



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Office of the
Inspector General

June 28, 2019

The Honorable Gerald E. Connolly
Chairman
Subcommittee on Government Operations
Committee on Oversight and Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Chairman Connolly,

Thank you again for the opportunity to testify before your subcommittee on May 21, 2019, to discuss the proposed merger between the U.S. Office of Personnel Management (OPM) and the U.S. General Services Administration (GSA).

Before I respond to your questions for the record, I would like to address something that Acting OPM Director Margaret M. Weichert said at the hearing. She stated, "This entity [OPM] is not only failing in technology, it's failing at its core mission."¹ I would like to state for the record that the OPM Office of the Inspector General (OIG) has never suggested that OPM is failing in achieving its core mission. That is not to say that OPM is perfect. Our reports make it clear that there are many areas where OPM must improve its performance – particularly with regard to its information technology issues. Similar criticisms can be made of most, if not all, Federal agencies. We think that it is important for Congress to recognize that even with its current challenges, OPM still operates many of its programs quite successfully, including major ones such as the Federal retirement programs, the Federal Employees Health Benefits Program, the Federal Employees' Group Life Insurance Program, the Federal Executive Institute, and USAJOBS.

Our responses to your questions for the record are below:

Question 1. What are the potential ramifications for deterring waste, fraud, abuse, and mismanagement should this reorganization be implemented as proposed?

¹ "The Administration's War on a Merit Based Civil Service," held by Committee on Oversight and Reform, Subcommittee on Government Operations (May 21, 2019), at timestamp 2:42:33, available at: <https://oversight.house.gov/legislation/hearings/trump-s-war-on-a-merit-based-civil-service>.

Answer 1. As proposed, this reorganization would be a massive undertaking, involving the transfer of hundreds of employees and likely costing millions of dollars. Because of the complexity of such an effort, there will be many opportunities for fraud, waste, abuse, and mismanagement to occur. We have already reached out to our counterparts at the GSA OIG to ensure that our oversight work is coordinated, and that all aspects of the Administration's current activities receive appropriate oversight.

There are two specific aspects of the legislative proposal which raise concerns. First, we think it is problematic that this legislation deviates from most prior government reorganizations in that it does not require a transition plan. Second, we are highly concerned that the proposed legislation separates program operations (which would go to GSA) from rulemaking authority (which would go to OMB). OPM's programs are complex and involve extensive legal and factual issues that require subject matter expertise. It is difficult to see how the rulemaking and operational functions could be separated without negatively impacting the programs' efficiency and effectiveness.

Question 2. According to the Administration's legislative proposal, OPM's OIG would be placed within the GSA OIG. How long would your office need to prepare for a merger with the GSA OIG? What tasks would you need to complete before a merger would be possible?

Answer 2. In order to allow adequate time to properly plan a merger with the GSA OIG, we expect that our office would initially operate as a separate component reporting to the GSA Inspector General. During the first six to twelve months, we would conduct the analysis necessary to develop a comprehensive plan to allow for a successful integration of the two offices. Specifically, we would need to examine the operations of both the OPM OIG and GSA OIG to identify efficiencies. This would include analyses of at least the following support services: legal and legislative affairs, IT, budget, procurement, and human resources. We would need to engage in strategic discussions to determine how best to integrate our audit, investigative, and evaluations functions with those of the GSA OIG. We would also have to examine each OIG's office space utilization in their headquarters, as well as in their field offices.

The IT analyses would likely be the most complicated transition activity, because it would require a review of both OIGs' IT environments to determine whether and how they could be integrated. We would also have to analyze GSA's IT environment, as the OPM OIG's systems hold a significant amount of personal health information and personally identifiable information and would have to remain within GSA's IT perimeter to ensure adequate security.

While we cannot know for certain how long it would take to fully integrate the two offices, we anticipate that it would likely take 12 to 18 months to complete once an implementation plan is developed.

Question 3. What documents have you requested from OPM but have not received?

Answer 3. As of the date of this response, we still have not received a detailed, reliable cost-benefit analysis of any of the proposed or contemplated reorganization efforts. We do not believe that OPM has completed a reliable cost-benefit analysis of the transfer of any OPM function to GSA, let alone of the merger of the two agencies and the related transition period. As mentioned in my written testimony, we did receive an 11-slide PowerPoint presentation that made some unsupported statements of possible savings from the merger (it did not address the costs of the transition). We have repeatedly asked for the underlying supporting documentation for the analysis in that presentation, but as of today, we have not received it.

We would like to note that to date, OPM appears to have been working with us in good faith. They have produced thousands of pages of documents to us, which we are still in the process of reviewing and analyzing. We will contact the Committee if we discover that OPM has intentionally withheld or otherwise refused to provide specific requested documents.

Question 4. Is your office a stakeholder in this reorganization proposal? If so, how has OPM engaged your office in helping develop this reorganization plan?

Answer 4. The OIG is required to balance two roles throughout this process. On the one hand, we must maintain our independence and objectivity so that we can conduct neutral, fact-based oversight of the agency's activities related to the proposed reorganization. To that end, we have been receiving regular briefings from senior agency staff responsible for planning transition-related activities.

On the other hand, as a component of OPM directly impacted by this proposed reorganization, we have attended transition-related operational discussions to identify and mitigate any potential adverse impacts to our office. Additionally, when the Office of Management and Budget (OMB) consulted us, while they developed the proposed legislative language effectuating the merger, we worked with the GSA OIG to provide comments on the sections merging the OIGs. We believed that it was important for the OIGs to have input on any legislation that would directly impact their oversight functions.

Question 5. What is the OIG's estimate for the budget shortfall OPM may face when the National Background Investigations Bureau (NBIB) moves to the Department of Defense? How did you determine that shortfall estimate?

Answer 5. According to documentation we received from the agency, the estimated Common Services budget for Fiscal Year 2020 is approximately \$108,913,000. OPM's other funding sources (discretionary appropriations, mandatory appropriations, and non-NBIB Revolving Fund programs) are expected to contribute approximately \$43,712,000 to Common Services, which leaves a deficit of approximately \$65,201,000.

However, this is not the final deficit, because even though NBIB is transferring to the U.S. Department of Defense (DOD) on October 1, 2019, OPM will continue to provide NBIB with certain support services, such as that provided by the Office of the Chief Information Officer (OCIO) and the Office of the Chief Financial Officer (OCFO). We have seen documents estimating these DOD buybacks as totaling anywhere from \$19 million to \$46 million. The OCFO recently informed us that conversations with DOD are ongoing, and that these figures are not yet final. We would like to note that these buybacks will continue only until DOD no longer requires OPM's administrative support, and therefore OPM must work with Congress to develop a long-term plan to address the shortfall.

Question 6. What are your concerns about merging OPM's information technology (IT) systems to GSA? What are your concerns about separating NBIB IT systems from OPM's legacy systems?

Answer 6. Our first concern is that we have not seen any analysis to indicate that GSA has the capacity and ability to assume responsibility for OPM's IT needs and the associated challenges. Again, a merger of two agencies is a massively complex undertaking that will require extensive planning, particularly with regard to integrating the IT systems. For example, recently it has been brought to our attention that there have been challenges with fully integrating GSA's HR Links with OPM's Electronic Official Personnel Folder (eOPF) and Enterprise Human Resources Integration (EHRI) Data Warehouse. We have not conducted a review of the technical issues or the implementation of fixes, but it is typical to run into complications with interfacing systems at the data element level. Identifying key requirements, providing appropriate resources, and deploying a well thought out strategy are key actions needed for any successful integration.

NBIB's IT systems currently reside on a mainframe closely intertwined with other OPM legacy systems. Our understanding is that the OCIO hopes to "untangle" these systems and place them on a separate mainframe, which it can then transfer to DOD. We think that is a sound goal, but we have not yet seen a plan to implement that approach. Historically, the OCIO's failures have been due in part to a failure to follow OMB's Capital Planning and Investment Control (CPIC) process. We hope that this time, the OCIO will do the planning necessary to succeed.

We are also concerned that the unusually high number of vacancies, and the constant turnover of leadership within the management of the OCIO, will make a difficult task that much harder. While we have a great deal of confidence in the current CIO and Deputy CIO, it is our understanding that they are serving a one-year appointment.

If you have any questions, please do not hesitate to contact me, or your staff may contact Susan L. Ruge-Hudson, Acting Assistant Inspector General for Legal & Legislative Affairs, at Susan.Ruge-Hudson@opm.gov or (202) 606-2236.

Sincerely,

A handwritten signature in black ink that reads "Norbert E. Vint". The signature is written in a cursive style with a large initial "N" and a distinct "E".

Norbert E. Vint
Acting Inspector General

cc: The Honorable Mark Meadows, Ranking Member, Subcommittee on Government Operations, Committee on Oversight and Reform, U.S. House of Representatives