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## GAO High-Risk Program: Highlighting the Need for Improved Program Integrity

1/29/01

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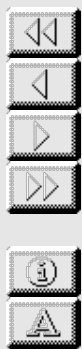
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**Author:** GAO



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# SERVING THE CONGRESS GAO'S STRATEGIC PLAN FRAMEWORK



## MISSION

GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people.

## GOALS

<p><b>PROVIDE TIMELY, QUALITY SERVICE TO THE CONGRESS AND THE FEDERAL GOVERNMENT</b></p> <p>TO ADDRESS CURRENT AND EMERGING CHALLENGES TO THE WELL-BEING AND FINANCIAL SECURITY OF THE AMERICAN PEOPLE</p>	<p><b>SUPPORT THE TRANSITION</b></p> <p>TO RESPOND TO CHANGING SECURITY THREATS AND THE CHALLENGES OF GLOBAL INTERDEPENDENCE</p>	<p><b>MAXIMIZE THE VALUE OF GAO</b></p> <p>TO A MORE RESULTS-ORIENTED AND ACCOUNTABLE FEDERAL GOVERNMENT</p>	<p><b>MAXIMIZE THE VALUE OF GAO</b></p> <p>BY BEING A MODEL ORGANIZATION FOR THE FEDERAL GOVERNMENT</p>
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## THEMES

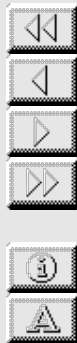
Demographics    Globalization    Quality of Life    Security    Technology  
Government Performance and Accountability

## OBJECTIVES

<p>Health care needs and financing Fostering economic security Social safety net Education/workforce issues Effective system of justice Community investment Natural resources use and environmental protection Physical infrastructure</p>	<p>Diffuse security threats Military capabilities and readiness Advancement of U.S. interests Global market forces</p>	<p>Fiscal position of the government Government financing and solvability Governmentwide management reforms Economic efficiency and effectiveness improvements in federal agencies</p>	<p>Client relations Strategic and annual planning Human capital Core business and supporting processes Information technology services</p>
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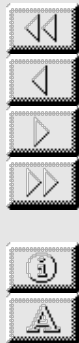
## CORE VALUES

Accountability    Integrity    Reliability



# GAO High-Risk Program: Highlighting the Need for Improved Program Integrity

- Late 1980s--severe management and control breakdowns
- High-Risk Program initiated in 1990
- Strong Congressional support
- Biennial High-Risk updates since 1993
- Performance and Accountability Series initiated in 1999

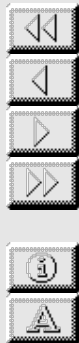


# GAO's High-Risk Program Is Making an Impact

- Has promoted sustained congressional attention to key problems
- Has provided an impetus for the legislative framework for governmentwide management reform
- Has increased the priority OMB and top agency management have given to address related challenges
  - OMB's High-Risk Program (1990-1996)
  - Presidential Priority Management Objectives (Since 1998)
- Since 1990, 11 high-risk designations have been removed

## Refining the Focus of GAO's High-Risk Program

- GAO's program started with 14 high-risk areas; 19 areas have been added; 11 areas have been removed
- Original focus--fraud, waste, abuse, and mismanagement
- Shifting focus--added emphasis on government functioning as economically, efficiently, and effectively as possible, both for today and in the future
- In 2000, GAO issued formal criteria for determining management challenges and high risks

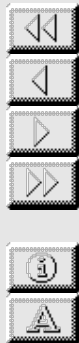


# Determining Management Challenges and High Risks

- Major management challenges
  - Selected in consultation with Congress and OMB
  - Cover “high-profile” program or mission areas
  - Include major management functions
- Major management challenges could be high-risk based on
  - National significance
  - Whether a key management function is involved
  - If there is an inherent risk or systemic problem
  - Qualitative and quantitative factors
  - The level of current agency attention

# Removing High-Risk Designations

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





# Overall Changes in GAO's High-Risk List 1999 to 2001

- **High-risk list in 1999** **26**
- **High-risk area added in 2001** **1**
  - Strategic Human Capital Management
- **High-risk areas removed in 2001** **5**
  - Year 2000 Computing Challenge (1997)
  - The 2000 Census (1997)
  - Superfund Program (1990)
  - Farm Loan Programs (1990)
  - National Weather Service Modernization (1997)
- **High-risk areas modified in 2001**
  - HUD Program Areas (Reduced)
  - Earned Income Credit Noncompliance (Narrowed)
  - Collection of unpaid Taxes (Expanded)
- **Current high-risk list in 2001** **22**



# GAO's 2001 High-Risk List

## Addressing Governmentwide High-Risk Areas

- Strategic Human Capital Management 2001
- Information Security 1997

## Ensuring Major Technology Investments Improve Services

- FAA Air Traffic Control Modernization 1995
- IRS Tax Systems Modernization 1995
- DOD Systems Modernization 1995

## Providing Basic Financial Accountability

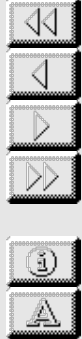
- DOD Financial Management 1995
- Forest Service Financial Management 1999
- FAA Financial Management 1999
- IRS Financial Management 1995

## Reducing Inordinate Program Management Risks

- Medicare Program 1990
- Supplemental Security Income 1997
- Earned Income Credit Noncompliance 1995
- Collection of Unpaid Taxes 1990
- DOD Infrastructure Management 1997
- DOD Inventory Management 1990
- HUD Single-Family Mortgage Insurance and Rental Housing Assistance Program Areas 1994
- Student Financial Aid Programs 1990
- Asset Forfeiture Programs 1990

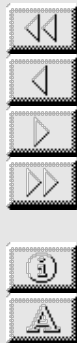
## Managing Large Procurement Operations More Efficiently

- DOD Weapon Systems Acquisition 1990
- DOD Contract Management 1992
- Department of Energy Contract Management 1990
- NASA Contract Management 1990



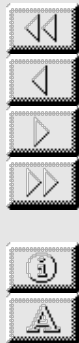
# Addressing Strategic Human Capital Management Challenges

- Human capital challenges are widespread throughout the government. They threaten the capacity of some agencies to perform missions economically, efficiently, and effectively both now and in the future.
- Government employees are not the problem. The problem is a lack of strategic planning, along with outdated policies and practices.
- OMB, OPM, and Congress have underscored the importance of this issue and we are starting to see progress in addressing this challenge, but much more needs to be done.



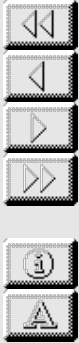
# Key Actions for Improving Performance and Accountability

- **Operational challenges**
  - Implement existing management reforms
  - Revamp human capital planning and management practices
  - Continue to attack high-risk programs and functions
  - Pursue more strategic, integrated approaches to emerging issues
- **Strategic challenges**
  - Pursue a sustainable longer-term budget and economic outlook
  - Fundamentally review what government does and how government does business in the 21st century



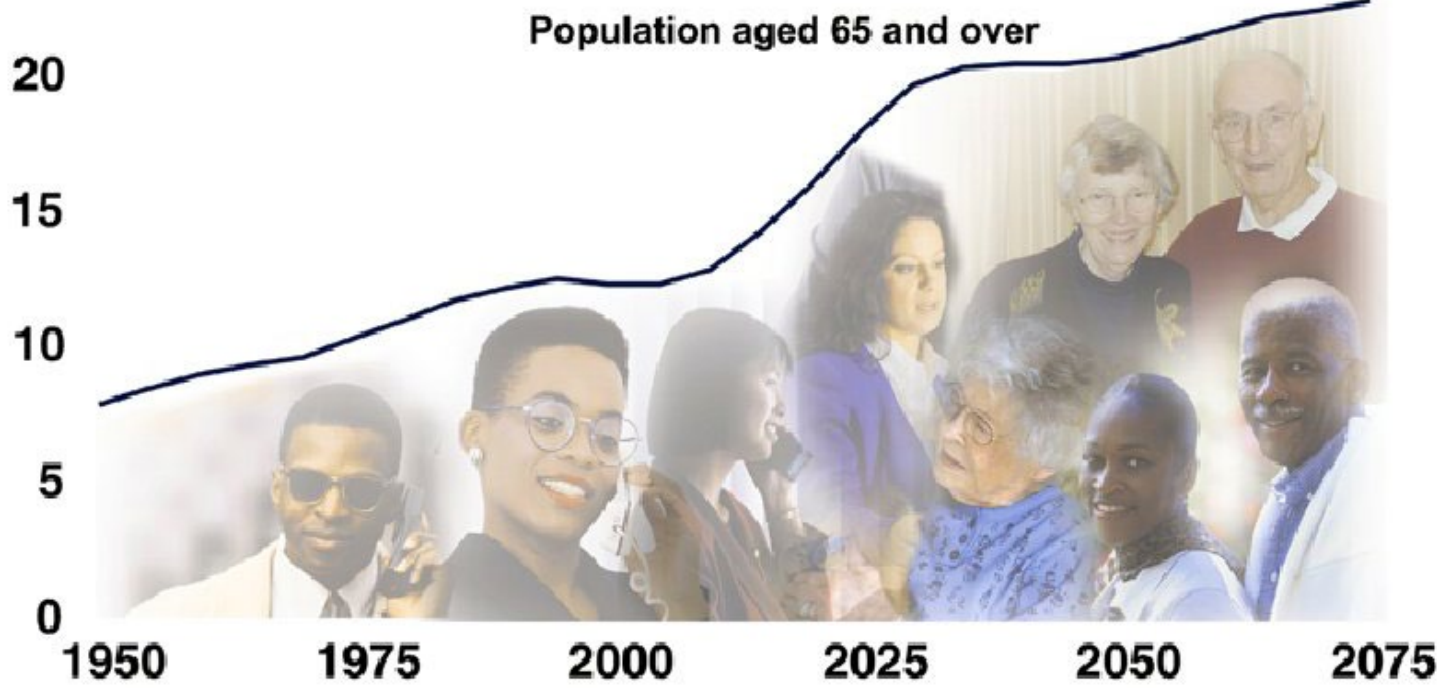
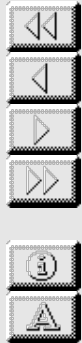
# Preparing for the Future

- Important transitions are taking place
  - 107th Congress
  - New Administration
  - New Millennium
- Changes in the environment in which government operates
  - Increased globalization
  - Rapid technological advances
  - Shifting demographics (the tidal wave is coming)
  - Changing security threats
  - Various quality of life considerations



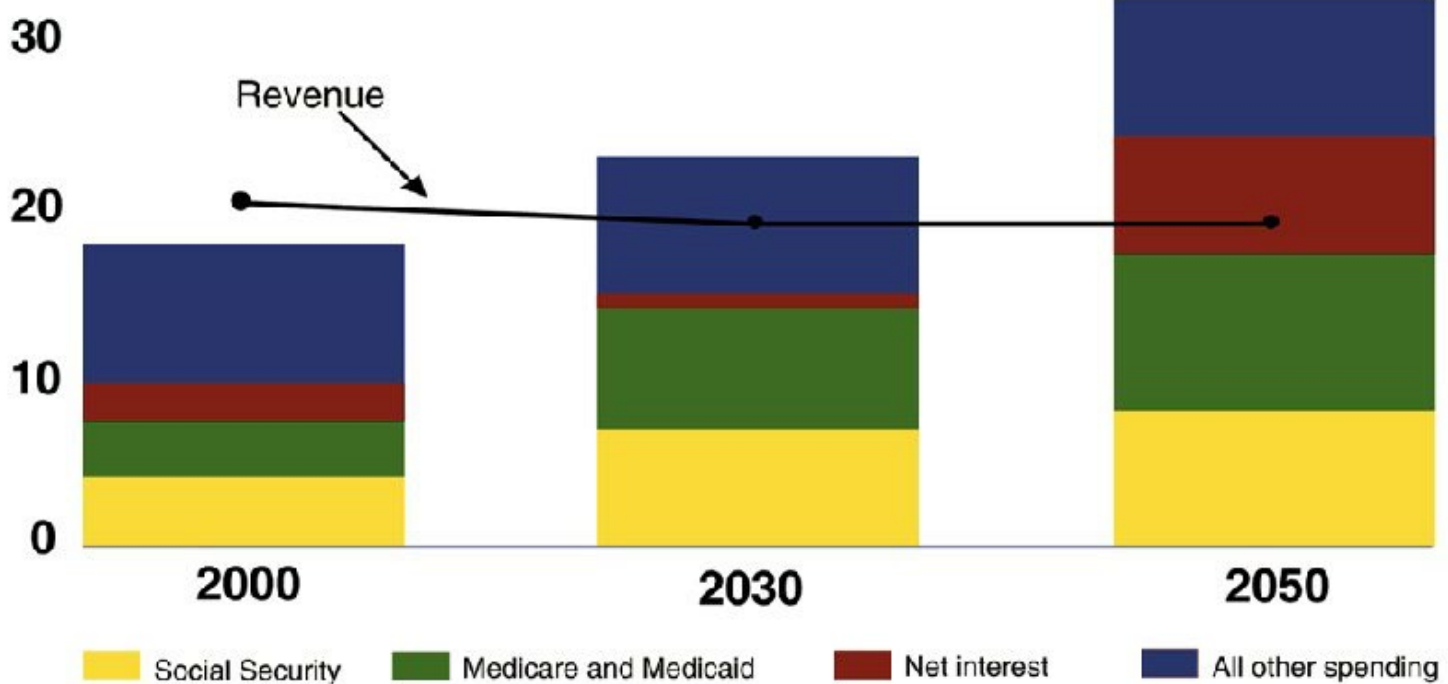
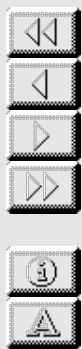
# Aging of the Population

25 Percent of total population



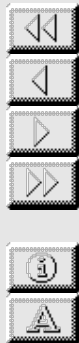
# Composition of Spending Under "Save the Social Security Surpluses"

40 Percentage of GDP

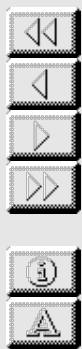


## Major Related Products and Planned Congressional Hearings

- Available on GAO's website ([www.gao.gov](http://www.gao.gov))
  - *Performance and Accountability Series and High-Risk Series* (GAO-01-241 through -263, January 2001)
  - *Determining Performance and Accountability Challenges and High Risks* (GAO-01-159SP, November 2000)
  - *Human Capital: A Self-Assessment Checklist for Agency Leaders* (GAO/OCG-00-14G, September 2000)
- Strategic human capital management hearing (February 1)
  - Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia, Senate Committee on Governmental Affairs







# HIGH RISKS *and* MAJOR CHALLENGES

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