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United States Government Accountability Office

Before the Subcommittee on the  
Legislative Branch, Committee on  
Appropriations, U.S. Senate

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# FISCAL YEAR 2020 BUDGET REQUEST

## U.S Government Accountability Office

Statement of Gene L. Dodaro,  
Comptroller General of the United States

# GAO Highlights

Highlights of [GAO-19-451T](#), a report to Subcommittee on the Legislative Branch, Committee on Appropriations, U.S. Senate

## Background

GAO's mission is to support Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. We provide nonpartisan, objective, and reliable information to Congress, federal agencies, and to the public, and recommend improvements across the full breadth and scope of the federal government's responsibilities.

GAO responded to requests from 90 percent of the standing full committees of the Congress in fiscal year 2018. GAO issued 633 reports, 1,650 new recommendations, and testified before 48 congressional committees 98 times. Congress used our work extensively to inform its decisions on key fiscal year 2018 and 2019 legislation. Since fiscal year 2000, GAO's work has resulted in:

- nearly \$1 trillion dollars in financial benefits; and
- over 23,000 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout government.

GAO remains an employer of choice in the public sector. The Partnership for Public Service announced again in 2018 that GAO one of the top places to work in the federal government, placing fourth position among mid-size agencies and first for supporting diversity.

View [GAO-19-451T](#). For more information, contact Gene L. Dodaro at (202) 512-5500 or [dodarog@gao.gov](mailto:dodarog@gao.gov).

April 2019

## FISCAL YEAR 2020 BUDGET REQUEST

### U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Since 2014, this Subcommittee has provided funding that has resulted in our work achieving over \$340 billion in financial benefits and more than 6,300 other improvements in federal programs and operations for our government. In fiscal year (FY) 2018, GAO's work yielded a record \$75.1 billion in financial benefits, a return of about \$124 for every dollar invested in GAO. We also identified 1,294 other benefits that led to improved services and public safety for the American people and program and operational improvements across the government.

For FY 2020, GAO is requesting \$647.6 million in appropriated funds, and authority to use \$38.3 million in offsetting receipts and reimbursements, a 9.8 percent increase. These resources will fund 3,250 full-time equivalents (FTE). The funding requested will also allow us to continue to make investments in our information technology and infrastructure, security requirements, as well as address long deferred building maintenance needs.

This level of funding will enable GAO to meet the highest priority needs of the Congress, as we remain committed in helping Congress meet its constitutional responsibilities for the benefit of the American people. In FY 2018, for example, we received 786 requests, including hundreds of statutory requirements, for work from 90 percent of the standing committees of Congress supporting a broad range of oversight and legislative priorities. The activities planned for FY 2020 will better position GAO to assist the Congress in meeting its legislative and oversight responsibilities, accomplish our mission objectives and goals, and improve government performance and accountability.

In FY 2020, we will continue to support Congressional oversight across the wide array of government programs and operations. We also will continue to increase our capabilities to review the opportunities and challenges associated with evolving science and technology issues; the risks and management needs to address complex and growing cyber security developments; increased investments in the Department of Defense; and rising health care costs.

In January, we established a new Science, Technology Assessment, and Analytics team to continue and expand our focus on rapidly evolving science and technology issues. The team will focus on: (1) conducting technology assessments at the request of the Congress; (2) providing technical assistance to Congress on science and technology matters; (3) continuing to develop and use technical guides to assess major federal acquisitions and technology programs in areas such as cost estimating, schedule planning and technology readiness; (4) supporting Congressional oversight of federal science programs; and (5) advancing GAO's ability to use data analytics in auditing.

We also will continue to further enhance our capacity to assess efforts to protect our nation from cyber threats. Specifically, we recently highlighted urgent actions needed to ensure the cybersecurity of our nation. We also renamed our Information Technology team to Information Technology and Cybersecurity in order to better reflect the significant body of work the team does on protecting federal information systems, critical infrastructure, and individual privacy from cyber threats. GAO will also support continued congressional oversight of DOD's efforts to balance current operational deployments with fulfilling the full spectrum of future military needs, as well as the federal government's challenges in effectively and efficiently managing health care programs.

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Chairman Hyde-Smith, Senator Murphy, and Members of the Subcommittee, thank you for the opportunity to discuss our fiscal year (FY) 2020 budget request. I greatly appreciate the subcommittee's support of our efforts to serve the Congress and improve government performance, accountability, and transparency.

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## Fiscal Year 2020 Request

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The chart below provides a summary by program for the FY 2020 request.

**Table 1: FY 2018 – 2020 Summary of Resources by Program (dollars in thousands)**

Program	Fiscal Year 2018 Actual		Fiscal Year 2019 Estimated		Fiscal Year 2020 Request		Net Change Fiscal Year 2019 / 2020	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Human capital	3,015	484,876	3,150	520,986	3,250	554,025	100 3.2%	33,037 6.3%
Engagement support		14,194		13,300		14,050		750 5.6%
Infrastructure operations		103,837		100,361		116,883		16,522 16.5%
Center for Audit Excellence		727		1,000		1,000		0 0.0%
<b>Total budget authority</b>	<b>3,015</b>	<b>603,634</b>	<b>3,150</b>	<b>635,649</b>	<b>3,250</b>	<b>685,958</b>	<b>100 3.2%</b>	<b>50,309 7.9%</b>
Offsets <sup>a</sup>		(34,566)		(45,899)		(38,321)		7,578 (16.5)%
<b>Appropriation</b>		<b>\$569,068</b>		<b>\$589,750</b>		<b>\$647,637</b>		<b>\$57,887 9.8%</b>

Source: GAO. | GAO-19-451T

<sup>a</sup>Includes offsetting receipts and reimbursements from program and financial audits; rental income; training fees, collection of bid protest system user fees; supplemental funds for disaster audits; and for FY 2019, carryover of FY 2018 two-year funds.

## Meeting the Priority Needs of Committees Across Congress

In FY 2020, we will continue to support congressional oversight across the wide array of government programs and operations. We also will continue to increase our capabilities to review the opportunities and challenges associated with evolving science and technology issues; the risks and management needs to address complex and growing cyber security developments; increased investments in the Department of Defense; and rising health care costs.

## Assessing Evolving Science and Technology Issues

Rapid advances in technology and science play an increasingly important role in our society. These potentially affect areas such as economic competitiveness, improved medical care and information security. The rapid development and use of these new disruptive technologies test the government's and the Congress's ability to evaluate their potential and assess their program and policy implications.

Our work has reflected the need to research and assess technology developments. In FY 2018, we reported on the emergence and implications of Artificial Intelligence, the benefits, risks, and regulatory

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issues concerning Financial Technology (fintech), the need for revised cost estimation and scheduling policies by the National Science Foundation for large facilities, assessments of the National Aeronautics and Space Administration's (NASA) major projects, and critical infrastructure protection. We also used our technology readiness assessment best practices guide to evaluate major technical systems acquisitions such as those found at the Department of Defense (DOD), Department of Homeland Security (DHS), the Department of Energy (Energy), NASA and other agencies.<sup>1</sup>

To enhance our ability to provide Congress with thorough and balanced analysis of technological and scientific developments that affect our society, environment, and economy, we established the Science, Technology Assessment, and Analytics team in January 2019. Our new team will expand our support to Congress by:

- conducting technology assessments and providing technical services;
- reviewing science and technology programs and initiatives to assist in oversight of federal investments in research, development, and advanced manufacturing;
- compiling and utilizing best practices in engineering sciences, including cost, schedule, and technology readiness assessments; and
- establishing an audit innovation lab to explore, pilot, and deploy new advanced analytic capabilities, conduct research in information assurance, and explore emerging technologies that will impact future audit practices.

**Technology Assessments.** Our technology assessments explain the consequences that certain technology will have on the federal government—and on society as a whole.

- **Economic competitiveness.** Our work has covered a range of topics including artificial intelligence, connectivity and the Internet of Things, innovation in data analytics, and 3D printing.
- **Energy and the environment.** We have reported on topics like improving municipal freshwater scarcity, reducing freshwater use in hydraulic fracturing and thermoelectric power plant cooling, and climate engineering.

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<sup>1</sup> We use these assessments in addition to two other best practices guides for capital acquisitions: life cycles cost estimating and project scheduling.

- **Health care.** We have evaluated enabling rapid diagnoses of infectious diseases and the implications of nanomanufacturing on human health. We are currently investigating the impact of artificial intelligence on health care.
- **Homeland security.** We have examined the use of explosive detection technologies to protect passenger trains, and the use of biometrics for border security.

GAO has published a number of technology assessments on established and emerging technology. We continue to provide evidence-based analysis to assist policymakers with the privacy and security implications of technology, as well as the management of federal investments in technology and science. We also develop best practice guides, such as our technology readiness assessment guide. Some of the key reports GAO has issued include:

**Table 2: Technology Assessments and Science Forums**

Technology Assessment: Artificial Intelligence: Emerging Opportunities, Challenges, and Implications <a href="#">GAO-18-142SP</a> , Mar 28, 2018	Highlights of a Forum: 3D Printing: Opportunities, Challenges, and Policy Implications of Additive Manufacturing <a href="#">GAO-15-505SP</a> , Jun 24, 2015
Chemical Innovation: Technologies to Make Processes and Products More Sustainable <a href="#">GAO-18-307</a> , Feb 8, 2018	A Capsule Version of: Nanomanufacturing—Emergence and Implications for U.S. Competitiveness, the Environment, and Human Health <a href="#">GAO-14-406SP</a> , May 19, 2014
Medical Devices: Capabilities and challenges of technologies to enable rapid diagnoses of infectious diseases <a href="#">GAO-17-347</a> , Aug 14, 2017	Nanomanufacturing: Emergence and Implications for U.S. Competitiveness, the Environment, and Human Health <a href="#">GAO-14-181SP</a> , Jan 31, 2014
Internet of Things: Status and implications of an increasingly connected world <a href="#">GAO-17-75</a> , Published: May 15, 2017	Technology Assessment: Neutron Detectors: Alternatives to Using Helium-3 <a href="#">GAO-11-753</a> : Published: Sep 29, 2011
Highlights of a Forum: Data and Analytics Innovation: Emerging Opportunities and Challenges <a href="#">GAO-16-659SP</a> , Sep 20, 2016	Technology Assessment: Climate Engineering: Technical Status, Future Directions, and Potential Responses <a href="#">GAO-11-71</a> , Jul 28, 2011
Technology Assessment: Municipal freshwater scarcity: Using technology to improve distribution system efficiency and tap nontraditional water sources <a href="#">GAO-16-474</a> , Apr 29, 2016	Technology Assessment: Explosives Detection Technologies to Protect Passenger Rail <a href="#">GAO-10-898</a> , Jul 28, 2010
Municipal Freshwater Scarcity: Survey of Technology Adoption by Municipal Water Utilities ( <a href="#">GAO-16-588SP</a> , April 29, 2016), an E-supplement to <a href="#">GAO-16-474</a> <a href="#">GAO-16-588SP</a> , Published: Apr 29, 2016	Technology Assessment: Protecting Structures and Improving Communications during Wildland Fires <a href="#">GAO-05-380</a> , Apr 26, 2005
Technology Assessment: Water in the Energy Sector: Reducing Freshwater Use in Hydraulic Fracturing and Thermoelectric Power Plant Cooling <a href="#">GAO-15-545</a> , Aug 7, 2015	Technology Assessment: Cybersecurity for Critical Infrastructure Protection <a href="#">GAO-04-321</a> , May 28, 2004
Technology Assessment: Nuclear Reactors: Status and Challenges in Development and Deployment of New Commercial Concepts <a href="#">GAO-15-652</a> , Jul 28, 2015	Technology Assessment: Using Biometrics for Border Security <a href="#">GAO-03-174</a> , Nov 15, 2002

Source: GAO. | GAO-19-451T

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**Management of Federal Technology and Science Programs** – GAO also assess the management and coordination of federal research and development efforts, including investments in scientific facilities (such as telescopes and research vessels) and emerging technologies (like synthetic biology and quantum computing).

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**Figure 1: Management of Federal Technology and Science Programs**

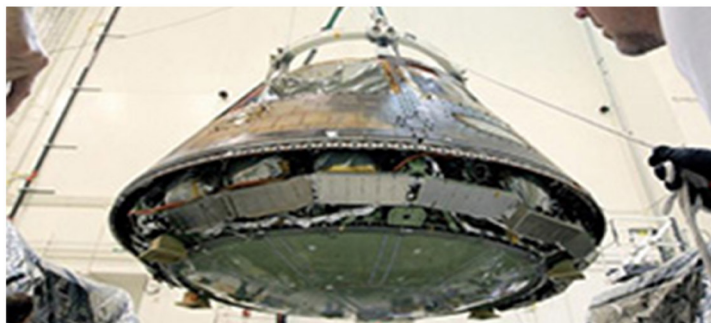


**Defense**

We evaluate the technology readiness assessments and overall project execution for complex weapons systems, such as the Columbia class ballistic missile submarine, military space systems, and border security technology.

**Space**

We assess federal military and civilian satellite programs and efforts to support and oversee telecommunications in the public interest.



**Energy and the environment**

We evaluate developing and deployed technologies in a range of activities, including renewable energy, civilian nuclear power, and cleanup of hazardous waste sites.

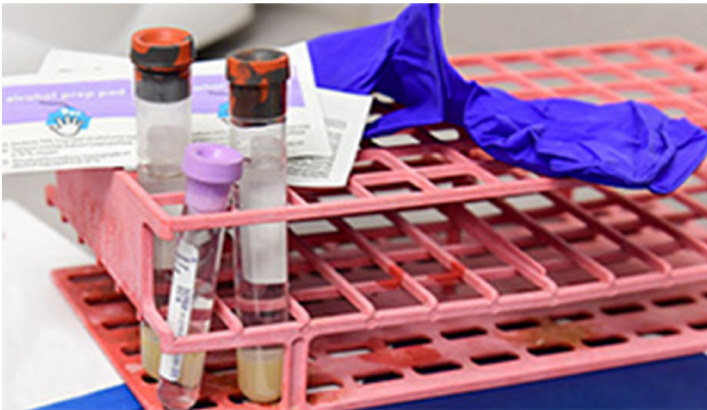
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Sources (top to bottom): GAO, NASA, and GAO. | GAO-19-451T

Figure 1: (continued) *Management of Federal Technology and Science Programs*

### Nuclear

We assess programs, infrastructure, technology readiness, and operations for the maintenance and management of nuclear weapons and missiles, as well as the aircraft and ships designed to carry and deliver them.

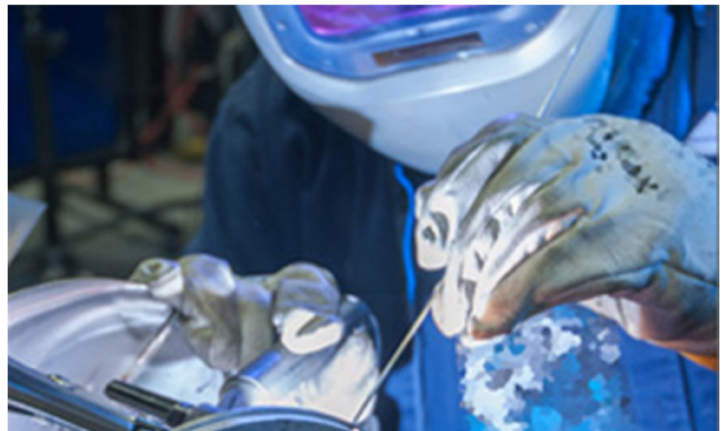


### Health care

We assess new technologies for emerging infectious diseases, such as technologies that can simultaneously test for multiple infectious diseases at or near the site of patient care, and the impacts of new technology on human health, disease prevention, and the delivery of health care.

### Science and innovation

We assess programs to promote innovation (such as federal support for advanced manufacturing institutes), as well as federal policies and funding for the protection of intellectual property.



Sources (top to bottom): GAO, GAO, and NIST Manufacturing Extension Partnership. | GAO-19-451T



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Ongoing and planned technology assessments in FY 2019 include freshwater technologies in agriculture, the implications of artificial intelligence on healthcare, 5G wireless communications systems, and epidemiological models for emerging infectious diseases. The requested resources will enable us to expand and accelerate our work including potential technology readiness assessments of complex technical acquisitions such as nuclear modernization programs, the Army's Next Generation Combat Vehicle program, DHS border protection technologies, and Uranium Processing Facility, among others. To bolster the new team, GAO has begun efforts to recruit additional staff with expertise in:

- biological/life sciences for emerging infectious diseases, epidemiology, synthetic biology, biosafety, and biosecurity work;
- computer/systems/electrical engineering for digital and communications technologies (i.e., 5G wireless, Blockchain, quantum cryptography, artificial intelligence/machine learning systems);
- applied math/statistics/computer science for advanced analytics/data science/data engineering;
- nuclear physics for nuclear nonproliferation, waste management, weapons systems analysis, radiation/nuclear detection systems, quantum computing; and
- physics/aerospace engineering for hypersonics, advanced weapons systems, space systems, unmanned systems.

Based on interest expressed by various committees of jurisdiction, potential future work could focus on digital ledger technologies such as Blockchain, opioid-addiction vaccine development, autonomous vehicles, and regenerative medicine, among many others. Also, as we do in all areas, we will make our expert staff available to Members and staff to share knowledge and insight on technical and scientific matters.

Consistent with the 2019 Legislative Branch Appropriations Bill, Conference Report, we provided a detailed plan to this committee in March 2019. The report outlined our expanded capabilities on science and technology related issues, specific plans for additional staff and other resources, and the products and services the Team will provide to Congress. The document also describes the governance structures that will apply to the team's work, including technology assessments. To inform this plan, we conducted outreach to subject matter experts and

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stakeholders. These include Members of Congress, congressional committees, alumni of the former Office of Technology Assessment, major scientific associations, the National Academies, and leading science and technology policy experts in universities and nonprofit institutions.<sup>2</sup>

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## Addressing Complex and Growing Cyber Security Threats

Federal agencies and the nation's critical infrastructures—such as energy, transportation systems, communications, and financial services—are dependent on cyber information systems and electronic data to carry out operations and to process, maintain, and report essential information. Our work in cybersecurity includes:

- **Critical infrastructure protection.** We work on how to protect the nation's critical infrastructure—including financial markets, telecommunications, the national airspace system, electricity grid, and oil and gas pipeline sector.
- **Federal information systems.** We evaluate the cybersecurity of key federal agencies, such as the Internal Revenue Service and the Department of Homeland Security.
- **Privacy.** We evaluate federal efforts to ensure the privacy of individuals in response to emerging technologies (such as the Internet of Things and artificial intelligence), the collection and use of personal information in the private sector through social media, and privacy in government programs (e.g., federal student aid and Medicare).

We also will continue to further enhance our capacity to assess efforts to protect our nation from cyber threats. Specifically, we recently updated our cybersecurity high-risk area based on our recent evaluations. We did so to highlight urgent actions that are needed by federal agencies to ensure the cybersecurity of our nation.<sup>3</sup> We also renamed our Information Technology team. Its new name, Information Technology and Cybersecurity (ITC), better reflects the significant body of work the team does on protecting federal information systems, critical infrastructure, and individual privacy and sensitive data from cyber threats. To reinforce

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<sup>2</sup> As of March 15, 2019, GAO met with more than 30 expert stakeholders. GAO plans to continue to meet with stakeholders throughout the remainder of FY 2019.

<sup>3</sup> *High-Risk Series: Urgent Actions Are Needed to Address Cybersecurity Challenges Facing the Nation*, [GAO-18-622](#) (Washington, D.C: Sept. 6, 2018).

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GAO's cybersecurity audit capabilities, the ITC team is actively recruiting additional resources, including those participating in the CyberCorps Scholarship for Service program. The new recruits will augment our cadre of experts who can assess the criticality of cyber risks, both present and future, as well as evaluate the government's complex and multi-faceted attempts to address them.

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## Cyber-Based Threats to the Nation's Systems and Critical Infrastructure.

The cyberattacks suffered by the Office of Personnel Management, Equifax, and other large organizations in recent years highlight the increasing importance of cybersecurity. Threats from state and non-state actors are growing in sophistication, scope, and impact. These increasing threats could have a serious, or even potentially catastrophic, impact.

Attackers target increasing volumes of sensitive and Internet-accessible data by using ever-more powerful tools like automation, social media manipulation, vulnerability exploitation, and insider access to carry out attacks. These threats pose growing dangers for the entire federal government, the nation's infrastructure and democratic processes, and the privacy and financial security of American citizens.

As Congress turns to GAO for insightful analysis and advice to address these rapidly evolving threats, recruiting top-tier cyber talent to augment our current audit workforce is critical. Additional resources will allow us to quickly expand our audit capabilities related to key components of the cyber high-risk area, including evaluating efforts to protect federal systems, critical infrastructure, and individual privacy from cyber threats. Over the next two years, our planned efforts include assessing the federal government's efforts to establish and implement a comprehensive national cyber strategy, to evaluate government-wide initiatives to implement continuous diagnostics and monitoring capabilities, and to establish effective risk management processes at federal agencies. GAO is also evaluating key agency capabilities for responding to security incidents and data breaches, as well as assessing their security postures through detailed vulnerability assessments of agency network defenses.

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Our work on the protection of critical infrastructure will continue to focus on two areas: (1) the cybersecurity of specific sectors,<sup>4</sup> including the electricity grid and the financial services and communications sectors, and (2) the effectiveness of the public-private partnership model as a framework for protecting the nation’s critical assets from cyber threats.

As part of our work on critical assets, we are also starting work evaluating the cybersecurity implications of the move to 5G in the communications sector. Our work on the protection of individual privacy will also continue to focus on two areas: (1) federal efforts to protect consumers from data breaches and their after effect; and (2) whether federal agencies are applying data protection best practices when performing their own critical mission activities.

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## Overseeing Increased Investments in the Department of Defense

The Department of Defense (DOD) faces significant challenges in responding to a complex and rapidly evolving national security environment that includes instability in key regions of the world, cyber threats, and terrorist activities. As DOD works to sustain and advance its military superiority and achieve efficiencies that can be reinvested to increase readiness, it continues to undergo one of the most significant organizational realignments since the Goldwater-Nichols Act of 1986.

As you know, in support of DOD’s mission, Congress entrusted DOD with considerable resources, about \$686 billion in discretionary funds enacted in FY 2019, and Congress has directed GAO to review a broad range of DOD’s activities to assist Congress in its oversight of this investment. Since 2006, GAO’s work has resulted in 4,072 recommendations to DOD designed to strengthen the department’s programs and operations. These recommendations focus on critical challenges facing the department, including rebuilding readiness, managing space capabilities, strengthening cyber defenses, acquiring and sustaining major weapon systems, and addressing inefficiencies in the military health system, among others.

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<sup>4</sup> Critical infrastructure includes systems and assets so vital to the United States that incapacitating or destroying them would have a debilitating effect on national security. These critical infrastructures are grouped by the following 16 industries or “sectors”: chemical; commercial facilities; communications; critical manufacturing; dams; defense industrial base; emergency services; energy; financial services; food and agriculture; government facilities; health care and public health; information technology; nuclear reactors, materials, and waste; transportation systems; and water and wastewater systems.

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GAO's work has led to the designation of seven DOD areas on our High Risk List, including financial management, weapon systems acquisitions, business systems modernization, and support infrastructure management, as well as the government-wide personnel security clearance process, for which DOD has significant responsibilities. Collectively, our work has resulted in over \$70 billion in financial benefits since FY 2015. For example, we identified \$36 billion in financial benefits from improvements to DOD's weapon systems acquisitions processes, an estimated \$3.1 billion from improvements to DOD's method for setting standard fuel prices, and \$849 million through identifying unexpended and unobligated balances in DOD's Military Personnel accounts.

GAO anticipates continuing to support congressional oversight of DOD by testifying during congressional hearings, providing quick-turn-around technical assistance, and issuing special oversight publications across a broad range of areas.

GAO will continue to interact extensively with committee staff on the Senate and House Armed Services Committees as they draft the annual National Defense Authorization Act, providing input on many legislative provisions based on GAO's work. For example, Congress approved a budget reduction of \$1.3 billion for the Navy's frigate program, based on GAO's finding that more knowledge was needed before contracts were awarded.

GAO will also support congressional appropriators by conducting budget justification reviews on a variety of topics and defense operations and maintenance, weapon system acquisitions, personnel, and defense health care. GAO's review of DOD's 2019 research, development, and procurement budget request identified almost \$2 billion in potential rescissions and reductions. GAO also will continue to issue annual "Quick Look" reports assessing the cost, schedule, and performance of about 80 major defense acquisition programs, helping support the Congress in overseeing the department's estimated \$1.5 trillion in future spending on these systems.

GAO also continues to assess DOD's efforts to strengthen its financial management practices and efforts to obtain a clean opinion on its financial statements. DOD has never received a clean opinion on its financial statements, which prevents GAO from expressing an opinion on the consolidated financial statements of the federal government. Long-standing weaknesses in DOD's financial management adversely affect the economy, efficiency, and effectiveness of its operations. The same

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financial management problems that prevented DOD from being auditable in the past, adversely impact its operations and its ability to achieve broader business transformation goals.

We anticipate a growing demand from the Congress for GAO's work regarding DOD. In the last year, for example, Congress signaled a continued emphasis on DOD's new Chief Management Officer as the driving force behind the department's business reform efforts. We have a number of ongoing audits assessing DOD's progress in this area, including reviewing DOD's efforts to implement cross-functional business reform teams and to achieve enterprise-wide efficiencies.

GAO will also support continued congressional interest in DOD's efforts to balance current operational deployments with training and equipping forces capable of fulfilling the full spectrum of military operations. We will continue to assess DOD's efforts to sustain its major weapon systems and address challenges from aging depot maintenance facilities. We will also review the plans, organization, and capabilities of the department's cyber operations; the safety and effectiveness of the U.S. strategic nuclear force; and DOD's investments in hypersonic weapons and associated defensive systems. We also anticipate further congressional interest in DOD's long-range strike fighter and next generation air dominance acquisition efforts, as well as a broad array of space-based programs.

Regarding DOD's efforts to control costs, we plan to continue assessing the costs, schedule, and technical capabilities of the Columbia class nuclear submarine program. We also plan to assess DOD's efforts to achieve efficiencies and reduce overlap and duplication, such as across its defense agencies and field activities. We will also continue to assess the department's approach and methodologies for improving the efficiency of the military health system and determining its medical workforce needs.

We will support the Congress in assessing DOD's efforts in implementing other key legislative requirements, including acquisition reform legislation aimed at streamlining DOD's processes for buying weapon systems.

With the resources requested, GAO will expand our work within and beyond these areas, helping ensure that we address the issues most important to the Congress and taxpayer during this critical period for DOD and our country's national defense.

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## Managing Rising Health Care Costs

Estimated at \$1 trillion in FY 2018, growth in federal spending for major health care programs has exceeded the growth of GDP historically and is projected to grow faster than the economy. These health care programs include Medicare, Medicaid, and the Children's Health Insurance Program, along with federal subsidies for health insurance purchased through the marketplaces established by the Affordable Care Act (ACA) and related spending. Federal spending also supports health care for American Indians, veterans, service members and public health priorities, such as preventing and responding to infectious disease outbreaks and bio health threats. These federal commitments to health care programs are a key driver of the nation's fiscal spending. Growth in federal spending on health care is driven both by increasing health care spending per person and by increasing enrollment, in part stemming from the aging of the population.

The federal government faces challenges in effectively and efficiently managing health care programs. Specifically, the demands to meet Americans' health needs are growing in volume and complexity while oversight is becoming more challenging. Understanding these complexities and offering fact-based recommendations to address them requires advanced policy and analytical expertise. Congress has frequently sought our health care policy expertise on a range of health care issues. In 2018, we issued 85 products that examined access to and quality of care, drug availability and pricing, program expenditures and integrity, the protection of public health, and health care markets, among other topics. We made 123 recommendations to improve the efficiency and effectiveness of federal health care spending, and documented about \$40 billion in savings in 2018 alone by agencies taking action on our recommendations.

GAO has also focused on health care issues through its biennial High Risk Report. With our 2017 High Risk Update, we designated the Indian Health Service (IHS) as high-risk. This area joins four other high-risk areas related to health care: Medicare, Medicaid, the Food and Drug Administration, and Department of Veteran Affairs (VA) Health Care.

In addition to these audit products, we annually respond to dozens of requests for informal assistance regarding federal health care policy and programs. The demand for this type of assistance continued in 2018, as committees considered evolving and complex health care policy changes. These requests ranged from making our subject matter experts available to answer detailed questions about the interworking of programs to providing time-sensitive data analysis.

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Our health care policy experts also advise me on my statutory responsibilities for appointing members to six different health-related commissions.<sup>5</sup> Carefully considering each appointment to these commissions requires a high-degree of professional judgment and subject matter expertise and demands a significant investment of time by our health care senior executives.

Additional resources for our health care work would not only allow us to respond more quickly to congressional requests, it would allow us to expand our work on the drivers of health care costs. For example, the continued growth of the Medicare and Medicaid programs drives federal spending on health care and these programs are expected to place additional strain on the federal budget in the coming years, as each program is projected to top \$1 trillion in annual expenditures within the next decade.

With decades of experience, our expertise positions us to examine the growth of Medicare spending relative to other components of the health care system (e.g., inpatient and post-acute care) and ask which is growing higher and faster. Our expertise also positions us to examine the incentives created by certain Medicare payment policies that drive excess and inappropriate utilization of services. Furthermore, our staff's Medicaid expertise positions us to explore issues like access, financing arrangements, delivery, and program integrity, all critical issues that are made more complex by the variation among state Medicaid programs.

In addition to examining the sustainability of these large federal health care programs, we would continue to examine how these health care programs and markets affect the daily lives of Americans and communities. For example, given:

- The complexities of the prescription drug market, we would continue to provide objective, unbiased examinations of trends in drug costs and identify options to control these costs.

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<sup>5</sup> GAO has responsibility for appointing members to six health care commissions, including the Health Information Technology Advisory Committee; Medicaid and CHIP Payment and Access Commission; Medicare Payment Advisory Commission; Patient-Centered Outcomes Research Institute (PCORI) Governing Board; PCORI Methodology Committee; and the Physician-Focused Payment Model Technical Advisory Committee.



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- Congressional interest and the ongoing opioid epidemic, we would expand our work examining the federal government's effort to curb drug misuse.<sup>6</sup>
  - Our high-risk designation of veterans' health care issues, we would provide real-time assessments of significant VA initiatives in these areas.

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## GAO Information Technology and Building Infrastructure

The resources we received for FY 2019, and request for FY 2020, will allow GAO to make strategic investments in information technology (IT), and GAO's facilities infrastructure. Funding in these areas enables GAO to make sound capital investments in new technology and address important funding requirements in support of our building facilities that will increase efficiency, lower operating costs, and allow us to increase our rental revenue.

**Information Technology.** GAO has a range of business applications, many of which rely on outdated technologies. A multi-year, multi-phase effort to improve our aging IT infrastructure is underway. This effort will allow us to further streamline business operations, increase staff efficiency and productivity, improve access to information, and facilitate a more agile and mobile workforce, all in a more secure environment. This modernization effort will include several components, some of which are discussed below.

In FY 2019 and FY 2020, we will:

- Continue our efforts to modernize content development, distribution, and publishing our reports. This effort, New Blue, will allow our reports to be formatted for and consumed on any internet-connected device. GAO will be publishing reports from each mission team in preparation for full deployment. Initial stakeholder feedback from congressional staff on New Blue has been very positive, specifically, the ability to access GAO products remotely for use during congressional hearings.
- Finish rolling out cloud-based technology to provide enhanced Unified Communication Tools (UCT) and collaboration capabilities within GAO for an increasingly mobile workforce. UCT supports our mobile

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<sup>6</sup> Congress directed GAO to conduct over a dozen studies in the 2018 Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act.

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workforce / virtual presence goals to reduce the need for travel among field offices and headquarters, in addition to audit locations. This effort will modernize our suite of telecommunications tools, which will facilitate greater video conferencing, audio, data sharing, reduce redundant implementation and maintenance costs, and standardize the infrastructure that supports voice and data usage. In addition, this effort will migrate telecommunications infrastructure to a cloud hosted solution, which will reduce expenditures and fully integrate with enhanced collaboration tools.

- Deploy a cloud-based Web Content Management solution for GAO's external web site, [www.gao.gov](http://www.gao.gov), which will better enable mobile content and increase customer satisfaction.
- Upgrade the virtual desktop infrastructure<sup>7</sup> to be more responsive to staff needs and better enable staff to conduct analysis and develop content. This effort will include upgrading the operating environment on our desktops to Windows 10 prior to Windows 7 being sunset in 2020.
- Implement software enhancements to automate and improve how GAO receives complaints regarding fraud, waste, and abuse through GAO's Fraudnet portal.
- Define the requirements to replace our decades old document and records management system, which houses the supporting documentation for our audit engagements and operational support programs. We are looking to move to a cloud-based Enterprise Content Management solution that provides enhanced functionality, including security, knowledge management, workflow automation, and business process management.

This solution will improve existing document and records management capabilities, and will do so with less administrative burden on employees. In addition, the solution will radically improve our ability to share knowledge across the agency and automate many routine workflows for engagement management and execution as well as for internal operations. This will free staff to focus their energies on content development and client and customer service. We expect to acquire and begin implementation of the solution in FY 2020.

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<sup>7</sup> Virtual desktop infrastructure (VDI) is virtualization technology that hosts a desktop operating system on a centralized server in a data center.

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- Replace the agency's outdated Learning Management and Performance Management systems with a cloud-based Talent Management information system to track and manage training and development activities of GAO staff.

We also plan to expand our IT capacity to meet the demands of a larger GAO staff and support the new STAA Team and Audit Innovation Lab.

**Facilities and Security.** While most of GAO's staff is located at its Headquarters in Washington, DC, GAO maintains a presence in strategic locations throughout the country. GAO is always working to ensure our headquarters and field office locations operate as efficiently as possible, and we continue to reduce our real property footprint as we identify opportunities.

In FY 2018, GAO consolidated space in its headquarters building to maximize efficiency, freeing up over 40,000 square feet for use by another federal agency and increasing GAO's rental income. In a further effort to cut costs and reduce our real estate footprint, GAO is strategically moving its field offices into federally owned space as commercial leases expire. For example, GAO recently moved its San Francisco Office from a commercial lease in the financial district to a federal building in Oakland.

Over the next two years, GAO is also looking at options to relocate staff in Los Angeles and Chicago from commercial buildings. GAO is requesting additional funding related to these office moves to ensure we have funding needed for fixed costs related to moves and other expenses related to the office transitions. In addition, as reported in our FY 2018 financial statements, GAO has over \$29 million of deferred but necessary maintenance at its headquarters building. This includes heating and air conditioning infrastructure and major electrical equipment that are original to our 67-year old building and past their useful life. Additional funds will help enable this work and protect these valuable assets from quickening deterioration.

**Increased Classified Work.** In recent years, GAO has received an increasing number of mandates and congressional requests for reviews that require GAO staff to have access to classified agency information, as well as reviews that require accessing information at higher classification levels. Further, GAO's Procurement Law division hears bid protests that involve classified information as part of its statutory responsibility for adjudicating bid protests of government contracts.

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Given this increased demand, GAO began making corresponding infrastructure investments in FY 2017 and FY 2018. For example, GAO has increased the size of its secure space available in its headquarters for processing classified information at both the Secret and Top Secret and Sensitive Compartmented Information levels.

Additional funds in FY 2020 will help enable GAO to make further cost-effective technological and infrastructure improvements to support the anticipated increase in work involving classified information, such as

- upgrading and deploying additional secure video teleconference equipment for field offices;
- a new case management system to more efficiently track personnel security clearances;
- a new Classified Enterprise Content Management solution to enhance processing of classified products; and
- networked Top Secret and Sensitive Compartmented Information computer processing capabilities.

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## Assisting the Congress in Shaping Legislation

GAO continues to be recognized for its non-partisan, objective, fact-based, and professional analyses across the full breadth and scope of the federal government's responsibilities and the extensive interests of Congress.

Since our last budget request, Congress used GAO's work to make important legislative decisions. Examples linked directly to GAO's work include:

- **The Consolidated Appropriations Act of 2019.** Based on GAO work, Congress directs:
  - DOD to (1) mitigate the effects of flooding on roads and infrastructure on domestic installations that are vital to military operations; and (2) improve oversight of its global real property portfolio;
  - VA to (1) modernize and improve its appeals process; (2) improve the accuracy and fairness of Gulf War illness claims; (3) retrofit facilities to eliminate barriers to care for women veterans; (4) report on progress to improve oversight of the controlled

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substance inspection program; and (5) improve staffing, recruitment, and retention strategies for physicians;

- DOE to (1) better account for fraudulent spending or other improper payments; (2) improve contract auditing and the tracking of meaningful data for fraud, waste, and abuse in its contracts; and (3) improve the Office of River Protection's ability to carry out oversight of its contractors' quality assurance programs.
- **The National Defense Authorization Act for Fiscal Year 2019.** Reflecting our past work, the Congress directs DOD to:
  - develop a plan to rebuild military readiness in 5 warfighting domains, including ground, air, sea, space, and cyberspace, as well as requiring GAO to annually review the department's plan through 2022;
  - provide military service members with training to enhance their employability within one year prior to their separation, and improve related performance reporting and monitoring;
  - require the Navy to provide detailed budget information for multi-billion dollar aircraft carrier dismantlement and disposal activities; and
  - require the Secretary of Defense to designate a component responsible for coordinating efforts to acquire a modernized Global Positioning System receiver, to maximize the government's return on a multi-billion dollar investment.
- In addition, a House report accompanying the Act directs DOD to:
  - use policy and technological solutions to manage risk and secure classified information and systems to counter insider threats; and
  - urge the Secretary of the Air Force and Secretary of the Navy, in concert with the F-35 Joint Program Office, to reduce F-35 sustainment costs.
- **The Good Accounting Obligation in Government Act (GAO-IG Act).** Signed into law on January 3, 2019, the act requires certain federal agencies:
  - to include a report in their annual budget justification that identifies the implementation status of each public GAO recommendation

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that has been outstanding for at least one year and that not been implemented.<sup>8</sup>

- **The 2018 Omnibus Appropriations Act.** Based on GAO's work, the Congress directs:
  - the Veterans Health Administration (VHA) to research the overmedication of veterans that led to deaths, suicides, and mental health disorders;
  - DOD to align its (1) structure, (2) statutory parameters, and (3) regulatory guidance across federal prescription drug buying programs to increase its buying power and reduce costs;
  - DHS to (1) develop performance metrics for all deployed border security, (2) evaluate the individual and collective effect of deployed technologies, and (3) assess progress;
  - DHS to regularly assess advanced protective technologies for cybersecurity; and
  - federal agencies, such as DOD, National Cybersecurity and Communications Center, and Bureau of Indian Affairs, to report on how they plan to implement GAO recommendations.
  
- **The National Defense Authorization Act for Fiscal Year 2018.** Reflecting our past work, the Congress directs DOD to:
  - improve its budget guidelines, cost savings, leadership of business operations, military readiness goals and implementation strategies, and reduce vulnerabilities in military aircraft and risks to military installations from climate change;
  - increase reporting on the Columbia class nuclear submarine to keep the program on track;
  - change its space leadership structure;
  - reinstate annual reports on the time required to conduct investigations, adjudicate cases, and grant security clearances; and
  - establish new ways for agencies to modernize their legacy information technology.

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<sup>8</sup> For GAO's own reporting in response to the GAO-IG Act, see page 30.

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- **The Disaster Recovery Reform Act of 2018.** In October 2018, based in part on GAO's work, Congress passed the 2018 Disaster Recovery Reform Act, which directs the Federal Emergency Management Agency (FEMA) to:
    - develop a National Public Infrastructure Pre-Disaster Mitigation fund to allow for a greater investment in building resilience before a disaster occurs;
    - make federal disaster assistance available to state and local governments for building code administration and enforcement;
    - reconsider the factors it uses to evaluate a jurisdiction's request for a major federal disaster declaration; and
    - update Congress on the development of a national preparedness assessment and efforts to avoid duplication across preparedness grants.

Federal funding for disaster assistance since 2005 is approaching half a trillion dollars (about \$430 billion), most recently for hurricanes and wildfires in 2017 and 2018. These costs are expected to increase as extreme weather events become more frequent and intense. Increasing reliance on federal assistance is a key source of federal fiscal exposure. Since adding limiting the federal government's exposure by better managing climate change risks to our High Risk List in 2013, we have made several recommendations to help improve resilience to potential disasters.

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## Financial and Program Benefits

**Financial Benefits.** In FY 2018, financial benefits resulting from our work included (1) revising spending limits for Medicaid demonstration projects to assure that they are budget-neutral (\$36.8 billion); (2) helping the Centers for Medicare & Medicaid Services (CMS) achieve and measure the benefits of its fraud prevention system (\$1.3 billion); (3) identifying unexpended and unobligated balances in selected DOD accounts and proposing changes in its fuel pricing methodology (\$5.3 billion); and (4) identifying unexpended and unobligated balances in DOD's Military Personnel accounts (\$849 million).

**Other Benefits.** Many other benefits resulting from our work led to program and operational improvements. In FY 2018, we recorded 1,294 of these other benefits. For example, our work on **public safety and security**:

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- positioned U.S. Customs and Border Protection to better protect U.S. manufacturers from economic harm and U.S. consumers from potential risks posed by counterfeit products sold online;
  - resulted in comprehensive ready-for-sea inspections of Navy ships based in Japan and changes to sleep schedules after deadly collisions in the Pacific highlighted training, maintenance, and manning shortfalls that had contributed to insufficient sleep time for sailors;
  - led the Transportation Security Administration (TSA) to begin updating and improving the risk assessment and strategy it uses to (1) secure airport perimeters, and (2) control access to restricted areas to better assess security issues at airports nationwide; and
  - prompted the Department of Justice (DOJ) and the Office of National Drug Control Policy to begin developing results-oriented measures, such as reductions in overdose deaths, to help them assess progress made in combatting the nation's opioid epidemic.

Similarly, our work related to **vulnerable populations**:

- contributed to the Congress passing legislation to strengthen the nation's data on elder abuse by requiring annual data collection and reporting to support national prevention policy; and
- led the Federal Communications Commission to begin measuring the effectiveness of industry efforts to prevent wireless network outages helping to ensure that Americans who rely solely on them have access during emergencies.

In addition, our work in the **health care** area:

- prompted the Indian Health Service (HIS) to publish wait-time standards for primary care and urgent care visits to help it monitor patient access to care;
- led CMS to establish regular checks for identifying duplicate health coverage in both Medicaid and the health insurance exchange marketplaces, thereby helping to minimize the risk of the federal government paying twice for an individual's health insurance coverage; and



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- prompted the Food and Drug Administration (FDA) and Drug Enforcement Administration to formalize procedures for sharing information that would allow FDA to better manage drug shortages.

Furthermore, our work in the area of agency operations:

- led FEMA to (1) pilot a data sharing process with states to allow it to identify potentially duplicative disaster assistance payments, and (2) make plans to create a similar process to manage future disasters;
- prompted the Office of the Director of National Intelligence to issue formal guidance and implementation guidelines to help federal agencies continually assess their employees' eligibility to hold security clearances and to do so uniformly; and
- prompted the Congress to require federal agencies to inform active duty military service members of their eligibility to receive student loans at a 6 percent interest rate to better ensure timely access to these loans and prevent overpayments.

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## Evaluating Federal Disaster Response and Recovery Issues

The Supplemental Appropriations for Disaster Relief Requirements Act of 2017 provided GAO with \$14 million to conduct unanticipated disaster oversight and audit work associated with the catastrophic hurricanes and wildfires in 2017. GAO is evaluating a variety of topics including disaster contracting, response challenges, progress in multiple federal recovery programs, fraud prevention and internal controls, and is identifying recommendations to improve federal actions in all these areas.

So far, GAO has completed 11 disaster-related reports and has 25 additional ongoing audit engagements. Specifically, we have reported on the initial federal efforts to respond to Hurricanes Harvey, Irma, and Maria, as well as the California wildfires. We have also reported on disaster-related federal spending and identified a number of long-term recovery challenges in disaster-impacted areas, such as Puerto Rico and the U.S. Virgin Islands. Further, we identified challenges related to FEMA's disaster workforce and recommended actions to address weaknesses in federal disaster contracting practices.

**Figure 2: Damaged Power Lines and Satellite Dish in Puerto Rico after Hurricane Maria in November 2017**



Source: Federal Emergency Management Agency. | GAO-19-451T

In regard to ongoing work, we are evaluating disaster recovery programs for individuals and those with disabilities, efforts to strengthen disaster resilience and better prepare for future disasters, and efforts to restore the power grid in Puerto Rico, among other issues. Given the number of ongoing engagements and our reporting schedule, we anticipate that GAO will use all of the \$14 million in disaster funds by the end of FY 2020. A complete list of the reports issued and audits currently underway is included as Enclosure II.

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**Figure 3: Nonprofit Volunteer Team Clearing Debris in Big Pine Key, Florida after Hurricane Irma**



Source: GAO. | GAO-19-451T

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## Building Bodies of Knowledge

Through the products we issued in FY 2018, we continued to build on bodies of work related to our three broad strategic goals to (1) address current and emerging challenges to the well-being and financial security of the American people; (2) help the Congress respond to changing security threats and the challenges of global interdependence; and (3) help transform the federal government to address national challenges. Examples include:

- **Protection of children.** We reported on the need to (1) improve federal support to help states recruit and retain foster care families to meet demand; (2) develop guidance for states to help them better apply protections for substance-affected infants; (3) consider discipline disparities for Black students, boys, and students with disabilities in K-12 public schools; and (4) update guidance to better monitor lead in school drinking water.

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- **Support of Veterans.** We reported on the need for VA to improve its oversight and evaluation of the effectiveness of its suicide prevention outreach activities. We found that VA's outreach activities dropped off in 2017 and 2018, and the office responsible for these activities lacked consistent leadership. We also found that VA did not have clear goals for evaluating the effectiveness of its outreach activities.

We also reported on the need for (1) DOD to improve its monitoring of and reporting on its transitioning veterans program; (2) VA to further assess its performance and progress toward meeting its opioid safety goals for veterans; and (3) VHA to collect better data and evaluate its strategies for improving physician staffing, recruitment, and retention.

- **Advancement of health care.** We reported on the need to (1) better secure the electronic health information of Medicare beneficiaries; (2) improve federal oversight of the health and welfare of beneficiaries receiving Medicaid assisted living services; and (3) improve assessments of individuals' needs for home and community based services.
- **Oversight of military readiness.** We continued to monitor DOD's efforts to rebuild military readiness and reported on the need to (1) better plan for sustaining various military aircraft, including the new F-35; (2) reassess the utilization and organization of the Air Force F-22 Raptor fleet; (3) improve maintenance of the Navy's submarine fleet and the Army's Patriot missile defense system; and (4) clarify policies and gather reliable data to manage the impact of time away from home on service members and their families.
- **Assessment of technology and science.** We reported on (1) Artificial Intelligence applications in four areas – cybersecurity, automated vehicles, criminal justice, and financial services; (2) sustainable chemical innovation, new approaches that improve the chemistry behind medicines, personal care products, and other everyday items to reduce environmental impacts; (3) technologies to mitigate electromagnetic risks to the U.S. electric grid; and (4) quantum computing, synthetic biology, and other potentially transformational research and considerations for U.S. competitiveness.
- **Designation of High Risk areas.** In our latest March 2019 update, the ratings for seven areas improved, two to the point of coming off the list—Department of Defense Supply Chain Management and Mitigating Gaps in Weather Satellite Data. The rankings for more than

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half of the over 30 areas on the list remained largely unchanged with three regressions. We also added VA Acquisition Management to the list after identifying seven VA contracting challenges. VA has one of the most significant acquisition functions in the federal government, in costs and numbers of contracts. Another issue—the Government-wide Personnel Security Clearance Process—was added to the list in January 2018 due to growing concerns about security clearance backlogs and other problems.

In FY 2018, our high-risk work in 35 areas resulted in 166 reports, 49 testimonies, \$46.8 billion in financial benefits, and 526 other benefits. Financial benefits to the federal government due to progress in addressing high-risk areas over the past 13 years (fiscal year 2006 through fiscal year 2018) totaled nearly \$350 billion or an average of about \$27 billion per year. The updated list is included as Enclosure I.

- **Identification of Fragmentation, Overlap, and Duplication.** Our eighth annual report identified 68 new actions across 23 new program areas that could reduce fragmentation, overlap, and duplication, or provide other cost savings and revenue enhancement opportunities across the federal government. Congress and executive branch agencies addressed 724 of the actions identified from 2011 to 2017, leading to about \$178 billion in financial benefits; \$125 billion had accrued through 2017, with \$53 billion more expected. An updated Fragmentation, Overlap, and Duplication report will be issued May 2019.

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## Focusing on Congressional Priorities

Serving Our Clients. In FY 2018, we issued 633 reports and made 1,650 new recommendations. Our senior executives were asked to testify 98 times before 48 separate committees or subcommittees on topics including key risks for the 2020 Census, improper payments under Medicaid, national defense preparedness, border security, and the nation's cybersecurity challenges. The table that follows lists examples of topics GAO addressed in testimony in FY 2018, grouped by our three external strategic goals.

**Table 3: Selected GAO FY 2018 Testimonies**

<b>Goal 1: Address Current and Emerging Challenges to the Well-being and Financial Security of the American People</b>	
<ul style="list-style-type: none"><li>• Observations on DOJ's Grantees' Capacity to Process DNA Evidence</li><li>• Observations on the Supplement Nutrition Assistance Program</li><li>• Improving DOD's Oversight of its Program for Transitioning Veterans</li><li>• Observations on the Strategic Petroleum Reserve's Emergency Stockpile</li><li>• Addressing DOE Management Challenges</li></ul>	<ul style="list-style-type: none"><li>• Implementing Positive Train Control</li><li>• Addressing Native American Youth in the Justice System</li><li>• Reducing Risk of Harm to Medicare Beneficiaries from Prescription Opioids</li><li>• Improving the Transfer and Monitoring of Unaccompanied Children</li><li>• Improving Federal Management of Indian Programs</li><li>• Improving Oversight of VA Health Care Providers</li></ul>
<b>Goal 2: Respond to Changing Security Threats and the Challenges of Global Interdependence</b>	
<ul style="list-style-type: none"><li>• Addressing Longstanding Management Challenges for Immigration Courts</li><li>• Improving Management of the Coast Guard's Acquisition Portfolio</li><li>• Securing the Southwest Border – Progress and Challenges</li><li>• Improving Navy and Marine Corps Plans to Train for Amphibious Operations</li><li>• Enhancing Information Sharing with Private Sector on the Counterfeits Market</li><li>• Improving Oversight of the Antiterrorism Assistance Program</li></ul>	<ul style="list-style-type: none"><li>• Using TSA Data to monitor Airport Operations Including Passenger Wait Times</li><li>• Preliminary Observations on Reported Injuries to U.S. Personnel in Cuba</li><li>• Monitoring Inter-American Assistance Agreements and U.S. Contributions</li><li>• Improving Management of DHS' Chemical Facility Security Program</li><li>• Improving VA's Medical and Surgical Supply Contracts to Reduce Cost</li></ul>
<b>Goal 3: Help Transform the Federal Government to Address National Challenges</b>	
<ul style="list-style-type: none"><li>• Addressing Physical Security Challenges at NIST and Commerce</li><li>• Implementing High-Risk Recommendations for IT Acquisitions, Operations, and Cybersecurity</li><li>• Mitigating Key Risks for 2020 Census</li><li>• Improving Federal Regulatory Guidance Practices</li><li>• Addressing DHS' Urgent Cybersecurity Workforce Needs</li><li>• Addressing Cost Growth and Schedule Delays in NASA's Major Projects</li><li>• Improving Management of Medicare's Fraud Risks</li></ul>	<ul style="list-style-type: none"><li>• Addressing Management Challenges Presented by Budget Uncertainty</li><li>• Preparing for VA's Transition to a New Electronic Health Record System</li><li>• Improving Government Efficiency and Effectiveness to Reduce Federal Costs</li><li>• Observations on USPTO's Covered Business Method Patent Review Program</li><li>• Addressing Delays in NASA's Commercial Crew Program</li><li>• Observations on Challenges and Opportunities for Grants Management</li></ul>

Source: GAO | GAO-19-451T

**Outreach Efforts.** I continued my regular meetings with the Chairs and Ranking Members of congressional committees to obtain their views on GAO's work, including their priorities, and to discuss opportunities and challenges facing our nation.

I also sent letters to the heads of most federal departments to acknowledge the actions taken to date to implement our prior

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recommendations and to draw their attention to priority recommendations still requiring their attention. These letters were also sent to the congressional committees of jurisdiction to inform their oversight.

We continue to collaborate with the Congress to revise or repeal mandated reporting requirements to align our work with current congressional priorities and maximize our staff resources.

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## Internal Improvements

**Supporting Our People.** The hard work and dedication of our diverse and professional multidisciplinary staff positioned GAO to achieve 97 percent on-time delivery of our products in FY 2018. We exceeded the targets for our seven people measures, new hire rate, retention rates with and without retirements, staff development, staff utilization, effective leadership by supervisors, and organizational climate. GAO also continued its distinction as a best place to work—the Partnership for Public Service ranked GAO fourth among mid-size federal agencies and first for supporting diversity.

**Managing Our Internal Operations.** In fiscal year 2018, we continued efforts to maximize our strategic goal to maximize our value by enabling quality, timely service to the Congress and being a leading practices federal agency. We made progress addressing our three internal management challenges: managing a quality workforce; improving the efficiency of our engagements; and ensuring the confidentiality, integrity, and availability of GAO's information technology services. We are on track to achieve 3,150 FTE in our FY 2019 hiring plan and expect to have over 3,250 staff on board at year-end.

In FY 2018 GAO deployed the Electronic Protest Docketing System (EPDS), made key security investments, and refreshed technology platforms needed to support our bid protest work.<sup>9</sup>

As previously mentioned, in FY 2019, we will complete the pilot of New Blue, a system that will allow analysts to more efficiently create and manage report content; streamline the publishing processes; and enable access on mobile devices. New Blue is planned to be rolled out across

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<sup>9</sup> The Consolidated Appropriations Act, 2014, included a provision for GAO to develop an electronic bid protest filing system. The statute also authorized the collection and use of fees to offset the costs of that system. GAO successfully piloted and launched its new system, EPDS, in 2018.

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GAO following the conclusion of the pilot. If you are interested in reviewing a GAO product in the new format, please see [GAO-18-312](#).

To enhance information technology services, we continued to strengthen monitoring and detection of malicious activity to counter escalating cybersecurity threats.

In keeping with our effort to continuously improve our operations, GAO migrated to the Legislative Branch Financial Management System (LBFMS) Momentum Financial operated by the Library of Congress. The system serves as our integrated Financial Management System and is hosted in a FedRAMP compliant and secure facility. LBFMS improved internal controls over invoicing processing, reduced data entry errors, and increased efficiency and timeliness of payments.

GAO also received an unmodified or “clean” opinion from independent auditors on our financial statements for FY 2018 and our internal control over financial reporting. Independent auditors found no reportable noncompliance with provisions of applicable laws, regulations, contracts, and grant agreements tested. We demonstrated that all detailed performance and financial information is complete and reliable and meets high standards for accuracy and transparency.

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## Good Accounting Obligation in Government Act Reporting

With regard to the recommendations from GAO’s Office of the Inspector General (OIG), GAO has implemented all of the recommendations issued by the OIG prior to January 2018. Additionally, GAO has determined that it will implement the three open OIG recommendations that have been issued within the past 12 months and expects that implementation will be completed within calendar year 2019.

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## Legal Work

In FY 2018, we addressed about 2,600 bid protest cases and issued more than 600 decisions on the merits. In addition, we published 15 appropriations law products, including five products to carry out GAO’s responsibilities under the Impoundment Control Act regarding the President’s special message of May 2018.

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## Strategic Planning

GAO issued its latest Strategic Plan for Serving the Congress and the Nation in February 2018, covering FYs 2018 to 2023. As the nation confronts a series of both new and long-standing challenges, this plan describes our goals and strategies to support the Congress to identify



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cost savings and other financial opportunities; to make government more accountable, efficient and effective; and ultimately to improve the safety, security, and well-being of the American people. GAO's Strategic Plan provides a comprehensive roadmap for how the agency will support the most important priorities of Congress and the American people.

This plan reflects the full scope of the federal government's operations, as well as emerging and future trends that may affect government and society. As part of our strategic planning process, we emphasize foresight, continuous environmental scanning, and trend analysis as essential to helping inform our decision-making and long-term planning.

The plan is comprised of three sections: strategic goals and objectives; key efforts; and trends that provide overall context supporting our long-range planning. The current strategic plan framework (Enclosure III) summarizes these global trends affecting government and society, as well as the strategic goals and objectives that guide our work.

There are eight trend areas in GAO's 2018 – 2023 plan including:

1. **Domestic and Global Security:** Global conditions affecting U.S. and international security;
2. **Fiscal Outlook and the Debt:** The federal government's long-term unsustainable fiscal path;
3. **Economics and Trade:** Global response to challenges posed by divergent economic growth;
4. **Jobs and Education:** Technological advances and their impact on preparing the workforce of the future;
5. **Demographics and Society:** Demographic changes and their implications for U.S. society and economy;
6. **Science and Technology:** Five emerging technologies and scientific advances that could potentially transform society (Genome Editing; Artificial Intelligence and Automation; Quantum Information Science; Brain/Augmented Reality; and Cryptocurrencies and Blockchain);
7. **Government and Governance:** Increasingly complex governance relationships and practices; and
8. **Environment and Sustainability:** Balancing competing natural resource and sustainability needs.

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## Center for Audit Excellence

The Congress authorized GAO to establish a Center for Audit Excellence (the Center) in 2014 to provide training and technical assistance to enhance the capacity of domestic and international accountability organizations. GAO contributes to a number of efforts that promote good governance and enhance the capacity of the accountability community. The Center uniquely offers a wide range of training and technical assistance services at locations throughout the United States and the world. The Center is authorized to charge fees for its services to facilitate recovery of its costs.

Since its opening in October 2015, the Center has expanded its volume of business significantly and increased annual revenue from \$41,000 in fees in FY 2016 to \$624,000 in FY 2018. Further, the Center has provided training or technical assistance services to over two dozen federal, state, local and international accountability organizations. Several of these organizations have returned to the Center repeatedly for training and technical assistance services to help build staff capacity in applying auditing concepts and tools.

In FY 2018, the Center provided training and technical assistance to 12 domestic audit organizations, including federal inspectors general and state and local audit offices. Center services helped these organizations improve their staff members' understanding of federal internal control standards, Government Auditing Standards, and performance audit methodologies. For example, the Center provided 10 classes on internal control to one federal audit organization. Based on formal and informal feedback, the vast majority of training participants found Center training to be greatly useful.

The Center also provided technical assistance to three national audit institutions in Europe and Central America during FY 2018 to enhance their capacity to conduct and achieve results from performance audits. For example, the Center helped a national audit institution in Eastern Europe enhance its capacity to conduct information technology audits and helped another national audit institution assess and improve its process for documenting financial benefits resulting from audits. The Center also provided technical assistance on a project funded by the Millennium Challenge Corporation to help enhance the performance audit capacity of a national audit institution in Central America.

In April 2016, the Center signed a Memorandum of Understanding (MOU) with the U.S. Agency for International Development (USAID) to collaborate in enhancing audit capacity and accountability in developing

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countries. In FY 2018, under the MOU, the Center assessed the capacity building needs of an African country's audit institutions for USAID and identified areas for improvement. In November 2018, the Center signed an agreement with USAID/Philippines to provide training and technical assistance services to the Philippine Commission on Audit to strengthen their capacity to conduct performance audits. USAID expects the total estimated cost of the 3-year project to be \$1.48 million and has obligated \$500,000 for services to be provided by the Center in the first year.

The Center continues to implement its business plan and look for additional ways to build on its accomplishments and strengthen the capacity of accountability partners to enhance the oversight of U.S. federal funds used domestically and across the globe. For example, during FY 2019, the Center plans to expand its international work further by leveraging its MOU with USAID and expanding partnerships with other organizations such as the World Bank.

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## Concluding Remarks

We value the opportunity to provide Congress and the nation with timely, insightful analysis on the challenges facing the country. I would like to thank the Committee again for its support of GAO and the FY 2019 Budget. Our FY 2020 budget requests the resources to ensure that we can continue to address the highest priorities of the Congress.

Our request will allow us to continue building our staffing level and provide our employees with the appropriate resources and support needed to serve the Congress effectively. This funding level will also allow us to continue efforts to promote operational efficiency and address long-deferred information technology investments and maintenance. We will also continue to explore opportunities to generate revenue to help offset our costs.

I appreciate, as always, your careful consideration of GAO's budget and your continued support.

# Enclosure I: GAO's 2019 High Risk List

High Risk Area	Year Designated
<b>Strengthening the Foundation for Efficiency and Effectiveness</b>	
Improving Federal Programs that Serve Tribes and Their Members <sup>a</sup>	2017
2020 Decennial Census <sup>a</sup>	2017
U.S. Government's Environmental Liability <sup>a</sup>	2017
Improving the Management of IT Acquisitions and Operations	2015
Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks <sup>a</sup>	2013
Management of Federal Oil and Gas Resources	2011
Modernizing the U.S. Financial Regulatory System <sup>a</sup>	2009
Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability <sup>a</sup>	2009
Resolving the Federal Role in Housing Finance <sup>a</sup>	2013
Funding the Nation's Surface Transportation System <sup>a</sup>	2007
Managing Federal Real Property	2003
Strategic Human Capital Management	2001
<b>Transforming DOD Program Management</b>	
DOD Approach to Business Transformation	2005
DOD Support Infrastructure Management <sup>a</sup>	1997
DOD Business Systems Modernization	1995
DOD Financial Management	1995
DOD Weapon Systems Acquisition	1990
<b>Ensuring Public Safety and Security</b>	
Government-wide Personnel Security Clearance Process ( <b>new</b> ) <sup>a</sup>	2018
Protecting Public Health through Enhanced Oversight of Medical Products	2009
Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals <sup>a</sup>	2009
Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests <sup>a</sup>	2007
Improving Federal Oversight of Food Safety <sup>a</sup>	2007
Strengthening Department of Homeland Security Management Functions	2003
Ensuring the Cybersecurity of the Nation <sup>a</sup>	1997
<b>Managing Federal Contracting More Effectively</b>	
VA Acquisition Management ( <b>new</b> )	2019
DOD Contract Management	1992
DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management <sup>a</sup>	1990
NASA Acquisition Management <sup>a</sup>	1990
<b>Assessing the Efficiency and Effectiveness of Tax Law Administration</b>	
Enforcement of Tax Laws <sup>a</sup>	1990

High Risk Area	Year Designated
<b>Modernizing and Safeguarding Insurance and Benefit Programs</b>	
Managing Risks and Improving VA Health Care <sup>a</sup>	2015
National Flood Insurance Program <sup>a</sup>	2006
Improving and Modernizing Federal Disability Programs	2003
Pension Benefit Guaranty Corporation Insurance Programs <sup>a</sup>	2003
Strengthening Medicaid Program Integrity <sup>a</sup>	2003
Medicare Program & Improper Payments <sup>a</sup>	1990

Source: GAO. | GAO-19-451T

<sup>a</sup>Legislation is likely to be necessary in order effectively address this area.

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# Enclosure II – Federal Disaster Response and Recovery Engagements

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## Completed Engagements:

Disaster Assistance: Opportunities to Enhance Implementation of the Redesigned Public Assistance Grant Program. [GAO-18-30](#), November 8, 2017.

2017 Disaster Contracting: Observations on Federal Contracting for Response and Recovery Efforts. [GAO-18-335](#), February 28, 2018.

Federal Disaster Assistance: Individual Assistance Requests Often Granted but FEMA Could Better Document Factors Considered. [GAO-18-366](#), May 31, 2018.

2017 Hurricanes and Wildfires: Initial Observations on the Federal Response and Key Recovery Challenges. [GAO-18-472](#), September 4, 2018.

Homeland Security Grant Program: Additional Actions Could Further Enhance FEMA's Risk-Based Grant Assessment Model. [GAO-18-354](#), September 6, 2018.

Continuity of Operations: Actions Needed to Strengthen FEMA's Oversight and Coordination of Executive Branch Readiness. [GAO-19-18SU](#), November 26, 2018.

2017 Disaster Contracting: Action Needed to Better Ensure More Effective Use and Management of Advance Contracts. [GAO-19-93](#), December 6, 2018.

U.S. VIRGIN ISLANDS RECOVERY: Status of FEMA Public Assistance Funding and Implementation. [GAO-19-253](#), February 25, 2019.

PUERTO RICO HURRICANES: Status of FEMA Funding, Oversight, and Recovery Challenges. [GAO-19-256](#), March 14, 2019.

Huracanes de Puerto Rico: Estado de Financiamiento de FEMA, Supervisión y Desafíos de Recuperación. [GAO-19-331](#), March 14, 2019.

DISASTER RECOVERY: Better Monitoring of Block Grant Funds Is Needed. [GAO-19-232](#), March 25, 2019.

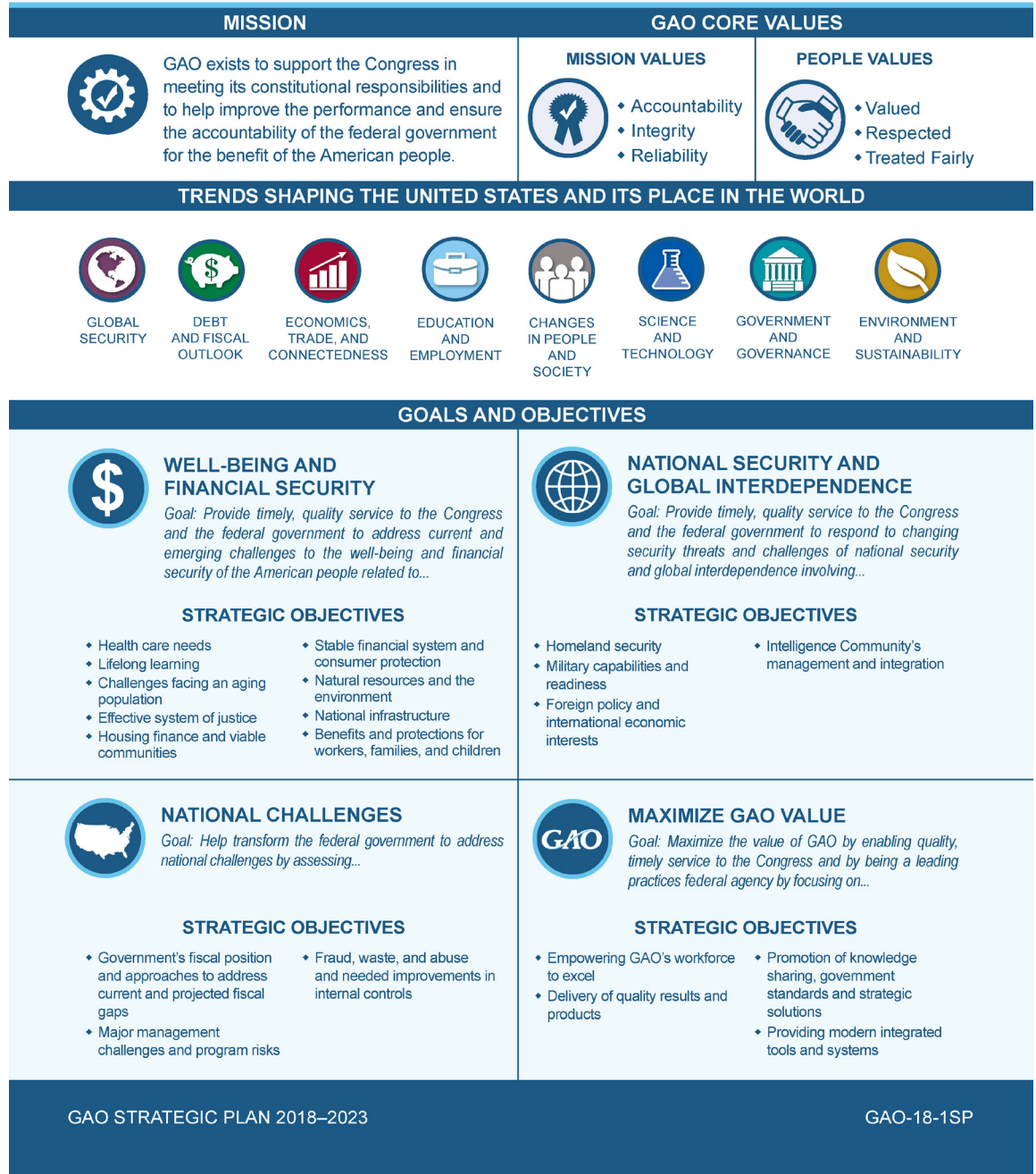
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Ongoing  
Engagements:

1. Federal post disaster contracts;
2. Disaster assistance for older Americans and individuals with disabilities;
3. Puerto Rico and U.S. Virgin Islands power grid restoration;
4. Review of U.S. Virgin Islands recovery planning and progress;
5. Puerto Rico disaster recovery planning and progress;
6. 2017 wildfire response and recovery;
7. Federal internal control plans for disaster assistance funding;
8. Electricity grid restoration and resilience after the 2017 hurricane season;
9. Mass care sheltering and feeding challenges during the 2017 hurricanes;
10. DOT highway and transit emergency relief funding;
11. Drinking water and wastewater utility resilience;
12. Review of disaster death count information in selected states and territories;
13. Department of Health and Human Services Disaster Response Efforts;
14. Disaster and climate change impacts on Superfund sites;
15. FEMA Public Assistance program fraud risk management efforts;
16. Fuel reduction efforts for wildland fires;
17. Preparedness challenges and lessons learned from the 2017 disasters;
18. FEMA workforce management and challenges;
19. Small Business Administration response to 2017 disasters;
20. Development of the GAO disaster resilience framework;
21. FEMA Individual Assistance programs and challenges;
22. National Flood Insurance Program (NFIP) post-flood enforcement;
23. Emergency alerting capabilities and progress;
24. National Flood Insurance Program buyouts and property acquisitions;  
and
25. Economic costs of large-scale natural disasters and impacts on community recovery.

# Enclosure III – GAO’s Strategic Plan Framework

## GAO'S STRATEGIC FRAMEWORK



Source: GAO. | GAO-19-451T



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