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Comptroller General
of the United States

United States Government Accountability Office
Washington, DC 20548

November 17, 2006

Subject: *Suggested Areas for Oversight for the 110th Congress*

Congressional Leadership:

As I publicly announced in early September, I am pleased to offer three sets of recommendations, based on the work of the U.S. Government Accountability Office (GAO), for your consideration for the agenda of the 110th Congress. The first suggests targets for near-term oversight; the second proposes policies and programs that are in need of fundamental reform and re-engineering; and the third lists governance issues that should be addressed to help ensure an economical, efficient, effective, ethical, and equitable federal government capable of responding to the various challenges and capitalizing on related opportunities in the 21st century. Details on each of these recommendations can be found in the enclosure.

As you know, GAO has three key roles to play in making a difference for the Congress and the American people: oversight, insight, and foresight. The attached lists reflect those missions and represent an effort to synthesize GAO's institutional knowledge and special expertise for the benefit of you and your colleagues in your planning efforts. In this regard, I believe that to be effective, congressional oversight needs to be constructive. For example, related hearings and other activities should offer opportunities for leading federal agencies to share best practices and facilitate governmentwide transformation. They should also hold people accountable for delivering positive results in an economical, efficient, effective, ethical, and equitable manner. This balanced approach is likely to help accelerate progress while avoiding a further erosion of the public's trust and confidence in government.

We at GAO stand ready to assist the 110th Congress in meeting its constitutional responsibilities, just as we have assisted the 109th Congress. For example, during fiscal year 2006, GAO witnesses testified at 240 hearings and provided 17 additional statements for the record. As you know, we are preparing updates of our Strategic Plan and High-Risk List for publication early in calendar year 2007. However, I also wanted to offer these sets of recommendations in order to give you and other leaders a jump-start on your planning for the next Congress.

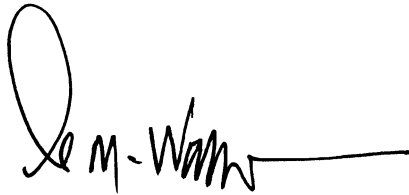
There are two general themes that support our recommendations. First, we cannot afford to continue business as usual in Washington, given our current deficit and

growing long-term fiscal challenges. Second, most of the federal government's current policies, programs, functions, and activities are based on conditions that existed decades ago, are not results-based, and are not well aligned with 21st century realities. Therefore, there is a need to engage in a fundamental review, reprioritization, and re-engineering of the base of government. These themes provided the foundation for our February 2005 report 21st Century Challenges: Re-examining the Base of the Federal Government (GAO-05-325SP).

I would be pleased to discuss these recommendations with you and other members of the leadership team at your earliest convenience. GAO's Office of Congressional Relations will be contacting your staff to schedule a meeting. In the meantime, I will be sharing these ideas with your colleagues on both sides of the aisle in both chambers.

Thank you in advance for your time and consideration.

Sincerely yours,

A handwritten signature in black ink, appearing to read "D. M. Walker", followed by a horizontal line extending to the right.

David M. Walker
Comptroller General
of the United States

Enclosure

List of Addressees

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Minority Leader
United States Senate

The Honorable J. Dennis Hastert
Speaker of the House of Representatives

The Honorable John Boehner
Majority Leader
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The Honorable Nancy Pelosi
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The Honorable Thad Cochran
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The Honorable David Obey
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Committee on Appropriations
House of Representatives

The Honorable Tom Davis
Chairman
The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform
House of Representatives

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Governance Issues That Should be Addressed to Help Ensure an Economical, Efficient, Effective, Ethical, and Equitable Federal Government Capable of Responding to the Various Challenges and Capitalizing on Related Opportunities in the 21st Century

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Reduce the Tax Gap

The tax gap—the difference between the amounts taxpayers pay voluntarily and on time and what they should pay under the law—has been a long-standing problem. Most recently, the Internal Revenue Service (IRS) estimated a gross tax gap for tax year 2001 of \$345 billion and, after enforcement efforts and late payments, a net tax gap of \$290 billion. When some taxpayers fail to comply, the burden of funding the nation's commitments falls more heavily on compliant taxpayers. Reducing the tax gap would help improve the nation's fiscal stability. Based on IRS's estimate, each 1 percent reduction in the net tax gap would likely yield \$3 billion annually. The gap can be reduced, though not eliminated, through a multiprong strategy of better service and enforcement of existing tax laws, plus legislative actions.

Key Topics Needing Congressional Oversight

- Provide IRS with additional tools, such as enhanced withholding and information returns authorities for sources of income like capital gains on securities sales.
- Require IRS to obtain data on the extent of, and reasons for, noncompliance.
- Ensure that IRS leverages technology to improve efficiency and effectiveness in its taxpayer service and enforcement efforts.
- Examine how IRS seeks to optimize the allocation of its resources, including how it balances enforcement and service efforts.
- Assess whether IRS's tax-gap reduction goals are adequate and whether it has a data-based strategy for achieving its goals.
- Simplify the tax code and broaden the base by, for example, consolidating existing tax preferences (e.g., retirement).

Selected GAO Products

Capital Gains Tax Gap: Requiring Brokers to Report Securities Cost Basis Would Improve Compliance if Related Challenges Are Addressed. GAO-06-603. June 13, 2006.

Tax Gap: Making Significant Progress in Improving Tax Compliance Rests on Enhancing Current IRS Techniques and Adopting New Legislative Actions. GAO-06-453T. February 15, 2006.

Tax Compliance: Better Compliance Data and Long-term Goals Would Support a More Strategic IRS Approach to Reducing the Tax Gap. GAO-05-753. July 18, 2005.

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Address Governmentwide Acquisition and Contracting Issues

The acquisition of products and services from contractors consumes about a quarter of the government's discretionary spending. In fiscal year 2005, federal agencies spent over \$388 billion on such contracts. The work of the government is increasingly being performed by contractors, including emergency and large-scale logistics operations such as hurricane response and recovery and the war in Iraq. Many agencies rely extensively on contractors to carry out their basic missions. At the same time, GAO's list of government high-risk areas includes acquisition and contract management issues that collectively expose hundreds of billions of taxpayer dollars to potential waste and misuse. The Congress should continue to monitor agencies' efforts to address existing problems, while facilitating a re-examination of the rules and regulations that govern the government-contractor relationship in an increasingly blended workforce.

Key Topics Needing Congressional Oversight

- Require agencies to report on mechanisms in place to ensure that contractors are playing appropriate roles and that agencies have retained sufficient workforce capacity to monitor contractor cost, quality, and performance, particularly in such critical operations as responding to Hurricane Katrina and rebuilding Iraq.
- Assess agencies' efforts to ensure that acquisitions are performance- and outcome-based, with appropriate risk-sharing contracts in place.
- Require agencies with significant acquisition budgets, such as the Department of Defense (DOD) and the National Aeronautics and Space Administration (NASA), to better align requirements, budget, and acquisition processes to reconcile the differences between wants, needs, affordability, and sustainability, given current and future demands and resources.
- Monitor the implementation of agency action plans to address the GAO high-risk areas related to acquisition and contract management. These include contracting at DOD, the Department of Energy, and NASA, as well as interagency contracting practices through the General Services Administration and other means.

Selected GAO Products

Highlights of a GAO Forum: Federal Acquisition Challenges and Opportunities in the 21st Century. GAO-07-45SP. October 6, 2006.

DOD Acquisitions: Contracting for Better Outcomes. GAO-06-800T. September 7, 2006.

High-Risk Series: An Update. GAO-05-207. January 2005.

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Transform the Business Operations of the Department of Defense, Including Addressing All Related “High-Risk” Areas

Of the 26 areas on GAO’s 2005 high-risk list of federal programs or activities that are at risk for waste, fraud, abuse, or mismanagement, 8 are Department of Defense (DOD) programs or operations and 6 are government high-risk areas for which DOD shares some responsibility. These high-risk areas relate to DOD’s major business operations intended to support the warfighter, including DOD’s overall management approach to business transformation, business systems modernization, financial management, the personnel security clearance process, supply chain management, support infrastructure management, weapon systems acquisition, and contract management. Billions of dollars have been wasted annually because of the lack of adequate transparency and appropriate accountability across DOD’s business areas. We have consistently reported and testified on the need for DOD to develop an integrated, enterprisewide business transformation plan and establish a chief management official position to lead the department’s overall business transformation efforts. To its credit, DOD has established management structures such as the Defense Business Systems Management Committee (DBSMC)—intended by DOD to be its primary transformation leadership and oversight mechanism—and the Business Transformation Agency to support the DBSMC. DOD has also established and updated its Business Enterprise Architecture and Enterprise Transition Plan, as well as a Financial Improvement and Audit Readiness Plan. To date, however, DOD’s primary focus has been on business systems modernization.

Key Topics Needing Congressional Oversight

- Require DOD to establish management accountability at an appropriate level of the organization with significant authority, experience, and tenure to provide sustained leadership needed to achieve successful and sustainable transformation.
- Require DOD to develop and implement a viable strategic plan with goals, objectives, key milestones, and measures to monitor and report on progress in transforming its key business operations.
- Evaluate DOD’s progress in complying with legislative requirements to improve its business systems modernization and financial management modernization efforts.
- Require DOD to develop and implement plans to address its high-risk areas.

Selected GAO Products

Defense Business Transformation: A Comprehensive Plan, Sustained Leadership, and Integrated Efforts at All Levels Are Needed to Maintain Progress. GAO-07-229T. November 16, 2006.

Business Systems Modernization: DOD Continues to Improve Institutional Approach, but Further Steps Needed. GAO-06-658. May 15, 2006.

High-Risk Series: An Update. GAO-05-207. January 2005.

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Ensure the Effective Integration and Transformation of the Department of Homeland Security

After its creation in 2003, the Department of Homeland Security (DHS) had to transform 22 agencies—several with major management challenges—into one department. This is a high-risk endeavor because failure to effectively address its management challenges and program risks could have serious consequences for our national security. The areas GAO identified as at risk include planning and priority setting; accountability and oversight; and a broad array of management, programmatic, and partnering challenges.

Key Topics Needing Congressional Oversight

- Evaluate the progress of DHS and its components in strategic planning, particularly whether strategic plans conform to best practices and link performance goals to resource requirements.
- Assess the progress of DHS in developing and integrating key management functions—financial, acquisition, information, and human capital—across its components.
- Review the progress of DHS and its components in performing risk assessments—particularly in the mission areas like border and transportation security and critical infrastructure protection—as part of a risk management approach to the allocation of resources.
- Examine the progress of DHS and its components in improving partnering with other federal, state and local governments, and private entities in the fulfillment of its homeland security and non-homeland security missions.

Selected GAO Products

Risk Management: Further Refinements Needed to Assess Risks and Prioritize Protective Measures at Ports and Other Critical Infrastructure. GAO-06-91. December 15, 2005.

Results-Oriented Government: Improvements to DHS's Planning Process Would Enhance Usefulness and Accountability. GAO-05-300. March 31, 2005.

Department of Homeland Security: A Comprehensive and Sustained Approach Needed to Achieve Management Integration. GAO-05-139. March 16, 2005.

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Enhance Information Sharing, Accelerate Transformation, and Improve Oversight Related to the Nation’s Intelligence Agencies

Since September 11, 2001, the nation has made some progress in fixing a major vulnerability—intelligence and law enforcement agencies’ failure to “connect the dots” and share information on the terrorists. Key legislation, presidential directives, and several commissions have focused on enhancing the management of the intelligence community’s budgets and activities and information sharing within the community and beyond. But progress has been slow in some key areas, including implementing the policies needed to govern information sharing. The December 2004 Intelligence Reform and Terrorism Prevention Act and several presidential directives established the Director of National Intelligence (DNI), which absorbed the functions of the previous Director of Central Intelligence. Following the March 2005 report of the President’s Commission on Weapons of Mass Destruction Intelligence Capabilities, the DNI further created numerous offices intended to enhance and transform the intelligence community’s functions and operations through a variety of initiatives throughout the intelligence community. These include improved central oversight of the National and Military Intelligence Program budgets, use of open sources, intelligence fusion centers, human capital policies and practices, and intelligence collection, analysis, and reporting. Moreover, the March 2005 report also recommended improvements in internal and external oversight to make sure reform occurs. Without continued congressional oversight of these issues, the progress and results of the many requirements and initiatives will remain unclear.

Key Topics Needing Congressional Oversight

- Assess the progress in transforming the intelligence community across the wide range of current initiatives.
- Review how well the National Counter Terrorism Center and the Counter Proliferation Center have improved the quality of intelligence and how it is shared within the intelligence community and beyond.
- Evaluate how well the Program Manager for the Information Sharing Environment responsible for implementing the policy and technological road map for sharing has achieved this objective.

Selected GAO Products

Information Sharing: The Federal Government Needs to Establish Policies and Processes for Sharing Terrorism-Related and Sensitive but Unclassified Information. GAO-06-385. March 17, 2006.

High-Risk Series: An Update. GAO-05-207. January 2005

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Enhance Border Security and Enforcement of Existing Immigration Laws

The terrorist attacks of September 11, 2001, showed how weak border security measures and ineffective enforcement of our nation's immigration laws could be exploited to a tragic end. Although enhancing passport and visa security procedures, securing the borders and enforcing immigration laws have received increased funding and attention, millions of aliens live and work in the United States after entering the country illegally or overstaying the terms of a visa. This may present a significant national security challenge and could adversely affect citizens who compete with illegal aliens for jobs and bear immigration-related costs. The Departments of State and Homeland Security (DHS) have taken some steps to address these challenges, such as deploying additional personnel and technology overseas and at the borders, and using computer verification systems to detect fraudulent documents and reduce employment of unauthorized foreign workers. However, successful implementation of these steps has often been hampered by inadequate planning and guidance, misaligned priorities and resources, and outdated information technology systems. Additional congressional oversight can help ensure that travel document, border security, and immigration enforcement initiatives are yielding improved national and economic security for our nation's citizens.

Key Topics Needing Congressional Oversight

- Assess DHS progress in implementing the multibillion-dollar Secure Border Initiative program to secure the borders.
- Assess existing enforcement of laws that prohibit the employment of illegal aliens.
- Require DHS to better balance its resources devoted to border security and enforcing immigration laws in the interior.
- Assess DHS efforts to provide high-quality and timely services to legal immigrants.
- Assess DHS and State Department efforts to improve passport and visa security procedures and in mitigating risks in the visa waiver program.

Selected GAO Products

Border Security: US-VISIT Program faces Strategic, Operational, and Technological Challenges at Land Ports of Entry. GAO-07-56. November 13, 2006.

Border Security: Stronger Actions Needed to Assess and Mitigate Risks of the Visa Waiver Program. GAO-06-854. June 28, 2006.

Immigration Benefits: Improvements Needed to Address Backlogs and Ensure Quality of Adjudications. GAO-06-20. November 21, 2005.

Immigration Enforcement: Weaknesses Hinder Employment Verification and Worksite Enforcement Efforts. GAO-05-813. August 31, 2005.

Overstay Tracking: A Key Component of Homeland Security and a Layered Defense. GAO-04-82. May 21, 2004.

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Ensure the Safety and Security of All Modes of Transportation and the Adequacy of Related Funding Mechanisms

The nation's economic vitality and the quality of life of its citizens depend greatly on the safety, security, and efficiency of its transportation infrastructure, and major challenges exist in all three of these areas. Safety continues to be a concern, with an average of over 40,000 traffic deaths, 6 commercial airline, and over 350 general aviation fatal crashes annually, and over 2,200 major pipeline accidents over a recent 10-year period. Regarding security, despite significant progress in securing commercial aviation, the Transportation Security Administration must continue to adapt to changing threats, while coordinating efforts with international partners. Nonaviation transportation modes also remain vulnerable given their easy accessibility and many potential targets. On efficiency, between 2000 and 2010, travel on roads is expected to increase by 25 percent and freight traffic by 43 percent. Further, forecasted continuing growth in air traffic is straining both airport and air traffic control infrastructure. While addressing these challenges will likely require substantial resources, federal transportation trust fund revenues are eroding and long-term trust fund viability is questionable.

Key Topics Needing Congressional Oversight

- Alternative mechanisms to increase revenues for infrastructure improvements, including user fees and alternatives to stimulate private investment.
- The extent to which funding allocation methods ensure the equity, efficiency, accountability, and performance of transportation investments.
- Effectiveness of federal grants, incentives, and regulation to improve transportation safety.
- Efforts of the federal government to find new technologies and solutions for increasing the safety and security of the transportation system.
- The extent to which homeland security resources are being allocated across the entire transportation network based on a common risk-managed framework.
- Federal and private-sector efforts to ensure the security of surface transportation modes, and federal efforts in developing and enforcing related security requirements.

Selected GAO Products

Aviation Safety: FAA's Safety Efforts Generally Strong but Face Challenges. GAO-06-1091T. September 20, 2006.

Highway Trust Fund: Overview of Highway Trust Fund Estimates. GAO-06-572T. April 4, 2006.

Aviation Security: Significant Management Challenges May Adversely Affect Implementation of the Transportation Security Administration's Secure Flight Program. GAO-06-374T. February 9, 2006.

Passenger Rail Security: Enhanced Federal Leadership Needed to Prioritize and Guide Security Efforts. GAO-05-851. September 2005.

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Strengthen Efforts to Prevent the Proliferation of Nuclear, Chemical, and Biological Weapons and Their Delivery Systems (Missiles)

On February 11, 2004, the President stated that “the greatest threat before humanity today is the possibility of secret and sudden attack with chemical or biological or radiological or nuclear weapons.” He also stated that these weapons are becoming easier to acquire, build, hide, and transport. U.S. policy is to stop the spread of weapons of mass destruction (WMD) and their delivery systems, such as missiles, and the executive branch has initiated or expanded several activities to address this threat. In recognition of these threats, the Congress provided the Departments of Defense (DOD), Energy (DOE), and State more than \$8 billion since 1992 to prevent the proliferation of weapons of mass destruction material and expertise. The U.S. has also played a leading role strengthening multilateral efforts to control trade in WMD materials. Additional congressional oversight can help assess the effectiveness of these activities and how U.S. resources might be better planned and managed to achieve nonproliferation goals. A failure to effectively implement nonproliferation programs could result in wasted resources or, at worst, a devastating WMD attack on the United States or its allies.

Key Topics Needing Congressional Oversight

- Ensure that DOD, DOE, and State integrate their various nonproliferation programs to ensure they are efficiently addressing the most significant needs.
- Evaluate U.S. efforts to support and enhance nonproliferation activities of individual nations and multilateral regimes.
- Require DOD and State to develop management controls on Proliferation Security Initiative activities and a strategy to work with foreign governments on issues beyond the control of the United States.

Selected GAO Products

Nonproliferation: Better Controls Needed to Plan and Manage Proliferation Security Initiative Activities. GAO-06-937C. September 28, 2006.

Nuclear Nonproliferation: IAEA Has Strengthened Its Safeguards and Nuclear Security Programs, but Weaknesses Need to Be Addressed. GAO-06-93. October 7, 2005.

Weapons of Mass Destruction: Nonproliferation Programs Need Better Integration. GAO-05-157. January 28, 2005.

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Ensure a Successful Transformation of the Nuclear Weapons Complex

Over the past several years, there has been a serious reevaluation of how the United States maintains its nuclear deterrent. The National Nuclear Security Administration (NNSA), a separately organized agency within the Department of Energy (DOE), is responsible for overseeing the weapons complex, which comprises three nuclear weapons design laboratories, four production plants, and the Nevada Test Site, at an annual cost of over \$6 billion. Recently, NNSA offered a proposal to the Congress for transforming the weapons complex over the next 25 years. NNSA's proposal calls for building a consolidated plutonium processing center, removing weapons-grade nuclear material from the laboratories, and modernizing the remaining production facilities at their existing locations. NNSA's preliminary analysis estimates its proposal will cost over \$150 billion. The proposal largely depends on the successful design of a Reliable Replacement Warhead (RRW) to replace some of the existing weapons in the stockpile. Given the importance of the nation's nuclear deterrent, the large amount of funding required, and DOE's history of poor project management, it is vital that the Congress closely oversee NNSA's implementation of its proposal.

Key Topics Needing Congressional Oversight

- Require the Department of Defense to establish clear, long-term requirements for the nuclear stockpile by determining the types and quantities of weapons needed for our nation's nuclear deterrent.
- Require NNSA to develop accurate cost estimates of its proposal, as well as alternative proposals, for transforming the weapons complex.
- Evaluate NNSA's proposed need, cost, and schedule for the RRW and compare with plans to refurbish the existing weapons in the stockpile.
- Ensure that NNSA develops a clear plan containing measurable milestones for its proposed transformation of the weapons complex.

Selected GAO Products

Nuclear Weapons: Views on Proposals to Transform the Nuclear Weapons Complex. GAO-06-606T. April 26, 2006.

Nuclear Weapons: NNSA Needs to Refine and More Effectively Manage Its New Approach for Assessing and Certifying Nuclear Weapons. GAO-06-261. February 3, 2006.

Nuclear Security: DOE Needs to Resolve Significant Issues Before It Fully Meets the New Design Basis Threat. GAO-04-623. April 27, 2004.

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Enhance Computer Security and Deter Identity Theft

Over the last several years, identity theft and the need to protect personal information has received heightened national attention. Recent incidents of data theft and loss at federal agencies expose Americans to increased risk of identity theft and raise concern about how well the federal government is securing its computer systems; protecting sensitive information from unauthorized use, disclosure, and modification; and notifying the public when data breaches occur. Moreover, the aggregation of personal information and Social Security Numbers (SSN), in large corporate databases and the display of SSNs in public records have provided opportunities for identity thieves. Thus, SSNs are a valuable commodity for persons seeking to assume another individual's identity or to commit financial crimes. Fraudulent and stolen SSNs are also frequently used by noncitizens to work illegally in the United States. Although the Congress has passed a number of laws to address this issue, the continued reliance on SSNs by private and public-sector entities underscores the need for increased vigilance.

Key Topics Needing Congressional Oversight

- Establish accountability measures for implementing effective information security programs at federal agencies, including effective policies and practices for detecting, responding, and reporting information on security incidents.
- Provide the Social Security Administration (SSA) with additional tools to further strengthen its processes for issuing SSNs and replacement cards and continue to assess options for making Social Security cards and other identity documents less vulnerable to alteration and counterfeiting.
- Enhance data sharing between SSA, other federal agencies, and the states to better verify information submitted by individuals seeking public benefits or services and require that SSA, the Department of Homeland Security, and the Internal Revenue Service work collaboratively on to deter SSN abuse and violations of immigration laws.
- Reduce the presence and display of SSNs in state and local public records.
- Re-examine current gaps in federal requirements for safeguarding SSNs and other personal information used by private sector companies.

Selected GAO Products

Information Security: The Centers for Medicare & Medicaid Services Needs to Improve Controls Over Key Communication Network. GAO-06-750. August 30, 2006.

Personal Information: Key Federal Privacy Laws Do Not Require Information Resellers to Safeguard All Sensitive Data. GAO-06-674. June 26, 2006.

Information Security: Leadership Needed to Address Weaknesses and Privacy Issues at Veterans Affairs. GAO-06-897T. June 20, 2006.

Social Security Administration: Improved Agency Coordination Needed for Social Security Card Enhancement Efforts. GAO-06-303. March 29, 2006.

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Ensure a Cost-Effective and Reliable 2010 Census

The 2010 Census is an estimated \$11.3 billion, constitutionally mandated enterprise with many interdependent activities, immutable deadlines, and high stakes. The Census produces data used to reapportion the seats of the U.S. House of Representatives and to allocate about \$200 billion yearly in federal financial assistance. To contain costs, the Census Bureau (Bureau) has re-engineered the 2010 Census toward a more automated approach rather than relying as extensively on paper-based processes as in the past, and has deployed contractors to assist with these reforms. Given the size and complexity of the Census, new processes being introduced, and interrelated nature of those processes, sound risk management can promote a successful Census. GAO's work on Census matters over several decades has also shown that a shortcoming in one operation could cause other operations to spiral downward. For example, reduced reliability in hand-held mobile computing devices could imperil the success of operations to update key address files and follow up on nonresponses to survey forms.

Key Topics Needing Congressional Oversight

- Ensure that the Bureau maximizes coverage and accuracy while managing costs.
- Oversee the overall cost of the Census, including the emergence of unforeseen operational and managerial challenges; and the Bureau's ability to identify, diagnose, and devise cost-effective solutions to those challenges as well as to integrate refinements and fixes for evaluation during the 2008 Dress Rehearsal.
- Monitor the Bureau's management of risks associated with key programs.
- Assess the reliability and utility of the Bureau's hand-held mobile computing devices to avoid the possibility of having to revert to the costly paper-based Census used in 2000 and prior years.
- Examine the Bureau's ability to effectively monitor contracts (about \$1.9 billion of the \$11.3 billion life-cycle costs will be spent on seven major contracts).

Selected GAO Products

2010 Census: Redesigned Approach Holds Promise, but Census Bureau Needs to Annually Develop and Provide a Comprehensive Project Plan to Monitor Costs. GAO-06-1009T. July 27, 2006.

2010 Census: Costs and Risks Must Be Closely Monitored and Evaluated with Mitigation Plans in Place. GAO-06-822T. June 6, 2006.

2010 Census: Planning and Testing Activities Are Making Progress. GAO-06-465T. March 1, 2006.

Primary GAO Contact

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Transform the Postal Service's Business Model

The U.S. Postal Service is under increasing financial pressure as the Internet, electronic bill payment, and growing competition from private delivery companies change the nation's communication and delivery sectors and negatively impact mail volumes. These changes raise questions about the role of the federal government in providing postal services and whether the Postal Service can remain a self-financing government provider of affordable universal postal services in the 21st century. The Postal Service's business model, established when it was reorganized in 1970, relies upon growth in mail volume to cover the costs of its ever-increasing nationwide delivery network to all homes and businesses. This business model is increasingly outmoded as First-Class Mail volume declines and the changing mail mix provides less revenue contribution, which has put the Postal Service's financial viability at risk. The Service is working to cut costs, improve productivity, reduce its workforce, and make other changes under its existing authority. However, comprehensive postal reform legislation is needed to provide the necessary incentives and flexibilities needed for the Service to transition to a modernized business model so that it can continue providing high-quality, universal postal services.

Key Topics Needing Congressional Oversight

- Ensure that the Postal Service maintains services consistent with its standards as it implements changes to reduce costs related to providing postal services.
- Assess the Postal Service's changes to its mail processing and transportation networks to ensure that they are reasonable, transparent, and coordinated with affected stakeholders, and that they achieve intended cost savings and efficiencies.
- Adopt flexible, performance-oriented, and market-based compensation systems for postal employees.

Selected GAO Products

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U.S. Postal Service: Despite Recent Progress, Postal Reform Legislation Is Still Needed. GAO-05-453T. April 14, 2005.

U.S. Postal Service: The Service's Strategy for Realigning Its Mail Processing Infrastructure Lacks Clarity, Criteria, and Accountability. GAO-05-261. April 8, 2005.

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Ensure Fair Value Collection of Oil Royalties Produced from Federal Lands

The United States consumes over 21 million barrels of oil per day, and about 40 percent of this is produced in the United States. About 35 percent of the oil and 26 percent of the natural gas produced in the United States come from federal and Native American lands. Companies that lease these lands pay royalties to the Department of the Interior's Minerals and Management Service (MMS). MMS collected about \$8 billion in royalty payments in fiscal year 2005—an 8 percent increase over 2001, far below the 90 percent increase in oil and 30 percent in gas prices between 2001 and 2005, raising questions about whether these royalties reflect the full value these companies should pay.

A number of royalty relief collection provisions have been designed to assist the oil and gas industry in exploring and producing energy. These have included reducing the amount of royalties paid to the U.S. government and states, particularly in the drilling of deep waters in the Gulf of Mexico. According to MMS preliminary estimates, these royalty relief provisions could result in up to \$60 billion in foregone revenues on oil and gas production over the next 25 years. Additional oversight would help ensure that the calculation and collection of royalties yield the maximum possible revenue based on fair market value.

Key Topics Needing Congressional Oversight

- Assess the reliability of data on oil production volume, price, and royalty rates.
- Determine the financial impacts of royalty relief on Federal lands and waters.
- Determine the extent to which royalty provisions reflect changing market conditions.

Selected GAO Products

Royalty Revenues: Total Revenues Have Not Increased at the Same Pace as Rising Oil and Natural Gas Prices due to Decreasing Production Sold. GAO-06-786R. June 21, 2006.

Motor Fuels: Understanding the Factors That Influence the Retail Price of Gasoline. GAO-05-525SP. May 2, 2005.

Energy Markets: Mergers and Other Factors that Affect the U.S. Refining Industry. GAO-04-982T. July 15, 2004.

Primary GAO Contact

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Ensure the Effectiveness and Coordination of U.S. International Counterterrorism Efforts

After the events of September 11, 2001, combating terrorism became a central focus of the U.S. national security policy. The 9/11 Commission made numerous recommendations and the Congress passed several acts (including the Intelligence Reform and Terrorism Prevention Act of 2004) focused on U.S. efforts to combat terrorism overseas. In response, the U.S. took several steps to respond to potential terrorist-related threats to the homeland and U.S. interests abroad such as increasing and realigning resources devoted to this effort and taking steps to revise diplomatic, military, intelligence, and law enforcement priorities at home and abroad. As such, the Congress has an important role to play in overseeing the implementation of these recommendations and in assessing the effectiveness and coordination of U.S. diplomatic, military, intelligence, and law enforcement efforts to combat terrorism abroad.

Key Topics Needing Congressional Oversight

- Evaluate the management and effectiveness of U.S. programs designed to train and equip foreign countries to prevent, combat, and respond to terrorism.
- Assess U.S. efforts to protect overseas personnel, facilities, and interest from terrorist attack.
- Assess the effectiveness and coordination of U.S. international programs focused on combating and preventing the growth of terrorism.

Selected GAO Products

Foreign Assistance: Recent Improvements Made, but USAID Should Do More to Help Ensure Aid Is Not Provided for Terrorist Activities in West Bank and Gaza GAO-06-1062R. September 29, 2006.

Terrorist Financing: Agencies Can Improve Efforts to Deliver Counterterrorism-Financing Training and Technical Assistance Abroad. GAO-06-632T. April 06, 2006.

Overseas Security: State Department Has Not Fully Implemented Key Measures to Protect U.S. Officials from Terrorist Attacks Outside of Embassies. GAO-05-688T. May 10, 2005.

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Review the Effectiveness of Strategies to Ensure Workplace Safety

Regulations and activities designed to provide protections for workers may need to be revised to reflect dramatic changes in the demographics of the national workforce and changes in the nature of work itself. For example, traditional work arrangements are giving way to alternatives such as temporary employment, blended workforces, and teleworking. Industries such as meatpacking have had large increases in the number of immigrant workers, and membership in organized labor has declined. The federal government has greater dependencies on a total multi-sector workforce. In addition to these changing conditions, some industries, such as underground coal mining, face inherent long-term challenges that threaten the safety and health of workers. Now more than ever, it is important to find the right balance between ensuring the safety and health of workers and employers' needs to increase productivity in an increasingly competitive global environment.

Key Topics Needing Congressional Oversight

- Determine how well the Department of Labor's Occupational Safety and Health Administration's (OSHA's) enforcement program has adapted to changes in the workforce, including demographic changes, work arrangements, and the use of new technology.
- Assess the effectiveness of OSHA's recent efforts to provide assistance to employers in improving the safety and health of workers through compliance assistance programs, such as the Voluntary Protection Program and alliances with employers.
- Examine the impact of recent efforts by the Department of Labor's Mine Safety and Health Administration (MSHA) to protect the safety and health of mine workers, particularly those who work in underground coal mines.
- Assess the preparedness of federal agencies to protect their employees in emergencies, such as a pandemic, while relying on a multi-sector workforce to perform its essential operations and return to normal operations.

Selected GAO Products

Workplace Safety and Health: Safety in the Meat and Poultry Industry, while Improving, Could Be Further Strengthened. GAO-05-96. January 12, 2005.

Workplace Safety and Health: OSHA's Voluntary Compliance Strategies Show Promising Results, but Should Be Fully Evaluated before They Are Expanded. GAO-04-378. March 19, 2004.

Mine Safety: MSHA Devotes Substantial Effort to Ensuring the Safety and Health of Coal Mines, but Its Programs Could Be Strengthened. GAO-03-945. September 5, 2003.

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Review U.S. and Coalition Efforts to Stabilize and Rebuild Iraq and Afghanistan

The Congress has provided the Department of Defense and other federal agencies more than \$320 billion to stabilize and rebuild Iraq and Afghanistan between fiscal years 2001 and 2006. Guiding U.S. efforts in Iraq are the National Strategy for Victory in Iraq, along with the Joint Campaign Plan issued by the U.S.-led Multinational Force-Iraq and the U.S. embassy in Baghdad. The overall strategy calls for integrated political, economic, and security measures to stabilize and rebuild the country. After 3 years of effort, the security situation in Iraq continues to deteriorate, Iraqi security forces have limited capabilities and divided loyalties, the central government has limited ability to govern the country, and reconstruction lags. In Afghanistan, the NATO-led International Security Assistance Force has recently expanded its mission and assumed some security responsibilities from U.S. military forces in the country. This transition is occurring as security conditions deteriorate and undermine efforts to rebuild Afghanistan, the Taliban is becoming resurgent in some areas, and drug trafficking is dramatically increasing.

Key Topics Needing Congressional Oversight

- Re-examine the strategies, campaign plans, and programs for stabilizing Iraq and Afghanistan, including changing missions of international forces in each country.
- Assess progress in achieving the political, economic, and security conditions required for stabilizing Iraq and Afghanistan. Assess
 - Trends in the security situation nationwide and in key cities,
 - Readiness and logistics capabilities of security forces,
 - Capabilities of local and national government institutions,
 - Progress in rebuilding the economy and key sectors, and
 - Status of basing arrangements in Iraq.
- Identify current and future U.S. costs for efforts in Iraq and Afghanistan.

Selected GAO Products

Afghanistan Drug Control: Despite Improved Efforts, Deteriorating Security Threatens Success of U.S. Goals. GAO-07-78. November 2006.

Stabilizing Iraq: An Assessment of the Security Situation. GAO-06-1094T. September 11, 2006.

Global War on Terrorism: Observations on Funding, Costs, and Future Commitments. GAO-06-885T. July 18, 2006.

Rebuilding Iraq: More Comprehensive National Strategy Needed to Help Achieve U.S. Goals. GAO-06-788. July 11, 2006.

Rebuilding Iraq: Governance, Security, Reconstruction, and Financing Challenges. GAO-06-697T. April 25, 2006.

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Ensure a Strategic and Integrated Approach to Prepare for, Respond to, Recover, and Rebuild from Catastrophic Events

Recent events—notably Hurricane Katrina and the threat of an influenza pandemic—have illustrated the importance of ensuring a strategic and integrated approach to catastrophic disaster management. Disaster preparation and response that is well planned and coordinated can save lives and mitigate damage, and an effectively functioning insurance market can substantially reduce the government’s exposure to postcatastrophe payouts. Managing risk is also a key component of GAO’s model for managing risk provides a tool to assist the Congress, Department of Homeland Security, and other key players in preparing for and responding to such events. Lessons learned from past national emergencies provide an opportunity for the Congress to look at actions that could mitigate the effects of potential catastrophic events. Similarly, the Congress could also consider how the federal government can work with other nations, other levels of government, and nonprofit and private-sector organizations, such as the Red Cross and private insurers, to help ensure the nation is well prepared and recovers effectively. Given the billions of dollars dedicated to preparing for, responding to, and recovering/rebuilding from catastrophic disasters, congressional oversight is critical.

Key Topics Needing Congressional Oversight

- Ensure that leadership, roles, responsibilities, and authorities are clear, well communicated, and understood and the capacity of the nation to prepare for, respond to, and recover/rebuild from catastrophic events is effectively assessed and exercised.
- Determine the extent to which relevant federal and state organizations consider risk-based factors when making management and resource decisions relating to catastrophic events.
- Identify and track the types and amount of federal assistance provided for addressing catastrophic events and develop metrics to inform congressional oversight.
- Examine the availability of private insurance for catastrophes and identify ways that the National Flood Insurance Program can improve the sufficiency of its financial resources and funding mechanism, mitigate repetitive losses, increase compliance with mandatory purchase requirements, and expedite the Federal Emergency Management Agency’s flood map modernization efforts.

Selected GAO Products

Influenza Pandemic: DOD Has Taken Important Actions to Prepare, but Accountability, Funding, and Communications Need to Be Clearer and Focused Departmentwide. GAO-06-1042. September 21, 2006.

Catastrophic Disasters: Enhanced Leadership, Capabilities, and Accountability Controls Will Improve the Effectiveness of the Nation's Preparedness, Response, and Recovery System. GAO-06-618. September 6, 2006.

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Orice M. Williams, Director, (202) 512-8678, williamso@gao.gov (*insurance issues*).

Reform the Tax Code, Including Reviewing the Performance of Tax Preferences

Our complex income tax system causes individuals and businesses to change behaviors in ways that reduce economic efficiency and thereby taxpayers' well-being. The system fails to follow some common principles for good tax systems, such as raising sufficient revenue over time to fund current and future expected national expenditures. Further, a large, persistent annual gap—caused, in part, by the complexity of the tax code—exists between the taxes that should be and are paid. Additionally, since 1974, credits, deductions, and other tax preferences, statutorily defined as tax expenditures, more than doubled in number and the sum of their revenue loss estimates tripled in real terms to about \$775 billion in 2005. These tax expenditures add to the tax system's complexity and cause tax rates to be higher than they otherwise would be to raise a given amount of revenue. Given our current and projected fiscal imbalance, we must re-examine federal spending and tax policies, including tax expenditures, to ensure that they achieve their purposes; appropriately balance economic impacts, equity, transparency, simplicity, and administrability; and fit the needs of the 21st century.

Key Topics Needing Congressional Oversight

- Consider establishing a credible, capable, and bipartisan commission to examine options for a combination of selected entitlement, transformation, and tax reform issues.
- Simplify the tax code by eliminating, consolidating, or simplifying tax expenditures, thereby broadening the tax base and possibly lowering tax rates.
- Ensure that the Office of Management and Budget develops guidance on incorporating tax expenditures in agency strategic plans, annual performance plans, and performance and accountability reports and ensures performance reviews of tax expenditures are conducted.
- Increase, to the extent consistent with other objectives, tax system neutrality related to economic decisions, such as whether, where, when and how to work, save and invest.

Selected GAO Products

Business Tax Reform: Simplification and Increased Uniformity of Taxation Would Yield Benefits. GAO-06-1113T. September 20, 2006.

Individual Income Tax Policy: Streamlining, Simplification, and Additional Reforms are Desirable. GAO-06-1028T. August 3, 2006.

Government Performance and Accountability: Tax Expenditures Represent a Substantial Federal Commitment and Need to Be Reexamined. GAO-05-690. September 23, 2005.

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Reform Medicare and Medicaid to Improve Their Integrity and Sustainability

Absent reform, Medicare's and Medicaid's long-term fiscal sustainability for supporting health care for elderly, disabled, and low-income Americans is in jeopardy. In 2006, Medicare spending is estimated to be 3.2 percent of Gross Domestic Product; it is expected to increase to 7.3 percent by 2035. With about 42 million beneficiaries and \$330 billion in 2005 spending, and the addition of a new prescription drug benefit in 2006, the program's size and complexity make it vulnerable to improper payments and inefficient payment systems. Medicaid, the federal-state program that covers acute health and long-term care services for about 56 million low-income Americans, is also at risk of increased and inappropriate federal spending. Medicaid consists of more than 50 distinct "state" programs; joint federal/state expenditures for fiscal year 2004 are estimated to be \$298 billion, and federal expenditures are projected to double in a decade. By law, the federal government pays from 50 percent to 83 percent of each state's reported Medicaid expenditures.

Key Topics Needing Congressional Oversight

- Modernize Medicare payment policies to reward quality and efficiency and foster fiscal discipline while preserving access to care.
- Assess the Centers for Medicare & Medicaid Services' (CMS) managerial oversight of Medicare, including efforts to ensure program integrity and provide information to assist beneficiaries in making choices about the prescription drug benefit.
- Reform Medicaid to curtail states' use of financing schemes to inappropriately obtain federal matching funds by limiting Medicaid payments to government facilities to the costs of providing services.
- Ensure that initiatives to restructure Medicaid eligibility and benefits are consistent with the administration's goal of budget neutrality for the federal government.
- Assess CMS's efforts to improve financial management oversight of Medicaid.

Selected GAO Products

Medicare Integrity Program: Agency Approach for Allocating Funds Should Be Revised. GAO-06-813. September 6, 2006.

Medicare Physician Payments: Trends in Service Utilization, Spending, and Fees Prompt Consideration of Alternative Payment Approaches. GAO-06-1008T. July 25, 2006.

Medicaid Financial Management: Steps Taken to Improve Federal Oversight but Other Actions Needed to Sustain Efforts. GAO-06-705. June 22, 2006.

Medicare: Communications to Beneficiaries on the Prescription Drug Benefit Could Be Improved. GAO-06-654. May 3, 2006.

Medicaid: States' Efforts to Maximize Federal Reimbursements Highlight Need for Improved Federal Oversight. GAO-05-836T. June 28, 2005.

Long-Term Care Financing: Growing Demand and Cost of Services Are Straining Federal and State Budgets. GAO-05-564T. April 27, 2005.

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Ensure the Adequacy of National Energy Supplies and Related Infrastructure

The energy systems that have made America prosperous are showing increasing signs of strain and instability, and the consequences of our energy choices on the natural environment and national security are becoming more apparent. U.S. demand for energy and our dependence on oil in recent decades have begun to outpace supply. As a result, the country has witnessed rising energy imports (oil about 60 percent) and exposure to unstable international energy markets (e.g., Venezuela), rapid price increase, and volatility in natural gas markets and reliability problems in others, such as gasoline price spikes and the recent Northeast blackout that left millions in the dark. Additional federal government leadership and oversight of the nation's energy systems would help ensure that they continue to meet the nation's needs in the 21st century.

Looking forward, the country faces many difficult choices with regard to its energy future. The Energy Information Administration estimates that, based on current trends, U.S. energy demand could increase by about another 30 percent over the next 20 years (with imports of natural gas potentially increasing by 140 percent). Meeting this rising demand could require significant investments into infrastructure such as power plants, transmission lines, refineries, and other key equipment and technologies. However, U.S. energy policy is largely determined by markets that reflect a chorus of individual market choices—decisions by policymakers, consumers, producers, and sellers of energy technologies—and these choices will shape how much energy is needed and how it is supplied. Therefore, federal oversight of our energy systems and markets, through examination of policies, regulatory rules, incentives, and investment decisions will be fundamental to determining what changes are needed and whether solutions are realized.

Key Topics Needing Congressional Oversight

- Evaluate the risks, benefits, and implications for national security of investments that deepen our ties to international energy markets (e.g. overseas refineries, oil imports).
- Examine the Nuclear Regulatory Commission's licensing process for new power plants.
- Examine the implications of the Department of Energy's R&D portfolio.
- Assess development of evolving renewable energy markets.
- Evaluate programs that encourage energy efficiency and reduced energy demand.

Selected GAO Products

Natural Gas: Factors Affecting Prices and Potential Impacts on Consumers. GAO-06-420T. February 13, 2006.

Electricity Restructuring: Key Challenges Remain. GAO-06-237. November 15, 2005.

Motor Fuels: Understanding the Factors That Influence the Retail Price of Gasoline. GAO-05-525SP. May 2, 2005.

Meeting Energy Demand in the 21st Century: Many Challenges and Key Questions. GAO-05-414T. March 16, 2005.

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Reform Immigration Policy to Ensure Equity and Economic Competitiveness

Our current immigration system is difficult to enforce and does not serve the national interest. While opportunities to legally immigrate to the United States are limited, ineffective border security and immigration enforcement measures have resulted in millions of aliens entering the country to find employment and remaining here illegally. The lack of effective enforcement coupled with the lack of management controls has led to a substantial reliance on unauthorized and mainly unskilled foreign workers in many industries. Moreover, it created an underground population which could exacerbate security concerns and tensions between citizens and illegal aliens. The Departments of Homeland Security (DHS) and Labor also have done little to anticipate global economic forces or match the needs of the domestic labor market with legal alien skills. Remaining competitive in the global economy will require the U.S. to attract higher skilled immigrants and their families and provide legal avenues for workers to temporarily meet unskilled labor needs. The Congress will need to ensure that any immigration reform proposal is structured within a reliable enforcement framework that promotes system integrity and the interests of employers, workers, and humanitarian needs.

Key Topics Needing Congressional Oversight

- Assess DHS's capacity to control the borders and enforce immigration laws within the country.
- Ascertain the lessons learned from prior immigration reform experiences about the need for enforcement, management controls, and social integration.
- Determine DHS's capacity to adjudicate naturalization and work authorization requests from aliens currently residing in the U.S.

Selected GAO Products

Foreign Workers: Information on Selected Countries' Experiences. GAO-06-1055. September 8, 2006.

H-1B Visa Program: Labor Could Improve Its Oversight and Increase Information Sharing with Homeland Security. GAO-06-720. June 22, 2006.

Immigration Benefits: Improvements Needed to Address Backlogs and Ensure Quality of Adjudications. GAO-06-20. November 21, 2005.

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Assess Overall Military Readiness, Transformation Efforts, and Existing Plans to Assure the Sustainability of the All-Volunteer Force

To adapt to the new security environment, the Department of Defense (DOD) is embarking on an effort to transform its warfighting capabilities while maintaining near-term readiness of its all-volunteer force to sustain ongoing operations in support of the global war on terrorism. Since September 11, 2001, U.S. forces, both active duty and reserves, continue to experience a high pace of operations, requiring many units and personnel to redeploy for second and third tours and, in some cases, to remain for extended tours. Given the duration and intensity of current operations, DOD faces challenges in maintaining readiness levels and sustaining deployments, particularly with respect to repairing and replacing equipment, and providing units and personnel with specialized skills, such as military police and civil affairs. Amid these commitments, DOD and the military services are embarked on an effort to transform military capabilities, including acquiring next-generation weaponry. For example, the Army is restructuring its entire operational force from large Cold War-era divisions to smaller, more agile, brigade-based forces. In addition, the services are undertaking expensive and complex efforts, such as the Army's Future Combat System, the Air Force's Joint Strike Fighter, and the Navy's advanced-design ships and submarines. At the same time, personnel costs are climbing dramatically, with compensation costs growing nearly 30 percent, inflation-adjusted, between fiscal years 2000 and 2004. Given the competing demands and fiscal realities facing the military and the nation, we have consistently reported on the need for DOD to realistically assess needs and develop affordable investment plans.

Key Topics Needing Congressional Oversight

- Require DOD to assess the readiness impacts of operational demands, and realistic and affordable plans and funding requirements to address these impacts.
- Require DOD to develop an affordable investment strategy that strikes a balance between maintaining near-term readiness and addressing future needs.
- Re-examine recruitment, retention, and compensation systems to determine whether changes are needed to assure the sustainability of the all volunteer force.

Selected GAO Products

Defense Management: Additional Actions Needed to Enhance DOD's Risk-Based Approach for Making Resource Decisions. GAO-06-13. November 2006.

Defense Logistics: Preliminary Observations on Equipment Reset Challenges and Issues for the Army and Marine Corps. GAO-06-604T. March 2006.

Military Personnel: DOD Needs to Improve the Transparency and Reassess the Reasonableness, Appropriateness, Affordability, and Sustainability of Its Military Compensation System. GAO-05-798. July 2005.

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Assure the Quality and Competitiveness of the U.S. Education System

In the coming years, the United States will continue to face increased economic competition from countries around the world. The shift to a global economy and technological advances, and the changing population demographics are converging, challenging existing federal approaches to ensuring an educated citizenry that can effectively compete in a world economy. To compete in a knowledge-based economy, our educational systems must equip children with the appropriate skills to meet high standards and provide the means for an increasingly diverse citizenry to pursue new skills and enhance existing ones. Yet, large achievement gaps between school-age students of different backgrounds persist, and many of the federal government's higher education policy tools, designed decades ago, may not be as well suited for an increasingly diverse population. Moreover, the United States has long been one of the most desired higher education destinations for international students, and these students fill important skill gaps in the domestic workforce after they graduate. However, international student enrollment has slowed in recent years, and stricter U.S. student visa policies may be making it more difficult for students who want to study here. Against this backdrop, other countries are improving their educational capacities and have implemented coordinated national strategies to recruit students worldwide.

Key Topics Needing Congressional Oversight

- Assess the impact of efforts to close achievement gaps among disadvantaged populations in K-16+ education.
- Assess the effectiveness of education programs in meeting the needs of the 21st century workforce.
- Assess the efficiency and effectiveness of programs designed to promote access to and affordability of postsecondary education.
- Assure a proper balance between immigration policies—such as work and student visa programs to address the nation's need for people with skills, particularly math and science—and the nation's homeland security requirements.

Selected GAO Products

No Child Left Behind Act: Assistance from Education Could Help States Better Measure Progress of Students with Limited English Proficiency. GAO-06-815. July 26, 2006.

No Child Left Behind Act: States Face Challenges Measuring Academic Growth That Education's Initiatives May Help Address. GAO-06-661. July 17, 2006.

Higher Education: Science, Technology, Engineering, and Mathematics Trends and the Role of Federal Programs. GAO-06-702T. May 3, 2006.

Student Aid And Postsecondary Tax Preferences: Limited Research Exists on Effectiveness of Tools to Assist Students and Families through Title IV Student Aid and Tax Preferences. GAO-05-684. July 29, 2005.

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Strengthen Retirement Security Through Reforming Social Security, Increasing Pension Saving and Promoting Financial Literacy

The future fiscal imbalances in the Social Security program and the increased insecurity of other traditional sources of retirement income suggest the need for public policies that restore fiscal solvency and stability to Social Security and assure the security of employer pension promises. Also, the rise of self-directed saving plans such as 401(k)s and IRAs suggests the need for policies to better inform Americans about their retirement prospects and how to improve them. Americans must learn not only the importance of accumulating adequate retirement savings and understanding the retirement benefits their employers may offer, but also how to invest such assets wisely, to preserve them for the future, and, ultimately, to husband them effectively in retirement; failure to do so could result in additional calls for federal income support. Yet many Americans, especially those with less education and lower incomes, lack a basic understanding of how to manage money and make wise financial decisions. Many do not save adequately for retirement or preserve the savings they accumulate; those who do save do not always make good investment choices; and Americans may not have the information needed to manage their savings prudently during retirement.

Key Topics Needing Congressional Oversight

- Take actions to restore fiscal solvency and sustainability to the Social Security programs.
- Monitor the effectiveness of recent pension legislation designed to strengthen plan funding and reduce reliance on the federal pension insurance program.
- Examine adequacy of 401(k) balances and other forms of self-directed saving
- Improve federal agencies' efforts to inform American workers about the importance of saving, the amounts that will be necessary for an adequate retirement, and the importance of annuitizing retirement balances.
- Evaluate and improve federal agencies' coordinated leadership of financial literacy initiatives to enhance such programs' effectiveness.
- Identify and estimate the cost of ways of evaluating financial literacy programs to determine if they promote positive behavioral change.

Selected GAO Products

Baby Boom Generation: Retirement of Baby Boomers Is Unlikely to Precipitate Dramatic Decline in Market Returns, but Broader Risks Threaten Retirement Security. GAO-06-718. July 28, 2006.

Social Security Reform: Early Action Would Be Prudent. GAO-05-397T. March 9, 2005.

Highlights of a GAO Forum: The Federal Government's Role in Improving Financial Literacy. GAO-05-93SP. November 15, 2004.

Pension Benefit Guaranty Corporation: Single-Employer Pension Insurance Program Faces Significant Long-Term Risks. GAO-04-90. October 29, 2003.

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Examine the Costs, Benefits, and Risks of Key Environmental Issues

One of the greatest challenges confronting the new Congress will be the conflict between the nation's social and economic goals and the recognized need to assure the long-term sustainability of its natural resources and the environment. The United States has enacted a broad array of environmental laws and regulations to protect human health and the environment, but given the gravity of the issues, oversight of their implementation has been limited. Thoughtful policymaking on these issues has been impeded by (1) gaps in the knowledge of environmental stressors and their effects on ecological conditions and human health, (2) limited information on the economic benefits of environmental protection, and (3) reluctance to act without more complete information. GAO has consistently reported on the lack of quality information needed to understand the state of the nation's environment, the extent of compliance by the regulated community, and the need to consider the full costs and benefits associated with alternative regulatory and management strategies in policymaking. Without this kind of information, the nation's environmental policy and priorities will continue to be driven by anecdote and perception, rather than fact.

Key Topics Needing Congressional Oversight

- Assess implementation of laws and compliance, as well as opportunities for enhancing the cost-effectiveness and efficiency of environmental programs.
- Identify information needed to better assess the state of the environment, emerging problems, and social and economic impacts of environmental programs.
- Prioritize activities to fill knowledge gaps and strengthen the information needed for assessing existing and emerging environmental risks, as well as evaluating the costs and benefits of alternative approaches to achieving environmental outcomes.
- Determine whether changes to statutes and regulations could help ensure that the nation's environmental, social, and economic goals are being achieved in a balanced and sustainable manner.

Selected GAO Products

Clean Air Act: Observations on EPA's Cost-Benefit Analysis of Its Mercury Control Options. GAO-05-252. February 28, 2005.

Environmental Indicators: Better Coordination Needed to Develop Environmental Indicator Sets That Inform Decisions. GAO-05-52. November 17, 2004.

Watershed Management: Better Coordination of Data Collection Efforts Needed to Support Key Decisions. GAO-04-382. June 7, 2004.

Environmental Information: EPA Needs Better Information to Manage Risks and Measure Results. GAO-01-97T. October 3, 2000.

Primary GAO Contact

John Stephenson, Director, Natural Resources and Environment, (202) 512-6225, stephensonj@gao.gov.

Reform Federal Housing Programs and Related Financing and Regulatory Structures

The federal government promotes homeownership and rental housing for lower-income households through various housing finance programs, incentives, and requirements. The federal agencies and government-sponsored enterprises (GSE) responsible for advancing national housing goals have faced a number of challenges in recent years. First, the Federal Housing Administration's (FHA) single-family mortgage insurance programs have experienced higher-than-expected insurance claims and a sharp decline in participation due partly to the wide availability of subprime mortgage products. These factors have prompted proposals to modernize and broaden the customer base for FHA's programs. Second, risk management and accounting deficiencies at the GSEs have called into question the effectiveness of the regulatory structure for these entities. Legislation on reforming the structure has been intensely debated. Third, the rising cost of rental housing assistance programs and large backlog of public housing capital needs have made it increasingly difficult to keep rental units affordable and available to lower-income households. Recent reform efforts have focused on giving state and local program administrators the flexibilities and incentives to operate the programs more efficiently and leverage private financing for capital improvements.

Key Topics Needing Congressional Oversight

- Evaluate potential changes to the GSE regulatory framework and determine how new regulatory authorities and responsibilities would help in GSE oversight.
- Assess how proposed FHA reforms are likely to affect the agency's role in the mortgage market and the extent to which FHA has the risk management capabilities necessary to implement the reforms.
- Assess federal agencies' efforts to ensure that federally assisted rental housing is effectively managed, remains in good physical and financial condition and, to the extent practicable, remains available for lower-income households.

Selected GAO Products

Rental Housing Assistance: Policy Decisions and Market Factors Explain Changes in the Costs of the Section 8 Programs. GAO-06-405. April 28, 2006.

Mortgage Financing: Additional Action Needed to Manage Risks of FHA-Insured Loans with Down Payment Assistance. GAO-06-24. November 9, 2005.

Housing Government-Sponsored Enterprises: A New Oversight Structure Is Needed. GAO-05-576T. April 21, 2005.

Primary GAO Contact

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Ensure the Integrity and Equity of Existing Farm Programs

The federal government spends more than \$25 billion each year on subsidies and disaster and conservation payments for farmers. The largest farming entities—10 percent of the recipients—collect about 70 percent of the benefits. While the United States farm sector continues to provide the American people with ample quantities of low cost food, our work has shown that the U.S. Department of Agriculture's (USDA) enforcement of support program rules is not always effective. For example, we have found that each year, thousands of producers falsely collect crop insurance payments, and individuals with limited involvement in farming have qualified for payments and evaded payment limits. USDA support programs may also have unintended consequences, including incentives for producers to grow crops on land prone to drought or erosion. The Congressional Budget Office estimated that eliminating support for marginal lands could save \$1.4 billion. Without better oversight to ensure that farm program funds are spent as economically, efficiently, and effectively as possible, there is little assurance that they benefit the agricultural sector as intended or protect rural areas from land degradation and diminished water quality.

Key Topics Needing Congressional Oversight

- Increase the monitoring of the compliance provisions in the farm bill.
- Strengthen internal controls in the federal crop insurance program to weed out fraud, waste, and abuse.
- Eliminate loopholes in the agriculture subsidy programs that allow recipients to avoid payment limitations and annually collect millions of dollars in payments.
- Assess financial incentives for producers to convert native rangeland to produce crops, resulting in increased program costs and lost environmental benefits.

Selected GAO Products

Conservation Security Program: Despite Cost Controls, Improved USDA Management Is Needed to Ensure Proper Payments and Reduce Duplication with Other Programs. GAO-06-312. April 28, 2006.

Crop Insurance: Actions Needed to Reduce Program's Vulnerability to Fraud, Waste, and Abuse. GAO-05-528. September 30, 2005.

Farm Program Payments: USDA Needs to Strengthen Regulations and Oversight to Better Ensure Recipients Do Not Circumvent Payment Limitations. GAO-04-407. April 30, 2004.

Agricultural Conservation: USDA Needs to Better Ensure Protection of Highly Erodible Cropland and Wetlands. GAO-03-418. April 21, 2003.

Primary GAO Contact

Lisa Shames, Acting Director, Natural Resources and Environment, (202) 512-2649, shamesl@gao.gov.

Review Federal Efforts to Improve the Image of the United States

The U.S. government has failed to implement a strategic, coordinated approach to counter increasingly negative foreign public opinion. U.S. strategic communication efforts, led by the State Department and supported by U.S. Agency for International Development, the Broadcasting Board of Governors, and the Department of Defense, support a number of national security interests, including countering terrorism and promoting democracy. Of particular interest and concern is the growing consensus that the United States is engaged in a “war of ideas” with extremists that must be countered with “soft power” assets, strategies, and programs. Failure to win this war of ideas will jeopardize the ability of the United States to limit the growth of terrorist networks and their operational effectiveness.

Key Topics Needing Congressional Oversight

- Monitor State Department efforts to develop a comprehensive strategic communication plan—integrated with other U.S. departments and agencies—with clear goals and strategies for improving overseas public opinion of the United States.
- Assess State Department efforts to develop country-level public diplomacy and communications plans, particularly in nations that are considered key in the global war on terror.
- Examine the extent to which the State Department has the organizational structure and human resources necessary to carry out its public diplomacy and strategic communication goals.
- Assess the implementation of the Department of Defense’s 2006 Quadrennial Strategic Communication Execution Roadmap, which is intended to institutionalize a strategic communications process to improve the department’s ability to fight the global war on terrorism.
- Assess the Broadcasting Board of Governor’s actions to document the audience reach of Radio Sawa and the Alhurra satellite television network—the United States’ two primary vehicles for communicating with mass audiences in the Muslim world.

Selected GAO Products

U.S. International Broadcasting: Management of Middle East Broadcasting Services Could Be Improved. GAO-06-762. August 4, 2006.

U.S. Public Diplomacy: State Department Efforts to Engage Muslim Audiences Lack Certain Communication Elements and Face Significant Challenges. GAO-05-323. May 3, 2006.

Primary GAO Contact

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Review the Need for Various Budget Controls and Legislative Process Revisions in Light of Current Deficits and Our Long-Range Fiscal Imbalance

Fiscal policy is on an unsustainable path. GAO's long-term simulations show that absent a change in policy, the nation faces escalating deficits and debt. This outlook is largely driven by health care costs and demographics. Failure to grapple with these challenges will result in a government unable to respond to any new challenges and a crushing fiscal burden for future generations.

The budget controls that restrained expansion of the deficit have expired without being replaced. Future budget controls and enforcement mechanisms and legislative processes will need to move beyond the previous regimes to facilitate difficult choices and attention to the long term.

Key Topics Needing Congressional Attention

- Reimpose caps on discretionary spending.
 - Under caps, consider special rules for well-defined “emergency” designations.
 - Consider whether there should be an explicit allocation between investment and consumption within discretionary spending.
- Reintroduce pay-as-you-go (PAYGO) requirements—on both the spending and revenue side of the ledger—and examine ways of moving from “do no harm” to facilitating a change in direction.
- Consider budget triggers that would signal the need for action when there is significant growth in mandatory programs.
- Require estimates of long-term cost implications of major policy proposals (tax and spending) before they are acted upon.
- Require information on tax expenditures—cost implications, performance goals, etc. (See the suggested oversight issue on “Reform the Tax Code, Including Reviewing the Performance of Tax Preferences” p.24).
- Review the use of supplementals and earmarks in order to determine needed reforms.
- Consider biennial budgeting and other broader reforms.

Selected GAO Products

The Nation's Long-Term Fiscal Outlook: September 2006 Update. GAO-06-1077R. September 15, 2006.

Budget Process: Better Transparency, Controls, Triggers, and Default Mechanisms Would Help to Address Our Large and Growing Long-Term Fiscal Challenge. GAO-06-761T. May 25, 2006.

Mandatory Spending: Using Budget Triggers to Constrain Growth. GAO-06-276. January 31, 2006.

Budget Process: Long-Term Focus Is Critical. GAO-04-585T. March 23, 2004.

Primary GAO Contact

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Pursue the Development of Key National Indicators

As the pace of change accelerates, the nation is faced with new and more complex challenges, including globalization, emerging scientific and technological changes, public health, and environmental issues. One tool to help address these challenges is the development of key national indicators to measure progress toward national outcomes, assess conditions and trends, and help communicate complex issues. Some other countries have key national indicator systems, but not the United States.

Congressional attention is needed. The Key National Indicators Initiative, under the auspices of the National Academies, has begun efforts to develop a national indicator system to inform strategic planning, enhance performance and accountability reporting, inform congressional oversight and decision making, facilitate oversight, and stimulate greater citizen engagement. GAO's work has pointed to the need for a governmentwide strategic plan, supported by key national indicators to assess performance, position, and progress. A governmentwide strategic plan could provide an additional tool for re-examining existing programs and proposing new programs. GAO has also called for a governmentwide performance report linked to key indicators to articulate the government's accomplishments. A key national indicator system for the United States, however, cannot be fully developed without the interest and critical attention that congressional involvement provides.

Key Topics Needing Congressional Oversight

- Encourage awareness and education through public hearings. The Congress could take a leadership role in highlighting the need for a U.S. national indicator system.
- Strengthen partnerships to enhance the dissemination of quality information, including engaging with citizens and local indicator systems in congressional districts across the country to ensure that proposals for the State of the USA system are configured to effectively and efficiently meet national information needs.
- Focus attention on the role and contributions of the federal statistical system in providing key data and assessing areas where improvements are needed.
- Examine the possible role of a public-private partnership to further develop and operate a system of key national indicators.

Selected GAO Products

Environmental Indicators: Better Coordination Is Needed to Develop Environmental Indicator Sets That Inform Decisions. GAO-05-52. November 17, 2004.

Informing Our Nation: Improving How to Understand and Assess the USA's Position and Progress. GAO-05-1. November 10, 2004.

Primary GAO Contact

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Review the Impact and Effectiveness of Various Management Reforms Enacted in Recent Years (e.g., GPRA, CFO Act, FFMIA, Clinger-Cohen, etc.)

The Congress and the executive branch have implemented a statutory framework to improve the performance and accountability of the executive branch and to enhance executive branch and congressional decision making. This framework includes as its key elements: results-oriented management reforms, especially the Government Performance and Results Act (GPRA); financial management reforms, including the Chief Financial Officers (CFO) Act, the Federal Financial Management Improvement Act (FFMIA), and other related legislation; and information technology reforms, such as the Clinger-Cohen Act.

As a result of this framework, there has been substantial progress in establishing the basic infrastructure needed to create high-performing organizations across the federal government. However, agencies are still in the early stages of using this statutory framework to transform their organizational cultures, inform their decision making, improve their performance, and strengthen their accountability. Sustained congressional attention has been and will continue to be a critical factor to ensuring achievement of various management reforms, such as the goals and objectives of key legislative reforms.

Key Topics Needing Congressional Oversight

- Examine the progress federal agencies are making in integrating these reforms to drive a broader transformation of their cultures to be more results-oriented, high performing organizations.
- Oversee federal agency efforts to implement modern financial management systems that routinely produce information that is timely, useful, and reliable for decision-making.
- Review agencies' delivery of information technology to improve mission performance by determining whether major provisions of the Clinger-Cohen Act are being effectively addressed (e.g., capital planning and investment control processes, enterprise architecture, information technology leadership and human capital).

Selected GAO Products

Enterprise Architecture: Leadership Remains Key to Establishing and Leveraging Architectures for Organizational Transformation. GAO-06-831. August 14, 2006.

CFO Act of 1990: Driving the Transformation of Federal Financial Management. GAO-06-242T. November 17, 2005.

Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results. GAO-04-38. March 10, 2004.

Primary GAO Contact

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Review the Effectiveness of the Federal Audit and Accountability Community, Including the Oversight, Structure, and Division of Responsibility

Current national and global issues and a challenging fiscal outlook make the oversight role of government auditors especially important to help ensure that public functions are carried out efficiently, economically, effectively, ethically, and legally and to limit exposure to fraud, waste, mismanagement, and abuse. The current federal audit oversight structure includes GAO, 62 statutory inspector general (IG) offices, and about 6,000 CPA firms that annually perform more than 34,000 audits of entities receiving federal funding (single audits). While the Single Audit Act has provided oversight of more than \$300 billion in annual federal grants, questions have been raised about the usefulness and effectiveness of oversight for federal funds. Given the current challenges, government auditing must be focused and coordinated in order to provide the most effective oversight of federal programs and funds. Finally, there are numerous federally established entities receiving significant federal funding that lack statutory requirements for accountability oversight and should be included in the federal audit oversight structure.

Key Topics Needing Congressional Oversight

- Require GAO and the IGs to evaluate the current structure and division of responsibilities to develop reform proposals to achieve more effective audit oversight of federal programs and funding in the 21st century.
- Establish a governmentwide accountability council to establish priorities and develop strategies to address federal accountability issues among GAO, the Office of Management and Budget, the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency, and other oversight organizations.
- Review the Single Audit Act and propose reforms to ensure continuing effective oversight of the more than \$300 billion in annual federal grants awarded to nonfederal entities to meet the needs for oversight of federally funded programs.
- Schedule a series of oversight hearings to deliberate GAO's and the IGs federal audit reform proposals and the council's priorities and strategies.

Selected GAO Products

Highlights of the Comptroller General's Panel on Federal Oversight and the Inspectors General. GAO-06-931SP. September 11, 2006.

Inspectors General: Office Consolidation and Related Issues. GAO-02-575. August 15, 2002.

Single Audit: Single Audit Act Effectiveness Issues. GAO-02-877T. June 26, 2002.

Primary GAO Contact

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Modernize the Federal Government's Organizational and Human Capital Models

The federal government is faced with new and more complex economic, demographic, social, technological, security, and other challenges that it alone cannot address. In fact, achieving meaningful national results and outcomes increasingly requires the coordinated efforts of various federal agencies, other governments both internationally and as well as at the state and local levels, nongovernment organizations, for-profit and not-for-profit contractors, the private sector, and others. To respond to current and emerging demands, federal agencies must become more partnership-based, results-oriented, integrated, and externally focused. In that regard, strategic human capital management must be the centerpiece of any serious change management and transformation effort. Yet, as amply shown by GAO's long-standing work on human capital issues—including the designation of strategic human capital management as a governmentwide high-risk area—federal agencies do not consistently have the modern, effective, economical, and efficient human capital programs, policies, and procedures they need to respond to current and emerging governance challenges.

Key Topics Needing Congressional Oversight

- Require the Office of Management and Budget to develop an executive branch annual performance plan—as already mandated by the Government Performance and Results Act—and issue annual summary reports of the financial results and performance outcomes of the federal government.
- Authorize agencies to implement market-based and performance-oriented compensation reform, based on a “show me” test; that is, an agency may not implement new authorities until it has demonstrated it has in place a modern, effective, and credible performance management system with adequate safeguards.
- Ensure that agencies' strategic workforce plans and accompanying succession plans incorporate the critical transformation and governance challenges each agency faces and do not merely seem to replicate a status quo that is outmoded, ineffective, and not sustainable in the future.
- Review the efforts at the Departments of Defense and Homeland Security to ensure that they effectively implement their new human capital systems.

Selected GAO Products

Human Capital: Principles, Criteria, and Processes for Governmentwide Federal Human Capital Reform. GAO-05-69SP. December 1, 2004.

Human Capital: Key Principles for Effective Strategic Workforce Planning. GAO-04-39. December 11, 2003.

Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies. GAO-03-293SP. November 14, 2002.

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Re-examine the Presidential (Political) Appointment Process

The presidential (political) appointment process does not distinguish among the different types of responsibilities inherent in the appointed positions. Further, the positions generally do not require any particular set of qualifications, even though the appointees may be responsible for non-policy related functions. In addition, some federal agencies, particularly those agencies with political appointees in positions with operational and management responsibilities may benefit from term appointments. For example, there is proposed legislation to implement deputy secretaries for management/chief management officer (CMO) positions at the Departments of Defense and Homeland Security. If put in place, these CMOs would be at an Executive Level II position in these agencies and would have term appointments and statutory qualifications.

Key Topics Needing Congressional Oversight

- Examine whether Presidential (political) appointees can be categorized by the differences in their roles and responsibilities, such as by the following categories:
 - Appointees that have responsibility for various policy issues;
 - Appointees that have leadership responsibility for various operational and management matters; and
 - Appointees that require an appropriate degree of professional competence, objectivity, and independence (e.g., judges, the comptroller general, inspectors general).
- Review which appointee positions should be Presidentially-Appointed-Senate Confirmed (PAS) versus Presidentially-Appointed (PA). (For example, those appointees that have policy leadership responsibility should be PAS, while many of those with operational and management responsibility could be PA, with an appropriate advance appointment congressional notification requirement).
- Assess appropriate qualifications for selected positions (including the possibility of establishing specific statutory qualifications criteria for certain categories of appointees).
- Review the use of tenures and term appointments (i.e. for Inspectors General and selected Executive Level II positions in federal agencies).
- Examine a variety of compensation schemes, given the different roles noted above.

Selected GAO Products

Highlights of the Comptroller General's Panel on Federal Oversight and the Inspectors General. GAO-06-931SP. September 11, 2006.

Human Capital: Trends in Executive and Judicial Pay. GAO-06-708. June 21, 2006.

Highlights of a GAO Roundtable: The Chief Operating Officer Concept: A Potential Strategy to Address Federal Governance Challenges. GAO-03-192SP. October 4, 2002.

Primary GAO Contact

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Ensure Transparency over Executive Policies and Operations

A fundamental principle of democratic government is that its policies and operations be reasonably transparent to the press and the public and subject to effective oversight to ensure they are achieving the will of the Congress and American people. Key oversight and transparency mechanisms include requests from the Congress, GAO, and the Offices of Inspectors General (IG) for information from executive agencies that demonstrates how well policies and operations are achieving agencies' missions and using taxpayer dollars. In addition, similar information is sought by members of the press and public through the Freedom of Information Act (FOIA). Executive agencies, in turn, are responsible for ensuring that they respond to requests for information in a manner consistent with national security interests. To achieve this balance, agencies may determine that the information requested must be classified, or designated as sensitive but unclassified. The tradeoff, however, is that the Congress, GAO, and IGs may be restricted in the further dissemination of this information and the public may be denied timely access. Thus, agencies' processes for deciding how to respond to such requests for information and whether to restrict it are critical to transparency and oversight. From time to time, agencies' processes have come under scrutiny because they appear to limit timely access and interfere with legislative oversight.

Key Topics Needing Congressional Oversight

- Compare and contrast how agencies respond to requests from the Congress, GAO, IGs, and the public under FOIA, for information on agency policies and operations.
- Determine how responsive agencies have been to these requests.
- Review how agencies determine that the response involves information that needs to be classified or designated as sensitive but unclassified, and determine the impact this had on agencies' ability to respond.

Selected GAO Products

Managing Sensitive Information: DOJ Needs a More Complete Staffing Strategy for Managing Classified Information and a Set of Internal Controls for Other Sensitive Information. GAO-07-83. October 22, 2006.

Managing Sensitive Information: Actions Needed to Ensure Recent Changes in DOE Oversight Do Not Weaken an Effective Classification System. GAO-06-785. June 30, 2006.

Managing Sensitive Information: DOD Can More Effectively Reduce the Risk of Classification Errors. GAO-06-706. June 30, 2006.

Managing Sensitive Information: Departments of Energy and Defense Policies and Oversight Could Be Improved. GAO-06-369. March 7, 2006.

Primary GAO Contact

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Monitor and Assess Corporate Financial Reporting and Related Standards for Public Companies Accountability

Investor confidence in reliable financial reporting is at the core of the effective functioning of the capital markets. The significant corporate failures that occurred due to corporate mismanagement and fraud caused a loss of investor confidence and resulted in the Congress passing the Sarbanes-Oxley Act of 2002, to reform corporate financial reporting and auditing. The act has improved the quality of auditing and the quality of corporate financial reporting and related internal controls. Many larger companies experienced challenges and high costs associated with implementing the internal control requirements of the act. As smaller public companies, about 60 percent of total public companies, begin to implement these requirements it is crucial that the Securities and Exchange Commission (SEC) and the Public Company Accounting Oversight Board (PCAOB) resolve implementation issues in order to achieve effective reforms. In addition, as financial markets continue to globalize, the U.S. and international accounting standard setters must work to improve relevance, usefulness, consistency, and efficiency of financial reporting. Finally, the accounting and auditing profession needs to develop well-defined objectives and business practices that are widely shared and accepted so that reliable and useful financial reporting and auditor assurance can be accomplished in an effective and efficient manner.

Key Topics Needing Congressional Oversight

- Require SEC and PCAOB to assess the Sarbanes-Oxley Act's internal control-related guidance and standards to determine their sufficiency and how management and auditors can achieve economical and effective implementation.
- Require periodic SEC assessment of progress on improving the usefulness, effectiveness, and efficiency of financial reporting, including related internal control requirements, as well as identification of current and emerging issues that could impact financial reporting, accountability, and investor confidence.
- Require GAO assessment of the progress of the accounting and auditing standard setters and regulators in addressing issues impacting efficiency and effectiveness of corporate financial reporting, internal control, and auditing.

Selected GAO products

Financial Restatements: Update of Public Company Trends, Market Impacts, and Regulatory Enforcement Activities. GAO-06-678. July 24, 2006.

Sarbanes-Oxley Act: Consideration of Key Principles Needed in Addressing Implementation for Smaller Public Companies. GAO-06-361. April 13, 2006.

Public Accounting Firms: Required Study on the Potential Effects of Mandatory Audit Firm Rotation. GAO-04-216. November 21, 2003.

Public Accounting Firms: Mandated Study on Consolidation and Competition. GAO-03-864. July 30, 2003.

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