



Anticipating and Meeting Accountability Challenges in a Dynamic Environment

**18th Biennial Forum of Government Auditors
San Antonio, Texas
May 19, 2010**

**Gene L. Dodaro
Acting Comptroller General
U.S. Government Accountability Office**

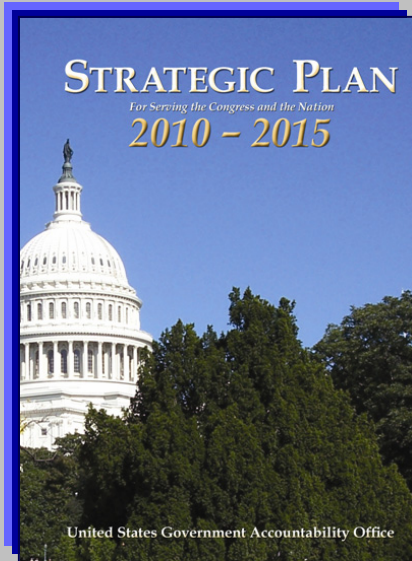
Overview

- GAO's Strategic Plan: Trends and Related Work
- New and Ongoing Responsibilities for GAO
- Yellow Book Update and International Coordination

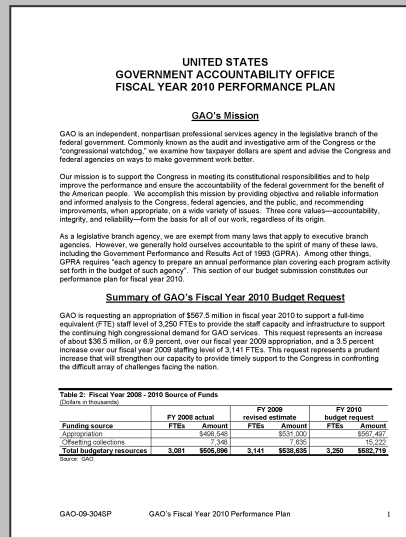
GAO's Planning & Performance Documents

www.gao.gov/sp.html

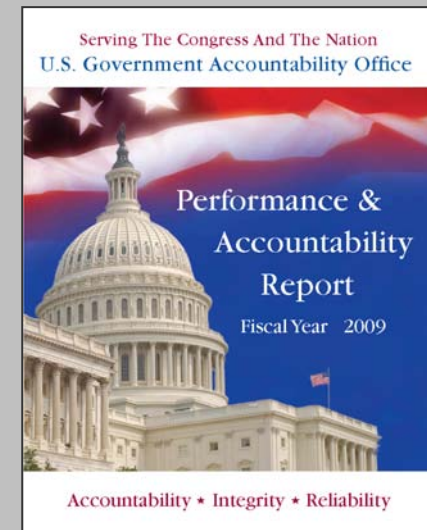
Strategic Plan



Performance Plan



Performance & Accountability Report



Strategic Planning Framework

Goals	Objectives	
<p>Provide Timely, Quality Service to the Congress and the Federal Government to...</p> <p>...Address Current and Emerging Challenges to the Well-being and Financial Security of the American People related to...</p>	<ul style="list-style-type: none"> • Health care needs • Lifelong learning • Benefits and protections for workers, families, and children • Financial security • Effective system of justice 	<ul style="list-style-type: none"> • Viable communities • Stable financial system and consumer protection • Stewardship of natural resources and the environment • Infrastructure
<p>...Respond to Changing Security Threats and the Challenges of Global Interdependence involving...</p>	<ul style="list-style-type: none"> • Homeland security • Military capabilities and readiness 	<ul style="list-style-type: none"> • Advancement of U.S. Interests • Global market forces
<p>Help Transform the Federal Government to Address National Challenges by assessing...</p>	<ul style="list-style-type: none"> • Government's fiscal position and options for closing gap • Fraud, waste, and abuse 	<ul style="list-style-type: none"> • Major management challenges and program risks
<p>Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency in the areas of...</p>	<ul style="list-style-type: none"> • Efficiency, effectiveness, and quality • Diverse and inclusive work environment 	<ul style="list-style-type: none"> • Professional networks and collaboration • Institutional stewardship and resource management

Trend 1: Threats Confronting U.S. National Security Interests

- Regional instability (Middle East, Central Asia, Africa)
- Longstanding threats (extremism, terrorism, proliferation of weapons, cybersecurity)
- Emerging threats (energy security, climate change, global recession)
- Need for new capabilities alongside increasingly constrained resources

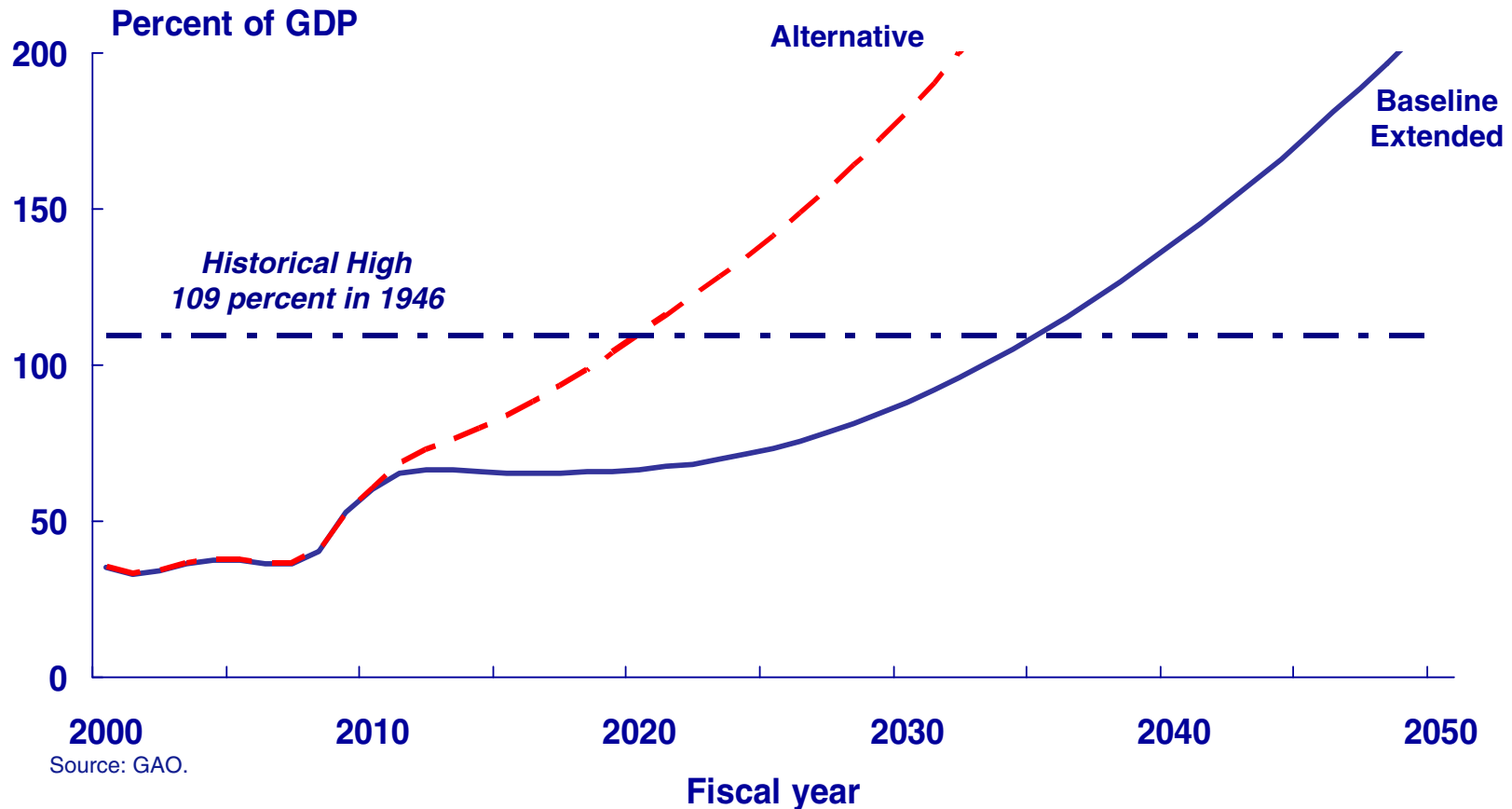
Trend 1: Threats Confronting U.S. National Security Interests

Related GAO work

- Reviewing U.S. efforts related to **Afghanistan, Iraq** and other regions in conflict, including reviewing the effect of drawing down resources in Iraq, providing more resources to Afghanistan, and retooling operations in **Pakistan**.
- Tracking U.S. efforts to combat **terrorism** abroad.
- Reviewing the government's efforts to identify and act on credible **threats to homeland and border security**, as well as those involving biological, chemical, and nuclear dimensions.
- Analyzing the **funding and costs of military operations** and programs given the fiscal pressures facing the nation.
- Evaluate efforts to ensure the reliability, security, and affordability of **energy supply infrastructure** and assess the implications of **climate change** for the federal government.

Trend 2: Fiscal Sustainability and Debt Challenges

Debt Held by the Public Under Two Fiscal Policy Simulations



Source: GAO.

Note: Data are from GAO's January 2010 analysis based on the Trustees' assumptions for Social Security and Medicare. Some of the increase in debt has been used to purchase financial assets as part of programs to stabilize financial markets and stimulate the economy. The increase in these financial assets has not been subtracted from the total debt held by public in our simulations.

Trend 2: Fiscal Sustainability and Debt Challenges

Challenges Affecting the Federal Budget in the Near Term

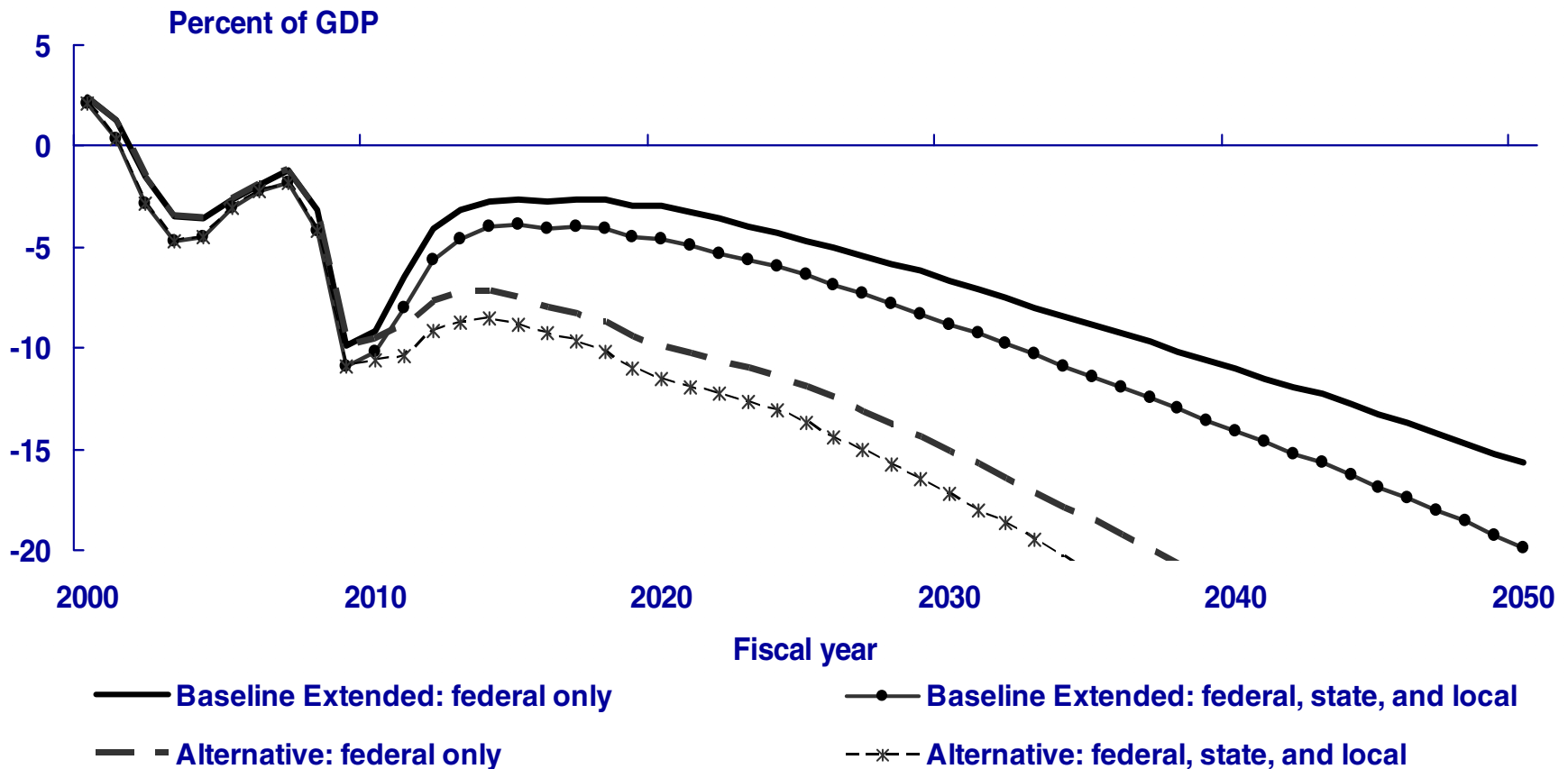
2008	Oldest members of the baby-boom generation became eligible for early Social Security retirement benefits.
2008	Medicare Hospital Insurance (HI) outlays exceeded cash income.
2010	Social Security runs first cash deficit since 1984. ^a
2011	Oldest members of the baby-boom generation become eligible for Medicare.
2014	45 percent of Medicare outlays funded by general revenue. ^b
2016	Social Security begins running consistent annual cash deficits.
2017	Medicare HI trust fund exhausted. Income sufficient to pay about 81 percent of benefits. ^b
2020	Debt held by the public under GAO's Alternative simulation exceeds the historical high reached in the aftermath of World War II.

a - Based on Congressional Budget Office's (CBO) January 2010 baseline projections.

b - Based on *2009 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds* (May 12, 2009). Projections showing the percentage of funding from general revenue reaching 45 percent by law trigger a "Medicare funding warning," requiring a proposal from the President in response.

Trend 2: Fiscal Sustainability and Debt Challenges

Combined Federal, State, & Local Surpluses and Deficits



Source: GAO.

Note: Data are from GAO's January 2010 federal simulations and March 2010 state and local simulations.

Not Just a U.S. Challenge

- **Financial market stress in other major industrial nations**
- **Public debt levels in other major industrial countries have also increased dramatically.**
- **Projections show many countries on a path of rising debt to GDP ratios.**

Moving Forward

- **Budget Controls**
- **Creation of Commission**
- **Continued Public Education, Discussion, and Debate**

Trend 2: Fiscal Sustainability and Debt Challenges

Related GAO work

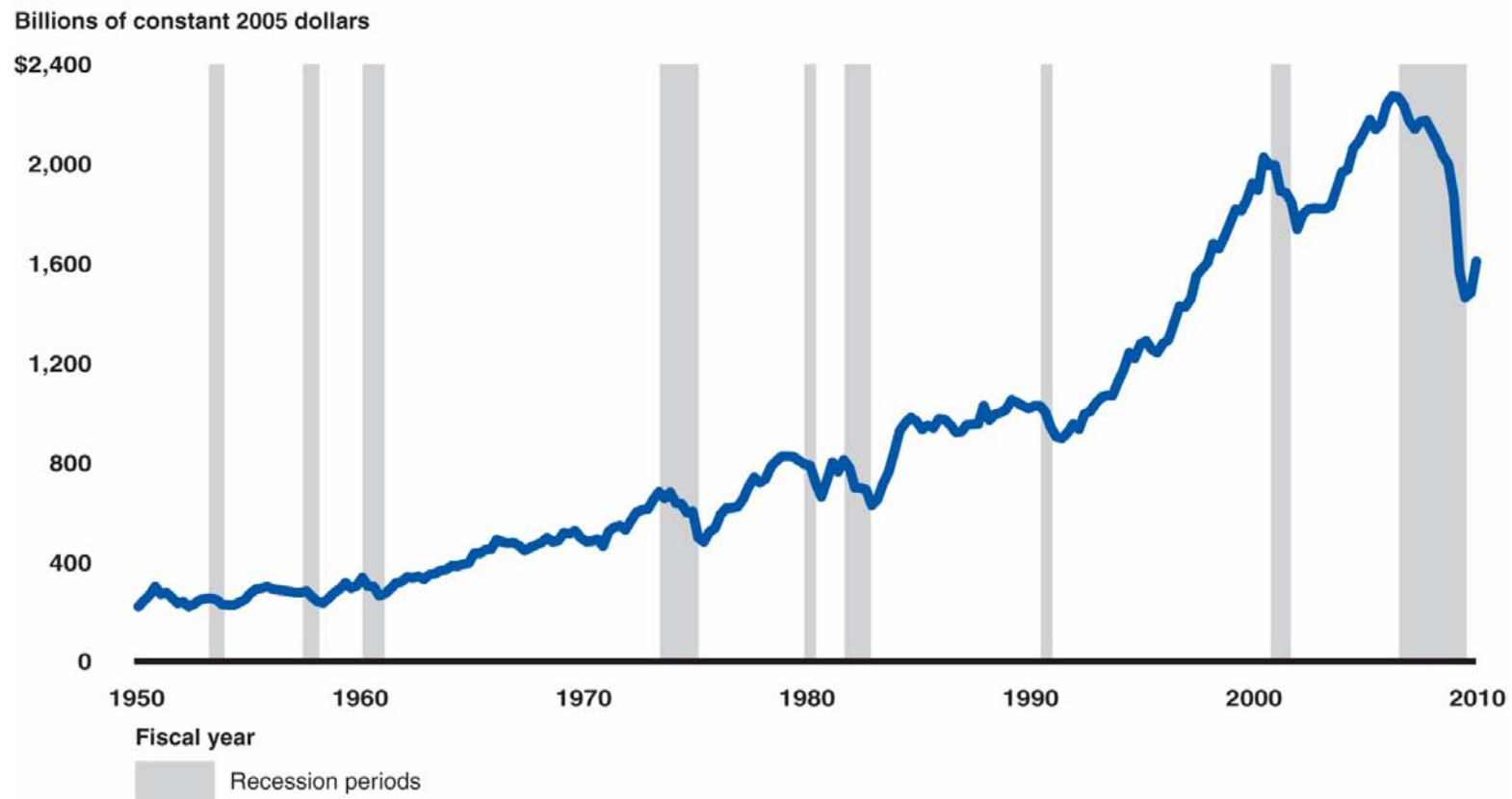
- Conducting work to assess **duplication and overlap** among federal programs and agencies.
- Identifying elements to help address the nation's **financial challenges** including Social Security, tax reform, retirement, and disability programs; opportunities to reduce spending; and reducing the gap between taxes owed and taxes collected.
- Performing **financial statement audits** (IRS, Schedule of Federal Debt, FDIC, FHA, Consolidated Financial Statements, SEC).
- Performing long-term **fiscal simulations** and analyses of federal **deficits**, federal **debt levels**, and the **state and local sector**.
- Identifying and recommending solutions to reduce the risk of **waste, fraud, and abuse** and **improper payments**.

Trend 3: Economic Recovery and Restored Growth

- Different scenarios for economic recovery
- Replacement of lost jobs
- Role of consumers
- Housing and commercial real estate
- The timing of fiscal & monetary support
- Managing concerns about inflation

Trend 3: Economic Recovery and Restored Growth

Private Investment Has Fallen Sharply, but is Starting to Recover

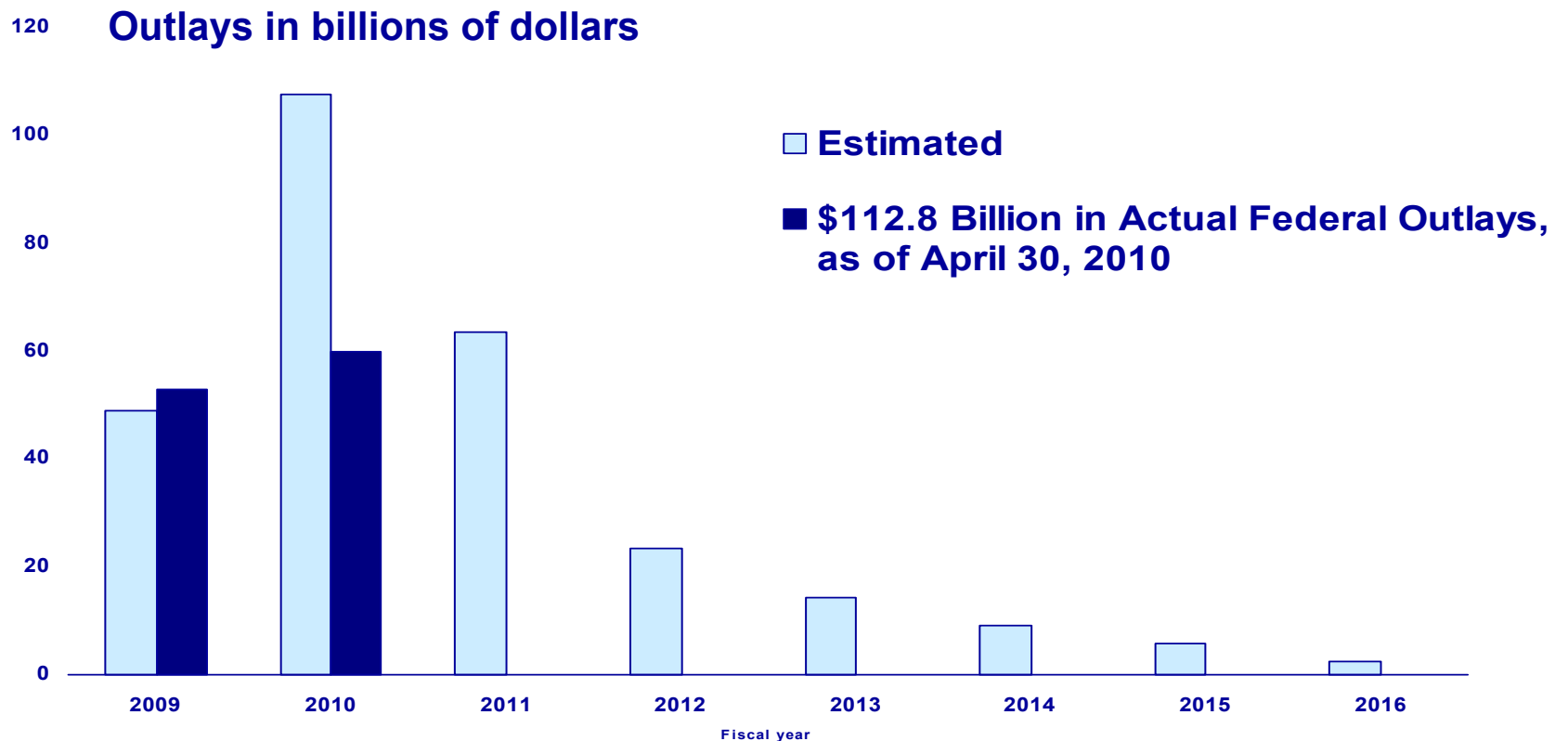


Source: U.S. Department of Commerce.

American Recovery & Reinvestment Act

- Signed February 17, 2009
- Purpose:
 - Preserve/create jobs and promote recovery
 - Assist those most hurt by the recession
 - Invest in infrastructure
 - Stabilize state and local government budgets
- Total cost (tax and spending): \$862 billion, including over \$626 billion in additional spending (CBO Estimate)

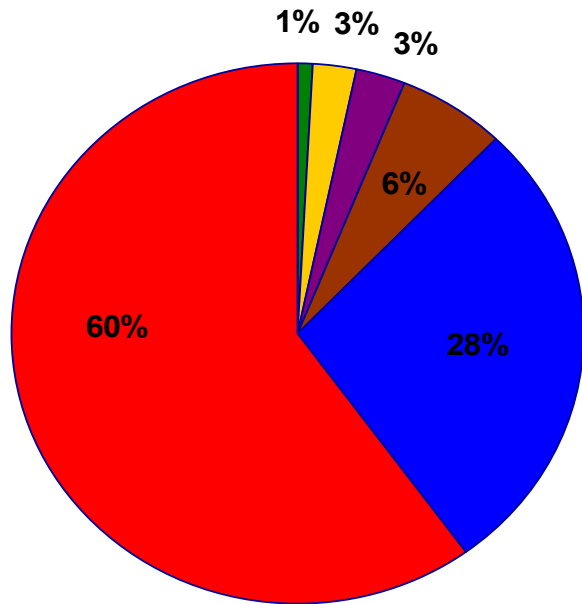
Recovery Act: Projected Versus Actual Federal Outlays to States and Localities



Source: GAO analysis of data from CBO, Recovery.gov and Federal Funds Information for States.

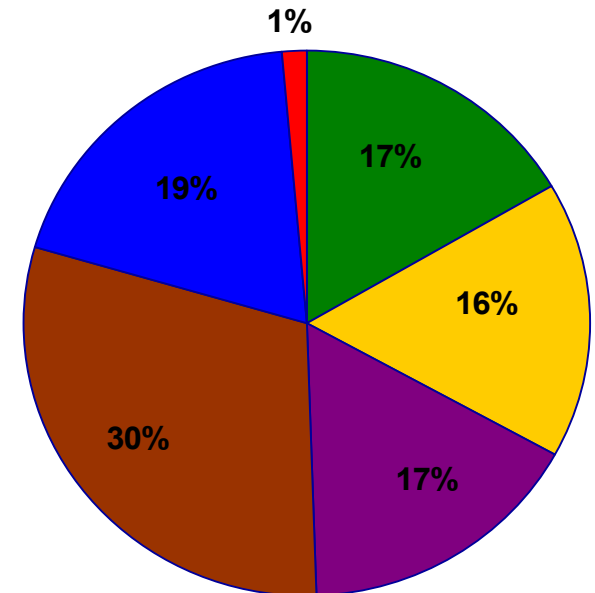
Composition of State and Local Recovery Act Funding, Fiscal Years 2009 Actual and 2012 Estimated

Actual Fiscal Year 2009



\$52.9 Billion

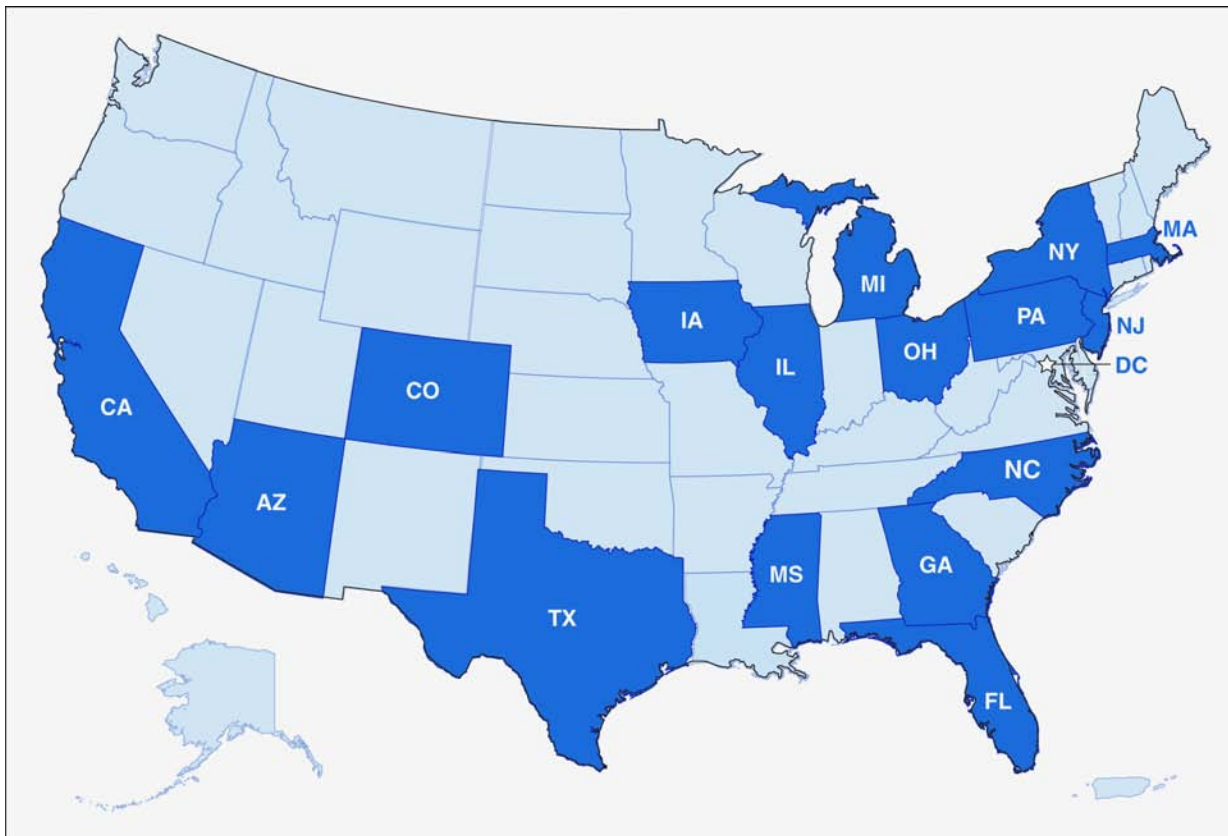
Estimated Fiscal Year 2012



\$23.3 Billion

- Health
- Education and Training
- Transportation
- Income Security
- Community Development
- Energy and Environment

Recovery Act: GAO's Monitoring of Selected States



Source: GAO analysis.

1. Arizona
2. California
3. Colorado
4. Florida
5. Georgia
6. Illinois
7. Iowa
8. Massachusetts
9. Michigan
10. Mississippi
11. New Jersey
12. New York
13. North Carolina
14. Ohio
15. Pennsylvania
16. Texas
17. Washington, D.C.

Recovery Act: GAO Recommendations

- **GAO has made 28 recommendations to 5 federal agencies (DOT, HUD, Education, DOL, and OMB) regarding:**
 - **Accountability and Transparency**
 - **Reporting on Impact and Guidance**
 - **Resource Allocation and Capacity**

Single Audit: GAO Recommendations

Leverage Single Audit as an effective oversight tool

- Move to earlier reporting on internal controls
- Focus on Recovery Act programs
- Give relief for low-risk programs
- Fund more timely, effective Single Audits

Single Audits: GAO Matter for Congressional Consideration

- amending the Single Audit Act or enact new legislation that provides for more timely internal control reporting, as well as audit coverage for smaller Recovery Act programs with high risk.
- create mechanisms to provide additional resources to support those charged with carrying out the Single Audit and related audits.

OMB Single Audit Pilot Project: Interim Internal Control Reporting

- Single Audit Internal Control Project
 - Encourage auditors to identify and communicate significant deficiencies and material weaknesses for selected Recovery Act programs 3 months earlier than current 9-month timeframe
 - 16 states volunteered to participate
 - Coverage
 - About 16 percent of Recovery Act obligations
 - About 23 percent of Recovery Act outlays

Troubled Asset Relief Program (TARP)

- Emergency Economic Stabilization Act of 2008 created \$700 billion TARP in October 2008
- GAO given statutory oversight role
- GAO's TARP reports' recommendations follow 3 themes:
 - Monitoring the use of funds to meet the Act's objectives
 - Articulating a better communication strategy
 - Ensuring effective Treasury management

Status of Troubled Asset Relief Program Outstanding Balances

- As of May 7, 2010, Treasury had disbursed about \$382 billion of the almost \$700 billion in program funds, and had received repayments of about \$187 billion.
- A total of about \$193 billion remains outstanding (see table below).

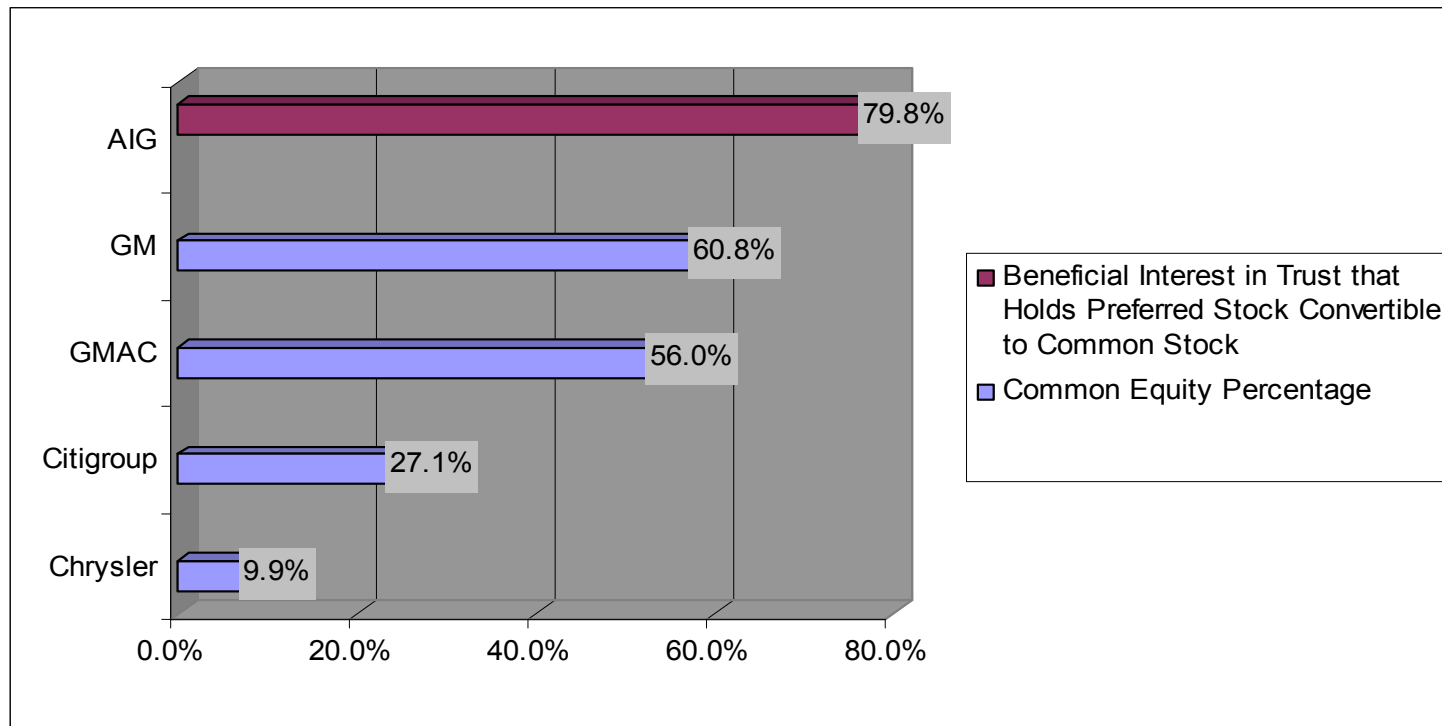
Status of TARP Funds as of May 7, 2010 (dollars in billions)

Program	Gross Outstanding Balance
Capital Purchase Program	\$65.3 *
AIG	47.5
Targeted Investment Program	0.0
Consumer & Business Lending Initiative: Term Asset-backed Securities Loan Facility & Small Business and Community Lending Initiative	0.1
Automotive Industry Financing Program	70.4
Public-Private Investment Program	9.2
Totals	\$192.5

*CPP amount outstanding excludes about \$2.3 billion for a disbursement that Treasury has deemed to have no value.

Note: This table does not reflect the approximately \$131 disbursed under the Home Affordable Modification Program.

Status of U.S. Government Ownership of Selected Companies



Note: All percentages are as of April 24, 2010, and relate to TARP, except for AIG. Also, the percentages do not reflect the additional financial instruments held by the U.S. Government in these entities (e.g., warrants, and direct loans). In addition, Treasury has announced plans to begin selling Citigroup stock.

Trend 3: Economic Recovery and Restored Growth

Related GAO work

- Assessing the effectiveness of **financial and regulatory reform** efforts and plans to ensure the stability of the overall banking, housing, and financial markets.
- Monitoring and evaluating various **federal assistance programs** designed **stabilize U.S. financial markets** and **boost the economy**, including investments in infrastructure and job expansion.
- Continuing to perform our responsibilities under the **Recovery Act**.
- Providing analysis on the functioning of the mortgage market and the ultimate disposition of **Fannie Mae** and **Freddie Mac**.
- Monitoring services to assist **job seekers** and supports for **low-income families**.

Modernizing The U.S. Financial Regulatory System

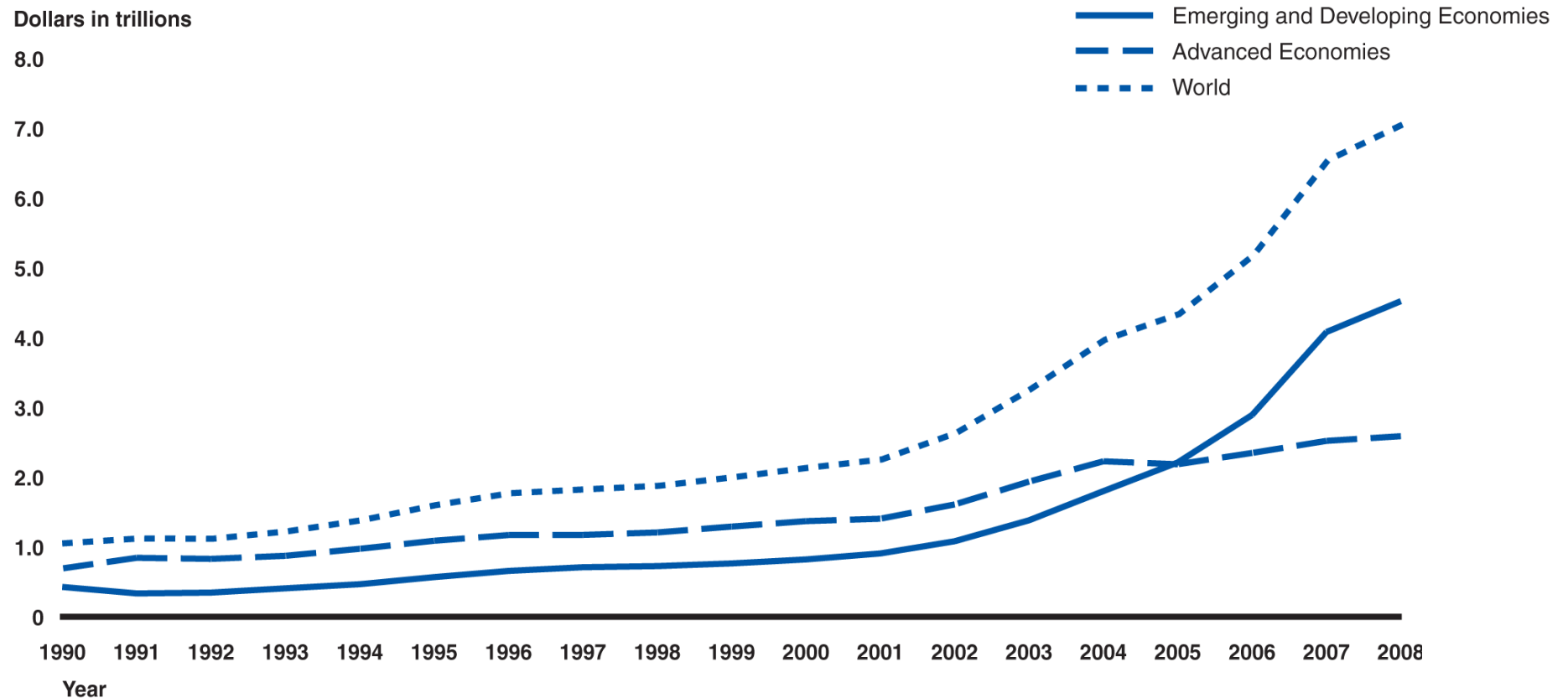
Financial Regulation: A Framework for Crafting and Assessing Proposals to Modernize the Outdated U.S. Financial Regulatory System

- Explains the origins of the current financial regulatory system
- Describes market developments and changes that pose challenges to the current system
- Presents an evaluation framework that Congress and others can use to craft or evaluate potential regulatory reform efforts

(GAO-09-216, Jan. 8, 2009)

Trend 4: The Changing Dynamics of Global Interdependence

International Reserves in Developing & Emerging Economies Have Increased More Than Twelfold



Source: GAO analysis of International Monetary Fund data.

Trend 4: The Changing Dynamics of Global Interdependence

Related GAO work

- Understanding the effects of a **global supplier base** on U.S. national security interests and evaluating the effectiveness of programs to **protect critical technologies**.
- Evaluating efforts to ensure a **safe food supply**.
- Evaluating the effectiveness of federal programs to prevent, prepare for, and respond to **public health emergencies**.
- Evaluating programs to improve the **U.S. image abroad**.
- Assessing U.S. **export promotion** programs and other **trade-related jobs** creation efforts.
- Analyzing **energy** market regulation, competition, and information.

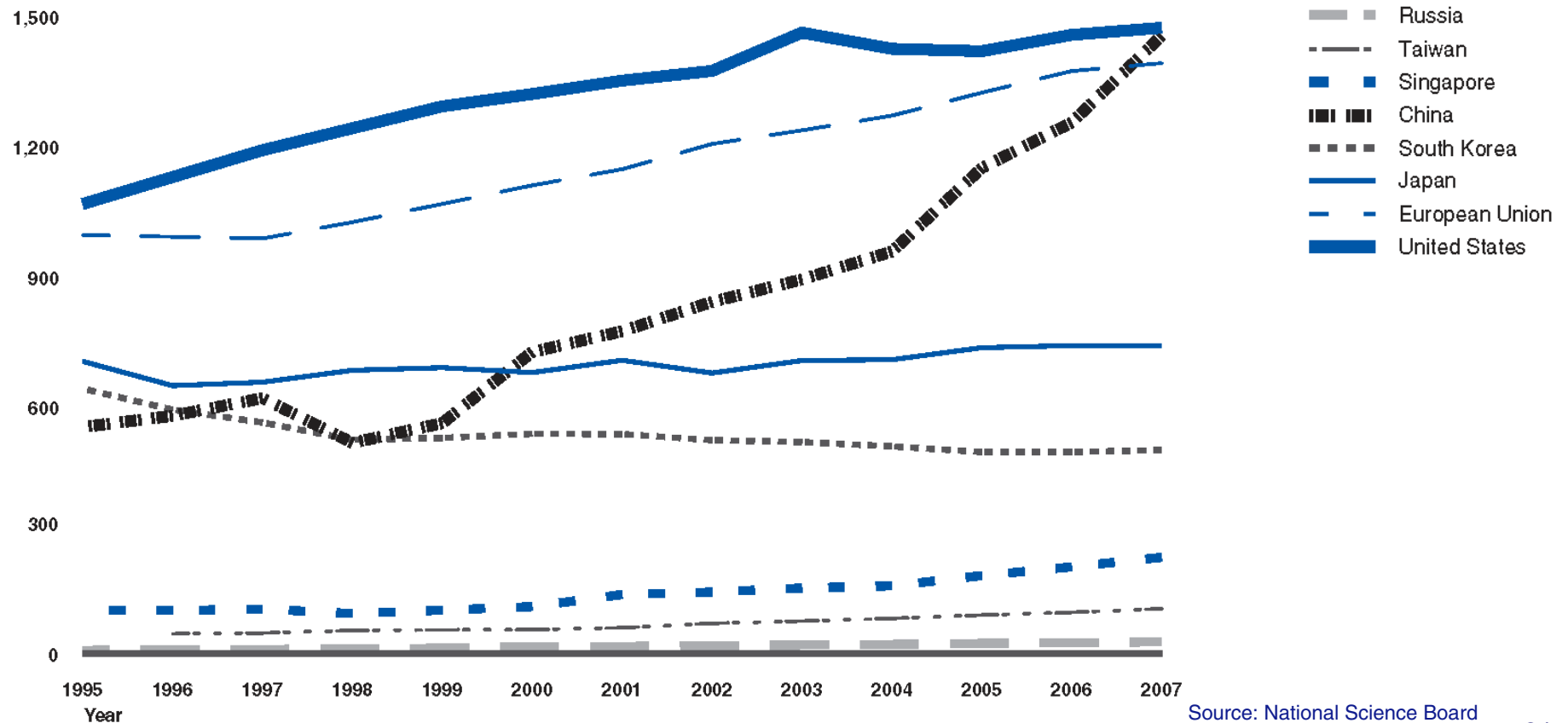
Trend 5: Advances in Science and Technology

- Nanotechnology
- Biomedical technology
- Information technology
 - Quantum computing
 - Cloud computing
 - Virtualization technologies
 - Health IT

Trend 5: Advances in Science and Technology

China Has Caught Up to the United States in Terms of the Number of Scientific Researchers

Full-time equivalents (in thousands)



Source: National Science Board

Note: 2007 data for United States are estimated based on annual growth rate between 1995 and 2006.

Trend 5: Advances in Science and Technology

Related GAO work

- Performing specialized studies and **technology assessments** of a wide range of science and technology issues, such as **climate change**, the challenges of developing **sophisticated space and defense systems**, and **green energy**.
- Reviewing the effectiveness of **computer and network security** at federal agencies to better ensure the protection of government and personal information.
- Assessing the government's planning, implementation, and use of **IT**.
- Assessing the management and results of the **federal investment in science and technology** and the effectiveness of efforts to protect **intellectual property**.
- Reviewing federal efforts to turn around **low-performing schools**, to enhance oversight of **charter schools**, and to establish effective **teacher evaluation and compensation** programs.

Trend 6: Increasing Impact of Networks and Virtualization

- Less-expensive technology that is increasingly more powerful
- Greater prevalence of wireless networks
- More powerful portable devices
- Increased collaboration and sharing at home, in school, and at work
- Consumers are becoming content creators
- Location and time independence (telework, virtual meetings)

Trend 6: Increasing Impact of Networks and Virtualization

Related GAO work

- Assessing federal efforts to promote affordable access to **telephone** and **broadband Internet** services.
- Reviewing the management of **government telecommunications** and **interconnected systems** and federal agencies' effectiveness in providing secure, reliable, and fast Internet and Web connections.
- Assessing DHS's efforts to enhance the resiliency of **critical national assets, networks, and systems**.
- Analyzing and supporting efforts to improve the **federal workforce** infrastructure.

Trend 7: Shifting Roles in Government and Governance

- Evolving roles for the public, private, and NGO sectors
- Contracting
- State and local government
- Non-profit and non-governmental organizations

Trend 7: Shifting Roles in Government and Governance

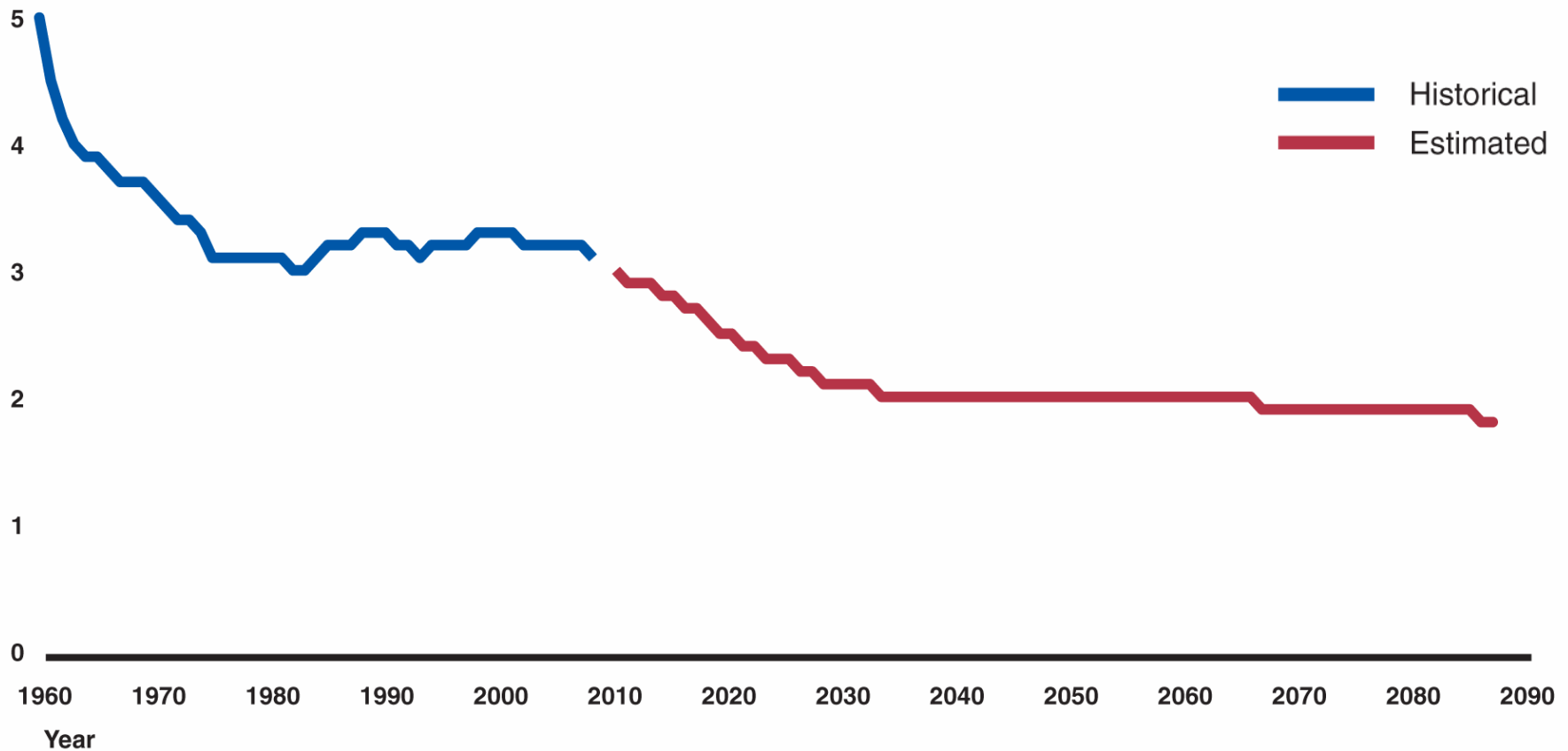
Related GAO work

- Focusing on major areas that are at **high-risk**, including the **U.S. Postal Service's financial condition**, oversight of **food and drug safety**, and **cybersecurity** efforts.
- Assessing the government's strategy for managing its **reliance on contractors** to ensure that agencies determine the right mix of as well as proper roles and responsibilities for government and contractor employees.
- Identifying ways to **improve the acquisition of goods and services** by federal agencies.
- Identifying opportunities to improve the coordination, collaboration, and governance of **networks of governmental and nongovernmental organizations** to address complex national issues.

Trend 8: Demographic and Societal Changes Confronting Young and Old

Fewer Workers Will Be Supporting Each Retiree

Covered workers per OASDI beneficiary (percentage)



Source: Social Security and Medicare Boards of Trustees.

Trend 8: Demographic and Societal Changes Confronting Young and Old

Related GAO work

- Supporting **health care financing and reform efforts** through analyses of Medicare, Medicaid, and other health programs.
- Assessing policy and administrative challenges to the federal government in providing for **Americans' financial security in retirement**, as well as options and strategies to help individuals ensure **retirement security** for themselves and their families.
- Assessing financial and administrative challenges to providing **employer-sponsored pensions** and retaining older Americans in the workforce, and their implications for retirement security.
- Evaluating the federal government's efforts to assist communities with **combating crime** and to safely and effectively manage a **growing federal prison population**.

Other New & Ongoing Work for GAO

- High-Risk List
 - 2010 Census
- Overlap and duplication in government agencies and programs
- Appointing members of health care advisory committees, commissions, and boards
 - Patient Protection and Affordable Care Act
 - Other existing laws

Commissions/Committees/Boards Appointed by GAO under the Patient Protection and Affordable Care Act (PPACA)

Name	Number and Term	Appointment Date
Advisory Board to Consumer Operated and Oriented Plan (COOP) Program	15 members; Board terminates when it completes duties or by Dec 31, 2015	June 23, 2010
National Health Care Workforce commission	15 members; staggered 3-year terms	September 30, 2010
Governing Board, Patient Centered Outcomes Research Institute (PCOR)	19 members, plus NIH and AHRQ Directors are also members; staggered 6-year terms	September 23, 2010
Methodology Committee, PCOR Institute	Up to 15 members, including AHRQ and NIH Directors	November/December, 2010 (related to timing of establishment of PCOR)
Medicare Consumer Advisory Council	10 members	2014 (related to creation of Independent Payment Advisory Board)
Review Panel for Applicants to State Demonstration Program for developing alternatives to current tort litigation for dispute resolutions for health providers	At least 9 but not more than 13	(related to establishment of program by DHHS)

Commissions/Committees/Boards Currently Appointed by GAO under Other Laws

Name	Number and Term	Appointment Date/Month
Medicare Payment Advisory Commission (MedPAC)	17 members; staggered 3-year terms	May, annually
Medicaid and CHIP Payment and Access Commission (MACPAC)	17 members; staggered 3-year terms	January, annually
Health Information Technology Policy Committee (HIT)	13 members; staggered 3-year terms	April, annually

2011 Yellow Book: Projected Dates

June 2010:

- Issue Exposure Draft of 2011 Revision of GAGAS

September 2010:

- Comments due on Exposure Draft

February – March 2011:

- Issue 2011 Revision of GAGAS
- Effective date to be determined

International Coordination

- **Donor Funding Initiative**

- Addresses need to augment and strengthen support to Supreme Audit Institutions (SAIs) in developing countries
- MOU signed in Brussels in October 2009 by INTOSAI and 15 Donors:
 - African Development Bank, European Commission, Inter-American Development Bank, IMF, World Bank, Austria, Belgium, Canada, Ireland, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States

- **INTOSAI Global Financial Crisis Task Force**

- INTOSAI chair asked GAO to lead the Task Force
- GAO hosted kick-off meeting in June 2009
- 25 countries formed 4 subgroups looking at origins of the crisis and how to avoid future crises
- First subgroup reports are expected in June 2010



On the Web

Web site: www.gao.gov/cghome/index.html

Contact

Chuck Young, Managing Director, Public Affairs
YoungC1@gao.gov (202) 512-4800
U.S. Government Accountability Office
441 G Street NW, Room 7149
Washington, D.C. 20548

Copyright

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.