



Highlights

Highlights of [GAO-06-497T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

GAO audits and evaluations identify federal programs and operations that in some cases are high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement. Increasingly, GAO also has identified high-risk areas that are in need of broad-based transformations to address major economy, efficiency, or effectiveness challenges. Since 1990 with each new Congress, GAO has reported on its high-risk list. GAO's most recent update, in January 2005, presented the 109th Congress with the latest status of existing and new high-risk areas warranting attention by both 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 GAO Recommends

GAO has made hundreds of recommendations related to areas it has designated as high risk. Perseverance by the administration in implementing GAO's recommended solutions and continued oversight and action by the Congress are essential.

www.gao.gov/cgi-bin/getrpt?GAO-06-497T.

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

GAO'S HIGH-RISK PROGRAM

What GAO Found

Our January 2005 high-risk update summarized progress to date in addressing high-risk problems, corrective actions under way, and additional actions needed. As part of that update, the high-risk designation was removed for three areas and four new areas were added to the high-risk list.

This administration has looked to our high-risk program on various initiatives such as the President's Management Agenda. Also, federal departments and agencies have shown a continuing commitment to addressing the root causes associated with high-risk challenges. Since GAO's last update, OMB has worked with agencies in getting action plans, with specific goals and milestones, in place for individual high-risk areas. This initiative offers potential for noteworthy progress, but implementing and sustaining the effort will be key to success. The Congress, too, continues to play an important role through its oversight and, where appropriate, legislative action targeted at the problems within high-risk areas. More than 60 hearings involving high-risk areas have taken place since our last update.

Today, GAO is designating a new high-risk area: the National Flood Insurance Program. The program, due to the unprecedented magnitude and severity of floods resulting from hurricanes in 2005, has incurred recent losses. These losses—estimated at \$23 billion, more than the total claims paid in the history of the program—illustrate the risk associated with the federal government's exposure for claims coverage in catastrophic loss years.

This statement also addresses several ongoing high-risk issues:

- DOD cannot ensure that the more than \$200 billion it spends annually is used wisely and results in weapon systems and capabilities delivered to the warfighter as originally promised, or that its business practices, such as the fees paid to its contractors, promote good acquisition outcomes.
- The Postal Service has made significant progress in addressing some challenges related to its transformation efforts and long-term outlook but continues to face significant challenges, such as declining First-Class Mail volumes and an unsustainable business model, that threaten its financial viability.
- Although DHS has made some progress in the department's transformation and implementation, it continues to face significant challenges in several key areas, such as strategic planning, information sharing, disaster management and partnering with others.
- Terminations of large underfunded pension plans have created a \$23 billion deficit for PBGC's Single Employer Insurance Program and additional claims seem likely in the near future; legislation is pending to address various aspects of these problems.