Testimony
Before the Subcommittee on the
Legislative Branch, Committee on
Appropriations, U.S. Senate

FISCAL YEAR 2017
BUDGET REQUEST

U.S. Government Accountability Office

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

For Release on Delivery
Expected at 3:00 p.m. EST
Tuesday, March 8, 2016
Highlights of GAO-16-409T, a testimony before the Subcommittee on the Legislative Branch, Committee on Appropriations, U. S. Senate

March 2016

FISCAL YEAR 2017 BUDGET REQUEST

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.

For more information, contact Gene L. Dodaro at (202) 512-5500 or dodarog@gao.gov.
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.

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.

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 acquisition information and address GAO 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, and also requires 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 incorporated several recommendations from GAO reports, including eliminating 19 Department of Education-funded programs focused on teacher quality that GAO had identified as possibly redundant. It also gave 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.

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.

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.
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
- Rural Housing Service: Managing Loan Risks
- Railroad Retirement Board: Reducing Fraud and Improper Payments
- VA Health Care: Monitoring of Antidepressant Use and Accuracy of Suicide Data
- Need to Reduce Government-wide Improper Payments
- Cybersecurity Challenges Facing Federal Systems
- Homeland Security Acquisitions: Gaps in Oversight and Information

#### Goal 2: Respond to Changing Security Threats and the Challenges of Global Interdependence

- DOD Support of Civil Authorities
- Nuclear Nonproliferation: Minimizing Reporting Delays That May Affect Trade Sanctions
- Defense Acquisitions: F-35 Joint Strike Fighter Program Progress
- Afghanistan: Embassy Construction Faces Cost Increases and Schedule Delays
- Improving Oversight of IT Acquisitions
- Strengthening Oversight for International Cash-Based Food Assistance
- Enhancing National Capacity for Biosurveillance
- 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
- Reducing Fragmentation, Overlap, and Duplication in Federal Programs
- Management Challenges Facing the National Nuclear Security Administration
- Public Safety Communications: Establishing a Nationwide Broadband Network
- International Space Station: Utilization and Cost-Effectiveness
- Afghanistan: Embassy Construction Faces Cost Increases and Schedule Delays
- Improving Oversight of VA Contracting
- Observations on the State Department’s Bureau of Counterterrorism
- International Space Station: Utilization and Cost-Effectiveness
- Enhancing National Capacity for Biosurveillance
- Border Security: Monitoring High-Risk Travelers and Maritime Cargo
### Goal 3: Help Transform the Federal Government to Address National Challenges

- 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](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 and 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.
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.

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 by identifying mandates in real time as bills are 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

---

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

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>
<thead>
<tr>
<th>Funding Source</th>
<th>FY 2010 actual FTE</th>
<th>FY 2010 actual Amount</th>
<th>FY 2015 actual FTE</th>
<th>FY 2015 actual Amount</th>
<th>FY 2016 estimated FTE</th>
<th>FY 2016 estimated Amount</th>
<th>FY 2017 request FTE</th>
<th>FY 2017 request Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and expenses</td>
<td>$556,325</td>
<td>$556,325</td>
<td></td>
<td>$521,517</td>
<td>$531,000</td>
<td>$567,825</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: FY 2010 Baseline and FY 2015 to FY 2017 Summary of Resources (dollars in thousands)
### 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 2010.
FY 2013. 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. 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.

---

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).
• **Science and technology**: GAO provides critical oversight for the nation’s huge investments in emerging energy programs, weapons 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.

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

<table>
<thead>
<tr>
<th>High-risk area</th>
<th>Year designated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengthening the Foundation for Efficiency and Effectiveness</strong></td>
<td></td>
</tr>
<tr>
<td>Improving the Management of IT Acquisitions and Operations (new)</td>
<td>2015</td>
</tr>
<tr>
<td>Limiting the Federal Government’s Fiscal Exposure by Better Managing Climate Change Risks</td>
<td>2013</td>
</tr>
<tr>
<td>Management of Federal Oil and Gas Resources</td>
<td>2011</td>
</tr>
<tr>
<td>Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance</td>
<td>2009</td>
</tr>
<tr>
<td>Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability</td>
<td>2009</td>
</tr>
<tr>
<td>Funding the Nation’s Surface Transportation System</td>
<td>2007</td>
</tr>
<tr>
<td>Managing Federal Real Property</td>
<td>2003</td>
</tr>
<tr>
<td>Strategic Human Capital Management</td>
<td>2001</td>
</tr>
<tr>
<td><strong>Transforming DOD Program Management</strong></td>
<td></td>
</tr>
<tr>
<td>DOD Approach to Business Transformation</td>
<td>2005</td>
</tr>
<tr>
<td>DOD Support Infrastructure Management</td>
<td>1997</td>
</tr>
<tr>
<td>DOD Business Systems Modernization</td>
<td>1995</td>
</tr>
<tr>
<td>DOD Financial Management</td>
<td>1995</td>
</tr>
<tr>
<td>DOD Supply Chain Management</td>
<td>1990</td>
</tr>
<tr>
<td>DOD Weapon Systems Acquisition</td>
<td>1990</td>
</tr>
<tr>
<td><strong>Ensuring Public Safety and Security</strong></td>
<td></td>
</tr>
<tr>
<td>Mitigating Gaps in Weather Satellite Data</td>
<td>2013</td>
</tr>
<tr>
<td>Protecting Public Health through Enhanced Oversight of Medical Products</td>
<td>2009</td>
</tr>
<tr>
<td>Transforming EPA’s Processes for Assessing and Controlling Toxic Chemicals</td>
<td>2009</td>
</tr>
<tr>
<td>Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests</td>
<td>2007</td>
</tr>
<tr>
<td>Improving Federal Oversight of Food Safety</td>
<td>2007</td>
</tr>
<tr>
<td>Establishing Effective Mechanisms for Sharing and Managing Terrorism-related Information to Protect the Homeland</td>
<td>2005</td>
</tr>
<tr>
<td>Strengthening Department of Homeland Security Management Functions</td>
<td>2003</td>
</tr>
<tr>
<td><strong>Managing Federal Contracting More Effectively</strong></td>
<td></td>
</tr>
<tr>
<td>DOD Contract Management</td>
<td>1992</td>
</tr>
<tr>
<td>DOE’s Contract Management for the National Nuclear Security Administration and Office of Environmental Management</td>
<td>1990</td>
</tr>
<tr>
<td>NASA Acquisition Management</td>
<td>1990</td>
</tr>
<tr>
<td><strong>Assessing the Efficiency and Effectiveness of Tax Law Administration</strong></td>
<td></td>
</tr>
<tr>
<td>Enforcement of Tax Laws</td>
<td>1990</td>
</tr>
<tr>
<td><strong>Modernizing and Safeguarding Insurance and Benefit Programs</strong></td>
<td></td>
</tr>
<tr>
<td>Managing Risks and Improving VA Health Care (new)</td>
<td>2015</td>
</tr>
<tr>
<td>National Flood Insurance Program</td>
<td>2006</td>
</tr>
<tr>
<td>Improving and Modernizing Federal Disability Programs</td>
<td>2003</td>
</tr>
<tr>
<td>Pension Benefit Guaranty Corporation Insurance Programs</td>
<td>2003</td>
</tr>
<tr>
<td>Medicaid Program</td>
<td>2003</td>
</tr>
<tr>
<td>Medicare Program</td>
<td>1990</td>
</tr>
</tbody>
</table>

Source: GAO | GAO-16-409T
### 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

<table>
<thead>
<tr>
<th>National Security Trends</th>
<th>Fiscal Sustainability and Debt Challenges</th>
<th>Global Interdependence</th>
<th>Science and Technology Trends</th>
<th>Communications Networks and Information Technologies</th>
<th>Shifts in Governance and Government</th>
<th>Demographic and Societal Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide Timely, Quality Service to the Congress and the Federal Government to…</td>
<td>Address Current and Emerging Challenges to the Well-being and Financial Security of the American People related to…</td>
<td>Respond to Changing Security Threats and the Challenges of Global Interdependence involving…</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Health care needs
- Lifelong learning
- Challenges facing an aging population
- Effective system of justice
- Housing finance and viable communities
- Homeland security
- Military capabilities and readiness
- Foreign policy and international economic interests
- 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
- Efficiency, effectiveness, and quality
- Diverse workforce and inclusive work environment
- Networks, collaborations and partnerships
- Human, information, fiscal, technological, and physical resources

#### CORE VALUES

<table>
<thead>
<tr>
<th>Accountability</th>
<th>Integrity</th>
<th>Reliability</th>
</tr>
</thead>
</table>

Source: GAO.

GAO Strategic Plan 2014-2019
GAO's Mission

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.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (http://www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to http://www.gao.gov and select “E-mail Updates.”

Order by Phone

The price of each GAO publication reflects GAO’s actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO’s website, http://www.gao.gov/ordering.htm.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on Facebook, Flickr, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts and read The Watchblog. Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:
Website: http://www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548