



UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

# *Auditing and Advising in a Time of Transition*

**17<sup>th</sup> Biennial Forum of Government Auditors**

**Philadelphia, PA**

**May 21, 2008**

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**Acting Comptroller General of the  
United States**



# Presentation Overview

- Upcoming transitions and GAO's role
- Common challenges confronting federal, state, and local governments
- Implications of global developments

# Upcoming Transitions

- The first time since 1952 that there is neither an incumbent President nor Vice President running
- Only the second major transition in the last 16 years; the first in a post 9/11 environment
- Eleven states and two territories holding gubernatorial elections

# Presidential Transition Act

- Enacted in 1964 for an orderly transfer of executive power
- Provides for federal funding and disclosures
- Recognizes GAO as important resource

# GAO's Evolving Strategy to Serve the Congress and the Nation

- Continue identifying major risks, 21<sup>st</sup> century challenges, and opportunities
- Press forward on key management reforms
- Sustain attention on the nation's long-term fiscal imbalance

# GAO's Role in Transition Efforts

- Update the high-risk list, which covers four areas:
  - broad-based transformations
  - federal contracting
  - tax law administration
  - insurance and benefit programs

# GAO's Role in the Transition (cont'd)

- Outreach to new members and their staff
- Develop transition websites and materials:
  - salient points from key GAO products
  - agency-specific program and management issues
  - crosscutting/government-wide issues
  - open recommendations

# GAO's Role in the Transition (cont'd)

- Reviewing agencies' plans, with a particular focus on homeland security
- Monitoring the presidential transition to capture and highlight lessons learned and possible future revisions to the Presidential Transition Act



# Common Challenges

In light of transitions, federal, state, and local governments will need to maintain focus on:

- emergency preparedness & homeland defense
- critical infrastructure systems
- 2010 Census

# Emergency Preparedness and Homeland Defense

- Role of the “new” FEMA
- Gaps in NORTHCOM collaboration
- National Guard and Reserve readiness
- Public health systems and pandemic planning

# The New FEMA

- FEMA given the lead to prepare for and respond to major disasters, including catastrophic disasters and terrorist incidents
- FEMA, rather than the Red Cross, designated as the lead for mass care and shelter
- FEMA to build robust partnerships with states, local governments, and nonprofit/private organizations

# The New FEMA (cont'd)

FEMA has enhanced its responsibilities for coordinating the activities of voluntary organizations:

- established a national council and 10 regional advisory councils
- created regional planning positions to facilitate coordinated federal, state, and local emergency preparedness plans

However, GAO has found that FEMA does not currently have a sufficient number of specialized staff to meet this responsibility

# Gaps in NORTHCOM's Collaboration

- NORTHCOM officials minimally involved the states in developing homeland defense and civil support plans
- NORTHCOM officials were unfamiliar with state emergency response plans
- Existing agreement between NORTHCOM and National Guard Bureau does not clearly define roles and responsibilities

# National Guard and Reserve Readiness

- Balancing Guard's work on overseas missions with efforts related to domestic catastrophe
- Improving planning efforts to identify the Guard's requirements for responding to large-scale, multi-state civil support missions
- Using alternative funding sources for the Guard's civil support role

# Public Health System and Pandemic Planning

In consideration of a mass casualty event or public health crisis:

- Assessing states' preparation for a medical surge and efforts to clarify the role of first responders (ongoing)
- Enhancing the tools of state audit offices to evaluate pandemic planning at the local level (e.g., partnership efforts of the Domestic Working Group)

# Critical Infrastructure Systems

- Power distribution
- Water supply
- Telecommunications
- National defense
- Emergency services

All rely on computerized information and electronic data



# Critical Infrastructure Systems (cont'd)

## Protecting

- Improving physical security
- Guarding sensitive information (cyber CIP)

## Financing

- Recognizing that traditional sources of funds may be insufficient
- Exploring alternative financing mechanisms

# The 2010 Census

Long-standing deficiencies and emerging challenges with the 2010 Census include:

- shortcomings in managing information technology
- uncertainty of cost estimates
- the elimination of several dress rehearsal activities

# Examples of Relevant CG Forums on Cross-cutting Domestic Issues

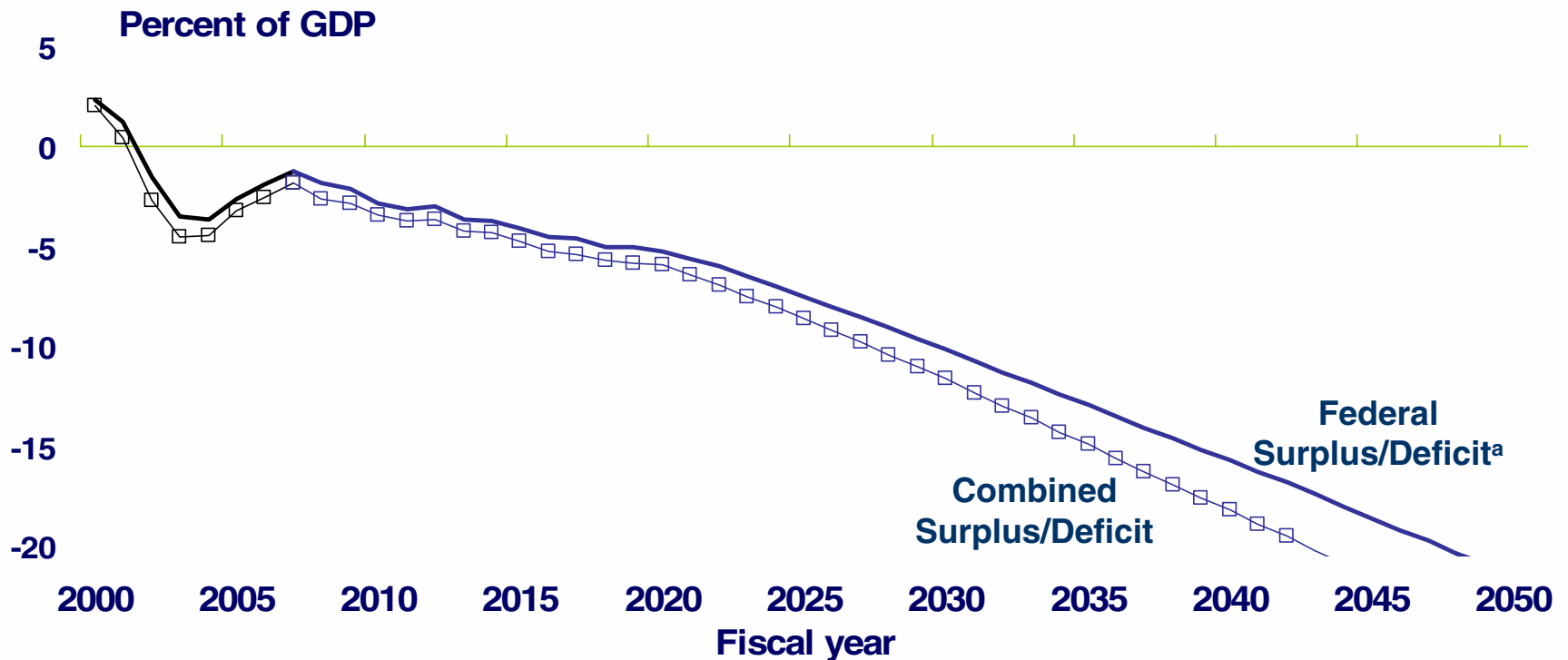
## Recent Forums

- Counter-terrorism
- Homeland security risk management
- Natural resources and environmental sustainability
- Transportation policy
- Future of health care
- Global competitiveness & higher education

## Upcoming Forums

- Investing in children and families
- Building a strong human capital base in the government accountability community

# State and Local Fiscal Challenges Add to the Nation's Fiscal Difficulties



Source: GAO's April 2008 analysis.

<sup>a</sup>Under GAO's Alternative simulation.

# Implications of Global Developments

- Food and drug safety
- Food and energy supply
- Debt finance and financial markets

# Food and Drug Safety

- Federal oversight of food safety added to GAO's high risk list in 2007
- Global food and drug supply issues critical
  - Weaknesses in FDA's inspections of foreign drug and foreign medical device manufacturers
  - accidental contamination of FDA-regulated food products

# Food and Energy Supply

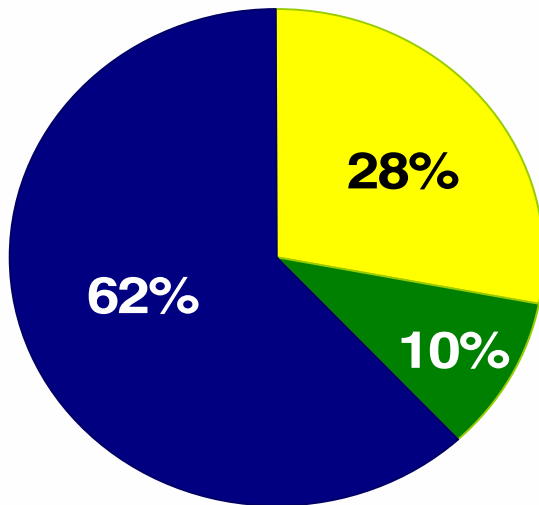
## Ongoing work:

- Threats to food security and World Food Summit improvement efforts
- Foreign countries' responses to food borne illnesses
- Global Nuclear Energy Partnership

# Foreign Ownership Share of Federal Debt Held by the Public Has Increased

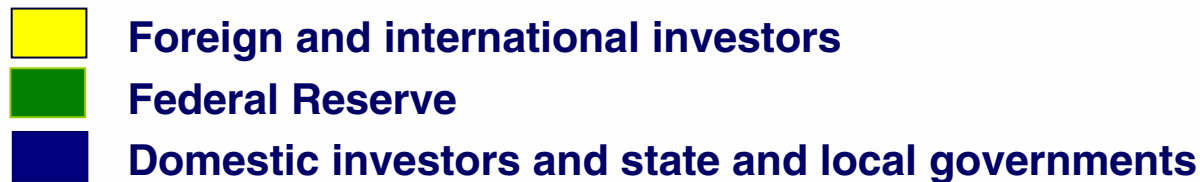
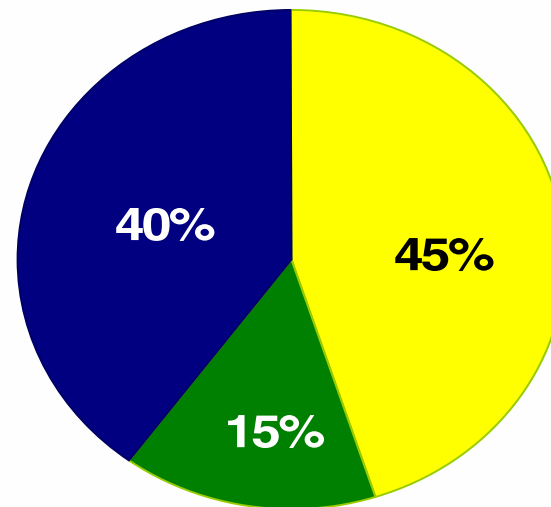
## FY 1996

Total Debt Held by the Public: \$3.73 trillion



## FY 2007

Total Debt Held by the Public: \$5.04 trillion



Source: Department of the Treasury.

Note: Totals and percent increases may not add due to rounding



# Debt Finance and Financial Markets

## Ongoing work:

- Implications of sovereign wealth funds
- Poor country debt relief
- U.S. financial regulatory structure



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