

GAO's High-Risk Program

**Mountains and Plains
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Outline

- Why was the High-Risk Program needed and what is it?
- How do programs get on and off the list?
- What's on the list now?
- What are the benefits of the program?

About GAO

- Program and performance evaluations, financial and management audits, investigations, legal opinions, and bid protests.
- 90 percent Congressional request
- Over 750 products per year, hundreds of recommendations
- About 80 percent of recommendations implemented.

Why Was the High-Risk Program Needed?



Why Was the High-Risk Program Needed

- Highly visible problem areas were not being addressed
- Congressional and media attention increased
- GAO wanted to bring additional focus to long-standing major problem areas

What is GAO's High Risk Program?



High-Risk Program

- Identifies programs and operations at risk for fraud, waste, abuse, mismanagement, or in need of transformation to achieve efficiency and effectiveness
- Targeted to identify and help address significant problems within the federal government, both short-and long-term
- Highlight areas that warrant special focus – designed to increase accountability
- Based on completed GAO reviews
- GAO commitment to review these areas and update progress

High-Risk Program

- Initiated in January 1990
- First report series issued in 1993
- Biennial updates around the time of each new incoming Congress

High-Risk Program

- Original High-Risk list included 14 areas
- Since 1990, 43 areas have been added, 23 areas taken off or consolidated
- 32 areas on the High-Risk list issued in the February 2015 update

Program Focus Has Evolved

- Historically, high-risk areas have involved vulnerabilities due to programs' and operations' greater susceptibility to fraud, waste, abuse, and mismanagement
- The High-Risk Program has evolved to include major economy, efficiency, and effectiveness, and broad-based transformations needed
- Many areas require both agency action and Congressional oversight and/or legislative solutions

How do High-Risk Areas Get on or Off the List?



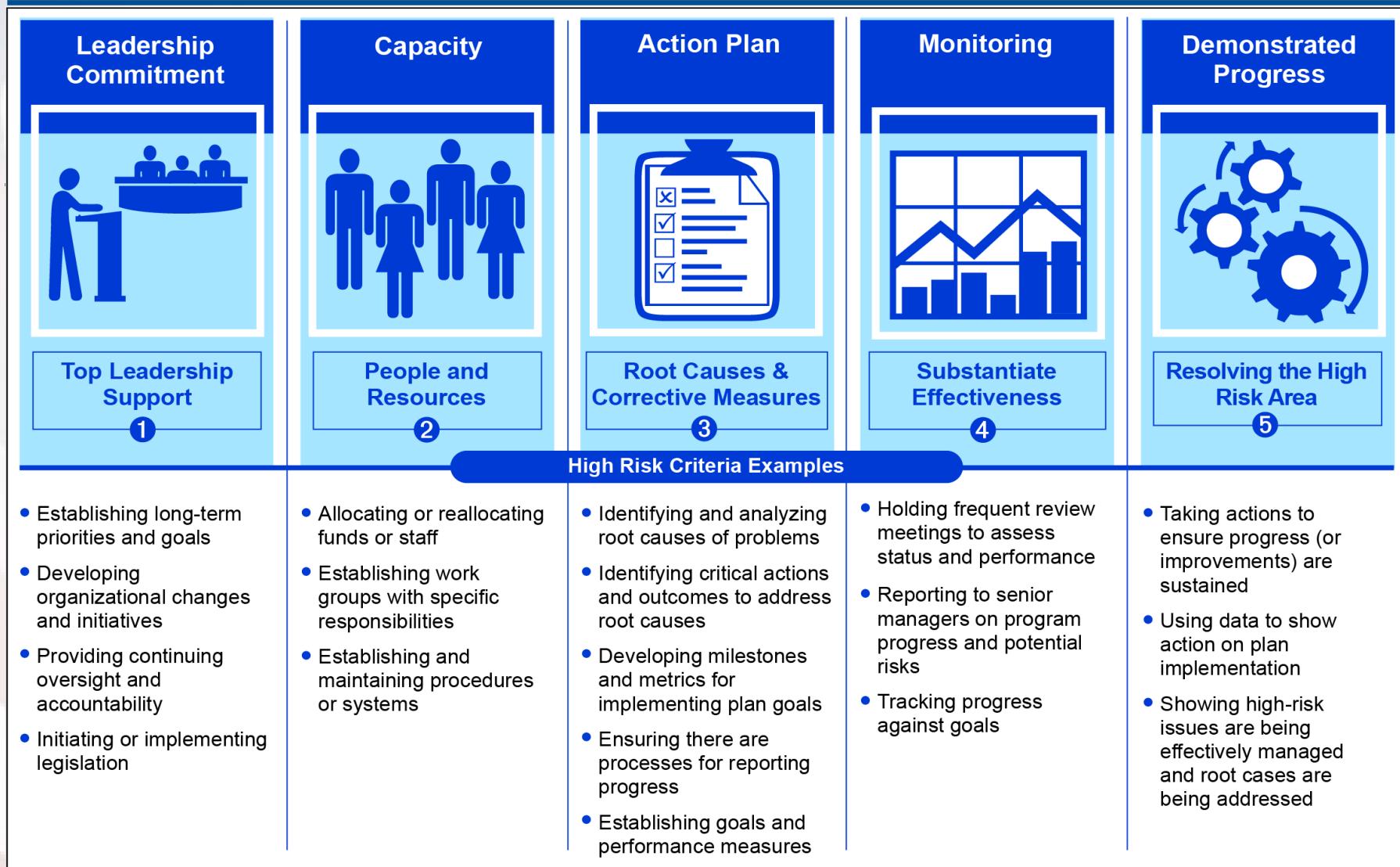
Determining High-Risk Areas

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: dollars at risk—assets, revenue, payments

Removing High-Risk Designations

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



Source: GAO analysis of agencies' actions to address high-risk issues and GAO criteria for removal from the High Risk List in GAO-01-159SP. | GAO-15-290

Assessing High Risk Areas Against the Removal Criteria

Past assessment were all narrative. Now more visual and specific.

Three-point scale

- Met
 - Partially Met
 - Not Met
-
- High risk areas having multiple parts receive an assessment for each part and a summary assessment.
 - *What Remains to Be Done* sections for each high risk area continues to become more specific.



Areas Removed from the High-Risk List

Area	Year Designated	Year Removed
Pension Benefit Guaranty Corporation	1990	1995
State Department Management of Overseas Real Property	1990	1995
Federal Transit Administration Grant Management	1990	1995
Resolution Trust Corporation	1990	1995
Bank Insurance Fund	1991	1995
Customs Service Financial Management	1991	1999
Superfund Program	1990	2001
Farm Loan Programs	1990	2001
National Weather Service Modernization	1995	2001
The Year 2000 Computing Challenge	1997	2001
The 2000 Census	1997	2001
Asset Forfeiture Programs	1990	2003
Supplemental Security Income	1997	2003
Student Financial Aid Programs	1990	2003
Federal Aviation Administration Financial Management	1999	2005
Forest Service Financial Management	1999	2005
HUD Single-Family Mortgage Insurance and Rental	1994	2007
USPS Transformation Efforts and Long-Term Outlook	2001	2007
FAA's Air Traffic Control Modernization	1995	2009
2010 Census	2008	2011
DOD Personnel Security Clearance Program	2005	2011
Management of Interagency Contracting	2005	2013
IRS Business System Modernization	1995	2013

What's on the List Now?

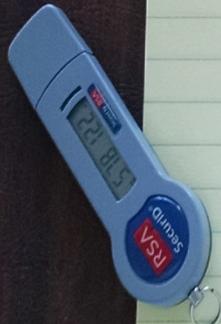
High Risk

oil & gas

Medicaid

Fiscal

C Next?



Most Recent Changes to the High-Risk List

- **Two Areas Added**
 - Managing Risks and Improving VA Health Care
 - Improving the Management of IT Acquisitions and Operations
- **Two Areas Narrowed**
 - Protecting Public Health through Enhanced Oversight of Medical Products
 - DOD Contract Management
- **Two Areas Expanded**
 - Enforcement of Tax Laws expanded to include IRS' efforts to address tax refund fraud due to identity theft
 - Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information

GAO's High-Risk List – 2015 Update

Area	Year designated
Strengthening the Foundation for Efficiency and Effectiveness	
Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks	2013
Management of Federal Oil and Gas Resources	2011
Modernizing the Outdated U.S. Financial Regulatory System	2009
Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability	July 2009
Funding the Nation's Surface Transportation System	2007
Strategic Human Capital Management	2001
Managing Federal Real Property	2003
Improving the Management of IT Acquisitions and Operations - New	2015
Transforming DOD Program Management	
DOD Approach to Business Transformation	2005
DOD Business Systems Modernization	1995
DOD Support Infrastructure Management	1997
DOD Financial Management	1995
DOD Supply Chain Management	1990
DOD Weapon Systems Acquisition	1990
Managing Federal Contracting More Effectively	
DOD Contract Management	1992
DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management	1990
NASA Acquisition Management	1990

GAO's High-Risk List – 2015 Update

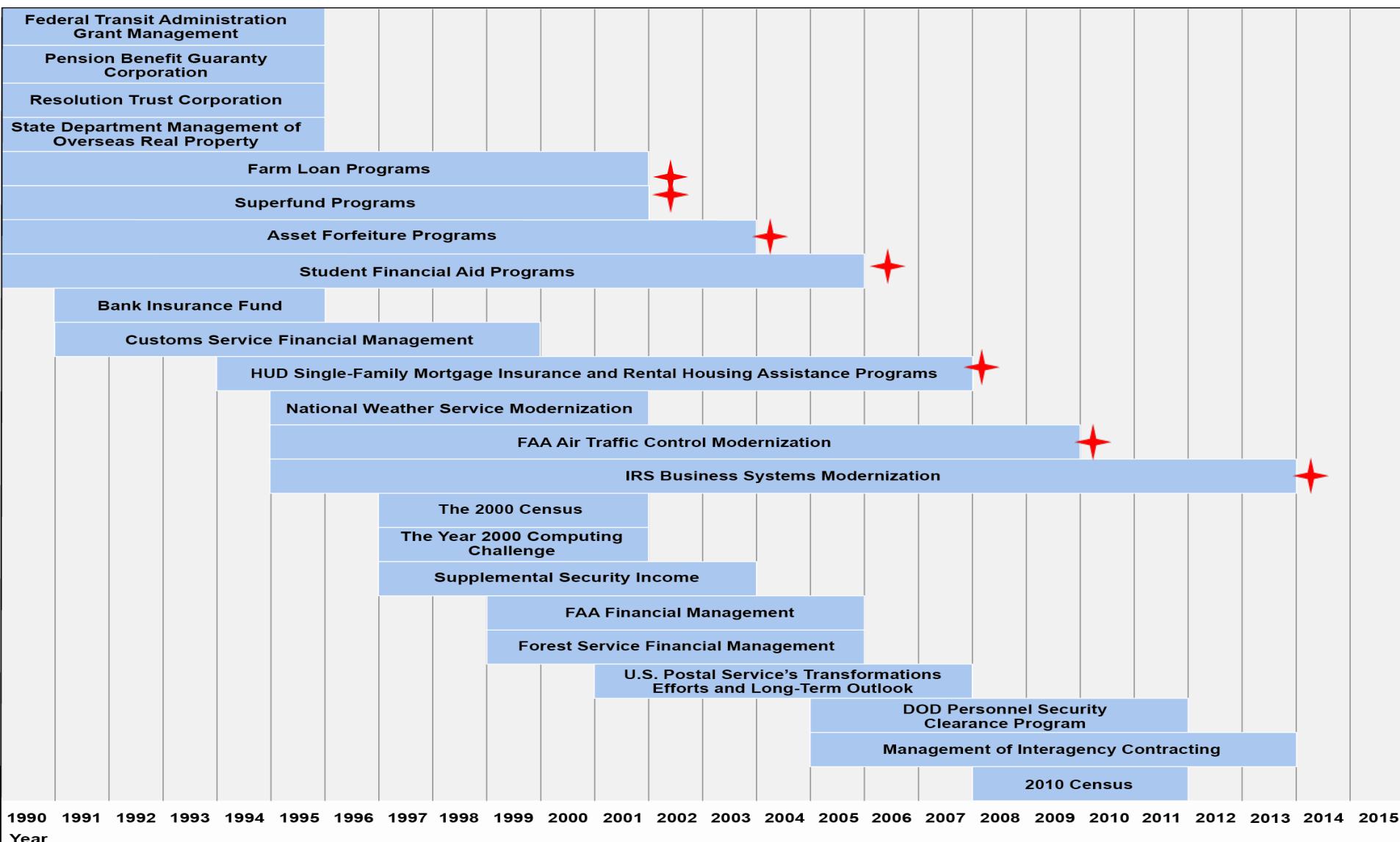
Area	Year designated
Ensuring Public Safety and Security	
Mitigating Gaps in Weather Satellite Data	2013
Strengthening Department of Homeland Security Management Functions	2003
Establishing Effective Mechanisms for Sharing Terrorism-Related Information to Protect the Homeland	2005
Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information	1997
Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests	2007
Improving Federal Oversight of Food Safety	2007
Protecting Public Health through Enhanced Oversight of Medical Products	2009
Transforming EPA's Process for Assessing and Controlling Toxic Chemicals	2009
Assessing the Efficiency and Effectiveness of Tax Law Administration	
Enforcement of Tax Laws	1990
Modernizing and Safeguarding Insurance and Benefit Programs	
Managing Risks and Improving VA Health Care - New	2015
Improving and Modernizing Federal Disability Programs	2003
Pension Benefit Guaranty Corporation Insurance Programs	2003
Medicare Program	1990
Medicaid Program	2003
National Flood Insurance Program	2006

Challenges and Opportunities

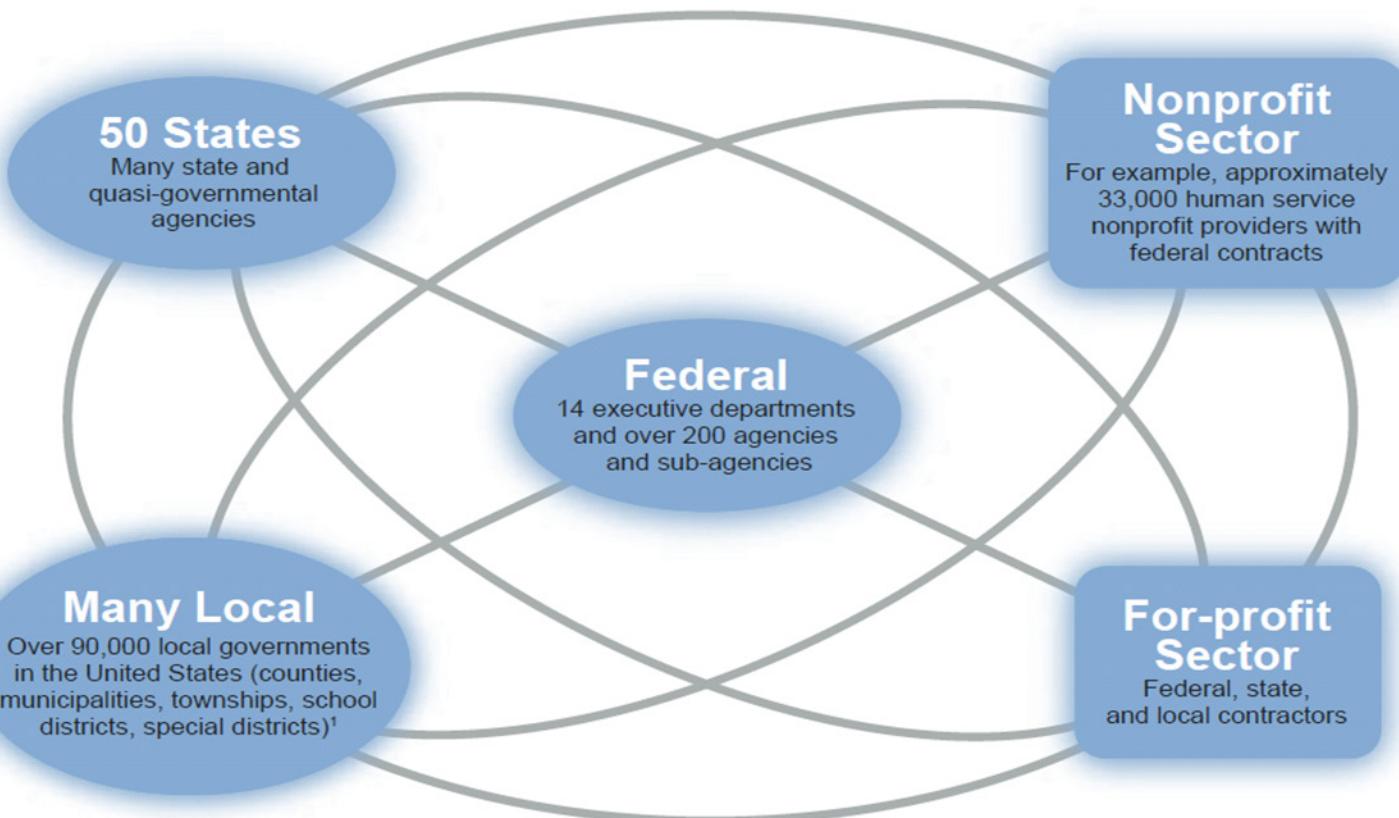
Issues on High Risk List represent some of the biggest challenges facing the government, but also the biggest opportunities.

- Difficult
- Cross-cutting
- Complexity
- Magnitude
- Fiscal Environment

It Takes Time - One-Third Were on for 10 Years or More



Complex Issues - Cut Across Boundaries



High Risk Issues Involve Federal, State, Local Accountability Community

- High-Risk issues don't stop in Washington
- Effective risk management transcends boundaries
- We partner to identify and make progress
- Your completed and ongoing audits touch on the same or related issues

High Risk Issues of Interest - Mountains and Plains

- Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks
- Funding Surface Transportation
- Cyber Security
- Managing Federal Oil and Gas Resources
- Managing Federal Real Property
- DOD Contract Management

High Risk Area: Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks

- Climate change poses risks to many environmental and economic systems.
- The federal government annually invests billions of dollars in infrastructure projects, such as roads and bridges, that state and local decision makers prioritize and supervise.
- Enhancing resilience to changes in the climate—for example, raising coastal dikes to protect infrastructure from sea level rise or building higher bridges—is a risk management strategy.
- It is hard for state and local decision makers to implement climate risk management strategies because federal climate information and technical assistance is difficult to access, understand, and use.

High Risk Area: Funding Surface Transportation

- Traditional funding sources are eroding.
- Congress has transferred over \$70 billion in general revenues to the Highway Trust Fund since 2008.
 - This approach may not be sustainable given competing demands and the federal government's fiscal challenges.
- The Fund requires \$168 billion in additional revenues to maintain current spending levels over the next 10 years (CBO).
- Congress and the administration need to agree on a long-term sustainable plan for funding surface transportation.

High Risk Area: Cyber Security

- Cyber threats and incidents to systems supporting federal government and national critical infrastructures are increasing.
- Coordination and monitoring
 - Federal stakeholders need to enhance their coordination and monitoring efforts with state/local governments and private sector entities, including the adoption or use of a cybersecurity framework.
- Privacy of personal information
 - In 2015, GAO expanded area to include protecting the privacy of personal information – due to advances in technologies, expanding volumes of personal information collected by governmental and commercial entities, increasing sophistication of hackers, and rising number of reported data breaches.

What Are the Results of the Program?

High-Risk Program Results

- Promotes transparency - sustained top leadership and congressional attention to key problems
- Encourages engagement - ongoing communication with OMB, agencies, and accountability community
- Accountability drives results -
 - About \$20 billion annually in financial benefits
 - Many additional other improvements

Making More Progress

Known

Address existing problems

Implement recs, Focus on WNTBD, OMB/Agency/GAO Meetings, Congressional attention

Unknown

Identify and manage risks

ERM, Implement Recs, IG top 10, Single audit reports

New and Updated Tools

Partnership Opportunities

Key Resources on GAO's Web Site

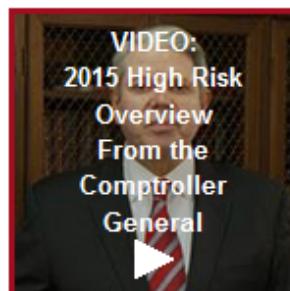
- High Risk Web Collection
- High-Risk Series: An Update (GAO-15-290; February 2015)
- Determining Performance and Accountability Challenges and High-Risks (GAO-01-159SP; November 2000)

www.gao.gov/highrisk/

[Key Issues > High Risk](#)

High Risk List

Every 2 years at the start of a new Congress, GAO calls attention to agencies and program areas that are high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement, or are most in need of transformation. The 2015 update identified new high-risk areas and introduced a rating system for tracking progress. The update and ratings are available below.

[View the 2015 Report](#)[Listen to the 2015 Podcast](#)[2015 LIST](#)[AREA RATINGS](#)[BACKGROUND](#)[MULTIMEDIA](#)[Share This:](#)

GAO's 2015 High Risk List is designating two new high-risk areas—[Managing Risks and Improving VA Health Care](#), and [Improving the Management of IT Acquisitions and Operations](#). This brings our 2015 High Risk List to a total of 32 areas. Also, two areas were expanded to include new issues, and two were narrowed because of progress made.

GAO's 2015 High Risk List:

Sort By Title	Sort By Topic
Managing Risks and Improving VA Health Care — NEW	Health Care
Improving the Management of IT Acquisitions and Operations — NEW	Information Technology
Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks	Natural Resources and Environment
Management of Federal Oil and Gas Resources	Natural Resources and Environment
Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance	Business Regulation and Consumer Protection
Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability	Government Operations

Key Issues > High Risk > Medicare Program



Medicare Program

This information appears as published in the 2015 High Risk Report.

[View the 2015 Report](#)

WHY IT'S
HIGH RISK

WHAT
WE FOUND

WHAT REMAINS
TO BE DONE

KEY REPORTS

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Congress, HHS, and CMS have taken steps to improve the fiscal integrity of Medicare, and CMS has implemented some of our recommendations, such as improving monitoring of Medicare audit contractors and increasing the efficiency and effectiveness of inspections of Medicare participating facilities. However, continued federal improvements to the oversight of Medicare are warranted.

We have a number of Matters for Congressional Consideration and recommendations to HHS and CMS for addressing Medicare payments, beneficiary use of services and quality of care, and physician incentive payments and profiling.

Selected Key Matters for Congressional Consideration

- **Self-referring Physicians.** To increase beneficiaries' awareness of providers' financial interest in a particular treatment, Congress should consider directing the Secretary of Health and Human Services to require providers who self-refer intensity-modulated radiation therapy services to disclose to their patients that they have a financial interest in the service.
- **Beneficiary Use of Preventive Services.** To further align Medicare beneficiary use of preventive services with U.S. Preventive Task Force recommendations, Congress may wish to consider requiring beneficiaries who receive services that the Task Force recommends against to share the cost, notwithstanding that cost sharing may not be required for beneficiaries with different characteristics or under different circumstances.

Selected Key Recommendations to the Department of Health and Human Services and Centers for Medicare & Medicaid Services

- **Feedback on Physician Performance.** As CMS implements and refines its physician feedback and Value Modifier programs, to help ensure physicians can best use the feedback to improve their performance, the Administrator of CMS should consider disseminating performance reports more frequently than the current annual distribution—for example, semiannually.

Thank You!

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