



Highlights of [GAO-09-271](#), a report to Congress on GAO's High-Risk Series

Why GAO Did This Report

The federal government is the world's largest and most complex entity, with about \$3 trillion in outlays in fiscal year 2008 funding a broad array of programs and operations. GAO's biennial reports on high-risk areas, done since 1990, are meant to bring focus to specific areas needing added attention. Areas are identified, in some cases, as high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement. GAO also identifies high-risk areas needing broad-based transformation to address major economy, efficiency, or effectiveness challenges. In this 2009 update for the 111th Congress, GAO presents the status of high-risk areas listed in 2007 and identifies new high-risk areas warranting attention by Congress and the executive branch. Solutions to high-risk problems offer the potential to save billions of dollars, dramatically improve service to the public, strengthen confidence and trust in the performance and accountability of the U.S. government, and ensure the ability of government to deliver on its promises.

What Remains to Be Done

This report contains GAO's views on what remains to be done to bring about lasting solutions for each high-risk area. Perseverance by the executive branch in implementing GAO's recommended solutions and continued oversight and action by Congress are both essential to achieving progress.

www.gao.gov/cgi-bin/getrpt?GAO-09-271.

To view the full product, including the scope and methodology, click on the link above. For more information, contact George H. Stalcup at (202) 512-9490 or stalcupg@gao.gov.

HIGH-RISK SERIES

An Update

What GAO Found

In January 2007, GAO detailed 27 high-risk areas and, in March 2008, added a 28th—planning for the 2010 Census. In the last 2 years, progress has been made in most of the 27 areas, although the extent varies. Overall, federal departments and agencies, as well as Congress, have shown a continuing commitment to addressing high-risk challenges, including taking steps to help correct several of the problems' root causes. In particular, the Office of Management and Budget has led an initiative to work with agencies to develop corrective action plans for high-risk areas. GAO has determined that sufficient progress has been made to remove the high-risk designation from one area: the Federal Aviation Administration's (FAA) air traffic control modernization. Since 2007, FAA has continued to make progress in addressing the root causes of its past problems and has committed to sustaining this progress in the future. Continued attention from the executive branch and Congress is needed to make additional progress in other areas.

This year, GAO is designating three new high-risk areas:

Modernizing the Outdated U.S. Financial Regulatory System. As a result of significant market developments that, in recent decades, have outpaced a fragmented and outdated regulatory structure, significant reforms to the U.S. regulatory system are critically and urgently needed. The current regulatory approach has significant weaknesses that if not addressed will continue to expose the U.S. financial system to serious risks. Determining how to create and implement a regulatory system that reflects new market realities is a key step to reducing the likelihood that our nation will experience another financial crisis similar to the current one.

Protecting Public Health through Enhanced Oversight of Medical Products. Concerns have been expressed about FDA's ongoing ability to fulfill its mission of ensuring the safety and efficacy of drugs, biologics, and medical devices. GAO's work examining a variety of issues at FDA echoes the conclusions reached by others that the agency is facing significant challenges that compromise its ability to protect Americans from unsafe and ineffective products. FDA needs to, among other things, improve the data it uses to manage the foreign drug inspection program, conduct more inspections of foreign establishments, systematically prioritize and track promotional materials for review, and adopt management tools to ensure that drug sponsors comply with regulations on the presentation of clinical trial results.

Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals. EPA does not have sufficient chemical assessment information to determine whether it should establish controls to limit public exposure to many chemicals that may pose substantial health risks. Actions are needed to streamline and increase the transparency of the Integrated Risk Information System and to enhance EPA's ability under the Toxic Substances Control Act to obtain health and safety information from the chemical industry.

GAO's 2009 High-Risk List

Addressing Challenges In Broad-Based Transformations

- Modernizing the Outdated U.S. Financial Regulatory System^a **(New)**
- Protecting Public Health through Enhanced Oversight of Medical Products **(New)**
- Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals^a **(New)**
- 2010 Census **(New in March 2008)**
- Strategic Human Capital Management^a
- Managing Federal Real Property^a
- Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures
- Implementing and Transforming the Department of Homeland Security
- Establishing Effective Mechanisms for Sharing Terrorism-Related Information to Protect the Homeland
- DOD Approach to Business Transformation^a
 - Business Systems Modernization
 - Personnel Security Clearance Program
 - Support Infrastructure Management
 - Financial Management
 - Supply Chain Management
 - Weapon Systems Acquisition
- Funding the Nation's Surface Transportation System^a
- Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests^a
- Revamping Federal Oversight of Food Safety^a

Managing Federal Contracting More Effectively

- DOD Contract Management
- DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management
- NASA Acquisition Management
- Management of Interagency Contracting

Assessing the Efficiency and Effectiveness of Tax Law Administration

- Enforcement of Tax Laws^a
- IRS Business Systems Modernization

Modernizing and Safeguarding Insurance and Benefit Programs

- Improving and Modernizing Federal Disability Programs^a
- Pension Benefit Guaranty Corporation Insurance Programs^a
- Medicare Program^a
- Medicaid Program^a
- National Flood Insurance Program^a

Source: GAO.

^aLegislation is likely to be necessary, as a supplement to actions by the executive branch, in order to effectively address this high-risk area.