United States Government Accountability Office

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FISCAL YEAR 2017 BUDGET REQUEST

U.S. Government Accountability Office

Statement of Gene L. Dodaro Comptroller General of the United States

Accessible Version

GAO-16-409T

GAO Highlights

Highlights of GAO-16-409T, a testimony before the Subcommittee on the Legislative Branch, Committee on Appropriations, U. S. Senate

Background

GAO's mission is to support Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. GAO provides nonpartisan, objective, and reliable information to Congress, federal agencies, and to the public. GAO recommends improvements across the full breadth and scope of the federal government's responsibilities.

GAO continues to provide significant levels of service to the Congress. It responded to requests from 97 percent of the standing full committees, and almost 66 percent of the standing subcommittees of the Congress in fiscal year 2015.

GAO issued 688 reports and testified before congressional committees 109 times. Congress used GAO's work in key legislation, including in identifying $30 billion in offsets or revenue enhancements for the fiscal years 2016 and 2017 budget agreement, and in overseeing and reforming government programs in the fiscal year 2016 appropriations bill and numerous authorization bills.

Since fiscal year 2003, GAO's work has resulted in:

- over $600 billion dollars in financial benefits; and
- over 16,000 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout government.

GAO is requesting a fiscal year 2017 appropriation of $567.8 million to support a staffing level of 3,100 full-time equivalents to rebuild staff capacity, address succession planning, and meet workload needs.

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

In fiscal year 2015, GAO's work resulted in an unprecedented return of about $134 for every dollar invested in GAO, generating an estimated $74.7 billion in financial benefits. Implementation of GAO's recommendations also led to 1,286 program and operational improvements across the federal government and many important contributions to budget, appropriations and authorization legislation enacted by the Congress.

To address congressional priorities, and fulfill GAO's mission, a talented, diverse, high-performing, knowledgeable workforce is essential. However, a significant proportion of its employees will be retirement eligible by the end of fiscal year 2016, including 42 percent of GAO executive leadership and 25 percent of supervisory analysts.

GAO's fiscal year 2017 budget request of $567.8 million in appropriated funds provides the resources to enable GAO to continue rebuilding its staff capacity and make critical investments in its information technology (IT) and security program. GAO expects to offset its costs by $32.4 million in receipts and reimbursements, primarily from financial audits and rental income.

This request provides funds to enable GAO to continue rebuilding its staff capacity to achieve a level of 3,100 full-time equivalent (FTE) staff in fiscal year 2017 through a robust, targeted recruitment program. GAO plans to bolster entry-level and intern positions to provide a pipeline to help address succession planning and fill critical skill gaps, which will allow GAO to continue to meet the highest congressional priorities and produce financial benefits. GAO also plans to continue addressing succession planning needs through other human capital activities, such as training and development.

These efforts will help ensure that GAO is able to recruit and retain a talented, diverse workforce and make progress towards an optimal staffing level of 3,250 FTEs.

GAO also plans to make critical investments in its infrastructure operations, by modernizing GAO's aged IT infrastructure in such areas as security, telecommunications, information management systems, and software and hardware, to help improve engagement efficiency, increase staff productivity, enhance access to information, and help reduce operating costs.

GAO has again been recognized as an employer of choice. In December 2015, the Partnership for Public Service ranked GAO as one of the best places to work in the federal government. GAO is also ranked number one for its support of diversity, a position GAO has held since 2011.

Additional information on the results of GAO's operations, and the financial and operational benefits resulting from its work, are provided in more detail in GAO's Fiscal Year 2015 Performance and Accountability Report.

Chairman Capito, Ranking Member Schatz, and Members of the Subcommittee:

On behalf of the U.S. Government Accountability Office (GAO), I appreciate the opportunity to discuss our fiscal year (FY) 2017 budget request. We also appreciate the confidence this subcommittee has shown in GAO by supporting our efforts to serve Congress and improve government performance, accountability, and transparency.

GAO provides an exceptional investment, returning about $134 for every dollar invested in us in FY 2015. Last fiscal year our work resulted in $74.7 billion in financial benefits and 1,286 program and operational improvements across the federal government.[1]

Our FY 2017 budget request of $567.8 million in appropriated funds will support 3,100 full-time equivalent (FTE) staff, continuing progress toward achieving an optimal level of 3,250 FTEs. Our costs will be offset with $32.4 million in reimbursements, primarily from financial audits and rental income. We plan to bolster our staff capacity with entry-level and intern positions to provide a pipeline to help address succession planning and fill critical skill gaps, which will allow us to continue to meet the highest congressional priorities and produce financial benefits.

Assisting Congress and the Nation

GAO continue to be recognized for our nonpartisan, firsthand, objective, professional, fact-based, and reliable analyses across the full breadth and scope of the federal government's responsibilities and the extensive interests of Congress. In FY 2015, we responded to requests from 97 percent of the standing full committees of Congress, and almost 66 percent of the subcommittees. Our fact-based analyses and testimony inform congressional debate and decisions. We provide program and technical expertise to support Congress in overseeing the executive branch, evaluating spending priorities, and assessing information from outside parties.

[1]GAO's performance results can be found at: http://www.gao.gov/about/perfaccountreport.html. Our website includes a summary of our FY 2015 Performance and Accountability Report as well as the complete report. The annual report informs Congress and the American people about what we have achieved on their behalf with the funds entrusted to us. The report also includes additional information on selected testimonies.

We remain steadfast in our financial stewardship responsibilities by providing high-quality work and identifying cost savings and revenue enhancements as Congress and the administration deliberate on both the federal government's immediate priorities and the nation's long-term fiscal path. Through sound analysis and advice, we recommend solutions across a vast array of areas to foster government efficiency, effectiveness, and responsiveness on high-priority challenges facing Congress and the nation. In FY 2015, we issued 688 reports and made 1,680 new recommendations. On average, about 80 percent of GAO's recommendations have been implemented over a 4-year period.

GAO Contributions to 2015 Legislation

Congress uses GAO's work extensively to inform its decisions on important legislation, which in FYs 2015 and 2016 resulted in financial and other benefits for the government.

Congress achieved billions in savings and revenue enhancements as a result of the Bipartisan Budget Act of 2015, $30 billion of which was a result of our work. These estimated savings and enhancements calculated by the Congressional Budget Office and the Joint Committee on Taxation include:

- authorizing a 58 million barrel sale from the strategic petroleum reserve to reduce the deficit, saving over $5 billion;
- rescinding and permanently canceling $1.5 billion from the Crime Victims Fund, which we reported had grown very high and from which the Department of Justice has limited ability to obligate funds;
- making provider-based off-campus hospital outpatient departments ineligible for inpatient payment reimbursements, saving $9.3 billion;
- requiring agencies to increase civil monetary penalties and tie those penalties annually to the consumer price index, generating $1.3 billion;
- streamlining and simplifying audit procedures for certain partnerships, resulting in increased tax revenue estimated at $9.3 billion;
- requiring the Department of Commerce to identify spectrum that can be auctioned, providing resources for this purpose, and requiring the Federal Communications Commission to organize and hold these auctions, which may generate more than $4 billion in revenue; and

- reforming Social Security Disability Insurance to prevent fraud and streamline program administration.

Our other contributions to the 2015 budget compromise bill related to our work on the Pension Benefit Guaranty Corporation's structure.

GAO's work was also reflected in the FY 2016 Consolidated Appropriations Act and report language, both through savings in specific programs and through oversight and reforms. For example, using our work, Congress:

- Took steps to reduce spending for some programs, such as:
  - rescinding $215 million in FY 2015 Air Force funding that would not be needed for KC-46 Tanker Engineering Change Orders; and
  - reducing funding requested for the Air Force, Navy, and Marine Corps for F-35 Joint Strike Fighter Block 4 development efforts by more than $126 million citing program growth.
- Instructed agencies to implement our recommendations, such as:
  - instructing the Department of the Interior to reform its system for administering Bureau of Indian Education schools and to present a reorganization proposal in its next budget request;
  - directing the Substance Abuse and Mental Health Services Administration to provide a timeline and detailed plan within 90 days to coordinate federal programs related to mental illness and to develop improved guidance for awarding grants; and
  - directing the Department of Homeland Security (DHS) to implement our recommendations regarding asylum fraud and brief the Committees every 60 days until they are implemented.
- Improved other efficiencies and consumer protection, such as:
  - lifting the 40-year ban on crude oil exports;
  - directing the Department of Education to develop a new student loan servicing process focusing on improved service and to conduct outreach to current borrowers who may be eligible for alternate repayment options, including income driven payment plans; and

- directing the Federal Motor Carrier Safety Administration to post disclaimers on its website and smartphone apps warning users that its scores for truck company safety are not necessarily reliable indicators of relative safety performance and highlight our concerns and recommendations in this regard.

Also, the National Defense Authorization Act of 2015 reflected a number of GAO's reports and recommendations, including:

- authorizing funding levels that included more than $1.7 billion in reductions associated with DOD headquarters operations and maintenance spending. The Consolidated Appropriations Act also made reductions in this area;

- saving more than $2.7 billion associated with bulk fuel purchases;

- making several important acquisition reforms, including providing DOD managers with flexibility to focus on program management by streamlining existing required certifications at key acquisition decision points, providing DOD managers greater flexibility in ways programmatic risk can be addressed, requiring in law an acquisition strategy, and requiring changes to the tenure and accountability of program managers; and

- requiring the military services to brief Congress on their efforts to improve reliability of information and address our report findings about non-major defense acquisition programs.

The Cybersecurity Act of 2015 further reflected several of GAO's reports and recommendations. For example the Act:

- allows the sharing of information about cybersecurity threats by the federal government and industry partners, authorizes a variety of new measures for detecting, analyzing, and mitigating cybersecurity threats, and protects parties from liability when threat information is shared. The act also requires DHS to regularly update, maintain, and exercise the Cyber Incident Annex of the National Response Framework and requires a report on cybersecurity for the 10 U.S. ports determined to be at greatest risk;

- requires the development of a federal intrusion and prevention system for use by agencies and requires DHS to study the security of mobile devices used by the federal government; and

- authorizes the U.S. to consult with other countries to enhance cooperation for apprehending and prosecuting cyber criminals.

The Fixing America's Surface Transportation Act includes provisions related to several GAO reports and recommendations, such as:

- establishing the National Highway Freight Network, which identifies key urban and rural corridors, and the National Multimodal Freight Network, which will include network components from the National Highway Freight Network, rail systems, airports, shipping ports, and waterways;
- requiring the development of a national freight strategic plan and identification of key bottlenecks;
- requiring the Department of Transportation (DOT) to review its safety review program for new freight trucking operators for its effectiveness in reducing crashes, fatalities, and injuries; and
- increasing transparency of highway spending by requiring DOT to publicize the total estimated cost of all funded projects over $25 million, the amount of federal funds obligated, and other information.

The Every Student Succeeds Act incorporates several recommendations from GAO reports, including:

- eliminating 19 Department of Education-funded programs focused on teacher quality that we identified as possibly redundant; and
- giving school districts the option, rather than requiring them, to provide public school choice to students in low-performing schools.

The Grants Oversight and New Efficiency Act responds to GAO's reports on closing out grants by requiring the Director of the Office of Management and Budget to instruct agencies to report to Congress on grants whose performance period expired more than 2 years ago with undisbursed balances. The report should also describe challenges to closing out grants and explain why the 30 oldest grants have not been closed out.

Financial Benefits to the Federal Government

GAO's findings and recommendations regularly produce measurable financial benefits for the federal government. Examples include financial benefits from changing business operations and activities, restructuring federal programs, or modifying entitlements, taxes, or user fees.

In FY 2015, our work led to about $74.7 billion in financial benefits, including:

- generating net revenues exceeding $32.8 billion through the 2015 Federal Communications Commission spectrum auction we recommended in past reports;
- reducing costs by $4.9 billion annually from FYs 2015-2019, when Congress refrained from reauthorizing direct annual payments to farmers regardless of crop output or income in the Agricultural Act of 2014; and
- saving about $1.3 billion, when Congress reduced DOD's appropriations for FY 2015 after our reviews of its budget requests for the Defense Health Program and foreign currency fluctuations identified potential reductions due to both unobligated Defense Health Program balances and out-of-date foreign-exchange rates DOD used to develop its estimates.

Program and Operational Benefits due to GAO's Work

Many of the benefits resulting from our work cannot be measured in dollars, but led to program and operational improvements across the government. During FY 2015, we recorded 1,286 of these other benefits.

Examples of program and operational benefits reported in FY 2015 include:

- **Ensuring foreclosure protection for servicemembers:** In response to our findings that servicemembers were not receiving the foreclosure protections due to them under the Servicemembers Civil Relief Act, several banking regulators have begun sharing information among each other to improve oversight. This will help ensure that servicemembers receive their mortgage related benefits and help them keep their homes.
- **Improving the Transportation Security Administration's (TSA) rail security incident data:** In 2012, we identified weaknesses that hampered TSA's ability to extract information from its rail security incident data system, causing TSA to miss chances to identify

important trends or patterns. TSA has since established processes and guidance to ensure the completeness of incident data and minimize errors as well as a Surface Compliance Trend Analysis Network that provides analyses of rail security trends and potential threats. These actions will help TSA develop recommended security measures for rail agencies, as appropriate.

Testimonies

Senior GAO officials testified 109 times before 63 separate committees or subcommittees on issues that touched virtually all major federal agencies. Figure 1 shows examples of topics we testified on in FY 2015 organized by strategic goal.

Figure 1: Selected GAO FY 2015 Testimonies

Goal 1: ***Address Current and Emerging Challenges to the Well- Being and Financial Security of the American People***	
• Indian Education Management Challenges	• Managing Federal Real Property
• Rural Housing Service: Managing Loan Risks	• Improving Oversight of Motor Carrier Safety
• Railroad Retirement Board: Reducing Fraud and Improper Payments	• Public Safety Communications: Establishing a Nationwide Broadband Network
• VA Health Care: Monitoring of Antidepressant Use and Accuracy of Suicide Data	• Management Challenges Facing the National Nuclear Security Administration
• Extending Federal Funding for Children's Health Insurance	(empty cell)
Goal 2: ***Respond to Changing Security Threats and the Challenges of Global Interdependence***	
• DOD Support of Civil Authorities	• Improving Oversight of VA Contracting
• Nuclear Nonproliferation: Minimizing Reporting Delays That May Affect Trade Sanctions	• Observations on the State Department's Bureau of Counterterrorism
• Defense Acquisitions: F-35 Joint Strike Fighter Program Progress	• International Space Station: Utilization and Cost-Effectiveness
• Afghanistan: Embassy Construction Faces Cost Increases and Schedule Delays	• Addressing IT Cyber Threats and Security Breaches at Federal Agencies
• Improving Oversight of IT Acquisitions	• Enhancing National Capacity for Biosurveillance
• Strengthening Oversight for International Cash-Based Food Assistance	• Border Security: Monitoring High-Risk Travelers and Maritime Cargo

Goal 3: *Help Transform the Federal Government to Address National Challenges*	
• DATA Act Implementation Challenges	• Federal Retirement System IT Modernization
• Need to Reduce Government-wide Improper Payments	• Cybersecurity Challenges Facing Federal Systems
• Reducing Fragmentation, Overlap, and Duplication in Federal Programs	• Homeland Security Acquisitions: Gaps in Oversight and Information
• Patient Protection and Affordable Care Act Enrollment Controls	• Using Security Clearances Process to Aid Federal Tax-Debt Collection
• Improving Medicaid's Fraud Controls	• High-Risk Update: Fiscal Year 2015
• Addressing Biosafety Lapses in High Containment Laboratories	• Environmental Satellites: Addressing Potential Gaps

Source: GAO | GAO-16-409T

High-Risk Update

We issued the latest biennial list for Congress of high-risk areas in February 2015. The list focuses on government operations that are at high risk of fraud, waste, abuse, and mismanagement, or need transformation to address economy, efficiency, or effectiveness challenges (Appendix 1).

GAO's High Risk List comprises 32 high-risk areas, including two new areas we identified in 2015: Managing Risks and Improving Veterans Affairs Health Care, and Improving the Management of Information Technology Acquisitions and Operations across the government. Also, we expanded two high-risk areas due to evolving risks: (1) the tax law enforcement area now also focuses on the prevention of identity theft related to tax fraud, and (2) the risk area including the security of federal information systems and cyber critical infrastructure now also includes protecting the privacy of personally identifiable information, in recognition of ongoing personal privacy challenges.

The six broad areas of risk included in our list touch on every aspect of government operations:

- **Strengthening the Foundation for Efficiency and Effectiveness,** including managing federal oil and gas resources and modernizing the U.S. financial regulatory system and the federal role in housing finance;

- **Transforming DOD Program Management,** including financial management and support infrastructure management, along with

supply chain management, DOD weapon systems acquisitions, and business modernization and transformation;

- **Ensuring Public Safety and Security**, including mitigating gaps in weather satellite data and protecting public health through enhanced oversight of medical products and food safety;
- **Managing Federal Contracting More Effectively**, including at DOD, the National Aeronautics and Space Administration, and the Department of Energy;
- **Assessing the Efficiency and Effectiveness of Tax Law Administration**, which focuses on tax law enforcement and fraud due to identity theft; and
- **Modernizing and Safeguarding Insurance and Benefit Programs,** which includes Medicare and Medicaid, two of the government's fastest growing programs.

Solving these high-risk problems has the potential to save billions of dollars, improve service to the public, and strengthen the performance and accountability of the U.S. government.

GAO continues to monitor federal operations designated as high risk and conduct outreach with the executive branch agencies to discuss progress in these areas. In FY 2015, our high risk work resulted in 162 reports, 32 testimonies, $17 billion in financial benefits, and 435 program and operational benefits. The high-risk areas specific to DOD weapon systems acquisitions, tax law administration, and Medicaid produced the largest financial benefits.

Details on each high-risk area can be found at http://www.gao.gov/highrisk/overview. We plan to issue the next update in February 2017.

Fragmentation, Overlap, and Duplication

Our fifth report to Congress, issued in April 2015, identified federal programs, agencies, offices, and initiatives that have fragmented, overlapping, or duplicative goals or activities. Our findings, as well as recommendations, must be reported annually in response to a statutory provision. We also identified additional opportunities to achieve greater efficiency and effectiveness by means of cost savings or enhanced revenue collection.

The 2015 annual duplication report identified 66 new actions that Congress and executive branch agencies could take to improve the efficiency and effectiveness of 24 areas of government. We identified 12 new areas in which there is evidence of fragmentation, overlap, or duplication.

We suggested, for example, that Congress repeal the statutorily required U.S. Family Health Plan, a decades-old component of DOD's Military Health System, because it duplicated the efforts of DOD's managed-care support contractors by providing the same benefit to military beneficiaries.

We also identified 12 areas where opportunities existed either to reduce the cost of government operations or to enhance revenue collections. For example, we suggested that Congress update the way Medicare has paid certain cancer hospitals since 1983. This could save an estimated $500 million a year.

In addition to identifying new areas, we continued to monitor the progress Congress and executive branch agencies have made in addressing issues we previously identified. As we reported in April 2015, 76 percent of approximately 440 areas we identified in our first four reports have been addressed or partially addressed; resulting in over $20 billion in cost savings and an additional $80 billion in cost savings anticipated in future years from these actions. Congress, the press, and the public can track the status of efforts to address the issues identified on our Action Tracker located on our public website under the "Duplication and Cost Savings" collection.

Legal Work Update

In FY 2015, GAO handled more than 2,600 bid protest cases, issued almost 600 decisions on the merits, and published 9 appropriations law products, including 8 appropriations decisions and letters.

The Consolidated Appropriations Act, 2014, directed us to develop an electronic bid protest filing system, collect fees, and use them to offset the costs of that system. We have been working with the Department of Agriculture's Enterprise Application Services to develop a secure an easy-to-use web-based system. We are currently testing it and expect to become operational this year.

We are still evaluating the final fee. We continue outreach with the Congress and user groups, including small business and veterans groups, for their input on the system and the filing fee. We expect to

publish a notice of proposed rulemaking in connection with the update of the GAO's bid protest regulations this spring, which will provide an opportunity to the public and the entire bid protest community to express their views and submit comments. We also provide regular updates on our progress to the Congress.

Strategic Plan for Serving Congress

Our latest Strategic Plan: Serving the Congress and the Nation 2014-2019 (GAO-14-1SP), describes our proposed goals and strategies for supporting Congress and the nation. Our strategic plan framework (Appendix II) summarizes the global trends and the strategic goals and objectives that guide our work. The strategic plan identifies the areas of work we plan to undertake, including science and technology, weapons systems, healthcare, national and homeland security, the environment, and energy.

Achieving our strategic goals and objectives requires collaborating with intergovernmental and international organizations with similar missions. Advisory boards consisting of members of federal inspectors general, state and local audit organizations, and international government accountability and professional organizations helped us identify key trends, opportunities and challenges, and lessons learned that are factored into our planning, audit work, and operations.

In this spirit, during FY 2015 we strengthened our collaboration with domestic and international counterparts in the audit and accountability community to develop standards, share knowledge, and build audit capacity.

Managing Workload by Focusing Resources on Congressional Priorities

To manage our congressional workload, we continue to take steps to ensure our work supports the highest congressional legislative and oversight priorities while focusing on areas with the greatest potential for results, such as cost savings and improved government performance.

We actively coordinate with congressional committees in advance of new statutory mandates[2] by identifying mandates in real time as bills are

[2]Congressional mandates include requirements directed by statutes, congressional resolutions, conference reports, and committee reports.

introduced, participating in ongoing discussions with congressional staff, and collaborating to ensure that the work is properly scoped and consistent with the committee's highest priorities.

In FY 2015, we devoted 33 percent of our audit resources to congressional mandates and 62 percent to congressional requests. Our leaders regularly consult with chairs and ranking members of committees and subcommittees to hear firsthand feedback on our performance. Their priorities help ensure we maximize the return on your investment in us.

We continued to collaborate with the Congress to revise or repeal our mandated reporting requirements which have, over time, lost relevance or usefulness. Specifically, we worked with responsible committees to have seven mandates repealed or revised as part of the 2016 National Defense Authorization Act, which was signed by the President in December 2015. GAO has identified 14 additional mandated reporting requirements for revision or repeal and is working with appropriate committees to address them in the second session of the 114th Congress.

GAO's FY 2017 Budget Request

Our FY 2017 budget request seeks an appropriation increase of $36.8 million, or 6.9 percent, to strengthen our staff capacity and to make critical improvements to our IT, building, and security infrastructures. Our costs will be offset with $32.4 million in reimbursements, primarily from financial audits and rental income.

A significant proportion of our employees are currently retirement eligible. By the end of FY 2016, 42 percent of our senior executive staff and 25 percent of our supervisory analysts will be eligible. Our FY 2017 budget request therefore seeks funding to achieve an FTE level of 3,100 to help us fill critical vacancies and continue to replenish the much-needed pipeline of entry-level and experienced analysts to meet succession planning and workload challenges, while making progress toward an optimal staffing level of 3,250 FTEs.

The requested resources provide the funds necessary to ensure that we can continue to meet the highest priority needs of Congress and produce results to help the federal government deal effectively with its serious fiscal and other challenges. Table 1 provides a summary of our resources for our FY 2010 baseline and FYs 2015-2017.

Table 1: FY 2010 Baseline and FY 2015 to FY 2017 Summary of Resources (dollars in thousands)

	FY 2010 actual		FY 2015 actual		FY 2016 estimated		FY 2017 request	
Funding Source	**FTE**	**Amount**	**FTE**	**Amount**	**FTE**	**Amount**	**FTE**	**Amount**
Salaries and expenses appropriation	No data	$556,325	No data	$521,517	No data	$531,000	No data	$567,825
Non-legislative-branch appropriation	No data	21,804	No data	—	No data	–	No data	–
Reimbursements	No data	10,214	No data	5,018	No data	10,080	No data	9,000
Offsetting receipts	No data	10,892	No data	23,008	No data	23,645	No data	23,000
Bid protest user fees	No data	–	No data	–	No data	–	No data	350
Total budget authority	**3,347**	**$599,235**	**2,989**	**$549,543**	**3,005**	**$565,075**	**3,100**	**$600,175**

Source: GAO | GAO-16-409T

In hiring and developing our staff we continuously strive to be the employer of choice in the public sector. Our ranking as one of the top places to work in the federal government results from the dedicated efforts of our entire team and leadership for their commitment in continuing to make our agency one of the best places to work. Our management remains committed to work with our union (IFPTE, Local 1921), the Employee Advisory Council, and the Diversity Advisory Council to make GAO a preferred place to work.

We value our talented, diverse, and high-performing workforce. Diversity is essential in fulfilling our mission of supporting Congress and the nation. We continue to effectively address critical human capital management challenges, including preparing for retirements of key subject matter experts, senior executives, and other key leaders; fostering a performance-based and inclusive culture that motivates and retains a talented and diverse staff; and maintaining workplace and work-life practices that meet the needs of an evolving workforce in an equitable manner.

Priority Areas for Increased Staffing

We have identified areas that merit increased review and attention as additional staffing is made available, including:

- **Continued identification and reduction in improper payments:** In FYs 2014 and 2015, government-wide improper payments were $124.6 billion and $136.9 billion, respectively, up from $105 billion in

FY 2013.[3] The Medicare Fee for Service program continued to account for the largest portion of the government-wide total in FY 2015, whereas Earned Income Tax Credit and Medicaid combined, accounted for approximately a third of the government-wide total. Federal spending in Medicare and Medicaid is expected to significantly increase, so it is critical that actions are taken to reduce improper payments in these programs.

Identifying root causes of improper payments can help agencies target corrective actions, and with additional resources GAO could make more recommendations that could help reduce improper payments. Continued executive branch attention, along with congressional and GAO oversight, is needed to identify susceptible programs, develop reliable estimation methodologies, report as required, and implement effective corrective actions based on root cause analysis. Absent such efforts, the federal government cannot be assured that taxpayer funds are adequately safeguarded.

- **The tax gap:** The tax gap (the difference between what is owed and what is collected) has been a persistent problem for decades. The current estimate for the annual net tax gap is $385 billion, which is equivalent to roughly one-third of total federal discretionary spending.[4] We have identified a number of opportunities for the IRS to get better data to do the necessary comparisons and increase collections.

  Additional resources would enable us to expand our work in finding ways to further close the tax gap, thus improving the government's financial position.

- **Science and technology:** GAO provides critical oversight for the nation's huge investments in emerging energy programs, weapons

[3]An improper payment is defined by statute as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. Among other things, it includes payment to an ineligible recipient, payment for an ineligible good or service, and any duplicate payment. An improper payment also includes any payment for a good or service not received (except for such payments where authorized by law) and any payment that does not account for credit for applicable discounts. In addition, the Office of Management and Budget's guidance instructs agencies to report as improper payments any payments for which insufficient or no documentation was found.

[4]In January 2012, IRS estimated that the net tax gap was $385 billion in tax year 2006 (the most current estimate available).

systems, space program, satellite infrastructure, and other critical research and development programs across federal agencies. As the federal government invests more in science and technology, we will need to increase oversight to ensure federal spending is optimally targeted and produces desired results.

Operational Efficiencies

GAO's fiscal year 2017 IT budget includes $56.2 million – an increase of 15.3 percent over the fiscal year 2016 level. This level provides funds needed to maintain support of ongoing IT operations and critical initiatives to enhance program efficiency and protect GAO's IT assets. Our fiscal year 2017 costs remain below the fiscal year 2010 level as a result of streamlining, reduced contractor reliance, and cost reduction efforts.

In fiscal year 2017, GAO is seeking funds to continue modernizing outdated legacy tools and systems, including the:

- electronic document management system;
- content development and distribution system, New Blue;
- tools used to provide voice, data communications and collaboration capabilities to GAO staff (unified communications and collaboration); and
- data management and security for the network operations center to ensure a more robust environment to support GAO's current needs.

We believe these efforts have the potential to yield long-term benefits to GAO, the Congress, and the nation. The following are some highlights of these activities.

Modernize GAO's Electronic Document Management System. GAO operates a critical system that is used daily by all GAO staff and houses all of GAO's documents, information obtained from agencies, and data analyses that form the basis of GAO's products. While this system has been a tremendous asset to the agency, it was initially implemented in the mid-1990s. Since the existing version of GAO's records management repository is at the end-of-life, GAO must embark on an effort to replace it in order to keep pace with technological changes. This new system would allow GAO to provide common capabilities which are currently associated with such systems, such as workflow and business process management, support modern file formats, including video and files, enhance security, provide enhanced functionality, and improve staff productivity and efficiency. GAO could also integrate the enhanced document repository with GAO's enterprise-wide systems, including the new engagement content management system under development, New Blue.

In fiscal year 2016, GAO will study alternatives and begin a phased implementation in fiscal year 2017. An electronic records management system is vital to GAO's ability to manage information and meet federal records management requirements.

Content Development and Distribution System (New Blue). GAO has begun an initiative called New Blue to improve how it publishes GAO products. New Blue will modernize GAO's content development and distribution processes and its publishing systems to fully support end-to-end processing of GAO products from New Blue through distribution channels, such as GAO's web site. Once implemented, New Blue will enable time savings and improved productivity in the creation of GAO products as well as improve the efficiency of the publishing process. New Blue will provide the capability to deliver products in multiple formats, allowing greater flexibility in supporting client needs. The first phase of the project is completed and resulted in a prototype that demonstrated the system's technical capabilities. GAO is proceeding with full development of capabilities in advance of a planned pilot in fiscal year 2017.

Unified Communications and Collaboration. Enhance GAO's mobile computing by providing resources for Voice Over Internet (VoIP) capability, video conferencing (VTC), and wireless infrastructure. This effort will modernize our suite of telecommunications tools, shifting from a PBX, host-based solution to a cloud solution which will facilitate greater staff mobility and data sharing, reduce redundant implementation and maintenance costs, and standardize the infrastructure which supports voice and data usage. This effort will also allow GAO to reduce risks for continuity events, and shift communications technologies from onsite to a service model.

Network Operations Center. Since GAO consolidated and centralized its data and computing capacity in a single location, the data center requires increased 24/7 operational availability to adequately support the diverse work schedules of staff located in headquarters and GAO's 11 field locations throughout the United States. The current data center does not adequately support GAO's needs. As such, GAO needs to improve data management operations and security. In fiscal year 2016, we will assess options to upgrade the equipment supporting the center to provide a modern computing environment in fiscal year 2017, which could reduce

costs and enhance security, capacity, and availability.

Center for Audit Excellence

We established the Center for Audit Excellence with a mission to promote good governance and build institutional auditing capacity of domestic and international audit organizations by providing high-quality training, technical assistance, and related products and services on a fee basis. Potential recipients eligible for training, technical assistance, products, and services include: federal, state, local, tribal, and national audit offices in other countries.

The Center's capacity-building efforts expand on and complement GAO's long-standing collaboration with the domestic and international accountability community. To preserve the independence of our audit work and minimize the impact on our routine audit and oversight work on behalf of Congress, the center has developed controls and coordination guidance to ensure projects and activities are appropriate for the center.

Since the Center for Audit Excellence's opening in October 2015, domestic and international accountability organizations as well as some development agency donors have made inquiries regarding potential training and technical assistance services related to:

- conducting performance, financial, and other specialized audits;
- strengthening internal controls; and
- enhancing institutional capacity in areas such as strategic planning and quality assurance.

Through initial discussions with interested organizations, the center has gained a good understanding of potential project requirements and associated costs for providing fee-based services. During FY 2016, the center plans to finalize and implement several projects.

For example, in the second and third quarters of FY 2016, the center plans to provide two separate, customized trainings—one on Green Book Internal Control Standards and another on Performance Auditing—expected to reach over 650 participants from across the audit community. The center continues to implement its business plan and seek opportunities to build the capacities of state, local, federal, and international accountability partners.

Concluding Remarks

We have received a positive response from the audit community to the center's opening and are in the process of discussing several potential

projects and associated fees with domestic and international audit organizations. Fees collected for projects will be used to support center operations after receiving appropriate congressional approval for their use.

In conclusion, we value the opportunity to provide Congress and the nation with timely, insightful analysis on the challenges facing the country. GAO's FY 2017 budget request is a fiscally sound approach that will better position us to continue to support Congress and foster government accountability, address long-standing challenges, and keep a watchful eye on the nation's future.

Our budget request includes funds to increase our staffing level and provide employees with the appropriate resources and support needed to effectively serve Congress. The requested funding will also allow us to continue efforts to promote operational efficiency, and begin addressing long-deferred investments and maintenance.

This concludes my prepared statement. I appreciate, as always, your continued support and careful consideration of our budget. I look forward to discussing our FY 2017 request with you.

Appendix I: GAO's 2015 High Risk List

GAO's High-Risk List as of September 30, 2015

High-risk area	Year designated
Strengthening the Foundation for Efficiency and Effectiveness	
Improving the Management of IT Acquisitions and Operations (new)	2015
Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks	2013
Management of Federal Oil and Gas Resources	2011
Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance	2009
Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability	2009
Funding the Nation's Surface Transportation System	2007
Managing Federal Real Property	2003
Strategic Human Capital Management	2001
Transforming DOD Program Management	
DOD Approach to Business Transformation	2005
DOD Support Infrastructure Management	1997
DOD Business Systems Modernization	1995
DOD Financial Management	1995
DOD Supply Chain Management	1990
DOD Weapon Systems Acquisition	1990
Ensuring Public Safety and Security	
Mitigating Gaps in Weather Satellite Data	2013
Protecting Public Health through Enhanced Oversight of Medical Products	2009
Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals	2009
Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests	2007
Improving Federal Oversight of Food Safety	2007
Establishing Effective Mechanisms for Sharing and Managing Terrorism-related Information to Protect the Homeland	2005
Strengthening Department of Homeland Security Management Functions	2003
Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information	1997
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
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
National Flood Insurance Program	2006
Improving and Modernizing Federal Disability Programs	2003
Pension Benefit Guaranty Corporation Insurance Programs	2003
Medicaid Program	2003
Medicare Program	1990

Source: GAO | GAO-16-3SP

Appendix II: GAO's Strategic Plan Framework

MISSION

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

Trends Shaping the United States and Its Place in the World

National Security Trends	Fiscal Sustainability and Debt Challenges	Global Interdependence	Science and Technology Trends	Communications Networks and Information Technologies	Shifts in Governance and Government	Demographic and Societal Change

Goals	Objectives	
Provide Timely, Quality Service to the Congress and the Federal Government to… Address Current and Emerging Challenges to the Well-being and Financial Security of the American People related to…	▪ Health care needs ▪ Lifelong learning ▪ Challenges facing an aging population ▪ Effective system of justice ▪ Housing finance and viable communities	▪ Stable financial system and consumer protection ▪ Natural resources and the environment ▪ National infrastructure ▪ Benefits and protections for workers, families, and children
Respond to Changing Security Threats and the Challenges of Global Interdependence involving…	▪ Homeland security ▪ Military capabilities and readiness	▪ Foreign policy and international economic interests
Help Transform the Federal Government to Address National Challenges by assessing…	▪ Government's fiscal position and approaches to address current and projected fiscal gaps ▪ Federal government audit and internal control standards	▪ Major management challenges and program risks ▪ Fraud, waste, and abuse, and improvements in internal controls
Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency by focusing on…	▪ Efficiency, effectiveness, and quality ▪ Diverse workforce and inclusive work environment	▪ Networks, collaborations and partnerships ▪ Human, information, fiscal, technological, and physical resources

CORE VALUES

Accountability **Integrity** **Reliability**

Source: GAO.

GAO Strategic Plan 2014–2019

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The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

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