DPA and similar actions. OFPP agreed with this recommendation, but has not taken any action to implement it yet because it is still analyzing options. To fully implement the recommendation, OFPP should publish guidance on how federal agencies should identify priority-rated contracts in FPDS-NG.

### Reducing government-wide improper payments.

OMB's attention to three priority 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. We designated [Medicare](#) and [Medicaid](#) as high-risk programs in 1990 and 2003, respectively, and have identified improper payments as a segment of these high-risk areas for which further action is needed.

Improper payment estimates totaled \$206 billion for fiscal year 2020, up from \$175 billion in fiscal year 2019.<sup>16</sup> Given the significant increase in federal spending related to COVID-19 and related economic relief, a continued focus on reducing improper payments across the federal government is critical.

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 encourage OMB to continue working with agencies to ensure that new guidance and corrective actions are effectively implemented.

We made one recommendation in October 2016 that OMB establish monitoring mechanisms to evaluate agency use of the Do Not Pay (DNP) working system. This action would allow OMB to effectively evaluate agencies' use of the DNP working system and remediate any identified issues. OMB informed us that Treasury conducts this monitoring and reports quarterly updates to OMB. In August 2020, Treasury provided us examples of reports it provides OMB. However, OMB still needs to provide more information on how it uses these reports, as well as documentation related to this monitoring and reporting, so we can independently verify that these actions fulfill our recommendation.

We also made one recommendation in May 2018 that OMB develop guidance on how agencies should identify improper payments, such as by using a risk-based approach to help ensure that key risks of improper payments are addressed. In March 2021, OMB issued new guidance on improper payments that implements the requirements from the Payment Integrity Information Act of 2019. However, OMB's new guidance does not specifically direct agencies to ensure that all identified payment integrity risks are included as part of their plans and tested.

We made one further recommendation in November 2020 that OMB develop and issue guidance directing agencies to include COVID-19 relief funding with associated key risks as part of their improper payment estimation methodologies. In March 2021, OMB issued new guidance on improper payments that implements the requirements from the Payment Integrity Information

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<sup>16</sup>GAO, *Financial Audit: Fiscal Years 2020 and 2019 Consolidated Financial Statements of the U.S. Government*, [GAO-21-340R](#) (Washington, D.C.: Mar. 25, 2021).

Act of 2019. However, OMB's new guidance does not specifically direct agencies to include COVID-19 relief funding with associated key risks as part of their improper payment estimate methodologies. Taking these actions would help to ensure that agencies have reliable improper payment estimates.

### Strengthening information security.

Two priority recommendations are aimed at ensuring the security of federal information systems. Virtually all federal operations are supported by computer systems and electronic data, and agencies would find it difficult, if not impossible, to carry out their missions and account for their resources without these information assets. Safeguarding federal information systems has been a longstanding concern. We first designated it as a government-wide [high-risk](#) area in 1997.

One recommendation from July 2019 is for OMB to expand its coordination of meetings that engage agency leadership on cybersecurity—known as CyberStat meetings—to those agencies with a demonstrated need for assistance in implementing information security. By increasing the number of agencies participating in CyberStat meetings, OMB gains an opportunity to assist agencies with improving their information security posture. OMB also would increase its ability to oversee specific agency efforts to provide information security protections for federal information and information systems.

In March 2021, OMB officials stated that they have held numerous meetings with various agencies on CyberStat-related topics and are continuing to work with the Department of Homeland Security to update a concept of operations document. To fully implement this recommendation, OMB needs to finalize and release the CyberStat concept of operations document and increase agency participation in CyberStat meetings.

In December 2019, we recommended that OMB establish a process for monitoring and holding agencies accountable for authorizing cloud services through the Federal Risk and Authorization Management Program (FedRAMP). FedRAMP is intended to provide a standardized approach for selecting and authorizing the use of cloud services that meet federal security requirements. Greater OMB oversight through such a process could increase federal agency participation in the FedRAMP program and may provide greater assurance that agency information stored in a cloud environment is better protected and aligns with federal security requirements. In April 2021, OMB stated that it was coordinating with federal agencies and the General Services Administration's FedRAMP to improve administrative processes. To fully implement this recommendation, OMB needs to collect data on the extent to which federal agencies are using cloud services authorized outside of FedRAMP and oversee agencies' compliance with using the program.

### Establishing controls for disaster relief.

The destruction that disasters cause must be addressed immediately, and agencies must deliver disaster relief funding expeditiously. However, the risk of improper payments increases when agencies spend billions of dollars quickly. Two priority recommendations are aimed at reducing this risk through internal control plans. Given the ongoing response to the current pandemic, these recommendations are of particular importance.

We made one recommendation in November 2013 for OMB to 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. OMB revised broader guidance in July 2016 to require agencies to implement enterprise risk management. However, we continue to believe that, to fully address the recommendation, OMB should include guidance specifically for identifying risks related to disaster funding.<sup>17</sup>

We made a second recommendation in June 2019 that OMB develop a strategy for ensuring that agencies communicate sufficient and timely internal control plans for effective oversight of disaster relief funds. Without a strategy, agencies may not appropriately communicate how they will assess risks associated with future disaster relief funding. Moreover, Congress and others need this information about internal controls to provide effective oversight. To fully address the recommendation, OMB should consult with key stakeholders, such as the Chief Financial Officers Council and the Council of the Inspectors General on Integrity and Efficiency, and establish a strategy for agencies to communicate sufficient and timely internal control plans for any future disasters.

### Improving oversight of agency collection and coordination of federal data on sexual violence.

We identified one priority recommendation that would improve clarity and address differences across federal sexual violence data collection efforts. In July 2016, we recommended 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 to improve the quality and use of federal information while reducing collection burdens, including through the coordination of federal statistics.<sup>18</sup> 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 improve the consistency and comparability of agency sexual violence data and thereby help to clarify the scope of the problem of sexual violence in the United States.

### Improving federal real property asset management.

OMB's attention to one priority recommendation would help the federal government manage its real property assets more efficiently and cost-effectively. The federal government is the largest real property owner in the United States and spends billions of dollars annually to operate and maintain these assets, which include buildings, roads, bridges, and utility systems. We first designated federal real property management as a [high-risk](#) area in 2003.

In November 2018, we recommended that OMB take steps to improve existing information on federal asset management to reflect leading practices and make this information readily available to federal agencies. These steps could include updating asset management guidance and developing a clearinghouse of information on asset management practices and successful agency experiences. Information on effective asset management practices could help agencies more strategically manage their real property portfolios in line with their missions and avoid unnecessary expenditure of resources.

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<sup>17</sup>OMB, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Circular No. A-123 (July 15, 2016).

<sup>18</sup>44 U.S.C. § 3504.

In November 2019, OMB issued a memorandum to federal agencies with capital planning requirements.<sup>19</sup> In addition, in March 2020, OMB issued another memorandum that provides a strategic vision for managing the government’s real property portfolio.<sup>20</sup> However, OMB needs to develop more comprehensive requirements for federal agencies such as using quality data on assets to inform decision-making. OMB also needs to identify leading asset management practices and make them available to federal agencies. Doing so will help federal agencies more strategically manage their real property portfolios in line with their missions and avoid unnecessary expenditure of resources.

### **Improving information management.**

Implementing one priority recommendation would help improve the transparency, efficiency, and accountability of federal agency records. Advances in technology and electronic communications, such as email, have transformed agency operations while creating new opportunities with respect to the effective management of agency records. The Federal Records Act, the Managing Government Records directive, and National Archives and Records Administration (NARA) regulations establish requirements for agencies to ensure the transparency, efficiency, and accountability of federal records, including those in electronic form. For example, the directive states that agencies must retain email records in an electronic system that supports records management requirements, including the capability to identify, retrieve, and retain these records as long as they are needed.

In February 2020, we reported that OMB had established its own records management program with controls over the creation, maintenance, and use of OMB records, but its policies and procedures did not include the required functionalities for recordkeeping systems. These functionalities include, but are not limited to, the capturing, organizing, and managing of records. As such, we recommended that OMB establish a time frame to update its policies and procedures to include all of the required electronic information system functionalities for recordkeeping systems. Without using electronic recordkeeping systems with appropriate functionalities, OMB faces increased risk of not being able to reliably access and retrieve the records needed to conduct its business.

### **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.<sup>21</sup> In March 2021, we issued our biennial update to our [High-Risk List](#), 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.<sup>22</sup>

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<sup>19</sup>OMB Memorandum M-20-03, *Implementation of Agency-wide Real Property Capital Planning*. (Nov. 6, 2019).

<sup>20</sup>OMB Memorandum M-20-10, *Issuance of an Addendum to the National Strategy for the Efficient Use of Real Property*. (Mar. 6, 2020).

<sup>21</sup>Our letters to the Departments of Defense, Health and Human Services, Homeland Security, and the Treasury, as well the General Services Administration and the Office of Personnel Management, provide more detailed information on priority open recommendations in high-risk areas.

<sup>22</sup>GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

Several government-wide high-risk areas have direct implications for OMB and the operations of federal agencies. These include (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) [the government-wide personnel security clearance process](#).

With respect to the personnel security clearance process, in March 2021 we found that executive branch agencies leading security clearance reform, including OMB, had met our high-risk criteria for leadership commitment and partially met our criteria for capacity, action plan, monitoring, and demonstrated progress. We outlined necessary actions, outcomes, and our prior recommendations that have to be addressed for this area to be removed from our High-Risk List. Prior recommendations that require coordination with OMB include developing a government-wide plan, including goals and interim milestones, to meet timeliness objectives for initial personnel security clearance investigations and adjudications.<sup>23</sup>

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. We are sending you copies of the priority recommendation 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, 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 report will be available on the GAO website at <https://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 Michelle Sager, Managing Director, Strategic Issues, at [sagerm@gao.gov](mailto:sagerm@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.

Additionally, we will continue to coordinate with your staff on all of the 153 recommendations to OMB, 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,

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<sup>23</sup>GAO, *Personnel Security Clearances: Additional Actions Needed to Ensure Quality, Address Timeliness, and Reduce Investigation Backlog*, [GAO-18-29](#) (Washington, D.C.: Dec. 12, 2017); GAO, *Personnel Security Clearances: Plans Needed to Fully Implement and Oversee Continuous Evaluation of Clearance Holders*, [GAO-18-117](#) (Washington, D.C.: Nov. 21, 2017).

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is written in a cursive style with a large, prominent "D" and a long horizontal stroke at the end.

Gene L. Dodaro  
Comptroller General  
of the United States

Enclosure

cc: The Honorable Clare Martorana, Federal CIO, OMB  
The Honorable Lesley A. Field, Acting Administrator, OFPP, OMB  
The Honorable Janet Yellen, Secretary, Treasury  
The Honorable Matt Miller, Acting Commissioner, Bureau of the Fiscal Service, Treasury

## Enclosure I - 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.

**Actions needed:** OMB agreed with five of the eight recommendations and neither agreed nor disagreed with the fourth, fifth, and seventh recommendations. In December 2020, OMB issued a memorandum announcing a federal program inventory exploratory pilot, and in January 2021, OMB launched a website that provided initial results. However, to fully implement these recommendations, OMB needs to revise its guidance and develop a federal program inventory to reflect the actions outlined above.

**Director:** Michelle Sager, Strategic Issues

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#### **Managing for Results: Further Progress Made in Implementing the GPRA 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:

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 GPRAMA Modernization Act of 2010 (GPRAMA) requirements and our past recommendations for the inventory are addressed.<sup>24</sup>

**Action needed:** OMB agreed with these recommendations. In December 2020, OMB issued a memorandum announcing a federal program inventory exploratory pilot, and in January 2021, OMB launched a website that provided initial results. However, to fully implement these recommendations, OMB needs to identify in its plans for fully implementing the federal program inventory, time frames and planned actions that would demonstrate a systematic approach for providing the information required by GPRAMA and that we recommended in October 2014.

**Director:** Michelle Sager, Strategic Issues

**Contact information:** [SagerM@gao.gov](mailto:SagerM@gao.gov), 202-512-6806

**Improving Program Management: Key Actions Taken, but Further Efforts Needed to Strengthen Standards, Expand Reviews, and Address High-Risk Areas. [GAO-20-44](#). Washington, D.C.: December 13, 2019.**

**Recommendations:** The Deputy Director for Management of OMB should take the following actions:

1. Clarify for agencies how the different definitions of a "program" relate to each other in OMB guidance.
2. Convene trilateral meetings between OMB, relevant agencies, and us for addressing all high-risk areas during each two-year high-risk cycle.

**Actions Needed:** OMB neither agreed nor disagreed with these recommendations and stated it would consider them when making future updates to its program management policies and guidance. We continue to believe that OMB needs to clarify in guidance how different definitions of a "program" relate to each other and convene trilateral meetings on all high-risk areas. In our recent meetings, OMB has agreed to take action to again convene these trilateral meetings.

**Director:** Yvonne D. Jones, Strategic Issues

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**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;

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<sup>24</sup>31 U.S.C. § 1122(a).

- 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, but had taken no actions as of March 2021 to address it. We continue to believe that OMB should develop and implement a framework for evaluating the performance of tax expenditures and preliminary performance measures. Although revenue losses from tax expenditures exceed \$1 trillion each year, tax expenditures continue to 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](mailto:MctigueJ@gao.gov), (202) 512-6806

**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. Subsequently, OMB stated that although it still agreed, it was not pursuing the effort because of competing priorities, as well as capacity and resource constraints. As of March 2021, OMB had not taken action to address this recommendation. We continue to believe that OMB, in collaboration with the Department of the 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](mailto:MctigueJ@gao.gov), 202-512-6806

**Foreign Assistance: Federal Monitoring and Evaluation Guidelines Incorporate Most but Not All Leading Practices. [GAO-19-466](#). Washington, D.C.: July 31, 2019.**

**Recommendation:** The Director of OMB should update the Foreign Assistance Monitoring and Evaluation Guidelines to include GAO's leading practices of developing monitoring plans that are based on risks, ensuring that monitoring staff have appropriate qualifications, establishing procedures to close-out programs, developing staff skills regarding evaluations, and establishing mechanisms for following up on evaluation recommendations.

**Action Needed:** OMB disagreed with the recommendation and suggested it would be more effective to remind agencies that, in addition to the guidelines, they should follow all other relevant OMB guidance affecting monitoring and evaluation. OMB asserted that this guidance contains provisions relevant to our leading practices not included in the Foreign Assistance Monitoring and Evaluation Guidelines. However, we continue to believe it is important for OMB to incorporate this other guidance into the Foreign Assistance Monitoring and Evaluation



Guidelines, if only by reference, to emphasize the importance of these practices in the context of monitoring and evaluation of foreign assistance. As of March 2021, OMB had not taken any actions to address this recommendation.

**Director:** David Gootnick, International Affairs and Trade

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**2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue. [GAO-12-342SP](#). Washington, D.C.: February 28, 2012.**

**Recommendation:** To improve performance through greater coordination among the many federal programs that support employment for people with disabilities, OMB should consider establishing measurable, government-wide goals for employment of people with disabilities. Given the number of federal agencies and approaches involved in supporting employment for people with disabilities, government-wide goals could help spur greater coordination and more efficient and economical service delivery in overlapping program areas. To determine whether these goals are being met, agencies should establish related measures and indicators and collect additional data to inform these measures.

**Action Needed:** OMB neither agreed nor disagreed with this recommendation. OMB has taken some steps to improve collaboration across federal agencies but, as of April 2021, had not established government-wide goals for employment of people with disabilities outside of the federal sector. To fully address this recommendation, OMB should lead or coordinate an executive branch effort to establish such goals.

**Director:** Elizabeth Curda, Education, Workforce, and Income Security

**Contact information:** [CurdaE@gao.gov](mailto:CurdaE@gao.gov), 202-512-7215

**Child Well-Being: Key Considerations for Policymakers, Including the Need for a Federal Cross-Agency Priority Goal. [GAO-18-41SP](#). Washington, D.C.: November 9, 2017.**

**Recommendation:** GAO recommends that the Director of OMB consider developing a goal that addresses a coordinated federal approach to child well-being among its next set of cross-agency priority (CAP) goals, including working with relevant agencies to ensure their strategic plans include goals and objectives related to the CAP goal.

**Action Needed:** OMB neither agreed nor disagreed with this recommendation. As of April 2021, OMB had not established goals related to the CAP goal. To implement this recommendation, OMB should provide documentation that it considered developing a CAP goal that addresses a coordinated federal approach to child well-being.

**Director:** Kathy Larin, Education, Workforce, and Income Security

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## Increasing Availability and Transparency of Government Data

### **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). As of March 2021, OMB had not taken additional actions to address this recommendation. We continue to believe that OMB needs to clarify its guidance on topics including descriptive award titles and non-classified awards related to intelligence activities.

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

**Contact Information:** [DsouzaV@gao.gov](mailto:DsouzaV@gao.gov), 202-512-6240

### ***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 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.

**Action needed:** OMB did not initially comment on this recommendation. In December 2020, OMB initiated a federal program inventory exploratory pilot for 12 program categories that will identify programs associated with each category, descriptive information on the programs, and spending data from 2019 and 2020. In January 2021, OMB launched a website to share insights from this initial round of the pilot. To fully address this recommendation, OMB needs to clearly communicate how the progress being made through its pilot program will help achieve the purpose identified in the DATA Act of linking federal contract, loan, and grant spending information to federal programs thereby enabling taxpayers and policy makers to track federal spending more effectively.<sup>25</sup> As of April 2021, OMB had not taken any additional actions to address this recommendation.

**Director:** Michelle Sager, Strategic Issues

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<sup>25</sup>Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

**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. On the first recommendation, OMB previously stated that it believes that the assistance it has previously provided to help agencies make their own reporting determinations fulfills the recommendation’s intent. However, because we have identified instances where agencies have not submitted these data and Treasury may forward a list of non-compliant agencies to OMB on a quarterly basis as part of its ongoing monitoring efforts, we continue to believe that OMB needs to follow up with agencies that are not submitting data to determine why they are not reporting. It also needs to update its list of agencies required to report. As of April 2021, OMB had not taken any additional actions to address this recommendation.

On the second recommendation, we believe that providing specific examples of how agencies should approach challenging situations when reporting on this data element for financial assistance awards would provide further clarity and improve the quality of this data element. In December 2020, OMB stated that it was having discussions with agencies on how to improve the transparency and display of “Primary Place of Performance” for financial assistance. As of April 2021, OMB had not taken any additional actions to address this recommendation.

**Director:** Michelle Sager, Strategic Issues

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***DATA Act: OMB Needs to Formalize Data Governance for Reporting Federal Spending. [GAO-19-284](#). Washington, D.C.: March 22, 2019.***

**Recommendation:** The Director of OMB should clarify and document OMB’s procedure for changing official data definition standards for DATA Act reporting, for example, by explicitly describing how change procedures developed for other government-wide initiatives apply to DATA Act definition standards in a public source of guidance or information.

**Action Needed:** OMB neither agreed nor disagreed with this recommendation. In July 2020, OMB provided us with clarification that the Chief Financial Officers Council’s DATA Act Working Group had operational management for data standards while the Business Standards Council provided overall interagency governance. To fully implement the recommendation, OMB needs to take the next step of demonstrating that it has clearly documented this structure, as well as relevant supporting procedures, and has communicated them to the public. As of April 2021, OMB had not taken any additional actions to address this recommendation.

**Director:** Michelle Sager, Strategic Issues

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**Open Data: Agencies Need Guidance to Establish Comprehensive Data Inventories; Information on Their Progress is Limited. [GAO-21-29](#). Washington, D.C.; October 8, 2020.**

**Recommendations:**

1. The Director of OMB should comply with its statutory requirement to issue implementation guidance to agencies to develop and maintain comprehensive data inventories.
2. The Director of OMB should comply with the statutory requirement to electronically publish a report on agencies' performance and compliance with the OPEN Government Data Act.

**Action Needed:** OMB did not comment on these recommendations. OMB needs to comply with its statutory requirements in the OPEN Government Data Act by (1) issuing guidance to agencies regarding comprehensive data inventories and, (2) electronically publishing a report on agency performance and compliance with the act.<sup>26</sup> As of April 2021, OMB had not taken action on either of these recommendations.

**Director:** Michelle Sager, Strategic Issues  
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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. In May 2020, OMB told us that its process for identifying high priority programs had evolved and been superseded by a process for identifying and securing high value assets, and that the Federal CIO and Federal Chief Information Security Officer were engaged in overseeing these assets through their involvement on the Federal CIO and Federal Chief Information Security Officer Councils. While we recognize the importance of ensuring the security of high value assets, they do not represent the full range of “high priority programs under development across the federal government” that was intended by our recommendation. To fully implement this recommendation, OMB needs to ensure that the Federal CIO is involved in the full range of high priority programs. In addition, OMB should specify how its oversight of high value assets is performed and provide evidence to substantiate its claims. As of April 2021, OMB had not taken any additional actions to address the recommendation.

**High-risk area:** [Improving the Management of IT Acquisitions and Operations](#)

**Director:** Carol C. Harris, Information Technology and Cybersecurity  
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<sup>26</sup>Pub. L. No. 116-435, 132 Stat. 5529, 5534 (Jan. 14, 2019).

***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. In response, in December 2020, FAR Council members published a notice of proposed rulemaking to amend the FAR to provide guidance on reverse auctions.<sup>27</sup> The notice required that comments on the proposed rule be submitted by early February 2021. As of March 2021, OMB had received comments but did not yet have a planned date for publishing the final rule, according to OMB officials. 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](mailto:DinapoliT@gao.gov), (202) 512-4841

***Sole Source Contracting: Defining and Tracking Bridge Contracts Would Help Agencies Manage Their Use. GAO-16-15. Washington, D.C.: October, 14, 2015.***

**Recommendations:**

1. To gain visibility and enable efficient management on the use of bridge contracts in federal agencies, the Administrator of the Office of Federal Procurement Policy (OFPP) should take appropriate steps to develop a standardized definition for bridge contracts and incorporate it as appropriate into relevant FAR sections.
2. To gain visibility and enable efficient management on the use of bridge contracts in federal agencies, the Administrator of OFPP should, as an interim measure, until the FAR is amended, provide guidance to agencies on (1) a definition of bridge contracts, with consideration of contract extensions as well as stand-alone bridge contracts; and (2) suggestions for agencies to track and manage their use of these contracts, such as identifying a contract as a bridge in a Justification and Approval (J&A) when it meets the definition, and listing the history of previous extensions and stand-alone bridge contracts back to the predecessor contract in the J&A.

**Action needed:** OMB stated its intention to explore addressing our first recommendation, and concurred with our second recommendation. OMB staff had previously told us that they had drafted guidance, which included a definition for bridge contracts, and that it was under review. In January 2020, OMB staff stated that they were reviewing the extent to which this guidance is necessary moving forward. As of March 2021, however, OMB had not taken additional actions to address these recommendations. We continue to believe these actions are important to help ensure agencies do not continue to use these noncompetitive contracts frequently or for prolonged periods of time, thereby risking paying more than they should for goods and services.

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

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<sup>27</sup>85 Fed. Reg. 78815, Proposed Rule, Dec. 7, 2020.

**Federal Buying Power: OMB Can Further Advance Category Management Initiative by Focusing on Requirements, Data, and Training. [GAO-21-40](#). Washington, D.C.: November 30, 2020.**

**Recommendations:**

1. The Director of the Office of Management and Budget should emphasize in its overarching category management guidance the importance of effectively defining requirements for common products and services when implementing the category management initiative.
2. The Director of the Office of Management and Budget should ensure that designated Senior Accountable Officials have the authority necessary to hold personnel accountable for defining requirements for common products and services as well as contracting activities.
3. The Director of the Office of Management and Budget should report cost savings from the category management initiative by agency.
4. The Director of the Office of Management and Budget should work with the Category Management Leadership Council and the Performance Improvement Council to establish additional performance metrics for the category management initiative that are related to agency requirements.
5. The Director of the Office of Management and Budget should, in coordination with the Category Management Leadership Council and the Chief Data Officer Council, establish a strategic plan to coordinate agencies' responses to government-wide data challenges hindering implementation of the category management initiative, including challenges involving prices-paid and spending data.

**Actions needed:** OMB agreed with the substance of our recommendations. To address the second, third, and fourth recommendations OMB should fully implement the actions it plans to take in the coming year, including updating its Fiscal Year 2022 Key Performance Indicators to include metrics for cost savings and requirements definition. To address the first and fifth recommendations, OMB should expand its existing plans by pursuing updates to overarching category management guidance and a strategic plan for addressing data challenges.

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

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**Defense Production Act: Opportunities Exist to Increase Transparency and Identify Future Actions to Mitigate Medical Supply Chain Issues. [GAO-21-108](#). Washington, D.C.: November 19, 2020.**

**Recommendation:** OMB should direct the Office of Federal Procurement Policy to develop appropriate agency reporting guidance to provide greater transparency on the use of Defense Production Act Title I authorities for Coronavirus Disease 2019 (COVID-19) purposes. The reporting guidance should enable taxpayers and other interested stakeholders to see where a priority rating was placed on the contract or contract modification for COVID-19 purposes.

**Actions needed:** The Office of Federal Procurement Policy agreed with this recommendation, but has not taken any action to implement it yet because it is still analyzing options. To fully

implement the recommendation, OFPP should publish guidance on how federal agencies should identify priority-rated contracts in the Federal Procurement Data System-Next Generation.

**Director:** W. William Russell, Contracting and National Security Acquisitions  
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### Reducing Government-wide Improper Payments

#### **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.**

**Recommendation:** To better monitor agency use of the Do Not Pay (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 monitoring mechanisms and said it would work with agencies to address this recommendation. OMB previously informed us that Treasury conducts this monitoring and reports quarterly updates to OMB. While Treasury provided us examples of reports that it provides to OMB, OMB still needs to provide more information on how it uses these reports, as well as documentation related to this monitoring and reporting. In March 2021, OMB also informed us that it will be using the information collected on [paymentaccuracy.gov](http://paymentaccuracy.gov) to meet the requirements under 31 U.S.C. § 3354(b)(5). However, OMB needs to provide more information on how it plans to meet the requirements under 31 U.S.C. § 3354(b)(5).

**High-risk areas:** [Medicare Program & Improper Payments](#) and [Strengthening Medicaid Program Integrity](#)

**Director:** Beryl Davis, Financial Management and Assurance  
**Contact information:** [DavisBH@gao.gov](mailto: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.**

**Recommendation:** 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.

**Action needed:** OMB partially agreed with this recommendation. To fully implement this recommendation, OMB needs to direct agencies to include in their plans the details of how each identified payment integrity risk is being tested to provide assurance that agencies' improper payment estimates are reliable and can be used to assist in the process of identifying the root causes of improper payments and formulating targeted corrective action plans to address them.

**High-risk areas:** [Medicare Program & Improper Payments](#) and [Strengthening Medicaid Program Integrity](#)

**Director:** Beryl Davis, Financial Management and Assurance  
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**COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response. GAO-21-191. Washington, D.C.: November 30, 2020.**

**Recommendation:** The Director of the Office of Management and Budget should develop and issue guidance directing agencies to include COVID-19 relief funding with associated key risks, such as provisions contained in the CARES Act and other relief legislation that potentially increase the risk of improper payments or changes to existing program eligibility rules, as part of their improper payment estimation methodologies. This should especially be required for already existing federal programs that received COVID-19 relief funding.

**Action needed:** OMB neither agreed nor disagreed with this recommendation. OMB staff previously stated they believe current OMB guidance sufficiently addresses our recommendation and concerns. In March 2021, OMB issued new guidance on improper payments that implements the requirements from the Payment Integrity Information Act of 2019. However, this guidance does not specifically direct agencies to include COVID-19 relief funding with associated key risks as part of their improper payment estimation methodologies. In April 2021, OMB stated that its position remains the same and reiterated that its current guidance sufficiently addresses the intent of the recommendation. To fully implement this recommendation, OMB needs to develop guidance for agencies to include COVID-19 relief funding and associated key risks as part of their improper payment estimation methodologies.

**Director:** Beryl Davis, Financial Management and Assurance

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Strengthening Information Security

**Federal Information Security: Agencies and OMB Need to Strengthen Policies and Practices. GAO-19-545. Washington, D.C.: July 26, 2019.**

**Recommendation:** The Director of OMB should expand its coordination of CyberStat review meetings for those agencies with a demonstrated need for assistance in implementing information security.

**Action Needed:** OMB agreed with this recommendation. To fully implement this recommendation, OMB needs to provide us with an updated concept of operations document for the CyberStat program, and demonstrate the expansion of CyberStat review meetings to agencies that require additional assistance due to persistent information security deficiencies.

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

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

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**Cloud Computing Security: Agencies Increased Their Use of the Federal Authorization Program, but Improved Oversight and Implementation Are Needed. GAO-20-126. Washington, D.C.: December 12, 2019.**

**Recommendation:** The Director of OMB should establish a process for monitoring and holding agencies accountable for authorizing cloud services through FedRAMP.

**Action Needed:** OMB agreed with this recommendation. To fully implement this recommendation, OMB needs to collect data on the extent to which federal agencies are using cloud services authorized outside of FedRAMP and oversee agencies' compliance with using the program.

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

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

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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. OMB staff previously stated that they believe they addressed the intent of this recommendation through broader government-wide guidance for enterprise risk management.<sup>28</sup> However, this guidance does not include specific guidance for identifying risks related to disaster funding. In March 2021, OMB stated that its position remains the same but OMB would be interested in discussing with us the role internal controls can play in its existing guidance to assist agencies in managing risks related to disaster relief funding. We plan to schedule a meeting with OMB to discuss how, to fully implement this recommendation, OMB should issue standard guidance for federal agencies to use in designing internal control plans for disaster relief funding, as required by the Bipartisan Budget Act of 2018.<sup>29</sup>

**Director:** Beryl Davis, Financial Management and Assurance

**Contact information:** [DavisBH@gao.gov](mailto:DavisBH@gao.gov), 202-512-2623

### **2017 Disaster Relief Oversight: Strategy Needed to Ensure Agencies' Internal Control Plans Provide Sufficient Information. [GAO-19-479](#). Washington, D.C.: June, 28, 2019.**

**Recommendation:** The Director of OMB, after consulting with key stakeholders (e.g., the Chief Financial Officers Council), should develop a strategy for ensuring that agencies communicate sufficient and timely internal control plans for effective oversight of disaster relief funds.

**Action needed:** OMB disagreed with this recommendation. OMB staff previously stated that they believe agency management, not OMB, has responsibility for ensuring compliance with applicable laws and regulations. Although agencies are responsible for submitting their internal control plans, federal law placed the responsibility for establishing the criteria for the internal control plans with OMB. In March 2021, OMB stated that its position remains the same but OMB would be interested in discussing the role internal controls can play in its existing guidance to assist agencies in managing risks related to disaster relief funding. We plan to schedule a meeting with OMB to discuss how, to fully implement this recommendation, OMB should develop a strategy for ensuring that agencies communicate sufficient and timely internal control plans for effective oversight of disaster relief funds.

**Director:** Beryl Davis, Financial Management and Assurance

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<sup>28</sup>OMB, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Circular No. A-123 (July 15, 2016).

<sup>29</sup>Pub. L. No. 115-123, § 21208(c), 132 Stat. 64, 108 (2018).



## Improving 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 disagreed 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. Although OMB continues to encourage interagency collaboration in general and improvements to the National Crime Victimization Survey and the National Intimate Partner and Sexual Violence Survey in particular, other federal data collection efforts influence policy decisions on sexual violence. As a result, broader coordination is needed. Therefore, we continue to believe our recommendation is valid to provide clarity on federal data and the scope of the sexual violence problem in the United States. As of March 2021, OMB had not established a federal interagency forum, as recommended.

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## Improving Federal Real Property Asset Management

### **Federal Real Property Asset Management: Agencies Could Benefit from Additional Information on Leading Practices. [GAO-19-57](#). Washington, D.C.: November 5, 2018.**

**Recommendation:** The Director of OMB should take steps to improve existing information on federal asset management to reflect leading practices such as those described in ISO 55000 and the key characteristics we identified and make it readily available to federal agencies. These steps could include updating asset management guidance and developing a clearinghouse of information on asset management practices and successful agency experiences.

**Action needed:** OMB staff did not comment on this recommendation. In April 2021, OMB staff told us that its November 2019 and March 2020 memorandums provide federal agencies a framework for managing their portfolio of assets.<sup>30</sup> For example, the November 2019 memorandum requires federal agencies to identify and prioritize real property gaps in meeting mission requirements—one of the key characteristics for effective asset management that we identified in our report.

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<sup>30</sup>OMB Memorandum M-20-03, *Implementation of Agency-wide Real Property Capital Planning* (Nov. 6, 2019) and OMB Memorandum M-20-10, *Issuance of an Addendum to the National Strategy for the Efficient Use of Real Property* (Mar. 6, 2020).

The memorandum does not fully address other characteristics, such as collecting, analyzing, and verifying the accuracy of data on assets to inform decision-making. Further, neither the 2019 nor the 2020 memorandums provide agencies with information on leading asset management practices. The March 2020 memorandum states that OMB plans to work with the Federal Real Property Council and the General Services Administration to identify leading practices in asset management from the private sector and other entities. However, as of April 2021, OMB staff told us they neither had plans nor timeframes to perform this work. To fully implement our recommendation, OMB needs to develop more comprehensive asset management requirements, such as using quality data, identify leading asset management practices, and make them available to federal agencies.

**High-risk area:** [Managing Federal Real Property](#)

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### **Improving Information Management**

**Information Management: Selected Agencies Need to Fully Address Federal Electronic Recordkeeping Requirements. [GAO-20-59](#). Washington, D.C.: February 27, 2020.**

**Recommendation:** The Director of the Office of Management and Budget should establish a time frame to update its policies and procedures to include all of the required electronic information system functionalities for recordkeeping systems.

**Action Needed:** OMB concurred with our recommendation. In April 2021, OMB stated that it is taking appropriate steps to implement the recommendation and will update GAO with additional information as it becomes available. To fully implement the recommendation, OMB will need to establish a time frame to update its policies and procedures that includes the required electronic information system functionalities for recordkeeping systems.

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