

United States Senate

WASHINGTON, DC 20510

January 24, 2023

The Honorable Gene Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20226

Dear Comptroller Dodaro,

We write to request the Government Accountability Office (GAO) perform an assessment of the national security risks posed by consulting firms who simultaneously contract with the U.S. federal government and the Chinese government or its proxies or affiliates. Companies that carry out taxpayer-funded projects for the U.S. government should be working in the best interests of the American people, and we are concerned that companies that also contract with adversaries like the Chinese government could be creating unacceptable conflicts of interest.

For example, the Department of Defense and other federal agencies have awarded contracts to consulting firms that have simultaneously provided services to the Chinese government and associated entities. In some instances, consulting firms have supported entities directly tied to the Chinese government, including by building artificial islands to position missiles, fighters and bombers in the South China Sea, and participating in exercises for an amphibious assault on Taiwan.^{[1][2]} We are concerned that the provision of such services simultaneously could create conflicts of interest that threaten American national security and undermine U.S. foreign policy.

In addition to these potential conflicts of interest, these types of contracts could present other security risks that are not well understood. Although firms doing business for the Chinese government or its associates may argue that structural divisions between corporate entities servicing the Chinese and American governments, respectively, are sufficient to eliminate security risks or conflicts of interest posed by their work – we remain concerned that information sharing within these companies may result in Chinese entities accessing or taking advantage of firms' access to U.S. government data, classified or otherwise. Several bills have been referred to the Senate Homeland Security and Governmental Affairs Committee related to this problem, including:

1. S.4546, *Time to Choose Act of 2022*
2. S.3905, *Preventing Organizational Conflicts of Interest in Federal Acquisition Act*
3. S. 4516, *Combating Obstructive National Security Underreporting of Legitimate Threats (CONSULT) Act of 2022*

1. <https://www.nbcnews.com/politics/national-security/advising-both-chinese-state-companies-pentagon-mckinsey-co-comes-under-n1283777>; <https://2017-2021.commerce.gov/news/press-releases/2020/08/commerce-department-adds-24-chinese-companies-entity-list-helping-build.html>

2. <https://www.nbcnews.com/politics/national-security/advising-both-chinese-state-companies-pentagon-mckinsey-co-comes-under-n1283777>; <https://www.ft.com/content/13e606df-9b43-4c9c-9e23-24883d0988f9>

To support further work of the committee on this issue, we request that GAO perform an assessment of the national security risks posed by consulting firms who contract with both the U.S. federal government and the Chinese government or its proxies or affiliates. In particular, we request the assessment include the following:

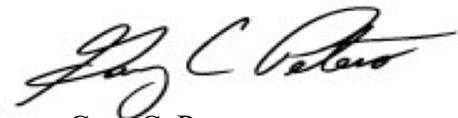
1. Assess the extent to which federal agencies collect information on contracts performed on behalf of the Chinese government or its proxies or affiliates by consulting firms that hold or have held contracts with the U.S. Government, and whether this information includes specific projects and deliverables of such contracts.
2. Evaluate the extent to which selected federal agencies, to include at a minimum the Department of Defense and elements of the Intelligence Community, have assessed the risks posed by American consulting firms' work for the Chinese government and its proxies or affiliates, including an assessment of risk of deliberate or inadvertent sharing of U.S. government information that may be used for Chinese economic or military advantage.
3. Identify relevant contract clauses, procedures, and information used by federal agencies to identify, evaluate and resolve organizational conflicts of interest when awarding consulting contracts.
4. Assess the extent to which agencies experience challenges when identifying, evaluating and resolving organizational conflicts of interest. Including determining whether the offeror/potential contractor also performs work for China.
5. Identify steps federal agencies take to monitor contractor compliance with any contract clauses, terms or conditions intended to resolve identified conflicts of interest.

Thank you for your prompt attention.

Sincerely,



Josh Hawley
United States Senator



Gary C. Peters
United States Senator