

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

WEBSITE: <https://commerce.senate.gov>

LILA HARPER HELMS, MAJORITY STAFF DIRECTOR
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September 4, 2024

Mr. Stephen Kunze
Deputy Chief Financial Officer and Director of Financial Management
Office of Financial Management
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, D.C. 20230

Dear Mr. Kunze:

We are concerned with failures, delays, and cost overruns related to the Department of Commerce's (DOC) attempt to update and modernize legacy financial systems.

The first rollout, at the National Oceanic and Atmospheric Administration (NOAA) in October 2023, has caused a backlog of thousands of unpaid invoices reportedly resulting in a loss of both alerts in tornado prone areas and vital weather information for pilots.¹ Even a short-term interruption in vital weather information and alert systems is an unacceptable tradeoff for transitioning to a new financial management system. In addition to these disruptions, there have been unnecessary delays in Fishery Disaster allocations. There are currently seven separate unfunded fishery disaster requests for salmon fisheries alone. This delay has been particularly catastrophic for small communities, like St. Paul Island, Alaska, where the collapse of crab fisheries has had enormous economic impacts. We are concerned what other adverse effects may result if the Department continues to roll out the new system without changes.

It is our understanding the Department has been aware of the need for improved transition management for some time. One year after the Department awarded the contract for the new system—known as the Business Application Solution (BAS)—the DOC Office of the Inspector General (OIG) issued a Management Alert, stating that DOC needed to develop key inputs and align with known best practices.² The Department failed to heed this warning as two subsequent OIG audit reports pointed, again, to a failure to implement basic management controls.³ The

¹ Bloomberg Law, *Latest Disaster for National Weather Service: Paying Its Bills*, April 8, 2024: <https://news.bloomberglaw.com/ip-law/latest-disaster-for-national-weather-service-paying-its-bills>.

² *Management Alert: BAS Program's Focus on Technology May Overlook Risks Related to Business Processes*, OIG-21-023-M, April 19, 2021: <https://www.oig.doc.gov/OIGPublications/OIG-21-023-M.pdf>

³; *BAS Program Needs to Increase Attention to Business Process Reengineering and Improve Program Management Practices*, OIG-22-025-A, July 7, 2022: <https://www.oig.doc.gov/OIGPublications/OIG-22-025-A.pdf>; and *The Department Needs to Improve Oversight to Ensure the Success of Its Financial System Modernization*, OIG-24-014-A, February 22, 2024: <https://www.oig.doc.gov/OIGPublications/OIG-24-014-A%20Final%20Report.pdf>.

OIG's most recent report also found that changes in the BAS system to fix the issues experienced by NOAA will likely result in significant cost increases.⁴

Due to these myriad issues, DOC has postponed further rollouts of BAS. Meanwhile, the DOC OIG has found that DOC still has not established BAS program baselines for measuring performance, or management controls for cost or schedule. Further, DOC has not given information to Congress on the anticipated change to the cost and schedule of the current contract. It is essential that Congress understand the full breadth of the issues that are already impacting mission success.

We request that DOC provide quarterly updates to this Committee and the Appropriations Committee on the cost, schedule, and issues with BAS until DOC has implemented all OIG recommendations related to BAS since 2021 and the DOC OIG has found that BAS no longer has any concerning deficiencies. Please schedule the first briefing within 30 days of receipt of this letter and schedule further meetings every three months thereafter. In addition, in advance of the first briefing please provide written answers to the following questions:

1. When was the baseline completion date for BAS conversion at NOAA?
2. What is the current expected date for BAS to be fully operational at NOAA?
3. What operational issues at NOAA have resulted from the BAS transition?
4. How did these operational issues impact NOAA's ability to meet their mission?
5. List all categories for which NOAA is currently overdue for funding disbursements as a result of BAS. Include grants, bills, travel reimbursements, and all other applicable categories. For each category, please indicate the total monetary value of disbursements that were delayed as of May 1, 2024.
6. What is the current estimated date for being up to date on all payments? Please break this out by the same categories as question 4 above.
7. Does NOAA have visibility on the funds that are available for paying NOAA obligations and can the various offices at NOAA readily access that financial information?
8. In 2020, DOC awarded a firm, fixed-price contract for BAS for \$341 million through 2040. What is the current total estimate and timeline for the contract?

⁴ *The Department Needs to Improve Oversight to Ensure the Success of Its Financial System Modernization*, [OIG-24-014-A](https://www.oig.doc.gov/OIGPublications/OIG-24-014-A%20Final%20Report.pdf), February 22, 2024: <https://www.oig.doc.gov/OIGPublications/OIG-24-014-A%20Final%20Report.pdf>.

9. What is the current timeframe for rolling out BAS to other bureaus? Does this timeframe take into account the schedule delays experienced for NOAA and set up the role out to avoid similar mission impacts?
10. What lessons learned from the BAS rollout at NOAA will be used when DOC's other bureaus transition to BAS?

Thank you for your attention to this matter.

Sincerely,



Ted Cruz
Ranking Member
Committee on Commerce, Science,
and Transportation



Susan Collins
Vice Chair
Committee on Appropriations



Dan Sullivan
United States Senator



Lisa Murkowski
United States Senator



Katie Boyd Britt
United States Senator