Anticipating and Meeting Accountability Challenges in 2014 and Beyond

Association of Government Accountants
Washington, D.C.
February 11, 2014

Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Overview

• GAO’s Strategic Plan
• Key trends
• Related GAO work
• International Coordination
# Strategic Planning Framework

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

- Threats Confronting U.S. National Security Interests
- Fiscal Sustainability and Debt Challenges
- Changing Dynamics of Global Interdependence and Multilateral Cooperation
- Science and Technology Trends
- Advances in Communications Networks and Information Technologies
- Shifting Roles in Governance and Government
- Demographic and Societal Changes
Trend 1: Threats Confronting U.S. National Security Interests

- Continuing regional and political instability (Middle East, Africa, South Asia)
- Potential for further proliferation of nuclear, biological, and chemical weapons
- Evolving and growing threats in cyberspace
- Climate-related risks
- Growing fiscal pressures on national security agencies
- Shifting dynamics in Asia
Trend 1: Threats Confronting U.S. National Security Interests

Selected Current U.S. Overseas Presence and Plans in the Asia-Pacific Region

- **South Korea**: Currently about 28,500 U.S. forces
- **Japan**: Currently about 51,200 U.S. forces
- **Guam**: Currently about 6,000 U.S. forces
- **The Philippines**: Increased expansion of rotational U.S. forces under discussion
- **Singapore**: Plans to increase rotational U.S. presence
- **Australia**: Plans to increase rotational U.S. presence to around 1,100 U.S. forces

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

Related GAO work

• Examining the implementation of U.S. programs to strengthen counterterrorism capacity in the Middle East and Africa.

• Reviewing U.S. transition from a military to civilian-led presence in Afghanistan, including oversight of grants and contracts.

• Analyzing initiatives to adapt and modify U.S. overseas presence and programs in Asia and other parts of the world.

• Reviewing U.S. efforts and programs to secure and stabilize regions in conflict and the extent to which such efforts are coordinated among federal agencies.

• Assessing the government’s efforts to ensure the safety and security of diplomatic facilities and personnel.

• Reviewing the government’s efforts to identify and act on credible threats to homeland and border security.
Trend 1: Threats Confronting U.S. National Security Interests

Related GAO work

• Reviewing efforts to secure radioactive and nuclear material.
• Evaluating efforts to ensure the reliability, security, and affordability of energy supply infrastructure.
• Analyzing the funding and costs of military operations and programs given the fiscal pressures facing the nation.
• Evaluating the implications of climate-related risks for U.S. national security agencies and their plans and programs to address these implications.
Trend 2: Fiscal Sustainability and Debt Challenges

Deficits and Debt Held by the Public Under CBO’s May 2013 Baseline

- **Billions of dollars**
  - Debt held by the public
- **Percentage of GDP**
  - Debt held by the public

Deficits

- 2012: 1000
- 2013: 1500
- 2014: 2000
- 2015: 2500
- 2016: 3000
- 2017: 3500
- 2018: 4000
- 2019: 4500
- 2020: 5000
- 2021: 5500
- 2022: 6000
- 2023: 6500

Debt held by the public

- 2012: 5000
- 2013: 6000
- 2014: 7000
- 2015: 8000
- 2016: 9000
- 2017: 10000
- 2018: 11000
- 2019: 12000
- 2020: 13000
- 2021: 14000
- 2022: 15000
- 2023: 16000
Trend 2: Fiscal Sustainability and Debt Challenges

Debt Held by the Public under Two Fiscal Policy Simulations

Percentage of GDP

Baseline Extended

Alternative

Historical high = 109 percent in 1946

Fiscal year

Baseline Extended

Alternative

Source: GAO.
Trend 2: Fiscal Sustainability and Debt Challenges

Revenues and Composition of Spending in the Alternative Simulation

Source: GAO.
Trend 2: Fiscal Sustainability and Debt Challenges

State and Local Governments Face Increasing Fiscal Challenges

Note: Historical data are from BEA’s National Income and Product Accounts. Data in 2012 are GAO estimates aligned with published data where available. GAO simulations are from 2013 to 2060, using many CBO projections and assumptions, particularly for the next 10 years.
Trend 2: Fiscal Sustainability and Debt Challenges

Related GAO work

- Performing long-term fiscal simulations and analyzing the drivers of the fiscal position of federal and state and local sectors, including tax policy, health, disability & retirement programs.
- Analyzing federal debt & debt management, including the debt limit.
- Improving the quality of financial and cost information.
- Identifying and recommending solutions to reduce the risk of waste, fraud, and abuse and improper payments.
- Identifying opportunities to reduce or eliminate fragmentation, overlap, and duplication in government programs and activities.
- Identifying specific opportunities to reduce the tax gap.
- Monitoring and evaluating GPRA program effectiveness.
Trend 3: The Changing Dynamics of Global Interdependence & Multilateral Cooperation

Five Year Economic Growth Forecast for Select Countries

Source: GAO analysis of Economist Intelligence Unit data.
Trend 3: The Changing Dynamics of Global Interdependence & Multilateral Cooperation

Forecast of Current Account Balances, 2013-2018

Source: International Monetary Fund, Word Economic Outlook Database, October 2013.
Trend 3: The Changing Dynamics of Global Interdependence & Multilateral Cooperation

Related GAO work

- Examining the implementation, progress, and efficacy of national & international financial regulatory reforms and efforts to create a more stable financial system, including work examining systemically important financial institutions.

- Evaluating threats to exploit vulnerabilities across the global financial system, including tax evasion, corruption, fraud, cyber attacks on financial institutions, and money laundering.

- Analyzing the effectiveness of U.S. government programs designed to protect critical technologies.

- Assessing efforts to preserve U.S. economic and national security interests as the global supplier base widens.

- Evaluating efforts to ensure a safe food supply and medical products.
Trend 3: The Changing Dynamics of Global Interdependence & Multilateral Cooperation

Related GAO work

• Evaluating the effectiveness of federal programs to prevent, prepare for, and respond to **public health emergencies**.

• Evaluate U.S. government media programs to improve the **U.S. image abroad**.

• Assessing U.S. **export promotion** programs and other **trade-related jobs** creation activities.

• Analyzing **energy** market regulation, competition, and information.

• Evaluating U.S. efforts to address **unfair trade practices** and monitor and enforce the labor and environment provisions of recent international trade agreements.

• Assessing federal efforts to provide development and **humanitarian assistance**, including those to enhance international **food security**.
Trend 4: Advances in Science and Technology

• Emerging technologies:
  • Nanotechnology & manufacturing
  • 3-D printing
  • Synthetic biology
  • Unmanned aircraft systems
• Energy and natural resources nexus
• Science, technology, engineering and mathematics education
Trend 4: Advances in Science and Technology

Titanium Prosthetic Hand Produced Via 3-D Printing

Source: Aalto University
Trend 4: Advances in Science and Technology

- Emerging technologies:
  - Nanotechnology & manufacturing
  - 3-D printing
  - Synthetic biology
  - Unmanned aircraft systems
- Energy and natural resources nexus
- Science, technology, engineering and mathematics education
Trend 4: Advances in Science and Technology

Related GAO work

• Performing studies and technology assessments of S&T issues, such as nanomanufacturing, next generation nuclear reactors, freshwater conservation, national and homeland defense systems, and additive manufacturing.

• Enhancing the security and privacy of computer systems and networks supporting federal operations and critical infrastructures.

• Assessing the government’s planning, implementation, and use of information technology, including health IT.

• Improving transparency and governance of major IT projects.

• Assessing the management and results of the federal investment in science and technology and the effectiveness of efforts to protect intellectual property.
Trend 5: Communications Networks and Information Technology

Growth in data created, replicated, or consumed in the United States

Exabytes

Trend 5: Communications Networks and Information Technology

Related GAO work

• Assessing federal efforts to promote affordable access to broadband Internet services.

• Reviewing the management of government and interconnected public-safety networks.

• Assessing DHS’s efforts to enhance the resiliency of critical national assets, networks, and systems.

• Reducing duplicative and inefficient legacy IT spending through data center consolidation and portfolio management.

• Evaluating the management of telecommunications products and services purchased government-wide.
Trend 6: Shifting Roles in Government and Governance

United States Federalism in Practice

50 States
Many state and quasi-governmental agencies

Federal
14 executive departments & ~200 agencies & sub-agencies

Many Local
3031 counties
19,519 municipalities
16,360 townships
12,880 school districts
38,266 special districts¹

Nonprofit Sector
Approximately 33,000 human service NPs with federal contracts

For-profit Sector
Federal and state/local contractors

In 2012, there were 90,056 local governments in the United States.

¹ Examples of special districts include mosquito abatement districts, utility districts, water and sewer districts, transit authorities, etc.
Trend 6: Shifting Roles in Government and Governance

Federal Outlays for Grants to State and Local Governments and Medicaid (2011 Constant Dollars)

Dollars in billions

Fiscal year

Source: GAO analysis of OMB data.
Trend 6: Shifting Roles in Government and Governance

Related GAO work

• Focusing on major areas that are at high-risk, including the U.S. Postal Service’s financial condition, funding the nation’s surface transportation system, and mitigating gaps in weather satellite data.

• Identifying ways to improve federal acquisition of goods & services, such as through strategic sourcing and enhanced competition.

• Analyzing the extent to which agencies understand and manage risks associated with their large dependence on contractor-provided services.

• Assessing the government’s strategy for developing and maintaining a properly-sized workforce and closing mission-critical skills gaps.
Trend 6: Shifting Roles in Government and Governance

Related GAO work

• Reviewing government’s ability to manage for results, including whether agencies have a cross-cutting “whole of government” perspective.

• Evaluating federal agency collaboration: across federal agencies, across levels of government, and across sectors.

• Assessing government’s capacity to respond to governance challenges, including integration of risk management and risk identification into strategic and program planning.
Trend 7: Demographic and Societal Changes Confronting Young and Old

Large Numbers of Baby Boomers Eligible to Retire in Next 5 Years

Average number of people turning 65 each day (in thousands)

Source: GAO analysis of U.S. Census Bureau data.
Trend 7: Demographic and Societal Changes Confronting Young and Old

Mean Household Incomes, by Quintiles and Top 5 Percent

Average annual income (in 2011 dollars)

Trend 7: Demographic and Societal Changes
Confronting Young and Old

Related GAO work

• Supporting health care financing and reform efforts through analyses of Medicare, Medicaid, and other health programs.

• Evaluating efforts to implement the Patient Protection and Affordable Care Act.

• Assess the policy and administrative challenges to providing Social Security and other benefits for older adults in retirement.

• Identify ways to improve programs that facilitate job opportunities and skills for workers, including veterans.

• Assess policy and administrative challenges to improving school readiness and K-12 education, and greater access, affordability, and completion of postsecondary education.

• Evaluating efforts to assist communities with combating crime and to manage a growing federal prison population.
INTOSAI-Donor Cooperation

• Addresses need to augment and strengthen support to Supreme Audit Institutions (SAIs) in developing countries
• MOU signed in 2009 by INTOSAI and 15 Donors\(^1\); another six have since signed on
• Major efforts include
  • Supporting implementation of International Standards
  • Matching SAIs with appropriate donor support through a coordinating database and global calls for support
  • Developing Performance Measures for SAIs

\(^1\)African Development Bank, Austria, Belgium, Canada, European Commission, Inter-American Development Bank, International Monetary Fund, Ireland, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States, World Bank and Asian Development Bank, Australia, France, GAVI Alliance, The Global Fund, Islamic Development Bank
International Coordination

- INTOSAI Working Group on Financial Modernization and Regulatory Reform
  - Transformation from the former Task Force on the Global Financial Crisis
  - 25 countries formed 3 subgroups to
    - Develop audit tools to evaluate financial reforms on a national level
    - Establish information sharing mechanisms between INTOSAI and international organizations
    - Assess information on reforms at national and international levels and identify gaps
On the Web

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

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