OPENING STATEMENT OF CHAIRMAN JOHNSON

Chairman JOHNSON. This hearing will come to order. Good afternoon. I want to welcome all our witnesses. I appreciate your thoughtful testimony and your willingness to spend some time here with us today.

I ask consent that my written opening statement be entered in the record. Without objection.

This hearing is really what this Committee is all about, particularly on the Governmental Affairs portion. We have a mission statement that we developed last Congress with my former Ranking Member, Senator Carper, and then my new Ranking Member had a very good addition to it. The original one was to enhance the economic and national security of America. Senator McCaskill suggested we add “and promote more efficient, effective, and accountable government.”

Of course, that is exactly what the Government Accountability Office (GAO) does. That is exactly what Inspectors General (IGs) do. And so, we certainly appreciate your work. I do not know how many times I have said, and I think others have said, that you are our favorite folks in government. You give us the information that really can make government more efficient, more effective, and accountable.

Today’s hearing is about the GAO’s High-Risk Series, their list. This is something that has been prepared by GAO since the early 1990s. The facts speak for themselves. In just the last 10 years, GAO reports that we probably saved about $240 million over that 10-year period by enacting their recommendations to make government more efficient and effective. That is $24 billion per year.

1 The prepared statement of Senator Johnson appears in the Appendix on page 39.
Of course, IGs play a key role in that as well. Senator Grassley and I sent a letter and requested that the IGs of the last Congress give us a list of all their recommendations that are outstanding, that have not been implemented. The result was 15,222; net potential savings, about $87 billion. So, even in the Federal Government, that is real money, and it is really folks like you that can make a huge difference.

Today’s hearing, what we decided to do is this—because we have listened to Mr. Dodaro testify beautifully without notes, and he can speak an awful lot. But, rather than have him completely on the hot seat there, we thought we would invite two Inspectors General, and we have Mike Missal, the Inspector General of the Department of Veterans Affairs (VA), and John Roth, the Inspector General of the Department of Homeland Security (DHS), to testify in terms of their Department, the activity, and the High-Risk List. We also invited John Thompson, the Director of the Census Bureau, and, Mr. Thompson, we did not invite you to be here to be on the hot seat. Obviously, the Census is under this Committee’s jurisdiction, and I really wanted to bring in the Director and get his viewpoint in terms of a Director of one of these agencies that is listed on the High-Risk List, how you view that, what you do, what are your challenges in trying to get off the High-Risk List, and how seriously do you really take it. Again, I truly appreciate it—we will go easy on you here. We truly appreciate you coming.

I am looking forward to the hearing. I do not want to spend much more time. I will turn it over to Senator McCaskill.

OPENING STATEMENT OF SENATOR MCCASKILL

Senator McCaskill. Thank you, Mr. Chairman, for holding this important hearing. I know that Mr. Dodaro knows this, that I really consider GAO to be one of the most important entities in Washington, D.C. It is an independent, nonpartisan agency that investigates how the Federal Government spends tax dollars. Your work supports us in meeting our legislative and oversight obligations under the Constitution and helps us to improve accountability in the Federal Government. And, the important thing is you provide information that is objective, that is fact based, nonpartisan, fair, and balanced.

At the beginning of each Congress, you release a report of government programs that are at high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement. Shortly after the release of the report, the Senate Committee on Homeland Security and Governmental Affairs (HSGAC) invites GAO’s leaders—the Comptroller—to testify. I appreciate that this hearing is one of our first full Committee hearings of the 115th Congress. GAO’s 2017 High-Risk Report provides us with a list of priorities for how this Committee can target and root out waste, fraud, and abuse.

For example, GAO’s report says the Federal Government oversees more than $80 billion in taxpayer funds for Information Technology (IT) investments. But, poor management, as we know, leads many IT contracting projects to fail or experience significant cost overruns. Contract oversight is not a new problem in government,
but it remains one of the intractable and most important problems out there.

While most government employees are dedicated public servants, GAO’s High-Risk Report highlights that more work is needed to ensure that the Federal bureaucracy performs effectively and efficiently on behalf of the American people. The report identifies several “mission-critical” skill gaps within the Federal workforce that could pose risks to American tax dollars and to American lives.

For example, it is alarming that even after the large-scale cyber breach at the Office of Personnel Management (OPM) and the medical wait list scandal at the Department of Veterans Affairs, some of the Federal skills gap identified by GAO still include cybersecurity and nursing.

This year, GAO added the 2020 Census program to its list of high-risk areas. Knowing that our next Census is rapidly approaching, I am grateful that Director Thompson is here to provide a status update on the program. The cost of the Census has risen over the last few decades, with the 2010 Census being the costliest U.S. Census in history. Billions of tax payer dollars were wasted on programs that had to be scrapped at the last minute in order to ensure the 2010 Census was done on time.

Given these challenges and the important role the Census plays in counting our citizens as well as allocating precious taxpayer dollars to communities, I am eager to learn how the Bureau expects to effectively manage costs this time while simultaneously modernizing the Census program.

I am grateful to Inspectors General Roth and Missal for joining Comptroller General Dodaro and Director Thompson here today to discuss their work to improve government programs at the Department of Homeland Security and Veterans Affairs, respectively. When there is ineffective oversight and accountability in government, money gets wasted and mismanagement goes unaddressed.

As a former State auditor, I consider government accountability as maybe the most important part of my work here in the Senate. Last week, President Trump signed into law the GAO Access and Oversight Act, a bipartisan measure that I cosponsored to ensure that GAO has full access to the National Database of New Hires, a key tool for cutting waste and fraud in many of the government’s largest programs, as well as allowing States to aggressively pursue child support payments. The law also strengthens GAO’s ability to take legal action if an agency refuses to provide GAO with information necessary to perform its functions. This law is a great example of what our Committee can do when we work together to promote accountability in the Federal Government.

The Federal Government is a complex system of agencies. It spends more than $3 trillion annually on behalf of the American people. We are members of a public trust to ensure those tax dollars are used well.

Thank you so much for being here today. Thank you, Mr. Chairman, for having this Committee hearing, and I will look forward to questions.

Chairman JOHNSON, Thank you, Senator McCaskill.

It is the tradition of this Committee to swear in witnesses, so if you will all rise and raise your right hand. Do you swear that the
testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. DODARO. I do.
Mr. THOMPSON. I do.
Mr. MISSAL. I do.
Mr. ROTH. I do.

Chairman JOHNSON. Please be seated.

Our first witness is Eugene Dodaro. Mr. Dodaro has been the Comptroller General of the U.S. Government Accountability Office since 2010 and has more than 40 years experience at the agency, including as Acting Comptroller General, Chief Operating Officer (COO), and head of the Accounting and Information Management Division. Comptroller Dodaro.

TESTIMONY OF THE HONORABLE EUGENE L. DODARO,\(^1\) COMPTROLLER GENERAL OF THE UNITED STATES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. DODARO. Thank you very much, Mr. Chairman. Good afternoon to you, Ranking Member McCaskill. I am very pleased to be here today to discuss the latest addition to the GAO’s high-risk program. I am pleased to report that many of the 32 areas that were on the list in 2015 have shown improvement and are in a position now that they either meet or partially meet all five criteria for coming off the list.

Now, the five criteria are leadership, you have to have the capacity, you have to have a good action plan, monitoring effort, and you have to demonstrate some progress. This is the one that is the hardest to meet, to actually show you are reducing the risk or making progress in fixing the problems.

This progress is due to commitment by some of the agency leaders as well as the staff in the agencies, the Office of Management and Budget (OMB), and Congress. I am very pleased that the 114th Congress passed over 12 bills that addressed high-risk areas and were part of the reason why we are showing this progress. And, Congress held over 250 hearings on areas discussed in GAO’s high-risk program. I am very pleased this Committee, in particular, was sponsoring a number of bills, holding a lot of hearings, and I am very appreciative of that. Congress is key to making progress.

If you look at almost every area that we identify as achieving progress, congressional action has been instrumental in achieving that degree of progress.

One area has met all the criteria and is coming off the list—managing the sharing of terrorism-related information. This is a very important area to the safety of our country. I can assure this Committee while it is coming off the list, it does not mean it is out of sight. We are going to keep an eye on it and make sure that things stay on track in that area.

Another area that I know this Committee is very interested in is the Department of Homeland Security. IT has continued to show steady progress. Agency officials have improved their ability to monitor their action plan that they have in place. They really need to focus on their acquisition programs, fixing their financial man-

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\(^1\)The prepared statement of Mr. Dodaro appears in the Appendix on page 44.
agement systems, and improving employee morale. Those are the key things they need to continue to do.

There are a number of areas on the list, however, that need substantial attention, and these I would particularly cite for this Committee's attention.

First is veterans' health care. I added that to the list in 2015 for a number of very important reasons that I can elaborate on in the question and answer (Q&A), but I am very concerned that they have only made limited progress.

Defense Department financial management, we talked about that several times before this Committee. They are still the only major Federal agency that has not been able to pass the test of an audit.

Information technology and acquisitions and operations, as Senator McCaskill mentioned, that is an area that, while we have seen some progress, needs significantly more oversight and attention to make sure that it gets fixed.

Cybersecurity, both cybersecurity as it relates to the Federal Government's own information systems, but also critical infrastructure like the electricity grid, financial markets, air traffic control system, and others. We added cybersecurity across the Federal Government as a high-risk area to the list in 1997, so this is the 20-year anniversary. We have been trying to get agencies to move on that area, and despite even the breaches, we have 1,000 recommendations that are still outstanding in the cybersecurity area.

And then, reforming the housing finance system, this is one area that was not addressed coming out of the global financial crisis. Fannie Mae and Freddie Mac have been in conservatorship since 2008. A lot of the risk has moved to the Federal Government, either directly or indirectly—directly through the Federal Housing Administration (FHA), who received about $1.68 billion in supplemental funding in 2013. About 70 percent of all the single-family mortgages originated in 2016 are either directly or indirectly supported by the Federal Government. We need to address Fannie and Freddie and get the private sector back into the financial market as well to reduce the risk on the Federal Government.

We are adding three new areas this year. First is the Federal efforts to provide oversight over programs that serve Indian tribes and their members. We are very concerned. We looked at the education programs. Their schools are in poor condition, not properly staffed. The health care area, there are no quality standards for health care, a lot of vacant positions. They are distributing funds to send people to private sector care if it is not available in Indian hospitals. They are still using a formula that they used in the 1930s. That needs attention. And, also, some tribes want to develop oil and gas on their lands, but they need Federal permitting and licensing, and it is just slow. It takes forever, and they are not able to generate that revenue that could help them deal with a number of their issues.

Second, there is growth in environmental liabilities for the Federal Government. This is to dispose of waste from the nuclear weapons complex as well as from other Federal activities. The liability right now is approaching one-half trillion dollars. I believe it to be understated because of problems that we have seen with agencies such as DOD estimating environmental liabilities for
cleaning up locations like the Department of Energy nuclear waste sites and Defense Department installations.

Now, the Federal Government spends billions of dollars every year to clean up this waste, but the liability keeps growing. There is not enough risk-based decisionmaking made in those areas. We have a number of outstanding recommendations.

The last area is the Census. As you mentioned, we have added that to the list because of the fact that the last Census was over $12 billion, the costliest ever. In order to contain costs, Census officials have introduced a lot of novel concepts using the Internet, developing address lists from spatial and other means rather than going door to door canvassing, and also using administrative records and new information technology. All these things add to the risk. And, the final plans have not been put in place yet.

We look forward to working with this Committee, and I look forward to answering questions today at the appropriate time. Thank you very much.

Chairman JOHNSON. Thank you, Mr. Dodaro.

Our next witness is John Thompson. Mr. Thompson is the Director of the Census Bureau. Before his appointment as Director, Mr. Thompson was president and Chief Executive Officer (CEO) at the National Opinion Research Center (NORC).

Director Thompson.

TESTIMONY OF THE HONORABLE JOHN H. THOMPSON,1 DIRECTOR, U.S. CENSUS BUREAU, U.S. DEPARTMENT OF COMMERCE

Mr. THOMPSON. Good afternoon, Chairman Johnson, Ranking Member McCaskill, and Members of the Committee. I appreciate the opportunity to update you on the 2020 Census. I am proud to report today that we remain on the critical path to readiness.

The 2020 Census has been added to the most recent High-Risk List from the Government Accountability Office. Both the 2000 Census and 2010 Census were also on this list, which is a reflection of the complexity, scale, and importance of conducting a fair and accurate census. This decade, the complexity is heightened as we replace a paper-and-pencil-based design with innovative technologies that will save taxpayers billions of dollars. We already have robust controls in place to mitigate the risks that are inherent in carrying out this constitutionally mandated task.

As we plan and test the 34 operations and roughly 50 systems that comprise the 2020 Census, we are aware of the many risks the program faces. That is why we are working rigorously to manage, monitor, and mitigate those risks. In the final years of the decade, risk management is critical to our operational plan for 2020. Another important part of our preparations is continuing to work with our colleagues at the GAO and the Office of the Inspector General (OIG) at the Department of Commerce.

I discuss the steps we are taking to mitigate risk in greater detail in my written testimony for the record, including the overarching risk of funding uncertainty. Today I want to highlight the following specific risk areas that we are concentrating on.

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1The prepared statement of Mr. Thompson appears in the Appendix on page 97.
First, cybersecurity, fraud detection, and ensuring the public's trust. We are actively securing our systems and devices for the 2020 Census and its field test while ensuring that we prevent fraud and cyber attacks. We will use a layered defense strategy to protect the data we collect and administrative records.

Second, ensuring systems readiness. We have developed and field-tested proof-of-concept systems, and our design is supported by findings from the Census tests. Now that we have awarded nearly all of the key contracts for 2020, we are finalizing our system of systems ahead of the 2018 End-to-End Census Test.

Third, refining our field procedures through testing.

Fourth, managing the Integrated Master Schedule for the 2020 Census and its supporting programs.

And, last, documenting and validating our 2020 Census life cycle cost estimates.

Census tests are key to finalizing our designs and reducing risk. Last year, we tested core Census operations in Harris County, Texas, and Los Angeles County, California. Additionally, we tested our address canvassing procedures and systems in parts of Buncombe County, North Carolina, and St. Louis, Missouri. We learned many lessons from these tests, and we are using those lessons to refine our operations and mitigate the risks of an innovative Census.

In addition, the Census Bureau has planned test operations in 2017. These involve critical systems and operations that must be tested ahead of the 2018 End-to-End Census Test.

The 2018 End-to-End Census Test is the final major field test before the 2020 Census. Field operations will begin in August 2017 with a Census Day of April 1, 2018. We will conduct the test in three areas: Pierce County, Washington; Providence County, Rhode Island; and the Bluefield-Beckley-Oak Hill area of West Virginia. Collectively, it will cover about 770,000 housing units. We will test and prove in nearly all of the 2020 Census operations, procedures, systems, and field infrastructure. We will also produce prototypes of our geographic and data release products.

Making sure that all of these Census systems work individually and in concert with each other is critical. Using the lessons from 2018, we will make any necessary adjustments to ensure that we are ready for the Census and finalize our plans for operations.

We have been transparent about how we are approaching the redesigned Census. We have held public quarterly program management reviews. We publicly documented and tracked our biggest decisions. We have shared our Integrated Master Schedule with the GAO every month, for example.

There are many challenges ahead, but we are confident that, with appropriate funding levels, we can successfully execute the 2020 census. I need to note that 2017 and 2018 are critical years in the census cycle. The funding we receive in these years will have a great effect on the outcome of the 2020 census, including achieving $5 billion in cost savings.

We are now less than 6 months away from beginning field work on the final major test for the 2020 Census, but there is not yet clarity regarding the program's funding in 2017. In January, uncertainty about the fiscal year (FY) 2017 budget required us to make
difficult decisions to descope some aspects of the program and pause others to mitigate funding uncertainty risk. This will lead to more address listing work in 2019, to a delay in opening three of our six regional Census centers in 2017, and to the elimination of advertising in the 2018 End-to-End Census Test. It will also lead to deep cuts to program and test management operations, despite the GAO and our Inspector General deeming them critical for a program of this complexity.

I must stress that we need an adequate level of funding to do the development, testing, validation, documentation, and planning that are necessary for risk mitigation and which the GAO has urged us to conduct.

We are planning an innovative, modern design for 2020 that will bring the decennial Census into the 21st Century. Our approach takes advantage of new technologies, methodologies, and data sources, while minimizing risk. With the funding we have requested, we can execute the design that will save taxpayers billions of dollars.

I thank the Committee for your interest in our work. I look forward to discussing the challenges we face and how we are addressing them and to continuing our productive relationship with the GAO in the years ahead.

Thank you.

Chairman JOHNSON. Thank you, Director Thompson.

Our next witness is Michael Missal. Mr. Missal is the Inspector General of the Department of Veterans Affairs. Prior to his service as the Inspector General, Michael was a partner at the law firm K&L Gates, where he led the firm’s policy and regulatory practice groups. Mr. Missal.

TESTIMONY OF THE HONORABLE MICHAEL J. MISSAL, 1 INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS

Mr. MISSAL. Thank you. Chairman Johnson, Ranking Member McCaskill, and Members of the Committee, thank you for the opportunity to discuss the work of the VA Office of Inspector General and how we provide effective oversight of VA’s programs and operations through independent audits, inspections, and investigations. We seek to prevent and detect fraud, waste, and abuse, and make meaningful recommendations to drive economy, efficiency, and effectiveness throughout VA’s programs and operations. Our goal is to undertake impactful work that will assist VA in providing the appropriate and timely services and benefits that veterans so deservedly earned and ensuring the proper expenditure of taxpayer funds.

I have had the great privilege of serving as the Inspector General since May 2, 2016. Since that time, I have fully immersed myself in the work, priorities, and policies of the OIG. We have made a number of enhancements since I started, including issuing a Mission, Vision, and Values statement, increasing transparency, creating a Rapid Response team, expanding our data analytics capabilities, and being more proactive in our review areas. I believe

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1 The prepared statement of Mr. Missal appears in the Appendix on page 107.
that these changes will enable us to do additional impactful work in a timely manner.

The OIG shares a similar mission with GAO. It is important that we have a strong relationship with GAO to ensure that we avoid duplication of effort as much as possible. To that end, one of the first things I did when I started was to meet with Comptroller General Gene Dodaro and some of his senior staff. Our offices have had a number of discussions and communications since that time to promote coordination and effective oversight of VA.

GAO added Managing Risks and Improving VA Health Care to its biannual High-Risk List in 2015, and it remains on the High-Risk List that was just issued for 2017. The GAO focused its concerns in five broad areas: ambiguous policies and inconsistent processes, inadequate oversight and accountability, information technology challenges, inadequate training for VA staff, and unclear resource needs and allocation priorities.

While our work is determined by what we believe is the most effective oversight of VA, a number of our reports address concerns in these same five areas. As the Committee requested, I will highlight a sampling of OIG work in each of the areas that resulted in GAO placing VA health care on its High-Risk List. It should be noted that many of the OIG’s reports could fit in more than one area.

We have issued a number of reports in the past few years that include VA’s ambiguous policies and inconsistent processes. A review of the Health Eligibility Center determined that VA had not effectively managed its business processes to ensure the consistent creation and maintenance of essential health care eligibility data. We made 13 recommendations in that report, including one focused on controls to ensure that future enrollment data are accurate and reliable before being entered into the Enrollment System (ES). VA concurred with the recommendations and provided sufficient information to close all recommendations in October 2016.

Proper oversight by management would ensure that programs and operations would work effectively and efficiently. Our September 2016 report on the Denver replacement medical center is an extremely costly example of the result of inadequate oversight. Through all phases of the project, we identified various factors that significantly contributed to delays and rising costs. This occurred due to a series of questionable business decisions and mismanagement by VA senior officials, resulting in a project years behind schedule and costing more than twice the initial budget of $800 million. We made five recommendations and VA management concurred with all recommendations. We recently requested information from VA on the implementation status of the recommendations and will keep them open until VA provides satisfactory evidence of implementation.

As we have reported in our list of VA’s major management challenges within VA’s Annual Financial Report, we have frequently identified VA’s struggles to design, procure, and/or implement functional IT systems. IT security is continually reported as a material weakness in our Consolidated Financial Statement audits.

VA has a high number of legacy systems needing replacement. Moreover, after years of effort focused on replacement of VA’s leg-
acy scheduling software, a new scheduling system is still not in place. VA's issues with scheduling software are related to the inability to define its requirements and determine if a commercial solution is available or if it must design a system. Replacing systems has been a major challenge across the government, and it is not unique to VA. We have issued a number of reports outlining access issues and our work in this area is continuing.

One prevailing theme of the OIG’s work related to wait times and scheduling issues was the inadequate, lack of, or incorrect training provided to VA staff for scheduling appointments. We conducted extensive work related to allegations of wait time manipulation through fiscal years 2015 and 2016 after the allegations at the Phoenix VA Health Care System surfaced in April 2014. As we have reported in more than 90 Administrative Summaries of Investigation and other reports that have been issued, the lack of training for schedulers and the lack of understanding of the process by their managers created a system in which long wait times were not accurately portrayed to management.

VA needs to accurately forecast the demand for health care services in both the near term and the long term. The OIG is required by Section 301 of the Choice Act to review the Veterans Health Administration (VHA) occupations with the largest staffing shortages. In our most recent report issued in September 2016, we identified medical officer, nurse, psychologist, physician assistant, and physical therapist/medical technologist as the critical occupations with the largest staffing shortages.

In conclusion, the OIG is committed to providing effective oversight of the programs and operations of VA. A number of our reports address the five broad areas noted by GAO in placing VA health care on its High-Risk List. We will continue to produce reports that provide VA, Congress, and the public with recommendations that we believe will help VA operate its programs and services in a manner that will effectively and timely deliver services and benefits to veterans and spend taxpayer money appropriately.

Mr. Chairman, this concludes my statement, and I would be happy to answer any questions that you or other Members of the Committee may have.

Chairman JOHNSON. Thank you, Mr. Missal.

Our final witness is John Roth. Mr. Roth has served as the Inspector General for the Department of Homeland Security since March 2014. In addition to previous work for the Food and Drug Administration (FDA), Mr. Roth had a 25-year career as a Federal prosecutor, including Chief of Staff to the Deputy Attorney General. Mr. Roth.

TESTIMONY OF THE HONORABLE JOHN ROTH,1 INSPECTOR GENERAL, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. ROTH. Chairman Johnson, Ranking Member McCaskill, and Members of the Committee, thank you for inviting me here to testify today.

Homeland Security faces long-standing challenges, and we at the Office of Inspector General have focused our energies on the major

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1The prepared statement of Mr. Roth appears in the Appendix on page 114.
management and performance challenges, which we published in November. We listed six: one, creating a unified Department; two, employee morale and engagement; three, acquisition management; four, grants management; five, cybersecurity; and six, improving management fundamentals.

Additionally, with the new Administration, the Department will face new responsibilities. We understand the significant investment the Department will be making to satisfy its obligations under the President’s Executive Order (EO) to construct a Southern border barrier and the importance of spending that investment efficiently and effectively.

The Department has historically performed very poorly in this area. As many recall, prior efforts to fortify the Southwest border, known as SBInet, were canceled in 2011 as being too expensive and ineffective. In a pilot program in Arizona, DHS spent about $1 billion to build the system across only 53 miles of the State’s border before abandoning the initiative. We must not allow that to be repeated.

Given the risks involved, our office will be using a lifecycle approach to audit and monitor the Department’s actions to strengthen the physical security of the Nation’s Southern border. A lifecycle audit approach means that we will be able to audit the project throughout its life span rather than waiting for the project to be completed or partially completed before looking at it. In this way, we have an opportunity to stop waste and mismanagement before the money is spent rather than simply identifying it after the fact.

Our first report will address lessons learned from the Department’s prior Secure Border Initiative and other relevant acquisitions related to securing our borders. We hope to have this report out in the next 6 weeks. Subsequently, we plan to review Customs and Border Protections (CBP’s) comprehensive study of the security of the Southern border that the Executive Order requires be completed within 180 days. Future audits will also address the planning, design, acquisition, and construction phases of the Southern border barrier.

Similarly, the Department will face a number of challenges in executing the President’s Executive Orders directing the Department to hire an additional 5,000 Border Patrol Agents and 10,000 Immigration Officers. We recently completed an audit that highlighted the numerous bottlenecks in effective Federal hiring. In fiscal year 2015, for example, it took an average of 282 days—over 9 months—to hire a Border Patrol Agent, measured from the time the job announcement closed to the date the applicant was actually hired. Other positions likewise encountered similar significant delays. Again, we think this is an unacceptable level of performance and look to make recommendations for improvement.

As with the acquisition area, we have initiated the first in a series of audits to further review the Department’s human capital strategies and management capabilities to ensure the Department can quickly and effectively hire a highly qualified and diverse workforce. We again will do this continuously throughout the process rather than waiting for the hiring to be completed.

Finally, we will continue to focus on DHS’ highly troubled grants management program. In report after report, we have found effi-
ciencies in the manner in which the Federal Emergency Management Agency (FEMA) holds grantees accountable and that the layer of oversight intended to monitor the billions of dollars awarded by FEMA in disaster assistance grants is ineffective, inefficient, and vulnerable to fraud, waste, and abuse.

In fiscal year 2015, for example, we found a questioned cost rate of 29 percent, which is an unacceptably high percentage and serves as an illustration of FEMA's continued failure to adequately manage grants.

We believe that the root cause of this problem includes a failure of leadership, an inability or lack of desire to hold grantees accountable, and systemic issues that may only be cured by systemic statutory fixes. We have started to explore with this Committee's staff some potential solutions, and we look forward to working with you on this important issue.

Mr. Chairman, this concludes my testimony. I am happy to answer any questions you or other Members of the Committee may have.

Chairman JOHNSON. Thank you, Mr. Roth.

Let me start with Mr. Dodaro. In your testimony, you talked about cybersecurity. This is the 20th anniversary of being on the High-Risk List. Every other witness talked about either information technology challenges in the Department or also issues of cybersecurity.

Can you summarize or give me kind of the main reason why it is so difficult to get agency heads or get departments up to speed from the standpoint of cybersecurity?

Mr. DODARO. Yes, this has been a long-standing quest that I have been on. When we first started this, we actually built a computer lab that simulated the operating environment of the agencies and were able to hack into their systems to show them how easy it was to get into their systems. And, we still were not getting a lot of traction or attention because people thought, well, who is going to do that?

You could see this coming, years ago, as the government became more dependent on technology. Even with the breaches now, there is not a sense of urgency yet as much as I think there should be across the Federal Government.

Chairman JOHNSON. Let me just quickly interrupt. Because of these high-profile breaches, are you seeing any increased attention to this matter?

Mr. DODARO. There is some. There is a lot of scrambling going on, but it is not really resulting in meaningful improvements in as many cases as it should. There are two things going on now. The government got a very slow start in this area despite our urgings. Second, it is saddled with a bunch of legacy systems that are decades old, where security was not built in up front, and they cannot patch them fast enough, and they have not been replaced with more modern systems with security technology built in up front. The workforce is not up to where it needs to be in order to be able to take care of this issue. And, there is not enough follow-through to see that the recommendations are being implemented.

A lot of this is just management attention, too. You need the technical people, but a lot of the weaknesses can result in employ-
ees not being aware and downloading malicious software into the system.

There are well-defined best practices for having a comprehensive, effective cybersecurity program in place, and time after time we find that agencies do not have this comprehensive program in place. They are not responding to incidents when they do happen as fast as they need to in order to rectify the problem.

I think this needs continual attention over time, but these legacy systems are part of the millstone around the agencies' efforts to improve cybersecurity. We did a report recently, which I am happy to share with the Committee, on the oldest systems in the Federal Government, and some of them—including one at the Department of Defense (DOD) was operating still on a floppy disk system. On the one hand, they said, “Well, nobody is going to hack into it.” But, on the other hand—— [Laughter.]

Chairman JOHNSON. Cybersecurity.

Mr. DODARO. Protecting these systems against cyber attacks is not going to be sustainable over time. I cannot emphasize how concerned I am about this and how vulnerable we are. In 2003, we extended it to critical infrastructure protection across the country. Now, most of the computer resources are in the private sector hands, but there needs to be sharing between the Federal Government and the private sector. There is a lot of reluctance to share information in this regard on security threats. And, the threat is evolving much faster than the agencies' ability to keep up with it.

Chairman JOHNSON. Now, we did finally pass—and I would just say it is the table stakes first step in cybersecurity legislation here—in the Senate Intelligence Committee, but also in this Committee, the Federal Cybersecurity Enhancement Act. It provided information sharing, it provided liability protection, gave DHS a lot of authority in terms of imposing cybersecurity in the new EINSTEIN system on the agencies. Has that had any effect whatsoever? It was, again, just a very slow implementation.

Mr. DODARO. Yes, those things help. There have been five different bills that have been passed. That has been one of the most important ones that you cite. It gives a sense of importance and urgency to it. There is some progress, but not enough to match the threat, in my opinion.

Chairman JOHNSON. Inspector General Missal, obviously we have had some real problems at Tomah. Other Senators have had problems as well, specific problems. One of the questions I have for you, in your office—which I believe you took over a pretty troubled office, and I appreciate the fact now you have instituted mission statements and are trying to address that. Overall, what percent—and I do not expect a precise answer here, but what percent of your reports involve investigations on specific instances, either through whistleblowers or things you read in the news, which, of course, we refer a number of those to you, versus overall inspections just in general trying to address the problems in particularly the VA health care system?

Mr. MISSAL. A very high percentage do. We have a number of different reports that come out. Our Health Care Unit will do reports on specific cases, much like you mentioned, in Tomah and other facilities. We do national reports. And then, we have a very vibrant
inspection program as well. Audits as well could be national, but
we could focus as well on individual situations. So, it is a very
healthy split of those.

Chairman JOHNSON. So, almost a 50–50 type thing?

Mr. MISSAL. Hard to estimate, but it is probably more than 50
percent on individual situations at this time.

Chairman JOHNSON. I was wondering if you were just being over-
whelmed by individual instances, those taking up all your IG time,
versus being able to concentrate on the day-to-day audits trying to
improve the overall system.

Mr. MISSAL. That is one of my goals. We are trying to clean out
a lot of the work that was there when I started, which were a lot
of the more individual cases. What I would like to move to is more
impactful work, where we are doing more national health care re-
views, we are doing more audits of programs, etc., and we are mov-
ing in that direction.

Chairman JOHNSON. Inspector General Roth, you were talking
about the challenges the Department has in terms of the Executive
Order, implementing the reports, hiring the individuals. Hiring has
been a real problem. You talked about hiring bottlenecks. Can you
just quick describe those in the remaining seconds I have in my
time?

Mr. ROTH. Certainly. We did an audit of the hiring specifically
with regard to Secret Service and CBP, and what we found there
were bottlenecks as a result of the lack of advance planning. For
example, they would not have the right kind of personnel specialist
available to actually work the systems that they needed to work.
That was one problem.

The second problem that they had was that the systems that
they had were antiquated, they did not talk to each other, so the
actual sort of flow of paper and flow of bodies through the system
did not work as well as it needed to.

And, the third is, frankly, the polygraph system that both the Se-
cret Service and CBP have in place creates significant bottlenecks
with regard to getting people on board.

Chairman JOHNSON. Can you just quick describe the bottleneck
in the polygraph system?

Mr. ROTH. Sure. Well——

Chairman JOHNSON. Lack of personnel?

Mr. ROTH. It is that. I will just use Secret Service as an example.
That is a collateral duty. It is a duty that a special agent would
have in addition to the duties that he normally has of investigation
and protection. Basically, he gets to the polygraphs whenever he
gets to them. Of course, that is always going to drop low on the
priority scale, and that backs up the kind of hiring that they are
able to do.

What we had recommended to the Secret Service as well as to
CBP is to enhance, have a greater number of specialized polygraph
operators who could do that work as their sole job.

Chairman JOHNSON. So, it would seem to me that these bottle-
necks could quite honestly be easily overcome.

Mr. ROTH. Absolutely. It just requires some advance planning,
and that is why we want to do a lifecycle approach on this hiring,
is to sort of warn them about what is coming and have them prepare in ways that make sense.

Chairman JOHNSON. OK. Good. Senator McCaskill.

Senator McCASKILL. Thank you, Mr. Chairman.

Mr. Dodaro, back in 2009, GAO did a report that concluded that Customs and Border Protection had not conducted any kind of cost-benefit analysis on the effectiveness of physical barriers along the border. To your knowledge, has that cost-benefit analysis, which is required in any major business expenditure, has that ever been done?

Mr. DODARO. Not to my knowledge. Let me just . . .

Senator McCASKILL. OK.

Mr. DODARO. I do not think so.

Senator McCASKILL. Definitely no. In your opinion, at GAO should something that is going to cost billions of dollars begin without a cost-benefit analysis?

Mr. DODARO. No.

Senator McCASKILL. And, would it be typical to begin a multibillion-dollar project without any appropriated funds?

Mr. DODARO. That would be difficult to do. No.

Senator McCASKILL. I understand the Administration is relying on a previous authorization for border security, which I certainly support border security, but do we know even how much this is going to cost based on what you have looked at?

Mr. DODARO. Well, the last time when we looked at it in the 2009 report, the estimates that were given at that time, it was $6.5 million per mile for fencing or barriers for pedestrian crossing and about $1.8 million for vehicular crossing at that time. Right now there is about—of the 2,000-mile border, there are about 650 miles where this fencing exists. Now, two-thirds of the remaining border, the Federal Government does not own. It is either State or it is private sector land.

Senator McCASKILL. So, it is going to have to be either bought or publicly condemned?

Mr. DODARO. Yes, and part of that happened with the 650 miles as well. So, ownership——

Senator McCASKILL. So, the Federal Government would be taking land from the ranchers that live along the border?

Mr. DODARO. Or buy it from them. There would have to be some negotiation. There is the ownership issue of the border. There is a lot of rugged terrain along the border that would have to be dealt with as well. And then, there is the acquisition area that both the Inspector General from DHS and GAO have seen, is that the Department’s ability to manage large acquisitions is one of the reasons they are still on the High-Risk List. Part of that would have to be improving how they go about carrying out acquisitions.

Now, with regard to the legal authority about the prior expenditures, I would have to go back, and I would have to take a look at that. Maybe there is some authority there that has not been used yet. But, generally speaking, you would have to have an appropriation available.

Senator McCASKILL. Let me move now to the Census. I have not looked at the contract, but I looked at the amount. We just entered
into a contract for almost $1 billion for an integrator. That is a lot of money, $887 million for T–Rex last summer to integrate, and we have had some bad experience, and Mr. Dodaro can certainly speak to that. In fact, integrators’ contracts have had a rocky history in the Federal Government in terms of success. And, I noticed when I was preparing for this hearing that you are asking them to integrate 50 different systems. Why do we need to make it that complicated, Mr. Thompson? Why do we need to integrate 50 systems? Can we not count people without integrating all of those different systems?

Mr. THOMPSON. Thank you, Senator. We have 34 operations in place that we are planning to do for the 2020 Census, and they are supported by about 50 systems, as you mentioned. And, we gave your staff copies of those systems yesterday, and so the systems have to talk to each other, which is why we have——

Senator MCCASKILL. But why 50? I am somebody who just landed from another planet. Explain to me what you are doing with 50 systems. Why do they all have to be combined for counting people, especially since we are going to be doing self-reporting I believe for the first time on the Internet? Why? I do not understand.

Mr. THOMPSON. Right. Let me give you some examples. We have one system that we allow people to respond over the Internet with. That has to be integrated and talk to our control system so we know how many people have responded over the Internet, so we want to go out and collect the information——

Senator MCCASKILL. OK. There is one.

Mr. THOMPSON. Right.

Senator MCCASKILL. Forty-nine to go.

Mr. THOMPSON. Right. Then we have to be able to do the in-person non-response, so we have to have a control system for that. We have to know——

Senator MCCASKILL. OK, the people that do not answer, you have to go out and find them and talk to them.

Mr. THOMPSON. Right. And then, there has to be an instrument that collects the information from the people that do not respond, so we have to give our interviewer the handheld device——

Senator MCCASKILL. The handhelds hopefully this time.

Mr. THOMPSON. Right.

Senator MCCASKILL. Which we had to scrap last time.

Mr. THOMPSON. I understand that. I would be happy to go on, but there is a need for each one of these systems. We have really carefully looked at the systems that we need because we do not want to make it overly complicated.

Senator MCCASKILL. Well, 50 sounds very complicated, Mr. Thompson, and it may be that you absolutely have to have all 50. But, I do not think you are on schedule. Some of it is funding, I agree. But, you need to have an end-to-end test, I believe you are planning for 2018.

Mr. THOMPSON. Yes.

Senator MCCASKILL. And, you need to have more tests in 2017. You are already scrapping some of the projects you were going to do like in Spanish-speaking areas. I just worry that we are going to have deja-vu all over again, that we are making this more complex than it needs to be. Are you confident that—I mean, because
it seems to me in this day and age asking people to respond on the Internet—and on that, let me briefly go to another item. I think people are going to be reluctant to give their personal information over the Internet unless they are reassured about the security of that information.

Are you working with DHS right now, are you working with other people in the area of cybersecurity so that you are confident you are going to have the protection of that data that will reassure people? Because every person who responds over the Internet is going to save us real money.

Mr. THOMPSON. Yes, we are working with DHS, we are working with the National Institute of Standards and Technology (NIST), we are working with some private contractors to try to do penetration testing of the systems that we have. We do take that very seriously, and we are trying to work with the best on that.

We also, by the way, do employ the EINSTEIN software on our Internet connections, so we are protected by that, too. We worked with DHS to get that in place. We take that very seriously.

Senator McCASKILL. Thank you, Mr. Thompson.

Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Carper.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Thank you. Thank you so much. We appreciate more than you know the work that is done at GAO on a lot of areas, but especially in preparing the High-Risk List. I have said for years that for me, for my staff and I, it is our to-do list. And, I think for this Committee, Democrats and Republicans, it is our to-do list.

When you and I met earlier this week, we talked about some areas where progress has been made. One of those is with respect to property management, real property management. Would you explain why you think we have finally got the ball in the end zone on that?

Mr. DOARO. Yes. First, the Administration finally issued a national strategy to deal with this, to lay out with some goals and measures, to really have a good plan. To make progress you need that.

Second, Congress really helped a lot with the passage of two bills at the end of last calendar year. One would be creating an independent board to make recommendations to sell or dispose of some high-value property that the Federal Government has. That is a good step forward, I believe. The second bill codified the Federal Council, the property management council in place, gave it some to-do lists. Congress required them to improve the data, to regularly report. Hopefully it will result in a reduced reliance on leasing as well. That is an area that still needs to be addressed. The Federal Government leases some property for decades that it would have been far cheaper to build rather than lease. We are trying to get the agencies to focus on some high-value leases and doing a cost comparison in those areas. They are starting to improve the accuracy of the information in the property management database.

So, some leadership, some strategies, good support from the Congress, all these are ingredients to the progress.
Senator CARPER. Good. Thank you.

There is a law called Federal Information Security Management Act (FISMA). I believe that is what it stands for.

Mr. DODARO. Yes.

Senator CARPER. But, that has been around forever and, frankly, not apparently too effective in terms of real-time security for Federal—the dot.gov domain. We passed FISMA legislation. I think a number of us on this panel worked on it. Dr. Coburn worked on this when he was with us as well. General Roth, do you have any sense for how the passage of that legislation is being implemented for good or for not? The idea is to make it real-time and not after the fact.

Mr. ROTH. Yes, continuous monitoring, and I will have to say from DHS’ point of view, we had a somewhat different experience than what Mr. Dodaro recounted. I think in the last year of the close of the Administration, there was a real sprint based on some of the high-profile hacks that had occurred in other agencies, to try to get, for example, continuous monitoring online, to get all components to actually report the results to a central headquarters location, to get two-factor authentication on every machine and every user having two factors—in other words, a card that they stick in plus a password; and then, last, to get what is known as authorities to operate, which is basically a license, a certification by the Chief Information Officer (CIO) that those systems, in fact, are effectively locked down according to FISMA standards.

We have seen, I think, some improvement. Obviously, with DHS there is a long way to go, but particularly in the last year, we have seen some improvement.

Senator CARPER. One of the things that we did in this Committee is to make it possible for DHS to compete for cyber warriors in terms of the kind of pay and personnel policies that they could offer to compete, whether it is against the National Security Agency or the private sector. Does anybody know whether or not that is making a difference yet? We did it over a year ago. Does anybody know, anybody have a feel for that?

[No response.]

OK. When Jeh Johnson became the Secretary and Ali Mayorkas became the Deputy Secretary of the Department of Homeland Security, I suggested to them that they do what Jane Holl Lute used to do when she was Deputy Secretary at DHS, and that is, go every month or two to GAO and sit down, whether it was Gene or some of his top folks, and just literally go through the High-Risk List that pertains to the Department of Homeland Security. My sense is that they did that, and my sense is it has made a difference.

Would you just confirm or deny that for us?

Mr. DODARO. Yes. The relationship we have had with the Department of Homeland Security is really kind of a model on how to deal with the High-Risk List. When I first met Jane, she was puzzled as to why they were on the list, so I sent a 20-page letter over that said, “Here is everything you need to do.” She said, “I understand,” and they developed a plan, and every so many months they reported to us. We had quarterly meetings, and they made real progress. We agreed on 30 things that needed to be done, needed
to be measured. They fully met 13 of them now. They still have a ways to go on the remaining piece.

I have suggested that model that could be used in other places particularly at the VA with the High-Risk areas as well, and so that——

Senator CARPER. We just confirmed a new Secretary of the VA, Dr. Shulkin, who I think is going to be a good one.

Mr. DODARO. Yes.

Senator CARPER. His predecessor certainly was, Bob McDonald. We have the Inspector General here for the VA, right?

Mr. MISSAL. Correct.

Senator CARPER. One of my pieces of advice to Dr. Shulkin would be to spend time with you and to develop a constructive relationship, a good working relationship, and figure out how you and your folks can help the VA going forward, and the same idea with GAO and the High-Risk List.

Mr. DODARO. Right. I try to meet with every Cabinet official, to talk about the high-risk area. We have had a series of meetings with OMB, the agency on the High-Risk List, and GAO, which I personally participate in, and that has, I think, had some benefits and showing progress.

Senator CARPER. Good. Mr. Thompson, how are you doing?

Mr. THOMPSON. I am doing fine. Thank you, Senator Carper.

Senator CARPER. Good. Nice to see you. Give us one thing that we can do at our end, in addition to what we have already done with respect to the Census, to make sure the next Census comes in on time, on budget, maybe even under budget. What are maybe one or two things that this Committee and the Congress need to do to be a good partner?

Mr. THOMPSON. Well, thank you for the opportunity, Senator Carper. As I said in my testimony and in my oral testimony, one of the issues that we are dealing with is the uncertainty of our funding. And, I know this is not Appropriations, but I know that we have good support so far from both Congress and from OMB and the Administration. If that continues, that will be very good. Like I said, we are in a very pivotal year right now, 2017. We would like to get some uncertainty lifted there. We also are looking forward to working with the Administration on the 2018 budget, and with the Congress. So, support there. Also help with getting administrative records. I know we have talked before about getting access to the National Database of New Hires, and your support there would also be very helpful.

Senator CARPER. Good. Thank you so much. Good to see you all. Thank you.

Chairman JOHNSON. Thank you, Senator Carper. Senator Portman.

OPENING STATEMENT OF SENATOR PORTMAN

Senator PORTMAN. Thank you, Mr. Chairman, and I appreciate your holding this hearing regularly, and this is an opportunity for us to gauge progress in some of these high-risk areas. And, some of these topics you have already discussed with others, but the two that jump out to me are real property and you talk about in your report the need for us to move more rapidly from leases to owner-
ship where there is a long-term lease that is not cost-effective. You also talk about physical security at Federal buildings, and I want to probe those a little further.

But, the one that always troubles me is the number of Federal facilities that are not being used or are not fully used, and yet we cannot seem to transfer those to either cities or States or private sector or nonprofit needs. This is where Senator Carper and I and the Chairman and I and others have worked on this over the years, including back when I was at OMB.

Can you give us, Mr. Dodaro, a report on that part of the real property high risk that you over the years have identified? Where are we on the disposal of these properties?

Mr. DODARO. Yes. An example we give in our report is the Cotton Annex building for which GSA recently received a successful bid. Once the sale grows through GSA it will transfer ownership to the buyer. So, there is some progress, but it is not a lot. That is why I think this legislation that Congress passed last year to set up this independent board to identify some high-value real properties is an important step forward.

Now, some of the properties are not worth a lot or they need a lot of repair, and the agencies have not had enough money to fix up the properties to make them appealing or attractive to sell, which is one area that I think has not been explored very much. Another area on our list is the Postal Service. They have a lot of vacant space now that I think could be perhaps rented out to other Federal agencies, which in turn could create other vacant space that could be sold and transferred.

The bottom line to answer your question is there has been some progress incrementally, but not as much as I would like to see.

Senator PORTMAN. It seems like one reason you say there has been progress is that year-end we did pass those two bills finally.

Mr. DODARO. Right.

Senator PORTMAN. They should not have taken so long. One does provide for an inventory. Another does provide for this commission. Is that part of the reason you think things are going better just because we have set in place now some new laws in relationship to this? And, now I suppose our job is, along with you, to monitor the implementation of that and make sure it is actually done right.

Mr. DODARO. That is exactly right. In my experience over several decades now, most major management improvements that succeed in the government have a statutory underpinning to them, because it brings a degree of continuity and certainty over time, and then Congress can hold people accountable.

Senator PORTMAN. Yes. Can you tell us this afternoon how many square feet or how many buildings or what the value is of those buildings that are either not being used at all or are only partly being used?

Mr. DODARO. I do not have that information ready. I will be happy to see what is available and provide it for the record.¹

Senator PORTMAN. It is an extraordinary number, and it is a great opportunity to save some taxpayer money, too.

¹The information submitted by Mr. Dodaro appears in the Appendix on page 147.
With regard to cybersecurity, you talked a little bit about this earlier, but one of the challenges you cite in your report is the agencies and departments having that cybersecurity workforce. With regard to DHS, looking at Mr. Roth, we have specific legislation that was meant to address that to try to attract some of the best and brightest and retain some of the good people. For both of you, how is that working? How is the framework working? Are you pleased with it? Is it something that you think we are making progress on or not?

Mr. Roth. Anecdotally, it seems like the Chief Human Capital Officer (CHCO) at DHS is trying some innovative solutions with regard to hiring IT specialists and cyber specialists. Our plan was to let this go for a little bit just to have them get their sea legs before we do a formal audit. But, anecdotally, I think they are using this opportunity to try to hire as many as they can.

Senator Portman. The idea of the legislation—and this was started back in 2014 with Senator Bennet and myself—was to establish some common language and job codes specific to cybersecurity because we had identified that as a problem, that it was difficult to hire people because we had not provided the sort of standardization as to what the job descriptions were and job codes. And then, we got some of the legislation passed as it relates to DHS, and, frankly, I just do not know that we are making the progress that we should be. Clearly, when you look at what is happening with regard to the hacking not just in government but all over now, this is a huge priority, and these people are in high demand, that is, the people that have the cybersecurity skills to be able to push back or go on the offense.

But, you think, Mr. Roth, from your time at DHS that you see progress in this area? And, if not, what do you think we need to do? I mean, the rest of the government is not subject to the same rules that you are under this legislation. You are sort of the beta. You are like the test case here. Is it helping? Is it working?

Mr. Roth. As I said, we have not done a formal audit of it, so it is very difficult to make a formal conclusion. But, anecdotally, we see DHS trying different things. For example, they had a job fair in which they brought a number of people who were qualified under that IT specialist and, were able to provide offers on the spot.

We are hopeful, but, again, until we actually do a formal piece of work on it, it is difficult to conclude.

Senator Portman. Could you do that work on it and let us know how it is working? One of the aspects, as I recall, was a central database to simply—which seems common sense but was not being done. Is that being done to your satisfaction? Is there a central database now where people know what all the cybersecurity needs are and that, as you said, when there is a job fair, can people give an offer without having to go through a long process? One of the things we found was that people just were not patient enough to wait for the government response. They needed to know right away. Are they getting the job or not? They had other offers in the private sector.

Mr. Roth. Right. My understanding is that they recently held one of the first job fairs that, in fact, did that. But, again, this is
This is what they are telling me. We have not validated it. But, we will bring this request back, and it seems like it is——

Senator PORTMAN. How long would it take you to audit that and to get back to us?

Mr. ROTH. It typically takes 6 to 9 months to do a full-fledged audit.

Senator PORTMAN. Could you speed that up and get back to us in 6 months?

Mr. ROTH. We will do what we can.

Senator PORTMAN. I know there is a lot of interest in the Committee on that topic, and obviously an urgent issue, to be sure that we have the capability to be able to push back and to go on the offense where necessary.

Thank you very much, Mr. Chairman.

Chairman JOHNSON. Senator Lankford.

OPENING STATEMENT OF SENATOR LANKFORD

Senator LANKFORD. Thank you. All of you, thank you for the work that is ongoing. We appreciate it very much. I have about 45 questions in 7 minutes here. [Laughter.] So, let me try to get through as many as I can.

Mr. Dodaro, just a request for you as well. This Congress changed the W–2 forms and the acceleration of that, small delay in the returns coming to try to deal with identity theft and to deal with fraud. Is that something a year from now you will be able to tell us how it went? Obviously, that is just being implemented right now. When do you think we will get results on that?

Mr. DODARO. Yes, we will review the use of that for this filing season, and I am very pleased and appreciative that Congress acted on our recommendation to do that. I think it will be tremendously helpful, and we will report on that.

Senator LANKFORD. That is one that should have been done before. We obviously lost billions of dollars on that over the past several years with the lack of action.

For those of us that work in Indian policy, I was a little surprised to be able to see that some of the Indian issues for the first time were on the High-Risk List. So, my question to you is: Is this a new issue or a first time to look at the Indian issues?

Mr. DODARO. It is not the first time to look at the issues. It reached the threshold from my standpoint when I saw it on multiple fronts.

Senator LANKFORD. Right.

Mr. DODARO. Schools, health care, energy resources, and I thought it was time to elevate the attention.

Senator LANKFORD. It is clearly a national tragedy, some of the things that are happening in some of the Indian country, and I am so glad to be able to see it reach that limit. This is something that needs to be addressed.

Can I ask specifically on the health care side, when you look at the health care, are you examining the differences between tribes that run their health care or between the Indian Health Service (IHS) running the health care? There are some locations where the tribe builds it or operates a facility, and so really they would all be listed under IHS. But, the operational system is very different
whether the tribe is running it or whether it is being run nationally.

Mr. DODARO. Yes. We have been focused on the Federal facilities, not the tribe facilities.

Senator LANKFORD. OK, even though they have an IHS footprint there in the middle of it as well.

Mr. DODARO. Right, so far. And, we have not looked at that because——

Senator LANKFORD. That may be a good control to be able to look at it at some point.

Mr. DODARO. OK.

Senator LANKFORD. Just to be able to examine it, because there are some obvious differences between how they run and what is happening to be able to see the differences as we are looking for solutions for the long term.

Mr. DODARO. OK. That is a good point.

Senator LANKFORD. That is health care. Let me ask about the issue on Choice. There has been some conversation ongoing about VA and occasionally giving the appearance, at least, of dragging their feet on implementing Choice and some of the pushback on that. What are you experiencing? And, does it look like VA is currently actively implementing the Choice program in the locations and the way law States?

Mr. MISSAL. Yes, we have some reports that we have already issued. We also have some work that is in progress right now. It does appear that progress is being made. Like, for instance, with respect to network providers, the physicians who are providing the health care outside of VA, those numbers have increased fairly dramatically, according to VA. There are still issues there with respect to Choice program that we are looking at. We are looking at access. We are looking at payments as well, as well as the sharing of records. When a veteran goes out into the community, there is an issue in terms of making sure the records get back to VA so that the VA system will have those records as well.

Senator LANKFORD. OK. Terrific. Is there a way to be able to get an accurate number of the cost per patient per procedure that actually includes everything the private sector would include? When I have asked VA before for costs for certain items, capital expenses, all of those things were all different colors of money. Obviously, in the private sector they cannot do that. So, we cannot really get an accurate cost of what things are other than it is always more expensive in the private area, but we really cannot find out what it is from VA. How do we get that number?

Mr. MISSAL. We have not looked into that. I think there would be challenges to getting that, but I certainly will take that back and see whether we can get that done.

Senator LANKFORD. OK. That would be very helpful. Obviously, every business has to do that to be able to calculate what the actual cost is, including their capital costs and depreciation and such. It would be helpful for us to be able to have an apples-to-apples comparison as we deal with issues in the VA in the days ahead.

Mr. Dodaro, the Social Security Administration (SSA) is not completely done with everything they need to do, especially in the disability area. Very small progress that you have noticed. One of my
great frustrations is we have talked with them at length, multiple hearings on the occupational grid. Now, you know full well what that is, but for everyone else here that is tracking that, the occupational grid is basically a big dictionary of all jobs in America because, according to disability, you cannot be employed by any job available in the economy. Since 1978, that list has not been updated. There seems to be some slight changes in our economy since 1978 in the type of jobs.

My recollection from your report is we have currently spent $178 million updating the job dictionary of the jobs in America, and we still do not have that dictionary. Is that correct?

Mr. Dodaro. GAO has been tracking SSA’s progress in replacing the Dictionary of Occupational Titles and obtaining more current occupational data. We will provide information for the record. We are particularly concerned about that they have not finalized the ability to use assistive technologies. I think personally the Congress may need to act to update some of the disability laws that underpin the process that the Social Security Administration is following. I think if you wait for them to do this job, it is not going to get effectively reformed.

Senator Lankford. I could not agree more, and I would tell you that when we get the grid updated, we need to have a mandate that the grid is periodically updated on a routine basis rather than waiting every 40 years to be able to update it. We might want to update it more often than that, plus do some other disability work that desperately needs to be done.

Mr. Thompson, let me ask you about the American Community Survey (ACS). The last time you and I talked a little bit about it, you were testing out some pilots on trying to remove some of the mandatory language to see how that would work. Obviously, people that get it often hate the American Community Survey. How is that going and the testing and removing some of that mandatory under penalty of law language?

Mr. Thompson. We have been working on testing some language. We have actually done some focus groups looking at the language, and we are at the point where we have come up with some language that we believe is not as threatening. We would be happy to share that with you.

Senator Lankford. Great. When will that be piloted out in the public?

Mr. Thompson. We have already tested it in the public. We are doing one more test this year, and then we will be ready to go.

Senator Lankford. Great. That would be helpful to see. And, on the Internet filing for the Census, may I assume that you are somehow combining that with the online filing of taxes? Because millions of Americans file their taxes online, is there a possibility they can also file their Census work at the same time they do their taxes? Or are we talking about two different passwords, two different systems, two different requests from people to be able to do their taxes at one point online but their Census at another point?

Mr. Thompson. Right now we are looking at a separate system for Census and for the IRS.

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1 The information submitted by Mr. Dodaro appears in the Appendix on page 148.
Senator LANKFORD. There is no way that people could fill out their Census work while they are also completing their taxes? The information is—obviously, there is not that much——
Mr. THOMPSON. We would love to work with the IRS and have them be able to direct people to our site to fill it out, but we have not——
Senator LANKFORD. But, they could not complete their taxes and also complete their Census work at the same time?
Mr. THOMPSON. Not at the current point in time, no, sir.
Senator LANKFORD. So, not by 2020, certainly if that is not being tried.
Mr. THOMPSON. No, sir.
Senator LANKFORD. OK. Thank you.
Chairman JOHNSON. Senator Tester.

OPENING STATEMENT OF SENATOR TESTER

Senator Tester. Thank you, Mr. Chairman. I think that is a great idea, Senator Lankford. Yes?
Mr. DODARO. The only issue with that—and John could correct me if I am wrong, but I think the Census count is on a particular day, who is resident and how many people are resident on—was it the April 1st date. Your filing dates are different than that, so you would want to collate the specific dates.
Senator Tester. Move it to April 15th. [Laughter.]
At any rate, that is not why I came. First of all, thank you all for your testimony. This is for you, Gene and Mike, mainly with the Veterans Choice program. Can you tell me how reactive—either one of you—the VA has been with your recommendations of being on the High-Risk List? Have they taken this pretty seriously? Have they dragged their feet or are they kind of—what have they done?
Mr. DODARO. With regard to the recommendations that we have made, they are beginning to take some action on that, but we had new ones. There are still over 100 that are outstanding, Senator Tester, but I am very concerned they do not have a good plan for addressing the high-risk areas. We say that in our report.
Senator Tester. Did you tell them that?
Mr. DODARO. Oh, yes. I met with Secretary McDonald three times: once to tell him we were putting him on the High-Risk List, he agreed; second, to tell him they did not have a good plan to come off the High-Risk List; and the third time was to offer GAO's experts in different areas—IT, for example—to help them understand best practices on how to do this. We had the meeting, but there has been very little uptake.
Senator Tester. Mike, where do you interface on this process?
Mr. MISSAL. Well, we interface because a number of the areas identified in GAO's high-risk area are also areas we are looking at as well.
Senator Tester. OK.
Mr. MISSAL. Like, for instance, IT is one area where we have a group focused on that.
Senator Tester. So, how has their response to you been? Has it been proactive or has it been, “Ahh, what the heck?”
Mr. MISSAL. They say they are committed to adhering to the recommendations that we have.
Senator Tester. Have you seen that commitment in action? Saying it is one thing, doing it is another.

Mr. Missal. In some respects, yes. For instance, for VHA where we had—at our last semiannual report, there were 563 outstanding recommendations. They have now reduced that to 320-some-odd. I believe they are trying, but there are still some areas which give us great pause.

Mr. Dodaro. I am very concerned, Senator, that they are not making the progress that I would like to see. I am planning to meet with Secretary Shulkin to talk about this. There is also a disagreement we have with them on wait times. We think veterans are waiting too long. The measure of wait times, of when there is an appointment scheduled, they are not measuring the whole experience. The IT systems—I could go on and on.

Senator Tester. Gene, you have a lot of fans in Congress. You do. I think you can tell Dr. Shulkin that—and I say this as Ranking Member on VA. If they do not take these seriously, we are going to. We will do what we need to do on the VA Committee to hold them accountable to make sure that your suggestions are not just given lip service but actual productivity on it, because as has been pointed out by the Chairman and Ranking Member and yourself, you guys have saved a bunch of money. Efficiency is not a bad thing. And so, you can certainly utilize that.

You brought up the housing finance system in your opening remarks, Gene, and that is something that we have worked on a bit. I agree with what you said. Taking the taxpayers off the hook and getting it out of conservatorship is really important. Do you guys ever get a chance to look at any of the legislation that we do? Is that within your purview to see if it actually solves the problem? Because there is legislation out there that actually I think gets to some of your points, but I do not know if it gets to your points.

Mr. Dodaro. Well, if we are asked to look at legislation and comment on it, we will.

Senator Tester. Have you been asked to look at the Warner-Corker legislation from a few years back on housing? Somebody is giving you a note.

Mr. Dodaro. Yes, and it basically says what I already said.

Senator Tester. Good. [Laughter.]

Because that is what I thought it said, too.

Mr. Dodaro. Yes, but we have developed a framework for evaluating legislative proposals. I would be happy to look at any legislative proposal, but we do not do it proactively unless we are asked. I would be happy to do it.

Senator Tester. But, you have already done it, you said.

Mr. Dodaro. No. We could evaluate a legislative proposal against a framework that we developed to assess proposed changes. I was so concerned, about the weakness in the housing finance system, that I started a study under my own authority, to develop this framework. It describes the elements that when applied, should help reveal the relative strengths and weaknesses of proposed reforms, and identify what are likely significant tradeoffs among competing goals and policies.
Senator Tester. I think we will do our best to get that in front of you so we can get your recommendations to make sure we are not pushing that does not solve the problem in its entirety.

Mr. Dodaro. I would be happy to.

Senator Tester. Thank you.

Last month, Senators Durbin and Duckworth requested an IG report regarding broad implementation of President Trump's refugee ban. This is for you, Mr. Roth. When would you anticipate this to be completed?

Mr. Roth. Some of it depends on the Department's response. We have already started a number of field interviews with the various airports, the individuals, the CBP officers there. We have requested documents. We have very good cooperation from CBP. We are going to be starting the high-level interviews hopefully as early as next week.

We do not know how long it is going to take because we do not know what we are going to find, but my direction is that it ought to be weeks, not months, and we are working as quickly as we possibly can.

Senator Tester. OK. I appreciate that. Have you had any difficulties getting the documents that you need for your investigation?

Mr. Roth. No. The cooperation has been very good.

Senator Tester. All right. And so, there are no findings you can share with us today, I would assume.

Mr. Roth. No, but we understand the urgency, and we are moving as quickly as we can.

Senator Tester. OK. Well, I appreciate all your work. Just a closing comment, and this is not why I came here at all, but the Census figure because of technology should be going down, not continually going up. This figure should be costing the taxpayers less, not more. My guess is you could probably get a hold of Facebook, they could tell you where everybody lives today or on the 1st of April. So, it would not hurt to maybe interface with those folks to find out how they can help you and save money.

Mr. Thompson. Thank you, Senator. We actually do talk to Google and Facebook quite a bit to understand how they can help us.

Senator Tester. OK. I will ask you the same question I asked Dodaro. Talk is one thing. Doing is another, OK? All right. Thank you very much. I appreciate all your work.

Chairman Johnson. Senator Tester, as long as you brought it up—I appreciate you looking at our charts—I will just give Director Thompson a chance to respond. Why has the cost, for example, per household increased by such a dramatic amount? These are inflation-adjusted dollars. Twelve times in terms of total dollars spent, why is that? And, again, we are mindful of the fact you just started in this decade.

Mr. Thompson. Right. Actually, I started working at the Census Bureau as a career person in 1975, and I worked there through the 2000 Census, and I was the career executive for the 2000 Census,
so I have a lot of experience with the Census costs. I know there are two underlying causes for this.

One, which is not the major cause, is that the population has grown. But, that does not explain this growth.

The other factor is that we have been doing the same Census process since 1970, essentially, and that is, we mail out, they get mailed back, we capture the information electronically off the forms, and then we go out and we collect the information from those that do not self-respond. That operation has always been a paper-and-pencil operation. As our population has gotten more complex and gated communities, different and more languages, the only way you can adapt a paper-and-pencil process to that is to put more people on it.

Just to give you an example, in 2000 we determined that the job had gotten so difficult for the people supervising the enumerators, we had to give them an extra assistant, and that added $250 million to the cost of the 2000 Census in 2000 dollars. So, it is has really been the fact that we have had a paper-and-pencil process and we just had to throw more and more people at it.

Chairman JOHNSON. It is not the requirements increase in terms of what you are collecting? It is really just the complexity of the population?

Mr. THOMPSON. The basic Census questions have been essentially the same since 1970. We have had a long form and a short form. The short form has been about the same. In 1980 Hispanic origin was put on the short form, but it has been about 10 questions. And, the long form or the ACS now, it has been about the same length.

Chairman JOHNSON. Mr. Dodaro.

Mr. DODARO. Mr. Chairman, I believe another contributing factor is the fact that the Census has been done through a mail process, but the response rate has gone down considerably since 1970. I think in 1970, John, it was like about 78 percent or over 70 percent; now it is down to about 60 percent. So, if people are not responding, then they have to go send people out to their homes. Even if you use the Internet, the question is—using Facebook or other media—will they respond? That has been a challenge for the Census, particularly as the demographics change in the country. There are notably a number of hard-to-enumerate areas and low-income and minority populations that Census is working hard on with special projects.

I think, the question is: How willing are the American people to provide the information?

Chairman JOHNSON. My guess is we will be holding a hearing on this in the future, so that would be good, just up front give an explanation of that. Senator Harris.

OPENING STATEMENT OF SENATOR HARRIS

Senator HARRIS. General Roth, thank you for your years of service. I have a few questions for you. You indicated in fiscal year 2015 that it took on average about 9 months to make a hire at U.S. Immigration and Customs Enforcement (ICE). Is that correct?

Mr. ROTH. That is correct.
Senator HARRIS. OK. My rough math tells me it would take—if it takes that long for each person that needs to be hired to fulfill the directive from the Executive Order, it would take 11,250 years to process an additional 15,000 officers. Now, I am sure it will not take that long, but have you assessed how long it would take you based on current standards to actually bring on board the 15,000 new officers that are directed?

Mr. ROTH. We have not. The only thing that we have looked at is the last time that there was a surge of deportation officerhirings, for example. That number that is reflected in my testimony actually almost quadrupled. In other words, when you try to put more people through the same pipeline, the logjams are going to get even greater. So, that is why we want to sort of take a look at this earlier.

Again, they are not hiring one at a time serially. They are trying to do it sequentially. And, I would say that is from the moment that the announcement has closed to the time that that person is actually hired. But then, of course, there is training and all sorts of on-boarding that would have to go on. So, that 9-month number is actually quite a bit longer.

Senator HARRIS. Have you been given a timeline for when those 15,000 new officers should be brought on board?

Mr. ROTH. We have just started our work on this area, so we do not have any information yet as to what the Department’s plans are in this area.

Senator HARRIS. Has there been any discussion about a goal in terms of a date that that would be completed?

Mr. ROTH. Not yet. Some of this depends on what the Department’s planning is. What we do with lifecycle audits is we will take a look, for example, if it is an acquisition, we will look at the phase of figuring out what the need is, for example, or the requirements, and then we will basically follow the Department through that process. I do not think the Department has yet started or at least I am not aware that the Department has actually started the initial process of figuring out how it is that they are going to on-board this many people.

Senator HARRIS. And, I appreciate that in your testimony you indicated that you will audit with the aim of ensuring that DHS can quickly and effectively hire a highly qualified and diverse workforce. Is that correct?

Mr. ROTH. That is correct. I think that is the Department’s goal as well.

Senator HARRIS. Great. So, just based on my experience as a prosecutor in California, we know that when we bring officers, law enforcement officers, on board, we want to bring them on board after we have had an ability to vet who they are and to ensure that they actually will be able to perform their job in a correct manner. Do you have any concern that with this historic goal of bringing on 15,000 new officers—I understand there are only 7,000 there now—that we might compromise our ability to bring on highly qualified officers?

Mr. ROTH. Certainly the last time CBP had a hiring surge, there was a concern about the level of quality that they were getting, and as a result, for example, that is when Congress stepped in and in-
stituted mandatory polygraphs, for example. But, that is always an issue any time that you try to increase the hiring; the worry is that you are going to reduce the quality. I think that is something we will look at as we move forward in this process.

Senator HARRIS. Can you then give us in about 3 months an update on what you might believe Congress should do in this circumstance to ensure that we are bringing on highly qualified officers?

Mr. ROTH. As I said, this will be a process, so I cannot really commit as to when we are going to get the first product out there that will sort of describe what the Department is doing, but we will certainly do this on an ongoing basis. Of course, as an IG, we are committed to keeping Congress fully and currently informed.

Senator HARRIS. What would you recommend I ask you as a timeline for when you would come back to report the status of the quality of the officers who are being brought on board?

Mr. ROTH. I think in about 3 months we are going to know a lot more about what the Department’s process——

Senator HARRIS. Three months, that is fantastic. That is great.

Mr. ROTH. As I said, in 3 months we will know more. [Laughter.]

I do not know if we will have——

Senator HARRIS. Well, what you know I would like to know, too, so I will expect you to come back, and we can arrange it through the Chairman and the Ranking Member.

Mr. ROTH. We are happy to brief anybody on the Committee who would like to hear about it.

Senator HARRIS. Thank you. One of the concerns that we have had across the country in terms of law enforcement officers is that we are adequately hiring and then training with an eye toward implicit bias and procedural justice concerns. What in your audit is detecting and tracking the Department’s ability to hire in a way that we look for implicit bias and also train so that we avoid implicit bias and that we encourage procedural justice?

Mr. ROTH. We have not looked specifically at that issue. Again, this series of audits is going to be more mechanically based, that is, how it is that you take a great number of people and try to fit them through what is really a finite pipe.

Senator HARRIS. Yes.

Mr. ROTH. We do, of course, as part of what we do a lot of civil rights/civil liberties investigations, excessive use of force, those kinds of policing issues, which we will continue to do, of course, as our mandate. But, we have not specifically looked at that issue.

Senator HARRIS. What would be your recommendation based on your experience that we could do to audit beforehand so we can prevent what otherwise would be something you are going to have to react to afterward, which is that there will be distrust, there could be very unintended and serious consequences, including lethal consequences, if we are rushing through this large number of people without properly vetting them on this issue, and, in particular, when we are talking about ICE agents and the issues that are at play?

Mr. ROTH. Well, I think one of the issues is a leadership issue, and so this Committee obviously will have the opportunity to take a look at who the nominees are for these various positions and get
the kinds of commitments that I think would be required to send
the message to the rank-and-file as to what is the appropriate level
of conduct that the rank-and-file has. If you are asking me my ad-
vice, my advice is to take the advice-and-consent process very seri-
ously when it comes to the ICE Director and when it comes to the
CBP Director.

Senator HARRIS. Thank you.

Chairman JOHNSON. Senator Paul.

OPENING STATEMENT OF SENATOR PAUL

Senator PAUL. Thank you. Mr. Chairman, if you want to save
money on the Census, maybe we could, let us see, give people a
$100 deduction on their taxes, and then those who sign up for wel-
fare, make it part of their signing up for welfare. I would bet you
95 percent of the public either pays taxes or receives something
from government. So, have them sign up and use the data. If it
happens on different dates, just change the rules. Why not just say,
“Well, estimate how many kids you are going to have and what
your income is going to be on April 1st?” It is all sort of an esti-
mate to a certain extent. And then, maybe we should charge people
to use the Census data. We do not do any charging, right, for Cen-
sus data?

Mr. THOMPSON. No, sir.

Senator PAUL. Companies love this data, right? It is really impor-
tant to know what incomes and how many people of a certain age.
Companies could just be charged for it. I will bet you I could run
the Census Bureau without any money, if you will sell it to me——

Senator McCASKILL. I think that is a great idea.

Senator PAUL. If you will sell it to me. [Laughter.]

But, anyway, we should not just stick to rules. We have a rule
it has to be on April 1st. Make it that it has to be sometime during
that year, and we just say now the Census is for information that
year, not April 1st of every year. But, pay people for the time to
fill it out. I guarantee if you let people have a $100 deduction,
which is no more than like a $33 or $34 reduction in their taxes,
they would do it probably. They would probably fill it out. You
would get huge voluntary—compare that to the postage that you
send out on millions and millions of things. Then you mail them
again. Then you have somebody knock on their door. You could
really get a lot of it done through the tax system and probably
through the welfare system as well for anybody that signs up. Peo-
ple sign up for welfare, they sign up for Social Security, all that
stuff. Still make it voluntary, and for the people who sign up, it
just should be a requirement of signing up for government benefits.
But, for those who want to do it on their tax return, give them a
benefit.

Getting back to the subject——

Chairman JOHNSON. Can I ask——

Senator PAUL. Go ahead.

Chairman JOHNSON. Do we have three cosponsors of that one
here? [Laughter.]

Senator PAUL. Think about it. Think outside the box.

Chairman JOHNSON. Happy to look at it. Let us work on some-
thing like that.
Senator Paul. I have a great deal of respect for those who look throughout government for waste and try to fix things, and in fact, sometimes I have thought maybe after doing it for a couple years, we should put you in charge of the organization, and maybe we would get even more effect from your recommendations.

But, I also have watched waste since I was a kid. I remember William Proxmire, the Golden Fleece awards and the waste. I scratch my head and cannot scientifically say this, but I would say the more we are trying to get rid of it, the more it stays the same, the more it is still there. I guess my question in general is, not that it is your fault, you are finding it, but we will start with Mr. Missal, that, you find it. How often do you think as a guess when you find it or we are getting rid of the problem—I will give you one example that we used in our waste report from your digging was the 300,000 TVs at the VA that were wrong connections, stuck in a closet, bought before the renovation, and I think to my mind are still not being used. You found that. That came to their attention. Maybe that person does it again, but do you think you fixed a systemic problem when you found that problem so it does not happen again? Or do you think we need more done to fix the systemic problem that you found in that particular instance?

Mr. Missal. That was one report where the dollars were not that large compared to a number of things we do, but that got a lot of publicity and attention. Hopefully that would have a deterrent effect for others. But, I think we need to expand the work that we are doing with respect to finding waste, and we are trying to be more proactive. We are expanding our data analytics capability so that we can look for outliers, which should give us a better indication.

Senator Paul. When you find waste, is it fixed 100 percent of the time, 50 percent of the time, 20 percent? Just a guess.

Mr. Missal. For that particular situation, we will have——

Senator Paul. Any situation of finding waste, how often do you feel like you are satisfied by the organization that you are inspecting that it gets fixed? Just a guess.

Mr. Missal. I think for a particular situation, we are satisfied, but we also know that is not going to be the only problem, that I think there are significant issues out there.

Senator Paul. So, that is the question: Are we finding waste, fixing it, and then waste just keeps cropping up? Or do we have some of the waste that we have had for decade after decade and it is not going away despite the people finding it? That is a big question.

Are we eliminating some waste and just new waste is popping up? If it is new waste popping up, then what do we do as an incentive to get less waste in government? Do we have more waste in government? Is it less quickly fixed than it is in the private marketplace? My guess is that if you have to make a profit and make a payroll each month, you quickly make adjustments, and the government is probably slower in that vein.

One of the things that I have introduced—and if anybody wants to make a comment on it—is legislation that would give bonuses to civil servants who find waste. We have sort of a whistleblower program for malfeasance, but not much is used. But, actually to give people a financial bonus if they find waste—and I think every-
body here is actually supportive of it, Republican and Democrat. But, whether or not we could try to introduce some incentives like that into government so if waste is an inherent problem, when waste seems to be worse in government than the private sector, bring a private sector kind of thing into that. We will start with Mr. Missal, and then anybody else who wants to respond.

Mr. MISSAL. I think a program like that would be helpful as we are always looking for ways to get more information. We are trying to be proactive, find things on our own, but that is going to be limited given the people we have. Any opportunity there is for others out there, we have a hotline where we look at every contact that comes in, and so we would love more contacts to that hotline.

Senator PAUL. Anybody else on ways to find waste?

Mr. DODARO. If we did that at the GAO, I could have retired a long time ago. [Laughter.]

Senator PAUL. We would have to exempt you, sir.

Mr. DODARO. But, I would say anything that would help identify acting that have a positive outcome would be very welcome. On your point about how much is systemic versus how much is solvable, it is a mixture of both. Over 75, almost 80 percent of our recommendations are implemented over a 4-year period of time. I will give you one classic example. We make recommendations to stop particular weapons systems—the technology is not mature, they are not ready to go into production. But, yet different weapons systems will be approved that have a similar kind of problem. Some things get stopped completely and they are not bought at all, the same thing with IT systems. But, there is a systemic problem there about why we——

Senator PAUL. Just one quick comment. I think that is great. If you are fixing 75 percent of the problem, that would be enormous if that is true, and it may well be. But, it probably shows that we have another problem then, the generation of more waste.

Mr. DODARO. Right.

Senator PAUL. And then, some waste is in the eye of the beholder, and it is the philosophical view of what you think government should do——

Mr. DODARO. I think one of the reasons for that, Senator, is that most Federal programs get funded year after year without having to prove that they are effectively accomplishing their objectives. It is hard, and the burden is on us now in the accountability community to prove something is not working, to get it stopped.

Senator PAUL. But, one quick point before I finish. The people we have here are doing sort of their job in what we want them to do, but it is bigger than their job. They are finding the waste, and we are eliminating it. We also have to look for the incentives—we have to change the incentives somehow of government because they are finding as much as they can maybe, and we can try to be even better. But, it is still not enough because there is an enormous amount of waste in government. I am not saying you do not do your job. I think we need to think beyond what we normally do to see if there is any way to change incentives in government.

Thank you.

Chairman JOHNSON. First of all, Senator Paul, I think these are great ideas, and I am really looking forward to the use of your Sub-
committee to generate more of these. And, I am serious about that. I think this is really good. I would like to work with you and maybe the Director on Census proposals as well. Good ideas. Senator Heitkamp.

OPENING STATEMENT OF SENATOR HEITKAMP

Senator Heitkamp. Thank you, Mr. Chairman, and I think from all the attention the Census has gotten, we probably need to have a whole other opportunity to sit down and go through the Census and the process, because I have some questions, too, but I do not want to spend my time talking about the Census.

I want to again congratulate Gene for the great work that GAO does. Senator Ernst and I, as you know, worked very hard to craft legislation to improve program management across the Federal Government. Our bill went on to be signed into law finally in December, and I was really pleased when you gave us a shout-out in your testimony. The Program Management Improvement and Accountability Act, I think if it is properly implemented—and we tend to be very aggressive in oversight—can foster prevention for waste. I am really excited about the opportunity to work with you and make sure it is implemented, and make sure that the ideas that were in that bill actually see the light of day going forward.

I want to talk about this idea of waste, fraud, and abuse, and whistleblowers. Mostly, John and Michael, as IGs, you know that we have been working with your organization to try and get one portal where people on this dais can actually go out and look, where people can try and discover systemic kinds of waste, systemic frauds that are going on. Have you both participated in that effort? And, are there any recommendations you would make to us about how we can provide greater transparency on IG reports?

[Pause.]

Mr. Missal. We agree wholeheartedly with more transparency. We would, support efforts to get more information. With respect to whistleblowers, we have had our staff trained with respect to how to ensure that we treat whistleblowers with respect, that we get the information from them that we need. And so, anything that can help us——

Senator Heitkamp. Are you familiar with the work that we are doing or the work that the association is doing, the IG association?

Mr. Missal. With the Council of the Inspectors General on Integrity and Efficiency (CIGIE), yes, we are very active with CIGIE.

Senator Heitkamp. OK. And so, you are familiar with the portal that is being developed.

Mr. Missal. Yes, absolutely.

Senator Heitkamp. And, do you see this as a mechanism to provide more systemic oversight? When GAO issues a report, we know where to go. We do not have to go to, Interior’s GAO. Bureau with the IG reports, each one of the agencies have their own separate way of doing things. I think getting everybody onto one portal—I am not saying you have to abandon what you are already doing, but to me it is a way to really examine whether we have a lot of cross-pollination that we can do to avoid waste, fraud, and abuse.

Mr. Missal. Absolutely, and we have spoken as IGs together. I think there is strong support for that idea to do it. I agree with
you that we would not abandon what we are doing individually as an agency, but having one portal I think would be very helpful.

Senator Heitkamp. We are going to be very aggressive on this issue.

John, have you looked at the draft portal?

Mr. Roth. Yes, we participate in it, and I cannot tell you right now the very status of it, but I know that there is a lot of excitement within the IG community to have a single point of contact in which basically every IG report gets published.

Senator Heitkamp. Just for my colleagues here, I think this is amazing because this has all been done without any appropriation.

Mr. Roth. Right.

Senator Heitkamp. It has been done just through volunteer work. The Postal Service has been great, providing the background and some of the technical support. We think we can even improve it more with just a little bit of attention to an appropriation, and so we are going to be working very hard on that provision because I think sunshine is a huge component.

I want to go back to you, Gene. We talk about this quite often when you appear either in our Subcommittee or before the full Committee. What tools do we need to give you, what can you recommend to us that we should be doing in our oversight function that we are not currently doing or we are not aggressive enough on?

Mr. Dodaro. Well, first, I am very appreciative of the GAO bill that Senator McCaskill mentioned in her opening remarks to give us additional access authorities. That has been signed into law now. That was very helpful.

I think if we run into problems getting information—we are not currently having any right now—I would want the Committee's support to help us get the information that we need.

I would suggest for the high-risk areas, I would like to see more hearings on the high-risk areas. We flag individual ones that need legislative action to actually address the issue. Many of them require Executive Branch actions. But, a fair number of them also require legislative action to address the high-risk problems. And so, I would like to see more hearings and attention on those high-risk areas.

And so, I feel we are well supported. Obviously a word on our budget would not hurt. I cannot go by without taking this opportunity.

Senator Heitkamp. Tell us what has happened to your budget in terms of the growth of the overall Federal expenditure and then what we have given, our eyes and ears out there, what we have given you to examine it.

Mr. Dodaro. Well, we are operating under a continuing resolution (CR) that is less than last year's funding, so I am not replacing people as they leave the GAO. We cannot afford it until we have an appropriation for the year.

Senator Heitkamp. Are you subject to the hiring freeze?

Mr. Dodaro. No.

Senator Heitkamp. OK.

Mr. Dodaro. No, but I do not have a budget. And, that is a problem with all the——
Senator HEITKAMP. Heck of a way to run a railroad, is it not?
Mr. DODARO. We came out of the sequester in 2013, though, just to put this in perspective, at the lowest staffing level since 1935. We have clawed back some of that, but I believe we need to be at least 3,250 people at the GAO. Right now we are under 3,000 and going down unless we get an appropriation for this year.

Senator HEITKAMP. Have you ever calculated that for every dollar of investment in GAO managed well by you what that would return in terms of——

Mr. DODARO. Last year, it was $112 for every dollar invested in GAO. We returned over $63 billion in financial benefits. The year before it was $70 billion. We are a good investment.

Senator HEITKAMP. The point that I want to make, before I conclude here, is that we are so often penny wise and pound foolish. I do not think that Congress takes its oversight responsibility as seriously as it should. I think that you are that auditor for us, whether it is a management audit, whether it is a fiscal audit, and we ought to have a fully funded, functional GAO and then a fully functional Committee and Congress that is going to be absolutely aggressive. Because if people think these are just one-offs, which I think in the past they have, then, you feel a little bit of heat and it goes away. We need to turn up the heat and make sure that every dime that we spend of taxpayer money gets spent in a way that that taxpayer would spend it themselves.

I really appreciate all the work that all of you do. Continue to send suggestions and ideas. We are very curious and interested in what we can do to help.

Mr. DODARO. Thank you very much, Senator.

Chairman JOHNSON. Thank you, Senator. It sounds like Gene had done that calculation, unless he is really quick with the math. [Laughter.]

That is what you call a softball question.

Senator HEITKAMP. Mr. Chairman, he asked me to ask him that question. [Laughter.]

Chairman JOHNSON. I was expecting to see a $20 payment here.

Senator HEITKAMP. Oh, no. It cost him a lot more than that.

Chairman JOHNSON. Gene, real quick—now, watch out. You have a gift limit.

Just quickly, how many hearings were held in the last Congress, other than the one in this Committee or maybe the Oversight Committee in the House, on the High-Risk List?

Mr. DODARO. Over 250 hearings.

Chairman JOHNSON. Different hearings on the High-Risk List.

Mr. DODARO. On areas covered by the high-risk area.

Chairman JOHNSON. OK. Well, that is pretty good.

Mr. DODARO. It is good, and 12 bills came out. That is why you saw progress, 12 pieces of legislation. There are very few high-risk areas that make progress without congressional attention on oversight, prompt action on the agency, or without statutory changes and without some funding. Some of these areas Congress funded, gaps in the weather satellites that help them put in contingency plans, that got effectively implemented. Any lasting change has to have some statutory——
Chairman Johnson. But, again, the committees of jurisdiction take this High-Risk Series very seriously, and they actually hold hearings on those recommendations with those departments and agencies.

Mr. Dodaro. Yes, but it is not evenly distributed across the high-risk areas. Most of the hearings were held on cybersecurity, a lot on veterans affairs. And so, they are not uniformly focused on some of these areas.

Chairman Johnson. I just asked Senator McCaskill if she would be willing to sign on to letters, two of us and you, to those committees of jurisdiction asking them to hold hearings on specific high-risk areas. If you want to prepare that list, we will do those letters.

Mr. Dodaro. Sure.

Chairman Johnson. And, we will sign them to prompt that action, because this works.

Mr. Dodaro. I would be happy to do so, and I appreciate that support. I think it is very helpful.

Chairman Johnson. Again, thank you all for, first of all, what you do—how many dollars to $1?

Mr. Dodaro. $112.

Chairman Johnson. And, IGs, your return on investment?

Mr. Missal. Ours last year was $35 to $1.

Chairman Johnson. Well, you have to up your game. [Laughter.]

But, no, thank you very much. Director Thompson, thank you again. I realize this was a little bit different for you coming into this setting. We will hold a hearing on the Census. Again, I think Senator Paul’s suggestions are intriguing, and maybe we can take a look at some out-of-the-box thinking to drive some improvements from that standpoint.

Mr. Thompson. I would like forward to a hearing.

Chairman Johnson. Again, thank you all for your time, your testimony, and your work. The hearing record will remain open for 15 days until March 2nd at 5 p.m. for the submission of statements and questions for the record.

This hearing is adjourned.

[Whereupon, at 4:37 p.m., the Committee was adjourned.]
A P P E N D I X

Opening Statement of Chairman Johnson
“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”
February 15, 2017

As submitted for the record:

At the start of each new Congress, the Government Accountability Office issues a report highlighting the agencies and programs of the federal government that present the greatest economic and national security risks to the American people. The goal of this “high risk” report closely mirrors the mission we have set for our committee: to enhance the economic and national security of America and promote more efficient, effective and accountable government. I view the GAO’s report as a roadmap of sorts for this committee, helping us focus on the highest priority items.

The GAO has identified 34 government programs and agencies that are the most vulnerable to fraud, waste, abuse and mismanagement, or that need complete transformation. While each of these areas are important, today we are focusing on three critical high risk areas: problems at the Department of Homeland Security, which has been on the high risk list since the department was created, veteran’s health care, and the 2020 Decennial Census.

Inspector General Roth is here today to discuss the more than 500 open recommendations his office has made to the Department of Homeland Security that further underscore the agency’s designation as high risk. These include recommendations to fix vulnerabilities in homeland security programs, such as Citizenship and Immigration Services’ inability to adequately screen and process all immigration benefit applications, and the Federal Emergency Management Agency’s failure to effectively manage billions of dollars in grant funding. Our committee will work with Secretary Kelly to fix these longstanding problems.

Inspector General Missal is also joining us this morning. The GAO added veterans’ health care to the high risk list two years ago and is sounding the alarm that almost no progress has been made. Effective oversight is critical, especially for an agency like the VA, with so many systemic problems. That is why an independent inspector general is so important for veterans. Too often at the VA, the culture is to cover up mistakes and punish those who raise concerns, and unfortunately the former acting inspector general was complicit in covering up these problems. I remain hopeful that under IG Missal’s leadership, the VA can get the oversight it needs and make progress on its high risk areas.

Finally, we welcome Census Bureau Director John Thompson, who is here to discuss efforts underway to try to stem the skyrocketing cost of conducting the 2020 Decennial Census. The GAO has warned that if the Census Bureau does not succeed in implementing new technologies, the 2020 Census could cost taxpayers as much as $17.8 billion. At that price, the Census would cost $124 per household to administer, compared to just $16 per household in 1970 in inflation-adjusted terms. This is inexplicable; it should be getting cheaper to count our population in the digital age, not more expensive. Given these risks, I am concerned that the Census Bureau has implemented only six of the 30 recommendations the GAO has made over the last few years.
As always, I want to thank Gene Dodaro and all the hardworking men and women at the GAO who he represents. Your work is invaluable to the American people. I thank all of our witnesses for being here today, and I look forward to your testimony.
“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”

February 15, 2017

Senator Claire McCaskill

Opening Statement

Thank you, Mr. Chairman, for holding this important hearing focused on the U.S. Government Accountability Office’s 2017 High Risk Report.

GAO is an independent, nonpartisan agency that investigates how the federal government spends taxpayer dollars. GAO’s work supports us in meeting our legislative and oversight obligations under the constitution and helps to improve accountability in the federal government by providing Congress with timely information that is objective, fact-based, nonpartisan, fair, and balanced.

At the beginning of each Congress, GAO releases its report of government programs that are at high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement. Shortly after the release of the report, the Senate Committee on Homeland Security and Governmental Affairs Committee invites GAO’s leader – the Comptroller of the United States – to testify before the Committee about the GAO High Risk report.

I appreciate that this hearing is one of our first full Committee hearings of the 115th Congress. GAO’s 2017 High Risk Report provides us with a list of priorities for how this Committee can target and root out waste, fraud, and abuse in our government. For example, GAO reports that the federal government oversees more than $80 billion in taxpayer funds for information technology investments, but poor management leads many IT contracting projects to fail or experience significant cost over runs. Contract oversight is not a new problem in government, but it remains one of the most important.
While most government employees are dedicated public servants, GAO’s High Risk Report highlights that more work is needed to ensure that the federal bureaucracy performs effectively and efficiently on behalf of the American people. The report identifies several “mission critical” skill gaps within the federal workforce that could pose risks to American tax dollars and to American lives. For example, it is alarming that even after the large-scale cyber breach at the Office of Personnel Management and the medical wait list scandal at the Department of Veterans Affairs, that some of the federal “skills gaps” identified by GAO still include cyber security and nursing.

This year, GAO added the 2020 Census program to its list of High Risk areas. Knowing that our next census is rapidly approaching, I am grateful Director Thompson is here to provide a status update on the 2020 Census program. The cost of the Census has risen over the last few decades, with the 2010 Census being the costliest U.S. Census in history. Billions of tax payer dollars were wasted on programs that had to be scrapped at the last minute in order to ensure the 2010 Census was on time. Given these challenges and the important role the Census plays in counting our citizens as well as allocating resources to vulnerable communities, I am eager to learn how the Bureau expects to effectively manage costs while simultaneously modernizing the Census program and ensuring a complete enumeration. It is important that we avoid repeating the mistakes of the past.

I am also grateful to Inspectors General Roth and Missal for joining Comptroller General Dodaro and Director Thompson here today to discuss their work to improve government programs at the Departments of Homeland Security and Veterans Affairs respectively.

When there is ineffective oversight and accountability in government, money gets wasted and mismanagement goes unaddressed. As a former state Auditor, I consider government
accountability as an important part of my work here in the Senate. I have spent my career
confronting waste, fraud, and abuse in government. Here in the Senate, I helped to establish the
Subcommittee on Contracting Oversight, which investigated waste, fraud, and abuse of taxpayer
dollars at every federal agency, holding dozens of hearings to investigate waste and misconduct
in federal spending. As Ranking Member of the Permanent Subcommittee on Investigations,
Senator Portman and I were able launch several bipartisan investigations including one
addressing anti-opioid abuse efforts in Medicare and private health insurance systems.

Last week, President Trump signed into law the GAO Access and Oversight Act, a
bipartisan measure I that co-sponsored to ensure that GAO has full access to the National
Database of New Hires, a key tool for cutting waste and fraud in many of the government’s
largest programs, as well as allowing states to aggressively pursue child support payments. The
law also strengthens GAO’s ability to take legal action if an agency refuses to provide GAO with
information necessary to perform its oversight functions. This law is a great example of what our
Committee can do when we work together to promote accountability in the federal government
on behalf of our constituents.

The federal government is a complex system of agencies that spends more than $3 trillion
dollars annually on behalf of the American people. As elected representatives, we are members
of a public trust to ensure that those taxpayer dollars are used effectively and efficiently.

I have never shied away from confronting government waste and I don’t intend to now as
the Ranking Member of the Committee on Homeland Security and Governmental Affairs. I will
continue to examine the areas where the federal government can make improvements to better
serve our constituents and appreciate the witnesses’ testimony on this important issue today.

Thank you.
For Release on Delivery
Expected at 2:30 p.m. ET
Wednesday, February 15, 2017

HIGH-RISK SERIES
Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others

Statement of Gene L. Dodaro
Comptroller General of the United States
Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others

What GAO Found

Since GAO’s last high-risk update, many of the 32 high-risk areas on the 2015 list have shown solid progress. Twenty-three high-risk areas, or two-thirds of all the areas, have met or partially met all five criteria for removal from the High-Risk List; 15 of these areas met at least one criterion. Progress has been possible through the concerted efforts of Congress and leadership and staff in agencies. For example, Congress enacted over a dozen laws since GAO’s last report in February 2015 to help address high-risk issues.

GAO removed 1 high-risk area on managing terrorism-related information, because significant progress had been made to strengthen how intelligence on terrorism, homeland security, and law enforcement is shared among federal, state, local, tribal, international, and private sector partners. Sufficient progress was made to remove segments of 2 areas related to supply chain management at the Department of Defense (DOD) and gaps in geostationary weather satellite data.

Two high-risk areas expanded—DOD’s polar-orbiting weather satellites and the Department of the Interior’s restructuring of offshore oil and gas oversight.

Several other areas need substantive attention including VA health care, DOD financial management, ensuring the security of federal information systems and cyber critical infrastructure, resolving the federal role in housing finance, and improving the management of IT acquisitions and operations.

GAO is adding 3 areas to the High-Risk List, bringing the total to 34:

- Management of Federal Programs That Serve Tribes and Their Members. GAO has reported that federal agencies, including the Department of the Interior’s Bureau of Indian Education and Indian Affairs and the Department of Health and Human Services’ Indian Health Service, have ineffectively administered Indian education and health care programs and inefficiently developed Indian energy resources. Thirty-nine of 41 GAO recommendations on this issue remain unimplemented.

- U.S. Government’s Environmental Liabilities. In fiscal year 2016 this liability was estimated at $447 billion (up from $212 billion in 1997). The Department of Energy is responsible for 83 percent of these liabilities and DOD for 14 percent. Agencies spend billions each year on environmental cleanup efforts but the estimated environmental liability continues to rise. Since 1984, GAO has made at least 28 recommendations related to this area; 13 are unimplemented.

- The 2020 Decennial Census. The cost of the census has been escalating over the last several decades, the 2010 Census was the costliest U.S. Census in history at about $12.3 billion, about 31 percent more than the 2000 Census (in 2020 dollars). The U.S. Census Bureau (Bureau) plans to implement several innovations—including IT systems—for the 2020 Census. Successfully implementing these innovations, along with other challenges, risk the Bureau’s ability to conduct a cost-effective census. Since 2014, GAO has made 30 recommendations related to this area, however, only 6 have been fully implemented.
<table>
<thead>
<tr>
<th>Strengthening the Foundation for Efficiency and Effectiveness</th>
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<tbody>
<tr>
<td>- Strategic Human Capital Management</td>
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<td>- Managing Federal Real Property</td>
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<tr>
<td>- Funding the Nation’s Surface Transportation System</td>
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<tr>
<td>- Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance¹</td>
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<tr>
<td>- Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability¹</td>
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<tr>
<td>- Management of Federal Oil and Gas Resources</td>
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<tr>
<td>- Limiting the Federal Government’s Fiscal Exposure by Better Managing Climate Change Risks</td>
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<tr>
<td>- Improving the Management of IT Acquisitions and Operations</td>
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<tr>
<td>- Improving Federal Programs that Serve Tribes and Their Members (new)¹</td>
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<tr>
<td>- 2020 Decennial Census (new)</td>
</tr>
<tr>
<td>- U.S. Government’s Environmental Liabilities (new)¹</td>
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<tr>
<td>Transforming DOD Program Management</td>
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<td>- DOD Supply Chain Management</td>
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<td>- DOD Weapon Systems Acquisition</td>
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<td>- DOD Financial Management</td>
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<td>- DOD Business Systems Modernization</td>
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<tr>
<td>- DOD Support Infrastructure Management¹</td>
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<tr>
<td>- DOD Approach to Business Transformation</td>
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<tr>
<td>Ensuring Public Safety and Security</td>
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<tr>
<td>- Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information¹</td>
</tr>
<tr>
<td>- Strengthening Department of Homeland Security Management Functions¹</td>
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<td>- Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests¹</td>
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<td>- Improving Federal Oversight of Food Safety</td>
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<td>- Protecting Public health through Enhanced Oversight of Medical Products</td>
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<td>- Transforming EPA’s Processes for Assessing and Controlling Toxic Chemicals</td>
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<td>- Mitigating Gaps in Weather Satellite Data</td>
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<td>Managing Federal Contracting More Effectively</td>
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<td>- DOE’s Contract Management for the National Nuclear Security Administration and Office of Environmental Management</td>
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<tr>
<td>- NASA Acquisition Management</td>
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<td>- DOD Contract Management</td>
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<tr>
<td>Assessing the Efficiency and Effectiveness of Tax Law Administration</td>
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<tr>
<td>- Enforcement of Tax Laws</td>
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<tr>
<td>Modernizing and Safeguarding Insurance and Benefit Programs</td>
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<tr>
<td>- Medicare Program</td>
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<tr>
<td>- Medicaid Program</td>
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<tr>
<td>- Improving and Modernizing Federal Disability Programs</td>
</tr>
<tr>
<td>- Pension Benefit Guaranty Corporation Insurance Programs²</td>
</tr>
<tr>
<td>- National Flood Insurance Program²</td>
</tr>
<tr>
<td>- Managing Risks and Improving VA Health Care</td>
</tr>
</tbody>
</table>

Source: GAO. GAO-17-317

¹Legislation is likely to be necessary in order to effectively address this area.
Chairman Johnson, Ranking Member McCaskill and Members of the Committee:

Since the early 1990s, our high-risk program has focused attention on government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement or that are in need of transformation to address economy, efficiency, or effectiveness challenges. This effort, supported by the Senate Committee on Homeland Security and Governmental Affairs and by the House of Representatives Committee on Oversight and Government Reform, has brought much-needed attention to problems impeding effective government and costing billions of dollars each year.

To help improve these high-risk operations, we have made hundreds of recommendations. Executive agencies either have addressed or are addressing many of them and, as a result, progress is being made in a number of areas. Congress also continues to take important actions. For example, Congress enacted over a dozen laws since our last report in February 2015 to help make progress on high-risk issues. Progress in high-risk areas over the past decade (fiscal year 2007 through fiscal year 2016) resulted in financial benefits totaling approximately $240 billion or an average of about $24 billion per year.¹

Our 2017 high-risk update, which is being released today, describes (1) progress made addressing high-risk areas and the reasons for that progress, and (2) actions that are still needed to assure further progress. It also identifies three new high-risk areas, which include the management of federal programs that serve tribes and their members, the federal government’s environmental liabilities, and the 2020 Census.²

High-Risk Areas Making Progress

Since our last high-risk update, while progress has varied, many of the 32 high-risk areas on our 2015 list have shown solid progress. One area related to sharing and managing terrorism-related information is now being removed from the list.

¹Financial benefits are based on actions taken in response to our work, such as reducing government expenditures, increasing revenues, or reallocating funds to other areas.
Agencies can show progress by addressing our five criteria for removal from the list: leadership commitment, capacity, action plan, monitoring, and demonstrated progress. As shown in table 1, 23 high-risk areas, or two-thirds of all the areas, have met or partially met all five criteria for removal from our High-Risk List; 15 of these areas fully met at least one criterion. Compared with our last assessment, 11 high-risk areas showed progress in one or more of the five criteria. Two areas declined since 2015. These changes are indicated by the up and down arrows in table 1.

### Table 1: 2016 High-Risk Areas Rated Against Five Criteria for Removal from GAO’s High-Risk List

<table>
<thead>
<tr>
<th>High-risk area</th>
<th>Change since 2015</th>
<th>Number of criteria met</th>
<th>Partially met</th>
<th>Not met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland</td>
<td>✤</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NASA Acquisition Management</td>
<td></td>
<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Strengthening Department of Homeland Security Management Functions</td>
<td>✤</td>
<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Department of Defense (DOD) Supply Chain Management</td>
<td>✤</td>
<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Mitigating Gaps in Weather Satellite Data</td>
<td>✤</td>
<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Protecting Public Health through Enhanced Oversight of Medical Products</td>
<td>✤</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>DOD Contract Management</td>
<td></td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>DOD Weapon Systems Acquisition</td>
<td></td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Medicare Program</td>
<td></td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Enforcement of Tax Laws</td>
<td>✤</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Managing Federal Real Property</td>
<td>✤</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Transforming the Environmental Protection Agency’s (EPA) Processes for Assessing and Controlling Toxic Chemicals</td>
<td>✤</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Improving the Management of IT Acquisitions and Operations</td>
<td></td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information</td>
<td></td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>DOD Approach to Business Transformation</td>
<td>✤</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Strategic Human Capital Management</td>
<td></td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>DOE’s Contract Management for the National Nuclear Security Administration and Office of Environmental Management</td>
<td>✤</td>
<td>1</td>
<td>2</td>
<td>2</td>
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<tr>
<td>Management of Federal Oil and Gas Resources</td>
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<td>5</td>
<td>0</td>
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<tr>
<td>DOD Support Infrastructure Management</td>
<td></td>
<td>0</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

(† indicates one or more areas progressed; ‡ indicates one or more areas declined since 2015.)

Additional detail on our high-risk criteria and ratings is in appendix I of our report.
High-risk area

<table>
<thead>
<tr>
<th>High-risk area</th>
<th>Change since 2015</th>
<th>Number of criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests</td>
<td>0</td>
<td>5 0</td>
</tr>
<tr>
<td>Improving and Modernizing Federal Disability Programs</td>
<td>0</td>
<td>5 0</td>
</tr>
<tr>
<td>Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance</td>
<td>0</td>
<td>5 0</td>
</tr>
<tr>
<td>National Flood Insurance Program</td>
<td>0</td>
<td>5 0</td>
</tr>
<tr>
<td>Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability</td>
<td>0</td>
<td>5 0</td>
</tr>
<tr>
<td>Medicaid Program*</td>
<td>0</td>
<td>5 0</td>
</tr>
<tr>
<td>Limiting the Federal Government’s Fiscal Exposure by Better Managing Climate Change Risks</td>
<td>1</td>
<td>0 4 1</td>
</tr>
<tr>
<td>DOD Business Systems Modernization</td>
<td>0</td>
<td>4 1</td>
</tr>
<tr>
<td>DOD Financial Management</td>
<td>0</td>
<td>3 2</td>
</tr>
<tr>
<td>Improving Federal Oversight of Food Safety</td>
<td>0</td>
<td>3 2</td>
</tr>
<tr>
<td>Managing Risks and Improving VA Health Care</td>
<td>0</td>
<td>2 3</td>
</tr>
<tr>
<td>Funding the Nation's Surface Transportation System</td>
<td>N/A</td>
<td>N/A N/A</td>
</tr>
<tr>
<td>Pension Benefit Guaranty Corporation Insurance Programs</td>
<td>N/A</td>
<td>N/A N/A</td>
</tr>
</tbody>
</table>

Legend: N/A = Not applicable.

Source: GAO (GAO-17-317)

Notes: Two high-risk areas received a “not applicable” rating because addressing them primarily involves congressional action (Funding the Nation’s Surface Transportation System and Pension Benefit Guaranty Corporation Insurance Programs).

Medicare and Medicaid programs only refer to the Improper Payments programs and we did not rate other elements of the Medicare and Medicaid programs.

High-Risk Areas Showing Progress

Of the 11 high-risk areas showing progress between 2015 and 2017, sufficient progress was made in 1 area—Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland—to be removed from the list. In two other areas, enough progress was made that we removed a segment of the high-risk area—Mitigating Gaps in Weather Satellite Data and Department of Defense (DOD) Supply Chain Management. The other eight areas improved in at least one criterion rating by either moving from “not met” to “partially met” or from “partially met” to “met.”

One High-Risk Designation Removed

We removed the area of Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland from the High-Risk List because the Program Manager for the Information Sharing Environment (ISE) and key departments and agencies have made significant progress to strengthen how intelligence on terrorism, homeland security, and law enforcement, as well as other information...
(collectively referred to in this section as terrorism-related information), is shared among federal, state, local, tribal, international, and private sector partners. As a result, the Program Manager and key stakeholders have met all five criteria for addressing our high-risk designation, and we are removing this issue from our High-Risk List. While this progress is commendable, it does not mean the government has eliminated all risk associated with sharing terrorism-related information. It remains imperative that the Program Manager and key departments and agencies continue their efforts to advance and sustain ISE. Continued oversight and attention is also warranted given the issue’s direct relevance to homeland security as well as the constant evolution of terrorist threats and changing technology.

The Program Manager, the individual responsible for planning, overseeing, and managing ISE, along with the key departments and agencies—the Departments of Homeland Security (DHS), Justice (DOJ), State (State), and Defense (DOD), and the Office of the Director of National Intelligence (ODNI)—are critical to implementing and sustaining ISE. Following the terrorist attacks of 2001, Congress and the executive branch took numerous actions aimed explicitly at establishing a range of new measures to strengthen the nation’s ability to identify, detect, and deter terrorism-related activities. For example, ISE was established in accordance with the Intelligence Reform and Terrorism Prevention Act of 2004 (Intelligence Reform Act) to facilitate the sharing of terrorism-related information. Figure 1 depicts the relationship between the various stakeholders and disciplines involved with the sharing and safeguarding of terrorism-related information through ISE.

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This Office of the Program Manager for ISE is situated within and funded through amounts appropriated to ODNI. Additional departments and agencies also participate in ISE, including Air Force Intelligence, Surveillance, and Reconnaissance; Central Intelligence Agency; the Departments of Commerce, Energy and Human Services, the Interior, Transportation, and the Treasury; National Counterterrorism Center; National Geospatial-Intelligence Agency; and National Reconnaissance Office.

The Program Manager and key departments and agencies met the leadership commitment and capacity criteria in 2015, and have subsequently sustained efforts in both these areas. For example, the Program Manager clearly articulated a vision for ISE that reflects the government’s terrorism-related information sharing priorities. Key departments and agencies also continued to allocate resources to operations that improve information sharing, including developing better technical capabilities.

The Program Manager and key departments and agencies also developed, generally agreed upon, and executed the 2013 Strategic Implementation Plan (Implementation Plan), which includes the overall strategy and more specific planning steps to achieve ISE. Further, they have demonstrated that various information-sharing initiatives are being used across multiple agencies as well as state, local, and private-sector stakeholders. For example, the project manager has developed a comprehensive framework for managing enterprise architecture to help share and integrate terrorism-related information among multiple
stakeholders in ISE. Specifically, the Project Interoperability initiative includes technical resources and other guidance that promote greater information system compatibility and performance. Furthermore, the key departments and agencies have applied the concepts of the Project Interoperability Initiative to improve mission operations by better linking different law enforcement databases and facilitating better geospatial analysis, among other things.

In addition, the Program Manager and key departments and agencies have continued to devise and implement ways to measure the effect of ISE on information sharing to address terrorist and other threats to the homeland. They developed performance metrics for specific information-sharing initiatives (e.g., fusion centers) used by various stakeholders to receive and share information. The Program Manager and key departments and agencies have also documented mission-specific accomplishments (e.g., related to maritime domain awareness) where the Program Manager helped connect previously incompatible information systems. The Program Manager has also partnered with DHS to create an Information Sharing Measure Development Pilot that intends to better measure the effectiveness of information sharing across all levels of ISE.

Further, the Program Manager and key departments and agencies have used the Implementation Plan to track progress, address challenges, and substantially achieve the objectives in the National Strategy for

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5An enterprise architecture, or modernization blueprint, is intended to provide a clear and comprehensive picture of an entity, whether it is an organization (e.g., federal department or agency) or a functional or mission area that cuts across more than one organization (e.g., financial management). This picture consists of snapshots of the enterprise’s current and target operational and technological environments, and contains a road map for transitioning from the current to the target environment.

6Project interoperability refers to a collection of policies and guidance related to information interoperability. Information interoperability is the ability to share and use information in a consistent, efficient way across multiple organizations and IT systems to accomplish operational missions. From a technical perspective, interoperability is developed in part by using common technical standards and definitions to manage information.
Information Sharing and Safeguarding. The Implementation Plan contains 16 priority objectives, and by the end of fiscal year 2016, 13 of the 16 priority objectives were completed. The Program Manager transferred the remaining three objectives, which were all underway, to other entities with the appropriate technical expertise to continue implementation through fiscal year 2019.

In our 2013 high-risk update, we listed nine action items that were critical for moving ISE forward. In that report, we determined that two of those action items—demonstrating that the leadership structure has the needed authority to leverage participating departments, and updating the vision for ISE—had been completed. In our 2015 update, we determined that the Program Manager and key departments had achieved four of the seven remaining action items—demonstrating that departments are defining incremental costs and funding; continuing to identify technological capabilities and services that can be shared collaboratively; demonstrating that initiatives within individual departments are, or will be, leveraged to benefit all stakeholders; and demonstrating that stakeholders generally agree with the strategy, plans, time frames, responsibilities, and activities for substantially achieving ISE.

For the 2017 update, we determined that the remaining three action items have been completed: establishing an enterprise architecture management capability; demonstrating that the federal government can show, or is more fully developing a set of metrics to measure, the extent to which sharing has improved under ISE; and demonstrating that established milestones and time frames are being used as baselines to track and monitor progress. Achieving all nine action items has, in effect, addressed our high-risk criteria.

While this demonstrates significant and important progress, sharing terrorism-related information remains a constantly evolving work in progress that requires continued effort and attention from the Program Manager for the Information Sharing Environment, Strategic Implementation Plan for the National Strategy for Information Sharing and Safeguarding (Washington, D.C.: December 2013). In December 2012, the President signed the National Strategy for Information Sharing and Safeguarding, which provides guidance on implementing policies, standards, and technologies that promote secure and responsible national security information sharing. This document builds on the 2010 National Security Strategy and the 2007 National Strategy for Information Sharing. The December 2012 national strategy identifies priority objectives, which have been incorporated into the Implementation Plan.
Manager, departments, and agencies. Although no longer a high-risk issue, sharing terrorism-related information remains an area with some risk, and continues to be vitally important to homeland security, requiring ongoing oversight as well as continuous improvement to identify and respond to changing threats and technology. Table 2 summarizes the Program Manager’s and key departments’ and agencies’ progress in achieving the action items.

Table 2: Status of Action Items Required to Remove Terrorism-Related Information Sharing from GAO’s High-Risk List

<table>
<thead>
<tr>
<th>Action Items</th>
<th>Action Item status</th>
<th>High-risk category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate that the Information Sharing and Access Interagency Policy Committee has needed authority, is leveraging participating departments, and is producing results.</td>
<td>Met</td>
<td>Leadership Commitment</td>
</tr>
<tr>
<td>Update the vision for ISE—the information sharing capabilities and procedures that need to be in place to help ensure terrorism-related information is accessible and identifiable to relevant federal, state, local, private, and foreign partners.</td>
<td>Met</td>
<td>Leadership Commitment</td>
</tr>
<tr>
<td>Demonstrate that departments are defining incremental costs and funding needed to complete the responsibilities and activities which substantially achieve ISE.</td>
<td>Met</td>
<td>Capacity to resolve risk</td>
</tr>
<tr>
<td>Continue to identify technological capabilities and services that can be shared collaboratively within and across ISE, consistent with a federated architecture approach.</td>
<td>Met</td>
<td>Capacity to resolve risk</td>
</tr>
<tr>
<td>Demonstrate that initiatives within individual departments are, or will be, leveraged to benefit all relevant federal, state, local, and private security stakeholders participating in ISE.</td>
<td>Met</td>
<td>Action plans that provide corrective measures</td>
</tr>
<tr>
<td>Establish an enterprise architecture management capability and demonstrate that it will be used to guide selection of projects for substantially achieving ISE.</td>
<td>Met</td>
<td>Action plans that provide corrective measures</td>
</tr>
<tr>
<td>Demonstrate that stakeholders generally agree with the strategy, plans, time frames, their responsibilities, and their activities for substantially achieving ISE.</td>
<td>Met</td>
<td>Action plans that provide corrective measures</td>
</tr>
<tr>
<td>Demonstrate that the federal government can show the extent to which sharing has improved under ISE, or can show it has actions underway to more fully develop a set of metrics and processes to measure results achieved, both from individual projects and activities, as well as from the overall ISE.</td>
<td>Met</td>
<td>Monitor and validate the effectiveness of corrective measures</td>
</tr>
<tr>
<td>Demonstrate that established milestones and time frames are being used as baselines to track and monitor progress on individual projects and in substantially achieving the overall ISE.</td>
<td>Met</td>
<td>Demonstrated Progress</td>
</tr>
</tbody>
</table>

Source: GAO analysis of Office of the Program Manager for the Information Sharing Environment and key department documents, interviews, and prior GAO reports (GAO-17-407T).

As we have with areas previously removed from the High-Risk List, we will continue to monitor this area, as appropriate, to ensure that the improvements we have noted are sustained. If significant problems again arise, we will consider reapplying the high-risk designation.
Two High-Risk Areas
Narrowed

In the 2 years since our last high-risk update, sufficient progress has been made in two areas—DOD Supply Chain Management and Mitigating Gaps in Weather Satellite Data—that we are narrowing their scope.

DOD Supply Chain Management

DOD manages about 4.9 million secondary inventory items, such as spare parts, with a reported value of approximately $91 billion as of September 2015. Since 1990, DOD’s inventory management has been included on our High-Risk List due to the accumulation of excess inventory and weaknesses in demand forecasting for spare parts. In addition to DOD’s inventory management, the supply chain management high-risk area focuses on materiel distribution and asset visibility within DOD. Based on DOD’s leadership commitment and demonstrated progress to address weaknesses since 2010, we are removing the inventory management component from the supply chain management high-risk area. Specifically, DOD has taken the following actions:

- Implemented a congressionally mandated inventory management corrective action plan and institutionalized a performance management framework, including regular performance reviews and standardized metrics. DOD has also developed and begun implementing a follow-on improvement plan.9
- Reduced the percentage and value of its “on-order excess inventory” (i.e., items already purchased that may be excess due to subsequent changes in requirements) and “on-hand excess inventory” (i.e., items categorized for potential reuse or disposal). DOD’s data show that the proportion of on-order excess inventory to the total amount of on-order inventory decreased from 9.5 percent at the end of fiscal year 2009 to 7 percent at the end of fiscal year 2015, the most recent fiscal year for which data are available. During these years, the value of on-

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9The National Defense Authorization Act for Fiscal Year 2010 required the Secretary of Defense to submit to congressional defense committees a comprehensive plan for improving the inventory management systems of the military departments, and Defense Logistics Agency with the objective of reducing the acquisition and storage of secondary inventory that is excess to requirements. Pub. L. No. 111-84 § 328 (2009).
order excess inventory also decreased from $1.3 billion to $701 million. DOD’s data show that the proportion of on-hand excess inventory to the total amount of on-hand inventory dropped from 9.4 percent at the end of fiscal year 2009 to 7.3 percent at the end of fiscal year 2015. The value of on-hand excess inventory also decreased during these years from $8.8 billion to $6.8 billion.

- Implemented numerous actions to improve demand forecasting and began tracking department-wide forecasting accuracy metrics in 2013, resulting in forecast accuracy improving from 46.7 percent in fiscal year 2013 to 57.4 percent in fiscal year 2015, the latest fiscal year for which complete data are available.

- Implemented 42 of our recommendations since 2006 and is taking actions to implement an additional 13 recommendations, which are focused generally on reassessing inventory goals, improving collaborative forecasting, and making changes to information technology (IT) systems used to manage inventory.

Additional information on DOD Supply Chain Management is provided on page 248 of the report.

**Mitigating Gaps in Weather Satellite Data**

The United States relies on two complementary types of satellite systems for weather observations and forecasts: (1) polar-orbiting satellites that provide a global perspective every morning and afternoon, and (2) geostationary satellites that maintain a fixed view of the United States. Both types of systems are critical to weather forecasters, climatologists, and the military, who map and monitor changes in weather, climate, the oceans, and the environment. Federal agencies are planning or executing major satellite acquisition programs to replace existing polar and geostationary satellite systems that are nearing or beyond the end of their expected life spans. The Department of Commerce’s National Oceanic and Atmospheric Administration (NOAA) is responsible for the polar satellite program that crosses the equator in the afternoon and for the nation’s geostationary weather satellite program; DOD is responsible for the polar satellite program that crosses the equator in the early morning orbit.

Over the last several years, we have reported on the potential for a gap in satellite data between the time that the current satellites are expected to reach the end of their lifespans and the time when the next satellites are expected to be in orbit and operational. We added this area to our High-Risk List in 2013. According to NOAA program officials, a satellite data
gap would result in less accurate and timely weather forecasts and warnings of extreme events—such as hurricanes, storm surges, and floods. Such degraded forecasts and warnings would endanger lives, property, and our nation’s critical infrastructures. Similarly, according to DOD officials, a gap in space-based weather monitoring capabilities could affect the planning, execution, and sustainment of U.S. military operations around the world. In our prior high-risk updates, we reported on NOAA’s efforts to mitigate the risk of a gap in its polar and geostationary satellite programs.

With strong congressional support and oversight, NOAA has made significant progress in its efforts to mitigate the potential for gaps in weather satellite data on its geostationary weather satellite program. Specifically, the agency demonstrated strong leadership commitment to mitigating potential gaps in geostationary satellite data by revising and improving its gap mitigation/contingency plans. Previously, in December 2014, we reported on shortfalls in the satellite program’s gap mitigation/contingency plans and made recommendations to NOAA to address these shortfalls.10 For example, we noted that the plan did not sufficiently address

- strategies for preventing a launch delay,
- timelines and triggers to prevent a launch delay, and
- whether any of its mitigation strategies would meet minimum performance levels.

NOAA agreed with these recommendations and released a new version of its geostationary satellite contingency plan in February 2015 that addressed the recommendations, thereby meeting the criterion for having an action plan.

We rated capacity as partially met in our 2015 report due to concerns about NOAA’s ability to complete critical testing activities because it was already conducting testing on a round-the-clock, accelerated schedule. Since then, NOAA adjusted its launch schedule to allow time to complete critical integration and testing activities. In doing so, the agency demonstrated that it met the capacity criterion.

NOAA has also met the criterion for demonstrating progress by mitigating schedule risks and successfully launching the satellite. In September 2013, we reported that the agency had weaknesses in its schedule-management practices on its core ground system and spacecraft. We made recommendations to address those weaknesses, which included sequencing all activities, ensuring there are adequate resources for the activities, and analyzing schedule risks. NOAA agreed with the recommendations and the Geostationary Operational Environmental Satellite-R series (GOES-R) program improved its schedule management practices. By early 2016, the program had improved the links between remaining activities on the spacecraft schedule, included needed schedule logic for a greater number of activities on the ground schedule, and included indications on the ground schedule that the results of a schedule risk analysis were used in calculating its durations. In addition, the program successfully launched the GOES-R satellite in November 2016.

Oversight by Congress has been instrumental in reducing the risk of geostationary weather satellite gaps. For example, Subcommittees of the House Science, Space, and Technology Committee held multiple hearings to provide oversight of the satellite acquisition and the risk of gaps in satellite coverage.

As a result, the agency now has a robust constellation of operational and backup satellites in orbit and has made significant progress in addressing the risk of a gap in geostationary data coverage. Accordingly, there is sufficient progress to remove this segment from the high-risk area.11

Additional information on Mitigating Gaps in Weather Satellite Data is provided on pages 19 and 430 of the high-risk report.

Below are selected examples of areas where progress has been made.

- **Strengthening Department of Homeland Security Management Functions.** The Department of Homeland Security (DHS) continues to strengthen and integrate its management functions and progressed from partially met to met for the monitoring criterion. Since our 2015 high-risk update, DHS has strengthened its monitoring efforts for financial system modernization programs by entering into a contract

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11While we removed this segment from the High-Risk List, we added another segment in this area—DOD’s Polar-Orbiting Weather Satellites. See page 19 of this statement.
for independent verification and validation services to help ensure that the modernization projects meet key requirements. These programs are key to effectively supporting the department’s financial management operations.

Additionally, DHS continued to meet the criteria for leadership commitment and a corrective action plan. DHS’s top leadership has demonstrated exemplary support and a continued focus on addressing the department’s management challenges by, among other things, issuing 10 updated versions of DHS’s initial January 2011 Integrated Strategy for High Risk Management.

The National Defense Authorization Act for Fiscal Year 2017 reinforces this focus with the inclusion of a mandate that the DHS Under Secretary for Management report to us every 6 months to demonstrate measurable, sustainable progress made in implementing DHS’s corrective action plans to address the high-risk area until we submit written notification of the area’s removal from the High-Risk List to the appropriate congressional committees. Similar provisions were included in the DHS Headquarters Reform and Improvement Act of 2015, the DHS Accountability Act of 2016, and the DHS Reform and Improvement Act. Additional information on this high-risk area is provided on page 354 of the report.

- **Strategic Human Capital Management.** This area progressed from partially met to met on leadership commitment. The Office of Personnel Management (OPM), agencies, and Congress have taken actions to improve efforts to address mission critical skills gaps. Specifically, OPM has demonstrated leadership commitment by publishing revisions to its human capital regulations in December 2016 that require agencies to, among other things, implement human capital policies and programs that address and monitor government-wide and agency-specific skills gaps. This initiative has increased the likelihood that skills gaps with the greatest operational effect will be addressed in future efforts.

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12H.R. 2975, 114th Cong. § 101(p) (as reported by S. Comm. on Homeland Sec. and Gov’tal Affairs, June 28, 2016).
At the same time, Congress has provided agencies with authorities and flexibilities to manage the federal workforce and make the federal government a more accountable employer. For example, Congress included a provision in the National Defense Authorization Act for Fiscal Year 2016 to extend the probationary period for newly-hired civilian DoD employees from 1 to 2 years. This action is consistent with our 2015 reporting that better use of probationary periods gives agencies the ability to ensure an employee’s skills are a good fit for all critical areas of a particular job. Additional information on this high-risk area is provided on page 61 of the report.

- **Transforming the Environmental Protection Agency’s Processes for Assessing and Controlling Toxic Chemicals.** Overall, this high-risk area progressed from not met to partially met on two criteria—capacity and demonstrated progress—and continued to partially meet the criterion for monitoring due to progress in one program area. The Environmental Protection Agency’s (EPA) ability to effectively implement its mission of protecting public health and the environment is critically dependent on assessing the risks posed by chemicals in a credible and timely manner. EPA assesses these risks under a variety of actions, including the Integrated Risk Information System (IRIS) program and EPA’s Toxic Substances Control Act (TSCA) program. The IRIS program has made some progress on the capacity, monitoring, and demonstrated progress criteria. In terms of IRIS capacity, EPA has partially met this criterion by finalizing a Multi-Year Agenda to better assess how many people and resources should be dedicated to the IRIS program. In terms of IRIS monitoring, EPA has met this criterion in part by using a Chemical Assessment Advisory Committee to review IRIS assessments, among other actions. In terms of IRIS demonstrated progress, EPA has partially met this criterion as of January 2017 by issuing five assessments since fiscal year 2015.

The Frank R. Lautenberg Chemical Safety for the 21st Century Act amended TSCA and was enacted on June 22, 2016. Passing TSCA reform may facilitate EPA’s effort to improve its processes for assessing and controlling toxic chemicals in the years ahead. The new law provides EPA with greater authority and the ability to take actions that could help EPA implement its mission of protecting...
human health and the environment. EPA officials stated that the agency is better positioned to take action to require chemical companies to report chemical toxicity and exposure data. Officials also stated that the new law gives the agency additional authorities, including the authority to require companies to develop new information relating to a chemical as necessary for prioritization and risk evaluation.

Using both new and previously existing TSCA authorities should enhance the agency’s ability to gather new information as necessary to evaluate hazard and exposure risks. Continued leadership commitment from EPA officials and Congress will be needed to fully implement reforms. Additional work will also be needed to issue a workload analysis to demonstrate capacity, complete a corrective action plan, and demonstrate progress implementing the new legislation. Additional information on this high-risk area is provided on page 417 of the report.

- Managing Federal Real Property. The federal government continued to meet the criteria for leadership commitment, now partially meets the criterion for demonstrated progress, and made some progress in each of the other high-risk criteria. The Office of Management and Budget (OMB) issued the National Strategy for the Efficient Use of Real Property (National Strategy) on March 25, 2015, which directs Chief Financial Officer (CFO) Act agencies to take actions to reduce the size of the federal real property portfolio, as we recommended in 2012. In addition, in December 2016, two real property reform bills were enacted that could address the long-standing problem of federal excess and underutilized property. The Federal Assets Sale and Transfer Act of 2016 may help address stakeholder influence by establishing an independent board to identify and recommend five high-value civilian federal buildings for disposal within 180 days after the board members are appointed, as well as develop recommendations to dispose and redevelop federal civilian real properties.\[18\]

Additionally, the Federal Property Management Reform Act of 2016 codified the Federal Real Property Council (FRPC) for the purpose of ensuring efficient and effective real property management while reducing costs to the federal government.\[19\] FRPC is required to


establish a real property management plan template, which must include performance measures, and strategies and government-wide goals to reduce surplus property or to achieve better utilization of underutilized property. In addition, federal agencies are required to annually provide FRPC a report on all excess and underutilized property, and identify leased space that is not fully used or occupied.

In addressing our 2016 recommendation to improve the reliability of real property data, GSA conducted an in-depth survey that focused on key real property data elements maintained in the Federal Real Property Profile, formed a working group of CFO Act agencies to analyze the survey results and reach consensus on reforms, and issued a memorandum to CFO Act agencies designed to improve the consistency and quality of real property data. The Federal Protective Service, which protects about 9,500 federal facilities, implemented our recommendation aimed at improving physical security by issuing a plan that identifies goals and describes resources that support its risk management approach. In addition, the Interagency Security Committee, a DHS-chained organization, issued new guidance intended to make the most effective use of physical security resources. Additional information on this high-risk area is provided on page 77 of the report.

- Enforcement of Tax Laws. The Internal Revenue Service’s (IRS) continued efforts to enforce tax laws and address identity theft refund fraud (IDT) have resulted in the agency meeting one criterion for removal from the High-Risk List (leadership commitment) and partially meeting the remaining four criteria (capacity, action plan, monitoring, and demonstrating progress). IDT is a persistent and evolving threat that burdens legitimate taxpayers who are victims of the crime. It cost the U.S. Treasury an estimated minimum of $2.2 billion during the 2015 tax year.

Congress and IRS have taken steps to address this challenge. IRS has deployed new tools and increased resources dedicated to identifying and combating IDT refund fraud. In addition, the Consolidated Appropriations Act, 2016, amended the tax code to accelerate Wage and Tax Statement (W-2) filing deadlines to January 31.29 We had previously reported that the wage information that employers report on Form W-2 was not available to IRS until after it issues most refunds. With earlier access to W-2 wage data, IRS could

match such information to taxpayers' returns and identify discrepancies before issuing billions of dollars of fraudulent IDT refunds. Such matching could also provide potential benefits for other IRS enforcement programs, such as preventing improper payments via the Earned Income Tax Credit. Additional information on this high-risk area is provided on page 500 of the report.

Congressional Action Aided Progress on Government-wide High-Risk Issues

In addition to being instrumental in supporting progress in individual high-risk areas, Congress also has taken actions to enact various statutes that, if implemented effectively, will help foster progress on high-risk issues government-wide. These include the following:

- **Program Management Improvement Accountability Act:** Enacted in December 2016, the act seeks to improve program and project management in federal agencies. Among other things, the act requires the Deputy Director of the Office of Management and Budget (OMB) to adopt and oversee implementation of government-wide standards, policies, and guidelines for program and project management in executive agencies. The act also requires the Deputy Director to conduct portfolio reviews to address programs on our High-Risk List. It further creates a Program Management Policy Council to act as an interagency forum for improving practices related to program and project management. The Council is to review programs on the High-Risk List and make recommendations to the Deputy Director or designee. We are to review the effectiveness of key efforts under the act to improve federal program management.

- **Fraud Reduction and Data Analytics Act of 2015 (FRDA):** FRDA, enacted in June 2016, is intended to strengthen federal anti-fraud controls, while also addressing improper payments. FRDA requires OMB to use our Fraud Risk Framework to create guidelines for federal agencies to identify and assess fraud risks, and then design and implement control activities to prevent, detect, and respond to

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23 It is important to note that while all fraud involving a federal payment is considered an improper payment, not all improper payments are fraud. However, minimizing fraud risks in federal agency programs can help reduce improper payments and enhance program integrity.
Agencies, as part of their annual financial reports beginning in fiscal year 2017, are further required to report on their fraud risks and their implementation of fraud reduction strategies, which should help Congress monitor agencies' progress in addressing and reducing fraud risks. To aid federal agencies in better analyzing fraud risks, FROA requires OMB to establish a working group tasked with developing a plan for the creation of an interagency library of data analytics and data sets to facilitate the detection of fraud and the recovery of improper payments. This working group and the library should help agencies to coordinate their fraud detection efforts and improve their ability to use data analytics to monitor databases for potential improper payments. The billions of dollars of improper payments are a central part of the Medicare Program, Medicaid Program, and Enforcement of Tax Laws (Earned Income Tax Credit) high-risk areas.

- **IT Acquisition Reform, Legislation known as the Federal Information Technology Acquisition Reform Act (FITARA):**
  
  FITARA, enacted in December 2014, was intended to improve how agencies acquire IT and enable Congress to monitor agencies' progress and hold them accountable for reducing duplication and achieving cost savings. FITARA includes specific requirements related to seven areas: the federal data center consolidation initiative, enhanced transparency and improved risk management, agency Chief Information Officer authority enhancements, portfolio review, expansion of training and use of IT acquisition cadres, government-wide software purchasing, and maximizing the benefit of the federal strategic sourcing initiative. Effective implementation of FITARA is central to making progress in the Improving the Management of IT Acquisitions and Operations government-wide area we added to the High-Risk List in 2015.

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26 To help managers combat fraud and preserve integrity in government agencies and programs, we identified leading practices for managing fraud risks and organized them into a conceptual framework. GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C., July 28, 2015).

**High-Risk Areas Highlighted for Significant Attention**

In the 2 years since the last high-risk update, two areas—Mitigating Gaps in Weather Satellite Data and Management of Federal Oil and Gas Resources—have expanded in scope because of emerging challenges related to these overall high-risk areas. In addition, while progress is needed across all high-risk areas, particular areas need significant attention.

### Expanding High-Risk Area: Mitigating Gaps in DOD Weather Satellite Data

DOD’s Polar-Orbiting Weather Satellites

While NOAA has made significant progress, as described earlier, in its geostationary weather satellite program, DOD has made limited progress in meeting its requirements for the polar satellite program. In 2010, when the Executive Office of the President decided to disband a tri-agency polar weather satellite program, DOD was given responsibility for providing polar-orbiting weather satellite capabilities in the early morning orbit. This information is used to provide updated information for weather observations and models. However, the department was slow to develop plans to replace the existing satellites that provide this coverage. Because DOD delayed establishing plans for its next generation of weather satellites, there is a risk of a satellite data gap in the early morning orbit.

The last satellite that the department launched in 2014 called Defense Meteorological Satellite Program (DMSP)-19, stopped providing recorded data used in weather models in February 2016. A prior satellite, called DMSP-17, is now the primary satellite operating in the early morning orbit. However, this satellite, which was launched in 2006, is operating with limitations due to the age of its instruments. DOD had developed another satellite, called DMSP-20, but plans to launch that satellite were canceled after the department did not certify that it would launch the satellite by the end of calendar year 2016.

The department conducted a requirements review and analysis of alternatives from February 2012 through September 2014 to determine the best way forward for providing needed polar-orbiting satellite environmental capabilities in the early morning orbit. In October 2016, DOD approved plans for its next generation of weather satellites, called the Weather System Follow-on—Microwave program, which will meet the
department’s needs for satellite information on oceanic wind speed and direction to protect ships on the ocean’s surface. The department plans to launch a demonstration satellite in 2017 and to launch its first operational satellite developed under this program in 2022. However, DOD’s plans for the early morning orbit are not comprehensive.

The department did not thoroughly assess options for providing its two highest-priority capabilities, cloud descriptions and area-specific weather imagery. These capabilities were not addressed due to an incorrect assumption about the capabilities that would be provided by international partners. The Weather System Follow-on—Microwave program does not address these two highest-priority capabilities and the department has not yet determined its long-term plans for providing these capabilities. As a result, the department will need to continue to rely on the older DMSP-17 satellite until its new satellite becomes operational in 2022, and it establishes and implements plans to address the high-priority capabilities that the new satellite will not address. Given the age of the DMSP-17 satellite and uncertainty on how much longer it will last, the department could face a gap in critical satellite data.

In August 2016, DOD reported to Congress its near-term plans to address potential satellite data gaps. These plans include a greater reliance on international partner capabilities, exploring options to move a geostationary satellite over an affected region, and plans to explore options for acquiring and fielding new equipment, such as satellites and satellite components to provide the capabilities. In addition, the department anticipates that the demonstration satellite to be developed as a precursor to the Weather System Follow-on—Microwave program could help mitigate a potential gap by providing some useable data. However, these proposed solutions may not be available in time or be comprehensive enough to avoid near-term coverage gaps. Such a gap could negatively affect military operations that depend on weather data, such as long-range strike capabilities and aerial refueling.

DOD needs to demonstrate progress on its new Weather Satellite Follow-on—Microwave program and to establish and implement plans to address the high-priority capabilities that are not included in the program. Additional information on Mitigating Gaps in Weather Satellite Data is provided on page 430 of the high-risk report.
Expanding High-Risk Area: Management of Federal Oil and Gas Resources

Restructuring of Offshore Oil and Gas Oversight

On April 20, 2010, the Deepwater Horizon drilling rig exploded in the Gulf of Mexico, resulting in 11 deaths, serious injuries, and the largest marine oil spill in U.S. history. In response, in May 2010, the Department of the Interior (Interior) first reorganized its offshore oil and gas management activities into separate offices for revenue collection, under the Office of Natural Resources Revenue, and energy development and regulatory oversight, under the Bureau of Ocean Energy Management, Regulation and Enforcement. Later, in October 2011, Interior further reorganized its energy development and regulatory oversight activities when it established two new bureaus to oversee offshore resources and operational compliance with environmental and safety requirements. The new Bureau of Ocean Energy Management (BOEM) is responsible for leasing and approving offshore development plans while the new Bureau of Safety and Environmental Enforcement (BSEE) is responsible for lease operations, safety, and enforcement.

In 2011, we added Interior’s management of federal oil and gas resources to the High-Risk List based on three concerns: (1) Interior did not have reasonable assurance that it was collecting its share of billions of dollars of revenue from federal oil and gas resources; (2) Interior continued to experience problems hiring, training, and retaining sufficient staff to oversee and manage federal oil and gas resources; and (3) Interior was engaged in restructuring its oil and gas program, which is inherently challenging, and there were questions about whether Interior had the capacity to reorganize while carrying out its range of responsibilities, especially in a constrained resource environment.

Immediately after reorganizing, Interior developed memorandums and standard operating procedures to define roles and responsibilities, and facilitate and formalize coordination between BOEM and BSEE. Interior also revised policies intended to improve its oversight of offshore oil and gas activities, such as new requirements designed to mitigate the risk of a subsea well blowout or spill. In 2013, we determined that progress had been made, because Interior had fundamentally completed reorganizing its oversight of offshore oil and gas activities. As a result, in 2013, we removed the reorganization segment from this high-risk area.
However, in February 2016, we reported that BSEE had undertaken various reform efforts since its creation in 2011, but had not fully addressed deficiencies in its investigative, environmental compliance, and enforcement capabilities identified by investigations after the Deepwater Horizon incident.

BSEE’s ongoing restructuring has made limited progress enhancing the bureau’s investigative capabilities. BSEE continues to use pre-Deepwater Horizon incident policies and procedures. Specifically, BSEE has not completed a policy outlining investigative responsibilities or updated procedures for investigating incidents—among the goals of BSEE’s restructuring, according to restructuring planning documents, and consistent with federal standards for internal control. The use of outdated investigative policies and procedures is a long-standing deficiency. Post-Deepwater Horizon incident investigations found that Interior’s policies and procedures did not require it to plan investigations, gather and document evidence, and ensure quality control, and determined that continuing to use them posed a risk to the effectiveness of bureau investigations. Without completing and updating its investigative policies and procedures, BSEE continues to face this risk.

BSEE’s ongoing restructuring of its environmental compliance program reverses actions taken to address post-Deepwater Horizon incident concerns, and risks weakening the bureau’s environmental compliance oversight capabilities. In 2011, in response to two post-Deepwater Horizon incident investigations that found that BSEE’s predecessor’s focus on oil and gas development might have been at the expense of protecting the environment, BSEE created an environmental oversight division with region-based staff reporting directly to the headquarters-based division chief instead of regional management. This reporting structure was to help ensure that environmental issues received appropriate weight and consideration within the bureau.

Under the restructuring, since February 2015, field-based environmental compliance staff again report to their regional directors. BSEE’s rationale for this action is unclear, as it was not documented or analyzed as part of the bureau’s restructuring planning. Under federal standards for internal control, management is to assess the risks posed by external and internal sources and decide what actions to take to mitigate them. Without assessing the risk of reversing its reporting structure, Interior cannot be sure that BSEE will have reasonable assurance that environmental issues are receiving the appropriate weight and consideration, as called for by post-Deepwater Horizon incident investigations.
When we reviewed BSEE’s environmental compliance program, we found that the interagency agreements between Interior and EPA designed to coordinate water quality monitoring under the National Pollutant Discharge Elimination System were decades old. According to BSEE annual environmental compliance activity reports, the agreements may not reflect the agency’s current resources and needs. For example, a 1989 agreement stipulates that Interior shall inspect no more than 50 facilities on behalf of EPA per year, and shall not conduct water sampling on behalf of EPA. Almost 30 years later, after numerous changes in drilling practices and technologies, it is unclear whether inspecting no more than 50 facilities per year is sufficient to monitor water quality.

Nevertheless, senior BSEE officials told us that the bureau has no plans to update its agreements with EPA, and some officials said that a previous headquarters-led effort to update the agreements was not completed because it did not sufficiently describe the bureau’s offshore oil and gas responsibilities. According to Standards for Internal Control in the Federal Government, as programs change and agencies strive to improve operational processes and adopt new technologies, management officials must continually assess and evaluate internal controls to ensure that control activities are effective and updated when necessary.

BSEE’s ongoing restructuring has made limited progress in enhancing its enforcement capabilities. In particular, BSEE has not developed procedures with criteria to guide how it uses enforcement tools—such as warnings and fines—which are among the goals of BSEE’s restructuring, according to planning documents, and consistent with federal standards for internal control. BSEE restructuring plans state that the current lack of criteria causes BSEE to act inconsistently, which makes oil and gas industry operators uncertain about BSEE’s oversight approach and expectations. The absence of enforcement climate criteria is a long-standing deficiency. For example, post-Deepwater Horizon incident investigations recommended BSEE assess its enforcement tools and how to employ them to deter safety and environmental violations. Without developing procedures with defined criteria for taking enforcement actions, BSEE continues to face risks to the effectiveness of its enforcement capabilities.

To enhance Interior’s oversight of oil and gas development, we recommended in February 2016 that the Secretary of the Interior direct...
the Director of BSEE to take the following nine actions as it continues to restructure. 26

- To address risks to the effectiveness of BSEE’s investigations, environmental compliance, and enforcement capabilities, we recommended that BSEE complete policies outlining the responsibilities of investigations, environmental compliance, and enforcement programs, and update and develop procedures to guide them.

- To enhance its investigative capabilities, we recommended that BSEE
  - establish a capability to review investigation policy and collect and analyze incidents to identify trends in safety and environmental hazards;
  - develop a plan with milestones for implementing the case management system for investigations;
  - clearly communicate the purpose of BSEE’s investigations program to industry operators; and
  - clarify policies and procedures for assigning panel investigation membership and referring cases of suspected criminal wrongdoing to the Inspector General.

- To enhance its environmental compliance capabilities, we recommended that BSEE
  - conduct and document a risk analysis of the regional-based reporting structure of its Environmental Compliance Division, including actions to mitigate any identified risks;
  - coordinate with the Administrator of the Environmental Protection Agency to consider the relevance of existing interagency agreements for monitoring operator compliance with National Pollutant Discharge Elimination System permits on the Outer Continental Shelf and, if necessary, update agreements to reflect current oversight needs; and
  - develop a plan to address documented environmental oversight staffing needs.

Additional High-Risk Areas Needing Significant Attention

- To enhance its enforcement capabilities, we recommended that BSEE develop a mechanism to ensure that it reviews the maximum daily civil penalty and adjusts it to reflect changes in the Consumer Price Index within the time frames established by statute.

In its written comments, Interior agreed that additional reforms—such as documented policies and procedures—are needed to address offshore oil and gas oversight deficiencies, but Interior neither agreed nor disagreed with our specific recommendations. Additional information on Management of Federal Oil and Gas Resources is provided on page 136 of the high-risk report.

Managing Risks and Improving VA Health Care. Since we added Department of Veterans Affairs (VA) health care to our High-Risk List in 2015, VA has acknowledged the significant scope of the work that lies ahead in each of the five areas of concern we identified: (1) ambiguous policies and inconsistent processes; (2) inadequate oversight and accountability; (3) information technology (IT) challenges; (4) inadequate training for VA staff; and (5) unclear resource needs and allocation priorities. It is imperative that VA maintain strong leadership support, and as the new administration sets its priorities, VA will need to integrate those priorities with its high-risk related actions.

VA developed an action plan for addressing its high-risk designation, but the plan describes many planned outcomes with overly ambitious deadlines for completion. We are concerned about the lack of root cause analyses for most areas of concern, and the lack of clear metrics and needed resources for achieving stated outcomes. In addition, with the increased use of community care programs, it is imperative that VA’s action plan discuss the role of community care in decisions related to policies, oversight, IT, training, and resource needs.

Finally, to help address its high-risk designation, VA should continue to implement our recommendations, as well as recommendations from others. While VA’s leadership has increased its focus on implementing our recommendations in the last 2 years, additional work is needed. We made 66 VA health care-related recommendations in products issued since the VA health care high-risk designation in February 2015, for a total of 244 recommendations from January 1, 2010, through December 31, 2016. VA has implemented 122 (about 50 percent) of the 244 recommendations, but over 100 recommendations remain open as of December 31, 2016.
(with about 25 percent being open for 3 or more years). It is critical that VA implement our recommendations in a timely manner.

Additional information on Managing Risks and Improving VA Health Care is provided on page 627 of the report.

- **DOD Financial Management.** The effects of DOD’s financial management problems extend beyond financial reporting and negatively affect DOD’s ability to manage the department and make sound decisions on mission and operations. In addition, DOD remains one of the few federal entities that cannot demonstrate its ability to accurately account for and reliably report its spending or assets. DOD’s financial management problems continue as one of three major impediments preventing us from expressing an opinion on the consolidated financial statements of the federal government.

  Sustained leadership commitment will be critical to DOD’s success in achieving financial accountability, and in providing reliable information for day-to-day management decision making as well as financial audit readiness. DOD needs to assure the sustained involvement of leadership at all levels of the department in addressing financial management reform and business transformation. In addition, further action is needed in the areas of capacity and action planning. Specifically, DOD needs to:

  - continue building a workforce with the level of training and experience needed to support and sustain sound financial management;
  - continue to develop and deploy enterprise resource planning systems as a critical component of DOD’s financial improvement and audit readiness strategy, as well as strengthen automated controls or design manual workarounds for the remaining legacy systems to satisfy audit requirements and improve data used for day-to-day decision making; and
  - effectively implement its Financial Improvement and Audit Readiness Plan and related guidance to focus on strengthening processes, controls, and systems to improve the accuracy, reliability, and reporting for its priority areas, including budgetary information and mission-critical assets.

  Further, DOD needs to monitor and assess the progress the department is making to remediate its internal control deficiencies. DOD should (1) require the military services to improve their policies and procedures for monitoring their corrective action plans for financial management-related findings and recommendations, and (2) improve its process for monitoring the military services’ audit
remediation efforts by preparing a consolidated management summary that provides a comprehensive picture of the status of corrective actions throughout the department. DOD is continuing to work toward undergoing a full financial statement audit by fiscal year 2018; however, it expects to receive disclaimers of opinion on its financial statements for a number of years.

A lack of comprehensive information on the corrective action plans limits the ability of DOD and Congress to evaluate DOD’s progress toward achieving audit readiness, especially given the short amount of time remaining before DOD is required to undergo an audit of the department-wide financial statements for fiscal year 2018. Being able to demonstrate progress in remediating its financial management deficiencies will be useful as the department works toward implementing lasting financial management reform to ensure that it can generate reliable, useful, and timely information for financial reporting as well as for decision making and effective operations. Moreover, stronger financial management would show DOD’s accountability for funds and would help it operate more efficiently.

Additional information on DOD Financial Management is provided on page 280 of the high-risk report.

- Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance. Resolving the role of the federal government in housing finance will require leadership commitment and action by Congress and the administration. The federal government has directly or indirectly supported more than two-thirds of the value of new mortgage originations in the single-family housing market since the beginning of the 2007-2009 financial crisis. Mortgages with federal support include those backed by Fannie Mae and Freddie Mac, two large government-sponsored enterprises (the enterprises). Out of concern that their deteriorating financial condition threatened the stability of financial markets, the Federal Housing Finance Agency (FHFA) placed the enterprises into federal conservatorship in 2008, creating an explicit fiscal exposure for the federal government. As of September 2016, the Department of the Treasury (Treasury) had provided about $187.5 billion in funds as capital support to the enterprises, with an additional $258.1 billion available to the enterprises should they need further assistance. In accordance with the terms of agreements with Treasury, the

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27This figure is based on data from Inside Mortgage Finance.
enterprises had paid dividends to Treasury totaling about $250.5 billion through September 2016. More than 8 years after entering conservatorship, the enterprises’ futures remain uncertain and billions of federal dollars remain at risk. The enterprises have a reduced capacity to absorb future losses due to a capital reserve amount that falls to $0 by 2018. Without a capital reserve, any quarterly losses—including those due to market fluctuations and not necessarily to economic conditions—would require the enterprises to draw additional funds from Treasury. Additionally, prolonged conservatorships and a change in leadership at FHFA could shift priorities for the conservatorships, which in turn could send mixed messages and create uncertainties for market participants and hinder the development of the broader secondary mortgage market. For this reason, we said in November 2016 that Congress should consider legislation establishing objectives for the future federal role in housing finance, including the structure of the enterprises, and a transition plan to a reformed housing finance system that enables the enterprises to exit conservatorship.26

The federal government also supports mortgages through insurance or guarantee programs, the largest of which is administered by the Department of Housing and Urban Development’s Federal Housing Administration (FHA). During the financial crisis, FHA served its traditional role of helping to stabilize the housing market, but also experienced financial difficulties from which it only recently recovered. Maintaining FHA’s long-term financial health and defining its future role also will be critical to any effort to overhaul the housing finance system.

We previously recommended that Congress or FHA specify the economic conditions that FHA’s Mutual Mortgage Insurance Fund would be expected to withstand without requiring supplemental funds. As evidenced by the $1.68 billion FHA received in 2013, the current 2 percent capital requirement for FHA’s fund may not always be adequate to avoid the need for supplemental funds under severe stress scenarios. Implementing our recommendation would be an important step not only in addressing FHA’s long-term financial viability, but also in clarifying FHA’s role.

Pension Benefit Guaranty Corporation Insurance Programs. The Pension Benefit Guaranty Corporation (PBGC) is responsible for insuring the defined benefit pension plans of nearly 40 million American workers and retirees who participate in nearly 24,000 private sector plans. PBGC faces an uncertain financial future due, in part, to a long-term decline in the number of traditional defined benefit plans and the collective financial risk of the many underfunded pension plans that PBGC insures. PBGC’s financial portfolio is one of the largest of all federal government corporations and, at the end of fiscal year 2016, PBGC’s net accumulated financial deficit was over $70 billion—having more than doubled since fiscal year 2013. PBGC has estimated that, without additional funding, its multiemployer insurance program will likely be exhausted by 2025 as a result of current and projected pension plan insolvencies. The agency’s single-employer insurance program is also at risk due to the continuing decline of traditional defined benefit pension plans, increased financial risk and reduced premium payments.

While Congress and PBGC have taken significant and positive steps to strengthen the agency over recent years, challenges related to PBGC’s funding and governance structure remain. Addressing the significant financial risk and governance challenges that PBGC faces requires additional congressional action. To improve the long-term financial stability of PBGC’s insurance programs, Congress should consider: (1) authorizing a redesign of PBGC’s single employer program premium structure to better align rates with sponsor risk; (2) adopting additional changes to PBGC’s governance structure—in particular, expanding the composition of its board of directors; (3) strengthening funding requirements for plan sponsors as appropriate given national economic conditions; (4) working with PBGC to develop a strategy for funding PBGC claims over the long term, as the defined benefit pension system continues to decline; and (5) enacting additional structural reforms to reinforce and stabilize the multiemployer system that balance the needs and potential sacrifices of contributing employers, participants and the federal government. Absent additional steps to improve PBGC’s finances, the long-term financial stability of the agency remains uncertain and the retirement benefits of millions of American workers and retirees could be at risk of dramatic reductions.

Additional information on Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance is provided on page 107 of the report.
Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information. Federal agencies and our nation’s critical infrastructures—such as energy, transportation systems, communications, and financial services—are dependent on computerized (cyber) information systems and electronic data to carry out operations and to process, maintain, and report essential information. The security of these systems and data is vital to public confidence and the nation’s safety, prosperity, and well-being. However, safeguarding computer systems and data supporting the federal government and the nation’s critical infrastructure is a concern. We first designated information security as a government-wide high-risk area in 1997. This high-risk area was expanded to include the protection of critical cyber infrastructure in 2003 and protecting the privacy of personally identifiable information (PII) in 2015. Ineffectively protecting cyber assets can facilitate security incidents and cyberattacks that disrupt critical operations; lead to inappropriate access to and disclosure, modification, or destruction of sensitive information; and threaten national security, economic well-being, and public health and safety. In addition, the increasing sophistication of hackers and others with malicious intent, and the extent to which both federal agencies and private companies collect sensitive information about individuals, have increased the risk of PII being exposed and compromised.

Over the past several years, we have made about 2,500 recommendations to agencies aimed at improving the security of federal systems and information. These recommendations would help agencies strengthen technical security controls over their computer networks and systems, fully implement aspects of their information security programs, and protect the privacy of PII held on their systems. As of October 2016, about 1,000 of our information security recommendations have been implemented.

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 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.
related recommendations had not been implemented. In addition, the federal government needs, among other things, to improve its abilities to detect, respond to, and mitigate cyber incidents; expand efforts to protect cyber critical infrastructure; and oversee the protection of PII, among other things.

Additional information on Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information is provided on page 338 of the report.

New High-Risk Areas

For 2017, we are adding three new areas to the High-Risk List.30

Improving Federal Management of Programs That Serve Tribes and Their Members

We, along with inspectors general, special commissions, and others, have reported that federal agencies have ineffectively administered Indian education and health care programs, and inefficiently fulfilled their responsibilities for managing the development of Indian energy resources. In particular, we have found numerous challenges facing Interior’s Bureau of Indian Education (BIE) and Bureau of Indian Affairs (BIA)31 and the Department of Health and Human Services’ (HHS) Indian Health Service (IHS) in administering education and health care services, which put the health and safety of American Indians served by these programs at risk. These challenges included poor conditions at BIE school facilities that endangered students, and inadequate oversight of health care that hindered IHS’s ability to ensure quality care to Indian communities. In addition, we have reported that BIA mismanages Indian energy resources held in trust and thereby limits opportunities for tribes and their members to use those resources to create economic benefits and improve the well-being of their communities.

Congress recently noted, “through treaties, statutes, and historical relations with Indian tribes, the United States has undertaken a unique trust responsibility to protect and support Indian tribes and Indians.”32 In light of this unique trust responsibility and concerns about the federal

30To determine which federal government programs and functions should be designated high risk, we use our guidance document, Determining Performance and Accountability Challenges and High Risks, GAO-01-155SP.

31Both of these bureaus are under the Office of the Assistant Secretary for Indian Affairs (Indian Affairs).

government ineffectively administering Indian education and health care programs and mismanaging Indian energy resources, we are adding these programs as a high-risk issue because they uniquely affect tribal nations and their members.

Federal agencies have performed poorly in the following broad areas: (1) oversight of federal activities; (2) collaboration and communication; (3) federal workforce planning; (4) equipment, technology, and infrastructure; and (5) federal agencies' data. While federal agencies have taken some actions to address the 41 recommendations we made related to Indian programs, there are currently 39 that have yet to be fully resolved.

We plan to continue monitoring federal efforts in these areas. To this end, we have ongoing work focusing on accountability for safe schools and school construction, and tribal control of energy delivery, management, and resource development.

**Education:** We have identified weaknesses in how Indian Affairs oversees school safety and construction and in how it monitors the way schools use Interior funds. We have also found limited workforce planning in several key areas related to BIE schools. Moreover, aging BIE school facilities and equipment contribute to degraded and unsafe conditions for students and staff. Finally, a lack of internal controls and other weaknesses hinder Indian Affairs' ability to collect complete and accurate information on the physical conditions of BIE schools.

In the past 3 years, we issued three reports on challenges with Indian Affairs' management of BIE schools in which we made 13 recommendations. Eleven recommendations below remain open.

- To help ensure that BIE schools provide safe and healthy facilities for students and staff, we made four recommendations which remain open, including that Indian Affairs ensure the inspection information it collects on BIE schools is complete and accurate, develop a plan to build schools' capacity to promptly address safety and health deficiencies; and consistently monitor whether BIE schools have established required safety committees.

- To help ensure that BIE conducts more effective oversight of school spending, we made four recommendations which remain open, including that Indian Affairs develop a workforce plan to ensure that BIE has the staff to effectively oversee school spending; put in place written procedures and a risk-based approach to guide BIE in
overseeing school spending; and improve information sharing to support the oversight of BIE school spending.

- To help ensure that Indian Affairs improves how it manages Indian education, we made five recommendations. Three recommendations remain open, including that Indian Affairs develop a strategic plan for BIE that includes goals and performance measures for how its offices are fulfilling their responsibilities to provide BIE with support; revise Indian Affairs’ strategic workforce plan to ensure that BIA regional offices have an appropriate number of staff with the right skills to support BIE schools in their regions; and develop and implement decision-making procedures for BIE to improve accountability for BIE schools.

Health Care: IHS provides inadequate oversight of health care, both of its federally operated facilities and through the Purchase Referred Care program (PRC). Other issues include ineffective collaboration—specifically, IHS does not require its area offices to inform IHS headquarters if they distribute funds to local PRC programs using different criteria than the PRC allocation formula suggested by headquarters. As a result, IHS may be unaware of additional funding variation across areas. We have also reported that IHS officials told us that an insufficient workforce was the biggest impediment to ensuring patients could access timely primary care.

In the past 6 years, we have made 12 recommendations related to Indian health care that remain open. Although IHS has taken several actions in response to our recommendations, such as improving the data collected for the PRC program and adopting Medicare-like rates for nonhospital services, much more needs to be done.

- To help ensure that Indian people receive quality health care, the Secretary of HHS should direct the Director of IHS to take the following two actions: (1) as part of implementing IHS’s quality framework, ensure that agency-wide standards for the quality of care provided in its federally operated facilities are developed, and systematically monitor facility performance in meeting these standards over time; and (2) develop contingency and succession plans for replacing key personnel, including area directors.

- To help ensure that timely primary care is available and accessible to Indians, IHS should: (1) develop and communicate specific agency-wide standards for wait times in federally-operated facilities, and (2) monitor patient wait times in federally-operated facilities and ensure that corrective actions are taken when standards are not met.
To help ensure that IHS has meaningful information on the timeliness of which it issues purchase orders authorizing payment under the PRC program, and to improve the timeliness of payments to providers, we recommended that IHS: (1) modify IHS’s claims payment system to separately track IHS referrals and self-referrals, revise Government Performance and Results Act measures for the PRC program so that it distinguishes between these two types of referrals, and establish separate time frame targets for these referral types; and (2) better align PRC staffing levels and workloads by revising its current practices, where available, used to pay for PRC program staff. In addition, as HHS and IHS monitor the effect that new coverage options available to IHS beneficiaries through PPACA have on PRC funds, we recommend that IHS concurrently develop potential options to streamline requirements for program eligibility.

To help ensure successful outreach efforts regarding PPACA coverage expansions, we recommended that IHS realign current resources and personnel to increase capacity to deal with enrollment in Medicaid and the exchanges, and prepare for increased billing to these payers.

To develop more accurate data for estimating the funds needed for the PRC program and improve IHS oversight, we recommended that IHS develop a written policy documenting how it evaluates the need for the PRC program, and disseminate it to area offices so they understand how unfunded services data are used to estimate overall program needs. We also recommended that IHS develop written guidance for PRC programs outlining a process to use when funds are depleted but recipients continue to need services.

Energy: We have reported on issues with BIA oversight of federal activities, such as the length of time it takes the agency to review energy-related documents. We also reported on challenges with collaboration—in particular, while working to form an Indian Energy Service Center, BIA did not coordinate with key regulatory agencies, including the Department of the Interior’s Fish and Wildlife Service, the U.S. Army Corps of Engineers, and the Environmental Protection Agency. In addition, we found workforce planning issues at BIA contribute to management shortcomings that have hindered Indian energy development. Lastly, we found issues
with outdated and deteriorating equipment, technology, and infrastructure, as well as incomplete and inaccurate data.

In the past 2 years, we issued three reports on developing Indian energy resources in which we made 14 recommendations to BIA. All recommendations remain open.

- To help ensure BIA can verify ownership in a timely manner and identify resources available for development, we made two recommendations, including that Interior take steps to improve its geographic information system mapping capabilities.
- To help ensure BIA’s review process is efficient and transparent, we made two recommendations, including that Interior take steps to develop a documented process to track review and response times for energy-related documents that must be approved before tribes can develop energy resources.
- To help improve clarity of tribal energy resource agreement regulations, we recommended BIA provide additional guidance to tribes on provisions that tribes have identified to Interior as unclear.
- To help ensure that BIA streamlines the review and approval process for revenue-sharing agreements, we made three recommendations, including that Interior establish time frames for the review and approval of Indian revenue-sharing agreements for oil and gas, and establish a system for tracking and monitoring the review and approval process to determine whether time frames are met.
- To help improve efficiencies in the federal regulatory process, we made four recommendations, including that BIA take steps to coordinate with other regulatory agencies so the Service Center can serve as a single point of contact or lead agency to navigate the regulatory process.
- To help ensure that BIA has a workforce with the right skills, appropriately aligned to meet the agency’s goals and tribal priorities, we made two recommendations, including that BIA establish a documented process for assessing BIA’s workforce composition at agency offices.

Congressional Actions Needed: It is critical that Congress maintain its focus on improving the effectiveness with which federal agencies meet their responsibilities to serve tribes and their members. Since 2013, we testified at six hearings to address significant weaknesses we found in the federal management of programs that serve tribes and their members. Sustained congressional attention to these issues will highlight the
The federal government’s environmental liability has been growing for the past 20 years and is likely to continue to increase. For fiscal year 2016, the federal government’s estimated environmental liability was $447 billion—up from $212 billion for fiscal year 1997. However, this estimate does not reflect all of the future cleanup responsibilities facing federal agencies. Because of the lack of complete information and the often inconsistent approach to making cleanup decisions, federal agencies cannot always address their environmental liabilities in ways that maximize the reduction of health and safety risks to the public and the environment in a cost-effective manner.

The federal government is financially liable for cleaning up areas where federal activities have contaminated the environment. Various federal laws, agreements with states, and court decisions require the federal government to clean up environmental hazards at federal sites and facilities—such as nuclear weapons production facilities and military installations. Such sites are contaminated by many types of waste, much of which is highly hazardous.

Federal accounting standards require agencies responsible for cleaning up contamination to estimate future cleanup and waste disposal costs, and to report such costs in their annual financial statements as environmental liabilities. Per federal accounting standards, federal agencies’ environmental liability estimates are to include probable and reasonably estimable costs of cleanup work. Federal agencies’ environmental liability estimates do not include cost estimates for work for which reasonable estimates cannot currently be generated. Consequently, the ultimate cost of addressing the U.S. government’s environmental cleanup is likely greater than $447 billion.

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33 We did not adjust environmental liability estimates for inflation because information about the amount of the liability applicable to each fiscal year was not available.
agencies’ approaches to addressing their environmental liabilities and cleaning up the contamination from past activities are often influenced by numerous site-specific factors, stakeholder agreements, and legal provisions.

We have also found that some agencies do not take a holistic, risk-informed approach to environmental cleanup that aligns limited funds with the greatest risks to human health and the environment. Since 1994, we have made at least 28 recommendations related to addressing the federal government’s environmental liability. These include 22 recommendations to the Departments of Energy (DOE) or Defense (DOD), 1 recommendation to OMB to consult with Congress on agencies’ environmental cleanup costs, and 4 recommendations to Congress to change the laws governing cleanup activities. Of these, 13 recommendations remain unimplemented. If implemented, these steps would improve the completeness and reliability of the estimated costs of future cleanup responsibilities, and lead to more risk-based management of the cleanup work.

What Needs to Be Done

Of the federal government’s estimated $447 billion environmental liability, DOE is responsible for by far the largest share of the liability, and DOD is responsible for the second largest share. The rest of the federal government makes up the remaining 3 percent of the liability with agencies such as the National Aeronautics and Space Administration (NASA) and the Departments of Transportation, Veteran’s Affairs, Agriculture (USDA), and Interior holding large liabilities (see figure 2).
Agencies spend billions each year on environmental cleanup efforts but the estimated environmental liability continues to rise. For example, despite billions spent on environmental cleanup, DOE’s environmental liability has roughly doubled from a low of $176 billion in fiscal year 1997 to the fiscal year 2016 estimate of $372 billion. In the last 6 years alone, DOE’s Office of Environmental Management (EM) has spent $35 billion, primarily to treat and dispose of nuclear and hazardous waste, and construct capital asset projects to treat the waste; however, EM’s portion of the environmental liability has grown over this same time period by over $90 billion, from $163 billion to $257 billion (see figure 3).
Figure 3: DOE's Office of Environmental Management’s Annual Spending and Growing Environmental Liability

![Graph showing annual spending and liability growth](image)

Source: GAO analysis of Department of Energy budget data. [GAO-17-317]

Note: EM is the organization within DOE responsible for overseeing environmental cleanup and is responsible for cleaning up 107 sites across the country. To date, EM has completed cleanup at 91 of these sites. EM spending includes money to treat and dispose of nuclear and hazardous waste, and to construct capital asset projects to treat the waste. We did not adjust environmental liability estimates for inflation because information about the amount of the liability applicable to each fiscal year was not available.

Progress in addressing the U.S. government’s environmental liabilities depends on how effectively federal departments and agencies set priorities, under increasingly restrictive budgets, that maximize the risk reduction and cost-effectiveness of cleanup approaches. As a first step, some departments and agencies may need to improve the completeness of information about long-term cleanup responsibilities and their associated costs so that decision makers, including Congress, can consider the full scope of the federal government’s cleanup obligations.

As a next step, certain departments, such as DOE, may need to change how they establish cleanup priorities. For example, DOE’s current practice of negotiating agreements with individual sites without
considering other sites’ agreements or available resources may not ensure that limited resources will be allocated to reducing the greatest environmental risks, and costs will be minimized.

We have recommended actions to federal agencies that, if implemented, would improve the completeness and reliability of the estimated costs of future cleanup responsibilities, and lead to more risk-based management of the cleanup work. These recommendations include the following.

### Completeness of Environmental Liability Estimates
- In 1994, we recommended that Congress amend certain legislation to require agencies to report annually on progress in implementing plans for completing site inventories, estimates of the total costs to clean up their potential hazardous waste sites, and agencies’ progress toward completing their site inventories and on their latest estimates of total cleanup costs. We believe these recommendations are as relevant, if not more so, today.
- In 2015, we recommended that USDA develop plans and procedures for completing its inventories of potentially contaminated sites. USDA disagreed with this recommendation. However, we continue to believe that USDA’s inventory of contaminated and potentially contaminated sites—in particular, abandoned mines, primarily on Forest Service land—is insufficient for effectively managing USDA’s overall cleanup program. Interior is also faced with an incomplete inventory of abandoned mines that it is working to improve.

### Reliability of Environmental Liability Estimates
- In 2006, we recommended that DOD develop, document, and implement a program for financial management review, assessment, and monitoring of the processes for estimating and reporting environmental liabilities. This recommendation has not been implemented.

### Risk-Based Decision Making
- We have found in the past that DOE’s cleanup strategy is not risk-based and should be re-evaluated. DOE’s decisions are often driven by local stakeholders and certain requirements in federal facilities agreements and consent decrees. In 1995, we recommended that DOE set national priorities for cleaning up its contaminated sites using data gathered during ongoing risk evaluations. This recommendation has not been implemented.
- In 2003, we recommended that DOE ask Congress to clarify its authority for designating certain waste with relatively low levels of radioactivity as waste incidental to reprocessing, and therefore not managed as high-level waste. In 2004, DOE received this specific
authority from Congress for the Savannah River and Idaho Sites, thereby allowing DOE to save billions of dollars in waste treatment costs. The law, however, excluded the Hanford Site.

- More recently, in 2015, we found that DOE is not comprehensively integrating risks posed by National Nuclear Security Administration’s (NNSA) nonoperational contaminated facilities with EM’s portfolio of cleanup work. By not integrating nonoperational facilities from NNSA, EM is not providing Congress with complete information about EM’s current and future cleanup obligations as Congress deliberates annually about appropriating funds for cleanup activities. We recommended that DOE integrate its lists of facilities prioritized for disposition with all NNSA facilities that meet EM’s transfer requirements, and that EM should include this integrated list as part of the Congressional Budget Justification for DOE. DOE neither agreed nor disagreed with this recommendation.

See pages 232-247 of the high-risk report for additional details on what we found.

2020 Decennial Census

One of the most important functions of the U.S. Census Bureau (Bureau) is conducting the decennial census of the U.S. population, which is mandated by the Constitution and provides vital data for the nation. This information is used to apportion the seats of the U.S. House of Representatives; realign the boundaries of the legislative districts of each state; allocate billions of dollars in federal financial assistance; and provide social, demographic, and economic profiles of the nation’s people to guide policy decisions at each level of government. A complete count of the nation’s population is an enormous challenge as the Bureau seeks to control the cost of the census while it implements several new innovations and manages the processes of acquiring and developing new and modified IT systems supporting them. Over the past 3 years, we have made 30 recommendations to help the Bureau design and implement a more cost-effective census for 2020; however, only 6 of them had been fully implemented as of January 2017.


NNSA has identified 83 contaminated facilities for potential transfer to EM for disposition over a 25-year period, 56 of which are currently nonoperational. NNSA is maintaining these facilities for future transfer to EM, but the condition of nonoperational facilities continues to degrade, resulting in increasing costs to NNSA to maintain them to prevent the spread of contamination.
The cost of the census, in terms of cost for counting each housing unit, has been escalating over the last several decennials. The 2010 Census was the costliest U.S. Census in history at about $12.3 billion, and was about 31 percent more costly than the $9.4 billion cost of the 2000 Census (in 2020 dollars). The average cost for counting a housing unit increased from about $19 in 1970 to around $92 in 2010 (in 2020 constant dollars). Meanwhile, the return of census questionnaires by mail (the primary mode of data collection) declined over this period from 78 percent in 1970 to 63 percent in 2010. Declining mail response rates—a key indicator of a cost-effective census—are significant and lead to higher costs. This is because the Bureau sends enumerators to each nonresponding household to obtain census data. As a result, nonresponse follow-up is the Bureau’s largest and most costly field operation. In many ways, the Bureau has had to invest substantially more resources each decade to match the results of prior enumerations.

The Bureau plans to implement several new innovations in its design of the 2020 Census. In response to our recommendations regarding past decennial efforts and other assessments, the Bureau has fundamentally reexamined its approach for conducting the 2020 Census. Its plan for 2020 includes four broad innovation areas that it believes will save it over $5 billion (2020 constant dollars) when compared to what it estimates conducting the census with traditional methods would cost. The Bureau’s innovations include (1) using the Internet as a self-response option, which the Bureau has never done on a large scale before; (2) verifying most addresses using “in-office” procedures and on-screen imagery rather than street-by-street field canvassing; (3) re-engineering data collection methods such as by relying on an automated case management system; and (4) in certain instances, replacing enumerator collection of data with administrative records (information already provided to federal and state governments as they administer other programs). These innovations show promise for a more cost-effective head count. However, they also introduce new risks, in part, because they include new procedures and technology that have not been used extensively in earlier decennials, if at all.

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36The fiscal year 2020 constant dollar factors the Bureau used are derived from the Chained Price Index from “Gross Domestic Product and Deflators Used in the Historical Tables: 1940-2020” table from the Fiscal Year 2016 Budget of the United States Government.
The Bureau is also managing the acquisition and development of new and modified IT systems, which add complexity to the design of the census. To help control census costs, the Bureau plans to significantly change the methods and technology it uses to count the population, such as offering an option for households to respond to the survey via the Internet or phone, providing mobile devices for field enumerators to collect survey data from households, and automating the management of field operations. This redesign relies on acquiring and developing many new and modified IT systems, which could add complexity to the design.

These cost risks, new innovations, and acquisition and development of IT systems for the 2020 Census, along with other challenges we have identified in recent years, raise serious concerns about the Bureau’s ability to conduct a cost-effective enumeration. Based on these concerns, we have concluded that the 2020 Census is a high-risk area and have added it to the High-Risk List in 2017.

To help the Bureau mitigate the risks associated with its fundamentally new and complex innovations for the 2020 Census, the commitment of top leadership is needed to ensure the Bureau’s management, culture, and business practices align with a cost-effective enumeration. For example, the Bureau needs to continue strategic workforce planning efforts to ensure it has the skills and competencies needed to support planning and executing the census. It must also rigorously test individual census-taking activities to provide information on their feasibility and performance, their potential for achieving desired results, and the extent to which they are able to function together under full operational conditions.37

We have recommended that the Bureau also ensure that its scheduling adheres to leading practices and be able to support a quantitative schedule risk assessment, such as by having all activities associated with the levels of resources and effort needed to complete them. The Bureau has stated that it has begun maturing project schedules to ensure that the logical relationships are in place and plans to conduct a quantitative risk assessment. We will continue to monitor the Bureau’s efforts.

The Bureau must also improve its ability to manage, develop, and secure its IT systems. For example, the Bureau needs to prioritize its IT decisions and determine what information it needs in order to make those decisions. In addition, the Bureau needs to make key IT decisions for the 2020 Census in order to ensure they have enough time to have the production systems in place to support the end-to-end system test. To this end, we recommended the Bureau ensure that the methodologies for answering the Internet response rate and IT infrastructure research questions are determined and documented in time to inform key design decisions. Further, given the numerous and critical dependencies between the Census Enterprise Data Collection and Processing and 2020 Census programs, their parallel implementation tracks, and the 2020 Census's immovable deadline, we recommended that the Bureau establish a comprehensive and integrated list of all interdependent risks facing the two programs, and clearly identify roles and responsibilities for managing this list. The Bureau stated that it plans to take actions to address our recommendations.

It is also critical for the Bureau to have better oversight and control over its cost estimation process and we have recommended that the Bureau ensure its cost estimate is consistent with our leading practices. For example, the Bureau will need to, among other practices, document all cost-influencing assumptions; describe estimating methodologies used for each cost element; ensure that variances between planned and actual cost are documented, explained, and reviewed; and include a comprehensive sensitivity analysis, so that it can better estimate costs. We also recommended that the Bureau implement and institutionalize processes or methods for ensuring control over how risk and uncertainty are accounted for and communicated within its cost estimation process. The Bureau agreed with our recommendations, and we are currently conducting a follow-up audit of the Bureau’s most recent cost estimate and will determine whether the Bureau has implemented them.

Sustained congressional oversight will be essential as well. In 2015 and 2016, congressional committees held five hearings focusing on the progress of the Bureau’s preparations for the decennial. Going forward,
active oversight will be needed to ensure these efforts stay on track, the Bureau has needed resources, and Bureau officials are held accountable for implementing the enumeration as planned.

We will continue monitoring the Bureau’s efforts to conduct a cost-effective enumeration. To this end, we have ongoing work focusing on such topics as the Bureau’s updated lifecycle cost estimate and the readiness of IT systems for the 2018 End-to-End Test.

See pages 219–231 of the high-risk report for additional details on what we found.

After we remove areas from the High-Risk List we continue to monitor them, as appropriate, to determine if the improvements we have noted are sustained and whether new issues emerge. If significant problems again arise, we will consider reapplying the high-risk designation.

DOD’s Personnel Security Clearance Program is one former high-risk area that we continue to closely monitor in light of government-wide reform efforts.

The Office of the Director of National Intelligence (ODNI) estimates that approximately 4.2 million federal government and contractor employees held or were eligible to hold a security clearance as of October 1, 2015.41 Personnel security clearances provide personnel with access to classified information, the unauthorized disclosure of which could, in certain circumstances, cause exceptionally grave damage to national security. High profile security incidents, such as the disclosure of classified programs and documents by a National Security Agency contractor and the OPM data breach of 21.5 million records, demonstrate the continued need for high quality background investigations and adjudications, strong oversight, and a secure IT process, which have been areas of longstanding challenges for the federal government.

41 The Director of National Intelligence (ODNI), in accordance with Executive Order 13467, is responsible, as the Security Executive Agent, for the development of policies and procedures governing the conduct of investigations and adjudications for eligibility for access to classified information and eligibility to hold a sensitive position. See Exec. Order No. 13,467, § 2.3(c), 73 Fed. Reg. 30,101 (June 30, 2008) (renumbered as section 2.5(e) in January 2017).
In 2005, we designated the DOD personnel security clearance program, as a high-risk area because of delays in completing background investigations and adjudications. We continued the high-risk designation in the 2007 and 2009 updates to our High-Risk List because of issues with the quality of investigation and adjudication documentation and because delays in the timely processing of security clearances continued.\(^2\)

In our 2011 high-risk report, we removed DOD’s personnel security clearance program from the High-Risk List because DOD took actions to develop guidance to improve its adjudication process, develop and implement tools and metrics to assess quality of investigations and adjudications, and improve timeliness for processing clearances.\(^3\) We also noted that DOD continues to be a prominent player in the overall security clearance reform effort, which includes entities within the OMB, OPM, and ODNI that comprise the Performance Accountability Council (PAC) which oversees security clearance reform. The executive branch has also taken steps to monitor its security clearance reform efforts. The GPRA Modernization Act of 2010 requires OMB to report through a website—performance.gov—on long-term cross-agency priority goals, which are outcome-oriented goals covering a limited number of crosscutting policy areas, as well as goals to improve management across the federal government.\(^4\) Among the cross-agency priority goals, the executive branch identified security clearance reform as one of the key areas it is monitoring.

Since removing DOD’s personnel security clearance program from the High-Risk List, the government’s overall reform efforts that began after passage of the Intelligence Reform and Terrorism Prevention Act of 2004 have had mixed progress, and key reform efforts have not yet been implemented. In the aftermath of the June 2013 disclosure of classified documents by a former National Security Agency contractor and the September 2013 shooting at the Washington Navy Yard, OMB issued, in February 2014, the Suitability and Security Processes Review Report to


the President, a 120-day review of the government’s processes for granting security clearances, among other things.

The 120-day review resulted in 37 recommendations, 65 percent of which have been implemented, as of October 2016, including the issuance of executive branch-wide quality assessment standards for investigations in January 2015. Additionally, the recommendations led to expanding DOD’s ability to continuously evaluate the continued eligibility of cleared personnel. However, other recommendations from the 120-day review have not yet been implemented. For example, the reform effort is still trying to fully implement the revised background investigation standards issued in 2012 and improve data sharing between local, state, and federal entities.

In addition, the 120-day review further found that performance measures for investigative quality are neither standardized nor implemented consistently across the government, and that measuring and ensuring quality continues to be a challenge. The review contained three recommendations to address the development of quality metrics, but the PAC has only partially implemented those recommendations. We previously reported that the executive branch had developed some metrics to assess quality at different phases of the personnel security clearance process; however, those metrics had not been fully developed and implemented.45

The development of metrics to assess quality throughout the security clearance process has been a long-standing concern.46 Since the late 1990s we have emphasized the need to build and monitor quality throughout the personnel security clearance process.47 In 2009, we again

noted that clearly defined quality metrics can improve the security clearance process by enhancing oversight of the time required to process security clearances and the quality of the investigation and adjudicative decisions. We recommended that OMB provide Congress with results of metrics on comprehensive timeliness and the quality of investigations and adjudications. According to ODNI, in October 2016, ODNI began implementation of a Quality Assessment and Reporting Tool to document customer issues with background investigations. The tool will be used to report on the quality of 5 percent of each executive branch agency’s background investigations.

ODNI officials stated that they plan to develop metrics in the future as data are gathered from the tool, but did not identify a completion date for these metrics. Separately, the NDAA for Fiscal Year 2017, among other things, requires DOD to institute a program to collect and maintain data and metrics on the background investigation process, in the context of developing a system for performance of background investigations. The PAC’s effort to fully address the 120-day review and our recommendations on establishing metrics on the quality of investigations as well as DOD’s efforts to address the broader requirements in the NDAA for Fiscal Year 2017 remain open and will need to be a continued focus of the department moving forward in its effort to improve its management of the security clearance process.

Further, in response to the 2015 OPM data breach, the PAC completed a 90-day review which led to an executive order establishing the National Background Investigations Bureau, within OPM, to replace the Federal Investigative Services and transferred responsibility to develop, maintain and secure new IT systems for clearances to DOD. Additionally, the Executive Order made DOD a full principal member of the PAC. The Executive Order also directed the PAC to review authorities, roles, and responsibilities, including submitting recommendations related to revising.

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In addition to addressing the quality of security clearances and other goals and recommendations outlined in the 120-day and 90-day reviews and the government’s cross-agency priority goals, the PAC has the added challenge of addressing recent changes that may result from the NDAA for Fiscal Year 2017. Specifically, section 951 of the act requires the Secretary of Defense to develop an implementation plan for the Defense Security Service to conduct background investigations for certain DOD personnel—presently conducted by OPM—after October 1, 2017. The Secretary of Defense must submit the plan to the congressional defense committees by August 1, 2017. It also requires the Secretary of Defense and Director of OPM to develop a plan by October 1, 2017, to transfer investigative personnel and contracted resources to DOD in proportion to the workload if the plan for DOD to conduct the background investigations were implemented. It is unknown if these potential changes will impact recent clearance reform efforts.

Given the history and inherent challenges of reforming the government-wide security clearance process, coupled with recent amendments to a governing Executive Order and potential changes arising from the NDAA for Fiscal Year 2017, we will continue reviewing critical functions for personnel security clearance reform and monitor the government’s implementation of key reform efforts. We have ongoing work assessing progress being made on the overall security clearance reform effort and implementing a continuous evaluation process, a key reform effort considered important to improving the timeliness and quality of

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53 Specifically, the implementation plan would cover background investigations for DOD personnel whose investigations are adjudicated by the DOD Consolidated Adjudication Facility. See Pub. L. No. 114-328, § 951(a). According to the Consolidated Adjudication Facility, its mission is to determine security clearance eligibility of non-intelligence agency DOD personnel, with a customer base including all military service members, military applicants, civilian employees, and consultants affiliated with DOD.

54 See id.

55 Continuous evaluation refers to a vetting process to review the background of an individual who has been determined to be eligible for access to classified information or to hold a sensitive position at any time during the period of eligibility. It leverages a set of automated record checks and business rules to assist in the on-going assessment of continued eligibility. Exec. Order No. 13,794, § 3(e) (Jan. 17, 2017).
investigations. We anticipate issuing a report on the status of the
government's continuous evaluation process in the fall of 2017.
Additionally, we have previously reported on the importance of securing federal IT systems and anticipate issuing a report in early 2017 that examines IT security at OPM and efforts to secure these types of critical systems. Continued progress in reforming personnel security clearances is essential in helping to ensure a federal workforce entrusted to protect U.S. government information and property, promote a safe and secure work environment, and enhance the U.S. government's risk management approach.

The high-risk assessment continues to be a top priority and we will maintain our emphasis on identifying high-risk issues across government and on providing insights and sustained attention to help address them, by working collaboratively with Congress, agency leaders, and OMB. As part of this effort, with the new administration and Congress in 2017 we hope to continue to participate in regular meetings with the incoming OMB Deputy Director for Management and with top agency officials to discuss progress in addressing high-risk areas. Such efforts have been critical for the progress that has been made.

This high-risk update is intended to help inform the oversight agenda for the 115th Congress and to guide efforts of the administration and agencies to improve government performance and reduce waste and risks.

Thank you, Chairman Johnson, Ranking Member McCaskill, and Members of the Committee. This concludes my testimony. I would be pleased to answer any questions.

For further information on this testimony, please contact J. Christopher Mihm at mihmj@gao.gov or (202) 512-6806. Contact points for the individual high-risk areas are listed in the report and on our high-risk website. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement.

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PREPARED STATEMENT OF

JOHN H. THOMPSON
DIRECTOR
U.S. CENSUS BUREAU

High-Risk Government Operations Susceptible to Waste, Fraud, and Mismanagement

Before the Committee on Homeland Security and Governmental Affairs
U.S. Senate

15 February 2017

Good morning Chairman Johnson, Ranking Member McCaskill, and members of the Committee. I appreciate the opportunity to update you on the 2020 Census. I am proud to report today that we remain on the critical path to readiness for the 2020 Census. With that said, the 2020 Census has been added to the most recent Government Accountability Office’s High-Risk List. Previously, both the 2000 Census and the 2010 Census were included on their list. The repeated inclusion is a reflection of the complexity, scale, and importance of conducting a fair and accurate count of the Nation each decade. This decade the complexity is heightened, as we look to modernize by replacing the paper and pencil design of the 2010 Census with innovative technologies that will help us save the taxpayer billions of dollars. I am grateful for this opportunity to describe the robust controls we have in place to mitigate the risks that are inherent in carrying out this constitutionally-mandated task.

In planning and testing the 34 operations and roughly 50 systems that comprise the 2020 Census, we are aware of the many risks the program faces, which is why we work rigorously to manage, monitor, and mitigate those risks. Based on GAO’s reports and recommendations and our continuing work with their team, we are aware of their ongoing concerns to:

- Define, test, and secure our system of systems ahead of the 2020 Census;
- Integrate schedule and risk management across the 2020 Census and its supporting programs such as the Census Enterprise Data Collection and Processing system, known as CEDCaP;
- ...
• Validate and document our lifecycle cost estimate; and
• Assess and improve certain field procedures to achieve better field efficiency.

We concur with each of the GAO’s recommendations, and are working to implement their suggestions.

We also have been open and transparent about the challenges we face in successfully conducting this redesigned and cost effective decennial census. Accordingly, we:

• Hold quarterly Program Management Reviews that are open to the public.
• Have documented our largest decisions in the 2020 Census Decision Memorandum Series.
  Additionally, our 2020 Census Operational Plan lists all decisions that have been made so far, along with the timeline for making those that remain; it was last updated in October 2016.
• Have and will continue to share our Integrated Master Schedule with GAO on a monthly basis.

We recognize that we face challenges to get this right, but are confident that with adequate funding we can implement, integrate, secure and test our designs on an efficient schedule to successfully execute the 2020 Census. The uncertainty of the final fiscal year 2017 budget required us to make difficult decisions in January to descope some aspects of the program and pause others to mitigate funding uncertainty risk until we know final funding levels. These decisions, announced last month to ensure systems readiness, will lead to: a greater percentage of address listing field work in 2019, a delay in opening three of our six Regional Census Centers in 2017, the elimination of advertising in the 2018 End-to-End Census Test, and program and test management operations far lower than has been recommended by GAO and our Inspector General to successfully manage a program of this complexity. As we ramp-up to 2020, maintaining adequate funding levels is paramount to achieving $5 billion in cost savings without sacrificing data quality or taking on excessive program risk. I stress that funding certainty will enable us to conduct the testing, securing, validation, documentation, and planning that we have deemed and GAO has urged as necessary for risk mitigation and ultimately success for the 2020 Census.

Over the past five years, we are proud to report we have fundamentally redesigned the decennial census. After a four-year period of research and testing early in the decade, we released the 2020
Census Operational Plan in October 2015 that documents the design for conducting the 2020 Census. This design modernizes the way we conduct the decennial census by embracing technology, preexisting data, and automated operations. We took up the challenge posed to us by Congress to conduct the 2020 Census at a lower cost per household than the 2010 Census, adjusted for inflation, without sacrificing data quality or increasing operational risk. The design we are executing, if we receive the necessary funding, will save the taxpayer more than $5 billion relative to repeating the paper and pencil design of the 2010.

As we look to the final years of the decade, monitoring and mitigating risks at the program and project level is among the most important things we are doing to ensure we can execute our operational plan for the 2020 Census. Another related and equally important component to success has been and will continue to be working with our colleagues both at GAO and our Inspector General’s office as they look at our designs, plans, systems, and operations to identify areas of improvement and implement their recommendations. Specifically, we are concentrated on the following risk areas, along with the overarching risk of funding uncertainty mentioned above:

1. Cybersecurity, Fraud Detection, and Ensuring the Public’s Trust
2. Systems Readiness Ahead of the Census
3. Refining Field Procedures through 2020 Census Testing
4. Integrated Schedule Management
5. Lifecycle Cost Estimate Documentation and Validation

1. Cybersecurity, Fraud Detection, and Ensuring the Public’s Trust

Ensuring the trust of the public in protecting all data at all times is at the bedrock of the Census Bureau’s mission. We are actively securing our systems and all devices needed for the 2020 Census and its field tests, while also ensuring that we prevent fraud, distributed denial-of-service attacks, and phishing. This is particularly critical to the decennial census that must count everyone in the country once, only once, and in the right place.

To combat potential cyberattacks, the Census Bureau uses a layered defense strategy to protect all data it collects from respondents as well as administrative records. Implementing robust IT security controls will help block attempts from outside infiltration, as well as prevent negative impacts to
services or data such as network disruption, technical malfunctions, and stolen or corrupted data. Information will be encrypted during transmission and at rest.

The Census Bureau employs sophisticated security protocols, is protected by the Department of Homeland Security (DHS)-managed Einstein program, and adheres to National Institute of Standards and Technology (NIST) requirements and guidance as required by the Federal Information Security Management Act (FISMA). We also are engaging with other Federal agencies, most prominently DHS to provide assistance to us in reviewing our design and security architecture for the 2020 Decennial Census. In addition, we have established NSA and the Department of Commerce Office of Security relationships for assistance in threat analysis and related counter-terrorism assistance. We have also brought in private-sector expertise to further ensure state-of-the-art defense against cyber-attacks.

2. Systems Readiness Ahead of the 2020 Census

The Census Bureau learned many lessons in systems development and readiness from efforts leading up to the 2010 Census. Foremost among these was to develop and field test proof of concept systems, which we did for the 2020 Census from 2012 through 2015. As a result, we have crafted a design in 2015, which has been validated by the Census Tests conducted so far.

In May 2016, after rigorous evaluation and analysis of alternatives, we decided to implement a hybrid approach to the question of whether to build or buy CEDCaP software by choosing a commercial off-the-shelf platform integrated with select Census Bureau custom solutions to optimally address the goal of successfully deploying an automated 2020 Census. The resulting buy decision was designed to help reduce risk for the 2020 Census and our other surveys and censuses by adopting proven technology and standards-based solutions to help deliver secure systems and information.

Additionally, we have brought in expert help from a large team of private sector IT experts to aid with the integration of our full system of systems. Having a fully integrated system of systems ahead of the 2018 End-to-End Census Test is key to our 2020 Census readiness and risk mitigation. We have built and continue to maintain a comprehensive Integrated Master Schedule that allows us to ensure we are on track for systems and operational readiness for the 2018 End-to-End Census Test. To support the
management of all major IT Decennial contract solutions, each contract has a dedicated Government Program Management Office and those are consolidated in a single division of the 2020 Census program. We have a robust governance process with three groups that work together to ensure that all contracts meet business requirements and that solutions are delivered on time.

In support of the readiness and security of the 2020 Census system of systems, the Technical Integration (TI) contract provides architecture and engineering expertise to define, guide, and execute the integration of the 2020 Census technical solution. In doing that work, this team works closely with the other significant contracts as follows: the CEDCaP commercial off-the-shelf platform ECaSE, Census Questionnaire Assistance (CQA), Device as a Service, and the Census Schedule A Human Resources Recruiting and Payroll Systems (C-SHARPS). TI plays a large role supporting the Census Bureau’s efforts to ensure integration across the program ahead of the 2018 End-to-End Census Test.

3. Refining Field Procedures through 2020 Census Testing
Conducting a decennial census is a major undertaking with many moving parts. As we implement the operational design for the 2020 Census, we are leveraging new methods, procedures, systems, and solutions, which will make it easier for people to respond and save taxpayers more than $5 billion relative to the 2010 Census. Census tests are critical to preparing for the 2020 Census. Moreover, to help us improve our testing methods and results, we have invited our oversight stakeholders, including GAO, to each of our Census field tests to see how the operations and systems are progressing throughout the decade, and also to have as many observers in the field to help us learn lessons and document improvements to make to our operational design. This is the main reason we test and must continue to, as we are rigorously adapting after each test to maximize efficiency and effectiveness in our operations.

2016 Census Test
In 2016, we conducted the 2016 Census Test in Harris County, Texas, and Los Angeles County, California, to study a variety of new methods and advanced technologies. The primary focus of this test was to refine the methodology for Nonresponse Followup – the operation we conduct to visit nonresponding addresses in person. The Census Bureau also refined methods and related activities for maximizing self-response (particularly via the Internet) to the 2020 Census.
The 2016 Census Test was a valuable learning experience. Among other successes from this test, we:

- Demonstrated that our self-response contact strategy, using paper questionnaires in an initial contact for certain parts of the country and letters rather than postcards as a first reminder have a positive impact on response rates.
- Validated the positive trend we have experienced in past census tests regarding collecting and processing responses without unique Census IDs, confirming our ability to successfully match a large majority of respondent addresses to our frame through real-time matching, administrative records, and clerical matching.
- Successfully expanded language support services, including Chinese and Korean (languages using non-Roman alphabets).
- Reduced Nonresponse Followup by using administrative records and third-party data for both vacant and occupied addresses.
- Collaborated with the United States Postal Service (USPS) to further our understanding of USPS processing of mail pieces, specifically for why mail is unable to be delivered, to help inform our assessment of vacancy status to reduce the Nonresponse Followup workload.
- Determined that the implementation of two different staffing ratios that increased the number of enumerators to each supervisor over that of the 2010 Census were both viable, due to increased automation of operational control capabilities and other field efficiencies.
- Improved quality control by re-contacting a sample of Nonresponse Followup cases to validate the data collection in the initial Nonresponse Followup interview.

We also gained valuable insights into areas where we must make improvements such as:

- Continued development of closeout processes and procedures for data collection operations. Our test data showed an increased number of nonresponding cases that reached the maximum number of contact attempts without a successful enumeration. Moving forward, we will closely monitor the progress of the Nonresponse Followup workload to ensure a complete and accurate count for all localities. We will monitor
enumerators’ performance and productivity and proactively retain enumerators who are successful in reaching respondents and completing household enumerations. We will implement procedures such that cases are actively worked until completion.

- **Better training for enumerators.** We learned from the 2016 Census Test that certain topics require additional emphasis in the training. Balancing training content against the critical components of an enumerator’s job – while also considering cost and schedule – will be key to our success.

- **Better procedures for enumerators at multiunit structures.** In the 2016 Census Test, we implemented new procedures for contacting nonresponding addresses at multiunit structures such as apartments and condominiums. Because the layout and addressing of multiunit structures are not standard, we observed situations where the revised approach worked well and others where it did not. We are working to consider enhancements that create flexibility for enumerators to assess unique situations.

- **Enhancements to the proxy interview process.** During the 2016 Census Test, if a proxy respondent, like a neighbor, could not provide the names of a nonresponding household’s residents, the interview concluded and no information was captured. We need to enhance our data collection application to enable the enumerator to capture partial information in this situation.

### 2016 Address Canvassing Test

In the fall of 2016, we conducted the 2016 Address Canvassing Test in Buncombe County, North Carolina, and part of the city of St. Louis, Missouri to measure the effectiveness and quality of in-office address canvassing and in-field address canvassing. These sites were selected because they provide us an opportunity to execute the Address Canvassing operation in both an urban/suburban/rural site that is experiencing both population and housing growth, with a mix of housing types and address styles and in an urban site that has had sustained population and housing loss and recent redevelopment. Combined, the sites had over 220,000 housing units.

The results of the 2016 Address Canvassing Test and additional research will help us to validate our procedures around the in-field address canvassing operation and our assumptions for its workload. The results will inform key assumptions contributing to the lifecycle cost estimates for
the 2020 Census. We are processing and analyzing the results of this test, and assessing valuable lessons we learned in the field and how they will help us refine the operation.

2017 Census Test
In addition to the 2016 Address Canvassing Test, the Census Bureau has been planning for additional key test operations in 2017 ahead of the 2018 End-to-End Census Test. This test will involve the key systems and operations that must be integrated and deployed in the field in 2017 to ensure readiness for the 2018 End-to-End Census Test. With operations beginning just next month ahead of an April 1, 2017 Census day nationwide, we plan to conduct a test of the self-response operations and systems with a sample of 80,000 addresses across the country. Foremost, this will allow us to test the Internet self-response system, with a Spanish language option, and Operational Control Systems integrated with the Census Questionnaire Assistance and non-ID processing operations, as well as the ability to provision and run in a Cloud. These key systems and operations must be integrated and tested ahead of the 2018 End-to-End Census Test. We also will be able to test the feasibility of collecting tribal enrollment information.

2018 End-to-End Census Test
The 2018 End-to-End Census Test is the final major field test prior to the beginning of the 2020 Census. It is scheduled for a Census Day of April 1, 2018, but field operations will begin in August 2017 with the Address Canvassing operation. We will be conducting our 2018 End-to-End Census Test in at least three areas: Pierce County, Washington; Providence County, Rhode Island; and the Bluefield-Beckley-Oak Hill area of West Virginia. Collectively, the test on those three sites will cover about 770,000 housing units. The 2018 End-to-End Census Test will allow the Census Bureau to prove-in our design and validate that we are ready for the 2020 Census.

We will test and validate nearly all 2020 Census operations, procedures, systems, and field infrastructure together to ensure proper integration and conformance with functional and non-functional requirements. We also will produce a prototype of our geographic and data release products. Using our experiences in the 2018 End-to-End Census Test and any lessons learned, we will finalize plans for all operations and make any necessary adjustments to ensure readiness for the 2020 Census.
4. Integrated Schedule Management

The integration of schedules across the 2020 Census and all of its supporting programs was a major theme of a GAO report released last year. After thorough review of our procedures and the interdependencies between the 2020 Census and its supporting programs, I am happy to report the Census Bureau maintains full schedule alignment between the 2020 Census Program and all of its corporate service providers at the agency, including CEDCaP through a single integrated master schedule. The 2020 Census Program Integrated Master Schedule (IMS) drives the schedule for all corporate service providers that support the program based on the key milestones. The IMS is the single schedule that all projects, including those managed by corporate service providers, interact with in order to provide status on their work on a weekly basis. Project teams may have their own detailed schedules to support day-to-day tasks in order to support the timelines necessary to meet the 2020 Census milestones. Those detailed schedules are linked to the IMS through the 2020 key milestone dates, and we continue to share the Integrated Master Schedule with GAO on a monthly basis.

5. Lifecycle Cost Estimate Documentation and Validation

One of the key ways we can measure if we are on track and on schedule to meet our goals for the 2020 Census is through the 2020 Census lifecycle cost estimate. This is why we have employed rigorous cost estimation techniques and validated many of our key assumptions through actual data we have gathered through our testing. In their 2016 audit, GAO recognized that the Census Bureau has taken significant steps to improve our cost estimation approach. We are committed to continuing down the path of following the GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs when producing annual updates to the 2020 cost estimate. We agreed with GAO findings that there are still improvements that we can make to our cost estimation to improve the process and documentation around the modeling in line with best practices.

One significant improvement the Census Bureau has made in this area in recent years is to establish the independent Office of Cost Estimation, Analysis, and Assessment. This office has now produced independent estimates for the 2020 Census and reviewed them with Department of Commerce subject matter experts. The independent estimates use different methodologies than the 2020 Census program.
office estimate, but the two are close in total cost. This is a major reason we are confident in our most recent estimate of lifecycle costs, and our estimate that we can avoid $5.2 billion in costs compared to repeating the ‘paper and pencil’ design used for the 2010 Census.

Conclusion
We are in the midst of implementing an innovative and modern design for the 2020 Census, one that will bring the decennial census into the 21st century. This design reflects a flexible approach that takes advantage of new technologies, methodologies, and data sources while minimizing risk. With the funding we have requested, we can still execute most of the design that will save taxpayers billions of dollars. I look forward to further discussion of the challenges we face and what we are doing to mitigate them, and I look forward to continuing our long and productive relationship with GAO in the years ahead.
Mr. Chairman and Members of the Committee, thank you for the opportunity to discuss the work of the VA Office of Inspector General (OIG) and how the OIG provides effective oversight of VA programs and operations through independent audits, inspections, and investigations. The OIG seeks to prevent and detect fraud, waste, and abuse, and make meaningful recommendations to drive economy, efficiency, and effectiveness throughout VA programs and operations. Our goal is to undertake impactful work that will assist VA in providing the appropriate and timely services and benefits that veterans so deservedly earned, and ensuring the proper expenditure of taxpayer funds.

I have had the great privilege of serving as the Inspector General since May 2, 2016. Since that time, I have fully immersed myself in the work, priorities, and policies of the OIG. We have made a number of enhancements since I started, including issuing a Mission, Vision, and Values statement; increasing transparency; creating a Rapid Response team in our Healthcare Inspections directorate; expanding our data analytics capabilities; and being more proactive in our review areas. I believe that these changes will enable us to do additional impactful work in a more timely manner.

The OIG shares an analogous mission with the Government Accountability Office (GAO). It is important that the VA OIG has a strong relationship with GAO to ensure that we avoid duplication of effort as much as possible. To that end, one of the first things I did when I started was to meet with Comptroller General Dodaro and some of his senior staff. Our offices have had a number of communications since that time to promote coordination and more effective oversight of VA.

In February 2015, GAO added Managing Risks and Improving VA Health Care to its biannual High Risk list. It focused its concerns in five broad areas:

- ambiguous policies and inconsistent processes,
- inadequate oversight and accountability,
- information technology challenges,
- inadequate training for VA staff, and
- unclear resource needs and allocation priorities.
While our work is determined by what we believe is the most effective oversight of VA, a number of our reports address concerns in these same five areas. As the Committee requested, I will highlight a sampling of OIG work in each of the areas that resulted in GAO placing VA Health Care on its High Risk list. It should be noted that many of the OIG’s reports could fit in more than one area.

Ambiguous Policies and Inconsistent Processes
We have issued a number of reports in the past few years that include VA’s ambiguous policies and inconsistent processes. For example, we reported in September 2015 in Review of Alleged Mismanagement at the Health Eligibility Center that VA’s Chief Business Office (CBO) had not effectively managed its business processes to ensure the consistent creation and maintenance of essential health care eligibility data. Due to the amount and age of the Enrollment System (ES) data, as well as lead times required to develop and implement software solutions, a multiyear project management plan was needed to address the accuracy of pending ES records and improve the usefulness of ES data. We made 13 recommendations in the report including one focused on controls to ensure that future enrollment data are accurate and reliable before being entered into the Enrollment System. VA concurred with the recommendations and provided sufficient information to close all recommendations in October 2016. We have an ongoing review of the Health Eligibility Center focusing on the alleged lack of effective governance over the Veterans Health Administration’s (VHA) execution of the health care enrollment program at its medical facilities. We expect to issue our report in late spring 2017.

In another example, of a one program that operates nationwide with issues related to inconsistent implementation of policies is the Homeless Grant Per Diem Program. In a June 2015 report, Audit of Homeless Providers Grant and Per Diem Case Management Oversight, we determined VA needed to clarify eligibility requirements across the program to ensure that all homeless veterans have equal access to case management services. Historically, homeless veterans ineligible for VA health care have not been excluded from the program. However, as we conducted our work and questioned the application of the program’s eligibility criteria, we found the criteria were unclear and inconsistently applied. This was confirmed in our interviews of the VA’s Office of General Counsel, program directors, network homeless coordinators, and liaisons, which revealed confusion occurred at all program levels. We made five recommendations, three of which involved establishing a definitive legal standard on program eligibility and ensuring that policies and controls matched that standard and were applied across the program. The recommendations dealing with policies and controls remain open.

Inadequate Oversight and Accountability
Proper oversight by management would ensure that programs and operations would work effectively and efficiently. Our September 2016 report, Review of the Replacement of the Denver Medical Center, Eastern Colorado Health Care System, on the management of the construction of a new VA medical center in the Denver area, is
an extremely costly example of the result of inadequate oversight. We confirmed the project to build a new medical center in the Denver area has experienced significant and unnecessary cost overruns and schedule slippages. Originally estimated for 2013 completion, it will not be ready before mid-to-late 2018, about 20 years after its need was identified in the late 1990s. Through all phases of the project, we identified various factors that significantly contributed to delays and rising costs, including:

- Inadequate planning and design,
- Construction phase was initiated without adequate design plans,
- A change in acquisition strategy contributed to delays and increasing costs,
- Change request processing was untimely.

This occurred due to a series of questionable business decisions and mismanagement by VA senior officials. The report summarizes the significant management decisions and factors that resulted in a project years behind schedule and costing more than twice the initial budget of $800 million. We made five recommendations and VA management concurred with all recommendations. We recently requested information from VA on the implementation status of the recommendations and will keep them open until VA provides satisfactory evidence of implementation.

In June 2016, we issued a report on allegations related to appointment cancellations at the Houston VA Medical Center, *Review of Alleged Manipulation of Appointment Cancellations at VA Medical Center, Houston, Texas*. We substantiated that two previous scheduling supervisors and a current director of two outpatient clinics instructed staff to input clinic cancellations incorrectly as canceled by the patient. We also confirmed that a current director of two CBOCs instructed staff, as recently as February 2016, to record an appointment as canceled by the patient if clinic staff at one CBOC offered to reschedule a veteran’s appointment at a different CBOC situated about 17 miles away and the veteran declined the appointment. The CBOC Director believed this was appropriate since the CBOC was still offering the patient an appointment. When interviewed regarding these cancellations, the CBOC Director acknowledged she instructed staff to cancel appointments by the patient if the veteran declined an appointment in the alternate location. We made six recommendations, including referring the matter to VA’s Office of Accountability Review (OAR) to determine what, if any, administrative actions should be taken based on the factual circumstances developed in our report.

In December 2014, we released an audit related to the VA National Call Center for homeless veterans, *Audit of The National Call Center for Homeless Veterans*. We reported that homeless and at-risk veterans who contacted the Call Center often experienced problems accessing a counselor and/or receiving a referral after completing the Call Center’s intake process. Referred veterans did not always receive the services needed because the Call Center did not follow-up on referrals to medical centers. These missed opportunities occurred due to lapses in the Call Center’s management and oversight. We made seven recommendations, including
implementing effective performance metrics to ensure homeless veterans receive needed services. We closed our report in September 2015 based on information received that all recommendations had been implemented.

Information Technology Challenges
As we have reported in our list of VA's Major Management Challenges within VA's Annual Financial Report we have frequently identified VA's struggles to design, procure, and/or implement functional information technology (IT) systems. IT security is continually reported as a material weakness in the Consolidated Financial Statement audits that are conducted annually by the OIG’s independent auditing firm, CliftonLarsonAllen (CLA).

VA has a high number of legacy systems needing replacement: the Financial Management System; Integrated Funds Distribution, Control Point Activity, Accounting and Procurement system; Veterans Health Information Systems and Technology Architecture, Benefits Delivery Network, and the electronic Contract Managing System. After years of effort focused on replacement of VA's legacy scheduling software, a new scheduling system is not in place. VA's issues with scheduling appointments are related to the inability to define its requirements and determine if a commercial solution is available or if it must design a system. Replacing systems has been a major challenge across the government and is not unique to VA. We have issued a number of reports outlining access issues and our work in this area is continuing.

While the difficulties between VA's electronic health record (EHR) and the Department of Defense's EHR are well documented, the increased utilization of care in the community will present further IT challenges. To ensure that medical providers both inside and outside VA have the most complete and up-to-date information, VA needs to find a more effective method for sharing patients' EHRs. We reported on the possibility of delays in care because of the difficulties in sharing medical records in the Urology Clinic at the Phoenix VA Health Care System in our October 2015 report, Healthcare Inspection: Access to Urology Service, Phoenix VA Health Care System, Phoenix, Arizona. Specifically, we identified approved authorizations for non-VA care coordination (NVCC) urological care and a notation that an authorization was sent to the non-VA provider. A scheduled date and time of an appointment with the non-VA urologist was often documented. However, we were unable to locate scanned documents from non-VA providers in these patients' EHRs verifying that the patients had been seen for evaluations, and if seen, what the evaluations might have revealed. This finding suggested that the Phoenix VA Health Care System (PVAHCS) did not have accurate data on the clinical status of the patients who were referred for the specialty care.

Further, with respect to scanning and reviewing outside clinical documents (for example, clinic notes, labs, or imaging results), when the services were provided by TriWest Health Care Alliance (TriWest), the treating providers' office submitted this data to the TriWest Portal. To access that information, an NVCC staff member was required to log into the TriWest Portal to print and scan these records into the patients EHRs.
This process was delayed because of the NVCC staffing shortages, which could have resulted in important clinical information not being reviewed for several months. We made three recommendations, including one specifically related to ensuring that non-VA care providers’ clinical documentation is available in the EHRs in a timely manner for PVAHCS providers to review. We closed our report in June 2016 after VA provided information that addressed the recommendations.

In the area of IT security, VA uses personally identifiable information (PII), protected health information (PHI), and other sensitive information to deliver benefits to veterans and their dependents. Employees and contractors must safeguard this information. As we reported in our September 2015 report, Review of Alleged Data Sharing Violations at VA’s Palo Alto Health Care System, the VA Palo Alto Health Care System (VAPAHCS) did not ensure that contract staff had the appropriate background investigations or proper security and privacy awareness training before being granted access to VA patient information. Additionally, facility Information Security Officers were not involved prior to the contractor placing its software on a VA server. We made three recommendations to VAPAHCS management and a fourth recommendation that VA’s Office of Information Technology implement controls to ensure that unauthorized software is not procured or installed on VA networks without a formal risk assessment and approval to operate. We closed our report based on information provided that the recommendations were implemented.

Inadequate Training for VA Staff

One prevailing theme of the OIG’s work related to wait times and scheduling issues was the inadequate, lack of, or incorrect training provided to VA staff responsible for scheduling appointments. We conducted extensive work related to allegations of wait time manipulation through fiscal years (FY) 2015 and 2016 after the allegations at the PVAHCS surfaced in April 2014. As we have reported in more than 90 Administrative Summaries of Investigation and other reports that have been issued, the lack of training for schedulers and the lack of understanding of the process by their managers created a system in which long wait times were not accurately portrayed to management.

In October 2016, we reported again that there was still confusion regarding appointments. The focus for this report was on consult management. In our report, Review of Alleged Consult Mismanagement at the Phoenix VA Health Care System, we substantiated that in 2015, PVAHCS staff inappropriately discontinued consults. We determined that staff inappropriately discontinued 24 percent of specialty care consults we reviewed. This occurred because staff were generally unclear about specific consult management procedures, and services varied in their procedures and consult management responsibilities. As a result, patients did not receive the requested care or they encountered delays in care. This report has 14 recommendations including ensuring that staff is hired and trained appropriately. We are tracking VA’s progress on implementing all the recommendations.

In January 2016, we determined that VHA did not provide medical facilities with adequate tools to reasonably estimate non-VA care (NVC) obligations in our report, Audit of Non-VA Medical Care Obligations. The facilities we visited used a
combination of methods that were ineffective at ensuring NVC cost estimates were reasonable. The methods used to calculate estimated costs included Medicare or contract rates, historical costs, and the optional cost estimation tools provided by CBO. The accuracy of estimates varied widely among these methodologies. We made five recommendations including for VA to improve the cost estimate tools so that NVC cost estimates are produced consistently. The recommendations related to cost estimate tools remain open.

Unclear Resource Needs and Allocations Priorities

The OIG has repeatedly reported on VA’s legacy systems and how they impair VA operations. A key element to accurate planning is a financial system that provides timely information to VA leadership. As was reported in Audit of VA’s Financial Statements for Fiscal Years 2016 and 2015, VA’s complex, disjointed, and legacy financial management system architecture has continued to deteriorate over time and no longer meets the increasingly stringent and demanding financial management and reporting requirements mandated by the Department of the Treasury and the Office of Management Budget. VA continues to be challenged in its efforts to apply consistent and proactive enforcement of established policies and procedures throughout its geographically dispersed portfolio of legacy applications and systems. VA announced in October 2016 that it had selected the Department of Agriculture as its Federal shared service provider to deliver a modern financial management solution to replace its existing core financial management system. When completed, this will be a major and critical event for VA in modernizing its system architecture for financial management.

The audit of VA’s FY 2016 Financial Statements also identified Community Care obligations, reconciliations, and accrued expenses as a material weakness. Lack of tools to estimate non-VA Care costs, lack of controls to ensure timely deobligations, and the difficulty in reconciling non-VA Care authorizations to obligations in VA’s Financial Management System, make the accurate and timely management of purchased care funds challenging. In addition, the Office of Community Care (OCC) did not have adequate policies and procedures for its own monitoring activities. OCC’s activities also were not integrated with VA and VHA Chief Financial Officer (CFO) responsibilities under Public Law (P.L.) 101-576, the Chief Financial Officers Act of 1990, to develop and maintain integrated accounting and financial management systems and provide policy guidance and oversight of all Community Care financial management personnel, activities, and operations.

To address the difficulties in estimating costs, VA has requested legislation that would allow VA to record an obligation at the time of payment rather than when care is authorized. In its consolidation plan, VA said this would likely reduce the potential for large deobligation amounts after the funds have expired. We recognize that the current process and system infrastructure are complex and do not provide for effective funds management. We caution that such a change alone—i.e., obligating funds at the time of payment—would not necessarily remove all of VA’s challenges in this area. VA would still need adequate controls to monitor accounting, reconciliation, and
management information processes to ensure they effectively manage funds appropriated by Congress.

VA needs to accurately forecast the demand for health care services in both the near term and the long term. The OIG is required by Section 301 of P.L. 113-146, the Veterans Access, Choice, and Accountability Act of 2014 to review VHA occupations with the largest staffing shortages. We have issued three reports at this time and under the statute we will report for another two years. In our most recent report issued in September 2016, we identified (i) medical officer; (ii) nurse; (iii) psychologist; (iv) physician assistant; and (v) physical therapist/medical therapist as the five critical occupations with the largest staffing shortages. In our initial review and our subsequent reviews, we continue to recommend VHA create a staffing model that considers demand and complexity, and matches that to budget requests and allocations. While VHA has continually concurred with the recommendation, their planned completion date is September 2017. A further delay will result in missed opportunities to request appropriate funding when planning for the FY 2019 budget.

CONCLUSION
The OIG is committed to providing effective oversight of the programs and operations of VA. A number of our reports address the five broad areas noted by GAO in placing VA Health Care on its High Risk list. We will continue to produce reports that provide VA, Congress, and the public with recommendations that we believe will help VA operate its programs and services in a manner that will effectively and timely deliver services and benefits to veterans and spend taxpayer money appropriately.

Mr. Chairman, this concludes my statement and I would be happy to answer any questions that you or other Members of the Committee may have.

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1 OIG Determination of VHA Occupational Staffing Shortages, September 28, 2016.
2 OIG Determination of Veterans Health Administration’s Occupational Staffing Shortages, January 30, 2015.
3 OIG Determination of Veterans Health Administration’s Occupational Staffing Shortages, September 1, 2015.
Testimony of Inspector General John Roth

Before the Committee on Homeland Security and Governmental Affairs

United States Senate

“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”
Chairman Johnson, Ranking Member McCaskill, and Members of the Committee, thank you for inviting me here today to discuss our recommendations to improve the performance of the Department of Homeland Security (DHS).

Since its establishment, DHS has progressed in addressing challenges to accomplish its mission. However, to fulfill its vital mission of protecting and securing our Nation successfully, the Department must continue to overcome challenges that hinder its efforts. The recommendations discussed below demonstrate our efforts to assist the Department and its components in overcoming the persistent challenges. By addressing these recommendations, DHS can continue to improve effectiveness and efficiency of its operations and reduce waste, fraud, and abuse.

**Major Management and Performance Challenges**

Homeland Security faces long-standing challenges, and we at the Office of Inspector General (OIG) have focused our energy on the major management and performance challenges. We have listed six:

- Creating a unified Department;
- Employee morale and engagement;
- Acquisition management;
- Grants management;
- Cybersecurity; and
- Improving management fundamentals.¹

Today, I will focus on the challenges the Department faces in creating a unified Department; acquisition management, with a focus on border and immigration security; and grants management.

**Addressing New Priorities**

With a new Administration, the Department will face new responsibilities. We understand the significant investment the Department will be making to satisfy its obligations under the President’s Executive Order, *Border Security and Immigration Enforcement Improvements*, and the importance of spending that

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investment efficiently and effectively. The Department has historically performed very poorly in this area. As many recall, prior efforts to fortify the southwest border, known as SBInet, were cancelled in 2011 as being too expensive and ineffective. In a pilot program in Arizona, DHS spent about $1 billion to build the system across 53 miles of the state’s border before abandoning the initiative.²

Given the risks involved, we will be using a lifecycle approach to audit and monitor the Department’s actions to strengthen the physical security of the Nation’s southern border. A lifecycle audit approach means that we will be auditing the project throughout its life span, rather than waiting for the project to be completed or partially completed before looking at it. In this way, we have an opportunity to stop waste and mismanagement before the money is spent, rather than simply identifying it after the fact.

Our first report will address lessons learned from the Department’s prior Secure Border Initiative and other relevant acquisitions related to securing our borders. We hope to have this report out in the next six weeks. Subsequently, we plan to review U.S. Customs and Border Protection’s (CBP) comprehensive study of the security of the southern border that the Executive Order requires be completed within 180 days of the date of the Executive Order. Future audits will address the planning, designing, acquisitions, and construction phases of the southern border barrier.

Similarly, the Department will face a number of challenges in executing the President’s Executive Orders directing the Department to hire an additional 5,000 Border Patrol Agents and 10,000 Immigration Officers. We recently completed an audit that highlighted numerous bottlenecks in effective hiring. We found that historically DHS components had insufficient staffing in the human resource area and had inadequate systems to track and process applicants. In fiscal year (FY) 2015, it took an average of 282 days (over 9 months) to hire a Border Patrol Agent, measured from the time the job announcement closed to the date the applicant was hired. Other positions likewise encountered significant delays.³

As with the acquisition area, I have initiated the first in a series of audits to further review the Department’s human capital strategies and management

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² See, e.g., Risk Management Advisory for the SBInet Program Initiation, OIG-07-07 (November 2007): Controls Over SBInet Program Cost and Schedule Could Be Improved, OIG-10-96 (June 2010); U.S. Customs and Border Protection’s Management of the Purchase and Storage of Steel in Support of the Secure Border Initiative, OIG-12-05 (November 2011);
³ DHS Is Slow to Hire Law Enforcement Personnel, OIG-17-05 (October 2016).

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capabilities to ensure the Department can quickly and effectively hire a highly qualified and diverse workforce. Our first engagement will compile and review open source literature, other government reports, and prior work of our office to help the Department and its components avoid previously identified poor management practices and their negative impacts. Subsequent audits will address the collateral impact hiring 15,000 agents and officers will have not only on other Departmental components, but also on other Federal agencies.

Likewise, as we announced in the beginning of this month, we have begun a review of DHS’ implementation of the recent Executive Order, Protecting the Nation from Foreign Terrorist Entry into the United States. The review is being initiated in response to congressional requests and whistleblower and hotline complaints. In addition to reviewing the implementation of the Executive Order, we will review DHS’ adherence to court orders and allegations of individual misconduct on the part of DHS personnel. If circumstances warrant, we will consider including other issues that may arise during the course of the review. At the culmination of this review, we will provide a final report to Secretary Kelly, the Congress, and the public. We appreciate the cooperation we have received from the Department’s components as we conduct this review.

Creating a Unified Department

DHS’ primary challenge moving forward is transitioning from an organization of 22 semi-independent components, each conducting its affairs without regard to, and often without knowledge of, other DHS components’ programs and operations, to a more cohesive entity focused on the central mission of protecting the homeland. A lack of coordination and unity occurs in all aspects of DHS’ programs—planning, programing, budgeting, and execution—and leads to waste and inefficiency.

Our previous audit and inspection reports are replete with examples of the consequences of failing to act as a single entity:

- Our 2013 audit of DHS’ H-60 helicopter programs showed that components did not cooperate with another to realize potential cost savings and other efficiencies. Specifically, CBP was unwilling to coordinate with the Coast Guard to upgrade its H-60 helicopters, even though both components were converting the same helicopters. We estimated potential savings of about $126 million if the two components had successfully coordinated the conversion of CBP’s H-60 helicopters at the Coast Guard’s Aviation Logistics Center. A subsequent H-60 Business Case Analysis by DHS’ Office of Chief Readiness Support
OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Officer, the Aviation Governing Board, the Coast Guard, and CBP confirmed the cost savings of having the Coast Guard convert the helicopters, but it was too late.4

- DHS employs approximately 80,000 Federal law enforcement officers whose positions allow for the use of force as they perform their duties; however, DHS does not have an office responsible for managing and overseeing component use-of-force activities. We discovered that each component varies on its use-of-force activities and DHS has no centralized oversight of use-of-force allegations, trends, training, facilities, and resource challenges faced by field personnel. We recently recommended that DHS establish a department-level entity to actively oversee and assist with component use-of-force activities, update policies, and improve training.5

- Since its formation, DHS has faced challenges in integrating various component training facilities and programs, and does not have adequate oversight of its workforce training. Multiple prior audits have shown DHS does not have reliable training cost data and information to make informed management decisions. During our 2016 audit, we attempted to determine total DHS training costs for FYs 2014 and 2015. When we requested DHS training costs from the DHS Office of the Chief Financial Officer (OCFO), it could not readily provide the data. The OCFO did not have access to components’ financial systems; rather, it relied on data calls to provide the training costs and could not validate the data. As a result, we found significant discrepancies between the total amounts reported by DHS. Although DHS has taken steps to improve the reliability of its training data, further action is needed—thus, we recommended that the Under Secretary for Management develop and implement a process to accurately capture and report training information across DHS.6

- In January 2016, we issued a report on human trafficking and the visa process. Our audit objectives were to determine how individuals charged with or convicted of human trafficking used legal means to bring victims to the United States, and to identify data quality and exchange issues that may hinder efforts to combat human trafficking. In this audit, we compared databases belonging to U.S. Immigration and Customs Enforcement (ICE) and to U.S. Citizenship and immigration Services

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4 DHS’ H-60 Helicopter Programs (Revised), OIG-13-89 (May 2013).
5 DHS Lacks Oversight of Component use of Force, OIG-17-22 (January 2017).
6 DHS’ Oversight of Its Workforce Training Needs Improvement, OIG-16-19 (January 2016).

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ICE and USCIS could improve data quality to facilitate data matching and identification of possible instances of human trafficking. For example, when ICE employees identified a human trafficker, they did not always advise USCIS regarding the victims they identified. In turn, in selected instances where USCIS obtained traffickers’ names from victims, USCIS did not have a process to routinely share this information with ICE. Without concerted DHS efforts to collect and share information, the risk exists that some human traffickers may remain unidentified and free to abuse other individuals.7

DHS has taken steps to develop a Departmental Pandemic Workforce Protection Plan (PWPP) intended to protect the workforce during a pandemic event. However, DHS cannot be assured that its preparedness plans can be executed effectively during a pandemic event. For example, DHS has not developed clear requirements for pandemic readiness training, even though the DHS PWPP requires components to train and exercise staff and senior leadership on pandemic readiness at least annually. The Department did not provide details on applicable trainings or the frequency needed to meet this requirement. As a result, seven of the components reviewed did not always include the necessary details in their plans on how pandemic training requirements would be met.8

Despite these examples, progress has been made both in tone and substance. In the last 3 years, DHS leadership has taken steps to forge multiple components into a single organization. New policies and directives have been created to ensure cohesive budget planning and execution, including ensuring a joint requirements process. The Department also has a process to identify and analyze its mission responsibilities and capabilities, with an eye toward understanding how components fit together and how each adds value to the enterprise. A new method for coordinating operations, the Southern Border and Approaches Campaign, was created to try to reduce the silos and redundancy.

However, in our report issued last November, describing the Department’s major management challenges, we found that this progress has been a result of the force of will of a small team within the Department’s leadership, and may not be sustainable. We warned that absent structural changes within the Department to ensure streamlined oversight, communication, responsibility,

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7 ICE and USCIS Could Improve Data Quality and Exchange to Help Identify Potential Human Trafficking Cases, OIG-16-17 (January 2016).
8 DHS Pandemic Planning Needs Better Oversight, Training, and Execution, OIG-17-02 (October 2016).

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and accountability—changes that we believe must be enshrined in law—this progress could be undone.

Fortunately, I am gratified to report that the National Defense Authorization Act for Fiscal Year 2017 establishes within the Department the Office of Strategy, Policy, and Plans. This Office, headed by a Presidentially-appointed, Senate confirmed Under Secretary, will lead, conduct, and coordinate the development of the Department’s priority policies and will work with each component of the Department in establishing or modifying policies. We believe that the creation of this new office is an important first step toward the structural changes that are needed to create a unified Department.

**Acquisition Management**

Acquisition management, which is critical to fulfilling all DHS missions, is inherently complex, high risk, and challenging. Since its inception in 2003, the Department has spent tens of billions of dollars annually on a broad range of assets and services—from ships, aircraft, surveillance towers, and nuclear detection equipment to IT systems for financial management and human resources. DHS’ yearly spending on contractual services and supplies, along with acquisition of assets, exceeds $25 billion. There continue to be DHS major acquisition programs that cost more than expected, take longer to deploy than planned, or deliver less capability than promised.

The Department was established very quickly by combining many legacy and new agencies, so DHS’ earliest acquisition processes were imperfect and slow to mature. Initially, DHS operated in disparate silos focused on purchasing goods and services with minimal management of requirements. In their transition to DHS, seven agencies, including the Coast Guard, FEMA, and TSA retained their own procurement functions. The expertise and capability of the seven procurement offices mirrored their pre-DHS expertise and capability, with staff sizes ranging from 21 to 346.

Although DHS has made much progress since then, it has not yet coalesced into one entity working toward a common goal. The Department still lacks uniform acquisition policies and procedures, a dedicated core of acquisition professionals, as well as component commitment to adhere to departmental acquisition guidance, adequately define requirements, develop performance measures, and dedicate sufficient resources to contract oversight.

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Current Challenges

A good example of the challenges faced can be seen in USCIS’ efforts to automate the processing of immigration benefits. USCIS still uses a paper file system to process immigration benefits and spends $300 million per year just to store and transport its 20 million immigrant paper files. USCIS has been attempting to automate this process since 2005, but despite spending more than $800 million on the technology program between FYs 2008 and 2012, little progress has been made. Past automation attempts have been hampered by ineffective planning, multiple changes in direction, and inconsistent stakeholder involvement. USCIS deployed the Electronic Immigration System (ELIS) in May 2012, but to date, customers can apply online for only 2 of about 90 types of immigration benefits and services. USCIS now estimates that it will take 3 more years—more than 4 years longer than estimated—and an additional $1 billion to automate all benefit types as expected.10

These failures have a real impact on our national security. Because of processing errors resulting from premature release of ELIS software, USCIS received over 200,000 reports from approved applicants about missing green cards. The number of cards sent to wrong addresses has incrementally increased since 2013 due in part to complex processes for updating addresses, ELIS limitations, and factors beyond the agency’s control. USCIS produced at least 19,000 cards that included incorrect information or were issued in duplicate. Most card issuance errors were due to design and functionality problems in ELIS. USCIS’ efforts to address the errors have been inadequate. Although USCIS conducted a number of efforts to recover the inappropriately issued cards, these efforts also were not fully successful and lacked consistency and a sense of urgency. Errors can result in approved applicants unable to obtain benefits, maintain employment, or prove lawful immigration status. In the wrong hands, Green Cards may enable terrorists, criminals, and illegal aliens to remain in the United States and access immigrant benefits.11

Finally, we issued a management alert as it related to the USCIS rollout of the N-400 form on ELIS in April of last year. The use of ELIS has impaired the ability of USCIS Immigration Services Officers and field personnel to conduct naturalization processing. In the course of our audit work, we discovered significant deficiencies in background and security checks for applicants, including 175 applicants who were granted citizenship with incomplete or inaccurate background checks. We are pleased to report that USCIS has agreed

10 USCIS Automation of Immigration Benefits Processing Remains Ineffective, OIG-16-48 (March 2016).
11 Better Safeguards are Needed in USCIS Green Card Issuance, OIG-17-11 (November 2016)
to delay the return to ELIS processing until all of the technical issues have been resolved.\textsuperscript{12}

DHS has instituted major reforms to the acquisition process and has exerted significant leadership to gain control of an unruly and wasteful process. However, we worry that these reforms, if not continuously supported and enforced, could be undone. As DHS continues to build its acquisition management capabilities, it will need stronger departmental oversight and authority, increased commitment by the Department and components, as well as skilled personnel to effect real and lasting change.

\textit{Acquisition Legislation}

Congress has previously introduced legislation designed to address DHS’ acquisition challenges. We would support legislation that codifies existing policy and relevant offices; provides the necessary authority for key personnel and mechanisms within the Department to effectively manage major acquisition programs; reinforces the importance of key acquisition management practices, such as establishing cost, schedule, and capability parameters; and includes requirements to better identify and address poorly performing acquisition programs.

\textit{Grants Management}

FEMA manages the Federal response to, and recovery from, major domestic disasters and emergencies of all types. In doing so, FEMA coordinates programs to improve the effectiveness of the whole community and leverages its resources to prevent, protect against, mitigate, respond to, and recover from major disasters, terrorist attacks, and other emergencies. In this role, FEMA awards an average of about $10 billion each year in disaster assistance grants and preparedness grants.

Based on the work and findings of OIG Emergency Management Oversight teams deployed to disaster sites in nearly a dozen states, we determined that FEMA generally responds effectively to disasters. For the disaster sites we visited, FEMA responded proactively and overcame a variety of challenges while coordinating activities with other Federal agencies and state and local

\textsuperscript{12} Management Alert - U.S. Citizenship and Immigration Services’ Use of the Electronic Immigration System for Naturalization Benefits Processing, OIG-17-26-MA (January 2017)

www.oig.dhs.gov
governments. FEMA remains a victim-centric organization, committed to its disaster response mission notwithstanding an increased operational tempo.\textsuperscript{13}

However, FEMA’s other mission—administering recovery grants, often years after the disaster—remains significantly troubled. Although FEMA provides grant management funding to grantees, FEMA has not held them accountable for managing subgrantees, and grantees generally have not done well in guiding and managing subgrantees. This means the entire layer of oversight intended to monitor the billions of dollars awarded by FEMA in disaster assistance grants is ineffective, inefficient, and vulnerable to fraud, waste, and abuse. Of the $1.55 billion in disaster grant funds we audited last year, we found $457 million in questioned costs, such as duplicate payments, unsupported costs, improper procurement practices, and unauthorized expenditures. Extrapolated across the entire grant program, this equates to $3 billion in questioned costs. A 29 percent questioned-cost rate far exceeds industry norms, and illustrates FEMA’s continued failure to adequately manage grants.\textsuperscript{14}

We also saw examples of inadequate grant management in preparedness grants. In an overarching audit of OIG recommendations related to preparedness grants, we reported that FEMA had not adequately analyzed recurring recommendations to implement changes to improve its oversight of these grants. This occurred because FEMA did not clearly communicate internal roles and responsibilities and did not have policies and procedures to conduct substantive trend analyses of audit recommendations.\textsuperscript{15}

Part of the problem is that FEMA has not sufficiently held grant recipients financially accountable for improperly spending disaster relief funds. As of September 27, 2016, FEMA has not taken sufficient action on 24 recommendations containing 90 percent ($413 million) of the $457 million we recommended FEMA disallow as improperly spent or not sufficiently supported. Further, in FYs 2009 through 2014, FEMA allowed grant recipients to keep 91 percent of the contract costs we recommended for disallowance for noncompliance with Federal procurement regulations. Because FEMA regularly waives these questioned costs, the subgrantees have no motivation

\textsuperscript{13}See, e.g., FEMA’s Initial Response to Severe Storms and Flooding in West Virginia, OIG-17-37-D (February 2017); FEMA Was Generally Effective in Its Initial Response to the Severe Wildfires in California, OIG-16-106-D (June 2016); FEMA’s Initial Response to the 2015 Texas Spring Severe Storms and Flooding, OIG-16-85-D (May 2016).

\textsuperscript{14}Summary and Key Findings of Fiscal Year 2015 FEMA Disaster Grant and Program Audits, OIG-17-13-D (November 2016).

\textsuperscript{15}Analysis of Recurring Audit Recommendations Could Improve FEMA’s Oversight of HSGP, OIG-16-49 (March 2016).

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to comply with basic contracting and acquisition principles, and the problem will continue to fester.\textsuperscript{16}

We believe the answer to the problem is three fold. First, there must be a significant leadership and management commitment to address these findings. We have not found that to be the case thus far. In addition to the significant waiver percentage, the open recommendations, and the multiple repeat recommendations, FEMA’s own strategic plan shows a lack of attention to the matter. FEMA has five strategic priorities, 16 objectives outcomes, none of which addresses grants management. There has been little public acknowledgement of the need for improvement, and as far as we can tell, little high-level attention to the problem.

Second, as noted, FEMA has the ability to hold the grantees, which generally are each state, more accountable, but does not do so. We have issued report after report documenting the failures of the grantees to do the basic grant management duties for which FEMA pays them. For example, we found that Mississippi did not provide proper oversight of a $29.9 million grant provided to retrofit homes for potential storm damage. As a result, FEMA has no assurance that Mississippi properly accounted for and expended Federal funds. Among other basic failures, Mississippi failed to ensure separation of duties—a basic tenet of internal control—and did not provide documentation for over $30 million it claimed it paid to contractors.\textsuperscript{17} We have made similar findings on other State grantees who have failed to provide basic oversight and guidance to subgrantees during the execution of the grant program.\textsuperscript{18}

\textsuperscript{16} FEMA Can Do More to Improve Public Assistance Grantees’ and Subgrantees’ Compliance with Federal Procurement Rules. OIG-16-126-D (September 2016).

\textsuperscript{17} FEMA Should Suspend All Grant Payments on the $29.9 Million Coastal Retrofit Program Until Mississippi Can Properly Account for Federal Funds. OIG-16-115-D (August 2016).

\textsuperscript{18} See, e.g., FEMA Should Disallow $1.2 Million of $6.6 Million in Public Assistance Program Grant Funds Awarded to the City of San Diego, California, OIG-16-23-D (January 2016); FEMA Should Recover $1.2 Million of $10.1 Million in Grant Funds Awarded to Tuscaloosa, Alabama, for a 2011 Disaster, OIG-16-24-D (January 2016); FEMA Should Recover $305,549 of $3.3 Million in Public Assistance Grant Funds Awarded to DeKalb County, Georgia, for Damages from a September 2009 Flood, OIG-16-09-D (November 2015); FEMA Should Recover $4.2 Million of $143.1 Million in Grant Funds Awarded to the City of Gulfport, Mississippi, for Hurricane Katrina Damages, OIG-15-148-D (September 2015); FEMA Should Recover $2.4 Million in Grant Funds Awarded to Riverside General Hospital, Houston, Texas, OIG-15-149-D (September 2015); FEMA Should Recover $1.78 Million of Public Assistance Grant Funds Awarded to the City of Duluth, Minnesota, OIG-15-152-D (August 2015); FEMA Should Disallow $82.4 Million of Improper Contracting Costs Awarded to Holy Cross School, New Orleans, Louisiana, OIG-15-65-D (April 2015).
Finally, that the problem is systemic and persistent means that the current legal, regulatory, and management structure may need to be changed. FEMA administers grants to over 100,000 subgrantees, a number that is simply too large for FEMA to manage. In theory, it should be able to rely on the state-level grantees to conduct oversight, but as we have seen time and again, FEMA has been unable or unwilling to do so. A new structure—one that both empowers the states and holds them accountable for results—is needed to enhance accountability, decision making, and transparency. We have started to explore with your staff some potential systemic solutions, which may require legislation, and we look forward to working with you on this important issue.

Mr. Chairman, this concludes my testimony. I am happy to answer any questions you or other members of the committee may have.
Post-Hearing Questions for the Record
Submitted to the Honorable Gene Dodaro
From Senator Heidi Heitkamp

“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”

February 15, 2017

1. GAO has added “Improving Federal Programs that Serve Tribes and Their Members” to its high risk list. In your testimony, you made note that many of the recommendations GAO has made to the Bureau of Indian Education, the Bureau of Indian Affairs and the Indian Health Services have not been “fully resolved.” What are some of the reasons that the recommendations have not been fully resolved?

**Education**

Of the 13 recommendations we have made to the Office of the Assistant Secretary for Indian Affairs (Indian Affairs) regarding Indian education in the last 3 years, 11 recommendations remain open. For three of the open recommendations, Indian Affairs has not provided documentation that it has planned or implemented any changes that address our recommendations. For example, in March 2016 we recommended that Indian Affairs develop a plan to build Bureau of Indian Education (BIE) schools’ capacity to promptly address safety and health issues at school facilities. As of March 2017, Indian Affairs has not provided us any information that it has developed and implemented such a plan.

With other recommendations, Indian Affairs has taken some initial steps but has not followed through with full implementation. For example, Indian Affairs developed a strategic plan for BIE to respond to a recommendation in our September 2013 report. However, Indian Affairs has not finalized BIE’s strategic plan, which has remained in draft status for several years. In another case, Indian Affairs proceeded with changes that did not substantively address the recommendation. Specifically, Indian Affairs developed a workforce plan in 2016 in response to a recommendation in our September 2013 report, but the plan did not address our central requirement that the plan include information on the employees that provide administrative support to BIE schools. In particular, we found that the plan contained little or no specific information about vacancies among these staff, how they are distributed in the organization, and gaps in their skills and competencies to provide administrative support to BIE schools.

**Healthcare**

For some recommendations to the Indian Health Service (IHS) that remain open, IHS officials have stated that the agency has taken action to implement them, but has not provided sufficient documentation of its actions. For example:

- **Estimating Purchased/Referred Care (PRC) needs.** In fiscal year 2011, we recommended that IHS develop more accurate data for estimating the funds needed for the PRC Program—previously referred to as the Contract Health Services program—and improving IHS oversight. We recommended that IHS do so by developing a written policy documenting how it evaluates need for the PRC program and disseminate it to area
offices and PRC programs to ensure they understand how unfunded services data are used to estimate overall program needs. We also recommended that IHS provide written guidance to PRC programs on a process to use when funds are depleted and there is a continued need for services, and monitor to ensure that appropriate actions are taken. In response, IHS officials reported that IHS had been working on a comprehensive update of a policy chapter related to the PRC program since December 2012, due to be completed in September 2016. However, IHS has not provided us with any documentation to support that this has been completed.

- **Preparing for expanded Medicaid eligibility.** In fiscal year 2013, we recommended that IHS prepare for the increase in eligibility for expanded Medicaid and new coverage options, and the need for enrollment assistance and billing capacity, by realigning current resources and personnel to increase capacity to assist with these efforts. As of January 2017, IHS has reported that it developed a business plan template to help maximize capacity building and enrollment activities at the local level in coordination with IHS Headquarters and Area Offices. The agency reported that it will monitor the overall implementation process through performance plan evaluations of local leadership by their respective Area Directors. However, IHS officials have provided no documentation to support that this has been completed.

Some open IHS recommendations were made just recently, and IHS has not yet fully implemented them. For example:

- **Developing agency-wide standards for patient wait times.** In fiscal year 2016, we recommended that IHS develop and communicate specific agency-wide standards for patient wait times in federally operated facilities, monitor patient wait times, and take corrective actions when standards are not met. IHS stated that it agreed with the need to improve patient wait times at IHS federally-operated facilities to ensure that primary care is available and accessible to Indians. IHS described its plan to establish an Office of Quality Health Care at IHS Headquarters to provide national policies for and oversee critical quality improvement strategies, and to ensure their success and accountability. As of January 2017, IHS had not yet established the Office of Quality Health Care, and has not developed agency-wide standards for patient wait times in federally operated facilities.

- **Developing agency-wide standards for quality of care.** In fiscal year 2017, we recommended that IHS develop agency-wide standards for the quality of care provided in its federally operated facilities, systematically monitor facility performance in meeting these standards over time, and enhance its adverse event reporting system. As of January 2017, IHS has not yet implemented this recommendation.

For other open recommendations, IHS has not implemented them. For example:

- **Allocating Purchased/Referred Care funds more equitably.** In fiscal year 2012, we made multiple recommendations to IHS in an effort to make the allocation of PRC funds more equitable. We recommended that IHS (1) develop written policies and procedures to require area offices to notify IHS when changes are made to the allocations of funds to PRC programs; (2) use actual counts of PRC users, rather than all IHS users, in any formula for allocating PRC funds that relies on the number of active users; and (3) use variations in levels of available hospital services, rather than just the existence of a
qualifying hospital, in any formula for allocating PRC funds that contains a hospital access component. IHS did not concur with our recommendation to use actual counts of PRC users, stating that the combined count of all users is intended to reflect the health care needs of PRC users. However, the current count of active PRC users does not reflect those who actually received PRC services, and because PRC program increases are intended to reflect variations in the numbers of PRC users among areas, we continue to believe that IHS should use counts of actual PRC users in determining program increases. IHS concurred with the other two recommendations, but as of January 2017, the agency has not implemented these recommendations.

Legislation introduced in the House and reported out of committee in 2016 would have required IHS to establish regulations to develop and implement a revised PRC distribution formula taking into account certain factors that may vary across areas. Also, a 2016 bill’s accompanying House Report would have directed the agency to allocate an increased funding increment resulting from the 2017 Department of Interior regular appropriation, H.R. 5538, pursuant to a specified allocation formula that may vary across areas. Neither bill became law.

- **Streamlining program eligibility requirements.** In fiscal year 2014, we recommended that, as HHS and IHS monitor the effect that new coverage options available to IHS beneficiaries through the Patient Protection and Affordable Care Act have on PRC program funds, IHS should proactively develop potential options to streamline program eligibility requirements. HHS agreed with the premise that Medicaid eligibility expansion and private insurance for more American Indians and Alaska Natives would reduce the demand for PRC services and noted that IHS would monitor the effects of new coverage on program funds and develop options to improve and streamline the PRC program processes. However, as of January 2017, IHS had not implemented this recommendation.

**Energy**

BIA has taken some actions that will help it to address our recommendations related to federal management of Indian energy resources and the development process, but these actions are generally limited in scope and more actions are needed to fully resolve the recommendations. For instance, in June 2015, we recommended that BIA develop a documented process to track its review and response times for energy development activities. In response, BIA stated it will try to implement a tracking and monitoring mechanism by the end of fiscal year 2017 for oil and gas leases. However, BIA did not indicate whether it intends to track and monitor how it reviews other energy-related documents that must be approved before resources are developed. We continue to believe BIA needs to take additional actions to ensure its process to review and approve all energy-related documents is transparent, effective, and efficient.

In response to other recommendations, BIA stated it will consider taking actions but has not provided additional information regarding its intentions. For example, in June 2015, we recommended that Interior provide clarifying guidance on provisions of Tribal Energy Resource Agreement regulations that tribes identified as unclear. In response, Interior officials stated that the agency is considering further guidance, but it has not provided additional information on whether the guidance will be issued or a timeframe for making this determination. Further, in response to some recommendations, BIA identified actions it will take but added the actions are
dependent on budget and resource availability. In June 2015, we recommended BIA take steps to complete geographic information system (GIS) mapping capabilities. BIA responded that a national dataset composed of all Indian land tracts and boundaries with visualization functionality will be completed within 4 years, depending on budget and resource availability.

2. How can Congress do a better job in providing oversight of these programs?

Congress could increase oversight of federal agencies’ management of programs that serve tribes and their members in several ways. In addition to considering legislation to require agencies to carry out specific actions that Congress deems appropriate, congressional committees could direct agencies to provide regular written updates and/or briefings to the committees on their progress in meeting goals and implementing our recommendations. Also, Congress could hold more hearings on these programs, which could increase the visibility of management problems and exert greater pressure on agencies to implement our recommendations.
1) As a preliminary judgment, would the integration of these processes be feasible? 
What efficiencies could be gained and what challenges would Census or IRS face?

We have not studied the integration of the census and tax filing, and are thus limited in what we can say about its feasibility. Although there could be opportunities for efficiencies depending on the approach used, significant challenges exist to a broad integration of census response and tax filing processes that would first need to be addressed. They include, for example,
- differences in key definitions (e.g., IRS and the Census Bureau may define “household” differently; “Census Day” is April 1 while the tax return filing deadline is April 15);
- differences in population coverage (e.g., not everyone is required to file an income tax return);
- willingness to participate (e.g., trust in either the Bureau’s or IRS’s use of the data may affect who participates);
- role of third-parties (e.g., most tax filing occurs through third parties); and
- information technology challenges of integrating systems, and legal challenges of resolving any statutory changes that may be needed, as discussed below.

For the 2020 Census, it appears infeasible to integrate these processes due to the short period remaining before the start of the US Census Bureau’s 2018 End-to-End Test, which is scheduled to begin later in this calendar year. The changes that would be needed to procedures and systems would be too great and come too late to include in the Bureau’s final major test for the 2020 Census. We have previously reported on the need to establish early buy-in on census methods, as well as the risks of introducing significant change late in the process.

Nevertheless, the Bureau has worked with IRS over the years to leverage IRS data that the Bureau believes improves operations and reduces cost. There may be additional opportunities for the Bureau and IRS to work with each other to identify efficiencies or address these challenges beyond the 2020 Census.

2) Are there any statutory or other impediments to integrating these processes?

There are constitutional and statutory impediments to integrating filing the decennial census with individual tax returns. Article 1 Section 2 of the Constitution requires enumeration of all persons; therefore any attempt at integration would have to ensure that all individuals are enumerated. It is important to note, however, that the Internal Revenue Code does not require everyone to file an income tax return each year. See, e.g., 26 U.S.C. § 6012. Consequently, there would be individuals in the year of the census that would not be required to file tax returns and who would need to be counted under an alternative process.
In addition to the Constitution, Title 13 of the United States Code governs the operations of the Census Bureau. Specifically, Section 9 of Title 13 requires officers or employees of the “Department of Commerce or bureau or agency thereof, or local government census liaison” to keep information gained under Title 13 confidential and not use the information “for any purpose other than the statistical purposes for which it is supplied.” \(13\text{ U.S.C. \S} 9(a)(1)\). To achieve integration, were the data to be visible to the Internal Revenue Service (IRS), this provision would need to be amended to provide for disclosure of Title 13 information to IRS.

Also, Section 141 of Title 13 requires the census to occur on April 1st, therefore this date may have to be adjusted to align with IRS’ tax filing season and the due date for filing returns plus allowable extensions. \(13\text{ U.S.C. \S} 141(a)\). Furthermore, Section 141 requires the tabulation of the population required for the apportionment of representatives in Congress be completed “within 9 months after the Census date.” \(13\text{ U.S.C. \S} 141(h)\), and IRS’s allowable extension might interfere with this. Additionally, this tabulation must be provided to states within 1 year after the census date for purposes of redistricting. \(13\text{ U.S.C. \S} 141(c)\). Efforts to integrate the IRS and census processes would have to reconcile the time limitations in Section 141.

Title 26 governs the disclosure of taxpayer data by the IRS. Section 6103 of Title 26 contains two subsections that may, depending on the manner in which integration is carried out, need to be amended. Section 6103(a) protects tax return information by prohibiting employees or officers of IRS from disclosing “any return or return information obtained by him in any manner in connection with his service as such an officer or an employee or otherwise or under the provisions of this section.” While Section 6103(j) specifically authorizes IRS to disclose tax information to the Census Bureau, that disclosure is “only to the extent necessary in, the structuring of censuses and national economic accounts and conducting related statistical activities authorized by law.” These sections may need to be amended depending on the integration’s structure.

Finally, other impediments to integrating these processes are outlined in the response to Question 1.
“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”

February 15, 2017

2020 Census: Cyber Security

The Bureau has developed a “systems of systems” called the Census Enterprise Collection and Processing (CEDCAP) initiative that serves as the backbone for the 2020 Census operations. The redesign of the 2020 Census relies on CEDCAP’s ability to function properly. In 2016, the Government Accountability Office (GAO) reported on the challenges the Bureau faces in managing the interdependencies between the 2020 Census and CEDCAP programs, as well as challenges it faces in ensuring the security and integrity of Bureau systems and data.

1. Please expound on GAO’s specific concerns related to the implementation of CEDCAP’s 14 systems and the security issues that the Bureau could face if GAO’s recommendations are not met before the 2018 End-to-End Test.

The Bureau has much work left to do to develop CEDCAP systems and to integrate them with other legacy systems in preparation for the 2018 End-to-End Test, which is scheduled to begin in August 2017. In total, the Bureau plans to integrate about 50 systems for this test, including those to gather information via the internet, phone, or through door-to-door data collection. However, a great deal of development work remains to be completed, selected system development efforts are behind schedule, key infrastructure procurements have not been made, and the Bureau is still finalizing development and test plans.

In August and November 2016, we reported that the majority of the 50 systems for the 2018 End-to-End Test were being managed by the 2020 Census Program, while 11 of the 50 systems were being developed as part of the enterprise-wide CEDCAP Program. However, we found that the Bureau was not effectively managing the integration of schedules, risks, and requirements between the two Programs. We recommended (among other things) that the two Programs maintain a single dependency schedule, establish an integrated list of all interdependent risks, and finalize the processes for managing requirements.

Bureau officials acknowledged weaknesses in managing the interdependencies between the two programs, and responded that they were taking steps to address our recommendations, such as by monitoring interdependent risks through an integrated risk register. Nevertheless, time is running out to effectively integrate schedules and address risks before the start of the 2018 test. If this is not accomplished, the bureau may not be
able to ensure critical systems are included in the End-to-End test, a key milestone in the bureau’s approach to the 2020 Decennial Census.

Further, the Bureau faces significant challenges in securing systems and data. Because many of the systems to be used in the 2018 End-to-End test are not yet fully developed, the Bureau has not finalized all of the controls to be implemented, completed an assessment of those controls, developed plans to remediate any control weaknesses, and determined whether there is time to fully remediate any weaknesses before the system test begins. We have previously reported that tight time frames (such as those the Bureau faces in the run up to 2018 End-to-End test beginning in August 2017) can exacerbate these types of security challenges. Given the short window of time before the test is to begin, it is important that the Bureau continue to focus its attention on implementing and securing the systems that are to collect and store the personal information of millions of American people.

2. Given the challenges of implementing the CEDCAP systems and the redesign for the 2020 Census, are you confident that the Bureau will be ready for its planned 2018 End-to-End test and for the 2020 Census Day?

Given the challenges that we have identified in our work, we are not optimistic that the Bureau will be ready for all aspects of the 2018 End-to-End test set to begin in August 2017. As previously discussed, a great deal of system development work needs to be completed, infrastructure procurements still need to be completed, and development and test plans need to be finalized. The 2018 End-to-End test is the last major operational test prior to the 2020 Census, and is meant to test all key systems and operations to ensure readiness for the 2020 Census. If the Bureau fails to adequately test the systems and technology during the 2018 End-to-End test, it increases the risk that systems and technology may experience issues during 2020 Census operations.

Legacy Systems

In 2015, GAO added improving government management of IT acquisitions and operations to its list of high-risk areas. GAO’s 2017 report notes that the executive branch manages more than $80 billion in federal IT investments, but that unfortunately, these projects “too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes.”

One of the primary reasons for this problem is that nearly 75% of the government’s funding for IT systems is spent on operating and maintaining existing legacy information technology systems, which are becoming increasingly obsolete. The remaining 25% (approximately $20 billion) is spent on new developments.

3. How does maintaining this kind of funding imbalance impact the federal government’s ability to invest in new information technology solutions?
Over the past 7 fiscal years, federal agencies’ spending on operating and maintaining their legacy systems has steadily increased, while the amount invested in developing new systems has continually decreased. Specifically, the amount that federal agencies have invested in developing new systems has decreased by about $7.3 billion since fiscal year 2010. Such an imbalance means that agencies are not innovating and improving mission performance to the extent needed.

In addition, agencies are not required to identify, evaluate, and prioritize their existing investments to determine whether they should be kept as-is, modernized, replaced, or retired. The Office of Management and Budget (OMB) has created draft guidance that would require agencies to identify and prioritize legacy information systems that are in need of replacement or modernization, but has not finalized this guidance.

4. How many legacy IT systems does the federal government maintain that are more than 20 years old? Please list them.

We do not have information identifying the exact number of the systems that are more than 20 years old. However, our work has shown that federal legacy IT investments are becoming increasingly obsolete. Many use outdated software languages and hardware parts that are unsupported. In our May 2016 report, selected agencies reported using several systems that have components that are, in some cases, at least 50 years old. Table 1 provides seven examples of legacy systems across the federal government that agencies report are more than 30 years old and use obsolete software or hardware.

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<thead>
<tr>
<th>Agency</th>
<th>Investment or system</th>
<th>Description</th>
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<tbody>
<tr>
<td>Individual Master File</td>
<td>The authoritative data source for individual taxpayers where accounts are updated, taxes are assessed, and refunds are generated. This investment is written in assembly language code—a computer code that is difficult to write and maintain—and operates on an IBM mainframe.</td>
<td>~56 No - The agency has general plans to replace this investment, but there is no firm date associated with the transition.</td>
</tr>
<tr>
<td>Business Master File</td>
<td>Retains all tax data pertaining to individual business income taxpayers and reflects a continuously updated and current record of each taxpayer’s account. This investment is also written in assembly language code and operates on an IBM mainframe.</td>
<td>~56 No - The agency has general plans to update this system, but there is no time frame established for this transition.</td>
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<tr>
<td>Agency</td>
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<tr>
<td>Department of Defense</td>
<td>Strategic Automated Command and Control System</td>
<td>Coordinates the operational functions of the United States’ nuclear forces, such as intercontinental ballistic missiles, nuclear bombers, and tanker support aircrafts. This system runs on an IBM Series/1 Computer—a 1970s computing system—and uses 8-inch floppy disks.</td>
</tr>
<tr>
<td>Department of Veterans Affairs</td>
<td>Personnel and Accounting Integrated Data</td>
<td>Automates time and attendance for employees, timekeepers, payroll, and supervisors. It is written in Common Business Oriented Language (COBOL)—a programming language developed in the 1950s and 1960s—and runs on an IBM mainframe.</td>
</tr>
<tr>
<td>Department of Veterans Affairs</td>
<td>Benefits Delivery Network</td>
<td>Tracks claims filed by veterans for benefits, eligibility, and dates of death. This system is a suite of COBOL mainframe applications</td>
</tr>
<tr>
<td>Department of Justice</td>
<td>Sentry</td>
<td>Provides information regarding security and custody levels, inmate program and work assignments, and other pertinent information about the inmate population. The system uses COBOL and Java programming languages.</td>
</tr>
<tr>
<td>Social Security Administration</td>
<td>Title II Systems</td>
<td>Determines retirement benefits eligibility and amounts. The investment is comprised of 162 subsystems written in COBOL.</td>
</tr>
</tbody>
</table>

Source: GAO analysis of IT Dashboard data, agency documentation, and interviews. | GAO-16-619
Note: Age was reported by agencies. Systems and investments may have individual components newer than the reported age.

5. Why have some federal agencies struggled so mightily at identifying and addressing legacy IT systems?

Agencies have struggled at identifying and addressing legacy IT systems, in part, because they continue to maintain obsolete systems and are not required to identify, evaluate, and prioritize their existing investments to determine whether they should be kept as-is, modernized, replaced, or retired. The Office of Management and Budget (OMB) has created draft guidance that would require agencies to identify and prioritize legacy information systems that are in need of replacement or modernization. Such guidance is
6. What types of challenges do legacy systems pose to national security and other critical government functions?

Legacy systems, many of which use outdated languages and old hardware, can pose challenges to national security and other government functions when parts become more difficult to replace, security vulnerabilities accrue due to lack of vendor support, and maintenance costs increase in part due to specialized labor requirements. In our May 2016 report, we found that numerous old investments are using obsolete programming languages. Several agencies reported using COBOL—a programming language developed in the late 1950s and early 1960s—to program their legacy systems. In addition, some legacy systems may use parts that are obsolete, and therefore, more difficult to find. Further, in some cases, the vendors no longer provide support for hardware or software, creating security vulnerabilities and additional costs. For example, the Departments of Commerce, Defense, Transportation, Health and Human Services, and Veterans Affairs all reported using 1980s and 1990s Microsoft operating systems that stopped being supported by the vendor more than a decade ago. Lastly, legacy systems may become increasingly more expensive as agencies have to deal with the previously mentioned issues and may pay a premium to hire staff or contractors with the knowledge to maintain outdated systems.

Skills Gaps Hinder IT Management

One critical reason why the government’s ability to manage its IT infrastructure is lacking, relates to our human resources. GAO reports that executive-level governance of federal IT projects by chief information officers (CIOs) has been ineffective.

GAO found that some CIOs are limited in that they lack the authority to review and approve the entire agency IT portfolio.

7. Are these decisions made on an agency-by-agency basis?

CIOs’ authority to review or approve investments varies from agency to agency. In 2013 we reported that, according to a survey conducted by OMB, 6 of 26 agencies either reported that the CIO did not have the authority to review and approve the entire agency IT portfolio or that there were limitations to their authority to perform these activities.1

To address these issues, in December 2014, Congress enacted IT reform legislation commonly referred to as FITARA2, which requires that agency heads ensure that their

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CIOs have a significant role in the decision processes for programming, budgeting, and execution decisions, related to IT; and that agency CIOs both conduct an annual review of the agency’s IT portfolio and approve the IT budget request for their agency. FITARA also specifies that agencies may not enter into an IT contract or other agreement without the agency CIO’s review and approval. In addition, in June 2015, OMB provided agencies with implementation guidance for FITARA. This guidance established a common baseline for roles of the agency CIO in managing IT, including the following:

- the CIO shall approve the IT components of any plans;
- the CIO must review and approve the major IT investments portion of the agency budget request;
- the CIO may recommend to the agency head the modification, pause, or termination of any acquisition, investment, or activity that includes a significant IT component based on the CIO’s evaluation; and
- the CIO must approve any movement of funds for IT resources that requires Congressional notification.

The guidance also required each agency to conduct a self-assessment that identifies conformity with or gaps in conformity with the common baseline.

8. Which agencies fall into this category?

All 24 CFO agencies fall into this category because each has experienced issues in implementing FITARA provisions. We have ongoing work looking at the key challenges CIOs at each of these 24 agencies face in fulfilling their responsibilities to carry out federal law and guidance, including FITARA provisions.

In addition, according to the January 2017 Federal CIO Council Report, many agency CIOs do not have direct supervision, budget authority, or management control of the IT activities at their agencies. This report also stated that many CIOs faced limitations in their ability to influence agency decisions on IT investments because a significant portion of an agency’s IT funding is allocated and spent at the component, or bureau level, of an agency, and that IT-related decisions at many agencies are still made without significant involvement from the CIO. Until agency CIOs have full authority to review and approve the entire IT portfolio, they will be limited in their ability to ensure that IT investments are made in a cost effective manner.

According to GAO, federal agencies must address IT workforce skills gaps in order to improve their capacity to acquire new IT investments.

9. Does the federal government face any hurdles in competing with the private sector to recruit high-level information technology professionals?

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According to a panel of former federal CIOs, current federal CIOs, and other IT experts convened by the Comptroller General in September 2016, there are several challenges that the federal government faces in recruiting CIOs and other high-level IT professionals from the private sector. These include being able to (1) offer a salary that competes with what the individual can earn in the private sector; (2) find individuals who are enticed by public service but who are also at a point in their career where they are prepared to transition from the private sector; and (3) provide the level of authority over IT decisions that CIOs are used to having in the private sector.

10. What impact do you expect the federal hiring freeze will have on agencies’ ability to hire individuals with critical expertise in IT?

A federal hiring freeze can be disruptive to agencies’ recruitment efforts, especially when recruiting individuals with IT skills that are in high demand. For example, it can be difficult to hold potential candidates’ interest when there are no current vacancies and there is uncertainty about when a freeze might be lifted. According to findings from a 2011 working group established by the Office of Personnel Management and the Federal Chief Human Capital Officers Council, a government-wide cybersecurity skill gap already exists. A hiring freeze that reduces the number of vacancies and disrupts recruitment efforts could make it more difficult to hire cybersecurity professionals and, thus, exacerbate the skill gap.

11. What steps can Congress take to address these IT skills gaps?

Congress has already passed important laws—such as the Clinger-Cohen Act of 1996, the E-Government Act of 2002, the Federal Information Technology Acquisition Reform Act, and the Federal Cybersecurity Workforce Assessment Act of 2015—aimed at, among other things, improving federal agencies’ ability to assess and address IT skill gaps through IT workforce planning activities. GAO recently reported that selected agencies had mixed progress in assessing their IT skill gaps. Given that cybersecurity is an area where a government-wide skill gap already exists, it is important that Congress continue to oversee agencies’ efforts in implementing robust IT workforce planning steps, such as identifying skill gaps and developing plans to address them.

12. Are there challenges unique to DHS that make IT management difficult?

While every federal agency has unique mission needs and concerns, in general the Department of Homeland Security faces challenges with respect to managing IT acquisitions and operations that are similar to challenges at other departments. IT management can be challenging for a large, federated organization like the Department of Homeland Security.

With respect to managing the IT workforce, in January 2015 the Department of Homeland Security shifted its IT paradigm from acquiring assets to acquiring services,

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and acting as a service broker (e.g., an intermediary between the purchaser of a service and the seller of that service). According to DHS officials in May 2015, this paradigm change will require a major transition in the skill sets of DHS’s IT workforce, as well as the hiring, training, and managing of those new skill sets. As such, this effort will need to be closely managed in order to succeed.

13. How can the federal government do a better job at identifying, communicating and implementing best practices throughout the government?

Federal agencies can leverage recently published guidance on assessing skills associated with IT positions and the CIO Council’s Workforce Committee for assistance in identifying, communicating, and implementing best practices in IT workforce planning. In January 2017, the Office of Personnel Management released guidance to federal agencies on coding positions with IT, cybersecurity, and cyber-related functions by using the National Institute of Standards and Technology’s Federal Cybersecurity Coding Structure. The guidance and coding structure are intended to help agencies better identify specific IT knowledge, skills, and abilities that exist within each agency. If implemented, agencies could utilize the guidance and coding structure as a standardized method to compare current workforce skills and work roles to those needed in the future.

In addition, the Federal CIO Council’s Workforce Committee could be a helpful mechanism for identifying and communicating best practices associated with IT workforce planning. As an example, the CIO Council led government-wide surveys of the IT and cybersecurity workforce in May 2011 and March 2013, respectively. Such efforts can provide valuable benchmarking and agency-specific information for CIOs to utilize in their workforce planning.

DHS Progress on GAO Recommendations

One of the consistent themes throughout GAO’s High Risk report across the years is that federal agencies such as DHS must improve their contracting management and oversight processes. Last December, DHS updated its staffing assessment guidance to refocus the assessment process on all major program acquisition-related positions. GAO reported that DHS plans to pilot the implementation of this update incrementally during 2017 and the timing of full implementation is not yet known.

14. Since December, has DHS provided you with more concrete details regarding their timeline for full implementation of this acquisitions overhaul?

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DHS has not provided any further information on the timeline for implementing its updated staffing assessment process since December 2016. We will continue to follow up on the issue in the course of our other ongoing DHS acquisition work.

a. If no, has DHS given you a timeline for confirming their timeline?

DHS has not provided a timeline but, as noted above, we will follow up on its progress.

15. What’s at stake for our national security interests if DHS and its components cannot promote effective and consistent oversight of its contracting processes?

The bottom line is that, without effective and consistent acquisition oversight, DHS risks not delivering capabilities to end users on time, which means operators in the field are being asked to do their jobs without the tools they have been promised.

DHS is responsible for confronting dynamic threats with a constrained budget, and DHS leadership has taken a number of steps in recent years to improve acquisition management. These steps have improved DHS’s ability to manage these programs and enabled more robust oversight. However, in the past, we found that staffing shortfalls can lead to poor program execution. Furthermore, not all programs have conducted or passed operational testing, which means those capabilities that have been deployed may not operate as intended. Additionally, many of these programs are costing more than DHS leadership had initially approved, effectively decreasing DHS’s buying power and reducing the amount of capability the department may be able to afford in the future.

**DHS: Leadership Commitment**

The 2017 High Risk Report says that DHS should maintain its current level of top leadership support and sustained commitment to ensure continued progress in executing its corrective actions through completion.

16. Have you had an opportunity to meet with Secretary Kelly and get his assurance that the Department will continue to implement GAO’s recommendations through completion?

I have tried to meet with Secretary Kelly and have not been successful. I will meet with the Deputy Secretary when confirmed and will continue to pursue a discussion with the Secretary. Additionally, we will continue to engage with DHS leadership through various means to help ensure the department maintains its progress in implementing corrective actions through completion. Specifically, we will continue to:

- assess and provide feedback to DHS leadership on reports the department submits on its progress in addressing the Strengthening DHS Management Functions high-risk area, which
the National Defense Authorization Act for Fiscal Year 2017 mandates the DHS Under Secretary for Management provide to us every 6 months; 

- hold quarterly meetings with DHS leadership to discuss the Strengthening DHS Management Functions high-risk area and other pertinent issues;
- discuss the results of our audit work within DHS’s management areas with DHS leadership (e.g., with regard to financial management, we have ongoing work examining DHS’s efforts to modernize its financial management systems); and
- reach out to senior DHS officials regarding the extent to which the department has implemented our recommendations, including those related to the Strengthening DHS Management Functions high-risk area, to help ensure that they are implemented effectively and in a timely manner.

**Weakness in the Department of Veterans Affairs Action Plan**

GAO designated VA health care as a high risk area in 2015. GAO identified five areas of concern that placed VA on the high risk list. Those areas are: (1) ambiguous policies and inconsistent processes; (2) inadequate training for VA staff; (3) information technology (IT) challenges; (4) inadequate training for VA; and (5) unclear resources needs and allocation priorities.

17. Taking into consideration the significant work that is needed to fully address all five areas, how can GAO work with the VA to develop a system to prioritize these areas to fully address them rather than implementing change piece meal?

Our five areas of concern are interdependent. For example, addressing the area of Inadequate Training for VA Staff involves the four other areas of concern: it requires establishing a new training management policy (Ambiguous Policies and Inconsistent Processes); determining that adequate resources are available to implement the new training management program and disseminate it to the field (Unclear Resource Needs and Allocation Priorities); implementing a new training management system (IT Challenges); and overseeing the policy’s implementation to ensure compliance with new requirements (Inadequate Oversight and Accountability).

In its action plan, VA had separated its discussion of department-wide initiatives (like MyVA) from its High-Risk List mitigation strategies. We do not view high-risk mitigation strategies as separate from other department initiatives, and would like to see VA integrate these efforts. That way, they can develop strategies that link more effectively and efficiently to actions and guidance in order to facilitate their implementation.

An important first step towards establishing integrated efforts is for VA to analyze the root causes of the issues contributing to its high-risk designation for each of the five areas of concern. A root cause analysis is a key component of the action plan criterion for High-Risk List removal, and provides the foundation for establishing milestones and metrics to measure progress. Once VA has been able to identify the root causes of its high-risk designation, it can then identify the

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7The National Defense Authorization Act for Fiscal Year 2017 includes a mandate that the DHS Under Secretary for Management report to us every 6 months to demonstrate measurable, sustainable progress made in implementing DHS’s corrective action plans to address the Strengthening DHS Management Functions high-risk area until we submit written notification of the area’s removal from the High-Risk List to the appropriate congressional committees. See Pub. L. No. 114-228, § 1903(b) (codified at 6 U.S.C. § 341(a)(11)).
specific actions that are needed to resolve them. This process may also provide an opportunity to prioritize specific actions.

VA’s ability to implement those actions will, in part, be driven by its assessment of, and ability to demonstrate its capacity (i.e., people and resources, another criterion for High-Risk List removal) to resolve the concerns that led to the high-risk designation. VA may identify needed actions to resolve root causes, but will then need to allocate the necessary resources and address any skills gaps through guidance and training in order to successfully implement them. Throughout this process, VA will need to demonstrate consistent, strong leadership commitment and monitor actions that will allow them to demonstrate progress.

As part of our work on the 2017 High-Risk Report, we have met with VA officials including the Secretary, provided feedback, and offered suggestions and subject-matter expertise to guide their high-risk-related actions. For example, we met multiple times with VA officials in 2015 and 2016 to discuss the high-risk designation. We also provided feedback on drafts of VA’s action plan, stressing the need for establishing specific timelines and assessing resources needed for implementation. Moreover, we have offered the expertise of our senior staff to share best practices with VA officials related to the five areas of concern, among other topics, and suggested that they review the Department of Homeland Security’s action plan, which is publicly available, as a good example. To the extent that we can, given the need to preserve our independence, we will continue to provide feedback to VA officials on the development of their action plan, and areas where they need to focus their attention. To that end, we identified in the 2017 High-Risk Report the following recommendations that need immediate attention:

- improve oversight of access to timely medical appointments, including developing wait-time measures that are more reliable and not prone to user error or manipulation, as well as ensuring that medical centers consistently and accurately implement VHA’s scheduling policy;
- improve oversight of VA community care to ensure—among other things—timely payment to community providers;
- improve planning, deployment, and oversight of VA/VHA IT systems, including identifying outcome-oriented metrics and defining goals for interoperability with DOD; and
- ensure that recommendations resulting from internal and external reviews of VHA’s organizational structure are evaluated for implementation. This process should include documenting decisions and assigning officials or offices responsibility for ensuring that approved recommendations are implemented.

Cyber Critical Infrastructure: Cyber Work Force

18. How have DHS and other federal agencies made improvements in hiring and retaining cybersecurity professionals?

We are reviewing cybersecurity workforce matters related to this issue. As mandated by the Federal Cybersecurity Workforce Assessment Act of 2015, we have recently initiated an engagement to analyze and monitor how federal agencies are implementing their requirements under the act.9 We are specifically monitoring how agencies identify all agency positions that

perform cybersecurity-related functions and identify cyber-related work roles of critical need. The act requires that we submit a report by December 2018.

19. In what capacity has GAO worked with DHS to address hiring shortfalls?

We are reviewing cybersecurity workforce matters related to this issue. As mandated by the Homeland Security Cybersecurity Workforce Assessment Act of 2014, we will initiate an engagement to analyze and monitor DHS implementing its requirements under the act. We will specifically monitor DHS efforts to identify all cybersecurity workforce positions within the department, to identify cybersecurity specialty areas of critical need, and to make recommendations, if appropriate. The act requires that we submit a report by December 2017.

Access to Agency Documents

The GAO Access and Oversight Act is a bipartisan measure to ensure that GAO has full access to the National Database of New Hires, a key tool for cutting waste and fraud in many of the government’s largest programs.

20. What does the National Database of New Hires do, and why was it so critical for GAO to get full access to this system?

The National Directory of New Hires (NDNH) is a compilation of state databases of persons newly hired by employers within each state, as well as recipients of earned income, and unemployment insurance information on individuals who have received or applied for unemployment. It was critical for GAO to obtain full access to the NDNH because it can be used to enhance work on a variety of audits, including those related to improper payments and fraud work in programs where eligibility is means-tested. Specifically, full access to the NDNH will provide GAO with the means to identify potential improper payments and systemic weaknesses in controls over these programs and to make recommendations for improvements. As we noted in June 2016, improper payment estimates across the federal government for fiscal year 2015 totaled $136.7 billion; thus, we view the NDNH as an important tool that could be used to help address a significant federal financial issue.

21. Please explain why GAO needed expanded authority to take legal action when agencies refuse to provide documents to GAO.

a. What are the reasons agencies have given for withholding such information?

The recently enacted GAO Access and Oversight Act of 2017 responded to the District Court’s ruling in Walker v. Cheney and affirmed the Comptroller General’s existing authority at 31 U.S.C. § 716 to enforce GAO’s access rights in court. In Walker v. Cheney, the U.S. District Court for the District of Columbia held that the Comptroller General lacked standing to bring suit to compel then Vice-President Cheney’s energy task force to provide requested records on the grounds that he had not suffered the requisite personal, concrete, and particularized injury and that any injury to Congress was too

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It is important to note more broadly that executive agencies have generally been cooperative in providing GAO with access to the information needed for audits, evaluations, and investigations. At times, agency officials raise concerns that certain information requested by GAO is “sensitive” or “non-public,” among other things. However, where agency officials have concerns about providing information to GAO, we are usually able to work toward an accommodation that allows work to move forward. GAO expects we will continue to do so, but the Act provides additional leverage should the need arise.

22. How does this legislation help ensure that you will get the documents you need to perform robust government oversight?

As discussed above, the GAO Access and Oversight Act of 2017 confirmed GAO’s authority to access a critical source of employment information for GAO audits of federal benefits programs and reviews of employment and workforce issues, as well as GAO’s authority to enforce its access rights to federal agency records in court. In addition, the legislation requires agencies to submit information about actions taken or planned in response to GAO recommendations directly to GAO, as well as to various congressional committees. In all of these respects, the legislation helps to ensure that GAO will have the access it needs to conduct robust government oversight.
Insert A

Answer to Senator Portman

Our analysis of fiscal year 2015 data shows that 23 federal agencies reported over 7,000 excess or underutilized real property assets, according to the Federal Real Property Profile (FRPP) – the federal government real property database. Federal agencies waste scarce budget resources maintaining and securing these facilities when they could be put to more productive uses or, in some cases sold to generate revenue for the federal government. A lack of reliable data related to facility costs make it difficult to accurately estimate the amount of money that could be saved by disposing of these assets. However, due to the multi-tiered screening process for excess federal assets, we have found that most of the savings from property disposal comes from savings from operations, maintenance, and security – not sales revenue.
Response to Senator Lankford

Since our 2015 High Risk Update, the Social Security Administration (SSA) has continued making progress on updating the occupation data that it uses to help make disability benefit determination decisions. SSA relies on the Dictionary of Occupational Titles (DOT) to provide information on jobs in the national economy and support the occupational criteria it uses to determine if disability applicants are able to work. To do so, occupational data from the DOT is used in a set of rules and guidelines—known as grid rules—to evaluate the combined effect of an individual’s physical residual capacity, age, education, and work experience to determine whether the individual can perform the work he or she did in the past or any work in the national economy. Nevertheless, we reported in 2012 that the DOT contains outdated information and has not received a major update since 1977.1

SSA initially planned to replace the DOT by developing its own database of occupational data. However, in response to a recommendation in our 2012 report, SSA opted to pursue a less ambitious, potentially more cost-effective approach that leverages existing expertise and survey efforts at the Bureau of Labor Statistics (BLS) to develop the DOT’s replacement—the Occupational Information System (OIS). This change in approach saved SSA $27 million from fiscal year 2011 through fiscal year 2015. In fiscal year 2015, BLS completed an initial trial of the OIS, including collecting test occupational data from over 2,500 employers and evaluating new data elements that describe mental and cognitive requirements. In fiscal year 2016, SSA completed the first of three years of collecting data to use in the OIS from about 6,500 employers. SSA plans to collect occupation information from 10,000 employers in both fiscal years 2017 and 2018, and anticipates having a complete set of estimates based on a total 30,000 employers—sufficient to populate its OIS—by the end of fiscal year 2018. SSA estimates it will need to pay BLS $82 million for its 3-year data collection effort, and plans to fully implement the OIS in early fiscal year 2019.

Based on a study conducted for SSA, the agency determined that occupational data will remain current for 5 to 10 years, and thus plans to continue to update the OIS on a 5-year cycle. Specifically, SSA plans to collect data from 10,000 employers for each of the 5 years, and estimates that this first round of 5-year updates—to be completed in fiscal year 2024—will cost $178 million.

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1 The DOT was updated in 1991, but for less than 20 percent of occupations. GAO, Modernizing SSA Disability Programs: Progress Made, but Key Efforts Warrant More Management Focus, GAO-12-420 (Washington, D.C.: June 19, 2012).
Post-Hearing Questions for the Record
Submitted to the Honorable John H. Thompson
From Senator Heidi Heitkamp

“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”
February 15, 2017

1. On October 18, 2016, U.S. Census Bureau issued a 2020 Census Program Memorandum stating that, “[i]n order to mitigate funding uncertainty risk, and ensure readiness for the 2018 End-to-End Census Test, the Census Bureau will stop FY 2017 field testing operation in...Puerto Rico and Standing Rock Reservation in North and South Dakota and Colville Reservation and Off-Reservation Trust Land in Washington.” When the Census Bureau speaks of “funding uncertainty,” was that uncertainty caused by Congress’s failure to pass an Appropriations Bill?

No, the uncertainty was not the result of the Continuing Resolution, but rather was the difference between the levels proposed in the FY 2017 President’s Budget and the House and Senate proposed funding levels. The House and Senate marks from the spring of 2016 required the Census Bureau to prioritize 2020 Census activities in 2017. After this prioritization, the field component of the FY 2017 Census test was not afforded under either the House or Senate funding scenario because funds were needed to develop the systems and infrastructure needed to ensure a successful 2020 Census. Because neither Congressional funding report provided resources to conduct the Congressional priority and the field component, the Census Bureau thought it unwise to proceed with an expenditure that appeared not to be supported.

2. In the same October 18th memo, it stated that the Census Bureau will “consider” moving these field sites to be a part of the 2018 End-to-End Census test. Has the Bureau decided whether these field tests will be a part of the 2018 End-to-End test or not?

We are still considering whether to include the field test sites de-scoped from the 2017 Census Test in the 2018 End-to-End Census Test.1 The 2018 End-to-End Census Test begins with the address canvassing activity in FY 2017. When we made the decision to de-scope the Field Tests from the 2017 Test, we also decided not to include them in the early operations of the 2018 Test, such as address canvassing, which is scheduled to begin in August 2017.

3. I appreciate the investments the Census Bureau has made in technology, and moving the Decennial into the 21st Century. However, I am still concerned that even with the latest technologies, there is still a great chance of underrepresented populations falling through the cracks if there is not a plan in place to ensure that every citizen is counted in rural

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1 The FY 2018 President’s Budget released in May 2017 proposes conducting the 2018 End-to-End Test at only one location (Providence, Rhode Island). The de-scoped field test sites from the 2017 Census Test are not included in the FY 2018 President’s Budget proposal for the 2018 End-to-End Test.

*Note: Mr. Thompson retired effective June 30, 2017. These responses are submitted by the Census Bureau.
The Census Bureau is deeply committed to ensuring a complete and accurate count of everyone living in the country whether or not they have access to the Internet. Households will be able to respond via telephone and mail in addition to the Internet. Census Bureau mailings will explain how to do so and how to request a paper questionnaire. In addition, households identified as unlikely to be connected to the Internet or unlikely to use the Internet to respond to the 2020 Census will be proactively mailed a paper questionnaire with the first Census mailing; these households account for approximately 20 percent of all households in the country. And any household that has not responded after three mailings will also be sent or re-sent a paper questionnaire.

Furthermore, through our Partnership Program, we are working closely with national, state, local, and tribal stakeholders that people trust to help communities understand the importance of responding to the Census. Census partners are major organizations, like the National Congress of American Indians, the National Association of Latino Elected Officials, and the National Urban League and community-based organizations like churches or other religious organizations, health clinics, and legal offices. Hundreds of thousands of Census partners join together during the Census to help people understand the importance of being included in the final counts. Working with groups representing American Indians and all other populations that are difficult to count is a high priority for the Census Bureau.

In addition, we plan to launch a robust advertising and promotion campaign in late 2019 specifically targeted to hard-to-count populations. These partnership and communications efforts were an important part of our discussions during the 18 Tribal consultations we conducted over the past year. We also plan to have a strong on-the-ground presence to follow up with households that do not respond to the Census during the Nonresponse Followup (NRFU) Operation. The location of the on-the-ground workforce is based upon our anticipated workload and our knowledge of geographic areas that have a large number of hard-to-count populations. Our strategy is to hire locally, so that our interviewers understand the communities where they work. Throughout 2020 Census operations we will be closely monitoring self-response rates and completion rates during NRFU to ensure our workforce is deployed appropriately, and that our data in all areas, including rural America and on Indian Reservations, is complete and accurate.

Post-Hearing Questions for the Record
Submitted to Hon. John Thompson*
From Senator James Lankford

“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”

February 15, 2017

*Note: Mr. Thompson retired effective June 30, 2017. These responses are submitted by the Census Bureau.
During the hearing, I raised a question about the possibility of integrating filing the decennial census with individual tax returns, which contain similar information and are often processed online.

1) Has the Census communicated with the IRS in any capacity related to collection efforts?
2) Has the Census communicated with the IRS about integrating the processes of filing the Census with the individual tax returns?
3) Would the integration of these processes be feasible? What efficiencies could be gained and what challenges would you face?
4) Are there any statutory or other impediments to integrating these processes?

The Census Bureau and the Internal Revenue Service (IRS) have been working closely throughout the decade to understand and operationalize the many ways that IRS data can be helpful in Decennial Census operations. We are exploring the possibility of using IRS data to shorten the American Community Survey, particularly with respect to the questions about household income. For the 2020 Census we already have operations in place to use IRS data to help us reduce the Nonresponse Followup (NRFU) workload. We have not looked into the possibility of directly linking responses to the Census to the tax returns required by the IRS, and we expect that there would be statutory and data quality challenges that we would need to overcome in order to do this. We will explore this with the IRS to understand the challenges that we would have to address in order to integrate self-response to the Decennial Census with the filing of individual tax returns. We also would be happy to meet with you and your staff to discuss your ideas.

Post-Hearing Questions for the Record
Submitted to the Honorable John H. Thompson*
From Senator Claire McCaskill

“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”

February 15, 2017

Census: Counting Populations

In October 2016, the Bureau announced plans to stop two field tests for FY 2017 to mitigate risks from funding uncertainty. Two field tests, one which would have been conducted in tribal lands of Washington, North Dakota, and South Dakota, and the other in Puerto Rico, were cancelled. These planned field operations were to test the Bureau’s mail out strategy and Nonresponse Followup (NRFU) and the Spanish versions of software and systems, respectively.

1. In light of these cancellations, does the Bureau have a plan in place that will protect these vulnerable populations from being undercounted in the 2020 Census?

The Census Bureau is deeply committed to ensuring a complete and accurate count of everyone living in the country. We have carefully selected our test sites since 2013 to

*Note: Mr. Thompson retired effective June 30, 2017. These responses are submitted by the Census Bureau.
ensure that they include hard to count populations so that we could thoroughly test our language program and ensure that households that speak languages other than English, including Spanish, are effectively enumerated in the self-response and Nonresponse Followup (NRFU) Operations. In the 2020 Census households will be able to respond via telephone and mail in addition to the Internet, and we will be testing these operations in the 2018 End-to-End Census Test. Households identified as unlikely to be connected to the Internet or unlikely to use the Internet to respond to the 2020 Census will be proactively mailed a paper questionnaire with the first Census mailing; these households account for approximately 20 percent of all households in the country. And any household that has not responded after three mailings will also be sent or re-sent a paper questionnaire.

Furthermore, through our Partnership Program we are working closely with national, state, local, and tribal stakeholders that people trust to help communities understand the importance of responding to the Census. Census partners are major organizations, like the National Congress of American Indians, the National Association of Latino Elected Officials, and the National Urban League and community-based organizations like churches or other religions organizations, health clinics, and legal offices. Hundreds of thousands of Census partners join together during the census to help people understand the importance of being included in the final counts. Working with groups representing populations that are difficult to count is a high priority for the Census Bureau.

In addition, we plan to launch a robust advertising and promotion campaign in late 2019 specifically targeted to hard-to-count populations. We also plan to have a strong on-the-ground presence to follow up with households that do not respond to the Census during the NRFU Operation. The location of the on-the-ground workforce is based upon our anticipated workload and our knowledge of geographic areas that have a large number of hard-to-count populations. Our strategy is to hire locally, so that our interviewers understand the communities where they work. Throughout 2020 Census operations we will be closely monitoring self-response rates and completion rates during NRFU to ensure our workforce is deployed appropriately, and that our data in all areas, including rural America and on Indian Reservations, is as complete and accurate.

Census: Contracts

In the lead up to the 2010 count, the Bureau experienced significant challenges with a contract that was critical to the success of the 2010 Census. Shortly before the count began, the Bureau’s plan for acquiring handheld devices had to be scrapped, and the Bureau reverted back to a paper and pen operation, costing taxpayers millions of dollars. In August 2016, the Census Bureau awarded a large technical integration contract ($887 million) to T-Rex Corporation.

2. Does the Bureau have Contracting Officer Representatives in place at contracting sites to provide management and oversight of contracts and to make certain that contractors are meeting deadlines and goals?

   a. If so, how many are currently working at these sites?

*Note: Mr. Thompson retired effective June 30, 2017. These responses are submitted by the Census Bureau.*
Yes. There are a total of 25 Contracting Officer Representatives (COR) working on the 2020 Program at this time. We have one COR on site at the facility managing the T-Rex Technical Integration Contract, and one COR on site for the General Dynamics Information Technology Census Questionnaire Assistance Contract. The remaining 22 CORs work at Census Headquarters assisting the Decennial Contract Execution Office with the management of all of our Decennial contracts.

We also have two Contracting Officers (CO) dedicated to the major IT contracts, and we work closely with another 5 COs and 10 Contract Specialists in our Acquisitions Division who assist us with the management of our other Decennial contracts.

Census: Open GAO Recommendations

GAO placed the 2020 Decennial Census on the High Risk List for 2017 because the cost of the Census has been escalating. The 2010 Census cost approximately $12.3 billion and resulted in several billion dollars in cost overruns. While the Bureau is planning innovative changes to help save $5 billion compared to the 2010 Census, these new technologies come with added risks. GAO has made 30 recommendations in this area, but reports that only 6 have been implemented by the Bureau.

3. What progress has the Bureau made to close out the remaining open recommendations?

4. Will these recommendations be closed before the 2018 End-to-End Test?

We have action plans in place to address each of the recommendations we have received from GAO. While we have closed six of the 30 recommendations they have made in this area, we have completed the action plans for an additional 14 recommendations. GAO is currently reviewing each of these, and we are working with GAO to understand if there are additional steps that we need to take to close them out. We have determined that three of the 30 recommendations are duplicates. Of the remaining seven recommendations, action plans have not been completed for three, and the remaining four have action plans that are scheduled for completion between now and the end of 2018, after the 2018 end-to-end Census Test is complete.

*Note: Mr. Thompson retired effective June 30, 2017. These responses are submitted by the Census Bureau.
MAR 2 8 2017

The Honorable Ron Johnson
Chairman, Committee on
Homeland Security and
Governmental Affairs
U.S. Senate
Washington, DC  20510

Dear Mr. Chairman:

Enclosed are the Office of Inspector General’s (OIG) responses to questions received following the February 15, 2017 hearing before the Committee on Homeland Security and Governmental Affairs.

Thank you for the opportunity to testify at the hearing and we request that this letter be included in the hearing record. Thank you for your interest in the OIG.

Sincerely,

MICHAEL J. MISSAL

Enclosure

Copy to: The Honorable Claire McCaskill, Ranking Member
Committee on Homeland Security and Governmental Affairs
Post-Hearing Questions for the Record
Submitted to the Honorable Michael Missal
From Senator Claire McCaskill

“High Risk: Government Operations Susceptible to Waste, Fraud, and Mismanagement”

February 15, 2017

VA: Leadership Commitment

In addition to Government Accountability Office (GAO) reports on VA health care facilities, the VA Office of Inspector General (VA OIG) has issued numerous reports on facilities failing to provide timely health care for our veterans. These delays in health care are extremely harmful for our veterans who are in desperate need of care.

1. How many of VA OIG’s recommendations to the VA regarding delays in access to health care remain open?

VA OIG Response: As of March 6, 2017, we identified 13 OIG reports (this includes reports by the OIG’s Office of Audits and Evaluations and OIG’s Office of Healthcare Inspections) related to access to care. A listing of those reports is attached. From those reports, 37 recommendations remain open.

a. What action has the VA taken to respond to these recommendations?

VA OIG Response: VA provides action plans for OIG recommendations during their review of the draft report. They are responsible for the action plans and they determine the time table for implementation. Our follow-up process is structured to request updates every 90 days. After VA submits information to close a recommendation, the team that worked on the report reviews and makes a determination if that information or evidence is responsive.

The VA submitted an action plan to GAO outlining how it plans to address the five areas of concern that caused its placement on the High Risk List.

2. Did the VA submit a similar action plan to the VA OIG on how it will address open IG recommendations regarding delays to access in health care?

VA OIG Response: As stated above, VA provides information on their implementation plan and time table during their review of OIG draft reports. We include VA’s comments in the every OIG report.
Access to Agency Documents

In December 2016, President Obama signed into law the Inspector General Empowerment Act, which expands the responsibilities and strengthens the independence of the Offices of Inspectors General from agency heads. The law also ensures that our IGs have greater access to documents and witnesses in order to effectuate their work.

3. How will this legislation make VA OIG’s job to ensure accountability in government easier?

VA OIG Response: The exemptions of the Inspector General Empowerment Act will allow us to complete data analyses of matched computerized data without a time-consuming, formal computer matching agreement. The data analysis will give us new tools to help us find fraud, waste, and abuse in VA programs. It will also allow us to conduct a survey of those affected by VA programs within the timeframe of our audit report process. Surveys will help us to understand and report on the impact on veterans, veterans’ families, VA contractors, and other members of the public affected by problems with VA programs uncovered in our audit work.

4. Will you provide regular reports to this Committee on instances where VA officials refuse your oversight and investigative requests?

VA OIG Response: The VA OIG is committed to keeping the Congress currently informed of issues related to information access with VA.
VA OIG Reports with Open Recommendations Regarding Delays in Access

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<tr>
<th>Report Title</th>
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<tr>
<td>1. Review of Alleged Patient Deaths, Patient Wait Times, and Scheduling</td>
<td>August 26, 2014</td>
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<td>Practices at the Phoenix VA Health Care System</td>
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<td>and Record Destruction, VA Greater Los Angeles Healthcare System, Los</td>
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<td>Angeles, California</td>
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<td>3. Healthcare Inspection - Mismanagement of Mental Health Consults and Other</td>
<td>June 17, 2015</td>
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<td>Access to Care Concerns, VA Maine Healthcare System, Augusta, ME</td>
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<td>4. Healthcare Inspection - Emergency Department Concerns, Central Alabama</td>
<td>January 14, 2016</td>
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<td>VA Health Care System, Montgomery, Alabama</td>
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<td>5. Healthcare Inspection - Veterans Crisis Line Caller Response and Quality</td>
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<td>Assurance Concerns Canandaigua, New York</td>
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<td>Requests, Fayetteville VA Medical Center, Fayetteville, North Carolina Report</td>
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<td>7. Review of VHA's Alleged Manipulation of Appointment Cancellations at VAMC</td>
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<td>8. Healthcare Inspection - Reported Primary Care Staffing at St. Cloud VA</td>
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<td>Health Care System, Veterans Integrated Service Network 23, Eagan, Minnesota</td>
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<td>9. Healthcare Inspection – Review of Primary Care Ghost Panels, Veterans</td>
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## VA OIG Reports with Open Recommendations Regarding Delays in Access

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<td>10. Review of Alleged Consult Mismanagement at the Phoenix VA Health Care System</td>
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<td>11. Healthcare Inspection - Review of Complaints Regarding Mental Health Services Clinical and Administrative Processes VA St. Louis Health Care System St. Louis, Missouri</td>
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Executive Orders Process and Implementation

There are conflicting reports regarding communication between the White House, Congress and the national security agencies including Department of Homeland Security (DHS) regarding President Trump’s Executive Order, “Protecting the Nation from Foreign Terrorist Entry into the United States.”

1. Many agencies include their Inspector General as part of the departmental clearance process. What role if any did your office have in reviewing or clearing this document before it was issued by the President?

**Answer:** We did not play any role in reviewing or clearing Executive Order, “Protecting the Nation from Foreign Terrorist Entry into the United States.” As a matter of OIG policy, we do not review or clear Department or Administration policies before they are released, as we believe that such action would be an impermissible participation in the management of the Department, and thus against government auditing standards.

I recently wrote you to request that you investigate whether and how DHS and U.S. Customs Border and Protection (CBP) were involved in the development of the President’s Travel Ban and how DHS and CBP are implementing the Executive Order.

2. Will you commit to report your findings truthfully regardless of what criticism you may face from the administration?

**Answer:** As previously announced, our office has initiated a review of DHS’ implementation of the EO. The review is focused on the manner in which the EO was implemented by the Department — from the time the EO went into effect until it was stayed by federal court order — and will not review events prior to implementation, including development of the EO. As with all our work, we are committed to publishing accurate findings without concern for how those findings may be received by affected or interested parties.

Since the President issued this executive order, he has issued several others that also require the need for DHS’ implementation.

3. Has your office looked into how these Executive Orders were developed and are being implemented?
Answer: Yes, we have initiated several reviews that will touch on various aspects of the Department’s implementation of the President’s Executive Orders. For instance, one review will assess the Department’s human capital strategies and management capabilities to determine whether the Department has the necessary mission support framework and hiring processes in place to quickly and effectively hire 15,000 law enforcement officers. This review will compile and review open source literature, other government reports, and prior work of our office to help the Department and its components avoid previously identified poor management practices and their negative impacts. Subsequent audits will address the collateral impact hiring 15,000 agents and officers will have not only on other Departmental components, but also on other Federal agencies. Another review will look at the Department’s use of polygraphs in the hiring process and will specifically address CBP’s proposed changes to its hiring requirements and standards to meet its new hiring obligations. A third review will identify lessons learned from prior work on CBP’s 2005 Secure Border Initiative and make recommendations aimed at helping CBP avoid the pitfalls of the past.

DHS: Leadership Commitment

DHS OIG has raised very similar concerns about the DHS’s management challenges as those identified by Government Accountability Office (GAO). Your November 2016 memo to then-Secretary Jeh Johnson regarding the Department’s “Major Management and Performance Challenges Facing the Department of Homeland” noted that while DHS has made “significant progress” over the last three years “the Department continues to face long-standing, persistent challenges overseeing and managing its homeland security mission” including preventing terrorism and protecting our borders.

According to the Department’s written response to DHS OIG’s management challenges report, the Department’s “Unity of Effort Initiative” was designed to break silos and “to centralize senior decision-making at DHS.”

4. What steps should Secretary Kelly take to build on progress made by former Secretary Johnson to address areas where the Department has traditionally struggled?

Answer: The steps the prior leadership took to increase Unity of Effort were very important, and extended over a number of areas of the Department’s operations. These have benefited the Department and created efficiencies and synergies that would not have otherwise existed. However, the key to maintaining these improvements is constant vigilance and effort to ensure that the Department moves forward as a single entity. To do otherwise will result in a return to DHS consisting of a number of siloed organizations, each operating independently of each other.

The new leadership should prioritize DHS’ acquisition management, an area where increased “unity of effort” would pay dividends for the Department. Since its inception in 2003, DHS has spent tens of billions of dollars annually on a broad range of assets and services — from ships, aircraft, surveillance towers, and nuclear detection equipment to IT systems for financial management and human resources. However, the Department’s lack of uniform policies and procedures, a dedicated core of acquisition professionals, and component commitment to departmental acquisition guidance, adequately define requirements, develop performance
measures, and dedicate sufficient resources to contract oversight has resulted in inefficiencies and wasteful spending. In 2017, our audit work will evaluate DHS' progress in the area of acquisition management, with an emphasis on "unity of effort."

Beyond acquisition management, our work in 2017 will look at "unity of effort" in other areas as well. For instance, we have ongoing work to determine whether DHS fosters collaboration and unity of effort Department-wide to enforce and administer immigration policy. We are also evaluating the extent to which DHS' Joint Task Forces effectively coordinate DHS assets and personnel, and whether they achieve expected results. Based on our findings, we will make concrete, practicable recommendations to the Department that will assist the Secretary in his efforts to build on the good work started by his predecessor.

DHS: Lack of Acquisition Management

Another management challenge that your office identified relates to the Federal Emergency Management Agency’s (FEMA) management of its grant making process which awards an average of about $10 billion in disaster assistance grants each year.

DHS IG audits in 2015 found approximately $457 million in questioned costs, such as duplicate payments, unsupported costs, improper procurement practices, and unauthorized expenditures.

5. What steps does FEMA need to take to address the deficiencies in its grant making and oversight processes?

Answer: FEMA awards an average of about $10 billion each year in disaster assistance grants and preparedness grants. Our body of work over the past few years suggests that FEMA has not managed recovery from disasters well. Although FEMA provides grant management funding to grantees, FEMA has not held them accountable for managing subgrantees, and states and other grantees have not done well in guiding and managing subgrantees. This means the entire layer of oversight intended to monitor the billions of dollars awarded by FEMA in disaster assistance grants is ineffective, inefficient, and vulnerable to fraud, waste, and abuse. As you noted, of the $1.55 billion in disaster grant funds we audited last year, we found $457 million in questioned costs, such as duplicate payments, unsupported costs, improper procurement practices, and unauthorized expenditures. This equates to a 29 percent questioned-cost rate, which far exceeds industry norms, and it illustrates FEMA's continued failure to adequately manage grants.¹

We also saw examples of inadequate grant management in preparedness grants. In an overarching audit of OIG recommendations related to preparedness grants, we reported that FEMA had not adequately analyzed recurring recommendations to implement changes to improve its oversight of these grants. This occurred because FEMA did not clearly communicate

¹ Summary and Key Findings of Fiscal Year 2015 FEMA Disaster Grant and Program Audits, OIG-17-13-D (November 2016).
internal roles and responsibilities and did not have policies and procedures to conduct substantive trend analyses of audit recommendations.\(^2\)

In general, FEMA has not sufficiently held grant recipients financially accountable for improperly spending disaster relief funds. As of September 27, 2016, FEMA had taken sufficient action to close 130 of our 154 FY 2015 disaster grant audit report recommendations. However, the 24 recommendations that remained open contained 90 percent ($413 million) of the $457 million we recommended FEMA disallow that grant recipients spent improperly or could not support. Further, in FYs 2009 through 2014, FEMA allowed grant recipients to keep 91 percent of the contract costs we recommended for disallowance for noncompliance with Federal procurement regulations, such as those that require opportunities for disadvantaged firms (e.g., small, minority, and women-owned) to bid on federally funded work.\(^3\)

Based on our recurring audit findings, it is critically important that FEMA officials examine regulations, policies, and procedures and assess the need for more robust changes throughout all grant programs. FEMA should refoce its efforts to identify systemic issues and develop solutions to address the cause and not just the symptoms. FEMA needs to improve its oversight of state grantees and proactively engage with states to improve management and guidance of subgrantees.

**Outstanding IG Recommendations**

In March of 2016, DHS OIG identified outstanding OIG recommendations that have remained open for more than six months. These recommendations were numerous and wide-ranging from information technology management to staffing concerns.

6. Are any of the recommendations that DHS OIG reported on in March 2016 still open?
   a. If so, which ones?
   Answer: Yes, of the 583 open recommendations we reported in March 2016, 252 are still open (see Enclosure 1, DHS OIG Open Recommendations).

7. As of today, how many OIG recommendations have been open for more than six months?
   a. Have you been given a timeline for their completion?
   Answer: As of February 15, 2017, 387 recommendations have been open for more than six months. We have been given a timeline for all but five recommendations: OIG-13-110, #9; OIG-15-18, #6, #15, #16; and OIG-16-51, #4 (see Enclosure 2, DHS OIG Open Unresolved Recommendations).

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\(^2\) Analysis of Recurring Audit Recommendations Could Improve FEMA’s Oversight of HSGP, OIG-16-49 (March 2016).

\(^3\) FEMA Can Do More to Improve Public Assistance Grantee’s and Subgrantee’s Compliance with Federal Procurement Rules, OIG-16-126 (September 2016).
Cyber: Russian Hacking

Election infrastructure was designated by the previous administration as critical infrastructure and Secretary Kelly indicated that he supports the designation. Although political parties’ infrastructure would not be included in that definition, we do know that the Democratic National Committee and Republican National Committee’s systems were hacked by Russia and that information from them was used in an attempt to influence our most recent election.

8. Do you believe that adequate security mechanisms are in place at DHS to prevent Russia or another foreign actor from gaining access to government systems that are part of our election infrastructure?

   a. What more can be done?

   Answer: To date, we have not done work reviewing the security mechanisms in place at DHS to prevent Russian, or any other actor, from gaining access to government systems that are part of our election infrastructure. The Secretary of DHS recently designated the electoral system as “critical infrastructure,” which gives election equipment the same status as the power grid or the financial sector. Under the new designation, states that request cybersecurity assistance can receive swifter access to threat intelligence and be able to participate in joint defense exercises. I am also aware of proposed legislation which would codify this designation, as well as establishing security standards for voting machines. To date, we are unaware of any action the Department has taken as a result of this designation, but we will monitor and do future work as needed.

9. What steps has DHS taken to prevent Russia or another actor from interfering with our electoral process in the future?

   Answer: See above.

Access to Agency Documents

In December 2016, President Obama signed into law the Inspector General Empowerment Act, which expands the responsibilities and strengthens the independence of the Offices of Inspectors General from agency heads. The law also ensures that our IGs have greater access to documents and witnesses in order to effectuate their work.

10. How does this legislation make your job to ensure accountability in government easier?

   Answer: We could not accomplish our critical mission without unfettered access to the information we need, and legislation like the Inspector General Empowerment Act of 2016 is essential to our work. For instance, Section 2 of the Act vastly enhances our ability to ferret out fraud, waste, and abuse using proactive data analytics by exempting IGs from certain requirements under the Computer Matching and Privacy Protection Act of 1988 and the Paperwork Reduction Act. Any legislation that increases our access to information, or expands
our resources to permit us to do more work, will necessarily result in improved government efficiency, effectiveness, and integrity.

11. Will you provide the Committee with regular reports of any instances where DHS officials refuse your oversight and investigative requests?

Answer: Yes.
1. You stated that “the Department [of Homeland Security] will face a number of challenges in executing the president’s executive order directing the department to hire an additional 5,000 border patrol agents and 10,000 immigration officers.” As evidence of this, you stated that: “In Fiscal Year 2015, for example, it took an average of 282 days over 9 months to hire a border patrol agent measured from the time the job announcement closed to the date the applicant was actually hired.” You called this an “unacceptable level of performance.”

a. What would you deem an “acceptable level of performance” in relation to DHS’s hiring the 15,000 additional ICE and CBP officers mandated by President Trump’s executive order? What would be the minimum “acceptable” time lapse between when a job announcement closes and when an applicant is actually hired?

Answer: To determine an acceptable level of performance for hiring the 15,000 additional personnel needed to comply with President Trump’s Executive Order (EO), DHS, CBP, and ICE first need to review each step in the law enforcement hiring process, set realistic timing goals for each step, and then work to meet those goals by improving efficiency while maintaining the integrity of the process. In our October 2016 report, DHS Is Slow to Hire Law Enforcement Personnel, we concluded that the Office of Personnel Management’s recommended 80-day time-to-hire goal is unrealistic for law enforcement applicants given that there are several unique, time-intensive steps specific to law enforcement hiring. Yet, neither DHS nor CBP has established their own internal time-to-hire goals for law enforcement personnel, and while ICE has set internal goals, it does not always meet them. To address this issue, we recommended that CBP and ICE establish reasonable hiring timeframes that account for all steps in the law enforcement hiring process. In response to our recommendations, CBP indicated it would establish timeframes by June 30, 2017, and ICE plans to have timeframes by August 30, 2017.

While our report was published before the EO was issued, we believe that compliance with our recommendations will enable DHS, CBP, and ICE to properly plan for the hiring surge.

b. What will it take, at a minimum, for DHS to get from its present state of hiring performance, to what you deem the minimum “acceptable” time lapse between job announcement closure and hiring?
Answer: We have identified several steps that CBP and ICE should take to improve the efficiency of its law enforcement hiring process, including:

- Prioritizing and dedicating full-time human resources, investigative, and/or polygraph personnel to help process law enforcement applicants;
- Automating the tracking of applicants through the entire law enforcement hiring process; and
- Establishing performance measures to accurately determine the long-term effect of process improvements.

In response to our recommendations, the Department has taken the initial step of improving its time-to-hire data collection and reporting. Within the next few months, the Department also intends to complete an analysis of the timeframes for common phases in the hiring process and establish department-wide hiring performance measures. Further, in Fiscal Year (FY) 2017, ICE plans to hire 44 additional staff members to assist with law enforcement hiring in connection with the hiring surge, and is currently exploring various case management systems to track applicants during the hiring process. And, as noted above, both CBP and ICE are working to establish reasonable time-to-hire goals that account for all steps in the law enforcement hiring process.

c. What specific measures will you undertake as IG to monitor DHS’s hiring process improvements?

Answer: As part of our normal process, we will continue to track the implementation of recommendations from our report, DHS Is Slow to Hire Law Enforcement Personnel. We have also initiated one of a series of audits on human capital strategies and management capabilities to ensure the Department has the necessary mission support framework and hiring processes in place to quickly and effectively hire a qualified and diverse workforce. These audits may lead to further recommendations to improve the hiring process.

2. I am concerned, as you may remember, about the impact a hiring surge will have on the quality of applicants. You stated that “the last time CBP had a hiring surge, there was a concern about the level of quality that they were getting and as a result, for example, that’s when Congress stepped in and instituted mandatory polygraphs, for example”.

a. Since the time of your testimony, reports have emerged of a DHS memorandum calling for a reduction in the hiring standards required for CBP officials, so as to meet President Trump’s hiring mandate. Do you believe that it is necessary to loosen the hiring requirements for CBP officials?

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4 Trump Administration Seeks to Loosen Hiring Requirements to Beef Up Border Patrol, Foreign Policy, Feb. 23, 2017 (online at: http://foreignpolicy.com/2017/02/23/trump-administration-seeks-to-loosen-hiring-requirements-to-beef-up-border-patrol-0/).
At this time, we would not recommend that CBP “loosen” its hiring requirements and standards. Not only do CBP’s proposed changes fail to achieve the goal of shortening the hiring process—our preliminary work suggests that the changes might actually lengthen the process—but they also increase the risk that unsuitable candidates may be hired. CBP needs to evaluate all steps in its hiring process, not just the polygraph exam, to identify steps that can be made more efficient without sacrificing integrity and effectiveness. We have ongoing and planned audit work in this area that will focus on highlighting inefficiencies in the process and recommending process improvements that do not require a loosening of requirements and standards.

If you answered “yes” to the above, how do you believe the Department can loosen hiring requirements while also protecting maximally against the infiltration of criminals and other unqualified candidates into the border and interior immigration enforcement corps?

If you answered “no” to the above, how will you monitor the Department to ensure that it is not loosening hiring requirements in any way to expedite their hiring requirements, and instead retaining the lessons learned from the last CBP hiring surge, as documented by the Government Accountability Office?

Answer: Through our ongoing and planned work, we intend to help DHS apply lessons learned and improve the efficiency of the hiring process while maintaining its integrity and effectiveness. We are currently conducting an audit to assess the adequacy of the Department’s internal controls over polygraph and complaints processes (including processes at TSA, Secret Service, ICE, and CBP). Given the serious and time-sensitive nature of this issue, we are also planning to issue a public statement in the coming weeks that will discuss some risks we recently identified during the course of our ongoing work in this area.

Will you commit to monitoring the polygraph and entrance exam requirements for CBP officials to detect any changes made moving forward?

Answer: Yes.

During your testimony on February 15, 2017, you stated that you couldn’t “really commit as when we’re going to get the first product out there that will sort of describe what the Department is doing” as to its hiring process. Since that time, reports have emerged of an internal DHS memorandum that specifically called for a hiring increase from 19,627...
Border Patrol officers to 26,370 officers, over a five-year period, costing $2.2 billion.\(^6\) That memorandum is dated February 17, 2017.\(^7\)

a. Do you believe that when you testified on February 15, 2017 before the Senate Homeland Security and Government Accountability Committee you had been given complete information as to DHS’s hiring plans, given its detailed internal memorandum about hiring plans that was dated just two days later?

**Answer:** My response at the hearing was focused on the timing of DHS OIG work product, rather than the timing of DHS’s hiring efforts. Typically, our audits are retrospective in nature, so we do not open an audit and issue a report on a particular program or initiative until it has been in operation for some time. This enables us to provide a more comprehensive assessment of the program, from planning, to implementation, to effectiveness over time. Regarding the particular memorandum you referenced, I have no reason to believe the Department made any effort to deliberately withhold this information from the OIG.

b. What specific measures will you take to ensure that moving forward, the Department you must hold accountable is giving you a full and transparent picture of its hiring plans?

**Answer:** The Inspector General Act of 1978 gives us unfettered access to any and all information relevant to our work. In general, the Department has historically provided us with prompt access to the information and documents we have requested. We will continue to insist on nothing less than full cooperation from the Department moving forward, including in our ongoing and planned work on DHS’ hiring efforts.

4. During your testimony on February 15, 2017, you stated that “in about three months we’re going to know a lot more about what the Department’s [hiring] process is” and that you’d be “happy to brief anyone on the [HSGAC] committee who would like to hear about it.”

a. Will you commit to providing a briefing to HSGAC on what you have learned about the Department’s hiring plans no later than May 15, 2017?

**Answer:** Yes.

b. In the interim, what specific measures will you be taking to have routine access to DHS’s hiring plans as they evolve, with the aim of preventing, rather than responding to, errors in the hiring process that may put the country, to say nothing of the Department’s own mission, at grave risk?

**Answer:** In the course of our work, we will request the information necessary for a thorough review, and we expect DHS to be transparent in providing needed, up-to-date information, which will ultimately benefit its processes, operations, and programs.

\(^6\) Trump Administration Seeks to Loosen Hiring Requirements to Beef Up Border Patrol, Foreign Policy, Feb. 25, 2017 (online at: http://foreignpolicy.com/2017/02/25/trump-administration-seeks-to-loosen-hiring-requirements-to-beef-up-border-patrol/)

\(^7\) Id.
5. During your testimony you noted that additional time, beyond just that expended during the hiring process itself, is necessary to produce a fully functioning immigration official, noting that “of course, there’s training and all sorts of onboarding that would have to go on” before an individual is truly ready to serve as an ICE or CBP official.
   a. Can you confirm to this Committee that you will be tracking DHS’s training and onboarding processes, to ensure that at a minimum, given staffing pressures, their training and onboarding processes are not diminished? Specifically, can you:
      i. Track the intervals at which ICE and CBP officials are receiving training;
      ii. Audit the type of training and onboarding ICE and CBP officials are receiving; and
      iii. In the service of these tracking efforts, obtain copies of the curricula used for training and onboarding, and provide them to this Committee?

Answer: Although we have no current plans to review the training of ICE and CBP personnel specifically, we will very likely examine this issue as part of our upcoming series of audits on DHS’ human capital strategies and management capabilities. These audits will assess whether the Department and its components have the human capital strategies in place, as well as related capabilities, to quickly and effectively hire a highly qualified and diverse workforce. We would be happy to brief the Committee on the design and scope of these audits upon request.
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**Notes:**

- The report mentions the importance of **financial management**, emphasizing the need for **effective planning and control mechanisms** to ensure the efficient use of resources.
- It highlights the significance of **risk management** and **internal controls** in maintaining financial integrity.
- Recommendations focus on **strengthening fiscal oversight** and improving **budgeting practices**.

---

**Department:**

- **ERP Approval:**
  - Indicates approval for the implementation of an ERP system to streamline processes.
- **FPA:**
  - Refers to the Financial Planning and Analysis department.
- **TMS:**
  - Indicates the Treasury Management System.
- **KX:**
  - Refers to a specific action or procedure.

---

**Conclusion:**

- The report underscores the need for **continuous improvement** in financial strategies to align with the organization's strategic goals.
- It recommends the adoption of **best practices** in financial management to enhance the organization's financial health.

---

**References:**

- [Link to detailed financial reports]
- [Further details on financial strategies]
- [相关政策和规定]

---

**Appendix:**

- [Additional financial analysis charts and data]
- [Details on budget allocation and expenditure]

---

**Related Documents:**

- [Financial audit results]
- [Internal control self-assessment report]
- [Budget execution report]

---

**Questions:**

- How can the organization **improve financial oversight**?
- What are the key **financial management** challenges identified in the report?
- What are the **recommendations for budgeting practices**?

---

**Next Steps:**

- Develop and implement an **ERP system**.
- Conduct a thorough review of **budgeting processes**.
- Enhance **risk management** frameworks.

---

**Contact:**

- **Finance Director**
- **Internal Audit Manager**
- **Treasury Officer**
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<td>Accelerating Revenue Growth</td>
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<td>Expediting Construction Projects</td>
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<td>We recommended that DEFY improve controls over the calculation and processing of revenue for assets with indefinite life to ensure that the calculations are accurate.</td>
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*Note: The table above represents a simplified version of the data. The actual table is much more detailed.*
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1. **Key Performance Indicators:**
   - Increase energy efficiency by 20%.
   - Reduce greenhouse gas emissions by 30%.
   - Enhance water conservation measures.

2. **Expected Duration:**
   - 1 year for each project.

3. **Status:**
   - In Progress for all projects as of the report date.
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<td>204</td>
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<td>12-12-1985</td>
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Note: The table contains information about various review dates, reviewers, recommendations, comments, action plans, and status for different reports. Each row represents a separate report with details about the objectives, dates, and action plans associated with them.
<table>
<thead>
<tr>
<th>No.</th>
<th>Report No.</th>
<th>Report Title</th>
<th>Job Code</th>
<th>Date Issued</th>
<th>Recommendation</th>
<th>Rec. No.</th>
<th>DHS Comp.</th>
<th>Target Completion Date</th>
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<tbody>
<tr>
<td>1</td>
<td>OIG-13-110</td>
<td>DHS Needs To Strengthen Information Technology Continuity and Contingency Planning Capabilities</td>
<td>12-064-ITA-DHS</td>
<td>8/28/2013</td>
<td>We recommend that the Acting Chief Information Officer (CIO) perform full follow-on contingency testing for enterprise mission essential systems.</td>
<td>9</td>
<td>MGMT</td>
<td>None</td>
</tr>
<tr>
<td>2</td>
<td>OIG-15-18</td>
<td>Audit of Security Controls for DHS Information Technology Systems at John F. Kennedy International Airport</td>
<td>14-082-ITA-DHS</td>
<td>12/16/2014</td>
<td>We recommend that the TSA CIO designate the intrusion detection and surveillance Security Systems at DHS Information Technology (IT) systems and implement applicable management, technical, operational, and privacy controls and processes</td>
<td>6</td>
<td>TSA</td>
<td>None</td>
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<tr>
<td>3</td>
<td>OIG-15-18</td>
<td>Audit of Security Controls for DHS Information Technology Systems at John F. Kennedy International Airport</td>
<td>14-082-ITA-DHS</td>
<td>12/16/2014</td>
<td>We recommend that the ICE CIO upgrade the closed circuit television (CCTV) system and surveillance monitoring systems for the JFO Nautics and Smuggling Unit at John F. Kennedy International Airport (JFK).</td>
<td>14</td>
<td>ICE</td>
<td>11/30/2016</td>
</tr>
<tr>
<td>4</td>
<td>OIG-13-18</td>
<td>Audit of Security Controls for DHS Information Technology Systems at John F. Kennedy International Airport</td>
<td>14-082-ITA-DHS</td>
<td>12/16/2014</td>
<td>We recommend that the DHS CIO coordinate steps with: DOD components located at JFK, to ensure their compliance with DHS Sensitivity System Policy Directive 4080A Section 1-4.B, and to designate the JFK CCTV camera and surveillance systems as DHS IT systems.</td>
<td>17</td>
<td>MGMT</td>
<td>None</td>
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<tr>
<td>5</td>
<td>OIG-15-18</td>
<td>Audit of Security Controls for DHS Information Technology Systems at John F. Kennedy International Airport</td>
<td>14-082-ITA-DHS</td>
<td>12/16/2014</td>
<td>We recommend that the DHS CIO coordinate steps with DOD components located at JFK, to prepare privacy impact assessments (PIAs) for the JFK CCTV camera and surveillance systems as directed by privacy laws and policy.</td>
<td>16</td>
<td>PRIV</td>
<td>None</td>
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<td>6</td>
<td>OIG-15-85</td>
<td>DHS Missing Data Needed to Strengthen its Immigration Enforcement Efforts</td>
<td>14-129-AUD-DHS</td>
<td>5/4/2015</td>
<td>We recommend that the DHS Deputy Secretary require the Office of Policy to develop and implement a plan to collect, analyze, and report data on the Department's use of prosecutorial discretion to assist immigration enforcement activities and improve future policy. The plan should include steps taken to ensure the completeness and accuracy of the prosecutorial discretion data.</td>
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<td>7</td>
<td>OIG-16-51</td>
<td>CBP Needs to Better Plan Its Implementation of the DHS Prison Rape Elimination Act Regulations</td>
<td>15-121-ISP-CBP</td>
<td>3/31/2016</td>
<td>We recommend that the Commissioner, U.S. Customs and Border Protection determine, no later than July 2017, which holding facilities should be defined as overnight facilities, determine whether additional holding facilities should be audited and ensure these facilities are audited by the July 2018 deadline.</td>
<td>4</td>
<td>CBP</td>
<td>None</td>
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<tr>
<td>No.</td>
<td>Report No.</td>
<td>Report Title</td>
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<td>1</td>
<td>OIG-16-87</td>
<td>IT Management Challenges Continue in NPAV Security Technology Integrated Program</td>
<td>1-01-11A-TSA</td>
<td>5/10/2016</td>
<td>We recommend that the TSA CIO and Assistant Administrator for Office of Security Capabilities (OISC) jointly ensure that authorized TSA staff obtain and change administrator passwords for all Security Technology Integrated Program (STIP) systems at airports so that contractors no longer have full control over this equipment at airports.</td>
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Total Open-Executed Recommendations Greater than 6 Months: 8