Topics of Discussion

- Fiscal Health

- Consolidated Financial Statements

- Duplication & Cost Savings

- Fraud Estimate

- COVID Lessons Learned

- Yellow Book Update

- Green Book Exposure Draft

Fiscal Health

Debt Held by the Public Projected to Grow Faster Than GDP

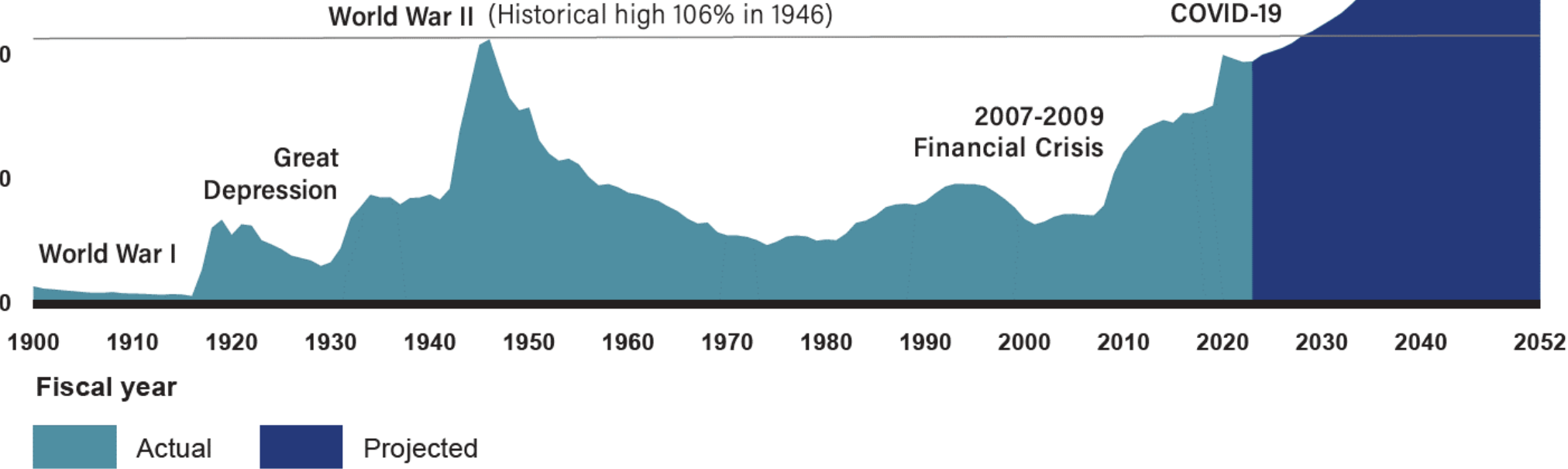Percentage of gross domestic product

World War II (Historical high 106% in 1946)

COVID-19

2007-2009 Financial Crisis

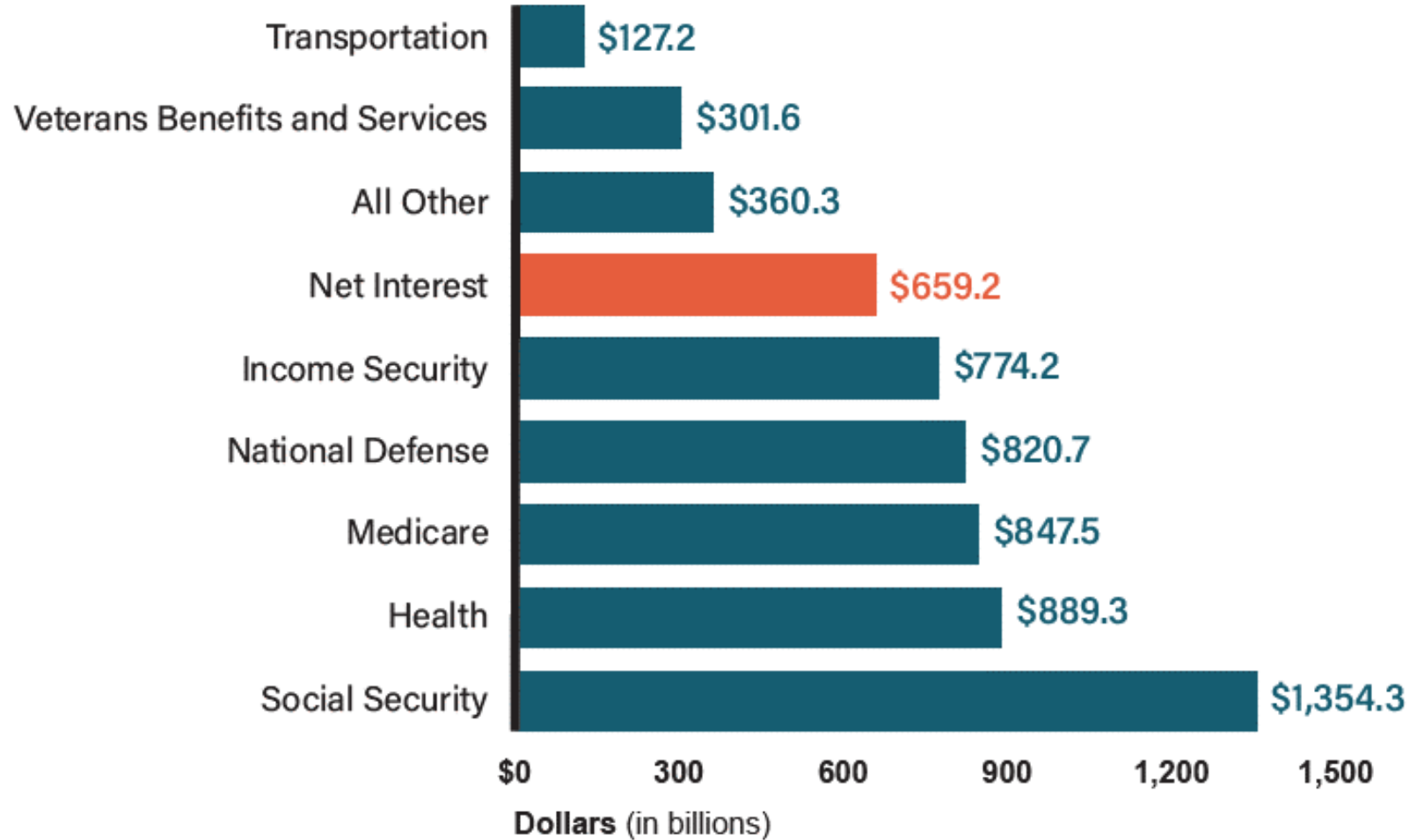Great Depression

World War I

Fiscal year

Actual   Projected

Source: Congressional Budget Office data and GAO simulation. | GAO-24-106987

Federal Spending Categories in FY 2023, billions of dollars

Source: GAO analysis of Department of the Treasury information. | GAO-24-106987

Note: These spending categories are reported by the Department of the Treasury as budget classifications. Income Security includes retirement, disability, unemployment, welfare, and similar programs (excluding Social Security and veterans retirement). The Health category includes Medicaid and all other medical services provided to individuals and families, other than Medicare. For our purposes, the "all other" spending category includes all other budget classifications not otherwise listed.

Annual Net Increase Spending as Share of GDP

Percentage of gross domestic product

ACTUAL — PROJECTED

Historical high 3.2% in 1991

Fiscal year

Source: Congressional Budget Office data and GAO simulation. | GAO-24-106987
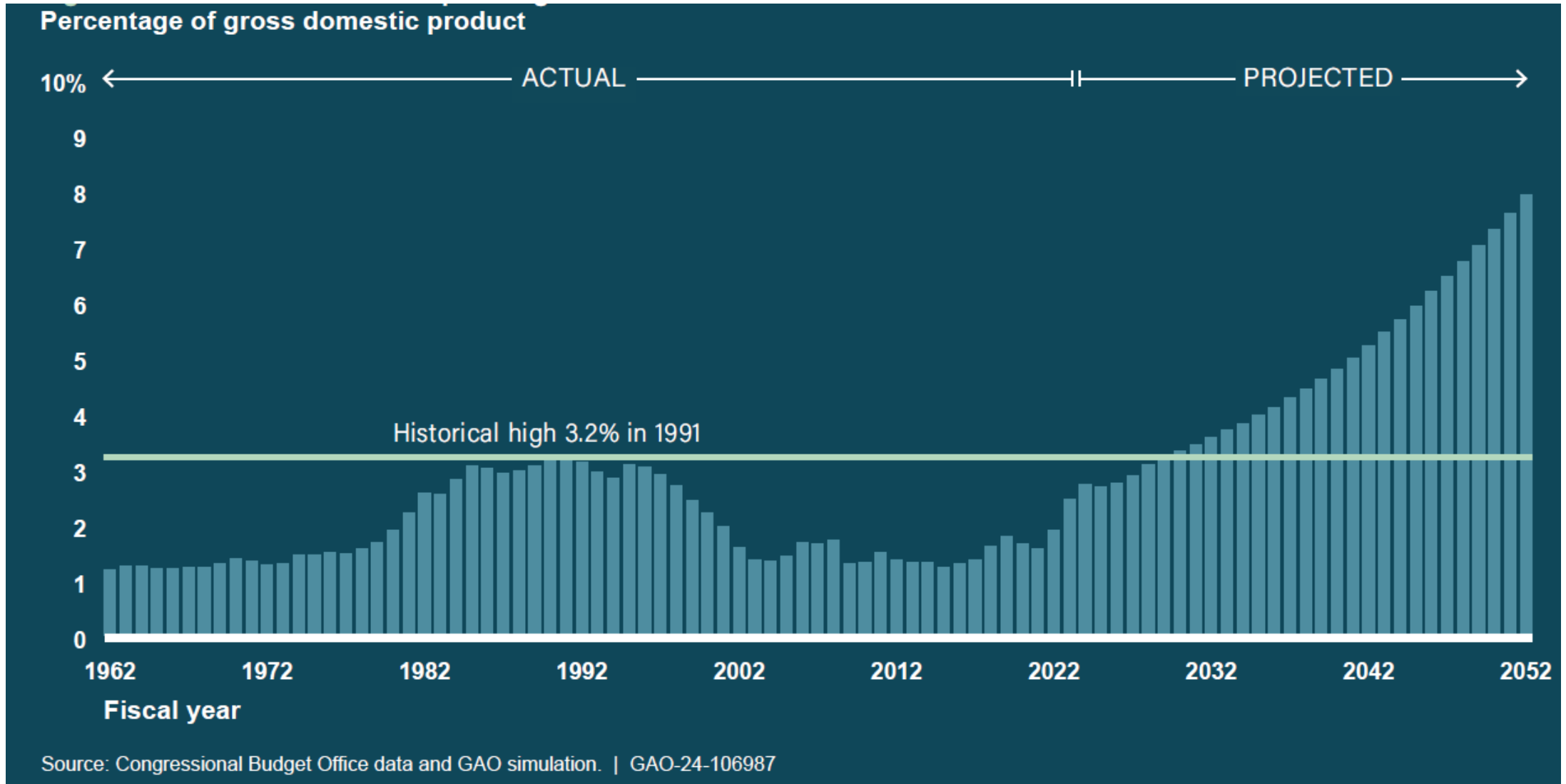
Medicare and Social Security Trust Funds: Reserves Depleting

Percentage of asset reserves to program cost

ACTUAL : PROJECTED

When asset reserves reach zero, the trust fund is depleted.

Calendar year

2031
Medicare Hospital Insurance Trust Fund depleted. Revenues sufficient to pay about 89 percent of scheduled benefits after depletion.

2033
Social Security Old-Age and Survivors Insurance Trust Fund depleted. Revenues sufficient to pay about 77 percent of scheduled benefits after depletion.

Potential Elements of a Long-term Fiscal Plan

|				
1 Establish fiscal rules and targets	2 Consider alternative approaches to the current debt limit	3 Review all spending and revenue policies	4 Address financing gaps for Medicare and Social Security	5 Pursue other opportunities to improve fiscal responsibility

Source: GAO analysis and illustrations. | GAO-24-106987

Consolidated Financial Statements Audit

FY 2023 Net Costs of U.S. Government Operations: $7.9 trillion
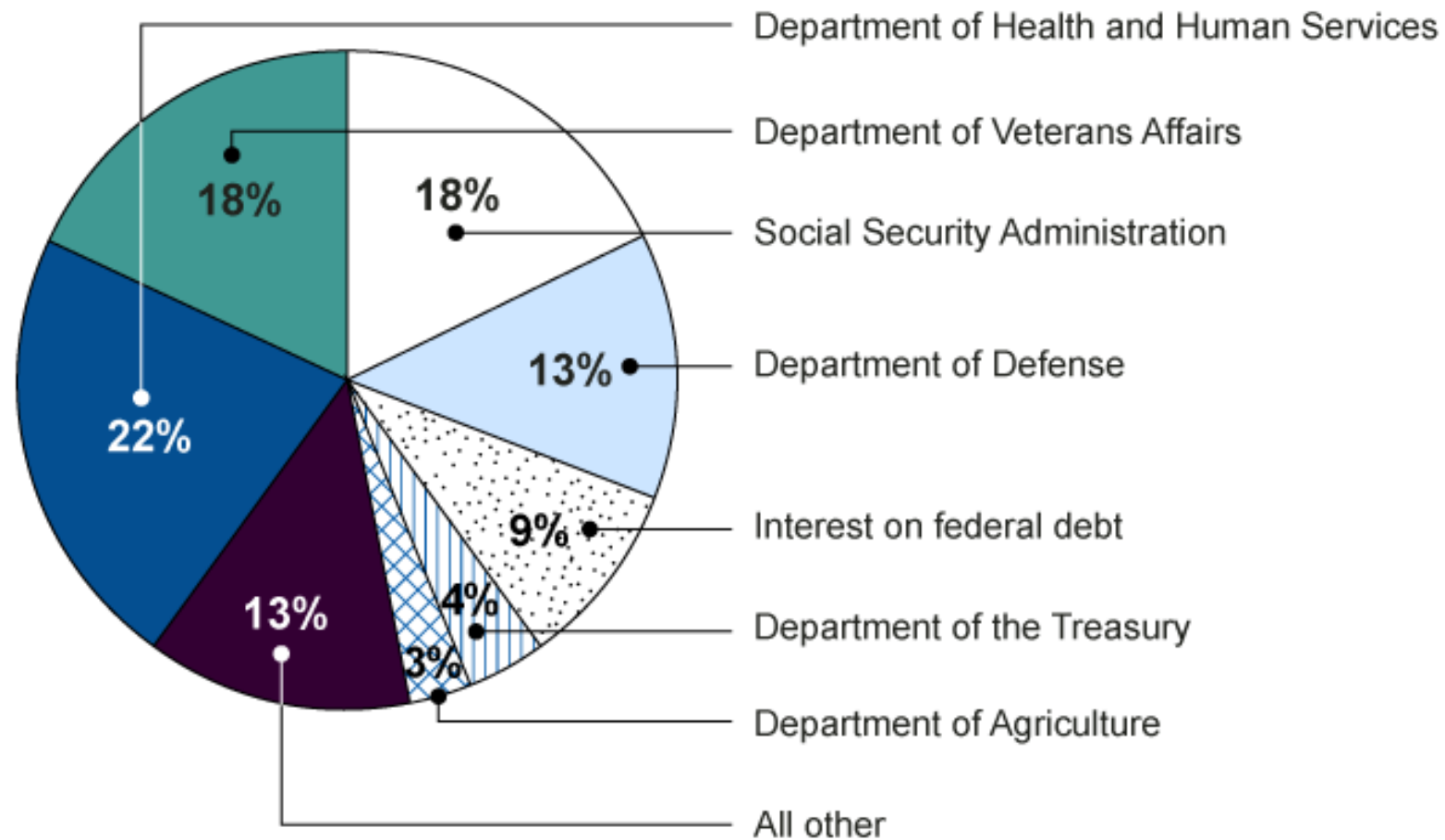
Source: GAO analysis of data provided by Treasury.

FY 2023 CFO Act Agency Audit Results

Unmodified Opinion (19)

- Department of Commerce
- Department of Energy
- Department of Health and Human Services[1]
- Department of Homeland Security
- Department of Housing & Urban Development
- Department of the Interior
- Department of Justice
- Department of State
- Department of Transportation
- Department of the Treasury

- Department of Veterans Affairs
- Agency for International Development
- Environmental Protection Agency
- General Services Administration
- National Aeronautics and Space Administration
- National Science Foundation
- Nuclear Regulatory Commission
- Office of Personnel Management
- Social Security Administration

Modified Opinion (5)

Disclaimers of Opinion (3)

- Department of Defense
- Department of Education
- Small Business Administration

Qualified Opinion (2)

- Department of Agriculture
- Department of Labor

[1] Disclaimer of opinion on the Statement of Social Insurance and Statement of Changes in Social Insurance Amounts
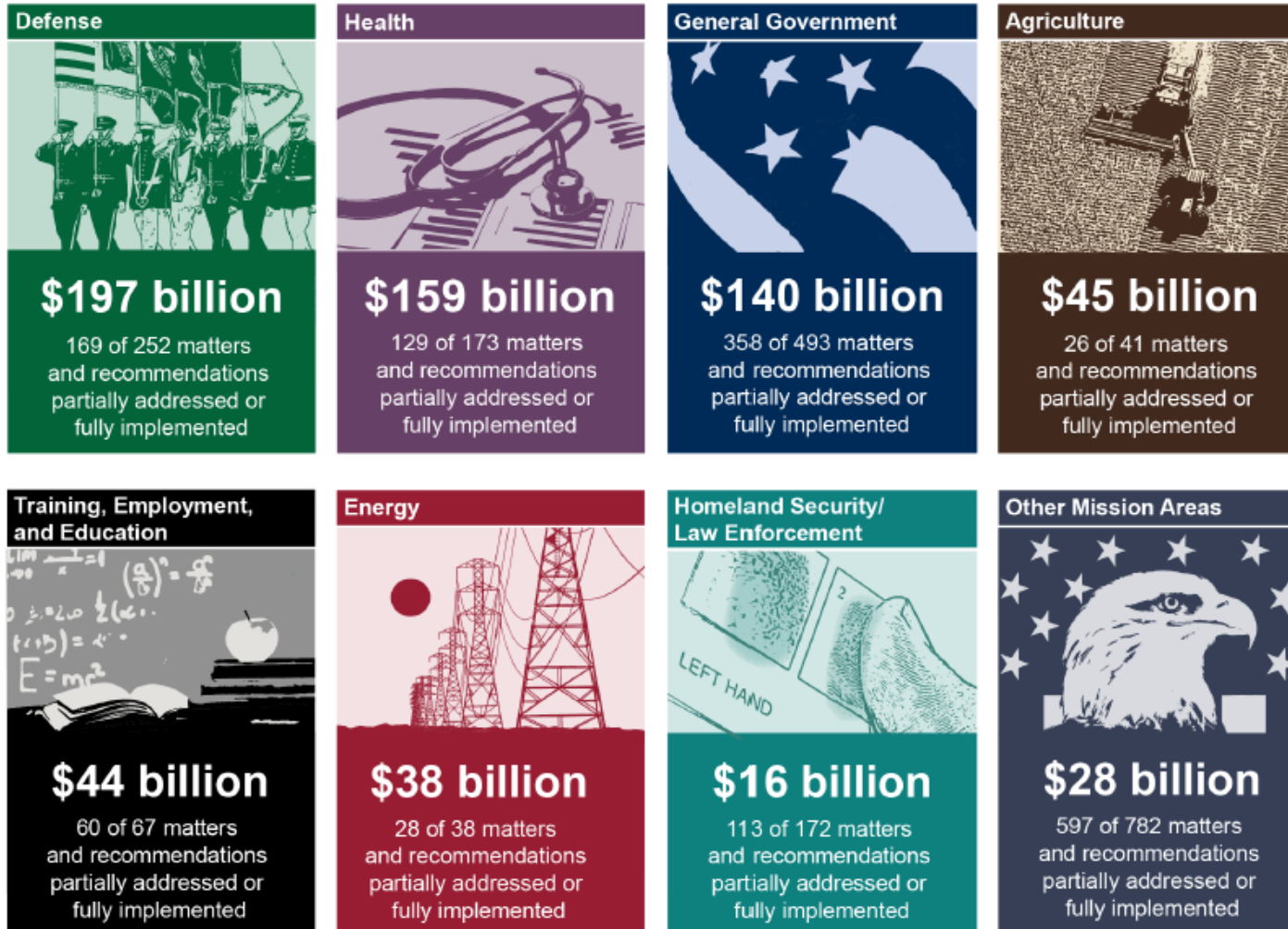
Other Material Weaknesses

- Inability to determine the full extent to which **improper payments** occur and to take actions to reduce them
  - The fiscal year 2023 government-wide total of reported improper payment estimates was $236 billion

- Inability to identify and resolve **information system control deficiencies** and to manage **information security risks** on an ongoing basis
  - 13 of the 24 CFO Act agencies reported material weaknesses or significant deficiencies in information system controls

Duplication and Cost Savings

Summary of 14 Years of Benefits Achieved by Mission

Defense
$197 billion
169 of 252 matters and recommendations partially addressed or fully implemented

Health
$159 billion
129 of 173 matters and recommendations partially addressed or fully implemented

General Government
$140 billion
358 of 493 matters and recommendations partially addressed or fully implemented

Agriculture
$45 billion
26 of 41 matters and recommendations partially addressed or fully implemented

Training, Employment, and Education
$44 billion
60 of 67 matters and recommendations partially addressed or fully implemented

Energy
$38 billion
28 of 38 matters and recommendations partially addressed or fully implemented

Homeland Security/Law Enforcement
$16 billion
113 of 172 matters and recommendations partially addressed or fully implemented

Other Mission Areas
$28 billion
597 of 782 matters and recommendations partially addressed or fully implemented

$667.5 billion in total financial benefits identified in GAO's Duplication and Cost Savings annual reports from 2011-2024

Source: GAO, (images clockwise top left) Department of Defense, ronstik/stock.adobe.com, USDA, Marcus Horn/stock.adobe.com, PhotoDisc, ©Corbis, and Cherries/stock.adobe.com. | GAO-24-106915

Overlap, Duplication, Fragmentation

Examples of new topic areas:

- Tsunami Alerts

- Wildlife Disease Surveillance

- Cyber Threats to Critical Infrastructure

- Blockchain in Finance

- Safeguarding Federally Funded Research from Foreign Threats

- Efforts to Combat Child Trafficking

- Risks from Wildfire Smoke

GAO's Leading Interagency Collaboration Practices

Define Common Outcomes

Clarify Roles and Responsibilities

Ensure Accountability

Include Relevant Participants

Bridge Organizational Cultures

Leverage Resources and Information

Identify and Sustain Leadership

Develop and Update Written Guidance and Agreements

Examples of Open Topic Areas and Potential Financial Benefits

Area	Potential financial benefits (Source of estimate)
*Medicare Payments by Place of Service	**$141 billion over 10 years** (Congressional Budget Office)
COVID Employer Tax Relief	**Tens of billions of dollars over 2 years** (GAO analysis of IRS data)
*Public-Safety Broadband Network	**$15 billion over 15 years[a]** (GAO analysis of the FirstNet Contract)
Student Loan Income-Driven Repayment Plans	**More than $2 billion over 10 years** (Congressional Budget Office)
*DOE's Treatment of Hanford's Low-Activity Waste	**Billions of dollars over 11 years** (GAO analysis of DOE data)

Source: GAO. | GAO-24-106915

* = Legislation is likely to be necessary to fully address all matters or recommendations in this topic area.

[a] If FirstNet sunsets, it is unclear what will happen to the remaining $15 billion in scheduled annual payments, which FirstNet currently has authority to collect and reinvest.

Note: Potential financial benefits shown in this table represent estimates of amounts GAO or others believe could accrue if steps are taken to implement the actions described. The estimates are dependent on various factors, such as whether action is taken and how it is taken. Realized financial benefits may be less, depending on costs associated with implementing the action, unintended consequences, and the effect of controlling for other factors. The individual estimates in this table should be compared with caution, as they come from a variety of sources, which consider different time periods and use different data sources, assumptions, and methodologies.

Fraud Estimate

# Categories of Fraud-Related Data Used in GAO's Estimate

GAO's Federal Fraud Estimate: $233 billion to $521 billion in losses annually

	Adjudicated fraud	Detected potential fraud — Potential fraud is detected by the federal government but is not adjudicated as fraud.[a]			Undetected potential fraud
		Stage 3	Stage 2	Stage 1	
	Court or other adjudicative body determines facts and guilt or liability for fraud.	Department of Justice and agencies initiate adjudicatory proceedings, but guilt or liability for fraud has not yet been formally determined.	Investigative agencies conduct full investigations, but the federal government has not decided to take judicial or administrative actions to remedy.	Potential fraud is detected by the federal government but has not been accepted for full investigation.[b]	Potential fraud exists but has not been detected by the federal government.
Office of Inspector General (OIG) investigative information	●	●	●	●	
OIG semiannual reports	●	●	●	●	Data on adjudicated fraud and detected potential fraud used to simulate undetected potential fraud data
Office of Management and Budget confirmed fraud	●	○	○	○	
Fraud studies	●	●	●	●	●

● Source used for cross-government fraud estimate   ○ Source not available for cross-government fraud estimate

Sources: GAO (information); GAO and Icons-Studio/stock.adobe.com (icons). | GAO-24-105833

# Confirmed Fraud, as Reported by OMB for FY2018-FY2022
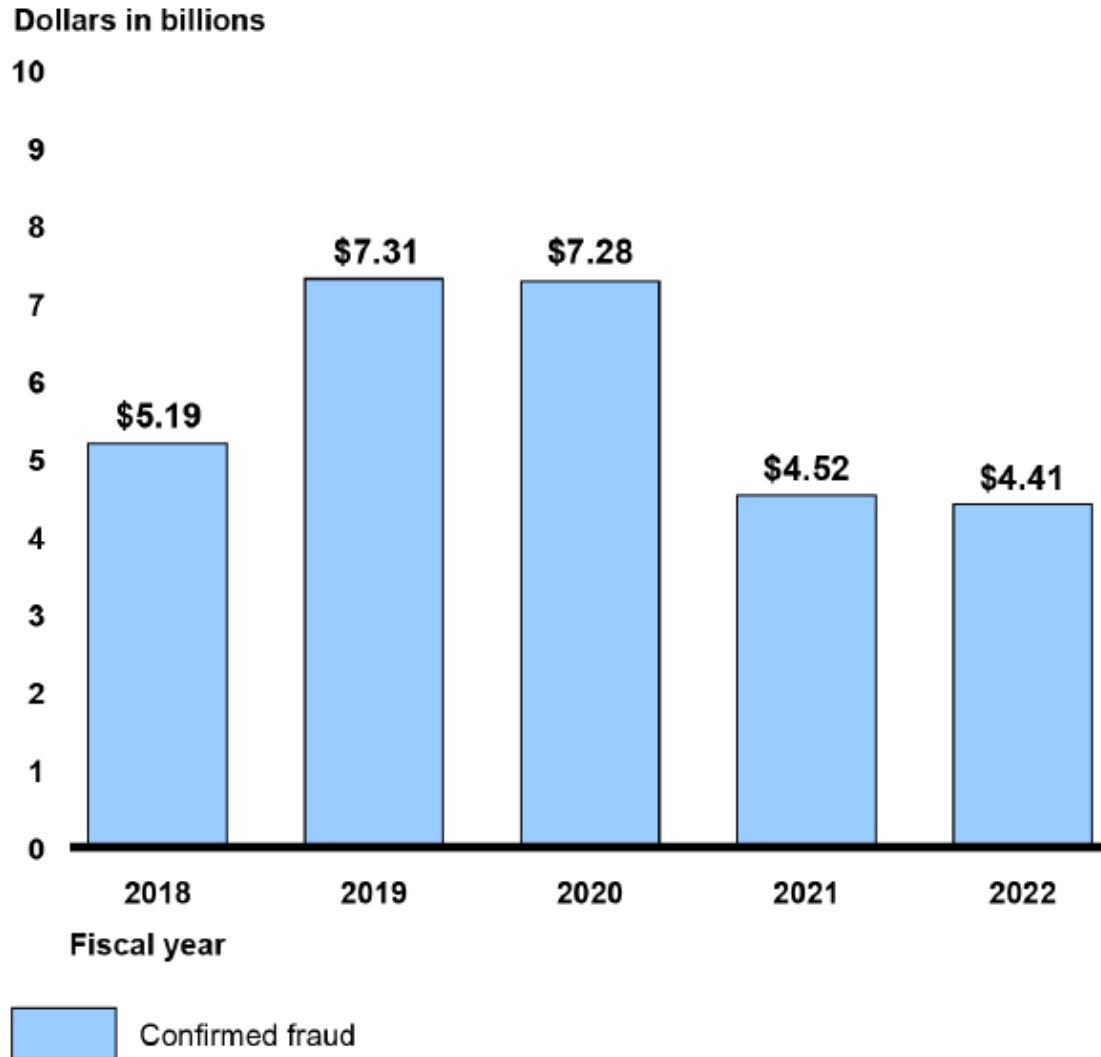
Source: GAO analysis of Office of Management and Budget data from Paymentaccuracy.gov. | GAO-24-105833

Key Recommendations on Fraud Estimation

- OMB should develop guidance on the collection of OIG and executive agency data to support fraud estimation
  - Identify and establish consistent data elements
  - Include timeline and milestones
  - Leverage existing data and processes, as appropriate

- Treasury should establish an effort to evaluate and identify methods to expand government-wide fraud estimation to support fraud risk management
  - Prioritize high-risk areas initially
  - Respond to changes in data availability and quality
  - Leverage data, such as in the Do Not Pay program

How Fraud Estimates Can Improve Fraud Risk Management
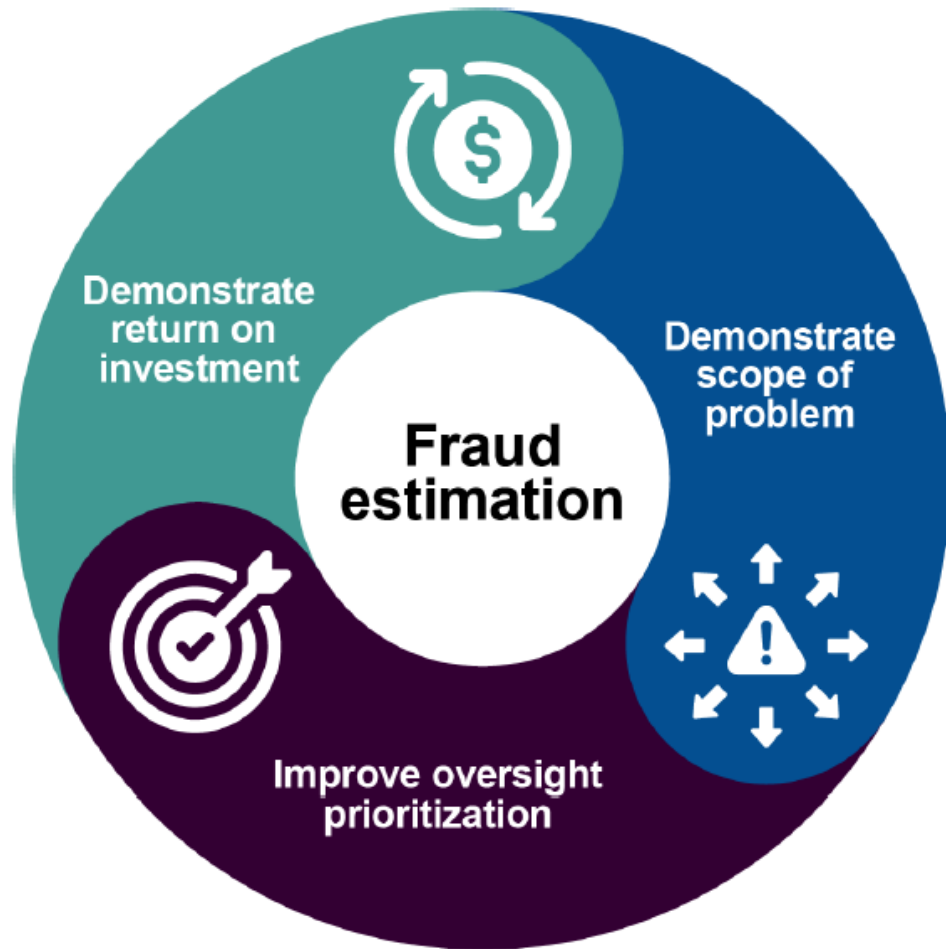
Demonstrate scope of problem
Fraud estimates provide information on the extent of fraud that is needed to effectively detect and prevent wrongdoing. By not understanding the scope of the problem, some may assume that a problem does not exist and, thus, not direct resources to stop fraud from occurring.

Improve oversight prioritization
Fraud estimates could help prioritize oversight resources. Reliably determining the extent of fraud – both frequency and impacts – in all federal programs could help Congress and agency officials prioritize fraud prevention and detection resources.

Demonstrate return on investment
Fraud estimates can help demonstrate the return on investment of fraud risk management activities and, thus, help obtain additional funding for oversight of programs with the most need.

Sources: GAO analysis; GAO and Icons-Studio/stock.adobe.com (icons). | GAO-24-105833

Covid Lessons Learned

GAO's Pandemic Work

12
Comprehensive Reports

200+
Standalone Products

428
Recommendations to 26 Federal Agencies

198
Of 428 Recommendations Fully Addressed

24
Matters for Congressional Consideration

GAO's Pandemic Work

Six laws provided about $4.65 trillion in funding to help the nation respond to and recover from the COVID-19 pandemic.

2021
- American Rescue Plan Act of 2021
- Consolidated Appropriations Act, 2021 *Divisions M and N*

2020
- Paycheck Protection Program and Health Care Enhancement Act
- CARES Act
- Families First Coronavirus Response Act
- Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020

Source: GAO. | GAO-24-107175

Note: The COVID-19 relief laws consist of the six laws providing comprehensive relief across federal agencies and programs that the Department of the Treasury uses to record and track COVID-19 relief spending, in accordance with guidance issued by the Office of Management and Budget.

Major Spending Areas Under COVID-19 Relief Funding, as of April 30, 2024

Major spending area (dollars in billions)	COVID-19 relief funding	Total obligations	Total expenditures
Economic Impact Payments (Department of the Treasury)	859.8	859.3	859.3
Business Loan Programs (Small Business Administration)	830.0	828.1	828.0[a]
Unemployment Insurance (Department of Labor)	697.9	697.5	689.0
Coronavirus State and Local Fiscal Recovery Funds (SLFRF) (Department of the Treasury)	350.0	349.9	349.9[b]
Public Health and Social Services Emergency Fund (Department of Health and Human Services)	337.3	332.6	298.6
Education Stabilization Fund (Department of Education)	277.3	277.3	236.0
Coronavirus Relief Fund (Department of the Treasury)	150.0	149.9	149.8
Supplemental Nutrition Assistance Programs (Department of Agriculture)	121.0	98.4	102.3[c]
U.S. Coronavirus Refundable Credits (Department of the Treasury)	98.8	92.2	92.2
Other areas (includes over 300 accounts)[d]	927.7	883.4	803.9
Total[e]	**4,649.9**	**4,568.5**	**4,408.9**

Largest Unexpired Unobligated Balances Under COVID-19 Relief Funding, as of April 30, 2024

Spending areas (dollars in billions)	Unexpired unobligated balance
Pension Benefit Guaranty Corporation Fund[a] (Pension Benefit Guaranty Corporation)	23.8
U.S. Coronavirus Refundable Credits (Department of the Treasury)	6.8
Public Health and Social Services Emergency Fund (Department of Health and Human Services)	4.7
Disaster Relief Fund[b] (Federal Emergency Management Agency)	4.1
Tenant-Based Rental Assistance (Dept. of Housing and Urban Development)	2.7
Emergency Connectivity Fund for Educational Connections and Devices (Federal Communications Commission)	1.7
State Small Business Credit Initiative (Department of the Treasury)	0.9
Centers for Disease Control and Prevention-Wide Activities and Program Support (Department of Health and Human Services)	0.8
Other areas (includes over 250 accounts)	6.9
Total[d]	**52.4**

Source: GAO analysis of data from the Department of the Treasury and applicable agencies. | Amounts shown in columns may not sum to the totals because of rounding. See GAO-24-107175 for additional table notes.

High Risk Areas Related to the Pandemic

HHS LEADERSHIP AND COORDINATION OF PUBLIC HEALTH EMERGENCIES

Source: frizio/stock.adobe.com. | GAO-23-106203

HHS should develop a coordinated, department-wide action program that encourages collaboration within HHS and includes external stakeholders involved with the public health response to identify and resolve challenges.

High Risk Areas Related to the Pandemic

Source: Mr Doomits/stock.adobe.com. | GAO-23-106203

DOL should develop and implement an antifraud strategy for Unemployment Insurance programs that is consistent with leading practices for preventing, detecting, and responding to fraud outlined in GAO's Fraud Risk Framework.

High Risk Areas Related to the Pandemic

Source: wladimir1804/stock.adobe.com. | GAO-23-106203

SBA should ensure that it had identified external sources of data that can facilitate the verification of applicant information and the detection of potential fraud across programs, including loans made under the Paycheck Protection program and the COVID-19 Economic Injury Disaster Loan program.

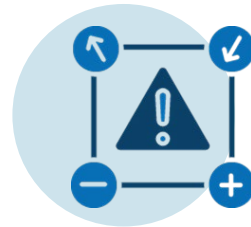# Lessons Learned for Federal Agencies from the COVID-19 Pandemic

Planning in Advance

Collaborating with Response Partners

Providing Clear and Timely Communications

Managing Program Integrity Risks

**Collecting and Sharing Data**

Leveraging Existing Infrastructure

Implementing Program Flexibilities

Yellow Book and Green Book Updates

# Yellow Book Update

Source: GAO File Photo.

- The 2024 Yellow Book Revision was issued on Feb 1, 2024

- Updated from a Quality Control to a Quality Management concept

- Requires risk assessment and monitoring at least annually

- The revision introduced the concept of an optional Engagement Quality Review. This is someone outside the engagement team reviewing critical judgments.

- The Yellow Book revision will be effective December 2025. Early adoption permitted.
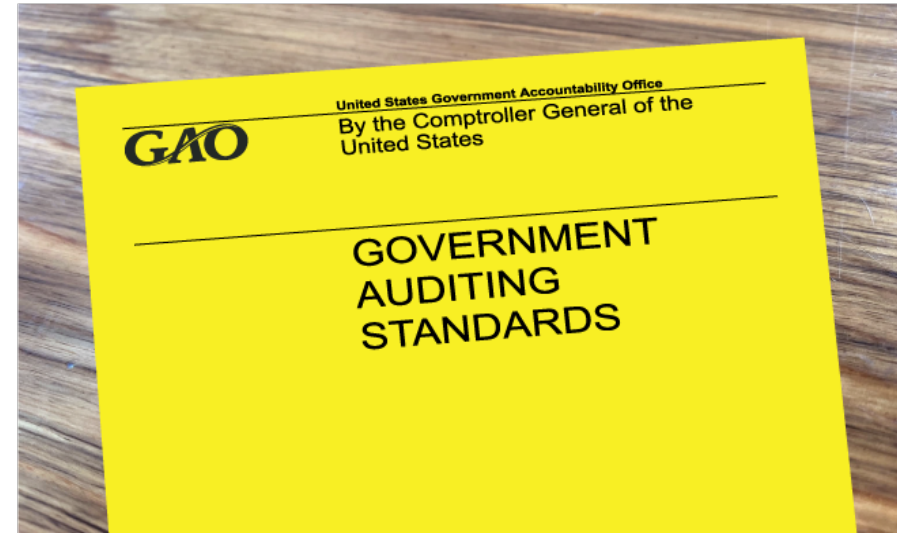
Green Book Exposure Draft
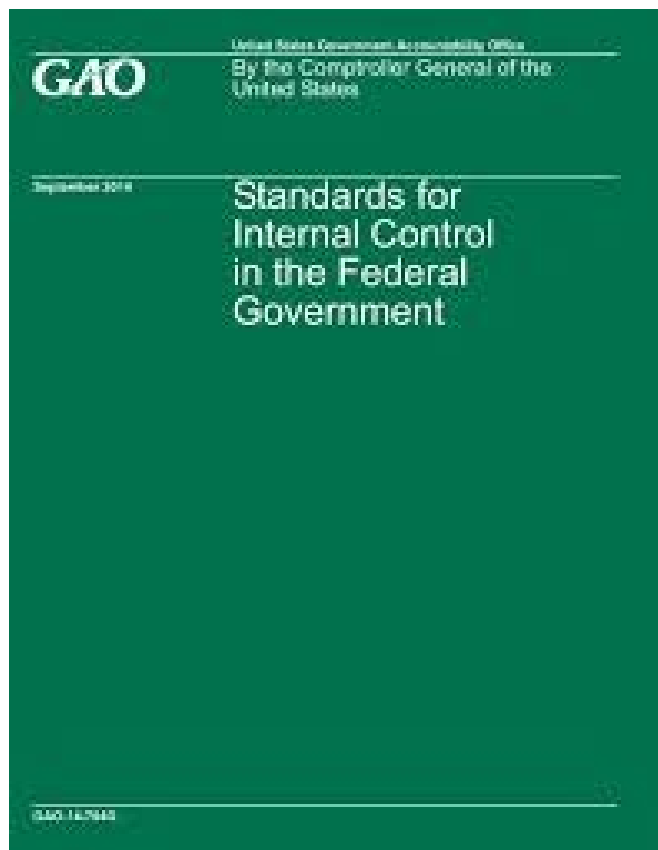
- GAO released the Green Book exposure draft on June 27, 2024

- The exposure draft focuses on controls related:
  - Fraud, IT and Improper payments risks,
  - Controls over emergency assistance and changed programs.

- Highlights preventive controls

- Focuses on coordinating amongst financial and programmatic teams to achieve controls

- Comments on Exposure Draft due by August 26, 2024.