



Highlights of [GAO-03-119](#), a report to Congress on GAO's High-Risk Series

Why Area Is High Risk

GAO's audits and evaluations identify federal programs and operations that are high risk, in some cases, due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement. Increasingly, we also are identifying high-risk areas to focus on major economy, efficiency, or effectiveness challenges.

Since 1990, GAO has periodically reported on government operations that it has designated as high risk. In this 2003 update for the new 108th Congress, GAO presents the status of high-risk areas included in our last report made in January 2001 and identifies new high-risk areas warranting attention by the Congress and the administration.

Lasting solutions to high-risk problems offer the potential to save billions of dollars, dramatically improve service to the American public, strengthen public confidence and trust in the performance and accountability of our national 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 done for each high-risk area to bring about lasting solutions. Perseverance by the administration in implementing GAO's recommended solutions and continued oversight by the Congress both will be important.

www.gao.gov/cgi-bin/getrpt?GAO-03-119.

To view the full report, 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 2001, GAO identified 23 high-risk areas. Since then, demonstrable progress has been made in virtually all of them. Federal departments and agencies, and the Congress as well, have shown a growing commitment to addressing management challenges and have taken new steps to correct the root causes of the problems. In two areas, the Supplemental Security Income program and the asset forfeiture programs managed by the Departments of Justice and the Treasury, GAO has determined that sufficient progress has been made to remove the high-risk designation.

GAO has increasingly used the high-risk designation to draw attention to the challenges faced by government programs and operations in need of broad-based transformation. For example, in 2001, GAO designated as high risk strategic human capital management across government and the U.S. Postal Service's transformation and fiscal outlook. Since then, the President has made human capital a top initiative of his Management Agenda, while the Congress enacted key governmentwide human capital reforms as it created the Department of Homeland Security (DHS). In addition, a promising Postal Service transformation plan has been produced and the President formed a commission to focus on Postal Service transformation.

With these positive results in mind, for 2003, GAO has designated three additional areas as high risk based on challenges involving broad-based transformation and/or the need for legislative solutions. The first new high-risk area is implementing and transforming DHS, which is high risk because of the sheer size of the undertaking, the fact that DHS's proposed components already face a wide array of existing challenges, and the prospect of serious consequences for the nation should DHS fail to adequately address its management challenges and program risks. A related homeland security challenge will be to protect information systems supporting the federal government as well as the nation's critical infrastructures; information security has been a high-risk area since 1997 and has been expanded this year to include both of these concerns. The second new high-risk area involves federal disability programs, primarily those at the Social Security Administration and the Department of Veterans Affairs. Already growing, disability programs are poised to surge as baby-boomers age, yet the programs remain mired in outdated economic, workforce, and medical concepts and are not well-positioned to provide meaningful and timely support to disabled Americans. The third new high-risk area involves federal real property, based on long-standing problems such as excess and underutilized property and deteriorating facilities, as well as increased security challenges from the threat of terrorism.

As appropriate, GAO also continues to identify more traditional high-risk areas. For example, this year's fourth new high-risk area involves the Medicaid program, in part because of growing concerns about inadequate fiscal oversight to prevent inappropriate program spending.

GAO's 2003 High-Risk List

GAO's 2003 high-risk list is shown in the following table. Information on each of these areas is presented in separate highlights pages included at the end of this report. These highlights pages show the names of GAO executives to contact for more information on the high-risk areas and Internet links to reports in the accompanying GAO series, *Performance and Accountability Series: Major Management Challenges and Program Risks*, where the high-risk areas are also discussed.

	Year designated high-risk
2003 high-risk areas	
Addressing Challenges In Broad-based Transformations	
• Strategic Human Capital Management ^a	2001
• U.S. Postal Service Transformation Efforts and Long-Term Outlook ^a	2001
• Protecting Information Systems Supporting the Federal Government and the Nation's Critical Infrastructures	1997
• Implementing and Transforming the New Department of Homeland Security	2003
• Modernizing Federal Disability Programs ^a	2003
• Federal Real Property ^a	2003
Ensuring Major Technology Investments Improve Services	
• FAA Air Traffic Control Modernization	1995
• IRS Business Systems Modernization	1995
• DOD Systems Modernization	1995
Providing Basic Financial Accountability	
• DOD Financial Management	1995
• Forest Service Financial Management	1999
• FAA Financial Management	1999
• IRS Financial Management	1995
Reducing Inordinate Program Management Risks	
• Medicare Program ^a	1990
• Medicaid Program ^a	2003
• Earned Income Credit Noncompliance	1995
• Collection of Unpaid Taxes	1990
• DOD Support Infrastructure Management	1997
• DOD Inventory Management	1990
• HUD Single-Family Mortgage Insurance and Rental Assistance Programs	1994
• Student Financial Aid Programs	1990
Managing Large Procurement Operations More Efficiently	
• DOD Weapon Systems Acquisition	1990
• DOD Contract Management	1992
• Department of Energy Contract Management	1990
• NASA Contract Management	1990

Source: GAO.

^aAdditional authorizing legislation is likely to be required as one element of addressing this high-risk area.