GOOD ACCOUNTING OBLIGATION IN GOVERNMENT ACT

REPORT

OF THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 2276

TO REQUIRE AGENCIES TO SUBMIT REPORTS ON OUTSTANDING RECOMMENDATIONS IN THE ANNUAL BUDGET JUSTIFICATION SUBMITTED TO CONGRESS

SEPTEMBER 4, 2018.—Ordered to be printed
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Mr. JOHNSON, from the Committee on Homeland Security and Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 2276]

[Including cost estimate of the Congressional Budget Office]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 2276), to require agencies to submit reports on outstanding recommendations in the annual budget justification submitted to Congress, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill, as amended, do pass.

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I. PURPOSE AND SUMMARY

S. 2276, the Good Accounting Obligation in Government (GAO–IG) Act requires Federal agencies to submit reports on outstanding recommendations from the Government Accountability Office (GAO) and agency’s Office of Inspector General (OIG) in the annual budget justification submitted to Congress.

II. BACKGROUND AND THE NEED FOR LEGISLATION

GAO and OIGs serve as important partners to Congress and Federal agencies. The GAO IG Act looks to strengthen those relation-
ships by requiring Federal agencies to report what actions they have taken to address open and unimplemented GAO and OIG recommendations.

GAO is an independent agency that works for Congress with the statutory requirement of securing greater economy and efficiency in the business of public service. GAO conducts financial audits, program reviews, and other services to help Federal agencies ensure efficiency in public expenditures. GAO’s recommendations, when implemented, often save taxpayer dollars by eliminating areas of mismanagement, duplication, and waste.

The first OIGs were established by Congress by the Inspector General Act of 1978. OIGs promote efficiency and prevent, detect, and report fraud and abuse. OIGs are the watchdogs of their respective agencies that review programs, while providing recommendations for improvement. OIGs report to Congress on a semi-annual basis on the number of recommendations they have made to their respective agency that have not been implemented, including the impact they may have on an agency’s operations.

As of July 16, 2018, GAO has 4,832 open recommendations to agencies. According to a 2016 report issued by majority staffs for the Committee and the Senate Committee on the Judiciary, in 2016 there were 15,222 open and unimplemented OIG recommendations which totaled over $87 billion in potential cost savings.

While both GAO and the OIGs’ report on open and unimplemented recommendations, agencies are not required to do so. To shine a light on agencies’ failures to act on GAO and OIG recommendations, S. 2276 requires agencies to include a listing of open, unimplemented GAO and OIG recommendations in each agency’s annual budget justification submitted to Congress. Agencies must also provide explanations for not implementing each recommendation. By disclosing open recommendations and being required to explain the lack of implementation in an agency’s budget request, agencies will be held more accountable for unimplemented recommendations and Congress and the public can more readily scrutinize an agency’s funding request in light of unfulfilled efficiency improvements that may yield cost savings. Private watchdog the Project on Government Oversight supports the GAO–IG Act, stating that the legislation “could inspire agencies to incorporate important recommendations that have languished on the sidelines.”

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1 Pub. L. No. 67–13 title III.
2 Id.
4 Pub. L. No. 95–452.
5 Id.
7 Pub. L. No. 95–452.
10 Letter from Danielle Brian, Executive Director, Project on Gov’t Oversight, to Representatives Walker, Bishop, Duncan, Fitzpatrick, and Palmer (June 12, 2018), available at http://
S. 2276 also extends the timeline from 60 days to 180 days for agencies to provide statements to Congress on a GAO report pertaining to the agency. This allows agencies more time to plan substantive action in response to GAO’s recommendations and will result in responses that are more useful to congressional committees and GAO in following up on agencies’ implementation of the recommendations.11

III. LEGISLATIVE HISTORY

Senator Todd Young (R–IN) introduced S. 2276, the Good Accounting Obligation in Government (GAO–IG) Act, on January 4, 2018, with Senator Elizabeth Warren (D–MA). The bill was referred to the Committee on Homeland Security and Governmental Affairs.

The Committee considered S. 2276 at a business meeting on June 13, 2018. During the business meeting, an amendment in the nature of a substitute was offered by Chairman Ron Johnson to strike the 60-day requirement for agency statements concerning GAO’s work and increase it to 180 days. Both the Johnson substitute amendment and the bill, as amended, were ordered reported favorably en bloc by voice vote with Senators Johnson, Portman, Lankford, Enzi, McCaskill, Carper, Peters, Hassan, Harris, and Jones present.

IV. SECTION-BY-SECTION ANALYSIS OF THE BILL, AS REPORTED

Section 1. Short title

This section establishes the bill’s short title as the “Good Accounting Obligation in Government Act” or the “GAO–IG Act.”

Section 2. Reports on outstanding Government Accountability Office and Inspector General recommendations

Subsection (a) establishes that the term “agency” refers to a designated Federal entity defined in section 8G(a)(2) of the Inspector General (IG) Act of 1978, as well as an establishment defined in section 12(2) of the IG Act of 1978.

Subsection (b) explains how agencies have to report unimplemented GAO recommendations, and OIG recommendations with no final actions. It also requires agencies to present a contingency plan for unfulfilled GAO and OIG recommendations that includes a timeline for completion or a justification for not implementing the recommendation.

Subsection (c) states that each agency shall submit a copy of this information to GAO and its OIG.

Section 3. Timeline for agency statements

This section increases the amount of time agencies have to provide statements to GAO reports from 60 days to 180 days.
V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that the bill will have no regulatory impact within the meaning of the rules. The Committee agrees with the Congressional Budget Office’s statement that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

JUNE 21, 2018.

Hon. Ron Johnson,
Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2276, the GAO–IG Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

Keith Hall,
Director.

Enclosure.

S. 2276—GAO–IG Act

S. 2276 would amend federal law to require all agencies to report on the status of any Government Accountability Office (GAO) and Office of Inspector General (IG) recommendations concerning their agencies in annual budget justification documents. That report would include information on the status of implementing each recommendation and an explanation of why any recommendations have not been implemented.

GAO spent approximately $600 million dollars in 2017 to investigate how the federal government spends its funds and produced more than 1,400 recommendations to improve government operations. In addition, more than 70 federal IGs spend about $2.5 billion a year to detect and deter fraud, waste, and abuse. In fiscal year 2016, IGs produced over 5,000 audit, investigation, and evaluation reports. CBO is not aware of any comprehensive information on the status of the recommendations those offices issue. However, information from GAO and IGs indicates that some agencies track which of their recommendations have not been implemented. CBO expects, however, that additional administrative work would be necessary to report on all open recommendations.

Based on the type and scope of the necessary work, CBO estimates that implementing the bill would require 15 percent of the time of one employee and cost around $20,000 per agency each year. That spending would be subject to the availability of appropriated funds and would amount to $5 million over the 2019–2023 period.

Enacting S. 2276 could affect direct spending by agencies that are not funded through annual appropriations; therefore, pay-as-
you-go procedures apply. CBO estimates, however, that any net increase in spending by those agencies would be negligible. Enacting the bill would not affect revenues.

CBO estimates that enacting S. 2276 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

On June 15, 2018, CBO transmitted a cost estimate for H.R. 5415, the GAO–IG Act as ordered reported by the House Committee on Oversight and Government Reform on May 23, 2018. On March 28, 2018, CBO transmitted a cost estimate for S. 2178, the Inspector General Recommendation Transparency Act of 2018 as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on February 14, 2018. The three pieces of legislation are similar and CBO’s estimate of their costs are the same.

S. 2276 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows: (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman:

**UNITED STATES CODE**

**TITLE 31—MONEY AND FINANCE**

**CHAPTER 7—GOVERNMENT ACCOUNTABILITY OFFICE**

**Subchapter II—General Duties and Powers**

**SEC. 720. AGENCY REPORTS.**

(a) * * *

(b) When the Comptroller General makes a report that includes a recommendation to the head of an agency, the head of the agency shall submit a written statement on action taken or planned on the recommendation by the head of the agency. The statement shall be submitted to—

(1) the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, the congressional committees with jurisdiction over the agency program or
activity that is the subject of the recommendation, and the
Government Accountability Office before the [61st] 181st day
after the date of the report; and
(2) the Committees on Appropriations of both Houses of Con-
gress in the first request for appropriations submitted more
than [60] 180 days after the date of the report.

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