



GAO **HIGH-RISK  
PROGRAM**

**American Association for Budget  
and Program Analysis**

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# GAO's High-Risk Program

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

# Program Initiated in 1990

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

# GAO High-Risk Program

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

# 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 to address 21<sup>st</sup> century challenges
- Many areas require not only agency action but Congressional oversight and/or legislative solutions

# 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)

# 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

# Governmentwide High Risks

- Material weakness--evident at multiple agencies
- Stem from a deficiency that should be addressed through individual agency actions as well as governmentwide efforts
  - OMB initiatives
  - Legislative action, and/or
  - Congressional oversight

# Removing High-Risk Designations

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

# GAO High-Risk Program

- Original High-Risk list included 14 areas
- Since 1990, 33 areas have been added, 20 areas taken off or consolidated
- 27 areas on updated 2007 High-Risk list

# 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

# Areas Removed from the High-Risk List

<u>Area</u>	<u>Year Designated</u>	<u>Year Removed</u>
• 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	2005
• Federal Aviation Administration Financial Management	1999	2005
• Forest Service Financial Management	1999	2005
• HUD Single-Family Mortgage Insurance and Rental Housing Assistance Programs	1994	2007
• USPS Transformation Efforts and Long-Term Outlook	2001	2007

# Changes to the 2007 High-Risk List

- **High-Risk Designation Removed**

- HUD Single-Family Mortgage Insurance and Rental Housing Assistance Programs
- USPS Transformation Efforts and Long-Term Outlook

- **Newly Designated High-Risk Areas**

- Transforming Federal Oversight of Food Safety
- Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests
- Financing the Nation's Transportation System

# GAO's 2007 High- Risk List

High-Risk Areas	Year designated high risk
<b>Addressing Challenges In Broad-Based Transformations</b>	
Strategic Human Capital Management <sup>a</sup>	2001
Managing Federal Real Property <sup>a</sup>	2003
Protecting the Federal Government's Information Systems and the Nations' Critical Infrastructures	1997
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 <sup>a</sup>	2005
•DOD Business Systems Modernization	1995
•DOD Personnel Security Clearance Program	2005
•DOD Support Infrastructure Management	1997
•DOD Financial Management	1995
•DOD Supply Chain Management	1990
•DOD Weapon Systems Acquisition	1990
FAA Air Traffic Control Modernization	1995
Financing the Nation's Transportation System <sup>a</sup> <b>(New)</b>	2007
Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests <sup>a</sup> <b>(New)</b>	2007
Transforming Federal Oversight of Food Safety <sup>a</sup> <b>(New)</b>	2007
<b>Managing Federal Contracting More Effectively</b>	
DOD Contract Management	1992
DOE Contract Management	1990
NASA Contract Management	1990
Management of Interagency Contracting	2005
<b>Assessing the Efficiency and Effectiveness of Tax Law Administration</b>	
Enforcement of Tax Laws <sup>a</sup>	1990
IRS Business Systems Modernization	1995
<b>Modernizing and Safeguarding Insurance and Benefit Programs</b>	
Modernizing Federal Disability Programs <sup>a</sup>	2003
Pension Benefit Guaranty Corporation Single-Employer Pension Insurance Program	2003
Medicare Program <sup>a</sup>	1990
Medicaid Program <sup>a</sup>	2003
National Flood Insurance Program <sup>a</sup>	2006

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

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

- Promoted sustained congressional attention to key problems
  - Oversight
  - Legislative action
- Provided an impetus for the legislative framework for governmentwide management reforms

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

- Increased the priority OMB and top agency management have given to addressing related challenges
  - President's Management Agenda
  - OMB corrective action initiative
  - Individual agency leadership efforts

# GAO High-Risk Program

- Over \$20 billion annually in financial benefits
- Many additional nonfinancial improvement actions

# Need to Sustain Progress

- Examples of progress in remaining high-risk areas
  - Medicare and Medicaid Programs
  - PBGC Single-Employer Pension Insurance Program
  - FAA Air Traffic Control Modernization
  - Enforcement of Tax Laws
  - DOD Supply Chain Management

# GAO's Web Site

- High-Risk Series: An Update (GAO-07-310; January 2007)
- Determining Performance and Accountability Challenges and High-Risks (GAO-01-159SP; November 2000)

[www.gao.gov](http://www.gao.gov)



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