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GAO'S 2023 HIGH RISK LIST: RECOMMENDATIONS FOR REDUCING WASTE, FRAUD, AND ABUSE

HEARING

BEFORE THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
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CONTENTS

Opening statements:	Page
Senator Peters	1
Senator Paul	3
Senator Carper	12
Senator Lankford	15
Senator Rosen	18
Senator Hassan	20
Senator Scott	23
Senator Blumenthal	24
Senator Ossoff	28
Prepared statements:	
Senator Peters	33
Senator Paul	36

WITNESSES

THURSDAY, APRIL 20, 2023

Hon. Eugene L. Dodaro, Comptroller General of the United States, U.S. Government Accountability Office	
Testimony	5
Prepared statement	38

APPENDIX

Senator Paul's chart	58
Responses to post-hearing questions for the Record:	
Mr. Dodaro	59

GAO'S 2023 HIGH RISK LIST: RECOMMENDATIONS FOR REDUCING WASTE, FRAUD, AND ABUSE

Thursday, April 20, 2023

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10 a.m., in room SD-562, Senate Dirksen Office Building, Hon. Gary Peters, chairman of the committee, presiding.

Present: Senators Peters [presiding], Carper, Hassan, Sinema, Rosen, Ossoff, Paul, Johnson, Lankford, Romney, Scott, and Hawley.

OPENING STATEMENT OF SENATOR PETERS¹

Chairman PETERS. The Committee will come to order.

Today I would like to welcome Comptroller General Gene Dodaro to the Committee, and thank you for your years of service to the American people.

The Government Accountability Office (GAO) is an independent, non-partisan “congressional watchdog,” charged with examining how taxpayer dollars are spent and evaluating whether government is working efficiently and effectively for the American people.

For over 30 years, GAO has reported on “high risk” government programs and operations at the start of each Congress. The High Risk List identifies government programs that are vulnerable to fraud, waste, abuse, and mismanagement or need reforms to improve them.

The High Risk List and GAO’s important oversight work have been vital resources for this Committee to identify problems and work on bipartisan legislation to improve the way the Federal Government works each and every day, and I hope we will continue those efforts in this Congress.

Over the past 17 years, by addressing many of the concerns highlighted on the High Risk List, Congress and Federal agencies have saved hardworking Americans more than \$675 billion in taxpayer dollars. I am grateful to GAO for their efforts to identify these areas for improvement and for their continued commitment to ensuring the government functions in the best interest of taxpayers.

Just within the last two years, the Federal Government has seen an estimated \$100 billion in financial benefits due to improvements

¹ The prepared statement of Senator Peters appear in the Appendix on page 33.

in high-risk areas noted in GAO's 2021 High Risk Report, and 16 out of 34 high-risk areas have made improvements, the most since GAO began assessing high-risk areas.

For example, a 2016 law that I authored, the Making Electronic Government Accountable By Yielding Tangible Efficiencies Act (MEGABYTE Act), which was based on a GAO recommendation to improve software license management, has saved taxpayers more than \$450 million by reducing duplicative software purchases. I have reintroduced bipartisan legislation this Congress to continue building on that success by improving how the Federal Government manages software purchases, and will continue working to address other high-risk areas highlighted in GAO's report.

This year, GAO has placed our nation's cybersecurity as one of the top five high-risk areas that need significant attention, and has issued more than 4,000 recommendations in the cybersecurity domain since 2010.

Strengthening our nation's cybersecurity has been a top priority for this Committee, and we moved several bills last Congress that I authored to shore up our nation's cybersecurity defenses, including legislation to require critical infrastructure owners and operators to report when they have been attacked or they have paid a ransom.

This is an important step toward safeguarding some of the most frequent targets of cyberattacks, but it is clear we must continue working to address this issue as the threats from cyberattacks continue to grow.

GAO has also highlighted challenges with hiring skilled cybersecurity and artificial intelligence (AI) experts to fill roles in the Federal Government. If we are going to be truly effective at strengthening our networks, leading the world in these fast-growing areas, and protecting our national security, then we must have qualified and dedicated cybersecurity, information technology (IT), and AI experts working across the Federal Government.

I have also authored legislation to address these skill gaps to ensure we can fill these in-demand roles in the cybersecurity and artificial intelligence fields, and will continue working with my colleagues in a bipartisan way to build a strong talent pipeline for the Federal Government.

The latest High Risk List also includes the need to address toxic substances, including Per- and polyfluoroalkyl substances (PFAS), also known as "forever chemicals," that have contaminated communities in Michigan as well as all across the country.

These chemicals can be found in our food, air, water, and consumer products, adversely affecting the health of millions of Americans. PFAS exposure remains a serious issue, and the Environmental Protection Agency (EPA) must be able to accurately assess and monitor existing and emerging PFAS substances to determine whether they pose a harm to human health.

I have pressed for the EPA and other agencies to increase clean-up efforts, and will continue conducting oversight to ensure agencies are detecting and responding to this threat in a timely manner.

Finally, this year's list includes pandemic preparedness and response efforts. Last Congress, I released a report detailing the find-

ings from a two-year investigation into the Federal Government's preparedness and initial response to the Coronavirus Disease 2019 (COVID-19) pandemic. The investigation revealed serious systemic failures in our nation's ability to grapple with a pandemic of that scale, and my report made key recommendations to ensure we are better prepared for the next public health crisis. I will continue working on legislation to address these shortcomings and strengthen our ability to deal with future pandemics.

Mr. Dodaro, we appreciate you for your independent, non-partisan work that you and all of the dedicated employees at GAO have conducted and continue to conduct. I know last month, the Partnership for Public Service named GAO the Best Place to Work in the Federal Government for mid-sized agencies. Congratulations on that, a great honor.

[Applause.]

I will add it was the third year in a row. Now that is worthy of applause, three years in a row.

With all of that I look forward to our discussion here.

Ranking Member Paul, you are recognized for your opening comments.

OPENING STATEMENT OF SENATOR PAUL¹

Senator PAUL. Thank you. This Committee is long overdue for a hearing that focuses on the rampant waste, fraud, and abuse in the Federal Government. We are faced with a \$31 trillion mountain of debt. Rather than attempt to get spending under control, though, both parties continue to propose new spending with no regard for the exploding debt or controlling the already existing spending.

To make matters worse, everyone in Congress knows that the plague of waste has infected just about every Federal agency. But rather than take steps to restore fiscal health, Congress buries its head in the sand, doles out more and more taxpayer money every year to the Executive Branch with no strings attached, crosses its fingers, and hopes the problem will fix itself.

For years, I have documented outlandish spending in my annual "Waste Report," which exposes how the Federal Government is misusing Americans' hard-earned tax dollars. My most recent report uncovered over \$482 billion in government waste. For example, the National Institutes of Health (NIH) spent more than \$1.1 million to get mice drunk—apparently we are not aware of what happens when you drink too much—\$2.3 million to inject six-month-old beagle puppies with cocaine—apparently there is not enough evidence of what happens to humans on cocaine—\$3 million to watch hamsters fight on steroids.

This is the tip of the iceberg. This has been going on since the 1970s. Many of you will remember the studies to figure out what makes people happy. This stuff has been going on forever, and yet the agency that funds a lot of this, the National Science Foundation (NSF), we have doubled their budget in the last two years, and we think, oh well, they will be much better with waste and fraud with double the amount of money. It is my opinion the only way

¹The prepared statement of Senator Paul appears in the Appendix on page 36.

you ever rein in waste and fraud is give these agencies less money, and then they will be forced to make do on less money.

Government watchdogs like the Government Accountability Office were created to expose and combat waste, fraud, abuse, and mismanagement in the Federal Government. Every two years, GAO publishes its own report that helps call out government misdeeds. The High Risk report is a compilation of government failures and vulnerabilities. It spotlights agencies and programs prone to waste, fraud, and abuse.

One issue prominently featured in GAO's most recent high-risk report is the governmentwide problem with improper payments. This has been listed in the past and is listed again this year. For example, in 2022, GAO found Medicare made \$46.8 billion in improper payments. Medicaid made \$81 billion in improper payments, which should really not come as a surprise given the Medicaid program suspended enforcement of eligibility reviews during the COVID-19 pandemic. This has not been talked about much, but during the pandemic all the so-called rules for looking at abuse just went out the window and they said, oh well, everybody deserves Medicaid, everybody deserves food stamps, and nobody came off any of these programs. We just threw out all of the oversight of these programs, and as a consequence, they are in some of the worst state that they have been in in a long time.

If that was not bad enough, GAO looks at the substantial levels of fraud that occurred in the Department of Labor's (DOL) Unemployment Insurance (UI) program and says it is almost impossible to even grapple with the problem because it is so big and so opaque.

Like my own waste report, GAO also identified the Department of Defense (DOD) as a consistent perpetrator of waste, fraud, and abuse. Since 1995, GAO has identified Department of Defense's financial management as "high-risk." Unfortunately, not much has changed since then, other than DOD receiving bigger and bigger checks every year. This is an example of how this is really a bipartisan problem, Republicans wanting unlimited checks for the Defense Department, Democrats wanting unlimited checks for the social welfare. Everything goes up and the oversight becomes less and less proficient or profound.

Until the Department of Defense can properly account for the money it spends, though, Congress can never effectively conduct oversight of the department. The DOD has become a behemoth of spending, and no one here ever questions it.

How does all this waste happen? A better question might be, how does all this waste continue to happen and get worse all the time? When I was a kid in the 1970s, William Proxmire, a conservative Democrat, used to give his Golden Fleece Awards for nonsensical government spending. But here we are, decades later, still facing the same problems. There was one study that they did in the last two years, I think it was over \$1 million to study if you take selfies of yourself smiling and you look at these selfies later on in the day, whether or not you will be happier.

The thing is, do you think that is going to get better if we give the National Science Foundation more money? We doubled their budget and they do more of this craziness, and every year we point

it out and every year gets worse because no one is willing to call them on it and say, “We are going to give you less money next year unless you are better with spending the money.”

The Chairman, GAO identified numerous instances of waste, fraud, and abuse that Congress can easily address. I appreciate GAO’s work, but what is really needed is congressional will to significantly reduce government waste and spending. The American people deserve an accountable government that manages their hard-earned dollars responsibly. Mr. Dodaro, thank you for being here today. I look forward to hearing your testimony and working with you to reduce the waste, fraud, and abuse identified in your report.

Chairman PETERS. Thank you, Ranking Member Paul.

It is the practice of the Homeland Security and Governmental Affairs Committee (HSGAC) to swear in witnesses, so Mr. Dodaro, and our subject matter experts, I think that may becoming, there are a few that might be testifying in the question and answer (Q&A) process, if you would please all rise and raise your right hand.

Do you swear that the testimony that you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

[Chorus of I dos.]

Chairman PETERS. You may be seated.

Today’s witness is Comptroller Gene Dodaro. Mr. Dodaro has served as the Comptroller General of the U.S. Government Accountability Office since 2010, following two years as the Acting Comptroller General.

In his over 45 years of service at the GAO he has held a number of leadership positions, including Chief Operating Officer (COO) and head of GAO’s Accounting and Information Management Division.

Mr. Dodaro, welcome to the Committee once again. It is always great to see you. We enjoy hearing your testimony and enjoy working with you on these important issues. You may proceed with your opening remarks.

**TESTIMONY OF HON. EUGENE L. DODARO,¹ COMPTROLLER
GENERAL OF THE UNITED STATES, U.S. GOVERNMENT AC-
COUNTABILITY OFFICE**

Mr. DODARO. Thank you very much, Mr. Chairman, Ranking Member Paul, Members of the Committee. It is a pleasure to be here. I appreciate all the kind words about GAO. We enjoy working with this Committee and other committees across the Congress to make our government more accountable, efficient, and effective.

The basic story with this High-Risk Update is that there has been good progress in certain areas due to Congressional and Executive Branch actions, but there are still serious, very consequential problems that need to be addressed—that need greater attention from the Congress and the Executive Branch.

On the progress side, Mr. Chairman, you pointed out 16 areas improved, two to the point that we are removing them from the

¹ The prepared statement of Hon. Dodaro appears in the Appendix on page 38.

list. The first is the Pension Benefit Guaranty Corporation (PBGC) multiemployer pension program. Congress appropriated funds. That program was projected to be insolvent in 2026. Now the projected insolvency date has been pushed off several decades. The single employer program has also improved gradually and so PBGC projects a very low risk of insolvency for either program for the next 15 years. We are going to take them off the list. Now just because they come off the list, they are not out of sight, so we will still continue to monitor what is going on with those programs.

We are also removing the 2020 Census. They were able to contain, for the first time, the growth in spending in the cost of the census. They successfully deployed an internet response option this last time, and they took all our recommendations and those of the Department of Homeland Security (DHS) to bring down cybersecurity risk to the census. We are taking them off. Again, we will continue to watch whether or not risk builds up toward the 2030 Census, and if so, we will add it back to the list.

There has been progress in other areas. Congress provided stable funding, at least for the next five years, to the surface transportation area. It did not solve the problem long-term so it is still on the list, but there was good progress.

Congress passed the Postal Service Reform Act that eliminated some of the financial pressures on the U.S. Postal Service (USPS). But the Postal Service business model is still not viable in the future. It continues to lose money—and remains on the list as well.

Congress passed legislation to support a number of programs that seek to build in climate resilience up front, so our high-risk area of limiting the Federal Government's fiscal exposure by better managing and building resilience in up front was addressed.

Congress has provided some additional resources to the Internal Revenue Service (IRS), which deals with our high-risk area of tax administration on that area.

So good progress. Congress is to be commended for all the action that they have taken, as well as the Executive Branch, in implementing some of these reforms.

We added three new areas to the High Risk List. One is the Department of Health and Human Services (HHSs) leadership and coordination in responding to public health emergencies. Over the last decade we have seen failure after failure to be adequately prepared, and most recently during the pandemic. Roles and responsibilities need to be better clarified and there needs to be better data—and better communication—that is consistent and clear to the public. I fear we are not any better prepared now for the next emergency than we were for the last one. I wanted to put it on the list to highlight it, so that it stays in the public eye and with the Congress and the Administration.

We also added the Unemployment Insurance System. Here we have estimated that at a minimum, there was \$60 billion of fraud. We are working on a higher-end estimate now. But due to the significant fraud and improper payments—which was occurring even before the pandemic, at a much less level—and the need to reform the State IT systems. IT systems at the State level are very archaic. They are not well positioned. The program is not really designed to meet the modern needs of our current evolving workforce.

We also are adding the management of the Federal prison system. There have been problems in the Bureau of Prisons' (BOP) staffing, which has led to some concerns about inmate and staff safety, and about their efforts to evaluate programs that are intended to help deal with the recidivism issue. Programs have not been very well evaluated and improved in those areas.

Now I would like to highlight a few of the other areas remaining on the list. One is cybersecurity. The Federal Government is still not operating at a pace commensurate with the evolving grave threat. This has been something I have been focused on for many years now. The National Strategy just came out, but there is not yet an implementation plan for the strategy. They promised to produce one. It needs to identify who is responsible for what, how much money is needed, and how to measure performance and improvements in those areas. Cybersecurity remains a grave threat to our economy and our national security, and it needs to be better addressed.

Second is drug misuse. We added that to the High Risk List a few years ago. The latest 12-month statistics show over 107,000 people died from overdoses. There have been problems now not only with fentanyl and opioids but with xylazine, which is a tranquilizer given to animals, being mixed with the fentanyl, which is causing even more severe problems. We need a national strategy—that needs to be completed and implemented successfully. We need more coordination with State and local governments, law enforcement, and health care providers—to deal with this issue.

The last area I will mention is oversight—of medical products and device. The Food and Drug Administration (FDA) is still not in a good position to deal with potential drug shortages in the economy, and to provide oversight over foreign production of medical products. Whether it is pharmaceuticals or medical devices, most of what is consumed in the United States right now is produced in other countries. FDA has to have more of an effective strategy for the global supply chain, not just domestic production in the United States.

We are committed to continuing to work on these high-risk areas, to make greater progress. They are all very important to public health and safety, our national security, and can save billions of additional dollars.

I thank you for the opportunity to be here. I look forward to your questions.

Chairman PETERS. Thank you, Mr. Dodaro. Thank you for the testimony.

Federal cybersecurity has been on the High Risk List for years, as you know, but as you have just testified to it remains in need of significant attention. In many ways it is becoming a bigger problem that requires even more attention than in the past.

The Federal Information Security Modernization Act (FISMA), for example, the Federal oversight, has not been updated in almost a decade, and that was before Cybersecurity and Infrastructure Security Agency (CISA) or the National Cyber Director even existed, and yet we have not updated some key pieces of legislation.

Last Congress, this Committee marked up legislation that I wrote relating to FISMA, and it passed with unanimous support,

but it still has not gotten through the House. We are going to continue to work to make that happen, and we are going to continue to work in Congress in a bipartisan way to do that.

But my question for you, sir, is you have been sounding the alarm on Federal cybersecurity for more than two decades now, and as we continue to work on this issue what do you believe are really the key things that we should be focusing on to make these improvements, going forward?

Mr. DODARO. There are four main areas and about 10 actions that we believe are absolutely critical. One is the development and successful execution of a national and global strategy to deal with this issue. I mentioned the current status of that. Supply chain issues need to be dealt with more effectively. We have done quite a bit of work on those areas. We need a better cyber workforce. There are not enough people in the workforce. They are not always deployed in the Federal Government in the greatest priorities.

We also need to get ahead of emerging technologies. Artificial intelligence and quantum computing will dramatically increase the cybersecurity concerns. Quantum computing can break encryption methods that are currently being used. We need to get prepared for these things ahead of time, which is why I tried to raise this issue. I first put it on the list in 1997, to try to get action.

Second, we have to get the Federal agencies to have more comprehensive, effective security programs. Most of the Federal agencies are rated by their Inspector Generals (IGs) as not having effective IT programs. That is why FISMA reform is, in fact, needed, and we look forward, hopefully, that it will pass. We also need to have better incident responses when things do happen, and they will happen, that the agencies need to get on them right away, deal with them, limit the damage, and do assessments going forward.

The third area, which I believe is one of the most important, is critical infrastructure protection. I do not think the Federal Government knows the preparedness of many of these important sectors of our economy as much as they should, in terms of the electricity grid, the communications networks, the financial markets, and many other areas. There needs to be much more partnership between the Federal Government and the private sector in this area, if we are going to really have successful activities. Right now it reminds me of the situation before September 11, 2001 (9/11), where a lot of people had information but it was not being shared with one another.

Last, privacy laws need to be desperately updated. The Privacy Act was passed in 1974. There have been some minor improvements with more recent legislation, but it really does not meet the needs of the private sector or well serve the American people.

Chairman PETERS. I want to pick up on critical infrastructure. In your report you noted that six out of the nine sector risk management agencies need to better measure how critical infrastructure entities are actually addressing the cybersecurity risk, as you alluded to there in your last answer. You have also recommended that CISA establish milestones and timelines to help sector risk management agencies carry out their responsibilities.

My question for you is, sir, in your view are sector risk management agencies resourced and organized to handle their responsibilities, or is there something else we should be thinking about?

Mr. DODARO. There needs to be more work to have them better organized and resourced. On the resource side, it is considered, in many cases, to be a corollary duty to their normal responsibilities, so they are really not dedicated to this effort. There is not a lot of focus on how to make improvements and measure whether or not the efforts that they are taking with the private sector are really improving the profile in those areas.

Both on the organizational level and on the resource level the government is not where it should be, if we really are serious about managing the threat in this area and trying to work cooperatively with the private sector. I know there is a lot of reluctance to share information between the private sector and the government. We need to overcome that if we are going to, as a Nation, have a comprehensive approach. There needs to be some compromise on requirements. I know there is resistance to a lot of regulation, and I am not advocating that, but we need to get more serious and have some more compromises. Where there is a Federal regulatory role we should use it properly.

Chairman PETERS. Mr. Dodaro, the Toxic Substances Control Act provides EPA with the authority to review chemicals already in commerce, to keep the public safe, as you are well aware. However, there are thousands of PFAS chemicals still in use that have not yet been fully evaluated by the EPA.

In your opinion, what steps does the EPA need to take to ensure that it can efficiently and effectively review PFAS chemicals to keep the American public safe?

Mr. DODARO. EPA has come up with a national testing strategy, which is a good first step. They have also established the first proposed rule for regulating certain PFASs in drinking water, which is a good step forward. But our observation is they are not resourced properly. They are way behind, and they do not have both the type of technical people in specialty areas as well as the quantity of people necessary to deal with the proliferation of these chemicals throughout our environment.

That has been the biggest area that has been a problem, and I think Congress needs to focus on that. I am not advocating giving them resources without accountability. They need to have resources, but they need to produce and use those resources effectively.

Chairman PETERS. Thank you. I was happy to see that the 2020 Census was removed from GAO's High Risk List, and I appreciate the work that the GAO did to provide key oversight during that process. However, I think we should learn from some of the problems that occurred in the last census, and it is really critical that we do that. One item in particular was the undercount of many populations, including in the city of Detroit, and we need to address this problem going forward. That has a significant impact on a local area, as you know. The Bureau must incorporate lessons learned in the 2030 Census planning process as it is ramping up.

I just quickly, in the time here, will you commit to continuing the oversight of the Census Bureau? Even though it is off this list it is still going to require some pretty close oversight.

Mr. DODARO. Absolutely. One of my earlier assignments at GAO was looking at preparations for the 1990 Census, and we have followed every decennial since, and we will continue to do so.

Chairman PETERS. Good. I appreciate that.

Ranking Member Paul, you are recognized for your questions.

Senator PAUL. Thank you, and welcome. I am very impressed with your work through the years, and continue to be amazed at some of it. In fact, you are able to get information that we are not able to get. We have such great resistance from Executive Branch, of either party, that everything is hidden from the people's representatives and from the people.

Recently you were commissioned to look at spending through our agencies that has gone to China, and you found that there was \$48 million that you can locate so far that went to China. But what was extraordinary, and still is extraordinary, I think has not really fully been recognized, is that you actually discovered that money was going from American universities and being subcontracted to military research in China. People would be kind of amazed that we are actually funding research in China, since we have such an adversarial relationship, but we are actually funding military research.

There is an Academy of Military Medical Sciences (AMMS), and I think you publicly identified at least two of the universities with subgrants there, Duke and UC Berkeley. We have people thinking there may be as many six or seven other universities that are subcontracting this—UC Davis, UTMB Galveston, University of Wisconsin Madison, University of North Carolina, and University of Minnesota—and I would like to hear your response if you know any more about it, but also to look into those, because I think there is a question of whether it is being done appropriately, honestly, and actually, frankly, legally.

Are you aware of any other universities that you can tell us that are subcontracting grants to China?

Mr. DODARO. Not offhand. I will talk to our team, and if we do have something I will submit it for the record.

Part of the problem is there could be an award to a university, and sub awards from the universities to different areas, and it can go even a little further than that, and it is hard to track the sub awards.

We are looking at that now. We are also looking at the Federal Government's coordination of research in international areas. We have a separate effort to look at that right now.

Senator PAUL. In looking at these subcontracts are you looking at whether or not they are obeying the law, the rules as to how you are allowed to subcontract it? Do you look at the False Claims Act, or are you looking at legality as well as good policy?

Mr. DODARO. We are looking at how the agencies are structuring the awards, and what kind of requirements they have. I have a little concern, in some of the preliminary briefings I have heard, that the Federal Government is not striking these agreements in a way

that protects the Federal Government's interests as appropriately as possible.

Senator PAUL. Basically everything we know, we have learned some from the GAO, and almost everything else we know is from Freedom of Information Act (FOIA). The agencies will give us nothing. Recently we voted unanimously to declassify all of the COVID origins material, to give it to us. That does not mean they will give it to us. We have been asking for declassified information for two years and we get squat.

In fact, from Freedom of Information Act we have two people at Defense Threat Reduction Agency (DTRA) and the Department of Defense, they are talking to each other, and they are saying, well, we are reviewing EcoHealth but it looks like EcoHealth is doing things with dollars beyond the definition of what they are supposed to be doing. The lead researcher at DTRA writes back and says, "We probably should change the wording because if someone ever FOIAs that, that is not going to look good." Can you imagine these people?

They also have exchanges going back and forth saying, "Senator Paul has requested this but he is doing it by himself because we cannot get a Democrat to help us, and so we are not going to give it to him." They actually are discussing that.

Anything you can do, I trust your honesty, your integrity, and that you will try. We need your help, because government is so out of control that we cannot get information.

We complain about the Chinese government. We cannot get information from our own government. We now have unanimously passed to declassify things, and they are still holding on to all the information. They will not give it up. We are still wrangling. We have not yet gotten one Democrat chairman to sign one letter of request for records.

This is a real problem. The thing is I do not do this for partisan reasons. My concern is there are people, scientists, saying this, that the next pandemic that escapes from a lab could kill as much as five percent, or even as much as 50 percent of the people on the planet. This is what we are looking at. We can create monstrous super viruses and nobody seems to care whether this came from a lab.

I appreciate what you are doing. I am very interested in the other universities because they do gain-of-function research. They have collaborated with China. But I am also interested in the military aspect of this. People talk about viruses having dual use. You can do it to look for vaccines. Everybody wants a vaccine. But it also could be a weapon. Everybody has always talked about dual use in this research, but we typically, ostensibly, only worked with other countries in the civilian area.

It boggles my mind that nobody seems to know that universities—and you all discovered this, which is amazing—that our universities are giving the money, subcontracting it Academy of Military Medical Research, where the scientist there has not the title of doctor but general and colonel in the People's Liberation Army.

This is something that I can only encourage you. We will be asking you also to do more of it, and we will try to get the other side

to agree to help us find out more information. But we would like to encourage this.

I am sure you have a team that has been doing this, if you would allow them to come and visit with us and talk more about what they have. Because sometimes we read a conclusion, and they might give us better ideas of things that we want to look at as well.

Mr. DODARO. Absolutely.

Senator PAUL. I guess the main thing is to isolate in on what are the rules for these things, whether people are obeying the rules on the subcontracting. And just by not listing it, that can be more than an oversight. That can be actually obscuring where the money is going as well.

But I appreciate your work on it, and we would like to get back with you further to talk about it, if we can talk to your team individually. Thank you.

Mr. DODARO. I am equally concerned about this issue, and we will continue to focus on it, and to work with your staff.

Chairman PETERS. Thank you, Ranking Member Paul.

Senator Carper, you are recognized for your questions.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Thanks. This is one of my favorite days of the year. I understand there are one or two people in the room that actually work with you at GAO, and if there are a few that work at GAO, the most popular place to work in the Federal Government, raise your hand. Just convey to your colleagues our heartfelt thanks for the great work that you do, and Gene, to you for the extraordinary leadership you provided for a long time.

My wife has an interesting sense of humor, and every year when it is my birthday—she is a year or two younger than me—every year when it is my birthday she will say to me, “What do you want on your tombstone? What kind of scripture? What kind of songs do you want them to sing at your funeral?” Finally I just said, “I have had enough. On my tombstone, this is what I want.” Thinking of all the years that I worked on postal reform legislation, and with the Chairman, Rob Portman, Richard Burr, and others. But anyway, thinking of the great work that we did passing postal legislation, I said, “Martha, I think I would like to have on my tombstone, ‘Return to Sender.’” [Laughter.]

She did not even blink. She did not even smile. I thought it was a pretty good line, and she said, “If that is not available what else would you like to have on your tombstone?” I said, “I would like to have ‘He was deaf on improper payments to dead people.’” That would be pretty good, you know? We worked on that one, and several of us worked on that one, pretty hard for a long time.

But on a more serious note, I want to pause and address the improper payments, something we talked about ad nauseum, but we still need to continue to focus on it. Thank you and your folks for your diligence in working with us.

I also am encouraged—we still have too many government operations, too much to criticize and find fault with—but as you reported to us, that we are making an improvement in a number of areas and several of the key areas have actually been taken off of the High Risk List, and we are happy about that.

As we have learned, payments made through the Paycheck Protection Program (PPP), the Economic Injury Disaster Loan (EIDL), program during the onset of the pandemic, resulted in hundreds of millions of dollars in improper payments. While this emergency relief, we know helped thousands of small businesses, probably millions, across the country coped with adverse economic conditions, these programs remain susceptible to high levels of improper payments and fraud.

In the 116th Congress I worked with Senator Kennedy, Senator Peters, Senator Paul, and others on this Committee to pass legislation that would endeavor to stop making improper payments to dead people, and require data-sharing among Federal agencies to ensure that these payments are reduced and eventually eliminated.

Question. Comptroller General, what suggestions does GAO have for additional legislative improvements to further address improper payments and fraud?

Mr. DODARO. Yes. First, I recommended legislation for any new Federal program that is created or where there is a major increase in a program of \$100 million or more, be automatically designated susceptible to improper payments. Right now it could be one or two years after the program is started before the very first improper payment estimate is made. That is too late, particularly in some of these emergency programs, the program is over before estimates are made. The later you make these estimates the less likely you are to recover the improper payment.

Second, agencies should be required to have special procedures in place and internal controls before emergency spending, or major increases in spending. Right now we have made that recommendation to the Office of Management and Budget (OMB). Everybody in the Executive Branch thinks the normal controls are enough. We do not. We think they need special controls, and they know what they need to do. Because this is where the push is to get the money out fast without having the normal controls in place. You need some kind of tailored controls, and you can do both. You can protect the government and get the money out fast if you plan ahead and use those experiences.

The last thing I would mention is that there needs to be a permanent analytical capability within the inspector general community. We had it during the Recovery Act days. It was eliminated in 2015. I recommended that Congress make it permanent. That did not happen. I am at it again. I would like to see it made permanent. The IG community is supportive. They can help prevent fraud and improper payments.

Senator CARPER. Great. My staff and my colleagues have heard me say, over and over and over again, everything I do, I think everything we do, we can do better, and you have given us three good ideas to how to do it, an even better job on improper payments, especially to people who are no longer with us.

The second area I wanted to pursue in my questions deals with establishing a governmentwide cyber workforce plan. As folks in this Committee know well, the cyber threat posed by hostile nations and groups around the world cannot be overstated. We continue to see cyber threat actors evolve and advance their techniques in ways that pose a threat to business, health care facilities,

critical infrastructure, and put at risk the financial and personal safety of our countrymen and women.

Unfortunately, the cyber threat landscape is not getting less volatile. It is actually getting more volatile. Comptroller General, in your statement I believe you mentioned that further action is needed in cyberspace when it comes to establishing and effectively implementing a governmentwide cyber workforce plan.

My question along those lines is, given that each Federal agency's mission and size is so different from one another, how best can we establish a governmentwide cyber workforce plan that would address the needs of each department in an appropriate way.

Mr. DODARO. Yes. I am going to ask Nick Marinos, who is our expert in the IT and cyber area, to respond, Senator.

Mr. MARINOS. Yes, Senator. First, just to point out we have heard from the White House that there are intentions to establish the national strategy for cyber workforce in the summer. What we would be looking for is, one, a push-back to the agencies to continue to identify where they have gaps. Even though we have seen some improvement in this area, there is no comprehensive way for us to know whether each Federal agency actually knows what it needs.

The second thing is that each agency then needs to focus on not only recruiting and hiring but also retaining really highly qualified staff. We know there is a shortage, not only within the Federal Government—but across the Nation, and so it will be important for them to leverage not only the tools that they have right now but recent legislation that has called on creative ways to try to generate ideas for how to keep Federal Government employees actually staying within the Federal Government.

Senator CARPER. Great.

Mr. DODARO. There are a couple of things I would add. One is that there is a problem now between competition among agencies for the same talent. I think a governmentwide plan can help deal with that issue a bit because there is an unlevel playing field. Some agencies have special hiring authorities and pay; others do not. I think there needs to be a look at that and whether that is rationalized properly.

The other thing is the Office of Personnel Management (OPM). We have just issued a report recently saying Office of Personnel Management does not have its own plan for improving its workforce—and needs to. The human resource (HR) people in the government, whether they are centralized in OPM or in individual agencies, are not what we need in order to help support the recruitment and hiring of cyber people.

I think this is also a cautionary tale that we need to get ahead in artificial intelligence and quantum computing, because there were really no qualification standards for cyber people for a number of years, and so we were way behind the curve.

Senator CARPER. Mr. Chairman, we have a saying in the Navy, when people do extraordinary work, we use the phrase, "Bravo Zulu." I would just say to you, to both of you, to the folks that are behind you from GAO and those that may be listening in or watching, tuning in today, and those that are hard at work, Bravo Zulu. Keep up the great job. Thanks so much.

Chairman PETERS. Thank you, Senator Carper.
 Senator Lankford, you are recognized for your questions.

OPENING STATEMENT OF SENATOR LANKFORD

Senator LANKFORD. Mr. Chairman, thank you. Gene, it is good to see you again. Let me start with the same question we talk about every year. You will know the rest of this question when I start it. Taxpayers Right To Know. We have talked about it year after year. It has obviously passed. Twenty million dollars was given to OMB to go through the implementation. They received that funding. They have said they are doing pilot programs. They have also said they are coordinating with you on the process.

Tell me how it is going for Taxpayers Right to Know. They have the funding. They have the law. What is actually happening?

Mr. DODARO. Their current plan right now is to create an inter-agency working group to leverage additional resources needed and to get buy-in from the agencies because they are going to need to do that. They are going to deploy resources this summer and make a major push to try to begin developing an inventory and having the pilot.

I am encouraged by that. It has taken them a while to get to this point, so it may put them at a disadvantage in meeting the 2025 date that has been established.

Senator LANKFORD. Or try anyway. Is your team at the table in the conversations on setting the list, setting the priorities, setting the program definitions? Because the program definitions is a big part of this, and we have to get that right at the beginning.

Mr. DODARO. Yes. We have been playing an appropriate role, protecting our independence, but also being a sounding board and making suggestions to them. They are listening, and they are adopting some of our suggestions.

We were the ones that were encouraging them to bring the agencies in, not only for resources but to get buy-in.

Senator LANKFORD. Get the conversation.

Mr. DODARO. Yes, absolutely.

Senator LANKFORD. Strategic human capital management has been on your list since 2001. It remains on the list. This is an issue that I talk about a lot. Our Committee has talked about it a lot. Best I can tell there is about 105 hiring authorities. When I asked the Chief Human Capital Officers (CHCOs) about it, about 20 of them are used more than 90 percent of the time. But every time I bring up direct hiring authority, everyone has a conniption on it and thinks that will never work or whatever it may be, except for the entities that actually use it.

What is it going to take on the strategic human capital in trying to be able to figure out, on the hiring side, just the hiring portion of it, to be able to simplify this so it is actually usable and it does not take 145 days to hire someone at the IRS?

Mr. DODARO. One of the government-wide shortages and critical skill gaps is in the human resource people who actually support and run the hiring efforts and activities. There are problems at OPM itself, and there are problems in the individual agencies. A lot of the human resource people were trained over the years, going back to the civil service reform days to be compliance oriented, to

make sure you do not do anything wrong in these areas, as opposed to what can I do to be helpful, to help in these difficult areas.

We need to change that mindset, change that approach, and get the right people in there to support them. Then I think things will be a lot easier.

Senator LANKFORD. You and I have talked several times about the census, and I know census has dropped off the list this year. But one of the issues that I bring up consistently is the IRS, every single year, touches every single person, basically, across the country, or a vast majority of them. The census does it every 10 years. But for whatever reason, census and IRS will not talk to each other. There is some information-sharing behind the scenes. But why could not the census, every 10 years, partner with the IRS, what they do every one year, and add a couple of additional questions to your IRS filing, and that also fulfills your census as well for that year, and then for everyone else that does not do a filing to be able to then go pursue those folks?

That seems too common sense to actually work in the Federal Government, but I have been told for 10 years it will not work, it will not work, it will not work. I have also asked why it will not work, and no one can give me the answer why it will not.

Mr. DODARO. Yes. The only limitation I can see offhand of why it would not work is the timing of it. The census is where everybody is on one particular day, when they do the measurement, and the IRS filings are a year later. You file one year for the previous year.

Senator LANKFORD. Right.

Mr. DODARO. There may be a timing issue there. But I will look at it. I will have our team look at it, and there may be ways to overcome that. But to me the timing would be the major thing.

Senator LANKFORD. It is obviously because it goes door to door, trying to be able to check on people. They get as close as they can to one day. That one day could be April 15th. That would be just a statutory thing for us to be able to say April 15th is the one date.

Mr. DODARO. I will think about it. But you file on April 15th you are filing for the previous calendar year.

Senator LANKFORD. But you are filing where you are this year, with your address, where you are this year on it, as well. But let's talk about that at length—

Mr. DODARO. OK.

Senator LANKFORD [continuing]. To be able to go from there.

There are a couple of things I actually want to bring up. Can GAO do oversight on it. You have been in telework status for three years now. You are in the process of coming back from telework status. I look at your numbers typically in the past. You are typically \$145 to 1 of recovery. Well done. Spike the football. But now in telework status you are at about \$72 to 1. Is that because of telework status or is that something else?

Mr. DODARO. No, that is something else. We have been in telework status for a decade. We have had expanded telework. We have studied it. It has had no impact on our quality and productivity of our work.

There were two factors that led to the 145, and one year we had an all-time record of about \$200 billion of savings. Normally it is

more of a \$50 to \$70 billion range. Then second, during the pandemic, we spent a lot of time looking at the \$4.6 trillion in pandemic spending, so that took us kind of off our normal path.

But we are in pretty good shape and I think we will continue to produce a great return on investment.

Senator LANKFORD. We do need to talk about telework, because I am an advocate for remote work. I think that is a possibility. But one of the things I always want to ask you is, if you are doing remote work or telework and you are actually somewhere else but you are getting paid at a higher rate as if you are in Washington, DC, or San Francisco, or somewhere else, there are some real inconsistencies there.

But I think there are some real opportunities. I call the time of COVID the world's largest pilot program for telework, and there are some real opportunities that I think we can do, especially for spouses of military and others in the days ahead.

Mr. DODARO. Absolutely. Actually, we are in the process of negotiating a remote work option with our union right now, and the issue around pay is the most appropriate thing. I want to make sure it is equitable but not out of line.

Senator LANKFORD. Yes. It is an appropriate conversation to be able to have, based on where people live and work.

GAO, it is my understanding, has also put out a new style guide for language in it, and I want to just bring this up. We can have a longer conversation on this as well. But the style guide is trying to be more inclusive in the language. I prefer to use the term "respectful" in language rather than "inclusive," and let me give you a reason why.

In the style guide it tells folks at GAO, when using terminology like "male" and "female" that an agency uses or that is written into law, GAO should state the source to not give the impression that GAO endorses "male" and "female." I am not sure that is a good idea because we are back to, if we are going to be not offensive, we need to not be offensive to everybody.

There are several other things, taking out terms like "manmade" or "manpower" or "unmanned" or not using the term "policeman." Not talking about a person whose gender identity does not align with their sex assigned at birth implies a much larger not only political issue but a societal issue as well.

There are several things in the style guide that I look at and I say, hey, I really need GAO to stay out of cultural battles and to definitely not say if Congress writes a law that says "male" and "female" GAO should basically apologize for it and say, "Hey, their word, not ours." There are some concerns that are in this.

I would love to be able to have a conversation about how we can keep GAO consistent with where we are both in law and not trying to compete with Congress and trying to apologize that Congress in errantly uses the word "male" and "female." This will be a bigger issue that we can talk about at a different time as well. But we need GAO to stay GAO. Can I just say that?

Mr. DODARO. I understand your point, and I would be happy to talk to you about it.

Senator LANKFORD. Yes. I do not mind respectful language. That is a good thing, to honor all people in the process. Thank you.

Chairman PETERS. Thank you, Senator Lankford.
 Senator Rosen, you are recognized for your questions.

OPENING STATEMENT OF SENATOR ROSEN

Senator ROSEN. Thank you, Chairman Peters. Thank you for holding this hearing. Thank you for being here today, for all the work that you have been doing.

I want to focus a little bit on government legacy IT. Once again, this year's High Risk Report notes that the Federal Government efforts to improve the management of IT acquisitions and operations is a work in process. We know technology is moving quickly. But while your report gives credit to OMB for pushing agencies to implement IT reforms, it also states that all five ratings for this particular goal remain unchanged since 2017. Specifically, you cite 20 recommendations that have still not been addressed at 14 agencies, including the development of modernization plans for legacy IT systems.

As someone who began my career in computer programming, writing code in Common Business-Oriented Language (COBOL), Formula Translation (FORTRAN), Assembler, and others, it does trouble me that so many of our Federal agencies continue to use that legacy technology that in some cases has been around since the 1980s, and it is based on coding language that virtually no one works in anymore. This poses serious challenges when the technology breaks or malfunctions. Maintenance is a huge part of what you do, upgrade and maintenance. You can only patch it so many times. I know this from personal experience.

I am concerned the Federal Government is still getting an incomplete on this report card. Can you talk to me about the importance of getting our IT systems modernized, streamlined, forward-facing, and nimble in our ability to do all the things that we have to do, and why are people still only partially meeting their goals?

Mr. DODARO. This has been a vexing problem that we have been trying to push people on for a number of years. The problems include poor security. A lot of these systems were not built with security in them, so it is complicating our ability in cybersecurity area. The cost is expensive. There were efforts to try to replace them, but they often fail because of lack of discipline with IT management issues.

One of the things is they are not forced to get off the systems and commit to a date. We recommended that OMB do that, and they have not implemented that recommendation. I think Congress needs to step in here and try to require fixed dates, because they just keep rolling these systems forward. It is not good for taxpayer customer service issues as well.

Senator ROSEN. I will tell you, none of it in the old code, cybersecurity, I mean, there was a single mainframe. There was just one point of entry. The world has changed now, and it does leave us vulnerable.

I want to move on now to our cybersecurity strategy overall, because since 1997, GAO has designated information security, of course, it is high risk. We know it. Everyone knows that. This year's High Risk Report calls for the Administration to fully establish and implement a comprehensive cybersecurity strategy and the

implementation plans. Maybe we should put those hard dates in there.

Last month, the Administration released the National Cybersecurity Strategy. As the Administration executes the National Cybersecurity Strategy, what should be the roles and responsibilities of the individual Federal agencies to this national strategy that, frankly, if we do not do, all of us, in every single way, are vulnerable?

Mr. DODARO. This is a critical area. They have committed to try to clarify the roles and responsibilities. I will ask Nick Marinis to elaborate a little bit.

Mr. MARINIS. Yes, Senator. You raise a really important point and one that we would expect to see within an implementation plan, which is ultimately outlining not only timeframes, outcomes that you want to have in mind, but also who is going to ultimately be responsible for working together and then being accountable for actually taking action on them.

Senator ROSEN. Could you talk about duplicative programs, because maybe we can share front ends. We can populate data between agencies that everyone does not have to develop every single thing. Maybe you could address that as well.

Mr. MARINIS. Absolutely. The legislation that Congress has recently passed not only to enact and create CISA but also to empower CISA to be one of the key coordinating bodies, especially across the Federal agencies when it comes to its own cybersecurity, is an area that you would want to see within an implementation plan, and likewise, with the creation of the Office of the National Cyber Director, heading in the right direction. We would want to see what role does the National Cyber Director actually play in holding agencies accountable for taking these actions.

Senator ROSEN. Thank you. I am going to keep on this because I think it is so important. It is something on the top of everybody's mind, whether it is personal, professional, or for the world, we see a lot going on. We need people to do this work. We need programmers. We need engineers. We need cybersecurity, just every kind of analyst that is involved all along the chain. We have a huge workforce shortage, and this is not just a challenge in this area but in others.

The report does state, and I am going to quote here, "Federal agencies need to take additional actions to address the Federal cybersecurity workforce shortage." What practices—and either one of you can answer—should the Federal agencies adopt to solve the cybersecurity workforce shortages? I have a lot of opinions, but what measures, what should we be putting in place to address this? Apprenticeships? Certificates? Two-year? Four-year? All of the above? Maybe you could elaborate on that a little bit.

Mr. MARINIS. Yes, Senator. I think the important thing is to be creative here, and we realize that if the Federal Government is not the only game in town when it comes to cybersecurity employment, it needs to be positioned in a way that is going to have a lot of flexibility. As mentioned earlier, we have seen hiring authorities, flexible hiring authorities as one way for Federal agencies to take advantage of it. In order to do so, the human resource employees

need to be aware and cognizant of how to leverage those flexibilities.

Likewise, the potential to use things like rotational workforce or potentially even—

Senator ROSEN. What about a reserve workforce? I have some bills out there to create a cyber-reserve workforce to surge up.

Mr. MARINOS. It is a really viable option, and I know your interests are particularly in DOD and DHS, two places that obviously we need to see a very strong and well-capacitated cyber workforce.

I think all options should be on the table because ultimately the Federal Government is going to be a competitor with its private sector partners and has to operate off of different measures.

Senator ROSEN. If we can include them to surge up, that is a positive thing. Thank you.

Senator Blumenthal.

Senator BLUMENTHAL [presiding.] On behalf of Chairman Peters I recognize Senator Hassan.

OPENING STATEMENT OF SENATOR HASSAN

Senator HASSAN. Thanks, Senator Blumenthal, and I want to thank the Chair and the Ranking Member, and I want to thank you, Mr. Dodaro, for your service and for being here and for all the folks from the GAO who are here this morning and do this work. Thank you for your work.

I want to start with a question and really drilling down on technology issues. You are hearing about it all around the dais this morning.

In 2023, the Federal Government is expected to spend more than \$100 billion on new and existing technology. GAO's High Risk List makes two recommendations to help lower costs and better manage technology purchases all across the government. First GAO recommends that Congress consider giving the Federal Chief Information Officer (CIO) greater responsibility to address longstanding technology challenges. How could expanding the role of the Federal CIO help curb excessive Federal spending on technology, and what specific authority do you believe the Federal CIO still needs?

Mr. DODARO. I am going to ask Nick to respond to this, Senator. But first, an historical perspective. I worked with the Congress, and this Committee back in 1996, to create the Clinger Cohen Act, to create Chief Information Officers in the government. They were intended to have much greater responsibilities than what has played out over the years. Congress attempted to change this in 2014, with the Federal Information Technology Acquisition Reform Act (FITARA), but still the CIOs do not have all the authorities. Nick can give the details.

Senator HASSAN. Thank you.

Mr. MARINOS. Senator, two quick thoughts. First, with respect to the Federal CIO's own position. The reality is that the Federal Government represents probably the biggest buyer of technology within the Nation, and so it is important for us to have a way to know that IT's money is being spent effectively. Having a strong Federal CIO presence would allow that individual to bring Federal agencies to the table, and CIOs and leaders of agencies, to know

not only are they spending money wisely but they are leveraging buying power and we shared services.

Then the other side of it is ultimately to hold CIOs accountable, and Federal agency heads accountable toward those CIOs as well. We continue to see Federal agencies improve in aligning the CIO with agency leadership so that they can actually have the ability to see across a Federal agency where their IT dollars are being spent. It is a lot of money and does require a stronger oversight.

Senator HASSAN. Thank you for that, and you just referenced quickly the importance of collaboration between the CIOs and their agency leadership. But can you talk a little bit more about why that collaboration is so important for reducing IT costs and ensuring that agencies have the technology they need to serve the American people?

Mr. MARINOS. Certainly. We have seen, on the General Service Administration (GSA) side has established a lot of functions that allow agencies to leverage shared services, which is one way to bring the costs down. But in order to encourage agencies to actually leverage those available services a Federal CIO could bring CIOs to the table and ensure that they are ultimately using their buying power effectively.

Senator HASSAN. OK. Thank you.

Mr. DODARO. I think the other issue, Senator, in that case is that a lot of the program managers who actually run the programs have their own ideas on what they think they need technology-wise, and sometimes it is not the most efficient approach. You need a technical person to partner with the program people, but they need to be supported by the agency head. That communication needs to be there in order to make the right decisions.

Senator HASSAN. Absolutely. Let us talk a little bit more about the National Cybersecurity Strategy, while we are at it. For 25 years, the High Risk List has highlighted the importance of cybersecurity as a matter of national security, affecting not only government but individual schools and businesses, and you have talked about that.

As you mentioned, last month the Biden administration released the first-ever National Cybersecurity Strategy, something that GAO has supported for years. What should be the Federal Government's next step toward executing the National Cybersecurity Strategy?

Mr. MARINOS. Ultimately an implementation plan, Senator. There are a lot of to-dos in that strategy, and we commend the Administration for pursuing it. We have seen it align quite closely to many of the actions that we have been calling for over the years. But the rubber will meet the road, ultimately, with implementation of those strategic goals.

You mentioned, the issues that we see, for example, in K-12 schools and the ransomware attacks that we see are only going to be assisted by Federal Government agencies if we have better coordination. We would want to see the implementation plan reflect that coordination as well.

Senator HASSAN. I will also urge them to look at collaborating with the Center on Internet Security (CIS) more effectively, because I think they are doing some pretty good work too.

Mr. Dodaro, I want to move to a different topic, and thank you for highlighting the substance misuse crisis in your testimony. In 2022, New Hampshire had the highest death toll from drug overdoses since 2017, and as of today, in 2023, 55 people in my small State have died from drug overdoses. Sadly, these numbers reflect a national trend.

GAO found that expanded access to medication-assisted treatment is critical to getting more people into recovery. I am proud that my bipartisan bill with Senator Murkowski was recently signed into law to expand the number of providers who are able to prescribe this lifesaving treatment.

The High Risk List, however, points out that the Office of National Drug Control Policy's (ONDCP) 2022 National Drug Control Strategy did not identify resources needed to expand the availability of medication-assisted treatment so that more people can get it. Why is it important to identify financial, personnel, or other resources needed to expand access to medication-assisted treatment?

Mr. DODARO. Actually, that is a very important issue. We have looked at it in terms of both how Medicaid funds could be used for that, as well as having additional supporting assistance. But part of the problem we have had with the strategy is it does not allocate resources appropriately so we could measure the impact in that area. But it is very important.

I will ask Jess Farb, who is the director of our health care area, to address that more specifically.

Senator HASSAN. Thank you.

Ms. FARB. Senator, I think in terms of what is expected in the Office of National Drug Control Policy's Strategy, we are looking to see metrics and goals that will measure the spending that you are talking about, to make sure that there is the correct amount of funds available to support this. It is definitely a tool that is very important for recovery from drug misuse. I wanted to also bring in my colleague, Charles Johnson, as well, who is my partner in this.

Senator HASSAN. Thank you.

Mr. JOHNSON. Thanks, Jess. Senator, one of the things we did see absent from the strategy was they have goals set up but they do not have the budget allocations over a five-year period. What we have heard from the ONDCP is that they do not disclose the President's budget over a five-year period.

But we will continue to look into this and work with them to see if we can get them to think about that as well as engaging with some of the key partners, other agencies involved, as well as State and locals.

Senator HASSAN. Thank you. I mean, one of our challenges, now that we are allowing much more access to medication-assisted treatment is to figure out how to make sure that it is truly accessible and that pharmacies are participating as well. I look forward to working with you on that. Thank you.

Senator BLUMENTHAL. On behalf of Chairman Peters I recognize Senator Scott.

OPENING STATEMENT OF SENATOR SCOTT

Senator SCOTT. Thank you, Chairman. Comptroller Dodaro, I think you and your team do an unbelievable job. I think you are a great Federal resource. I have been up here four years and you have been unbelievably helpful in reviewing how government works. I wanted to thank you and your entire team for what you do.

The first question is how important is it that the Federal Government have independent inspectors general?

Mr. DODARO. I think it is absolutely essential.

Senator SCOTT. What would be some of the reasons why a Federal agency should have one, an independent inspector general?

Mr. DODARO. There are two reasons. One is that they need to have an investigative function in there. Many of them have criminal investigators and other tools that can look at misconduct with regard to the Federal employees in that area or contractors or other areas. Some of these agencies are so large that you need to have an independent audit function as well to be able to provide information. They are structured so that they report not only to the agency head but also to the Congress. That was the way they were set up, and by and large it has worked effectively over the years.

At GAO, we cannot cover the entire Federal Government with the resources that Congress has given us, so we leverage the IGs to make sure we do not duplicate what they do. They arrange, for example, the annual financial audit, of the agency's financial statements. We review the work. It is usually done by an Intergovernmental Personnel Act (IPA), and then we can use that to rely on and make our report on the governmentwide financial statements.

Senator SCOTT. So the Federal Reserve has nearly a \$9 trillion balance sheet, and I do not think there is any Federal agency that has probably a \$9 trillion balance sheet other than the Federal Reserve. And they do not have an independent inspector general. So do you think it would be appropriate for them to be like, what is it, over 30 Federal agencies have independent inspectors generals? Would that make sense?

Mr. DODARO. Yes, I think that would make sense. When I first became Acting Comptroller General I actually came to the Congress and asked for a statutory inspector general at GAO, so we have one there. I think it is important that the statutory IGs have certain protections and notification requirements, et cetera.

There is one agency that has a balance sheet higher than that. Unfortunately, it is the Bureau of Public Debt. But in any event, that is a side issue.

Senator SCOTT. You have written a lot about this, but I watched, when I was Governor of Florida and we had the hurricanes, and I watched how much fraud and abuse there was with regard to a variety of things that FEMA would contract for, or the Corps of Engineers. And one of the biggest is debris cleanup. It is frustrating because you just see this significant amount of waste.

So I have had a bill that would require, as an example, any entity that is going to do debris cleanup, like counties and cities have a pre-landfall contract and then enforce it. And then we have way more review because, as you know, as I think you all have written,

the Federal Emergency Management Administration (FEMA) cut back on a lot of their review of when they pay.

I think with Hurricane Irma it was over \$1 billion just in debris cleanup. Do you think we ought to have some way to stop all this fraud?

Mr. DODARO. Absolutely. I think that debris removal is not only expensive but it is the critical path to recovery. It is the first thing that needs to be done. I think because of that there are a lot of people who take advantage of that situation because of the urgency and the dilemma facing people. Whenever we have seen in emergencies, you saw that with the pandemic, it brings out the best in human nature but it brings out a lot of the fraudsters in those areas, and disaster relief is no exception to that.

I think the bill that you and Senator Peters are working on is a good step forward to help focus on that issue and put more attention on it, as was the Advanced Contracting Act that this Committee passed in 2020. But the proposed legislation builds further on that.

Senator SCOTT. Another issue that came up while I was Governor is national flood insurance. We have been three-plus donor States since national flood insurance came in, and what I watched while I was Governor is there is an unbelievable increase in certain areas of rates. You would think, if you were a donor State, of any amount but especially triple donor State, you would not think you would see that.

How important is it for FEMA and the Federal Government to do everything they can to help build a private flood insurance program to reduce the risk of the National Flood Insurance Program (NFIP)?

Mr. DODARO. I think it is very important that that program be reformed. It has been on our High Risk List as a separate program since 2006 following Hurricanes Katrina and Rita. Right now there is an over \$20 billion debt that the program owes to the Treasury, and that is after the Federal Government has forgiven \$16 billion in debt that was owed before. It is not actuarially sound, and as a result, there are a lot of inequities in the program that are hard to keep up to date.

Trying to have a private market for it, the question is whether or not that could be structured in a way that would be attractive to insurers, because they are going to charge actuarially sound rates or they are not going to insure. The Federal Government could provide more affordability assistance to help people with the rates, as opposed to running the program itself. I think that should be given serious consideration.

Senator SCOTT. Thank you. First off, I will tell you, the reports you guys put out are unbelievable. You guys do an unbelievable job, your whole team does, so thank you for what you do.

Mr. DODARO. Thank you, Senator.

OPENING STATEMENT OF SENATOR BLUMENTHAL

Senator BLUMENTHAL. Thank you, Senator Scott. I have a few questions and then we may reach a conclusion.

I want to come back to an area that Senator Carper asked about, on the Small Business Administration (SBA), and I want to drill

down a little bit on PPP and EIDL. I think the SBA did vital work in dispensing \$1.1 trillion very expeditiously, as was required by the times, and we all, I think, realized that there was also a good deal of waste and possibly even fraud.

In your view, is there still a need to look into and dig down deeper into the way those programs were performed, both to hold accountable the companies that may have received benefits illegally, and also to learn some lessons, more broadly, about these kinds of programs in the future? As much as we may appreciate what SBA did, there were also a lot of companies, small and medium-sized businesses that were denied these benefits because the program ran out of money. It performed a vital function, making money available, saving businesses, but at the same time it became a target for waste and fraud, and thereby denied some of the worthwhile businesses what they needed and deserved.

On those two programs is there work still to be done?

Mr. DODARO. Absolutely. I think your articulation of the circumstances and what happened is exactly, precisely the way I have seen it unfold, and we are working with SBA to try to have them build in a better fraud risk framework in the first place. We actually worked with the Congress back in 2016, to pass the Fraud Reduction and Data Analytics Act, which required agencies to implement GAO's best practices for how to prevent fraud in the first place. SBA was slow to implement that, and therefore it was not in place before the pandemic hit, when it should have been. They were not well positioned to take on the additional spending during that period of time.

The first fraud risk assessment that they did was after the program was over, and that is not as helpful, obviously. They need to have a better program in place. The Economic Injury Disaster Loan Program is an ongoing program activity too, going forward. Even though they built a special component on it, it is there. Then there is the normal disaster loan program that SBA has in place going forward. We are working with them to try to get them to be better prepared.

I think another lesson learned is to not allow self-certifications. That was a problem and that invited fraud in a number of areas.

There are key lessons learned by digging deeper into the programs, and I have made some additional recommendations to the Congress as well about making sure agencies can focus on and prevent fraud in the first place, because they do not recover that much as a percent of the funds after it happens.

Senator BLUMENTHAL. There is a lot of money still to be recovered. Is that what you are saying?

Mr. DODARO. Yes, there could be. Congress, for those two programs, has passed an extension of the statute of limitations so that the inspectors general can go further, and the Department of Justice (DOJ), into criminal prosecutions, and I think that is fine. The Administration has also recommended doing that in the unemployment insurance area, and I think that would be a good idea as well.

Senator BLUMENTHAL. In your view, from what you have seen, was there an awareness at the time that these loans, later becoming grants, going out were going to the wrong people?

Mr. DODARO. I tried to raise awareness that we needed to do a better job checking about that, but SBA was not in the mindset of hearing that, initially in the program. To their point, there was enormous pressure to get the money out quickly during that period of time, and I understood that. But when I went in I offered, I talked to the SBA administrator at the time, to help them design things.

We did that, if you recall, during the global financial crisis when the Troubled Asset Review Program (TARP) was set up. I worked with Secretary Paulson and his team. We helped give advice on building internal controls in up front. That program, while it was not popular, was effective, and you had nowhere near the amount of fraud that you have in these programs. But the SBA, in the original days of the creation of that program, were too busy to focus on that. We have to get this money out.

I think there were people who had concerns, us and the inspector general, but we were not able to persuade them to listen.

Senator BLUMENTHAL. But they could have listened. In other words, you can be busy getting money out and at the same time impose some safeguards. I will tell you, just anecdotally, I heard, during this time, because I was going to bat for small businesses who needed money, and what I heard was, "Oh, we have run out of money." The small businesses would come to me and say, "We have heard X, Y, and Z company got millions of dollars. They do not fit the criteria. What is going on here? Can't you do something about it?" They were coming down, rightfully, on their elected representatives. If we were aware of it, was not SBA, and could they not have done something.

Mr. DODARO. Yes, they could have but did not.

Senator BLUMENTHAL. I would like to follow up with you on this issue because I think that the lessons that you are learning should be more widely known throughout government. This is an unfair question but I am going to ask it—of the \$1.1 trillion, do you have kind of a ballpark number on how much was misdirected? I am using "misdirected" purposefully because I do not want to say "waste," I do not want to say "fraud," but just went into the wrong hands?

Mr. DODARO. Yes. I do not have that number for SBA and the PPP program. In the unemployment insurance area, we have estimated that at least \$60 billion, at the low end, was fraudulent. We are working on a higher-end estimate now. They had an already existing methodology for estimating fraud in the regular unemployment insurance program ahead of time, so we have been able to use that as a basis to make an estimate. You really did not have that in the SBA programs.

But we have information on the number of investigations and prosecutions and the amount of recoveries. We are happy to share with you and your team. I am happy to talk about this. We are making more headway now with the current Administration on this area, and they are taking that seriously.

But for three straight years now, the financial auditor of SBA's financial statements has been unable to give an opinion on their financial statements because of these problems. There is a signifi-

cant amount of issues here. That is why I have kept them on the High Risk List until they get them resolved going forward.

But there are definitely lessons to be learned that could be more broadly applied, and hopefully used in the future. In June I will have been in GAO 50 years, so what I have seen, over the years, is the lessons fade in terms of when the next crisis comes, and then the whole thing gets overcome by events and people doing this.

Also, there has been an estimate at SBA for the PPP program that there was \$29 billion in improper payments that were made. Now that does not mean they were fraudulent, but that tells you some level of magnitude.

Senator BLUMENTHAL. Some impropriety.

Mr. DODARO. Yes.

Senator BLUMENTHAL. Let me ask you, I am assuming, as a former prosecutor, I was the U.S. Attorney in Connecticut for four and half years and then I was State Attorney General for about 20 years. But I am assuming there is still a lot of work to be done in recovering that money. Am I correct?

Mr. DODARO. That is correct. There is a Pandemic Response Accountability Committee (PRAC) made up of the inspectors general that is led by Michael Horowitz as the chair, who is the Inspector General of the Justice Department. They are focused on this. There are investigations ongoing both at Labor and at the Small Business Administration, in addition to the IG community. That is why they have asked for the extensions on statute of limitations. They are working hard at it.

Senator BLUMENTHAL. I would like to follow up with you, and I will be contacting Mr. Horowitz as well, as not only a Member of this Committee but also as the Chairman of the Permanent Subcommittee on Investigations (PSI).

I do not know whether Senator Ossoff wants to ask his questions now. I have a few more questions on a different topic, if I may.

Senator OSSOFF. Sure. I have not yet voted. Have you, Senator Blumenthal? OK, then go right ahead. We will be stragglers together.

Senator BLUMENTHAL. Food safety, another area that is close to your heart, I know, and close to mine as well. I have been a strong advocate of a separate food safety agency. Right now, as you well know, the authority is fractured in 15 different agencies. There are 30 different Federal laws, and as a result nobody is really doing enough and doing it quickly enough. I think you are well aware with what happened with the infant formula contamination. But it is just one example of how the present system is failing.

Do you favor establishing a dedicated food safety agency?

Mr. DODARO. That is obviously a policy issue for the Congress. I think it is worthy of examination. It has been on the High Risk List for a number of years. Initially, when we put it on the list, we were pushing for a single food safety agency, but we were getting no traction. We went with the next best thing, which was a governmentwide plan with performance measures, and a permanent working group on food safety issues, which was in place years ago but had been abandoned. There was not a formal coordination mechanism. There was not a governmentwide plan. That is what our current recommendations are.

What we said is if that does not happen Congress should look at reorganization and creating a blue-ribbon commission to look at that. But certainly that is one option that I think is worthy of consideration, particularly on how stretched FDA is with their responsibilities. With the drug area and the food area, there is a lot on their plate.

Senator BLUMENTHAL. They have a lot on their plate, and we may not have success this session with the Food Safety Administration Act, introduced last Congress by my colleague in the House, Representative DeLauro, and here in the Senate by Senator Durbin. I co-sponsored it and I have been a strong advocate of it. The FDA could do more, and it has a lot of different responsibilities. But I think the Nation needs to do a lot more, and I welcome the opportunity to continue this conversation with you.

Mr. DODARO. Yes, I think it is very appropriate, particularly given the imported areas of where we are bringing food in. We still have a lot of good domestic production, but in a lot of areas we are using a global supply chain. I think that heightens, as it has on the drug side. It is equally heightened on the food side.

Senator BLUMENTHAL. Thank you. Thanks for your work and your team's. I really appreciate you being here and your contribution to our Nation. Thank you.

Mr. DODARO. Thank you, Senator.

Senator BLUMENTHAL. I will yield to Senator Ossoff and turn the gavel over to him.

OPENING STATEMENT OF SENATOR OSSOFF

Senator OSSOFF [presiding.] Thank you, Senator Blumenthal. Comptroller General, nice to see you again. I want to thank you and your team for the support that you have provided to several investigations I have led over the last couple of years, in particular the research and analysis that you produced supporting the PSI bipartisan investigation into deaths in custody in State and local facilities across the country, an issue I know Senator Blumenthal is focused on as well.

I led an investigation last year into the Bureau of Prisons, and introduced bipartisan legislation with Senator Braun called the Federal Prisons Oversight Act, to establish greater accountability and transparency within the BOP.

In the newly added section of the High Risk List titled "Management of the Federal Prison System," you cite a February 2021 report that you produced, which found BOP did not have reliable methods for assessing its staffing levels. Can you describe the methodology that you observed BOP using to evaluate its staffing needs, and how and why it so inadequately guides their staffing efforts?

Mr. DODARO. Yes. I am going to ask my colleague, Charles Johnson, who is head of that work. But what we noticed initially that led to the conclusion, between 2017 and 2021, their use of overtime went up over 100 percent, and that is always an indication that you have kind of staffing challenge. But Charles can explain the details.

Senator OSSOFF. Sure. Thank you, Mr. Johnson.

Mr. JOHNSON. Yes, Senator. In addition to what the Comptroller General just mentioned, not only did overtime go up, it is continuing to go up, and there have been continued gaps in their staffing as well. As a matter of fact, the data we have in the report now we have recently gotten updates, as of yesterday or this morning, and the numbers are continuing to decline. They have a 15 percent gap in their authorized staffing levels.

Also based on all the work we have done in the past couple of years where we have looked at their efforts to calculate staff, we did not see a good methodology in place. That is one of the recommendations we had made, and we think the new Director Peters is committed to looking into that issue. We have had several meetings with her, including the Comptroller General meeting with her. At the time we were meeting with her she was in the process of doing strategic planning. She also is looking to establish clear goals with respect to their staffing needs, as well as other programs that they have.

Senator OSSOFF. I think Director Peters has acknowledge multiple times the negative impact of these staffing challenges.

From your perspective, Mr. Johnson, what are those impacts, the ramifications for the Administration of Federal Prisons?

Mr. JOHNSON. Some of the things we point out in our report, she has acknowledged the safety and security of the inmates as well as her own staff. As you know, some of the deaths in custody work that you looked at and championed, and some of the things we have looked at recently with respect to some of the facilities, there has been a unit closed as result of the lack of sufficient care in custody of some of the inmates, and Director Peters herself has been responsible for the closure.

Senator OSSOFF. Remaining on the subject of deaths in custody, the bipartisan investigation that I led with Senator Johnson detailed the failures of DOJ to account for deaths in custody. GAO recommended, in March of this year, that BOP collect and monitor participation data for unstructured activities that incarcerated people participate in to earn first-step time credits, but BOP did not concur with this recommendation.

Given that participation in these programs can mean an earlier release for offenders, good-time credits, can you describe some of these programs and the difficulties BOP is having with implementation?

Mr. JOHNSON. Yes. Part of the issue is that there is not a clear sort of criteria for what programs count. There are some situations where inmates may be getting credit for just sitting in their cell, which should be not part of the criteria. In addition, there are inconsistencies that we found at different facilities in terms of how time credits are being allotted, or not given credit for certain time credits. Even the inmates themselves do not know what they can do to get the time credits.

Those are some of the things that we recommended that they address as well, come up with clear guidance and criteria for how you can obtain time credits.

Senator OSSOFF. Did BOP communicate to you why they did not concur with your recommendation that they collect and monitor participation data?

Mr. JOHNSON. They did not see the need. They felt like what they had in place was clear. Obviously, we wrote in our report that we disagree, and we think it is something important that they need to do, primarily so individuals incarcerated will know what they can do to earn their time credits.

Mr. DODARO. I plan to elevate this to what we consider a priority recommendation that should be implemented. We are going to continue to push for the implementation of this recommendation. I think it is needed. Every year I write a letter to every major department in the Federal Government, to the head of the agency, in this case the Attorney General (AG), and list what I think are priority open recommendations that have not been implemented yet. This will be on the list for this report.

I asked the same question, and that is not a satisfactory answer, in my opinion.

Senator OSSOFF. This Congress I am leading the Human Rights Subcommittee of the Judiciary Committee alongside Senator Blackburn. As I mentioned, GAO has provided, the last couple of years, very robust support and prompt responses to my requests for analysis at the Permanent Subcommittee on Investigations.

Comptroller General, will you duly and timely consider any requests for further GAO work product that I may make in order to advance investigations at the Human Rights Subcommittee?

Mr. DODARO. Yes.

Senator OSSOFF. Let us talk a little bit about some DOD issues. Since 1990, when GAO first published the High Risk List, DOD weapons system acquisition has been consistently listed as a high-risk item, indicating the potential for fraud, waste, abuse, and mismanagement. As the GAO report states, for much of this period DOD weapons systems were, "consistently costing more, taking longer to develop, and performing at lower-than-anticipated levels."

In your view, is DOD negotiating effectively when it engages in procurement, to get the best value for taxpayers? How would you assess the work of the Director, Operational Test & Evaluation (ODT&E) at evaluating the development of systems that DOD is procuring, and do you have any other specific recommendations for Congress whereby perhaps through the National Defense Authorization Act (NDAA) we could improve procurement practices at the Department?

Mr. DODARO. Yes. First, with regard to prices, competition is the key to getting the lowest price, as we have seen over the years, and initially there is some competition in this area, but quickly they go down to a single contractor. Now they do have the ability to get price information from that contractor, but also negotiate. But once you go down to a single contractor you lose a lot of the value of competition. That is part of the problem with the weapons systems.

What we have also said in that area is that they move forward at times from research into development (R&D) and then into production before the technologies are mature. There are simultaneous things going on, and then that leads to costly redesigns later on in the process.

What happens in the DOD, and particularly in the weapons systems, is an enormous push to be on a par with or ahead of our adversaries, and there is a military need for this, which tends to over-

ride some of the normal practices you would use to bring down costs, and not do simultaneous production while you have not matured fully the technology. That is an issue.

We have made a number of recommendations to not go into full production until they have matured the technologies. We have raised that issue on the Joint Strike Fighter (JSF) and other things over the years. That is definitely an issue.

We have constantly recommended leading practices for how to manage these acquisitions over time, and we have seen some improvements in some areas. But where there is that desire to compete with China or Russia or whatever, sometimes the cost takes a back seat.

Senator OSSOFF. Where there are substantial cost overruns, the Department still has substantial leverage in these relationships. How could it better exert that leverage in order to spare taxpayers the cost, whether either the program office has not accurately projected costs or the producer has failed to meet a budget?

Mr. DODARO. Yes. A lot depends on how they structure the contract in the first place. They have been trying to move in some areas to a fixed-price structure, and if things go over then the contractor eats some of the costs, versus the Federal Government. But if they are on a cost-reimbursable contract, we suggested they be careful in what type of contracts that they struck over time.

But we have some additional recommendations. I will provide them for the record in that area, because it is a pretty complicated area.

Senator OSSOFF. Thank you for your testimony today and the service of your whole team to the Legislative Branch. You really empower us to more effectively execute our oversight and responsibility. We are grateful to you and your team.

The hearing record will remain open for 15 days, that is until May 5th, at 5 p.m., for the submission of statements and questions for the record. The hearing is adjourned. [Whereupon, at 11:39 a.m., the hearing was adjourned.]

A P P E N D I X

**Chairman Peters Opening Statement As Prepared for Delivery
Full Committee Hearing: GAO's 2023 High Risk List: Recommendations for Reducing
Waste, Fraud, and Abuse
April 20, 2023**

Today I'd like to welcome Comptroller General Gene Dodaro to the Committee, and thank you for your service to the American people.

The Government Accountability Office, is an independent, non-partisan "congressional watchdog," charged with examining how taxpayer dollars are spent and evaluating whether government is working efficiently and effectively for the American people.

For over 30 years, GAO has reported on "high risk" government programs and operations at the start of each Congress. The High Risk List identifies government programs that are vulnerable to fraud, waste, abuse, and mismanagement or need reforms to improve them.

The High-Risk List and GAO's important oversight work have been vital resources for this Committee to identify problems and work on bipartisan legislation to improve the way the federal government works, and I hope we will continue those efforts this Congress.

Over the past 17 years, by addressing many of the concerns highlighted on the High Risk List, Congress and federal agencies have saved hardworking Americans more than \$675 billion in taxpayer dollars. I am grateful to GAO for their efforts to identify these areas for improvement and for their continued commitment to ensuring government functions in the best interest of taxpayers.

Just within the last two years, the federal government has seen an estimated \$100 billion in financial benefits due to improvements in high risk areas noted in GAO's 2021 High Risk Report. And 16 out of 34 high risk areas have made improvements, the most since GAO began assessing high risk areas.

For example, a 2016 law that I authored, the *MEGABYTE Act*, which was based on a GAO recommendation to improve software license management, has saved taxpayers more than \$450 million by reducing duplicative software purchases.

I've reintroduced bipartisan legislation this Congress to continue building on that success by further improving how the federal government manages software purchases, and will continue working to address other high risk areas highlighted in GAO's report.

This year, GAO has placed our nation's cybersecurity as one of the top five high-risk areas that need significant attention, and has issued more than 4,000 recommendations in the cybersecurity domain since 2010.

Strengthening our nation's cybersecurity has been a top priority for this Committee, and we moved several bills last Congress that I authored to shore up our nation's cybersecurity defenses, including legislation to require critical infrastructure owners and operators to report when they have been attacked or paid a ransom.

This is an important step toward safeguarding some of the most frequent targets of cyber-attacks, but it's clear we must continue working to address this issue as the threats from cyber-attacks continue to grow.

GAO has also highlighted challenges with hiring skilled cybersecurity and artificial intelligence experts to fill roles in the federal government. If we are going to be truly effective at strengthening our networks, leading the world in these fast-growing areas, and protecting our national security, then we must have qualified and dedicated cybersecurity, IT, and AI experts working across the federal government.

I have also authored legislation to address these skill gaps to ensure we can fill these in-demand roles in the cybersecurity and artificial intelligence fields, and will continue working with my colleagues to build a strong talent pipeline for the federal government.

The latest High Risk List also includes the need to address toxic substances, including PFAS, also known as "forever chemicals," that have contaminated communities in Michigan and all across the country.

These chemicals can be found in our food, air, water, and consumer products, adversely affecting the health of millions of Americans.

PFAS exposure remains a serious issue, and the EPA must be able to accurately assess and monitor existing and emerging PFAS substances to determine whether they pose a harm to human health.

I have pressed for the EPA and other agencies to increase cleanup efforts, and will continue conducting oversight to ensure agencies are detecting and responding to this threat in a timely manner.

Finally, this year's list includes pandemic preparedness and response efforts.

Last Congress, I released a report detailing the findings from a two-year investigation into the federal government's preparedness and initial response to the COVID-19 pandemic.

The investigation revealed serious systemic failures in our nation's ability to grapple with a pandemic of that scale, and my report made key recommendations to ensure we are better prepared for the next public health crisis. I will continue working on legislation to address these shortcomings and strengthen our ability to respond to future pandemics.

Mr. Dodaro, we appreciate all of the independent, non-partisan work you and the dedicated employees at GAO have conducted. I know last month, the Partnership for Public Service named GAO the Best Place to Work in the federal government for mid-sized agencies, for the third year in a row. Congratulations on that recognition, and I look forward to our discussion today.

Ranking Member Paul Opening Statement**April 20, 2023**

This Committee is long overdue for a hearing that focuses on the rampant waste, fraud, and abuse in the Federal Government. We are faced with a \$31 trillion mountain of debt. Rather than attempt to get spending under control, both parties continue to propose new spending with no regard for the exploding debt.

To make matters worse, everyone in Congress knows that the plague of waste has infected just about every federal agency. But rather than take steps to restore fiscal health, Congress buries its head in the sand, doles out more and more taxpayer money each year to the Executive Branch with no strings attached, crosses its fingers, and hopes the problem will fix itself.

For years, I've documented outlandish spending in my annual "Waste Report," which exposes how the federal government is misusing Americans hard-earned tax dollars. My most recent report uncovered over \$482 billion in government waste. For example, NIH spent more than \$1.1 million to get mice drunk, \$2.3 million to inject six-month-old beagle puppies with cocaine and spent \$3 million to watch hamsters fight on steroids.

Government watchdogs like the Government Accountability Office, were created to expose and combat waste, fraud, abuse, and mismanagement in the Federal Government.

Every two years, GAO publishes its own report that helps call out government misdeeds. The "high-risk" report is a compilation of government failures and vulnerabilities. It spotlights agencies and programs prone to waste, fraud, abuse, and mismanagement.

One issue prominently featured in GAO's most recent high-risk report is the government-wide problem with improper payments. For example, in 2022 GAO found Medicare made \$46.8 billion in improper payments. Medicaid was even worse, with a shocking \$81 billion in improper payments, which should NOT come as a surprise given the Medicaid program suspended enforcement of eligibility reviews during the COVID-19 pandemic.

If that wasn't bad enough, GAO can't even comprehensively measure the substantial levels of fraud that occurred in the Department of Labor's expanded Unemployment Insurance program during the pandemic.

Like my own waste report, GAO also identified the Department of Defense (DoD) as a consistent perpetrator of waste, fraud, and abuse.

Since 1995, GAO has identified DoD's financial management as "high-risk." Unfortunately, not much has changed since then. Other than DoD receiving bigger and bigger checks every year, of course. Until DoD can properly account for the money it spends, Congress can never effectively conduct oversight of the department. The DoD has become a behemoth of spending, and no one here ever questions it.

How does all this waste happen? A better question might be, how does all this waste continue to happen and get worse all the time? When I was a kid in the 1970s, William Proxmire used to give his Golden Fleece Awards for nonsensical government spending. But here we are, decades later, still facing the same problems. But today, the debt is far worse.

Mr. Chairman, GAO identified numerous instances of waste, fraud, and abuse that Congress can easily address. I appreciate GAO's work, but what is really needed is congressional will to significantly reduce government waste. The American people deserve an accountable government that manages their hard-earned tax dollars responsibly. Mr. Dodaro thank you for being here today. I look forward to hearing your testimony and working with you to reduce the waste, fraud, and abuse identified in GAO's report.



United States Government Accountability Office

Testimony

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

For Release on Delivery
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HIGH-RISK SERIES

Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas

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

GAO Highlights

Highlights of [GAO-23-106674](#), a testimony before the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The federal government is one of the world's largest and most complex entities. About \$6.3 trillion in outlays in fiscal year 2022 funded a broad array of programs and operations. GAO's High-Risk Series identifies government operations with vulnerabilities to fraud, waste, abuse, and mismanagement, or in need of transformation.

This biennial update describes the status of high-risk areas, outlines actions that are needed to ensure further progress, and identifies new high-risk areas needing attention by the executive branch and Congress.

Lasting solutions to high-risk problems save billions of dollars, improve service to the public, and strengthen government performance and accountability. In the past 17 years, financial benefits totaled \$675 billion.

GAO uses five criteria to assess progress in addressing high-risk areas: (1) leadership commitment; (2) agency capacity; (3) an action plan; (4) monitoring efforts; and (5) demonstrated progress.

What GAO Recommends

Executive branch agencies need to address hundreds of open GAO recommendations to bring about lasting solutions to the 37 remaining high-risk areas. Continued congressional oversight is essential to achieve greater progress and legislation is needed in some cases.

View [GAO-23-106674](#). For more information, contact Michelle Sager at (202) 512-6806 or sagerm@gao.gov.

April 2023

HIGH-RISK SERIES

Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas

What GAO Found

Congress and executive agencies have made substantial progress addressing high-risk issues since the previous [High-Risk List update in 2021](#). Sixteen of 34 high-risk areas improved since 2021. This is the most progress in the 8 years since GAO [started](#) rating high-risk areas. Two of the 16 areas are being removed from the list: Pension Benefit Guaranty Corporation (PBGC) Insurance Programs and the 2020 Decennial Census. Since our last update, there were approximately \$100 billion in financial benefits due to improvements in high-risk areas.

Changes to the High-Risk List Since 2021



Source: GAO analysis of the High-Risk List areas. 1: GAO-23-106674

The PBGC Insurance Programs area is being removed because Congress provided funding to troubled multiemployer pension plans, which has led to an improved financial position for the PBGC multiemployer insurance program. Additionally, the financial position of the PBGC single-employer insurance program has improved gradually in recent years. PBGC now projects a very low risk of insolvency over the next 15 years for both programs. GAO will continue to monitor the funds.

The 2020 Decennial Census is being removed because the Census Bureau made progress in addressing data quality concerns, chartered a high-level governance group, and implemented priority recommendations. GAO will monitor 2030 Census planning—already underway—for emerging risks and challenges.

GAO is adding one new area to the 2023 High-Risk List: Strengthening Management of the Federal Prison System. This area is being added, in part, due to the Bureau of Prisons' long-standing challenges managing staff and resources, and planning and evaluation programs that help incarcerated people have a successful return to the community.

In 2022, GAO added two other areas to the High-Risk List. The [Department of Health and Human Services' \(HHS\) Leadership and Coordination of Public Health Emergencies](#) was added because, for more than a decade, GAO has found persistent deficiencies in HHS's leadership role preparing for and responding to public health emergencies, including those that result from extreme weather events. GAO added the [Unemployment Insurance System](#) area because administrative and program integrity challenges in the joint federal-state program have affected the system's ability to meet the needs of unemployed workers. These challenges also expose the system to significant financial losses.

GAO's 2023 High-Risk List	
High-risk area	Change since 2021
Strengthening the Foundation for Efficiency and Effectiveness	
Strategic Human Capital Management	↑
Managing Federal Real Property	•
Funding the Nation's Surface Transportation System ^{a, b}	n/a
Modernizing the U.S. Financial Regulatory System ^a	•
Resolving the Federal Role in Housing Finance ^a	•
USPS Financial Viability ^a	↑
Management of Federal Oil and Gas Resources	•
Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks ^a	↑
Improving the Management of IT Acquisitions and Operations	•
Improving Federal Management of Programs that Serve Tribes and Their Members	↑
U.S. Government's Environmental Liability ^a	↑
Emergency Loans for Small Businesses ^c	n/a
Strengthening Management of the Federal Prison System (new) ^b	n/a
Transforming DOD Program Management	
DOD Weapon Systems Acquisition	•
DOD Financial Management	•
DOD Business Systems Modernization	↓
DOD Approach to Business Transformation	↑
Ensuring Public Safety and Security	
Ensuring the Cybersecurity of the Nation ^a	↑
Strengthening Department of Homeland Security IT and Financial Management Functions	•
Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests	↑
Improving Federal Oversight of Food Safety ^a	•
Protecting Public Health through Enhanced Oversight of Medical Products	•
Transforming EPA's Process for Assessing and Controlling Toxic Chemicals	↑
Government-wide Personnel Security Clearance Process	•
National Efforts to Prevent, Respond to, and Recover from Drug Misuse ^c	n/a
HHS Leadership and Coordination of Public Health Emergencies (new in 2022) ^b	n/a
Managing Federal Contracting More Effectively	
Acquisition and Program Management for DOE's National Nuclear Security Administration and Office of Environmental Management	↑
NASA Acquisition Management	↑
DOD Contract Management	•
VA Acquisition Management	↑
Assessing the Efficiency and Effectiveness of Tax Law Administration	
Enforcement of Tax Laws ^a	•
Modernizing and Safeguarding Insurance and Benefit Programs	
Medicare Program and Improper Payments	•
Strengthening Medicaid Program Integrity ^a	•
Improving and Modernizing Federal Disability Programs	•
National Flood Insurance Program ^a	↑
Managing Risks and Improving VA Health Care	↑
Unemployment Insurance System (new in 2022) ^b	n/a

Legend: ↑ indicates area progressed on one or more criteria since 2021; ↓ indicates area declined on one or more criteria; • indicates no change; n/a = not applicable

Source: GAO. | GAO-23-106674

^aLegislation is likely to be necessary to effectively address this high-risk area.

^bNot rated because this high-risk area is newly added or primarily involves congressional action.

^cRated for the first time because this high-risk area was newly added in 2021.

Chairman Peters, Ranking Member Paul, 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 this committee and the House Committee on Oversight and Accountability, has brought much needed attention to problems impeding effective government and costing billions of dollars each year.

Our 2023 High-Risk List, which is being released today, includes 37 areas.¹ Since our last update in 2021, 16 areas improved with two showing sufficient progress to be removed from the High-Risk List. This is the most progress in the 8 years since GAO started rating high-risk areas.

Where we have seen progress on high-risk issues, it has typically involved three essential elements: congressional action or oversight, commitment from top leaders at agencies, and active involvement by the Office of Management and Budget (OMB).² Such practices have contributed to hundreds of billions of dollars saved since the High-Risk List was established. Further progress to address the 37 areas remaining on the High-Risk List can contribute to saving additional billions of dollars, improving services to the public, and enhancing trust in the government.

Congressional attention and oversight to improve the management and accountability of government are at the core of the high-risk program. Congressional action, such as passing laws and holding hearings, plays a critical role in making meaningful progress on high-risk areas.

Dedicated agency leadership is essential to progress in high-risk areas. Sustained leadership commitment is the critical element for initiating and enhancing progress and making the types of management and operational improvements required for addressing high-risk areas.

OMB's leadership role is especially important because many high-risk areas are government-wide or involve multiple agencies. Also, there are resource investments associated with correcting a number of the high-risk problems. The OMB Deputy Director for Management, top agency

¹GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023).

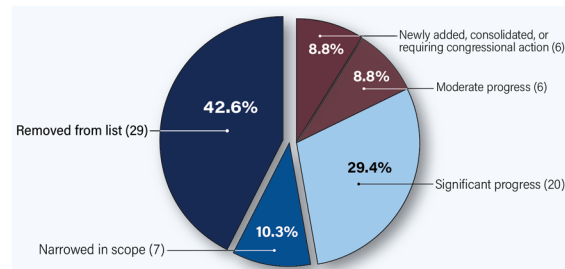
²GAO, *High-Risk Series: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List*, [GAO-22-105184](#) (Washington, D.C.: Mar. 3, 2022).

leaders, and GAO have met regularly to discuss plans and actions to address individual high-risk areas. These meetings have been critical to achieving progress. OMB accelerated the pace of these meetings over the past 2 years. Since the last high-risk update, OMB has convened 10 meetings on 12 high-risk areas. These trilateral meetings led to positive results, as noted by the progress in 16 high-risk areas since our last update in 2021. We expect OMB to continue to hold these meetings with a goal of meeting on all high-risk areas before our next update in 2025.

Significant financial savings have resulted from efforts to address high-risk areas. For example, over the past 17 years (fiscal years 2006 through 2022), financial benefits totaled nearly \$675 billion—an average of about \$40 billion per year. Since our last update in 2021, we recorded approximately \$100 billion in financial benefits.³

Significant progress to address high-risk areas is possible with sustained effort and attention. As shown in figure 1, most high-risk areas identified over the years (roughly 53 percent) have either been removed from the list or narrowed in scope as portions of the high-risk issues were addressed. Many others have shown significant progress in other ways, having met or partially met all five criteria that are essential to address high-risk areas.

³Financial benefits are based on actions taken in response to our work, such as reducing government expenditures, increasing revenues, or reallocating funds to other areas.

Figure 1: Progress in High-Risk Areas, 1990 to 2023

Note: Some high-risk areas were narrowed in scope more than once and may have been removed after they were narrowed. They are only counted once. Significant progress means the high-risk area was rated as met or partially met on all criteria. Moderate progress means the high-risk area had at least one criterion with a not met rating. Some areas were not rated because they were very recently added.

Source: GAO. | GAO-23-106674

We rate agencies' progress in addressing high-risk areas using our high-risk criteria, summarized in figure 2.

Figure 2: Criteria Essential to Addressing High-Risk Areas



Source: GAO analysis and icons. | GAO-23-106674

These criteria align with practices we identified as key to solving high-risk challenges.⁴

Congressional action, such as passing laws and holding hearings, also plays a critical role in making meaningful progress on high-risk areas. For two high-risk areas, including Pension Benefit Guaranty Corporation (PBGC) insurance programs, it is the primary action needed to address the high-risk issue.

⁴GAO, *High-Risk Series: Key Practices to Successfully Address High-Risk Areas and Remove Them from the List*, [GAO-22-105184](#) (Washington, D.C.: Mar. 3, 2022).

PBGC Insurance Programs Removed from the High-Risk List

We are removing the [PBGC Insurance Programs](#) from the High-Risk List because the financial position for the single-employer and multiemployer programs has improved and the risk of near-term financial insolvency has decreased significantly. PBGC now projects a very low risk of insolvency over the next 15 years for both programs. PBGC insures the pension benefits of more than 33 million American workers and retirees who participate in about 25,200 private-sector defined benefit plans with about \$128 billion in assets.

Provisions in the American Rescue Plan Act of 2021 provided special financial assistance for certain struggling multiemployer plans.⁵ This assistance has significantly delayed projected dates of potential insolvency for the multiemployer insurance program. PBGC projects that the mean projected date of multiemployer program insolvency is now fiscal year 2055, compared to fiscal year 2026 in the projections prior to the law's enactment. Additionally, the financial position of PBGC's single-employer program has improved gradually in recent years. The single-employer program has maintained a surplus since the end of fiscal year 2018 and has a projected surplus through at least 2031.

While we are removing this area from the High-Risk List, we will continue to monitor the insurance programs' finances and other issues. Although congressional action led to significantly delaying the projected insolvency date, important issues remain. These include inadequate plan funding rules, premiums that do not fully cover the cost of insurance, and underfunded plans sponsored by companies with credit ratings below investment grade. Therefore, we will continue to monitor the financial position of both programs.

2020 Decennial Census Removed from the High-Risk List

We are removing the [2020 Decennial Census](#) area because the Census Bureau (Bureau) made progress addressing data quality concerns, chartered a high-level governance group, and implemented priority GAO recommendations. These actions contributed to significant progress in all five of our high-risk criteria for removal. For example, in October 2022, the Bureau launched an effort led by agency leaders to transform and update operations to address challenges such as declining census response rates. The Bureau has also committed to developing a plan to improve coordination between its field office staff and community organizations to encourage census participation.

⁵Pub. L. No. 117-2, §§ 9701–9708, 135 Stat.4, 186–207 (2021).

The Bureau took significant steps to implement corrective actions for high-risk cybersecurity weaknesses within prescribed time frames. In addition, in March and July 2020, the Bureau updated its decennial risk management plans to include mitigation and contingency plans and key information needed to manage the risks. The Bureau also improved its budget and progress monitoring by implementing a new system to track its cost variances in 2019. The Bureau curbed the past decades' trend of steadily increasing census cost while implementing the decennial census during the COVID-19 pandemic. In addition, in the spring of 2022, the Bureau began piloting new procedures for aligning costs of exploring its innovations for 2030 within its overall cost framework.

While we are removing the 2020 Decennial Census from the High-Risk List, we will monitor the Bureau's planning for the 2030 Census—already underway—for emerging risks and challenges. It remains important that leaders continue to manage cybersecurity risks, improve resiliency of research and testing in the face of budget uncertainty, and make timely IT-related decisions.

Strengthening Management of the Federal Prison System Added to the High-Risk List

We are adding a new area—[Strengthening Management of the Federal Prison System](#)—to the 2023 High-Risk List.⁶ This area is being added, in part, due to the Bureau of Prisons' (BOP) long-standing challenges managing staff and resources, and planning and evaluation of programs that help incarcerated people have a successful return to the community. BOP has consistently experienced several leadership changes and long-standing staffing challenges that represent a serious threat to inmate and staff safety. Additionally, BOP has not always demonstrated sound resource stewardship and lacks the necessary data collection and analytic capacity to prepare for disasters that affect security of its property and grounds.

BOP's plans to manage some of its key inmate rehabilitation programs are limited. In addition, BOP has not evaluated many of its programs for inmates in decades. Effective planning and ongoing evaluations of programs will be essential as BOP continues to implement requirements of the First Step Act of 2018.⁷ These include delivering programs that lower inmates' risk of recidivism and offer opportunities for certain

⁶To determine which federal programs and functions should be designated as high-risk, we use our guidance document, GAO, *Determining Performance and Accountability Challenges and High Risks*, [GAO-01-159SP](#) (Washington, D.C.: November 2000).

⁷Pub. L. No. 115-391, §§ 101, 102, 132 Stat. 5194, 5195-5216 (2018).

inmates to earn First Step Act time credits that may reduce the amount of time an inmate is in a BOP facility.

The BOP Director expressed her commitment in addressing these issues. In addition to sustaining leadership commitment, BOP needs to address the four other criteria related to capacity, action plan, monitoring, and demonstrating progress. Moving forward, GAO and BOP will agree upon metrics in order to gauge progress.

Two Areas Added to the High-Risk List in 2022

In 2022, we added two areas to our High-Risk List due to significant and long-standing challenges:

- **Department of Health and Human Services' Leadership and Coordination of Public Health Emergencies.** In January 2022, our ninth comprehensive CARES Act report identified this area as high risk. For more than a decade, we have found significant and long-standing issues in the Department of Health and Human Services' (HHS) leadership role preparing for and responding to public health emergencies, including COVID-19 and other infectious diseases, and extreme weather events, such as hurricanes.
- **Unemployment Insurance System.** In June 2022, we designated this area as high risk because administrative and program integrity challenges in the joint federal-state program have affected the system's ability to meet the needs of unemployed workers. These challenges also expose the system to significant financial losses, which worsened during the COVID-19 pandemic. Current program design and variations in how states administer unemployment insurance have contributed to declining worker access and disparities in benefit distribution.

Sixteen High-Risk Areas Have Made Progress Since 2021

Sixteen high-risk areas improved since our last update in 2021. One of the areas—PBGC Insurance Programs—improved primarily due to congressional action and an improved financial position. Another area—2020 Decennial Census—improved by meeting all of our high-risk criteria. Both are being removed from the list. Fourteen more high-risk areas improved but remain on our list because additional progress is needed.

Some of the areas that improved are:

National Flood Insurance Program. Since 2021, the Federal Emergency Management Agency (FEMA) revised the National Flood Insurance Program's (NFIP) rate-setting methodology and updated its data system. These actions increased the program's capacity for

addressing challenges and completing major projects. FEMA has also completed two action-planning efforts directed at improving NFIP's financial resilience, including completing a comprehensive legislative proposal that identifies actions Congress can take to address NFIP's financial resilience. In addition, as part of FEMA's updated rate-setting methodology, the agency continually evaluates the accuracy of the risk models produced by contractors. This is key to monitoring NFIP's fiscal exposure.

To make further progress, FEMA should continue to monitor its new rate-setting methodology and Congress should consider enacting comprehensive reforms to address NFIP's financial resilience.

NASA Acquisition Management. National Aeronautics and Space Administration's (NASA) rating for capacity in this area increased from partially met to met. NASA has increased its capacity by completing initiatives in its action plan intended to strengthen its cost and schedule estimating workforce, including training. NASA senior leaders have committed to or implemented several of our recommendations related to how the agency oversees and manages missions.

NASA continues to improve acquisition management in other areas as well. For example, NASA elevated its Chief Acquisition Officer position to the NASA Deputy Administrator. This brings acquisition planning and oversight to the attention of one of the agency's most senior officials. NASA also established a Chief Program Management Officer, who is responsible for strengthening enterprise-wide oversight and management of projects. The agency, however, continues to face challenges in its ability to manage and oversee its most expensive and complex projects.

Specifically, NASA has experienced cost growth and schedule delays for projects that exceed \$2 billion in life-cycle costs, such as those needed to conduct Artemis missions. These missions will return astronauts to the moon, build a sustainable lunar presence, and ultimately bring humans to Mars. To make further progress, NASA needs to continue implementing its action plan with a focus on reducing acquisition risk and improving project cost and schedule performance for its most expensive and complex projects.

USPS Financial Viability. U.S. Postal Service (USPS) ratings for three of the five criteria increased since 2021 due, in part, to the enactment of the Postal Service Reform Act of 2022, which significantly reduced USPS's

long-term unfunded liabilities.⁸ For example, the act repealed a requirement to prepay future retiree health benefits on an annual basis and canceled billions in unpaid past due payments for such prefunding. USPS also paid \$500 million toward its required \$1.6 billion fiscal year 2022 Federal Employees Retirement System pension payment—the first such payment in 11 years. Additionally, under its new 10-year strategic plan, USPS introduced and initiated actions intended to achieve financial viability.

To make further progress, Congress needs to determine the level of universal postal services the nation requires and how to enable USPS to achieve long-term financial viability. USPS is also continuing to implement and report on its strategic plan.

VA Acquisition Management. The Department of Veterans Affairs (VA) relies upon its acquisition programs to provide many capabilities and services that are essential to provide health care to veterans and their families, such as the purchase of medical supplies for VA medical centers, and VA's Electronic Health Record Modernization program. Over the past 10 years, VA's total contract obligations for goods and services increased substantially, rising 147 percent from about \$23 billion in fiscal year 2013 to about \$56 billion in fiscal year 2022.

In March 2021, VA issued its initial action plan to address acquisition management challenges, such as managing contracting officer workload and addressing the lack of reliable contracting and financial data systems. VA identified root causes of these challenges and most recently updated the plan in September 2022. VA improved in the monitoring criteria because, in that same plan, it identified corrective actions, goals and performance metrics that it will use to measure progress in improving acquisition management. Since our last update, VA improved in the demonstrated progress criterion by implementing 15 GAO recommendations related to acquisition management.

To make further progress, VA needs sustained leadership attention to drive change across the department and to address acquisition management challenges, including implementing 22 open recommendations.

⁸Pub. L. No. 117-108, 136 Stat. 1127.

High-Risk Areas Needing Significant Attention

All high-risk areas need attention to make progress and resolve risk. However, highlighted below are several areas that require significant attention because of emerging issues requiring government responses, large and rapidly growing costs, or a failure to make any progress in the past several years.

Ensuring the Cybersecurity of the Nation. Cyberattacks on our information systems and infrastructure continue to grow even as the nation makes advances to try to stay ahead of them. Federal agencies and our nation's critical infrastructures—such as energy, transportation systems, communications, and financial services—are dependent on technology systems to carry out operations and to process, maintain, and report essential information. The security of these systems and data is vital to protecting individual privacy and national security, prosperity, and well-being.

Although the rating for leadership commitment has improved since 2021, agencies need to urgently address the 10 critical actions associated with four major cybersecurity challenges we have identified (see figure 3).⁹ Since 2010, we have made more than 4,000 recommendations to agencies aimed at addressing cybersecurity challenges facing the government. More than 670 of these recommendations were made since the last high-risk update in 2021. As of February 2023, more than 850 of these recommendations had not been fully implemented.

⁹For our most recent reports on these four challenge areas, see GAO, *Cybersecurity High-Risk Series: Challenges in Protecting Privacy and Sensitive Data*, [GAO-23-106443](#) (Washington, D.C.: Feb. 14, 2023); *Cybersecurity High-Risk Series: Challenges in Protecting Cyber Critical Infrastructure*, [GAO-23-106441](#) (Washington, D.C.: Feb. 7, 2023); *Cybersecurity High-Risk Series: Challenges in Securing Federal Systems and Information*, [GAO-23-106428](#) (Washington, D.C.: Jan. 31, 2023); and *Cybersecurity High-Risk Series: Challenges in Establishing a Comprehensive Cybersecurity Strategy and Performing Effective Oversight*, [GAO-23-106415](#) (Washington, D.C.: Jan. 19, 2023).

Figure 3: Ten Critical Actions Needed to Address Four Major Cybersecurity Challenges

Establishing a comprehensive cybersecurity strategy and performing effective oversight	Securing federal systems and information	Protecting cyber critical infrastructure	Protecting privacy and sensitive data
¹ Develop and execute a more comprehensive federal strategy for national cybersecurity and global cyberspace.	⁵ Improve implementation of government-wide cybersecurity initiatives.	⁸ Strengthen the federal role in protecting the cybersecurity of critical infrastructure (e.g., electricity grid and telecommunications networks).	⁹ Improve federal efforts to protect privacy and sensitive data.
² Mitigate global supply chain risks (e.g., installation of malicious software or hardware).	⁶ Address weaknesses in federal agency information security programs.		¹⁰ Appropriately limit the collection and use of personal information and ensure that it is obtained with appropriate knowledge or consent.
³ Address cybersecurity workforce management challenges.	⁷ Enhance the federal response to cyber incidents.		
⁴ Ensure the security of emerging technologies (e.g., artificial intelligence and Internet of Things).			

Source: GAO; images: peshkov/stock.adobe.com; Gorodenkoff/stock.adobe.com; metamorworks/stock.adobe.com; Monster Studio/stock.adobe.com. | GAO-23-106674

On March 2, 2023, the White House issued the *National Cybersecurity Strategy*. The strategy provides a good foundation for addressing the nation's cyber risks and challenges but does not address all of the desirable characteristics of national strategies. The strategy lacks milestones, performance measures, resources needed to carry out goals and objectives, and fully defined roles and responsibilities. According to

the strategy, the Office of the National Cyber Director will work with federal agencies to develop an implementation plan to articulate the lines of effort needed to execute this strategy. Until the implementation plan is developed and contains the missing characteristics of a robust national strategy, overall progress in strengthening cybersecurity will remain limited.

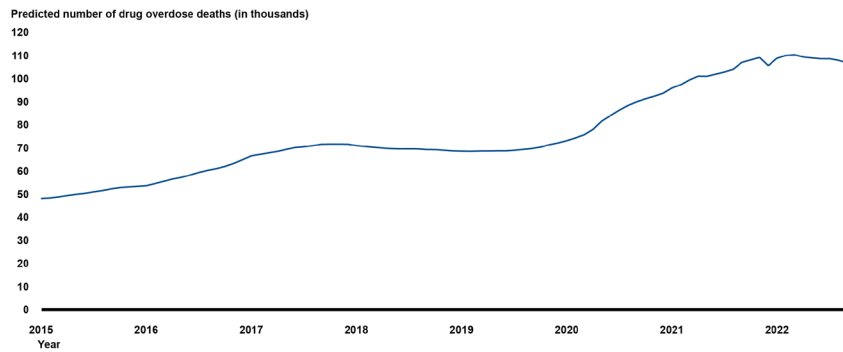
In addition, the Cybersecurity and Infrastructure Security Agency (CISA) can take actions to fulfill its mission as the operational lead for securing federal information systems, and as the national coordinator for critical infrastructure security. In particular, CISA needs to

- complete its organizational transformation to ensure that sufficient resources are properly allocated to the agency's cybersecurity services;
- improve interagency coordination to better assist tribal, state, local, and territorial government organizations in preventing and responding to ransomware attacks; and
- establish timelines for its efforts to provide guidance that would help agencies tasked with protecting critical infrastructure implement their statutory responsibilities.

Further actions needed in this area include establishing and effectively implementing a government-wide cyber workforce plan and fully developing agency cyber risk management and privacy programs. Until our recommendations are implemented and actions are taken to address long-standing challenges in this area, the federal government's information systems and the nation's critical infrastructure will be increasingly susceptible to the multitude of cyber-related threats that exist.

National Efforts to Prevent, Respond to, and Recover from Drug Misuse. Drug misuse—the use of illicit drugs and the misuse of prescription drugs—has been a persistent and long-standing public health issue. Drug misuse has resulted in significant loss of life and harm to society and the economy. In recent years, the federal government has spent billions of dollars and enlisted more than a dozen federal agencies to address drug misuse and its effects. In December 2022, HHS announced the renewal of a 2017 determination that marked the opioid crisis as a public health emergency. This coincides with one of the highest numbers of drug overdose deaths reported in a 12-month period (nearly 107,000, see figure 4).

Figure 4: Number of Drug Overdoses in the United States, April 2015 through September 2022



Federal agencies must effectively coordinate and implement a strategic national response to drug misuse and make progress toward reducing rates of drug misuse, overdose deaths, and the resulting harmful effects to society. It is important for the federal government to coordinate across additional levels of government and the private sector. The 2022 National Drug Control Strategy highlights the need to strengthen such coordination.

In addition, the availability of treatment for substance use disorders remains a long-standing challenge, particularly for low-income individuals and in rural areas. The COVID-19 pandemic exacerbated concerns about access to treatment and workers affected by opioid misuse. The 2022 Strategy highlights the need for the federal government to expand resources for the prevention, treatment, and recovery from drug misuse.

Protecting Public Health through Enhanced Oversight of Medical Products. The Food and Drug Administration (FDA) has the vital mission of protecting the public health by overseeing the safety and effectiveness of medical products—drugs, biologics, and medical devices—marketed in the U.S. and used daily at home and in health care settings. FDA faces multiple challenges in this role, including (1) rapid changes in science and

technology; (2) globalization; (3) unpredictable public health crises, such as the COVID-19 pandemic; and (4) an extensive workload.

FDA needs to take steps to ensure drug availability and oversee the quality of global medical product supply chains. For example, because of delays during the COVID-19 pandemic, FDA faces a backlog in its inspections of drug manufacturers, including in foreign countries. We recommended that FDA must consider this backlog when developing and implementing future inspection plans. FDA has also faced persistent vacancies among staff who conduct these inspections; we recommended that it fully develop tailored strategies to recruit and retain staff who specialize in conducting these inspections.

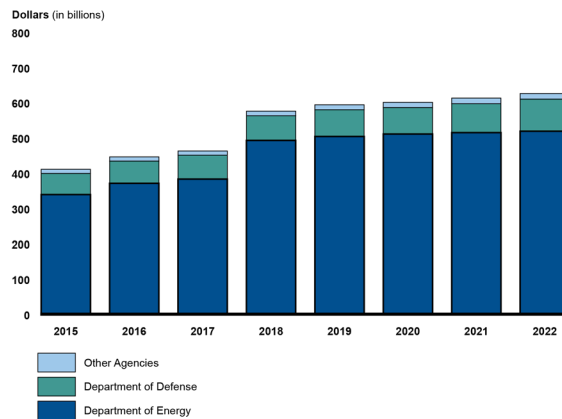
Further, while FDA has an important role in preventing and mitigating drug shortages, we found that gaps persist in the drug manufacturing information the agency needs to help identify and mitigate supply chain vulnerabilities. For example, FDA reported that as of November 2021, 77 percent of establishments registered to manufacture active ingredients, and 52 percent of establishments registered to manufacture finished drugs for the U.S. market were located overseas. However, the agency did not have information on the volume of drugs these establishments manufacture for the U.S. market. FDA is in the process of implementing a CARES Act requirement that companies report the amount of drugs they manufacture.¹⁰ However, implementation of this reporting requirement has been delayed. In addition, FDA has indicated that the requirement will not fully address the gaps we identified, as it does not expressly require manufacturers to provide detailed information about their respective supply chains. FDA has also sought additional authority from Congress to collect more complete drug manufacturing information.

U.S. Government's Environmental Liability. Even as the federal government spends billions each year on cleanup efforts, its environmental liability will likely continue to grow. For example, the federal government's estimated environmental liability nearly tripled from \$212 billion in fiscal year 1997 to \$626 billion in fiscal year 2022, according to the most recent data available (see figure 5). In addition, some environmental cleanup costs remain unreported to Congress, preventing a more transparent assessment of total fiscal exposure.

¹⁰Pub. L. No. 116-136, § 3112, 134 Stat. 281, 362–363 (2020).

As of March 2023, 50 of our recommendations to federal agencies and 14 matters for congressional consideration have not yet been implemented. The federal government needs to take action to get ahead of growing environmental cleanup costs.

Figure 5: U.S. Government's Environmental Liabilities, Fiscal Years 2015-2022



Source: GAO analysis of Department of Treasury data. | GAO-23-106674

The Departments of Energy (DOE) and Defense (DOD), which bear the bulk of this liability, and other agencies need to identify and address environmental risks as well as better monitor and more transparently report on this liability. Specifically,

- DOE should revise cleanup policies and develop a program management plan that incorporates the essential elements of a risk-informed decision-making framework.
- DOE should continue its efforts to engage the public and finalize its draft consent-based siting process for managing commercial spent nuclear fuel. The federal liability for litigation related to storing commercial spent nuclear fuel is estimated to amount to \$39.2 billion, as of 2021.

-
- DOD should establish a cleanup goal for Formerly Used Defense Sites contaminated by military munitions. Environmental liability for Formerly Used Defense Sites was estimated at more than \$13 billion, as of 2022.

Our high-risk program continues to be a top priority at GAO. We will maintain our emphasis on identifying high-risk issues across government and on providing recommendations and sustained attention to help address them. We will also continue working collaboratively with Congress, agency leaders, and the Office of Management and Budget to address these issues.

Thank you, Chairman Peters, Ranking Member Paul, 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 Michelle Sager at (202) 512-6806 or SagerM@gao.gov. Contact points for the individual high-risk areas are listed in the report and on our high-risk website. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

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\$482,000,000,000 IN GOVERNMENT WASTE



HAMSTER FIGHT CLUB

NIH spent over \$3 million to watch hamsters fight on steroids.



MICE ON MOONSHINE

NIH spent over \$1 million for mice to binge drink.



THE DOG DAYS ARE OVER

NIH spent \$2.3 million injecting puppies with cocaine.





U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548Comptroller General
of the United States

June 9, 2023

The Honorable Gary C. Peters
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate

The 2023 GAO High-Risk List: Responses to Questions for the Record

Dear Chairman Peters:

Thank you for the opportunity to testify before the Committee on Homeland Security and Governmental Affairs on April 20, 2023 at the hearing titled, "GAO's 2023 High Risk List: Recommendations for Reducing Waste, Fraud, and Abuse." We also appreciate the opportunity to provide the committee with additional information in response to questions for the record. Our responses can be found in the enclosures to this letter.

Please contact me with any further questions.

Sincerely yours,

A handwritten signature in black ink, reading "Gene L. Dodaro".

Gene L. Dodaro
Comptroller General
of the United States

Enclosures

cc: The Honorable Rand Paul, M.D., Ranking Member
Committee on Homeland Security and Governmental Affairs

**Post-Hearing Questions for the Record
Submitted to the Honorable Gene Dodaro
From Ranking Member Rand Paul**

**“GAO’s 2023 High Risk List: Recommendations for Reducing Waste, Fraud, and Abuse”
April 27, 2023**

TOPIC:

GAO Return to Work & Return on Investment

1. Historically GAO has shown a significant return on investment for every dollar spent at GAO. GAO’s 2022 Performance and Accountability report calculated an average ROI for the past six years at \$143 in financial benefits for every dollar spent at GAO. However, the six-year average disguises a precipitous decrease in GAO’s ROI over that period—GAO’s ROI for 2022 was half that at just \$74. Understanding GAO recently change its methodology for calculating its ROI, that still only accounts for a small part of the change. For example, the change recalculated GAO’s ROI for FY 2020 from \$118 to \$114. Why has GAO’s ROI decreased so significantly over the past six years?

GAO’s ROI has been most significantly impacted by unimplemented recommendations that would yield financial benefits. Financial benefits include cost savings, a more efficient use of dollars, or increased revenue. The amount of financial benefits achieved in any given year largely depends on the number and type of actions Congress and agencies take in response to our recommendations.

As of May 8, 2023, we had 5,005 open recommendations and 221 open matters. While it is often difficult to predict financial benefits, our estimates suggest the potential for tens of billions of dollars in cost savings and revenue enhancements.

Our financial benefits of \$55.6 billion in FY22 are largely consistent with the results achieved in preceding decade, as shown in the table. Excluding FY19, the year we documented record level financial benefits, the average annual benefits achieved was \$65.9 billion for fiscal years 2012-2021. We have consistently set our financial benefits performance target at \$50 billion based on this historical pattern. Experience leads us to believe that we can meet this goal, but we do expect some variation due to agency actions and congressional interest.

Table: GAO’s Financial Benefits, FY12- FY21

In billions

FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
55.8	51.5	54.4	74.7	63.4	73.9	75.1	214.7	77.6	66.2

Source: GAO.

Our analysis of these financial benefits highlights the importance of both congressional and agency action. For example, Congress passed the Weapon Systems Acquisition Reform Act

of 2009, which implemented a number of our recommendations for how DOD develops and acquires weapon systems. This resulted in approximately \$180 billion in savings from 2011 through 2017. Regarding action agency, the Department of Health and Human Services changed processes to curtail some problematic methods of determining budget neutrality and restricted the amount of unspent funds states can accrue and carry forward to expand demonstrations, as we recommended. This resulted in savings of approximately \$140 billion from 2016 through 2021 and additional savings could accrue.

To encourage implementation of our recommendations, we follow-up with the agencies on at least an annual basis. Since 2015, we have also sent letters to the heads of federal departments and several agencies identifying unimplemented recommendations that should be a priority for implementation, some of which could result in cost savings. In addition, in our annual duplication report, we catalog unimplemented recommendations that could result in significant cost savings. For example, we highlight open recommendations that could result in financial benefits of \$1 billion or more. (See table.) We have reported that an additional tens of billions of dollars could be achieved if Congress or the agencies implemented our open recommendations. Implementing any of these recommendations would have an impact on GAO's ROI.

Table: Examples of Recommendations with Potential Financial Benefits of \$1 Billion or More

Description	Potential Financial Benefits (Source)
Medicare Payments by Place of Service: Congress should consider directing the Secretary of Health and Human Services to equalize payment rates between settings for evaluation and management office visits and other services that the Secretary deems appropriate and return the associated savings to the Medicare program.	\$141 billion over 10 years (CBO)
Category Management: The Office of Management and Budget (OMB) should further its Category Management initiative to improve how agencies buy common goods and services by taking such actions as addressing agencies' data management challenges and establishing additional performance metrics to help the federal government achieve cost savings, as well as potentially eliminate duplicative contracts.	Billions of dollars over the next 5 years (OMB and GAO)
Disability and Unemployment Benefits: Congress should consider passing legislation to require the Social Security Administration to offset Disability Insurance benefits for any Unemployment Insurance benefits received in the same period.	\$2.2 billion over 10 years (OMB)
Student Loan Income-Driven Repayment Plans: The Department of Education should obtain data in order to verify income information for borrowers reporting zero income on Income-Driven Repayment applications.	More than \$2 billion over 10 years (CBO)
Navy Shipbuilding: The U.S. Navy could achieve cost savings by improving its acquisition practices and ensuring that ships can be efficiently sustained.	Billions of dollars (GAO)
IRS Enforcement Efforts: Enhancing IRS enforcement and service capabilities can help reduce the gap between taxes owed and paid by collecting tax revenue and facilitating voluntary compliance. This could include expanding third-party information reporting. For example, reporting could be required for certain payments that rental real estate owners make to service providers, such as contractors who perform repairs on their rental properties, and for payments that businesses make to corporations for services.	Billions of dollars (GAO)

Source: GAO.

Our work continues to yield opportunities for additional financial benefits. Over 60 percent of our reports contain recommendations to improve government performance,

some of which could result lead to cost savings. For example, we recommended that Congress equalize the rates Medicare pays for certain health care services, which often vary depending on where the service is performed. CBO has estimated that equalizing Medicare payment rates for certain services could save \$141 billion over a 10-year period. As requested by Congress, we plan to issue a report this summer that will quantify the potential financial benefits of our open recommendations.

2. Is GAO's decreased ROI partially a result of a significant percentage of GAO's workforce now working remotely? Please explain the impact of remote work on GAO's work.

No. We have no evidence that suggests our hybrid working environment has affected the benefits that we deliver. Our field structure—we have offices in 11 locations across the country—and pre-pandemic telework policies provided us extensive experience working in a hybrid environment. GAO has a long history of telework, going back over a decade. Even before the pandemic, most employees could telework 66 hours in an 80 hour pay period. We have always evaluated our telework program to make sure staff complied with our policies and to ensure no decline in overall agency performance. Our evaluations have found that staff follow the rules and that our productivity and the quality of our work has remained high.

This has also been the case throughout the pandemic. At the beginning of the pandemic, we convened management-led working groups to monitor and assess the impact of maximum telework on key mission metrics. The groups review found no indication that maximum telework under the current pandemic circumstances negatively affected the productivity, timeliness, or quality of GAO's mission work.

During the pandemic, for example, we were able to work remotely and respond to all of the mandates that Congress directed us to do in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Specifically, we provided monthly briefings and issued over 200 individual reports on pandemic-related topics. To date, we've made 386 recommendations—94 of which have been fully implemented—and raised 19 matters for congressional consideration. We will issue our 11th comprehensive report this June.

We also demonstrated our ability to be agile during the pandemic, adjusting to the latest science and guidance about COVID-19. For example, we paused our classified work at the beginning of the pandemic in March 2020, but we resumed this work later that spring once we had put in appropriate safety procedures for staff working in the secure rooms. Staff also began travelling for audit work after an initial pause due to safety concerns. For example, an audit team traveled to Colorado in April 2020 to review the construction of temporary health care facilities that were being constructed by the Army Corps of Engineers. Travel continued to increase through the pandemic, both domestically and internationally, in support of our audit work. From 2022 through early 2023, our employees traveled to 47 US states, 3 US territories, and 37 countries to conduct needed audit work on such topics as nuclear weapons, FEMA, and Coast Guard.

Providing both in-person and telework options has enhanced our ability to serve Congress by increasing our ability to retain and recruit talent. Our attrition rate is only six percent. During the pandemic, it was only five percent. By offering a variety of ways to work—remotely or in-person, we have attracted a more diverse and talented pool of applicants than we might otherwise have, to include those living in more remote areas.

Although staff have the option to work remotely, GAO's mission comes first. Staff are always physically present if the nature of the work requires it; if agencies or Congress want in-person meetings; or if work requires international or domestic travel.

3. How many of GAO's employees are working remotely more than one day per pay period?

At this time, 99 percent of our staff telework one or more days per pay period. GAO remains in an interim phase operating posture as we continue to negotiate future of work policies, including a potential remote work option, with our union. During this phase of our operating posture, our staff continue to work mostly from alternate locations and are physically reporting to our Headquarters or Field Office locations to meet mission needs (e.g., to meet client priorities, conduct classified work, deliver testimonies at scheduled hearings and briefings, execute essential functions, etc.) and travelling as needed to conduct audit work. At the end of calendar year 2019 (pre-pandemic), our overall telework participation rate was about 94 percent and about 78 percent of the staff teleworked at least an average of 1 day or more per pay period.

4. Approximately what percentage of GAO's workforce that is receiving Washington, D.C., locality pay, or locality pay from one of GAO's other regional offices, is actually working from or living in an area with a lower cost of living due to remote work? Please explain.

As of April 2023, approximately 85 percent of our staff work and/or live within the same locality pay area as their assigned GAO location and 2 percent of staff work and/or live in an area with a higher cost of living than their assigned work location. Thirteen percent of our staff work and/or live in an area with a lower cost of living than their assigned work location. However, some of these individuals continue to report in person to their assigned GAO location one or more days a pay period to meet mission needs.

GAO remains in an interim phase operating posture as we negotiate future of work policies with our union. During this phase, our staff continue to work mostly from alternate locations and report to GAO facilities or travel domestically or internationally to meet mission needs. GAO is currently negotiating future of work policies with our Union, including a potential remote work option and reinstatement of reporting requirements for non-remote workers. Our proposals include updating our pay system to appropriately compensate employees approved to work remotely.

- 5. Does GAO have employees who work remotely one or more days per pay period, but are actually unable to work on their assigned engagement remotely because it is a classified engagement that GAO employees are prohibited from working on outside of an appropriately secured facility? Please explain.**

No. GAO's telework practices do not affect our ability to meet mission needs, including our work on classified engagements. We have been a hybrid organization for over a decade, and this operating posture has not affected our ability to carry out our classified work. Furthermore, we demonstrated our ability to continue this important work during the pandemic. For example, while we had to pause our classified work at the beginning of the pandemic in March 2020, we resumed this work later that spring once we had put in appropriate safety procedures for staff working in the secure rooms. Further, even during this brief pause, staff were still able to conduct some classified work to meet the high priority needs of the Congress. In addition to conducting classified work in GAO offices during the pandemic, our staff also traveled both domestically and internationally to meet with agency officials in support of this work. Between January 2022 and July 2023 our staff took, or plan to take, over 750 trips in support of our national security-related work, including accessing classified information.

Regarding our current posture, we routinely conduct classified work on premises at our headquarters and field office locations in support of the Congress. We estimate that on average, roughly 20 percent of our ongoing engagement work involves accessing some amount of classified material. This work is conducted for a range of congressional committees, and includes work done for the House Homeland Security Committee and the Armed Services and Intelligence Committees from both chambers.

Staff assigned to these engagements, as well as operations staff supporting them, must work on premises at our offices when working with classified material, and our secure facilities and resources are used daily. Our staff also routinely attend classified meetings at executive branch agency facilities in support of our work. GAO follows the same procedures for assigning staff to our classified work as we do for our unclassified work. This means we assign staff to each engagement to ensure they have the collective experience, knowledge, skills and abilities needed for the work. These procedures have enabled us to fully meet our classified work needs. Staff assigned to classified engagements are not permitted to telework while working with classified material, although they may telework when conducting unclassified work on these engagements.

Given increased demand from Congress for classified work, we are continuing to enhance our resources for conducting such work, including work at the Top Secret (TS) and Sensitive Compartmented Information (SCI) classification levels. For example, over the last year we added connections to IntelDirect and the Enterprise Secure Network in our headquarters, which give our staff the capability to process materials at the TS//SCI and Restricted Data levels, respectively. To enhance the efficiency of our classified work, we are also in the process of designing and building new headquarters workspaces to enable staff to conduct their unclassified and Secret-level work from the same terminal, among other investments. We also recently adapted our entry-level development

program for analysts to include a national security track for analysts dedicated to classified work, and we continue to hire analysts at the mid- and upper levels for this work. Further, we continually assess our security clearance needs to ensure we have an appropriate number of cleared staff at all levels to support our classified work.

Auditing the Federal Reserve System

6. When was the last time that GAO conducted an audit of the Federal Reserve System (here intended to mean the Federal Reserve Board of Governors, the Federal Open Market Committee, and the 12 Federal Reserve Banks)?

Ongoing and recent GAO audits of the Board of Governors and the Reserve Banks have covered their activities related to supervising financial institutions and implementing emergency lending facilities supported by CARES Act funds, among other topics. As discussed in the response to question 9, there are specific limitations on GAO's authority.

Ongoing GAO audits of activities of the Federal Reserve System include:

- In April 2023, in response to a congressional request, we began a review of the supervisory practices of the banking regulators (Federal Reserve, FDIC, and OCC). The review will cover how these regulators handled supervisory concerns for selected depository institutions, including Silicon Valley Bank and Signature Bank.
- In summer 2023, in response to a mandate in the Dodd-Frank Act, we plan to begin a review of the systemic risk exception determinations by Treasury, the Federal Reserve and FDIC following the March 2023 bank failures. Expanding on our April 2023 report, this review will cover the likely effect of the determinations on the incentives and conduct of banks and uninsured depositors.
- In December 2022, as directed by the CARES Act, we began our fourth review of the Federal Reserve's lending facilities that are supported by CARES Act funds.
- In August 2022, in response to an annual mandate on financial services regulations, we began a review of the Federal Reserve's implementation of stress tests.
- In July 2022, in response to a congressional request, we began a review of steps taken by the Federal Reserve and other financial regulators to ensure that they have staff with the skills and expertise to oversee banks and other firms that offer financial technology products.

Examples of recently issued GAO products covering audits of the Federal Reserve System include:

- On April 28, 2023, in response to a congressional request, we issued a report on the results of its preliminary review of actions by the Federal Reserve (including the Federal Reserve Bank of San Francisco), FDIC, and Treasury in response to the March 2023 bank failures: [GAO-23-106736](#)

- On December 19, 2022, as directed by the CARES Act, we issued a report with the findings from our third review of the Federal Reserve's lending facilities that are supported by CARES Act funds: [GAO-23-105629](#)
- On September 8, 2022, we issued a report on the results of its review of how the Federal Reserve and other banking regulators managed the risks and challenges that COVID-19 posed to their supervisory missions: [GAO-22-104659](#).

7. The text of section 31 U.S.C. § 714 requires GAO to audit aspects of the Federal Reserve System.¹ Does GAO believe that statutory mandate is still in effect? Please explain.

We do not interpret section 714 as requiring GAO to perform an audit. The Federal Banking Agency Audit Act was enacted in 1978 and gives GAO specific audit and access authority in connection with the banking agencies, including the Federal Reserve Board, as well as the Federal Reserve Banks. The Act has been amended several times, most recently in the wake of the 2007-2009 financial crisis, to give GAO additional authority to audit certain aspects of the Federal Reserve's emergency facilities and discount window operations.

8. If GAO believes the *Federal Reports Elimination and Sunset Act of 1995* (P.L. 104-66) rescinded the statutory mandate in section 714, does GAO plan to conduct any audit work of the Federal Reserve System in the near future notwithstanding the rescindment of the mandate in section 714? If so, when and what is the planned scope of the work? If not, why not?

The Federal Reports Elimination and Sunset Act of 1995 did not amend or modify GAO's audit and access authority in 31 U.S.C. § 714. We use the authority in § 714 to conduct regular audits of the Board and Reserve Banks, as noted in response to question 6.

9. What are the statutory or other limitations on GAO's ability to audit the Federal Reserve System and how do they affect oversight of the Federal Reserve System? Please explain.

GAO's authority extends to bank supervision and regulation and administrative and payment system activities. However, there are specific limitations on our authority. 31 U.S.C. § 714 provides that audits of the Federal Reserve Board and the Federal Reserve banks may not include the following: (1) transactions for or with a foreign central bank, government of a foreign country, or nonprivate international financing organization; (2) deliberations, decisions or actions on monetary policy matters, including discount window operations, reserves of member banks, securities credit, interest on deposits and open market operations; (3) transactions made under the direction of the Federal Open Market Committee; or (4) discussions or communications among or between members of

¹31 U.S.C. § 714.

the Board of Governors and Federal Reserve employees related to these items. 31 U.S.C. § 714 (b).

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank) created exceptions to this prohibition and provided specific authority for GAO to look at the Federal Reserve's emergency programs. Section 1102 of Dodd Frank amended section 714 to authorize GAO to conduct audits for purposes of assessing (1) credit facilities and programs authorized under section 13(3) of the Federal Reserve Act, and (2) discount window operations or open market transactions. 31 U.S.C. § 714(f). The audits must be for purposes of assessing (1) operational integrity, accounting, financial reporting, and internal controls; (2) effectiveness of security and collateral policies in mitigating risk to the relevant Federal Reserve bank; (3) whether specific participants are inappropriately favored; and (4) the policies governing third party contractors. We are required to submit reports to Congress within 90 days of completing the audit under section 714(f).

10. In your opinion, is it important for GAO to conduct a thorough, independent audit of the Federal Reserve System? Why (or why not) and what are the risks of not having a comprehensive audit of the Federal Reserve System?

Given the Federal Reserve's important role in our financial system, we conduct independent audits of a broad range of activities of the Federal Reserve System that help to ensure its transparency and accountability. Pursuant to its authority, GAO conducts audits that address bank regulation and supervision, emergency lending programs, financial stability and stress testing, regulatory burdens, and related topics. The response to question 6 identifies ongoing and recently-completed audits of the Board and Reserve Banks.

In addition to GAO oversight, the Federal Reserve System is subject to other forms of audit and review. Board of Governors' financial statements are audited annually by an independent public accounting firm retained by the Board's Office of Inspector General. The Office of Inspector General also conducts audits, reviews, and investigations relating to the Board's programs and operations as well as of Board functions delegated to the Reserve Banks. The Reserve Banks and LLCs' financial statements are audited annually by an independent public accounting firm retained by the Board of Governors. For more details, see: <https://www.federalreserve.gov/publications/2021-ar-federal-reserve-system-audits.htm>.

Emergency Loans for Small Businesses

Between March 2020 and March 2022, the Small Business Administration (SBA) made or guaranteed more than 16 million loans and grants through the Paycheck Protection Program (PPP) and the COVID Economic Injury Disaster Loan (EIDL) program. Both programs provided roughly \$1.1 trillion in emergency funding to American small businesses. On January 30, 2023, I wrote to the SBA Office of Inspector General (OIG) after the Pandemic Response Accountability Committee (PRAC) released a fraud alert that

detailed widespread fraud in the PPP and EIDL programs.² Specifically, the PRAC reviewed 33 million applications and discovered that over 221,000 applications used fraudulent social security numbers. Of those, nearly 70,000 applications were issued EIDL or PPP loans totaling over \$5.4 billion in funds.

11. In what areas in SBA’s fraud-risk framework does it need to improve the most?

Although SBA has improved its anti-fraud efforts, it has not yet fully articulated a strategic approach to detecting and responding to fraud or communicated PPP and COVID-19 EIDL antifraud strategies to employees and other stakeholders. These actions are needed to fully implement fraud management strategies consistent with GAO’s Fraud Risk Framework (GAO-15-593SP).

In response to our recommendations, SBA has taken a number of actions since its pandemic emergency programs began that have put the agency in a better position to protect the integrity of these programs. For example, SBA implemented an oversight plan for PPP loans, which included automated and manual screening of loans for noncompliance with eligibility requirements and for fraud and abuse. This led to SBA determining that about \$3.5 billion in loans were not eligible for loan forgiveness. SBA also developed data analytics for the COVID-19 EIDL program and conducted fraud risk assessments for PPP and COVID-19 EIDL.

However, SBA has not sufficiently addressed the two related recommendations we made in March 2021 that the agency develop strategies that outline specific actions to monitor and manage fraud risks in PPP and COVID-19 EIDL on a continuous basis (GAO-21-387). The fraud risk management strategies SBA has developed to date for PPP and COVID-19 EIDL do not fully meet the criteria in our Fraud Risk Framework. For example, various plans and summary documents SBA has provided to us do not fully articulate a strategic approach to detecting and responding to fraud or communicate PPP and COVID-19 EIDL antifraud strategies to employees and other stakeholders.

12. When reviewing applications for the PPP or EIDL programs, how can SBA do a better job of screening and validating applications to ensure taxpayer money is not improperly dispensed?

Although SBA is no longer reviewing applications for PPP or COVID-19 EIDL loans, there are still steps that the agency can take to protect taxpayer money and lessons learned that could be applied for any future emergency lending and grant programs.

SBA is still conducting reviews of PPP loan forgiveness applications and implementing oversight plans for both programs to help identify potential fraud. For example, SBA screens all PPP forgiveness applications before they are approved and conducts reviews on COVID-19 EIDL loans that are at least 90 days delinquent. As of January 2023, the SBA Office of Inspector General (OIG) had 536 ongoing investigations. Congress extended the statute of

²Letter to Hannibal Ware, Inspector Gen., U.S. Small Bus. Admin., from Sens. Rand Paul and Joni K. Ernst (Jan. 30, 2023), https://www.paul.senate.gov/wp-content/uploads/2023/01/01.30.23_JKE-SRP-Letter-to-SBA-OIG_FINAL2.pdf.

limitations from 5 years to 10 years to prosecute individuals who committed PPP and COVID-19 EIDL-related fraud.

However, as noted previously, the fraud risk management strategies SBA has developed to date for PPP and COVID-19 EIDL do not fully meet the criteria in our Fraud Risk Framework ([GAO-15-593SP](#)). For example, various plans and summary documents SBA has provided to us do not fully articulate a strategic approach to detecting and responding to fraud or communicate PPP and COVID-19 EIDL antifraud strategies to employees and other stakeholders.

In April 2022, we identified lessons learned from PPP and COVID-19 EIDL that could be applied to future emergency lending programs, including the need to incorporate strong oversight from the beginning of the program and conduct a risk assessment when designing and implementing a new program ([GAO-22-105397](#)). SBA can still attempt to recover funds from ineligible and fraudulent borrowers identified through oversight efforts implemented after the programs began. However, we have previously reported that a leading practice in designing and implementing an antifraud strategy is to focus on fraud prevention over detection and response to avoid a “pay-and-chase” model, to the extent possible ([GAO-15-593SP](#)). Similarly, the Office of Management and Budget has established that for executive offices to be effective, they should prioritize preventing improper payments and avoiding a pay-and-chase model.

13. Does SBA currently possess the technical ability to do what GAO believes is necessary?

SBA has taken steps to improve its technical capacity regarding fraud identification, but the agency needs to build additional capacity to support its designated antifraud entity.

As part of its PPP oversight, SBA contracted with a firm to conduct automated (for all loans) and manual (for loans with identified potential issues) loan reviews to test for compliance with program requirements and evaluate the accuracy of PPP borrowers’ self-certifications. SBA also contracted with another firm to conduct fraud risk assessments for PPP and COVID-19 EIDL.

In addition, SBA created the Fraud Risk Management Board in February 2022 and designated it as SBA’s antifraud entity. The board is comprised of executives from across SBA and is to be supported by a permanent Fraud Risk Manager. SBA officials told us in May 2023 that SBA had hired someone to fill this position. Among other things, the manager will be responsible for developing and implementing fraud risk processes, tools, policies, standards, and procedures in alignment with our fraud risk management framework and best practices. The manager will also advise SBA leadership on a wide variety of emerging issues related to fraud risk management.

However, SBA had not determined the Fraud Risk Management Board’s staffing requirements—both the number and skillsets needed—nor provided those resources, as of February 2023. We will continue to monitor the staffing of the Fraud Risk Management Board.

According to GAO's 2023 high-risk series report, SBA received a third consecutive disclaimer of opinion in its fiscal year 2022 financial statement audit because it was unable to provide adequate evidence to support a significant number of transactions and account balances related to the PPP and EIDL programs.³

14. Although SBA has created a risk management action plan, what other fraud risk management strategies for PPP and EIDL need to be employed?

Although SBA has created a fraud risk management action plan and other review and oversight plans, it has not developed fraud risk management strategies for PPP and COVID-19 EIDL that meet the criteria in our Fraud Risk Framework. For example, various plans and summary documents SBA has provided us do not fully articulate a strategic approach to detecting and responding to fraud or communicate PPP and COVID-19 EIDL antifraud strategies to employees and other stakeholders.

In addition, SBA created the Fraud Risk Management Board in February 2022 and designated it as SBA's antifraud entity. However, as of February 2023, SBA still needed to determine the board's staffing requirements—both the number and skillsets needed—and provide those resources.

Specifically regarding SBA's most recent financial statement audit report, the financial statement auditor made 17 recommendations related to PPP and COVID-19 EIDL that SBA needs to address. For example, the auditor found that SBA neither sufficiently designed the PPP loan forgiveness review process nor adequately designed and implemented controls to ensure that Covid-19 EIDL loans were provided to eligible borrowers and accurately recorded. SBA will need to develop a corrective action plan to address the material weaknesses related to PPP and COVID-19 EIDL.

15. Does SBA currently possess the technical ability to do what GAO believes is necessary?

We have not assessed whether SBA has the technical ability to address the material weaknesses in its most recent financial statement audit report. For the last several years, SBA's Office of Inspector General has contracted with KPMG LLP, an independent certified public accounting firm, to conduct required financial audits of SBA. The 2022 financial statement audit included 42 recommendations to SBA, including 17 directly related to PPP and COVID-19 EIDL. Many of these recommendations related to the development and implementation of various controls or documentation. SBA management concurred with all findings and recommendations included in the audit.

In response to the findings in its 2021 financial statement audit, SBA established an audit remediation working group, which included the Chief Financial Officer and the Administrator's Chief of Staff. According to SBA officials, this group was responsible

³U.S. Government Accountability Office, GAO-23-106203, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas* at 116 (2023), <https://www.gao.gov/assets/gao-23-106203.pdf>.

for developing corrective action plans in response to the identified deficiencies. SBA will need to continue working to develop and implement corrective action plans to address the deficiencies identified in the 2022 report.

We will continue to monitor SBA's efforts to address the deficiencies identified in its fiscal year 2022 financial statement audit.

Medicare Program & Improper Payments

According to GAO's 2023 high-risk series report, Medicare spent an estimated \$940.4 billion in 2022—approximately 15 percent of all Federal spending. Spending is expected to increase significantly over the next decade as the U.S. population increases. Further, the Medicare Hospital Insurance Trust Fund is expected to be depleted by 2028. GAO's report notes that although HHS's Agency Financial Report highlights CMS's work to address root cause payment errors, HHS's report does not identify clear metrics to assess progress, resources needed to implement corrective action, or time frame for completion.

16. Of the 82 open recommendations in the report, would GAO agree that addressing improper payments should be a top priority of the department? Of the remaining recommendations, in GAO's opinion, which are of greatest concern?

Yes, addressing open recommendations related to improper payments in Medicare should be a high priority for the Department of Health and Human Services (HHS). In a May 2023 letter to the Secretary of HHS, we identified eleven Medicare-related recommendations that warrant priority attention from HHS, including three recommendations addressing Medicare improper payments.⁴ If implemented, these recommendations would help HHS reduce Medicare program improper payments and improve the program's payment policy and design, potentially improving the sustainability of the program by, for example, reducing billions of dollars in unnecessary expenditures.

Specifically, to help address improper payments in the Medicare program, we previously recommended that the Administrator of the Centers for Medicare & Medicaid Services (CMS):

- seek legislative authority to permit payment for recovery auditors to conduct prepayment claims reviews.⁵ Reviewing Medicare claims before payments are processed can prevent improper payments before they are made.

⁴See GAO, *Priority Open Recommendations: Department of Health and Human Services*, [GAO-23-106467](#) (Washington, D.C.: May 10, 2023). Priority recommendations are those that we believe warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or duplication issue.

⁵See GAO, *Medicare: Claim Review Programs Could Be Improved with Additional Prepayment Reviews and Better Data*, [GAO-16-394](#) (Washington, D.C.: Apr. 13, 2016).

- ensure that Medicare and Medicaid documentation requirements demonstrate compliance with coverage policies and effectively address program risks.⁶ Until CMS implements this recommendation, the agency may not have the information it needs to ensure that the programs' documentation requirements are effective and appropriately address program risks.
- enhance the timeliness of CMS's contract-level risk adjustment data validation (RADV) audit process, such as requiring that CMS contract-level RADV auditors complete their medical record reviews within a specific number of days comparable to other medical record review time frames in the Medicare program.⁷ Implementing this recommendation would potentially allow CMS to improve the timeliness of its recovery of hundreds of millions of dollars in improper payments each year.

The remaining eight Medicare program priority recommendations include recommendations for the Administrator of CMS to

- account for Medicaid payments a hospital has received that offset uncompensated care (UC) costs when determining hospital UC costs for the purposes of making Medicare UC payments to individual hospitals.⁸ Implementing this recommendation would (1) ensure that Medicare UC payments are based on accurate levels of UC costs, (2) result in CMS better targeting billions of dollars in Medicare UC payments to hospitals with the most UC costs, and (3) avoid Medicare UC payments to hospitals with little or no UC costs.
- ensure that Medicare Advantage (MA) encounter data are of sufficient quality for their intended purposes, by completing all the steps necessary to validate the data, including performing statistical analyses, reviewing medical records, and providing MA organizations with summary reports on CMS's findings, before using the data to risk adjust payments or for other intended purposes.⁹ Without fully validating the completeness and accuracy of MA encounter data, the soundness of adjustments to payments to MA organizations remains unsubstantiated.
- reduce the incentive for dialysis facilities to restrict their service provision to avoid reaching the low-volume payment adjustment (LVPA) treatment threshold by considering revisions such as changing the LVPA to a tiered adjustment.¹⁰ Reducing the incentive for facilities to restrict service provision may improve beneficiary access to services.

⁶See GAO, *Medicare and Medicaid: CMS Should Assess Documentation Necessary to Identify Improper Payments*, [GAO-19-277](#) (Washington, D.C.: Mar. 27, 2019).

⁷See GAO, *Medicare Advantage: Fundamental Improvements Needed in CMS's Effort to Recover Substantial Amounts of Improper Payments*, [GAO-16-76](#) (Washington, D.C.: Apr. 8, 2016).

⁸GAO, *Hospital Uncompensated Care: Federal Action Needed to Better Align Payments with Costs*, [GAO-16-568](#) (Washington, D.C.: June 30, 2016).

⁹GAO, *Medicare Advantage: CMS Should Fully Develop Plans for Encounter Data and Assess Data Quality before Use*, [GAO-14-571](#) (Washington, D.C.: July 31, 2014).

¹⁰GAO, *End-Stage Renal Disease: CMS Should Improve Design and Strengthen Monitoring of Low-Volume Adjustment*, [GAO-13-287](#) (Washington, D.C.: Mar. 1, 2013).

- improve CMS’s ability to identify self-referred advanced imaging services and help CMS address the increases in these services by, for example, determining and implementing an approach to ensure the appropriateness of advanced imaging services referred by self-referring providers.¹¹ The three recommendations in this area will help address the increases in these services and help protect beneficiaries.
- help ensure appropriate payments to MA plans by taking steps to improve the accuracy of the adjustment made for differences in diagnostic coding practices between MA and Medicare fee-for-service (FFS).¹² Until CMS takes these steps, the agency is at continued risk of making excess payments to MA plans.
- require that abuse and perpetrator type be submitted by state survey agencies in CMS’s databases for deficiency, complaint, and facility-reported incident data, and that CMS systematically assess trends in these data.¹³ Taking these actions will help ensure that CMS has key information needed to address the most prevalent types of abuse and perpetrators.

17. Is it true that until HHS can shore up its fraud risk mitigation efforts, the program should expect to continue to dispense tens of billions of dollars in improper payments?

Reducing improper payments, including efforts to mitigate fraud risks, is critical to safeguarding federal funds.¹⁴ While cases of fraud can contribute to improper payments, not all improper payments involve fraud. The causes of improper payments in the Medicare FFS and MA programs differ, and thus need to be addressed in different ways.

In Medicare FFS, CMS has taken a number of steps to reduce improper payments, particularly to address the most frequent types of error—insufficient documentation, claims for services that are deemed medically unnecessary, and incorrect coding. These actions include automated edits in their claims systems, provider and supplier screening and education, pre- and post-payment claim reviews, and fraud prevention activities, though more remains to be done to reduce the rate of improper payments in Medicare FFS. Additionally, CMS’s Healthcare Fraud Prevention Partnership—a voluntary, public-private partnership between the federal government, state and local government agencies, law enforcement, private health insurance plans, employer organizations, and anti-fraud organizations—has helped improve information sharing among payers inside and outside of the government.

¹¹GAO, *Medicare: Higher Use of Advanced Imaging Services by Providers Who Self-Refer Costing Medicare Millions*, [GAO-12-966](#) (Washington, D.C.: Sept. 28, 2012).

¹²GAO, *Medicare Advantage: CMS Should Improve the Accuracy of Risk Score Adjustments for Diagnostic Coding Practices*, [GAO-12-51](#) (Washington, D.C.: Jan. 12, 2012).

¹³GAO, *Nursing Homes: Improved Oversight Needed to Better Protect Residents from Abuse*, [GAO-19-433](#) (Washington, D.C.: June 13, 2019).

¹⁴The Payment Integrity Information Act of 2019 defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements.

We have previously recommended that CMS seek legislative authority to permit payment for recovery auditors to conduct prepayment claims reviews. Reviewing Medicare claims before payments are processed can prevent improper payments before they are made. Also, based on actions taken during the COVID-19 pandemic, we recommended that CMS develop policies and procedures for future emergencies that allow the agency to postpone, rather than waive, certain provider screening procedures, such as fingerprint-based criminal background checks for high-risk provider types.

Improper payments in MA are largely a result of health plans submitting diagnoses for enrollees that are not supported by their medical records, thus improperly increasing the health plan's payment. We have previously recommended that CMS take steps to improve the accuracy of MA plan payment adjustments to reflect differences in coding medical diagnoses between FFS and MA. We have also recommended that CMS improve its risk adjustment data validation audits, which help ensure beneficiary risk scores are supported by medical records.

According to GAO's 2023 high-risk series report, the estimated improper payment rate for the Medicare fee-for-service (FFS) increased to 7.5 percent, slightly more than one percent from fiscal year 2021 to 2021, and decreased by about one-tenth of a percent to 1.5 percent for Medicare Part D. CMS reported a Medicare Advantage improper payment rate of 5.4 percent. CMS argues that it refined its Medicare Advantage improper payment rate methodology for fiscal year 2022 and therefore the rate should not be compared with prior years' rates.

18. Does GAO agree with that assessment? If not, why not?

We agree that the fiscal year 2022 rate should not be compared with previous years' rates. Some of the differences between this rate and rates for previous years could be attributable to methodological changes rather than actual changes in the rate of improper payments. According to CMS, the fiscal year 2022 rate no longer accounts for underpayments to MA plans for diagnoses that are supported in a beneficiary's medical record but that were not submitted by the MA plan for payment.¹⁵ CMS stated that these revisions to its methodology led to a decrease in the improper payment rate.

We have not evaluated CMS's methodology for estimating the improper payment rate and, therefore, are unable to comment on the appropriateness of the agency's latest revisions.¹⁶

19. GAO estimated that improper payments were to be about \$46.8 billion in fiscal year 2022. If GAO rejected CMS's argument, what would the estimated total in improper payments would be?

¹⁵CMS also did not account for underpayments where the medical record supports a diagnosis that is more severe than what the MA plan submitted for payment. See <https://www.cms.gov/files/document/fy-2022-medicare-part-c-error-rate-findings-and-results.pdf-0>.

¹⁶The Office of Management and Budget and the Department of Health and Human Services Office of Inspector General are responsible for overseeing HHS's improper payment rate measurement methodologies.

The \$46.8 billion in total Medicare improper payments in fiscal year 2022 reflects the sum of HHS's estimates of improper payments for Medicare FFS, MA, and Part D.¹⁷ CMS has stated that the revisions it made to its methodology for estimating the MA improper payment rate for fiscal year 2022 caused the estimate to decrease. However, we do not have information on the magnitude of this decrease nor how the total amount of improper payments would differ if CMS had not made the methodological revisions described above.

Strengthening Medicaid Program Integrity

According to GAO's 2023 high-risk series report, in fiscal year 2022, Medicaid served roughly 82 million low-income and medically needy individuals at an estimated cost of \$516 billion. Improper payments were estimated to be nearly \$81 billion. Between February 2020 and September 2022, Medicaid enrollment increased about 31 percent (or 19.9 million individuals). GAO's report notes that CMS has issued guidance to help increase states' capacity to identify improper payments, and in 2020 nearly one quarter of Medicaid's improper payments related to non-enrolled providers and states' noncompliance with provider screening and enrollment requirements. In June 2021, CMS issued guidance outlining the information that states were to submit to demonstrate compliance with these requirements, yet allowed states to wait these requirements during the public health emergency. Accordingly, all states elected to do so.

20. Did allowing these states to waive these requirements during the COVID pandemic lead to an increase in improper payments?

The estimated Medicaid improper payment rate declined from 21.4 percent of program spending (\$86.5 billion) in fiscal year 2020 to 15.6 percent of program spending (\$81 billion) in fiscal year 2022. We have not examined the effect of states' ability to waive certain provider screening and enrollment requirements on the Medicaid improper payment rate. However, the Department of Health and Human Services (HHS) attributes the decrease in the estimated improper payment rate in fiscal year 2022 in part to certain flexibilities afforded to states during COVID-19, including reduced provider enrollment requirements. Specifically, HHS allowed states to temporarily relax or waive certain screening and enrollment requirements (e.g., revalidation, fingerprint-based criminal background checks, application fees, site visits). HHS also noted that it provided the states training on how to mitigate risks associated with these waivers and that it continues to work with states to mitigate the impact of these waivers on compliance efforts.

21. Should a future public health emergency emerge, should this kind of waiver be disallowed?

In considering any such flexibilities in the future, we would underscore the importance of HHS balancing its efforts to ensure beneficiaries' access to services and program

¹⁷See Department of Health and Human Services, *Agency Financial Report Fiscal Year 2022*, (Washington, D.C.: November 15, 2022).

integrity. With the end of the public health emergency, HHS has the unique opportunity to learn from its recent experiences, including the various flexibilities offered to states, and apply any lessons learned to future emergencies.

22. If this type of waiver is allowed again in the future, would it likely lead to yet another increase in improper payments?

As noted, we have not examined the effect of states' ability to waive provider screening and enrollment requirements on the estimated Medicaid improper payment rate during the COVID-19 public health emergency. However, the estimated Medicaid improper payment rate declined in fiscal year 2022, and HHS attributes this decline in part to the flexibilities it afforded to states during the pandemic, including states' ability to waive certain provider screening and enrollment requirements.

GAO's 2023 high-risk series report recommends congressional action to improve oversight of Medicaid expenditures. Specifically, in January 2008, GAO recommended Congress consider establishing statutory requirements for HHS to improve the demonstration review process to more clearly outline the methods used to demonstrate budget neutrality.¹⁸

23. If Congress were to act on this recommendation, approximately how long should we expect before HHS makes demonstrable progress in improving its demonstration review process? If enacted, what metrics should Congress use to measure HHS's progress?

Congress might begin to see the effects of an improved HHS demonstration review process within the first few years, but it could take several more years to see the full effects. HHS generally applies changes in demonstration approval policies on a rolling basis, for example, as states seek extensions of existing demonstrations. Historically, HHS has approved demonstrations for 3- to 5-year periods, though more recently HHS has approved 10-year demonstration periods.

We have previously reported that successful performance measures as a whole should have four general characteristics: demonstrate results, be limited to a vital few, cover multiple priorities, and provide useful information for decision making. We would be happy to work with Congress as it considers the establishment of requirements and related measures of progress.

Department of Defense Financial Management

The Department of Defense (DOD) financial management has faced long-standing issues including ineffective processes, systems, and controls; incomplete corrective action plans; and the need for more effective monitoring and reporting. DOD's spending makes up about half of the Federal Government's discretionary spending, and its physical assets comprise

¹⁸U.S. Government Accountability Office, *Medicaid Demonstration Waivers: Recent HHS Approvals Continue to Raise Cost and Oversight Concerns* (2008), <https://www.gao.gov/assets/gao-08-87.pdf>.

almost 68 percent of the Federal Government's physical assets. DOD has never received a clean audit opinion on its annual department-wide financial statements. In the last two years, the DOD has failed to make significant progress in achieving a clean audit opinion. According to GAO's 2023 high-risk series report, the DOD should establish specific time frames for developing an enterprise road map to implement its financial management strategy, and continue efforts to identify a complete inventory of its financial management systems.

24. Is it correct that DOD cannot identify the specific number of financial management systems?

DOD has not yet demonstrated that it can identify the specific number of financial systems and feeder systems supporting its financial statements, although it is taking steps to do so. In September 2020, we reported that DOD used a tool called the Financial Improvement and Audit Readiness (FIAR) Systems Database to record information about systems that the department had identified as significant financial and feeder systems.¹⁹ However, the list of 224 significant financial and feeder systems that the department provided to us from this database in February 2019 did not include all the systems that were relevant to the fiscal year 2018 audit. Specifically, we identified 45 systems that were relevant to the audit, according to independent public accountant (IPA) contracts, that were not included in the list of significant financial and feeder systems.²⁰ As a result, we recommended that the Secretary of Defense direct the appropriate entities to implement a mechanism for identifying financial management systems that support the preparation of the department's financial statements and identify a complete list of financial management systems. DOD concurred with our recommendation. In December 2022, the department stated that it planned to establish and implement a process to keep an accurate inventory of financial and feeder systems by March 2023. As of May 2023, the department has not demonstrated that it has completed these efforts.

Nevertheless, DOD has taken steps to identify additional systems. Specifically, we also reported in September 2020 that DOD had not developed an enterprise road map to implement its financial management systems strategy and recommended that DOD develop such a road map.²¹ DOD concurred with the recommendation. In May 2023, DOD provided us with its March 2023 Enterprise Financial Management IT Systems Roadmap. This roadmap describes DOD efforts to improve its data about financial systems and states that it includes 385 systems. This is a significant increase from the 224 systems initially identified in DOD's February 2019 data. We have not yet assessed the comprehensiveness and accuracy of the updated roadmap and related DOD inventories.

¹⁹GAO, *Financial Management: DOD Needs to Implement Comprehensive Plans to Improve Its Systems Environment*, GAO-20-252 (Washington, D.C.: Sept. 30, 2020).

²⁰DOD's contracts with the IPAs include a list of systems that the military services consider relevant to the audit.

²¹Our recommendation called for the road map to document the current and future states at a high level, from an architecture perspective, and present a transition plan for moving from the current to the future state in an efficient, effective manner. The recommendation also stated that road map should discuss performance gaps, resource requirements, and planned solutions, and it should map DOD's financial management systems strategy to projects and budget. The plan should also document the tasks, time frames, and milestones for implementing new solutions, and include an inventory of systems.

25. If the DOD cannot identify the number of financial management systems, how can Congress ever expect the DOD to get its books right for an audit?

Not having a reliable way to identify which of its systems are needed to support the preparation of financial statements impedes the department's ability to manage its financial and asset information. As we reported in September 2020,²² identifying these systems is an important step in helping the department achieve an unmodified (clean) audit opinion. As noted above, the department has reported progress in identifying these systems and developing a roadmap for improving its financial systems environment. Such progress, if substantiated, would be an important step in DOD's efforts to improve how it manages its financial systems environment and make progress toward a clean audit opinion, but more remains to be done.

According to GAO's 2023 high-risk series report, in the recently completed fiscal year 2022 financial statement audit, and despite DOD Secretary Austin's commitment to DOD's top three priority areas which are 1) Improve Fund Balance with Treasury, 2) Establish User Access Controls and 3) Create a Universe of Transactions and Financial Reporting Internal Controls, material weaknesses remain. Further, DOD has not yet fully addressed the deficiencies GAO reported in October 2020 pertaining to DOD's corrective action plan, such as ensuring a root cause analysis is performed and documented.²³

26. If DOD has yet to issue detailed implementation plans to carry out the financial management transformation strategies included in its FY 2022–2026 Financial Management Strategy, Does GAO believe that DOD is treating its mandated financial audit seriously enough?

To demonstrate its commitment to achieving auditability, DOD needs to both develop detailed implementation plans and focus on executing those plans on schedule. DOD is taking several steps to develop detailed plans for financial management transformation. Section 3.1 of DOD's FY 2022–2026 Financial Management Strategy presents a strategic objective to accelerate the path to an unmodified (clean) opinion on its financial statements. The strategy addresses several of the key material weaknesses, which is consistent with the annual audit remediation priorities DOD has selected to focus on. The strategy states that more detailed implementation plans will be forthcoming and will be the immediate next steps DOD embarks upon. These plans are to address "how" DOD plans to achieve its strategic goals and objectives.

Similarly, we also reported in May 2023 that DOD has taken steps in the right direction toward achieving a clean audit opinion.²⁴ These steps to address audit findings are

²²GAO, *Financial Management: DOD Needs to Implement Comprehensive Plans to Improve Its Systems Environment*, [GAO-20-252](#) (Washington, D.C.: Sept. 30, 2020).

²³ U S Government Accountability Office, *DOD Financial Management: Continued Efforts Needed to Correct Material Weaknesses Identified in Financial Statement Audits*, [GAO-21-157](#), (Washington, D.C.: Oct. 13, 2020).

²⁴GAO, *DOD Financial Management: Additional Actions Needed to Achieve a Clean Audit Opinion on DOD's Financial Statements*, [GAO-23-105784](#) (Washington, D.C.: May. 15, 2023).

important and, if continued effectively, should lead to lasting improvements. However, the steps—including corrective action plans and audit roadmaps—lack certain details that are important to achieving a clean audit opinion. We recommended that DOD develop a comprehensive, department-wide plan that is specific to its goal of achieving a clean audit opinion to better coordinate its efforts in this area. Equally important, once plans are developed, DOD will need to focus on timely execution, as it historically has been unable to execute past plans in this area in a timely manner.

More positively, DOD’s audit remediation efforts go beyond the mandated financial statements. As a result of the audits, DOD components work together to improve accuracy and accountability in various areas of financial management. DOD and its components have also been identifying areas for improvement in business processes and IT systems. If executed properly, these efforts could improve the efficiency and effectiveness of DOD’s financial management operations.

On April 6, 2023, in an interview with Jon Stewart, Deputy Secretary Kathleen Hicks claimed that the DoD’s inability to pass an audit “is not suggestive of waste, fraud, and abuse.”²⁵ She further claimed that DoD’s inability to pass a clean audit suggests only that DoD cannot accurately inventory what it has and where.

27. According to GAO’s review of DoD’s audit preparedness, how much does DoD spend yearly either upgrading its financial management systems, or maintaining its financial management systems?

In September 2020, we reported that DOD spent at least \$2.4 billion, \$2.6 billion, \$2.5 billion, and \$2.7 billion in fiscal years 2016, 2017, 2018, and 2019, respectively, for its financial management systems.²⁶ Additionally, we calculated that the department expected to spend at least \$2.8 billion in fiscal year 2020 on the systems included in its database of significant financial and feeder systems. The table below summarizes how these expenditures were distributed between developing and modernizing, and operating and maintaining, these systems. This spending included a total of about \$2.2 billion on seven new financial management systems and about \$427 million on 12 legacy accounting systems in fiscal years 2016 through 2020.²⁷

²⁵C-SPAN, Comedian Jon Stewart and Deputy Defense Secretary on Human Impact of Military Service (Apr. 6, 2023), <https://www.c-span.org/video/?527213-1/comedianjon-stewart-deputy-defense-secretary-human-impact-military-service>.

²⁶GAO, *Financial Management: DOD Needs to Implement Comprehensive Plans to Improve Its Systems Environment*, [GAO-20-252](#) (Washington, D.C.: Sep 30, 2020).

²⁷Legacy accounting systems are systems that support the key functions of a military service’s financial management and are integral to the financial reporting process. These systems are planned to be decommissioned, retired, or replaced.

DOD Spending on Development and Modernization, and Operations and Maintenance, for Systems in DOD's Financial Improvement and Audit Readiness (FIAR) System Database, Fiscal Years 2016-2020

Fiscal year	Financial management systems budget (in billions of dollars)	Development and modernization spending (percentage)	Operations and Maintenance spending (percentage)
2016	2.4	18	82
2017	2.6	17	83
2018	2.5	14	86
2019	2.7	15	85
2020	2.8	15	85

Source: GAO analysis of Department of Defense data. | [GAO-20-252](#)

Note: GAO calculated the reported spending for the significant financial and feeder systems included in DOD's FIAR Systems Database, as of February 2019. GAO determined that the database did not include all DOD systems the department considers relevant to its financial statement audit.

However, as noted above, the list of 224 significant financial and feeder systems that the department provided to us from this database in February 2019 did not include all the systems that were relevant to the fiscal year 2018 audit. According to DOD, its March 2023 Enterprise Financial Management IT Systems Roadmap, discussed previously, includes 385 systems. This is a significant increase from the 224 systems initially identified in DOD's February 2019 data that served as the basis of the actual and planned expenditures reported in our September 2020 report. DOD's roadmap does not describe actual or planned expenditures on these systems.

28. Do you agree with Deputy Secretary Kathleen Hicks that DoD's failure to pass a clean audit is not indicative of waste, fraud, or abuse at DoD? Please explain.

A failure to pass a clean audit is not a sole dispositive indication of waste, fraud or abuse; however, there are pervasive deficiencies in DOD's financial management systems, business processes, internal controls, and financial reporting that can make DOD vulnerable to waste, fraud, and abuse, which may not be detected by management.²⁸ There are 5 areas within DOD that are on GAO's High Risk list because of waste and abuse (DOD's Approach to Business Transformation, DOD Business Systems Modernization, DOD Contract Management, DOD Financial Management, and DOD Weapons Systems Acquisition). 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. .)

Although financial statement audits are not designed to detect waste, fraud, and abuse, auditors remain alert throughout the process and are to take appropriate action, such as referring matters to investigative agencies, when they uncover or suspect fraud. Moreover, the audits can assist in deterring and detecting waste, fraud, and abuse by baselining, or determining a starting point for costs and the rate of spending within the reporting entity. Having a baseline allows management to detect anomalies that could help identify waste, fraud, and abuse.

²⁸GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

29. In your opinion, where must DoD improve the most so that it can once and for all achieve a clean audit opinion?

DOD must modernize its financial management systems and business process. To do this it must have more detailed plans, monitoring procedures, and focus on execution by planned dates. This should enable a robust internal control environment going forward so auditors can test and rely upon them to express their opinion without extensive transaction testing which is both expensive and time-consuming. The financial statement audits are identifying systems and internal control issues, which need to be addressed.

As newer systems are effectively implemented and internal controls are improved, the number of notices of findings and recommendations and material weaknesses should decrease to a point where the auditor is able to express a clean audit opinion.

Further, as discussed in our May 2023 report, DOD has consistently missed or extended its target audit remediation dates, in part because it does not have monitoring procedures in place to reasonably assure consistent and accurate support for the tracking, recording, and reporting of these dates.²⁹ We recommended that DOD develop such procedures. The goal should not only be to achieve a clean audit opinion, but also to establish a sustainable process that will improve DOD financial management and operations in the future.

HHS Coordination of Public Health Emergencies

According to GAO's 2023 high-risk series report, HHS's efforts have fallen short in five key areas of an effective national response to public health emergencies. Those five areas are: 1) establish clear roles and responsibilities, 2) collect and analyze complete and consistent data, 3) provide clear, consistent communication, 4) establish transparency and accountability, and 5) understand key partners' capabilities and limitations.

30. To better prepare for a future public health emergency, in what ways can HHS make progress in those five areas of an effective national response?

HHS must improve its leadership and coordination of public health emergencies to save lives, mitigate severe economic impacts, and prepare the nation to respond to multiple simultaneous threats. The 91 outstanding recommendations made in this area to HHS as of April 2023 are a starting place. For example,

- Clear roles and responsibilities. HHS needs to define clear roles and responsibilities to repatriate U.S. citizens from abroad and exercise these roles prior to an event to identify gaps.
- Complete and consistent data. We have made 12 recommendations to HHS related to implementing a nationwide public health situational awareness capability, such as

²⁹GAO-23-105784.

determining the HHS components to lead and oversee this effort and clearly defining their roles and responsibilities.

- Clear, consistent communication. We recommended that HHS provide its response partners and the public with information on testing strategies to ensure these entities were well informed regarding HHS's COVID-19 testing strategies.
- Transparency and accountability. HHS needs to provide information that is transparent by providing scientific rationale at the time changes are made, such as to testing guidelines, to ensure public trust in the department's messaging.
- Key partners' capabilities and limitations. ASPR needs to undertake key workforce planning steps to support the mission and goals of the new office it created to address medical product supply vulnerabilities highlighted during the COVID-19 pandemic.

To make progress, HHS's actions will also need to be grounded in the five criteria for removal from the High-Risk List. These criteria are (1) leadership commitment to addressing risks; (2) capacity to resolve the risks; (3) development of a corrective action plan that defines the root cause, solutions, and corrective measures needed; (4) monitoring to validate the effectiveness and sustainability of corrective measures; and (5) demonstrated progress in the implementation of those measures.

31. In the high risk report, GAO identified four sources of risk within the transparency and accountability area. Those were payment integrity risks for direct shipment of SNS materials, changed testing guidelines, SNS material procurement, and transparency and accuracy regarding vaccine availability. In light of the information currently available, do you believe HHS also could have been, and should be in the future, more transparent regarding other topics, such as efficacy of the various vaccines available and their potential side effects, reliability of testing, and natural immunity? Please explain.

We have identified transparency and accountability as a key element of an effective response to a public health emergency. Providing limited or unclear information to the Congress, public or key partners can be detrimental during a public health emergency and risks eroding trust in the federal government. Transparency and accountability are not limited to the topics that we have previously identified.

32. How would understanding the origins of the COVID-19 pandemic enable the federal government to develop a more effective national response plan for future emergencies?

Understanding pandemic origins could help inform preparation and response to future epidemics and pandemics. Additionally, such understanding can help mitigate health and economic costs associated with pandemics by, for example, facilitating surveillance that could identify future pandemics more quickly.

Government's Management of IT Acquisitions & Operations

The Federal Government has undertaken numerous initiatives to better manage the more than \$100 billion that is invested annually in information technology (IT). However, too frequently, IT investments fail to deliver capabilities in a timely manner, and often incur cost overruns or schedule slippages while contributing too little to mission-related outcomes. According to GAO's 2023 high-risk series report, Congress and OMB should continue to demonstrate leadership commitment to ensuring agencies implement IT reform initiatives. However, GAO notes that challenges persist, including agencies' efforts to address the role of CIOs, IT workforce issues, and weakness in IT planning and management practices.

33. Is OMB taking sufficient steps to increase collaboration between CIOs and other executives and is OMB considering managerial skills in CIO hiring criteria?

OMB has not provided us with information regarding its steps to increase collaboration and consider managerial skills when hiring CIOs. Specifically, in September 2022, we reported that federal CIO panelists had difficulty achieving meaningful collaboration with other managers.³⁰ In addition, former agency CIO panelists stated that technical skills were often a primary driver in the selection of agency CIOs, rather than managerial skills. Accordingly, we recommended that OMB should direct the federal CIO to:

- increase emphasis placed on shared collaboration between agency CIOs and other senior executives to accomplish agency-wide and government-wide goals, and
- take steps to ensure that managerial skills, such as communication and program management skills, have an appropriate role in the hiring criteria for agency CIOs.

OMB neither agreed nor disagreed with these recommendations, and also has not yet provided an update on whether or how it plans to implement them. We will continue to reach out to OMB to obtain further information on its plans and progress regarding the implementation of these recommendations.

34. Please identify all other departments and agencies that have yet to fully implement GAO's IT workforce recommendations.

GAO currently has 79 open recommendations related to IT workforce. The departments and agencies that have yet to fully implement the related IT workforce recommendations and their total open recommendations are provided in the following table.

³⁰GAO, *Chief Information Officers: Private Sector Practices Can Inform Government Roles*, [GAO-22-104603](#) (Washington, D.C.: Sept. 15, 2022).

Agencies	Report	Total open recommendations related to IT workforce
Department of State	GAO-19-144	1
	GAO-20-129	1
	GAO-22-105932	16
Administrative Office of the United States Courts	GAO-22-105068	12
Department of Agriculture	GAO-21-512	8
Department of Homeland Security: United States Coast Guard	GAO-22-105208	6
Department of Homeland Security: United States Secret Service	GAO-19-60	6
Department of Homeland Security: Cybersecurity and Infrastructure Security Agency	GAO-20-453	4
Department of Homeland Security		1
	GAO-20-129	2
	GAO-20-213	
National Science Foundation	GAO-22-105187	3
Office of Personnel Management	GAO-20-129	1
	GAO-22-105187	2
Department of Defense	GAO-19-144	1
	GAO-22-104070	1
Department of the Treasury	GAO-17-8	1
	GAO-19-144	1
National Aeronautics and Space Administration	GAO-18-337	1
	GAO-19-144	1
Department of Commerce	GAO-19-144	1
Department of Education	GAO-20-129	1
Department of the Interior	GAO-20-129	1
Department of Justice	GAO-20-129	1
Department of Labor	GAO-20-129	1
Department of Transportation	GAO-17-8	1
Department of Veterans Affairs	GAO-22-105059	1
Internal Revenue Service	GAO-18-298	1
Nuclear Regulatory Commission	GAO-20-129	1
Office of Management and Budget	GAO-18-93	1
Total		79

Source: GAO analysis based on GAO Analytics Portal and Results Phase System (RPS) data.

Unemployment Insurance System

In June 2022, GAO designated the Unemployment Insurance (UI) system as a high-risk area. Longstanding challenges with UI administration and outdated IT systems have affected states' ability to meet the needs of unemployed workers, especially during economic downturns. Such challenges have also contributed to impaired service, declining access, and disparities in benefit distribution. According to GAO's 2023 high-risk series report, by addressing audit recommendations, including developing and executing a plan that meets GAO's high-risk criteria for transformation, DOL has the potential to achieve quantifiable results in reducing improper payment rates, including those related to fraud; improving efficiency in claims processing and restoring pre-pandemic payment timeliness levels; better reaching current worker populations; and enhancing equity in benefit distributions.

35. In what ways can DOL improve in its fraud risk assessment?

In October 2021, we recommended that DOL assess fraud risks in alignment with the leading practices outlined in GAO's [Fraud Risk Framework](#). Specifically, we recommended that DOL take the following actions for UI: (1) identify inherent fraud risks facing the program; (2) assess the likelihood and impact of inherent fraud risks facing the program; (3) determine fraud risk tolerance; (4) examine the suitability of existing fraud controls and prioritize residual fraud risks; and (5) document the fraud risk profile. As of March 2023, DOL had not completed these actions but told us that it is in the process of finalizing a UI fraud risk profile in alignment with the [Fraud Risk Framework](#). We believe that comprehensively assessing UI fraud risks and documenting a fraud risk profile can help ensure that DOL has identified its most significant fraud risks and has the right controls in place to combat the most likely and impactful risks.

36. Does DOL currently possess the technical ability to do what GAO believes is necessary?

We believe that DOL currently possesses the technical ability to assess its UI fraud risks. As of March 2023, the agency told us that it had designated its Chief Financial Officer as the dedicated entity responsible for managing the process of assessing fraud risks to the UI program. DOL also told us that the Office of the Chief Financial Officer and the Employment and Training Administration are in the process of finalizing a UI fraud risk profile in alignment with [GAO's Fraud Risk Framework](#).

According to our [2023 High-Risk Series Report](#), DOL leadership has established the Office of UI Modernization to provide strategic leadership as the department implements its UI modernization plan. However, that office is just temporary and lacks long-term timeliness to planned activities. Further, we noted that DOL has not comprehensively assessed its UI fraud risks, and is not in alignment with leading practices in GAO's [Fraud Risk Framework](#).

37. Without a long-term timeline, how would DOL expect to fulfill its vision outlines in DOL's UI modernization plan?

We believe that DOL and the UI System will continue to face challenges until a rigorous action plan is created and implemented. We have reported that action plans are critical to successfully addressing high-risk issues because they can help agencies articulate objectives and provide a roadmap for how the agency plans to achieve progress. Plans with key components, including the responsible party, target completion dates, performance goals, and milestones, help the agency monitor and demonstrate progress toward resolving its challenges. Because of this, we have recommended in our high-risk report that DOL develop a comprehensive action plan for the UI System.

38. Is it possible that without a long-term timeline and commitment, DOL is at risk of failing to achieve its own goals?

Yes. According to DOL officials, the current Office of UI Modernization is temporary and consists of a small leadership team that is working to facilitate progress and coordinate efforts across DOL entities. However, system modernization is a long-term effort that will require a plan and sustained leadership.

39. Is it correct that DOL has not clearly planned to identify root causes and potential solutions to the challenges underlying DOL's reform principles? If so, without clearly-defined root cause assessments and solutions, is it fair to say that DOL remains vulnerable to fraud and therefore future improper payments?

Until GAO's recommendations are addressed and their work with states to modernize systems is complete, DOL is still vulnerable to improper payments and fraud. We believe that clear plans to identify root causes and potential solutions to the challenges underlying DOL's reform principles are necessary for long-term progress. Implementing our recommendations, including those related to customer service and fraud management, could generate useful information for DOL's UI modernization strategic planning and sequencing of activities.

For now, DOL is working with states to uncover the issues leading to customer service challenges, improper payment and fraud. OMB reported that DOL has put Tiger Teams on the ground in over 30 states to help them address fraud, work through backlogs, and improve access for legitimate claimants to help ensure they receive the benefits for which they were eligible.

40. Despite a substantial decrease in the amount of improper payments made in 2021 compared to 2022, the estimated fraud payment rate actually increased – how is that possible?

Identification of improper payments could suggest that a program is vulnerable to fraud; however, it is important to note that not all improper payments are fraudulent payments. These payments can be the result of errors made by the agency or recipients.

In fiscal year 2021, the UI outlays were \$413 billion, and estimated improper payments (including unknown payments) were \$78.1 billion, creating an improper payment rate of 18.9 percent. In fiscal year 2022, the UI outlays were significantly decreased to \$85.2 billion, and the estimated improper payments (including unknown payments) reduced to \$18.9 billion and resulted in an estimated improper payment rate of 22.2 percent. While it is encouraging to see the total amount of estimated improper payments decreasing significantly, a rising, or consistent, estimated improper payment rate can be indicative of ongoing and persistent issues with UI administration.

We also note that these estimates do not include data from the Pandemic Unemployment Assistance program, which had a high risk of improper payments, including fraudulent ones. DOL has started an effort to create a national estimate of the improper payment rate for this program. According to DOL, the outcomes are expected in fiscal year 2023.

Protecting Public Health through Enhanced Oversight of Medical Products

The Food and Drug Administration (FDA) plays a vital mission in protecting the public health by overseeing the safety and effectiveness of medical marketed in the U.S. and used daily at home and in health care settings. Given the global nature of medical products FDA oversees, response to globalization and drug availability are now increasingly interrelated. According to GAO's 2023 high-risk series report, during the COVID-19 pandemic, the FDA increased its reliance on alternative sources of information to maintain oversight of medical products when it paused routine inspections. The FDA relied on documentation from manufacturers and reports from other regulators, sometimes foreign, for oversight information.

- 41. To avoid situations like this in the future, what steps has FDA taken to remediate its reliance on foreign regulators' inspections of medical products? Do these measures adequately address efforts to protect the public health of the American people? If not, what else should be done?**

As we noted in our [January 2021](#) report, FDA used alternative tools to support the agency's oversight of drug manufacturing quality in light of the pause in inspections brought on by the COVID-19 pandemic. One such tool was reviewing reports of inspections conducted by certain foreign regulators. Specifically, during the COVID-19 pandemic, FDA expanded the use of the mutual recognition agreements it has with European regulators. Prior to the pandemic, FDA had completed a capability assessment for 28 European regulators to ensure that they could conduct inspections at the same standard as an FDA inspection. FDA signed mutual recognition agreements with each of these regulators, mostly between 2017 and 2019, allowing the agency to use inspection reports from these regulators as a full substitute for an FDA inspection, but only for inspections they conducted in Europe. In light of the agency's COVID-19 inspection pause, FDA also deemed that inspections conducted outside of Europe from 19 of the 28 European regulators (such as inspections these regulators conducted in India) could be substituted for an FDA inspection.

In addition, FDA established an interim policy enabling the agency to use non-European foreign regulator reports—specifically, regulators that are among the 53 members of the Pharmaceutical Inspection Cooperation Scheme (such as Australia, Canada, Japan, and South Africa)—in combination with a review of establishment records to support its surveillance of establishments already manufacturing FDA-regulated drugs.

As a result of the actions it took during the pandemic, we recommended in our [January 2021](#) report that FDA fully assess its alternative inspection tools and consider whether these tools, or others, could provide the information needed to supplement its regular inspection activities or help meet its drug oversight objectives when inspections are not possible in the future.

Since our January 2021 report, FDA has resumed foreign drug manufacturing establishment inspections, but at reduced rates. In June 2022, FDA reported that it had established a workgroup to fully assess the agency's practices regarding another type of alternative tools known as remote regulatory assessments. The workgroup developed two documents—a draft guidance for industry and a staff manual guide—that standardize terminology and practices related to remote oversight activities. The workgroup's assessment is also being used as FDA considers how remote regulatory assessments can be used to supplement inspection activities and enhance FDA's oversight when inspections are not possible. As mandated by Congress, GAO is currently examining FDA's use of alternative tools such as reviewing reports of inspections conducted by certain foreign regulators and remote regulatory assessments, and will report our findings by June 2024.

The CARES Act required that companies report which drugs they manufacture, but according to GAO's 2023 high-risk series report, implementation of this reporting requirement has been delayed. The FDA has further stated that the reporting requirement will not fully address the gaps in identifying and mitigating supply chain vulnerabilities.

42. Why has this reporting been delayed, and does this delay put the American people at risk?

FDA officials said that the agency delayed implementation of the requirement that drug manufacturers report the volume of each drug they manufacture for commercial distribution in the U.S. as it was determining the logistics for electronic reporting, such as whether to incorporate it into existing data systems. FDA continues to make progress, but is still working on establishing the processes for manufacturers to submit this information. Specifically, FDA issued draft guidance for comment in October 2021 advising manufacturers on reporting the data, including timelines for reporting. As of May 2023, FDA indicated that the agency was still in the process of revising and clarifying the reporting requirements based on feedback from stakeholders. It indicated that the timelines in the guidance are not required deadlines for submitting data, but suggested that drug manufacturers submit reports as described in the draft guidance.

We continue to believe that improved supply chain data are important for FDA to fulfill its responsibilities for ensuring Americans have access to safe and effective drugs. Specifically, having limited supply chain data has created data accessibility challenges for FDA when responding to specific incidents in the past. For example, during FDA's efforts to recall certain blood pressure medications in 2018 and 2019 due to contamination from a potential carcinogen, FDA staff could not easily identify which finished drug manufacturers potentially used suppliers associated with the contamination and had to manually search electronic and paper drug application documents.

Additionally, during the COVID-19 pandemic and in response to concerns of potential supply disruptions and drug shortages, FDA asked more than 180 drug manufacturers to evaluate their supply chains for components manufactured in China and report back to FDA. Agency officials said that it took this step because it was not able to easily access this information from its own data systems. Without obtaining the appropriate information on the drug supply chain and ensuring that these data are complete and accessible, as we recommended in [March 2021](#), FDA will be challenged to identify and mitigate supply chain vulnerabilities and effectively respond to future public health emergencies.

43. How can requiring further reporting requirements about manufacture supply chains address the gaps identified?

FDA officials said that companies' annual reporting on the amount of drugs manufactured will help inform surveillance activities, enhance supply chain oversight, and may help to mitigate shortages. However, the agency has also indicated that due to the lag in reporting it is not expected to be used in preventing drug shortages. In [January 2021](#), we reported that FDA would have preferred that the additional required data be more detailed and reported more frequently so the agency could determine how much product is manufactured at each establishment and how reliant manufacturers are on certain suppliers. Further, FDA officials said that these data will have gaps, such as not including the source of active pharmaceutical ingredients along with the reporting of amounts of finished drugs manufactured.

As such, FDA has taken steps to increase its authority to collect more complete drug manufacturing data. For example, FDA's budget justifications for fiscal years 2022 and 2024 included legislative proposals to further clarify the agency's authority to require more complete and frequent reporting for finished drug products and in-process material. Additionally, in response to a [June 2021 government-wide review](#) of critical U.S. supply chains that included drugs and active pharmaceutical ingredients, HHS reported that it will develop and make recommendations to Congress to grant FDA authority to require drug labels to include original manufacturers, among other things, which FDA included in its legislative proposals for its fiscal year 2024 budget justification as well. A [2022 National Academies report](#) noted that including such information on a label would vastly increase the ability of FDA, health systems, and third parties to identify and mitigate drug supply chain risks.

44. Why is the COVID-19 pandemic still affecting FDA's implementation of oversight of medical products?

The COVID-19 pandemic presented FDA with multiple challenges, some of which exacerbated pre-existing challenges that contributed to the agency being placed on [our High-Risk List](#) in 2009. For example, over multiple reports spanning nearly the last 15 years, we have identified challenges that the agency has faced conducting foreign drug inspections. While the agency made significant progress in that area, we most recently reported in a [January 2022](#) report that the COVID-19 pandemic significantly disrupted FDA's ability to inspect foreign drug manufacturers.³¹ Between March 2020 and April 2021, FDA conducted only 21 foreign inspections (as compared to more than 900 in the prior year). FDA has resumed foreign inspections, but at a significantly reduced rate. The agency outlined a plan for largely addressing the backlog of inspections that developed during the pandemic within 3 years, assuming global conditions that limit travel do not worsen. We have ongoing work examining FDA's programs for inspecting both foreign drug manufacturers and bioresearch sites. As part of that work, we are examining steps that FDA has taken to maintain its oversight during and after the COVID-19 pandemic.

Drug shortages are another longstanding challenge that were exacerbated by the COVID-19 pandemic and continue to be a problem. According to the American Society of Health-System Pharmacists, an entity that has tracked drug shortages for over 20 years, ongoing and active drug shortages are at their highest levels since 2014. This is a topic that we continue to monitor and we have plans to evaluate FDA's oversight of drug shortages in the future to supplement the work we last conducted in 2016.

Federal Funding to China

According to an April 2023 GAO report, from 2017 to 2021, Federal agencies provided at least \$48 million to entities located in China.³² However, the report concluded that the full extent of U.S. taxpayer dollars sent to China through subawards remains unknown due to inaccurate and incomplete data. This revelation follows GAO's disclosure to the House Intelligence Committee that federal funds were funneled through U.S. universities to China's Academy of Military Medical Sciences for virus research.

45. Why is this issue not included on GAO's high-risk list?

We recently completed the report cited in the preamble to this question ([GAO-23-105538](#)). We analyzed all existing data in USAspending.gov, the official source of federal spending data, to identify U.S. funding to entities in China. However, we noted that the full extent of

³¹GAO, *Drug Safety: FDA Should Take Additional Steps to Improve Its Foreign Inspection Program*, [GAO-22-103611](#) (Washington, D.C., Jan. 7, 2022).

³²U.S. Government Accountability Office, *Federal Spending: Information on U.S. Funding to Entities Located in China* (2023), <https://www.gao.gov/assets/gao-23-105538.pdf>.

this funding is unclear because of limitations in the completeness and accuracy of subaward data in government systems. These limitations are government-wide and not unique to funding to entities in China. We also have ongoing work examining the state of government-wide subaward data as part of a separate review scheduled to be completed later in 2023. We periodically assess government programs and operations against its our published criteria to determine if they should be designated as high risk. Our criteria are contained in *Determining Performance and Accountability Challenges and High Risks (GAO-01-159SP)*, Nov 01, 2000.

46. What priority level has GAO assigned to conducting a comprehensive, government-wide audit to examine the flow of American tax dollars being directly or indirectly channeled to China?

We have ongoing work examining the state of government-wide subaward data as part of a separate review scheduled to be completed later in 2023. This work may help identify improvements to subaward data reporting that could enable a more complete future accounting of U.S. funding provided to entities in China.

We are also completing a review of federal funding provided to certain government institutions or laboratories in China that conduct work on infectious diseases, including pandemic viruses. This work includes examining federal funding provided from calendar years 2014 to 2021 to Wuhan University, the Wuhan Institute of Virology (WIV), and China's Academy of Military Medical Sciences. The forthcoming report is expected to be issued in summer 2023.

47. It is unacceptable that the American people cannot accurately track how their taxpayer dollars are spent. What is GAO doing to encourage federal agencies to produce accurate and complete data on grant funding to the public?

GAO's work examining the implementation of the Digital Accountability and Transparency Act of 2014 has identified persistent challenges with award information displayed on USAspending.gov, including the information describing federal grant awards. We found challenges with data elements that describe two key aspects of federal grant awards—the purpose of the award ("Award Description"), as well as where the work associated with the award was performed ("Primary Place of Performance"). Federal agencies differ in how they interpret and apply OMB's definitions for these data elements, making it difficult for users to understand the purpose of an award or to identify the location where the performance of the award occurred. We also found that information on these data elements displayed on USAspending.gov was significantly inconsistent when compared with agency records.³³

Our findings underscore the need for clarified guidance and improved data governance related to "Award Description" and "Primary Place of Performance" and we have made several recommendations to this effect. For example, we recommended that OMB should

³³GAO, *OMB, Treasury, and Agencies Need to Improve Completeness and Accuracy of Spending Data and Disclose Limitations*. [GAO-18-138](#) (Washington, D.C.: Nov. 8, 2017).

clarify and align existing guidance regarding the appropriate definitions agencies should use to collect and report on “Primary Place of Performance” and establish monitoring mechanisms to foster consistent application and compliance. This recommendation remains open as of May 2023.³⁴ In addition, we have ongoing work examining the quality of grant data including the completeness of information available on USAspending.gov and the implementation status of grant data standards as required by the Grant Reporting Efficiency and Agreements Transparency Act of 2019. We expect to issue reports on these topics later this year.

48. What can Congress do to ensure better transparency in subcontracting?

Congress has identified the importance of improving the quality and transparency of federal spending data by enacting laws—such as the Federal Funding Accountability and Transparency Act of 2006 and the Digital Accountability and Transparency Act of 2014—that require additional oversight and hold agencies responsible for the quality of their data.³⁵ Our prior work has identified challenges with the quality and availability of subaward data. In 2014, we reported that we were unable to test the consistency of subaward data because federal agencies frequently did not maintain records to verify this information.³⁶ More recently, in 2023, we reported that we were unable to verify the full extent of subawards made to entities located in China because of limitations in the completeness and accuracy of subaward data reported in government systems.³⁷ Additionally, Treasury discloses on USAspending.gov that there are several documented issues related to subaward data quality that users should be aware of, including common duplication of subaward records.

The current legal and regulatory framework governing subaward reporting may limit the completeness and accuracy of subaward data available to the public. For example, data on subawards may be incomplete because federal rules do not require prime award recipients to report information on subawards that fall below \$30,000, nor require reporting below the first tier (e.g., second tier or third tier subawards). In addition, OMB guidance states that the quality of data that prime award recipients report to government systems is the legal responsibility of the prime award recipient and that agencies are not required to certify the quality of subaward data. We are currently examining the state of federal government-wide subaward data reporting and expect to issue a report on this topic later this year.

³⁴In December 2022, OMB told us that they consider this recommendation closed as implemented because they believe they have met the intention of the recommendation. However, we continue to believe that providing specific examples of how agencies should approach challenging situations when reporting on this data element for financial assistance awards would provide further clarity and improve the quality of this important data element.

³⁵Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014). The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006 (FFATA). Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006), *codified* at 31 U.S.C. § 6101 note.

³⁶GAO, *Data Transparency: Oversight Needed to Address Underreporting and Inconsistencies on Federal Award Website*. [GAO-14-476](#) (Washington, D.C.: June 30, 2014).

³⁷GAO, *Federal Spending: Information on U.S. Funding to Entities Located in China*. [GAO-23-105538](#). (Washington, D.C.: Apr. 12, 2023).

49. What could Congress do to hold agencies accountable for failing to adequately monitor federal grant funds?

Extending the requirement for ongoing OIG oversight through periodic reviews could help ensure that the quality of agency data submissions to USAspending.gov continues to improve. The data included in USAspending.gov helps provide transparency to policymakers and the public about where federal dollars are being spent.³⁸

The Digital Accountability and Transparency Act of 2014 (DATA Act) expanded previous federal transparency legislation by requiring agencies to report their agency spending information and link it to federal program activities to provide more effective tracking of federal spending. The DATA Act aims to improve the quality of data submitted to USAspending.gov by holding federal agencies accountable for the completeness and accuracy of the data submitted.

The DATA Act required agency inspectors general (as well as GAO) to review and report on the completeness, timeliness, quality, and accuracy of the data, as well as the implementation and use of data standards.³⁹ However, this reporting requirement ended in 2021.⁴⁰ According to the OIG community, few OIGs plan to continue to review and report on this information without further requirements.

Extending the requirement for ongoing OIG oversight through periodic reviews could help ensure that the quality of agency data submissions to USAspending.gov continues to improve. The data included in USAspending.gov helps provide transparency to policymakers and the public about where federal dollars are being spent.⁴¹

COVID-19 Origins & Gain-Of-Function Research

Recent revelations suggest that the FBI and the Department of Energy believe COVID-19 likely originated from a lab leak. However, much of the federal government’s knowledge about the origins of COVID-19 continues to be withheld from the American public. For more than two years, agencies have refused to provide members of Congress with information about the federal government’s involvement in risky virus research conducted overseas.

50. Does GAO plan to conduct additional work related to the origins of COVID-19?

³⁸GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, [GAO-22-105715](#) (Washington, D.C.: Mar. 17, 2022).

³⁹Pub. L. No. 113-101, §§ 2-3, 128 Stat. 1146, 1146–51. The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006, Pub. L. No. 109-282, 120 Stat. 1186 *codified at* 31 U.S.C. § 6101 note. We refer to language added to the Federal Funding Accountability and Transparency Act by the DATA Act as DATA Act requirements.

⁴⁰GAO, *DATA Act: OIGs Reported that Quality of Agency-Submitted Data Varied, and Most Recommended Improvements*, [GAO-20-540](#) (Washington, D.C.: July 9, 2020).

⁴¹GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Ensure Transparency and Accountability for COVID-19 and Beyond*, [GAO-22-105715](#) (Washington, D.C.: Mar. 17, 2022).

We are currently examining the capability of field-based collection of virus samples to predict, prevent, and respond to pandemics such as COVID-19 at the request of Congress.

51. Given GAO’s mission to support Congress in fulfilling its constitutional obligations, will GAO commit to working with me to identify ways in which GAO can help us obtain information from agencies about the origins of COVID-19?

Yes, we would be happy to provide support to obtain available agency information on topics relating to the origins of COVID-19.

In April, the Secretary of the Department of Homeland Security (DHS) testified before this Committee that DHS has not conducted any work related to the origins of the COVID-19 pandemic or the risks associated with gain-of-function research. According to a 2017 report on Bioforensics, GAO cited DHS’s efforts to develop capabilities for detecting manipulated agents and specifically mentioned DHS concerns about the “potential for gain of function research to result in manipulation of microbial agents with the potential for causing harm.”⁴²

52. Is GAO concerned that—six years after GAO’s report and a global pandemic that claimed millions of American lives—Secretary Mayorkas’s comments indicate that DHS has no plan to address the threat posed by gain-of-function research?

We noted in our 2017 report (GAO-17-177) assessing DHS’ bioforensics capabilities, experts raised concerns about gain of function research that could result in the manipulation of microbial agents with the potential for causing harm. However, they did not uniformly agree that the risk of possible misuse of biology was significant. DHS’s Science and Technology Directorate implemented our recommendation to conduct a gap analysis, wherein they noted that one of their capability gaps was in the characterization of novel, emerging, synthetic, and de novo synthetic organisms. As part of our recommendation, we also suggested DHS periodically update their gap and needs analysis to help guide current and future investments. While DHS emphasized the intention to periodically conduct similar analyses, we have not conducted work to assess actions they may or may not have taken to address this and related gaps, or whether they have continued to reassess the gaps and prioritize resource allocation in their bioforensics research and development program, to addressing those highest priority needs.

Oversight of Risky Research

According to a January 2023 GAO report, the Department of Health and Human Services (HHS) is providing “subjective and potentially inconsistent” oversight of U.S.-funded research.⁴³

⁴²U.S. Government Accountability Office, GAO-17-177, *Bioforensics: DHS Needs to Conduct a Formal Capability Gap Analysis to Better Identify and Address Gaps* (2023), <https://www.gao.gov/assets/gao-17-177.pdf>.

⁴³U.S. Government Accountability Office, *Public Health Preparedness: HHS Could Improve Oversight of Research Involving Enhanced Potential Pandemic Pathogens* (2023), <https://www.gao.gov/assets/gao-23-105455.pdf>.

53. What is GAO’s recommendation to address the apparent lack of oversight and regulation in both domestic and international research involving dangerous pathogens, given the global expansion of risky research outpacing safety measures, the lack of a comprehensive safety standards system, and the funding of projects that may pose significant risks?

HHS requires its funding agencies to refer proposed research that is “reasonably anticipated to create, transfer or use enhanced potential pandemic pathogens” for departmental review to assure the biosafety and biosecurity of the research. In our January 2023 report, we recommended that HHS strengthen oversight of HHS-funded research involving enhanced potential pandemic pathogens by developing and documenting a standard for “reasonably anticipated” to ensure consistency in identifying research for departmental review that is “reasonably anticipated to create, transfer or use enhanced potential pandemic pathogens” HHS neither agreed nor disagreed with our recommendation, and stated that the department is committed to ensuring careful review and consideration of its guidance.

Additionally, we have ongoing audit work that addresses some aspects of this question-- National Security Considerations in International Biological Research. Specifically, we are currently reviewing (1) how U.S. authorities and policies involving U.S. support for biological research in other countries account for national security, proliferation, and country-specific considerations in decisions on whether to support or monitor such research; and (2) the extent to which the executive branch ensures that U.S. agencies coordinate with national security entities to assess and account for security implications of supporting and monitoring biological research in other countries.

For two years, members of this committee have requested that HHS provide the names of P3CO group members who are responsible for evaluating high-risk research involving pathogens with pandemic potential. However, HHS refuses to comply with these requests. According to GAO’s January 2023 report, HHS also declined to give the names of P3CO members to GAO, citing staff safety concerns “related to their perceived involvement in gain-of-function research.”⁴⁴ GAO found that HHS’s lack of transparency impeded its ability to assess the P3CO group.

54. Is it acceptable for HHS to deny information requests related to politically sensitive topics like gain-of-function research?

55. How can agencies, like HHS, be held accountable if they refuse to provide Congress and GAO with the information necessary to conduct adequate oversight of their work?

Combined answer for 54 and 55: In our report, we noted that HHS lacks transparency regarding the composition of P3CO. While HHS did not share the names of the members of the P3CO group with us, HHS did share information about the composition of the review group and the expertise of those involved that allowed us to conduct our work. We

⁴⁴*Id.*

determined that the information HHS provided was sufficient for us to meet our audit objectives. On occasion, HHS and other federal agencies will identify certain information as particularly sensitive. When this occurs, we engage in discussions with the agency. In some cases, we are able to identify alternative information that allows us to carry out our work and meet our audit objectives. When we determine that the information that the agency identified as sensitive is needed to meet our audit objectives, we take additional steps to ensure we obtain the information needed to complete our work. It is exceedingly rare, after taking such additional steps, that GAO is unable to obtain the information needed to conduct its work. In these difficult situations, we typically alert our congressional requesters or the committees of jurisdiction so that we can work together to identify strategies to obtain the information and hold the agency accountable. In that context, the relevant committees may choose to reach out informally or formally to the agency to discuss the matter, incorporate questions on the topic into oversight hearings, or direct the agency to respond as part of the budget and appropriation process, among other options.

EcoHealth Alliance

According to a January 2023 GAO report, NIH officials were aware that EcoHealth Alliance did not adequately monitor the activities of its subaward to the Wuhan Institute of Virology, and therefore, the subaward was terminated.⁴⁵ Later that month, GAO published another report on pandemic origins that relied on interviews with “experts” on technologies used for pandemic origins investigations, including EcoHealth Alliance and federal agencies funded EcoHealth Alliance.⁴⁶

56. Does GAO believe EcoHealth Alliance was capable of providing GAO with an impartial perspective on investigation pandemic origins, given EcoHealth’s funding of research at the Wuhan Institute of Virology, which is suspected to have caused the COVID-19 pandemic?

Our report ([GAO-23-105406](#)) was not focused specifically on the origin investigations, but rather on technologies that can inform such investigations.

57. Given GAO’s prior acknowledgment of EcoHealth Alliance’s failure to comply with NIH grant terms and regulations, does GAO believe it was appropriate to rely on them as an expert?

For our report ([GAO-23-105406](#)), we collected evidence from a wide variety of sources, including interviews with various academic, industry, and government experts, as well as reviews of scholarly articles and government reports. Evidence provided by EcoHealth Alliance represented one of many sources of our total information. Additionally, our technology assessment was focused on the science and technologies needed for

⁴⁵*Id.*

⁴⁶U.S. Government Accountability Office, *Pandemic Origins: Technologies and Challenges for Biological Investigations* (2023), <https://www.gao.gov/assets/gao-23-105406.pdf>.

conducting investigations into origins of pandemics in general and included pandemics other than COVID-19.

58. What work has GAO done to audit federal funding that was sent overseas for the purposes of risky virus research and collection? Does GAO plan to conduct an audit on this topic?

We have issued and ongoing work related to the oversight of biomedical research, which may include research involving virus collection and characterization. For example, we recently completed one engagement examining the use of federal funds to conduct animal research outside the United States. Another ongoing engagement is looking at the steps the federal government takes to assess the risks of federally-funded biomedical research being conducted outside the United States. We have also just started an audit on field-based collection of virus samples to predict, prevent, and respond to pandemics such as COVID-19. As part of this work, we plan to assess federal programs in this area from a scientific perspective.

Unknown Number of Global BSL-3 Laboratories

High containment, biosafety level (BSL) 3 and BSL-4 laboratories are specialized laboratories designed to handle and study potentially infectious and dangerous microorganisms that can cause serious illness in humans. For example, certain work related to the SARS-CoV-2 virus that causes COVID-19, must be performed in a BSL-3 or higher lab. Although GAO has reported 1,495 BSL-3 and BSL-4 labs in the United States as of 2010, it is outdated and GAO conceded that number may not have been complete even in 2010.⁴⁷

59. As the number of BSL-3 and BSL-4 laboratories around the world increases, how does GAO recommend that the Federal Government accurately track the total number of labs? Additionally, how can the Federal Government ensure that these labs are properly regulated both domestically and internationally?

We have made several recommendations over the years to improve domestic oversight of high-risk laboratories.⁴⁸ Among these, we recommended in 2009, and reiterated in 2023, that the National Security Advisor, in consultation with the Secretary of Health and Human Services, among others, should identify a single entity charged with periodic government-wide strategic evaluation of high-containment laboratories, including determining the number and location of the laboratories. This recommendation remains unimplemented.

⁴⁷See U.S. Government Accountability Office, [GAO-13-466R](https://www.gao.gov/product/652308), *High-Containment Laboratories: Assessment of the Nation's Need Is Missing* (2013), <https://www.gao.gov/product/652308>.

⁴⁸See GAO, *High-Containment Laboratories: National Strategy for Oversight is Needed*. [GAO-09-574](https://www.gao.gov/products/GAO-09-574) (Washington, D.C.: Sept. 21, 2009).

We have ongoing work on the topic of international life sciences research and national security. This work will support Congressional oversight of U.S. agencies' support of biological research in other countries by providing information on the extent to which there is national security oversight over such support.

60. Considering the GAO's findings of incomplete counts of high-containment labs and non-registration of some labs working with dangerous microbes, what concrete steps is GAO taking to improve visibility and oversee registration and compliance among these labs?

GAO has a body of work looking at the safety and security of high containment laboratories, including compliance. Our work brings needed attention to this topic and we continue to follow up on the numerous recommendations we have made over the years.

**Post-Hearing Questions for the Record
Submitted to the Honorable Gene Dodaro
From Senator Josh Hawley**

**“GAO’s 2023 High Risk List: Recommendations for Reducing Waste, Fraud, and Abuse”
April 27, 2023**

1. On January 24, 2023, Chairman Peters and I sent your office a letter requesting GAO conduct a study assessing the national security risks posed by consulting firms like McKinsey and Company, which have been reported to contract with the Chinese government and affiliated entities.¹ Your office responded on March 2, stating that it would begin working on this study in June 2023. Is GAO on track to meet this timeline?

Yes, GAO is currently on track to staff and begin work on this engagement in June 2023. We will be in contact once the review has begun.

¹ <https://www.hawley.senate.gov/sites/default/files/2023-01/2023-01-24-GAO-Letter-Hawley-Peters.pdf>