



GAO's High-Risk Program

- Targeted to identify and address significant problems and challenges within the federal government, both short-and long-term

During the 1990s

- On the heels of management control breakdowns, in January 1990, GAO initiated its high-risk program
 - Highlight areas that warrant special focus
 - magnitude and risk
 - root causes
 - dollars involved
 - based on GAO work
 - Dedicate GAO resources to review these areas

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Original High-Risk List (1990)

- IRS Receivables
- Asset Forfeiture Programs
- Medicare Claims
- Student Financial Aid
- Defense Inventory Management
- Defense Weapon Systems Acquisition
- NASA Contract Management
- Farm Loan Programs
- Superfund Program Management
- Energy Contract Management
- State Department Management of Overseas Real Property
- Federal Transit Administration's Grant Management
- Resolution Trust Corporation
- Pension Benefit Guaranty Corporation

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GAO High-Risk Program

- First report series issued in 1993 covered 17 areas
 - Bank Insurance Fund (1991)
 - Customs Service Financial Management (1991)
 - Defense Contract Pricing
- Since 1993, GAO has issued biennial updates around the time of each new incoming Congress

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The Focus of GAO's High-Risk Program Has Evolved

- Historically, high-risk areas have involved vulnerabilities due to programs' and operations' greater susceptibility to fraud, waste, abuse, and mismanagement.
- As the High-Risk Program has evolved, we have increasingly focused on major programs and operations needing urgent attention and broad-based transformation to ensure that our national government functions in the most economical, efficient, and effective manner possible.
- Many areas require not only agency action but Congressional oversight and/or legislative solutions.

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Types of High-Risk Areas

- A program or mission area having national significance
- A management function that is key to performance and accountability.
- A common problem that agencies share (governmentwide).

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Determining High Risk Areas

- Published criteria on Determining Performance and Accountability Challenges and High Risks (GAO-01-159SP)
- Qualitative factors: national security, national defense, public health or safety
- Quantitative factors: \$1 billion at risk—assets, revenue, payments

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Governmentwide High Risks

- Material weakness--evident at multiple agencies
- Affect a significant portion of the government's total budget or other resources
- Stem from a deficiency that should be addressed through individual agency actions as well as
 - OMB initiatives
 - Legislative action, and/or
 - Congressional oversight

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Removing High-Risk Designations

- Demonstrated top leadership commitment
- Capacity (people and resources)
- Action plan
- Meaningful progress that is sustainable
- Monitoring and validation procedures

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GAO High-Risk Program

- Original High-Risk list included 14 areas
- Since 1990, 30 areas have been added, 18 areas taken off or consolidated
- 26 areas on the current High-Risk list

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GAO's High-Risk List 1990 to 2006

Area	Year designated high risk	Year removed
Pension Benefit Guaranty Corporation	1990	1995
State Department Management of Overseas Real Property	1990	1995
Federal Transit Administration Grant Management	1990	1995
Bank Insurance Fund	1991	1995
Resolution Trust Corporation	1990	1995
Customs Service Financial Management	1991	1999
The Year 2000 Computing Challenge	1997	2001
The 2000 Census	1997	2001
Superfund Program	1990	2001
Farm Loan Programs	1990	2001
National Weather Service Modernization	1995	2001
Supplemental Security Income	1997	2003
Asset Forfeiture Programs	1990	2003
Student Financial Aid Programs	1990	2005
Federal Aviation Administration Financial Management	1999	2005
Forest Service Financial Management	1999	2005

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High-Risk Areas	Designated High Risk
Addressing Challenges in Broad-based Transformations	
Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures	1997
Strategic Human Capital Management ^a	2001
U.S. Postal Service Transformation Efforts and Long-Term Outlook ^a	2001
Managing Federal Real Property ^a	2003
Implementing and Transforming the Department of Homeland Security	2003
Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security	2005
DOD Approach to Business Transformation ^a	2005
DOD Supply Chain Management (formerly Inventory Management)	1990
DOD Weapon Systems Acquisition	1990
DOD Business Systems Modernization	1995
DOD Financial Management	1995
DOD Support Infrastructure Management	1997
DOD Personnel Security Clearance Program	2005
Managing Federal Contracting More Effectively	
DOE Contract Management	1990
NASA Contract Management	1990
DOD Contract Management	1992
Management of Interagency Contracting	2005
Assessing the Efficiency and Effectiveness of Tax Law Administration	
Enforcement of Tax Laws ^a	1990
IRS Business Systems Modernization	1995
Modernizing and Safeguarding Insurance and Benefit Programs	
Medicare Program ^a	1990
HUD Single-Family Mortgage Insurance and Rental Housing Assistance Programs	1994
Medicaid Program ^a	2003
Modernizing Federal Disability Programs ^a	2003
Pension Benefit Guaranty Corporation Single-Employer Insurance Program ^a	2003
National Flood Insurance Program	2006
Other	
FAA Air Traffic Control Modernization	1995

^a Legislation is likely to be necessary, as a supplement to actions by the executive branch, in order to effectively address this high-risk area.

Changes to the 2005 High-Risk List

- **High-Risk Designation Removed**
 - Student Financial Aid Programs (Dept. of Education)
 - FAA Financial Management (Dept. of Transportation)
 - Forest Service Financial Management (Dept. of Agriculture)

- **Revised High-Risk Areas**
 - Enforcement of Tax Laws
 - Collection of Unpaid Taxes
 - Earned Income Credit Noncompliance
 - IRS Business Systems Modernization
 - IRS Financial Management

New High-Risk Areas

- For 2005, 4 areas newly designated as high risk:
 - Establishing Info-Sharing Mechanisms to Improve Homeland Security
 - DOD Approach to Business Transformation
 - DOD Personnel Security Clearance Program
 - Interagency Contracting

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GAO's 2005 High-Risk Update

- **Emerging Area**
 - Comprehensive Threat/Risk Assessments

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March 2006 Addition to the High-Risk List

National Flood Insurance Program

- Added because of the claims paid resulting from the unprecedented severity of hurricanes in 2005
- Unlikely that program will generate sufficient revenue to repay funds borrowed from Treasury
- GAO reported on program management issues over the last 15 years

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GAO's High-Risk List September 2006

1990

Medicare Program
DOD Supply Chain Management
DOD Weapon Systems Acquisition
DOE Contract Management
NASA Contract Management
Enforcement of Tax Laws

1992

DOD Contract Management

1994

HUD Single-Family Mortgage Insurance and Rental Housing Assistance Programs

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GAO's High-Risk List

September 2006

1995

- DOD Financial Management
- DOD Business Systems Modernization
- IRS Business Systems Modernization
- FAA Air Traffic Control Modernization

1997

- Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures
- DOD Support Infrastructure Management

2001

- Strategic Human Capital Management
- U.S. Postal Service Transformation Efforts and Long-Term Outlook

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GAO's High-Risk List

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2003

- Medicaid Program
- Managing Federal Real Property
- Modernizing Federal Disability Programs
- Implementing and Transforming the Department of Homeland Security
- Pension Benefit Guaranty Corporation Single-Employer Insurance Program

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GAO's High-Risk List

September 2006

2005

Establishing Appropriate and Effective Information-Sharing
Mechanisms to Improve Homeland Security

DOD Approach to Business Transformation

DOD Personnel Security Clearance Program

Management of Interagency Contracting

2006

National Flood Insurance Program

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GAO's High-Risk Program is Making an Impact

- Promoted sustained congressional attention to key problems, including
 - a focus on areas where transformation is needed or underway
 - areas where legislative action would be helpful
- Provided an impetus for the legislative framework for governmentwide management reforms

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GAO's High-Risk Program is Making an Impact

- Increased the priority OMB and top agency management have given to addressing related challenges
 - OMB's High-Risk Program (1989-1996)
 - Presidential Priority Management Objectives (1998-2000)
 - President's Management Agenda (fiscal year 2002 – present)
 - Ongoing OMB initiative

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GAO High-Risk Program

- Over \$100 billion in financial benefits between 2001 - 2005
- Many additional nonfinancial improvement actions

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GAO **HIGH-RISK
PROGRAM**

**Southeastern and Southwest
Joint Intergovernmental Audit Forum**

**George H. Stalcup
Director
Strategic Issues
U.S. Government Accountability Office**

September 1, 2006

