

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

October 10, 2017

The Honorable Mick Mulvaney
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Mulvaney:

In the wake of national disasters such as Hurricanes Harvey, Irma, and Maria, federal agencies play a critical role in providing relief to victims and communities. On September 8, in the wake of Hurricane Harvey, Congress appropriated \$15.25 billion in disaster relief funding.¹ While federal agencies must respond swiftly to communities devastated by natural disasters, the rapid influx of federal relief funds creates a heightened risk of waste, fraud, and abuse.

This vulnerability is not new. Following Hurricanes Katrina and Rita, the Government Accountability Office (GAO) and several Inspectors General identified serious internal control weaknesses related to disaster assistance funds, including ineffective grants management and contracting oversight.² After Hurricane Sandy devastated communities across the Mid-Atlantic and northeastern United States, the Office of Management and Budget (OMB) directed federal agencies to prepare internal control plans designed to mitigate the unique risks associated with disaster relief funding.³ In 2014, after evaluating agencies' internal control plans and the guidance issued by OMB, GAO recommended that OMB develop additional standard guidance related to federal agencies' disaster relief funding controls.⁴

On May 5, 2017, Comptroller General Dodaro urged OMB to prioritize GAO's 2014 recommendation.⁵ He emphasized the importance of ensuring that agencies "establish controls

¹ Pub. L. No. 115-56 (2017).

² See, e.g., Department of Housing and Urban Development, Office of Inspector General, *State Community Block Grant Hurricane Disaster Recovery Program* (2013-FW-0001) (Mar. 2013); Government Accountability Office, *Disaster Contracting: FEMA Needs to Cohesively Manage Its Workforce and Fully Address Post-Katrina Reforms* (GAO-15-783) (Sept. 2015).

³ Office of Management and Budget, *Accountability for Funds Provided by the Disaster Relief Appropriations Act*, Memorandum No. M-13-07 (Mar. 12, 2013).

⁴ Government Accountability Office, *Hurricane Sandy Relief: Improved Guidance on Designing Internal Control Plans Could Enhance Oversight of Disaster Funding* (GAO-14-58).

⁵ Letter from Comptroller General Gene L. Dodaro, Government Accountability Office, to Director Mick Mulvaney, Office of Management and Budget (May 5, 2017).

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before disasters occur to help minimize risks associated with disaster relief funding and the need to deliver such funding quickly.”⁶ Mr. Dodaro also noted that while OMB believes the implementation of enterprise risk management through OMB Circular No. A-123 satisfies GAO’s recommendation, GAO find the guidance in the Circular to be insufficient due to the absence of “specific guidance for identifying risks related to disaster funding.”⁷

To better understand how OMB is ensuring that federal agencies are taking appropriate steps to identify and prevent waste, fraud, and abuse of taxpayer-funded disaster relief programs, we respectfully request that OMB provide our staff with a briefing no later than October 31, 2017 regarding the following:


- OMB guidance provided in Circular A-123; and
- Any additional guidance OMB has issued or plans to issue related to federal agencies’ internal controls for disaster relief funding.

Thank you for your prompt attention to this matter. Please have your staff contact Michael Lueptow with Senator Johnson’s staff at (202) 224-4751 or Claudine Brenner with Senator McCaskill’s staff at (202) 224-2627 with any questions and to schedule the briefing.

Sincerely,



Ron Johnson
Chairman



Claire McCaskill
Ranking Member

⁶ Letter from Comptroller General Gene L. Dodaro, Government Accountability Office, to Director Mick Mulvaney, Office of Management and Budget (May 5, 2017).

⁷ *Id.*