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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

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September 13, 2016

The Honorable Beth Cobert  
Acting Director  
U.S. Office of Personnel Management  
1900 E Street N.W.  
Washington, D.C. 20240

Dear Ms. Cobert:

I am writing to request information regarding the oversight of contracts within the Office of Personnel Management's (OPM) Office of Procurement Operations (OPO). As you are aware, on July 8, 2016, the OPM Office of the Inspector General issued an audit report identifying several deficiencies in OPO's contract management operations.<sup>1</sup>

The Inspector General found serious weaknesses in OPO's internal controls, which put the more than \$1 billion in contracts OPO awards annually at risk of waste, fraud, and abuse. Despite the fact that similar concerns about inadequate contract oversight have been brought to OPM's attention numerous times in recent years,<sup>2</sup> the Inspector General report suggests that little progress has been made to address these longstanding problems.<sup>3</sup>

For example, the Inspector General found that OPO failed to take appropriate corrective action in response to an independent assessment report issued on April 23, 2015 containing 16

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<sup>1</sup> U.S. Office of Personnel Management, Office of the Inspector General, Audit of the U.S. Office of Personnel Management's Office of Procurement Operations' Contract Management Process (4A-IS-00-13-062) (July 8, 2016).

<sup>2</sup> See, e.g., U.S. Office of Personnel Management, Office of the Inspector General, Management Advisory Report: Recommendations for Improvement, Pursuant to an Investigation of Improper Contracting Practices for the USAJOBS Program (I-12-00464) (Apr. 20, 2016); Memorandum from Patrick E. McFarland to Beth Cobert, Fiscal Year 2015 Top Management Challenges (Oct. 30, 2015); U.S. Office of Personnel Management, Office of the Inspector General, Management Alert, Serious Concerns Related to OPM's Procurement Process for Benefit Programs (4A-RI-00-16-014) (Oct. 14, 2015).

<sup>3</sup> U.S. Office of Personnel Management, Office of the Inspector General, Audit of the U.S. Office of Personnel Management's Office of Procurement Operations' Contract Management Process (4A-IS-00-13-062) (July 8, 2016).

recommendations for improving OPO's internal controls.<sup>4</sup> The Inspector General found that OPO had not taken adequate steps to implement any of them. Additionally, the current audit—conducted more than one year after the independent assessment—found many deficiencies persisted, including key documentation missing from contract files, incomplete or inaccurate financial data, and failure to deobligate unused funds.<sup>5</sup>

In the report, the Inspector General states that OPO was not able to provide *any* file for 17 of 60 open contract obligations requested during the recent audit. Similarly, OPO was not able to provide the Inspector General with a simple list of contracts it had closed in FY 2013 and FY 2014.<sup>6</sup> This inability to produce such basic information is very troubling.

Additionally, the Inspector General found that OPO did not initiate the closeout process in accordance with federal contracting regulations for 46 of the 60 contracts reviewed, which totaled over \$108 million potentially eligible for deobligation. Even more troubling is OPM's response, which indicates there may be contracts from as far back as 2004 awaiting the initiation of the closeout process. By failing to properly initiate contract closeouts, OPO may be leaving millions of dollars on the table by failing to deobligate unused funds.<sup>7</sup>

I am concerned that OPM's continued failure to adequately address these deficiencies is putting millions of taxpayer dollars at risk of waste, fraud, or abuse. While OPM's response to the recent Inspector General report acknowledges the need for corrective action and identifies some steps it has taken to improve contract oversight, OPM's track record raises questions about the adequacy of OPM's current and planned efforts. To assist me with my oversight, I request that you provide the following information:

- (1) The current corrective action plan developed to address the findings and recommendations contained in the April 23, 2015 independent assessment report. For each action identified in the plan, provide the actual or anticipated date of completion.
- (2) What is the status of the 17 missing contract files identified in the OIG report? Describe any completed or ongoing efforts to locate or recreate these files.

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<sup>4</sup> *Id.* This assessment was undertaken in response to previous recommendations by the OIG that OPM take steps to improve contract management and oversight. *Id.*

<sup>5</sup> U.S. Office of Personnel Management, Office of the Inspector General, Audit of the U.S. Office of Personnel Management's Office of Procurement Operations' Contract Management Process (4A-IS-00-13-062) (July 8, 2016).

<sup>6</sup> The OIG noted that it was unable to include OPO's contract closeout process in this audit because OPO could not provide a list of its closed contracts. *Id.*

<sup>7</sup> U.S. Office of Personnel Management, Office of the Inspector General, Audit of the U.S. Office of Personnel Management's Office of Procurement Operations' Contract Management Process (4A-IS-00-13-062) (July 8, 2016).

- (3) Has OPM identified why OPO was unable to provide a list of the FY 2013 and 2014 contract closeouts to the Inspector General?
- (4) OPM's response to Recommendation 2 describes a contract awarded in September 2015 to support OPO's contract file management and closeout efforts, stating that "[i]n early January 2016 the Contractor finished the first part of the contract close-out requirement and OPO is assessing the results to determine the path forward."<sup>8</sup>
  - a. Describe the steps that were completed during this "first part," including the contractor's specific responsibilities.
  - b. What is the current status of "the path forward"? Describe any progress made since January 2016, as well as the planned next steps with anticipated dates of completion.
  - c. Describe how non-contractor OPM staff are involved with this contractor's efforts, including oversight of contract performance. Are any non-contractor OPO staff performing the same duties?
  - d. How many contracts were closed out under the contract and how many contracts currently await closeout?

I request that you provide complete responses to the above on or before October 4, 2016. Please have your staff contact Sarah Garcia with my Subcommittee staff at (202) 224-5602 with any questions. Please send any official correspondence related to this request to [Kelsey\\_Stroud@hsgac.senate.gov](mailto:Kelsey_Stroud@hsgac.senate.gov).

Sincerely,



Claire McCaskill  
Ranking Member  
Permanent Subcommittee on Investigations

cc: Rob Portman  
Chairman  
Permanent Subcommittee on Investigations

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<sup>8</sup> *Id.*