

Legal-Bid Protest Ruling: CASE LLC**B-404954 July 7, 2011**

CASE, LLC, of Alexandria, Virginia, protests the elimination of its proposal from the competitive range under request for proposals (RFP) No. EG0173.00, issued by the Defense Information Technology Contracting Organization (DITCO) on behalf of the Defense Information Systems Agency (DISA) for information technology (IT) support services in support of the integrated information management system. CASE argues that the agency treated offerors disparately, failed to engage in adequate discussions with it and misevaluated its proposal.

We deny the protest.

Categories: Bid Protest, Bid rejection protests, Competitive range, Cost reimbursement contracts, Defense procurement, Information technology, Service contracts, Technical proposal evaluation

Legal-Bid Protest Ruling: AMEC Earth & Environmental, Inc.**B-404959.2 July 12, 2011**

AMEC Earth & Environmental, Inc., of San Diego, California, protests the award of contracts to six other firms under request for proposals (RFP) No. N62473-09-R-2623, issued by the Department of the Navy for environmental remediation services.

We deny the protest.

Categories: Bid Protest, Contract award protests, Environmental cleanups, Fixed price contracts, Hazardous waste site remediation, Indefinite delivery contracts, Multiple award procurement, Naval procurement, Prices and pricing, Service contracts, Technical proposal evaluation

Legal-Bid Protest Ruling: ECC-Insight, JV**B-404959 July 12, 2011**

ECC-Insight, JV, of Burlingame and Anaheim, California, protests the rejection of its proposal and the award of contracts to six other firms under request for proposals (RFP) No. N62473-09-R-2623, issued by the Department of the Navy for environmental remediation services.

We deny the protests.

Categories: Bid Protest, Bid evaluation protests, Bid rejection protests, Bidder eligibility, Contamination, Contract award protests, Eligibility determinations, Environmental cleanups, Evaluation criteria, Fixed price contracts, Hazardous waste site remediation, Indefinite delivery contracts, Service contracts, Soil remediation, Technical proposal evaluation

Legal-Bid Protest Ruling: Systems Technologies, Inc.**B-404985 July 20, 2011**

Systems Technologies, Inc. (Systek), of West Long Branch, New Jersey, protests awards of contracts to General Dynamics Information Technology, Inc. (GDIT), of Fairfax, Virginia, NCI Information Systems, Inc. (NCI), of Reston, Virginia, and Science Applications International Corporation (SAIC), of McLean, Virginia, under request for proposals (RFP) No. W9128Z-10-R-0002, issued by the U.S. Army Communications-Electronics Life Cycle Command, Army

Contracting Command, Fort Huachuca, Arizona, for information systems engineering and technology support services. Systek challenges the evaluation of its proposal.

We deny the protest.

Categories: Bid Protest, Bid evaluation protests, Contract award protests, Cost analysis, Engineering, Evaluation criteria, Indefinite delivery contracts, Information systems, Labor costs, Price adjustments, Service contracts, Solicitations, Source selection, Technical proposal evaluation, Technical proposals

Legal-Bid Protest Ruling: O'Gara Training and Services, LLC**B-404901.2 July 28, 2011**

O'Gara Training and Services, LLC, of Cincinnati, Ohio, protests the award of a contract to A-T Solutions, Inc. (ATS), of Vienna, Virginia, under request for quotations (RFQ) No. N00189-11-R-0014, issued by the Department of the Navy, Naval Supply Systems Command for instructors and logistical technicians for training courses at the Explosive Ordnance Disposal Training and Evaluation Unit One (EODTEU-ONE). O'Gara challenges the agency's past performance evaluation of its proposal.

We deny the protest.

Categories: Bid Protest, Bid evaluation protests, Contract award protests, Contract performance, Evaluation criteria, Fixed price contracts, Logistics, Source selection, Technical proposal evaluation, Training utilization

Environmental Health: Action Needed to Sustain Agencies' Collaboration on Pharmaceuticals in Drinking Water**GAO-11-346 August 8, 2011**

Drinking water in some metropolitan areas contains concentrations of pharmaceuticals, raising concerns about their potential impact on human health. The Safe Drinking Water Act (SDWA) authorizes the Environmental Protection Agency (EPA) to regulate contaminants, including pharmaceuticals, in public drinking water systems if they may adversely affect human health among other criteria. Pharmaceuticals may enter drinking water supplies from several pathways, including discharge from wastewater facilities. GAO was asked to provide information on the (1) extent to which pharmaceuticals occur in drinking water and their effects, if any, on human health; (2) U.S. and other countries' approaches to reducing their occurrence; and (3) challenges, if any, that EPA faces in determining whether to regulate pharmaceuticals. GAO reviewed federal and peer-reviewed reports, and surveyed a nonprobability sample of five U.S. programs designed to properly dispose of pharmaceuticals. We selected these programs based on geographic diversity and program characteristics. We also researched such programs in two countries, and interviewed scientists and agency officials.

Research has detected pharmaceuticals in the nation's drinking water. National and regional studies by the U.S. Geological Survey, EPA, and others have detected pharmaceuticals in source water, treated drinking water, and treated

wastewater; but the full extent of occurrence is unknown. The concentrations detected for any one pharmaceutical were measured most frequently in parts per trillion. Research has not determined the human health effects of exposure to these concentrations of pharmaceuticals in drinking water. However, federal research has demonstrated the potential impact to human health from exposure to some pharmaceuticals found in drinking water, such as antibiotics and those that interfere with the functioning and development of hormones in humans. Some states and local governments as well as the Drug Enforcement Administration have taken actions that could reduce the extent to which pharmaceuticals occur in drinking water. These efforts have primarily been through drug take-back programs to encourage proper control and disposal of pharmaceuticals. Additional efforts have been adopted in Europe following the European Union's directive in 2004 requiring member states to have appropriate collection systems for unused or expired medicinal products. In addition to collection systems, Sweden also encourages actions such as writing small initial prescriptions to reduce the amount of pharmaceuticals that are disposed of if patients switch to a different pharmaceutical course. EPA faces challenges in obtaining sufficient occurrence and health effects data on pharmaceuticals and other contaminants in drinking water to support analyses and decisions to identify which, if any, pharmaceuticals should be regulated under SDWA. EPA is collaborating with the Food and Drug Administration and U.S. Geological Survey on research to help obtain such data but these efforts are largely informal. EPA officials said there is no formal mechanism, such as a long-term strategy or formal agreement, to manage and sustain these collaborative efforts. A recently expired interagency workgroup, which EPA co-chaired, initiated work on a research strategy to identify opportunities that will enhance collaborative federal efforts on pharmaceuticals in the environment, but its draft report did not contain key details about how the agencies will coordinate such collaborative efforts. GAO previously identified key practices for enhancing and sustaining collaboration among federal agencies, some of which may help clarify such coordination, such as establishing the roles and responsibilities of collaborating agencies; leveraging their resources; and establishing a process for monitoring, evaluating, and reporting to the public the results of the collaborative research efforts. GAO recommends that the Administrator of EPA establish a workgroup or other formal mechanism to coordinate research on pharmaceuticals and other contaminants in drinking water. EPA agreed with the recommendation.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To collect the pharmaceutical occurrence and health effects data necessary to better implement SDWA, and to address the broader issue of pharmaceuticals and their relationship to other contaminants in the nation's waterways, the Administrator of EPA should establish a workgroup or other formal mechanism that includes the relevant federal agencies to collaborate and coordinate research on pharmaceuticals and, as appropriate, other contaminants in drinking water that present the greatest public health concern. In establishing this mechanism, EPA should: (1) define roles and responsibilities, including how the collaborative effort will be led; (2) identify the expertise and other resources that each agency can bring to bear on the issue; and (3) develop a process for monitoring, evaluating, and reporting to the public the results of the collaborative research efforts.

Agency Affected: Environmental Protection Agency

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Environmental Protection, Antibiotics, Contaminants, Environmental monitoring, Environmental policies, Federal regulations, Health hazards, Interagency relations, Potable water, Public health, Regulatory agencies, Safe drinking water, Wastewater, Water pollution control, Water quality, Water supply

Tax Whistleblowers: Incomplete Data Hinders IRS's Ability to Manage Claim Processing Time and Enhance External Communication

GAO-11-683 August 10, 2011

The Tax Relief and Health Care Act of 2006 expanded the Internal Revenue Service's (IRS) whistleblower program, increasing rewards for submitting information on others' tax underpayments to up to 30 percent of collected proceeds. The expanded program targets tax underpayments over \$2 million and could reduce the gap between taxes owed and taxes paid. IRS's

Whistleblower Office has received over 1,300 submissions qualifying for this new program since 2007. GAO was asked to assess (1) how IRS manages the expanded program, (2) how IRS communicates with whistleblowers and the public, and (3) any lessons from IRS's or other government whistleblower programs that could improve IRS's expanded whistleblower program. GAO analyzed IRS documents and data and interviewed IRS officials, whistleblower attorneys, and federal and state whistleblower program officials.

Whistleblower claims can take years to go through the IRS review and award determination process. As of April 2011, about 66 percent of claims submitted in the first 2 years of the program, fiscal years 2007 and 2008, were still in process. According to IRS officials, claims can take years to process because IRS must take various steps to ensure the integrity of claim reviews and resulting taxpayer examinations. Further, taxpayers subject to examination can exercise rights that can add years to the process. IRS does not collect complete data on the time each step takes or the reasons claims are rejected. Without such data, IRS may be unable to identify potential improvements to claim processing efficiency. Furthermore, not all the IRS divisions that review whistleblower claims have time targets for their subject matter expert reviews. Nor does the Whistleblower Office have a systematic process to check in with the divisions about the time taken for their initial reviews. IRS is limited in what information it can share with whistleblowers about the status of claims because of statutes protecting the privacy of tax information. For example, because IRS cannot disclose if it is examining a taxpayer, it cannot inform whistleblowers on the progress of their claims or the reasons their claims are rejected. One mechanism through which the Whistleblower Office can communicate program results is its mandated annual report to Congress. However, the most recently released report, for fiscal year 2010, did not contain information on case processing times or specific data on why IRS rejected claims. Collecting additional data and including it in the report could improve the transparency of the program and Congress's ability to oversee it. Federal and state whistleblower programs have features with potential benefits that could improve IRS's expanded whistleblower program, including options that increase interaction or information shared with whistleblowers and options that attempt to improve the accountability for claim processing. While there are potential advantages to all identified options, it is difficult to determine if the advantages outweigh the disadvantages for many options. Furthermore, IRS would be limited by taxpayer data protections in implementing some of the options. GAO recommends that IRS collect more information--including data on the time each step takes for all claims and reasons for claim rejection--in its claim tracking system, establish a process to follow up on claims that exceed review time targets, and include more information on these issues in its annual reports to Congress. In written comments on a draft of this report, IRS generally agreed with our recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To improve the effectiveness of IRS's expanded whistleblower program, the Commissioner of Internal Revenue should direct the Whistleblower Office Director to record time-in-step information for all claims by identified taxpayer in E-TRAK.

Agency Affected: Department of the Treasury: Internal Revenue Service

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the effectiveness of IRS's expanded whistleblower program, the Commissioner of Internal Revenue should direct the Whistleblower Office Director to adjust E-TRAK's tracking feature to more accurately count the number of days claims remain in each step.

Agency Affected: Department of the Treasury: Internal Revenue Service

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the effectiveness of IRS's expanded whistleblower program, the Commissioner of Internal Revenue should direct

the Whistleblower Office Director to track the reasons for claim rejections by broad categories.

Agency Affected: Department of the Treasury: Internal Revenue Service

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the effectiveness of IRS's expanded whistleblower program, the Commissioner of Internal Revenue should direct the Whistleblower Office Director to track the reasons claims are listed as suspended by broad categories.

Agency Affected: Department of the Treasury: Internal Revenue Service

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the effectiveness of IRS's expanded whistleblower program, the Commissioner of Internal Revenue should direct the Whistleblower Office Director to establish a process by which the Whistleblower Office routinely follows up on claims that have been in the operating division SME initial review step more than a targeted number of days.

Agency Affected: Department of the Treasury: Internal Revenue Service

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the effectiveness of IRS's expanded whistleblower program, the Commissioner of Internal Revenue should direct the Whistleblower Office Director to redesign Form 211 to include stand-alone questions on the following information: (1) the relationship of the whistleblower to the target taxpayer, (2) the employer of the whistleblower, (3) whether the whistleblower has submitted the information to any other federal or state agencies, and (4) whether the whistleblower has included all information relevant to the claim.

Agency Affected: Department of the Treasury: Internal Revenue Service

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the effectiveness of IRS's expanded whistleblower program, the Commissioner of Internal Revenue should direct

the Whistleblower Office Director to provide additional summary statistics in future annual reports to Congress, including data on the length of time claims remain at each step of the review process, data on the length of time from claim receipt to payments, reasons for claim rejections, aggregate information on awards paid, and total amount of whistleblower payments.

Agency Affected: Department of the Treasury: Internal Revenue Service

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: The Commissioner of Internal Revenue should direct the Commissioners of Large Business and International Division (LB&I) and Tax Exempt and Government Entities Division (TE/GE) to develop targets for how long subject matter expert (SME) reviews should take before being flagged for follow-up.

Agency Affected: Department of the Treasury: Internal Revenue Service

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Tax Policy and Administration, Claims processing, Claims settlement, Data collection, Fraud, Information disclosure, Tax refunds, Tax violations, Taxes, Taxpayers, Whistleblowers

Small Business Innovation Research: SBA Should Work with Agencies to Improve the Data Available for Program Evaluation

GAO-11-698 August 15, 2011

Federal agencies with a budget of at least \$100 million for research and development (R&D) conducted by others must participate in the Small Business Innovation Research (SBIR) program. SBIR has four purposes: meet federal R&D needs; stimulate technological innovation; increase commercialization (e.g., sales) of innovations based on federal R&D; and encourage participation in innovation by small businesses owned by disadvantaged individuals and women. The Small Business Administration (SBA) oversees the efforts of participating agencies, which make awards to small businesses using SBIR funds. Congress directed SBA to develop a database with commercialization data for government use in evaluating the program. GAO was asked to determine (1) how agencies have addressed SBIR's purposes and (2) the extent of data available to evaluate progress in increasing commercialization. GAO analyzed program documents and interviewed officials at SBA and five agencies that accounted for about 96 percent of SBIR awards.

For fiscal years 2008 through 2011, the participating agencies GAO reviewed--the Department of Defense (DOD), the Department of Energy (DOE), the National Aeronautics and

Space Administration, the Department of Health and Human Services' National Institutes of Health, and the National Science Foundation (NSF)--addressed SBIR's purposes through solicitations for award applications, technical assistance or matching funds programs, and outreach. In particular, the agencies addressed SBIR purposes related to meeting federal R&D needs and stimulating technological innovation through their solicitations, which included research topics that were designed to meet agencies' respective R&D or mission needs. Agencies also addressed commercialization of innovations through solicitations, as well as through technical assistance for award recipients or through matching funds programs. To provide technical assistance, the agencies contracted with vendors and consultants for help in developing business plans and identifying potential customers for SBIR award recipients, among other things. Agency matching funds programs provided additional SBIR funds to award recipients that obtained commitments from outside investors. Agencies generally addressed the remaining SBIR purpose, encouraging participation by small businesses owned by disadvantaged individuals and women, through outreach activities aimed at a broader audience, such as sharing information on Web sites. However, the effectiveness of these efforts is difficult to evaluate, in part because SBA does not collect data on the number of SBIR applications submitted by such businesses, thus hindering analysis of trends in their submission of applications. Comparable data are not available across participating agencies to evaluate progress in increasing commercialization of SBIR technologies. SBA has not yet expanded an existing database to include commercialization data for program evaluation, but the agency has hired a contractor and allocated funds to develop the expanded database by August 2011. SBA has also worked with participating agencies to develop common metrics for commercialization. In the absence of the expanded database, agencies have independently gathered commercialization data for their own use that are not comparable. In collecting these data, agencies differed in the types of data collection instruments used, dates the instruments were administered, award recipient populations queried, and types of data requested. Furthermore, with the exception of DOD, agencies that GAO reviewed did not generally take steps to verify commercialization data they collected from award recipients, so the accuracy of the data is largely unknown. SBA has worked with SBIR agencies to identify best practices in other areas of program management but has not identified best practices for agencies to use in verifying the accuracy of commercialization data. Implementing the expanded database should improve the comparability of commercialization data available, but a lack of consistent practices for verifying the accuracy of these data may limit their usefulness for programwide evaluation. GAO recommends that SBA work with participating agencies to (1) collect data on applications from small businesses owned by disadvantaged individuals and women and (2) identify best practices for verification of commercialization data. SBA, DOE, and NSF

generally agreed with these recommendations; the other agencies GAO reviewed neither agreed nor disagreed.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To build upon efforts to implement a government-use database for program evaluation, the Administrator of the Small Business Administration should work with participating SBIR agencies to collect data on the number of applications submitted by small businesses owned by disadvantaged individuals and women.

Agency Affected: Small Business Administration
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To build upon efforts to implement a government-use database for program evaluation, the Administrator of the Small Business Administration should work with participating SBIR agencies to identify best practices for verifying the accuracy of data related to progress in increasing commercialization.

Agency Affected: Small Business Administration
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Business, Industry, and Consumers, Best practices, Data collection, Data integrity, Databases, Federal agencies, Federal funds, Needs assessment, Program evaluation, Research and development, Research and development solicitations, Research programs, Small business, Small Business Innovation Research Program, Technical assistance, Technological innovations

Homeland Security: Actions Needed to Improve Response to Potential Terrorist Attacks and Natural Disasters Affecting Food and Agriculture

GAO-11-652 August 19, 2011

The President issued Homeland Security Presidential Directive (HSPD) -9 in 2004 to establish a national policy to defend the food and agriculture systems against terrorist attacks, major disasters, and other emergencies. HSPD-9 assigns various emergency response and recovery responsibilities to the Departments of Agriculture (USDA), Health and Human Services (HHS), Homeland Security (DHS), and others. In addition,

Emergency Support Function (ESF) -11 addresses the federal food and agriculture response during emergencies and is coordinated by USDA. GAO was asked to evaluate (1) the extent to which there is oversight of federal agencies' overall progress in implementing HSPD-9; (2) the steps USDA has taken to implement its HSPD-9 responsibilities for response and recovery and challenges, if any; and (3) the circumstances under which USDA has coordinated an ESF-11 response and challenges it faces, if any. GAO reviewed key documents; surveyed states; and interviewed agency, state, and industry officials.

There is no centralized coordination to oversee the federal government's overall progress implementing the nation's food and agriculture defense policy-- HSPD-9. At one time, the White House Homeland Security Council and DHS took steps to gather and coordinate information about agencies' efforts to implement HSPD-9, but no agency currently does so. Officials from the National Security Staff--which now supports the Homeland Security Council--told GAO that they will be looking for an opportunity to conduct an interagency review of HSPD-9, and DHS officials stated that Homeland Security Council leadership is important to ensure the success of their coordination efforts. Federal standards for internal control call for agencies to employ such activities as top-level review to help ensure that management's directives are carried out and to determine if agencies are effectively and efficiently using resources. Because there is no centralized coordination to oversee agencies' overall HSPD-9 efforts, the nation may not be assured that these crosscutting agency efforts are effective at reducing the vulnerability to, and impact of, major emergencies. USDA agencies have taken steps to implement the department's HSPD-9 response and recovery responsibilities. However, various challenges remain, such as critical research gaps, which could impede recovery from high-consequence plant diseases that could devastate the nation's production of economically important crops. Also, USDA does not have a department-wide strategy for setting its priorities and allocating resources for implementing its numerous HSPD-9 responsibilities. Without such a strategy, USDA cannot be assured that its agencies are making progress to align with departmental priorities and that its HSPD-9 responsibilities are met. Since 2007, USDA has coordinated the federal ESF-11 response for about 28 natural disasters, including hurricanes and floods. Although USDA and state officials GAO met with identified factors that contributed to the success of USDA's response--such as having a single USDA coordinator to facilitate communication during ESF-11 emergencies--they also identified some challenges. For example, federal agencies' responsibilities for disposing of animal carcasses following an emergency are unclear, which delayed previous disposal efforts and could pose a public health risk. Also, USDA has not consistently prepared after-action reports that summarize what went well and what needed improvement during an emergency response. Without preparing such reports for all ESF-11 responses, USDA managers

may not have the necessary information to help ensure that past mistakes are not repeated. GAO's nine recommendations include that (1) DHS resume efforts to coordinate agencies' HSPD-9 implementation efforts, (2) USDA develop a department-wide strategy for implementing its HSPD-9 responsibilities, and (3) USDA ensure that after-action reports are completed. USDA, HHS, and DHS generally agreed with GAO's recommendations. The National Security Staff stated they agree that a review of HSPD-9 is appropriate and will look for an opportunity to do so.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To help ensure that the federal government is effectively implementing the nation's food and agriculture defense policy, the Secretary of Homeland Security should resume DHS's efforts to coordinate agencies' overall HSPD-9 implementation efforts.

Agency Affected: Department of Homeland Security

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help ensure that the federal government is effectively implementing the nation's food and agriculture defense policy, the Homeland Security Council should direct the National Security Staff to establish an interagency process that would provide oversight of agencies' implementation of HSPD-9.

Agency Affected: Executive Office of the President: Homeland Security Council

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help ensure that the federal government is effectively implementing the nation's food and agriculture defense policy, the Homeland Security Council should direct the National Security Staff to encourage agencies to participate in and contribute information to DHS's efforts to coordinate agencies' implementation of HSPD-9.

Agency Affected: Executive Office of the President: Homeland Security Council

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure the most effective use of resources and to resolve any confusion, the Secretaries of Agriculture and Health and Human Services should jointly determine on a periodic basis if there are appropriate opportunities for the National Veterinary Stockpile (NVS) to leverage Strategic National Stockpile mechanisms or

infrastructure as directed by HSPD-9. If such opportunities exist, the two agencies should formally agree upon a process for the NVS to use the identified mechanisms and infrastructure.

Agency Affected: Department of Agriculture
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: Department of Health and Human Services
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help ensure that the nation is adequately prepared to recover from high-consequence plant diseases, the Secretary of Agriculture should direct the Administrator of USDA's Agricultural Research Service (ARS), in coordination with relevant USDA agencies, to develop and implement a documented, systematic process to track research gaps identified in the National Plant Disease Recovery System (NPDRS) recovery plans and monitor progress in filling these gaps.

Agency Affected: Department of Agriculture
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help ensure that the nation is adequately prepared to recover from high-consequence plant diseases, the Secretary of Agriculture should direct the Administrator of ARS, in coordination with relevant USDA agencies, to develop and implement a mechanism to ensure NPDRS, recovery plans are shared with key state and federal plant health officials.

Agency Affected: Department of Agriculture
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that USDA is fulfilling its responsibilities to protect the nation's food and agriculture systems, the Secretary of Agriculture should develop a department-wide strategy for implementing its HSPD-9 responsibilities. Such a strategy would include an overarching framework for setting priorities, as well as allocating resources.

Agency Affected: Department of Agriculture
Status: In process

Comments: When we confirm what actions the agency has taken in response to this

recommendation, we will provide updated information.

Recommendation: To expedite response and recovery from major emergencies, the Secretary of Homeland Security should direct the Administrator of DHS's Federal Emergency Management Agency's (FEMA), in coordination with key agencies to provide guidance that clarifies the roles and responsibilities agencies will have regarding the disposal of animal carcasses in emergencies for which ESF-11 is activated.

Agency Affected: Department of Homeland Security
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve USDA's performance as ESF-11 coordinator and to address issues experienced by key parties, such as challenges with pet sheltering, the Secretary of Agriculture should develop a process for ensuring that (1) following all ESF-11 activations, after-action reports are consistently completed and shared with key parties involved in each activation; (2) the perspectives of key parties are incorporated in these reports; (3) any identified gaps or challenges are addressed through corrective actions; and (4) the completed after-action reports are used to provide a complete, accurate, and consistent count of ESF-11 activations over time, in turn producing sufficiently reliable data on ESF-11 activations.

Agency Affected: Department of Agriculture
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Homeland Security, Animal diseases, Centralization, Contaminated foods, Disaster planning, Emergency preparedness, Emergency response, Emergency Support Function (ESF)-11, Epidemics, Federal agencies, Food inspection, Food safety, Homeland security, Homeland Security Presidential Directive-9 (HSPD-9), Information management, Interagency relations, Natural disasters, Policy evaluation, Strategic planning

Child Care: Overview of Relevant Employment Laws and Cases of Sex Offenders at Child Care Facilities

GAO-11-757 August 19, 2011

Very little is known about sexual abuse among children that are regularly cared for by more than 1.3 million child care providers every week in the United States. In this context, GAO was asked to (1) provide an overview of federal and state laws related to the employment of sex offenders at child care facilities and (2) examine cases where individuals who were convicted of serious sexual offenses were subsequently employed or present at

child care facilities. To provide an overview of selected laws, GAO searched for prohibitions against offenders being present at child care facilities, requirements for conducting criminal-history checks, and penalties for violating these requirements. The cases GAO examined focus only on individuals who were convicted of serious sexual offenses and cannot be generalized to all child care facilities. To identify the cases, GAO reviewed open-source information from 2000 to 2010. GAO also compared the years 2007 to 2009 in employment databases from 20 states and the District of Columbia to data in the National Sex Offender Registry. GAO ultimately selected 10 cases from eight states and the District of Columbia for review. For each case, GAO reviewed court documents and interviewed law enforcement personnel. Our methodology was not designed to assess the prevalence of sex offenders working at child care facilities. This product contains no recommendations. Where applicable, GAO referred its cases for further investigation.

Federal laws regulate the employment of sex offenders at federal child care facilities. For example, federally operated facilities are required to conduct criminal-history checks on employees, as are facilities receiving grants from the Department of Health and Human Services' Head Start program. At the state level, laws vary widely. For example, all 50 states require criminal-history checks for owners and employees of licensed child care facilities, but many state laws exempt facilities from licensing if they do not exceed certain thresholds, such as a minimum number of children. Penalties for violating licensing requirements can range from a \$5 administrative fine to imprisonment for a term of years. The cases GAO examined show examples of individuals convicted of serious sexual offenses who gained access to child care facilities as maintenance workers, spouses or friends of providers, a cafeteria worker, and a cook. At least seven of these cases involve offenders who previously targeted children, and in three of the cases, the offenders used their access to children at the facilities to offend again. Among the cases, GAO found instances of providers who (1) knowingly hired offenders and (2) did not perform preemployment criminal-history checks. GAO also found examples of facilities operating without licenses, and facilities that employed offenders while receiving federal funds. The following four cases illustrate the nature of the situations GAO identified.

Categories: Justice and Law Enforcement, Child abuse, Child sexual abuse, Child welfare, Children, Criminal background checks, Criminals, Day care centers, Employees, Federal law, Federal regulations, Federal/state relations, Risk management, Sex crimes, Sexual abuse

Prescription Drug Control: DEA Has Enhanced Efforts to Combat Diversion, but Could Better Assess and Report Program Results

GAO-11-744 August 26, 2011

The Drug Enforcement Administration's (DEA) Diversion Control Program is responsible for enforcing the Controlled Substances Act (CSA)

and ensuring the availability of prescription drugs such as pain relievers and stimulants while preventing their diversion for abuse. The CSA requires entities handling controlled substances-- such as manufacturers, pharmacies, and physicians, among others-- to register with DEA, which conducts regulatory investigations of registrants, as well as criminal investigations. GAO was asked (1) how DEA manages diversion investigation efforts, and (2) how DEA ensures policies and procedures are followed for investigations and the extent to which it determines the results of its efforts. GAO reviewed DEA policies and procedures, and interviewed DEA, state, and local officials at eleven locations which were selected on the basis of volume of cases handled, geographic diversity, and other considerations. These observations are not generalizable, but provided insights on DEA operations.

To respond to the increasing rate of criminal diversion of prescription drugs and a growing registrant population, DEA has expanded its resources and targeted its investigation strategies to collaborate with state and local entities and enhance the effectiveness of its diversion investigations. Specifically, the agency expanded its use of Tactical Diversion Squads (squads) of DEA personnel as well as other federal, state, and local partners investigating diversion schemes to maximize resources and improve efforts to investigate criminal diversion. DEA currently has 40 squads across the country and plans to establish more. According to squad participants and DEA officials GAO contacted, the squads have improved communication and coordination and simplified information sharing for investigations. Because of the growing registrant population and noncompliance by some with the CSA and implementing regulations, DEA renewed its focus on regulatory oversight of registrants to better ensure compliance. By using the squads to free up resources previously dedicated to both criminal and regulatory cases, DEA used those resources to increase regulatory investigations of the registrants. As a result, the number of regulatory investigations more than tripled between fiscal years 2009 and 2010. DEA also conducted outreach to specific registrant types to inform them of regulatory responsibilities and prepare them for regulatory investigations. DEA has taken steps to ensure that investigators follow policies and procedures for such investigations, but could better assess how its efforts are reducing the diversion of prescription drugs. To ensure that diversion investigators and special agents have the necessary skills to carry out their responsibilities and that DEA monitors the extent to which policies and procedures are followed during investigations, DEA has established internal controls related to guidance, training, and oversight of investigations. These controls include providing and updating guidance to investigators to follow during investigations, providing initial and on-going training to investigators, and monitoring the quality of investigations through a combination of direct supervisory reviews, self-inspections, and on-site internal inspections by DEA's Office of Inspections. Recent reports from

on-site internal inspections of each of DEA's field divisions did not identify any widespread or systematic issues related to the timeliness and overall quality of diversion investigations. Given DEA's increased focus on investigations in response to growing prescription drug diversion, it is critical for DEA to determine the extent to which these additional efforts are reducing diversion. DEA has established performance measures for the Diversion Control Program, but these measures do not clearly demonstrate the effect the additional efforts are having on the diversion problem the program seeks to address. For example, for its overall performance measure of the diversion control program, DEA is tracking the development and implementation of an internal information technology project. By more closely linking performance measures to the goal of reducing diversion, DEA could better capture the results of the Diversion Control program to help inform decision makers in allocating resources. GAO recommends DEA reassess the program's performance measures to better link them to the goal of reducing diversion. DEA did not concur. GAO continues to believe the measures could be enhanced as discussed in this report.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: In order for DEA to better determine to what extent its efforts are decreasing diversions and to inform future program decisions, the Administrator of DEA should strengthen the agency's performance measurement for the Diversion Control Program by reassessing its set of performance measures for the program to identify ways to enhance the measures and their link to the program outcome goal of reducing diversion.

Agency Affected: Department of Justice: Drug Enforcement Administration

Status: In process

Comments: When we confirm what actions the agency has taken in response to this

recommendation, we will provide updated information.

Categories: Justice and Law Enforcement, Controlled substances, DEA Diversion Control Program, Drug abuse, Internal controls, Investigations by federal agencies, Law enforcement, Manufacturing industry, Performance measures, Pharmaceutical industry, Physicians, Prescription drugs

Veterans Health Care: Monitoring Is Needed to Determine the Accuracy of Veteran Copayment Charges

GAO-11-795 August 29, 2011

In fiscal year 2010, the Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) billed veterans millions of medical copayment charges totaling more than \$1 billion. Witnesses at a 2009 Subcommittee on Health, House Committee on Veterans' Affairs, hearing raised concerns about inappropriate copayment charges, including some associated with veterans' service-connected conditions. As a result, members of the Subcommittee asked GAO to review (1) VHA copayment charge accuracy, including error rates and related causes, and (2) VHA efforts to monitor copayment charge accuracy. To assess the accuracy of VHA's billed copayment charges, GAO evaluated samples of fiscal year 2010 billed and unbilled medical services to determine copayment error rates and related causes. GAO also reviewed VHA practices related to monitoring the accuracy of copayment charges..

Of the more than 56 million fiscal year 2010 veteran copayment charges billed by VHA, GAO estimates, based on its test of a probability sample of copayment charges, that 96 percent (or approximately 54.2 million) of the copayment charges were accurate and 4 percent (or approximately 2.3 million) were inaccurate. GAO's tests of a separate probability sample of the approximately 519 million VHA medical services that did not result in copayment charges showed that each of those VHA determinations was accurate. These and other estimated percentages are based on test results of probability samples and are subject to sampling error. Appendix I of this report contains additional information on the samples and the 95 percent confidence intervals for the estimates contained in this report. (1) Since the errors identified in GAO's probability sample all involved copayment overbilling, GAO estimates that 4 percent of the copayment charges involved overbilling of veterans. The errors GAO found were due to various factors, including inadequate review of previously billed copayment charges following retroactive changes in a veteran's service-connected conditions and the incorrect application of related medical reimbursements received from veterans' third-party insurance. (2) In tests GAO performed on another probability sample to identify underbilling errors in the approximately 519 million medical services that did not result in copayment charges, GAO found that VHA correctly determined that each tested service should not have resulted in a copayment charge. As a result, GAO tests showed that VHA accurately did not bill copayment

charges for these services, which made up more than 90 percent of the approximately 576 million medical services provided during fiscal year 2010. While VHA performed various activities that involved reviewing the accuracy of some individual billed copayment charges, these activities do not constitute a systematic process for providing VHA-wide information on the accuracy and completeness of its copayment charges over time. In addition, GAO found that VHA had not established a performance measure for the accuracy level it wants to achieve in billing copayment charges. Without such a measure, it is not clear how the error rates GAO found would compare to error rates that VHA would consider acceptable, or if VHA would determine whether corrective actions need to be taken to reduce the error rates to lower levels. In addition, without a performance measure and periodic, systemwide information on the accuracy of its copayment charges, VHA cannot monitor changes in error rates and related causes over time. VHA also does not have meaningful performance information that it can provide to interested stakeholders when questions or concerns are raised concerning the accuracy of VHA's copayment charges billed to veterans. GAO makes two recommendations to the Secretary of Veterans Affairs to (1) establish a copayment accuracy performance measure and (2) establish and implement a formal process for periodically assessing the accuracy of veteran copayment charges VHA-wide. In written comments on a draft of this report, VA agreed with GAO's recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To provide VHA with the
 information needed to adequately monitor the
 accuracy of copayment charges VHA-wide and to
 assess and respond to the causes of copayment
 errors, the Secretary of Veterans Affairs should
 direct VHA to establish an accuracy performance
 measure or goal for copayment charges billed to
 veterans.
 Agency Affected: Department of Veterans Affairs
 Status: In process
 Comments: When we confirm what actions the
 agency has taken in response to this
 recommendation, we will provide updated
 information.

 Recommendation: To provide VHA with the
 information needed to adequately monitor the
 accuracy of copayment charges VHA-wide and to
 assess and respond to the causes of copayment
 errors, the Secretary of Veterans Affairs should
 direct VHA to establish and implement a formal
 process for periodically assessing--VHA-wide--the
 accuracy of veteran copayment charges and taking
 corrective actions as necessary.
 Agency Affected: Department of Veterans Affairs
 Status: In process
 Comments: When we confirm what actions the
 agency has taken in response to this
 recommendation, we will provide updated
 information.
 Categories: Veterans Affairs, Billing procedures,
 Data integrity, Eligibility determinations, Errors,
 Health care services, Health services
 administration, Medical expense claims, Medical
 services rates, Monitoring, Payments, Performance
 measures, Statistical data, Statistical methods, VA
 Computerized Patient Record System, VA
 Veterans Health Information Systems and
 Technology Architecture, Veterans, Veterans
 benefits, Veterans disability compensation,
 Veterans\ medical care
Legal-Bid Protest Ruling: Vetsummit, LLC
B-405187 August 29, 2011
 Vetsummit, LLC, of Chesterland, Ohio, a small
 business, protests the award of a contract to JJW
 Construction, LLC, of Powell, Ohio, by the
 Department of Veterans Affairs (VA) under
 invitation for bids (IFB) No. VA-250-10-IB-0166

for construction services to renovate the surgical
 intensive care unit (SICU) at the Louis Stokes
 Cleveland VA Medical Center, Wade Park
 Campus, in Cleveland, Ohio. Vetsummit argues
 that it submitted the lowest-priced bid, but that the
 VA rejected the bid after unreasonably concluding
 that Vetsummit was not responsible and was not
 an eligible service-disabled veteran-owned small
 business (SDVOSB) concern under the set-aside
 terms of the IFB.
 We deny the protest.
 Categories: Bid Protest, Bid rejection protests,
 Certificates of competency, Construction
 contracts, Contract award protests, Contract
 performance, Contract terms, Eligibility
 determinations, Prices and pricing, Service-
 disabled veteran-owned small business, Small
 business set-asides, Surgery
**Climate Monitoring: NOAA Can Improve
 Management of the U.S. Historical
 Climatology Network**
GAO-11-800 August 31, 2011
 The National Oceanic and Atmospheric
 Administration (NOAA) maintains a network of
 weather-monitoring stations known as the U.S.
 Historical Climatology Network (USHCN), which
 monitors the nation's climate and analyzes long-
 term surface temperature trends. Recent reports
 have shown that some stations in the USHCN are
 not sited in accordance with NOAA's standards,
 which state that temperature instruments should be
 located away from extensive paved surfaces or
 obstructions such as buildings and trees. GAO was
 asked to examine (1) how NOAA chose stations
 for the USHCN, (2) the extent to which these
 stations meet siting standards and other
 requirements, and (3) the extent to which NOAA
 tracks USHCN stations' adherence to siting
 standards and other requirements and has
 established a policy for addressing nonadherence
 to siting standards. GAO reviewed data and
 documents, interviewed key NOAA officials,
 surveyed the 116 NOAA weather forecast offices
 responsible for managing stations in the USHCN,
 and visited 8 forecast offices..
 In choosing USHCN stations from a larger set of
 existing weather-monitoring stations, NOAA
 placed a high priority on achieving a relatively
 uniform geographic distribution of stations across
 the contiguous 48 states. NOAA balanced
 geographic distribution with other factors,
 including a desire for a long history of temperature
 records, limited periods of missing data, and
 stability of a station's location and other
 measurement conditions, since changes in such
 conditions can cause temperature shifts unrelated
 to climate trends. NOAA had to make certain
 exceptions, such as including many stations that
 had incomplete temperature records. In general,
 the extent to which the stations met NOAA's siting
 standards played a limited role in the designation
 process, in part because NOAA officials
 considered other factors, such as geographic
 distribution and a long history of records, to be
 more important. USHCN stations meet NOAA's
 siting standards and management requirements to
 varying degrees. According to GAO's survey of
 weather forecast offices, about 42 percent of the

active stations in 2010 did not meet one or more of the siting standards. With regard to management requirements, GAO found that the weather forecast offices had generally but not always met the requirements to conduct annual station inspections and to update station records. NOAA officials told GAO that it is important to annually visit stations and keep records up to date, including siting conditions, so that NOAA and other users of the data know the conditions under which they were recorded. NOAA officials identified a variety of challenges that contribute to some stations not adhering to siting standards and management requirements, including the use of temperature-measuring equipment that is connected by a cable to an indoor readout device--which can require installing equipment closer to buildings than specified in the siting standards. NOAA does not centrally track whether USHCN stations adhere to siting standards and the requirement to update station records, and it does not have an agencywide policy regarding stations that do not meet its siting standards. Performance management guidelines call for using performance information to assess program results. NOAA's information systems, however, are not designed to centrally track whether stations in the USHCN meet its siting standards or the requirement to update station records. Without centrally available information, NOAA cannot easily measure the performance of the USHCN in meeting siting standards and management requirements. Furthermore, federal internal control standards call for agencies to document their policies and procedures to help managers achieve desired results. NOAA has not developed an agencywide policy, however, that clarifies for agency staff whether stations that do not adhere to siting standards should remain open because the continuity of the data is important, or should be moved or closed. As a result, weather forecast offices do not have a basis for making consistent decisions to address stations that do not meet the siting standards. GAO recommends that NOAA enhance its information systems to centrally capture information useful in managing the USHCN and develop a policy on how to address stations that do not meet its siting standards. NOAA agreed with GAO's recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To improve the National Weather Service's (NWS) ability to manage the USHCN in accordance with performance management guidelines and federal internal control standards, as well as to strengthen congressional and public confidence in the data the network provides, the Acting Secretary of Commerce should direct the Administrator of NOAA to enhance NWS's information system to centrally capture information that would be useful in managing stations in the USHCN, including (1)

more complete data on siting conditions (including when siting conditions change), which would allow the agency to assess the extent to which the stations meet its siting standards, and (2) existing data on when station records were last updated to monitor whether the records are being updated at least once every 5 years as NWS requires.

Agency Affected: Department of Commerce

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To improve the National Weather Service's (NWS) ability to manage the USHCN in accordance with performance management guidelines and federal internal control standards, as well as to strengthen congressional and public confidence in the data the network provides, the Acting Secretary of Commerce should direct the Administrator of NOAA to develop an NWS agencywide policy, in consultation with the National Climatic Data Center, on the actions weather forecast offices should take to address stations that do not meet siting standards.

Agency Affected: Department of Commerce

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Natural Resources, Climate, Data integrity, Information systems, Inspection, Internal controls, Monitoring, NOAA U.S. Historical Climatology Network, Performance management, Performance measures, Site selection, Standards, Weather, Weather forecasting

Legal-Bid Protest Ruling: Trade Links General Trading and Contracting, WLL

B-405182 September 1, 2011

Trade Links General Trading and Contracting, WLL of Meshrif, Kuwait, protests the decision of the Department of the Air Force to cancel request for proposals (RFP) No. FA5703-11-R-0027 for mail porter services at Kuwait City International Airport. Trade Links contends that the cancellation was unreasonable.

We deny the protest.

Categories: Bid Protest, Air Force facilities, Air Force procurement, Current services estimates, Eligibility determinations, Prices and pricing, Requirements definition, Solicitation cancellation protests

Legal-Bid Protest Ruling: Enterprise Information Services, Inc.

B-405152 September 2, 2011

Enterprise Information Services, Inc. (EIS), of Vienna, Virginia, protests the award of a task order to Superlative Technologies, Inc. (SuprTEK), of Ashburn, Virginia, by the Department of Defense, U.S. Transportation Command (USTRANSCOM), under request for quotations (RFQ) No. HTC711-11-Q-D0008, for

support of the agency's Information Tool Suite (ITS) program. EIS argues that USTRANSCOM unreasonably evaluated its quotation, and failed to reasonably address organizational conflicts of interest (OCI) that the protester contends should have precluded SuprTEK from receiving the award.

We deny the protest.

Categories: Bid Protest, Bid evaluation protests, Competition, Competitive procurement, Conflict of interests, Contract award protests, Databases, Indefinite delivery contracts, Information access, Information technology, Multiple award procurement, Requirements definition, Service contracts, Solicitation specifications, Staff utilization, Subcontractors

Legal-Bid Protest Ruling: The Bionetics Corporation

B-405145 September 2, 2011

The Bionetics Corporation, of Yorktown, Virginia, protests the award of a contract to Priority One Services, Inc., of Alexandria, Virginia, under request for proposals (RFP) No. 11-223-SOL-00006, issued by the Department of Health and Human Services (HHS), Food and Drug Administration (FDA) for services for animal care, diet preparation, and veterinary care for the animal population housed at the National Center for Toxicological Research (NCTR). Bionetics challenges the agency's evaluation of its proposal under the technical, past performance, and price factors. Bionetics also argues and maintains that the agency failed to conduct meaningful discussions.

We deny the protest.

Categories: Bid Protest, Animal welfare, Bid evaluation protests, Contract award protests, Contract performance, Evaluation criteria, Fixed price contracts, Prices and pricing, Service contracts, Small business set-asides, Technical proposal evaluation, Veterinary medicine

U.S. Postal Service: Actions Needed to Stave off Financial Insolvency

GAO-11-926T September 6, 2011

By the end of this fiscal year--in less than one month--the U.S. Postal Service (USPS) projects that it will incur a \$9 billion loss; reach its \$15 billion borrowing limit; not make its \$5.5 billion retiree health benefits payment; and thus, become insolvent. USPS recently summarized this situation as the equivalent of facing Chapter 11 bankruptcy. In August 2011, USPS outlined new proposals to address the crisis. USPS seeks legislation to remove itself from the federal health benefit program and sponsor its own program; change pension benefits for new employees; and eliminate the layoff provisions it negotiated with its unions in collective bargaining to accelerate its delivery, processing, and retail network and workforce downsizing. Other USPS proposals, such as moving to 5-day delivery, and pending legislation include additional options for consideration. This statement discusses (1) updated information on USPS's financial crisis and (2) GAO's review and analysis of proposals to address this crisis, including USPS's new proposals, and options in current legislation. The

testimony is based primarily on GAO's review of pending legislation, past and ongoing work related to postal issues, as well as USPS's recent financial results and GAO's discussions with senior postal officials regarding USPS's recent proposals. GAO has reported that action by Congress and USPS is urgently needed to restore USPS's financial viability. GAO provided a draft statement to USPS for comments and did not receive any suggested changes.

USPS has experienced a cumulative net loss of nearly \$20 billion over the last 5 fiscal years, including an \$8.5 billion loss in 2010, and a net loss of \$5.7 billion in the first 9 months of fiscal year 2011. USPS does not now have--nor does it expect to have--sufficient revenue to cover its costs without legislative changes. To conserve cash, USPS discontinued making its employer's contribution for the defined-benefit portion of the Federal Employees Retirement System (FERS) in June 2011, which it estimated would reduce its costs by about \$800 million this fiscal year. USPS has said that mail volume decline has outpaced even its most pessimistic forecasts. USPS urgently needs to restructure its networks and workforce as its financial condition and outlook have reached a crisis level. A variety of proposals have been made to address USPS's financial crisis. These proposals affect USPS cost savings, postal rates, customer convenience, pension benefits for new employees, employee health benefits, collective bargaining agreements, and delivery and retail services. GAO has identified key issues needing consideration in determining the merits of these proposals.

Examples of specific proposals and key considerations include: (1) USPS proposal to sponsor its own health benefit plan: USPS expects to save costs by increasing employee contribution rates, fully utilizing Medicare benefits, and administering its plan more efficiently than OPM. However, it is not clear whether USPS can achieve planned cost savings and what the implications are for the federal budget, as USPS has requested about \$42 billion in retiree health benefit assets be transferred from Treasury to a USPS Fund. (2) USPS proposal to seek reimbursement of its \$6.9 billion FERS surplus: Reimbursing the entire surplus all at once is a risk as the current FERS surplus is an estimate that could change as economic or demographic assumptions change. The President's Fiscal Year 2012 Budget Request proposed amortizing the reimbursement over 30 years, which would be consistent with the approach taken for any deficits. (3) USPS proposal on workforce optimization: USPS expects to reduce costs by closing about 300 mail processing plants and 12,000 retail facilities; reducing service; and eliminating layoff protections in collective bargaining agreements so that it can reduce its total workforce by about 125,000 career employees by 2015. This proposal accelerates the pace of USPS actions in this area, but it is not clear how USPS will address public resistance to facility closures that could lengthen the timeframes for implementation; employee resistance to making legislative changes to layoff protections; and potential loss of customers if service declines or costs increase. Little time remains to prevent USPS--the largest federal

civilian employer---from insolvency. The stark reality is that USPS's business model is broken. The decline in mail volumes is continuing. The gap between revenues and expenses is growing. USPS cannot continue providing services at current levels without dramatic changes in its cost structure. Difficult choices must be made. Now is the time to decide USPS's future.

Categories: Financial Management, Bankruptcy, Borrowing authority, Budget obligations, Collective bargaining, Cost analysis, Federal agency reorganization, Federal employee retirement programs, Federal employees retirement system, Financial management, Future budget projections, General management reviews, Labor force, Losses, Pensions, Postal service, Reductions in force, Retirement benefits

Bureau of Prisons: Improved Evaluations and Increased Coordination Could Improve Cell Phone Detection

GAO-11-893 September 6, 2011

The rates Bureau of Prisons (BOP) inmates pay to make phone calls generate revenue that funds inmate wages and other amenities; however, inmates' contraband cell phone use is growing. The Cell Phone Contraband Act of 2010 criminalized cell phone possession in federal prisons and mandated that GAO study related issues. In response to the mandate, this report addresses (1) how telephone rates for BOP inmates compare with other correctional systems and the implications of lowering rates; (2) the number of cell phones confiscated in BOP and selected states, and any reported impact; and (3) the extent to which BOP and selected states have taken actions to minimize cell phone smuggling, these actions' effectiveness, and how BOP has coordinated internal and state information sharing. GAO reviewed BOP's policies, procedures, and cell phone confiscation data (2008-2010). GAO also interviewed BOP officials within BOP's 6 regions and 4 of its 116 institutions--as well as officials from 8 state correctional departments--selected for their cell phone detection efforts or challenges faced. The results are not generalizable, but provide insights.

BOP's rates for inmate telephone calls typically are lower than selected state and military branch systems that also use telephone revenues to support inmate activities; lowering rates would have several implications. Inmates would benefit from the ability to make cheaper phone calls, but lower rates could result in less revenue and lower profits, and therefore fewer funds available for inmate wages and recreational activities.

According to BOP officials, when inmates have fewer opportunities for physical activity, idleness increases, and the risk of violence, escapes, and other disruptions also rises. BOP and selected states confiscated thousands of cell phones in 2010, and these entities believe that rising inmate cell phone use threatens institutional safety and expands criminal activity. All of the BOP officials, as well as officials from all eight of the state departments of correction with whom GAO spoke, cited cell phones as a major security concern, given the potential the phones provide for inmates to have unmonitored conversations that could

further criminal activity, such as selling drugs or harassing other individuals. BOP and selected states have taken actions to address contraband cell phone use in their correctional institutions, but BOP could better evaluate existing technologies to maximize its investment decisions. BOP screens visitors and staff to detect contraband and has also tested multiple cell-phone detection technologies. However, BOP has not developed evaluation plans for institutional use to measure the effectiveness of these tests, which could help ensure that such tests generate information needed to make effective policy decisions. Moreover, while BOP has shared detection strategies with state agencies to some extent, BOP's regional offices have only had limited interaction with states, and could increase coordination and knowledge sharing to better identify and benefit from other strategies being used. This is a public version of a sensitive but unclassified - law enforcement sensitive report that GAO issued in July 2011. Information that the Department of Justice deemed sensitive has been omitted. GAO recommends that BOP's Director formulate evaluation plans for cell phone detection technology to aid decision making, require use of these plans, and enhance regional collaboration with states. The Department of Justice concurred with GAO's recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To help BOP respond more effectively to contraband cell phone challenges, the Attorney General should direct the BOP Director to direct BOP's Office of Security Technology (OST) to formulate evaluation plans that both support a consistent approach to testing cell phone detection technologies and strengthen decisions about deploying cell phone detection projects. Such plans should include key characteristics of successful evaluation methods, such as defining measurable objectives and including a detailed data analysis plan. The plans should also clearly define evaluation-related responsibilities for the individuals conducting the test at each institution.

Agency Affected: Department of Justice

Status: In process

Comments: When we confirm what actions the agency has taken in response to this

recommendation, we will provide updated information.

Recommendation: To help BOP respond more effectively to contraband cell phone challenges, the Attorney General should direct the BOP Director to develop a policy to require that regions and institutions apply OST's evaluation plans when testing the technology that OST believes may be viable for detecting or combating contraband cell phones. This policy should also require OST to provide the results of these evaluations to BOP leadership to better inform BOP-wide decisions regarding the adoption of such technology.

Agency Affected: Department of Justice

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help BOP respond more effectively to contraband cell phone challenges, the Attorney General should direct the BOP Director to enhance regional office collaboration with other federal, state, and local organizations; document what is learned; and share it throughout BOP to enhance agencywide knowledge of key efforts to prevent or minimize cell phone smuggling in prisons.

Agency Affected: Department of Justice

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Justice and Law Enforcement, Cellular telephones, Communication devices, Contraband, Correctional facilities, Facility security, Imprisonment, Prisoners, Risk management, Security assessments, Security policies, Security regulations, Security threats, Smuggling, Strategic planning

Hurricanes Katrina and Rita: Temporary Emergency Impact Aid Provided Education Support for Displaced Students

GAO-11-839 September 7, 2011

In August and September 2005, Hurricanes Katrina and Rita devastated large portions of the U.S. Gulf Coast, resulting in nearly 2,000 deaths and severe damage to 305,000 houses and apartments. Thousands of families relocated to communities throughout the United States and enrolled their children in local public or private schools. Some families who remained in the devastated areas enrolled their children in schools other than their home schools because their home schools had been seriously damaged or destroyed. Congress appropriated \$880 million for the Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) program to assist local educational agencies (school districts) and private schools with the costs of educating these displaced students. Funds were for costs

incurred during the 2005-2006 school year, and could be used for a variety of purposes, including compensating teachers, purchasing curriculum materials, leasing portable classrooms, providing counseling services, and covering reasonable transportation costs. The U.S. Department of Education (Education) awarded Emergency Impact Aid funds to 49 states and the District of Columbia based on the count of displaced students enrolled on quarterly dates selected by each state, as reported by public and participating private schools. Each quarter, on the basis of these counts, states received \$1,500 per displaced student without disabilities and \$1,875 per displaced student with disabilities. States could keep up to 1 percent of funds for administrative expenses, and were required to disburse the remaining funds to local school districts. Districts were allowed to spend up to 2 percent of funds for administration and, similar to states, were required to disburse the remaining funds to public and participating private schools within their jurisdictions. Education did not require states or districts to report how funds were used, but directed districts to maintain records of expenditures. While the program we reviewed has expired, legislation was introduced in Congress in 2011 that includes provisions that would require Education to provide emergency impact aid in certain circumstances involving presidentially declared disasters, and would give Education discretion to provide such aid in other circumstances if a state is experiencing a catastrophic incident. On the basis of congressional request, we answered the following questions: (1) What is known about how many students were served by the Emergency Impact Aid program in key states? (2) What challenges, if any, did districts and private schools face in accessing the program or obtaining the required student verification? (3) How did states, districts, and private schools report using the funds and what is known about whether the funds covered the costs of serving displaced students?, and (4) How did Education support states in implementing the program?

States reported to Education the number of displaced students served quarterly, as required, but the total number of students served is unknown. Districts were required to report the number of displaced students enrolled in public and participating private schools on a specific date each quarter during the 2005-2006 school year. According to national data from Education, enrollment was highest in the first quarter with 152,000 students served, and enrollment dropped to its lowest point in the fourth quarter with 132,000 students served. Enrollment may have declined throughout the school year as displaced students re-enrolled in their home schools.

According to officials in selected districts and private schools, many displaced students began returning home in winter 2005. Selected districts and private schools had few challenges accessing the program, but officials found verifying student eligibility difficult. Most officials from selected districts generally did not report difficulties participating in the program or accessing funds. However, officials from 2 states said some districts that served displaced students chose not to

apply for funding in part because of compressed application timelines, potential administrative burden, or serving few displaced students. District and private school officials told us many displaced students lacked documents verifying their previous address, such as a driver's license or utility bill. In such cases, some officials said they accepted other types of verification, such as report cards, or accepted parental affirmation of eligibility. Our analysis of expenditure data reported to us by 9 of our 13 selected districts indicates that 88 percent of funds was spent on instruction and about 12 percent was spent on other costs associated with serving displaced students. Officials from selected districts described a range of Emergency Impact Aid uses, generally related to funding staff salaries and benefits. Four districts specifically reported using funds to hire new staff. Three districts reported that they funded existing staff, but did not hire new staff. Soon after Hurricane Katrina, Education officials contacted states and districts in hurricane-affected areas and sent officials to affected areas to discuss needs. Prior to the Emergency Impact Aid program's authorization in December 2005, Education also advised districts that they could enroll and obtain funding for displaced students through the McKinney-Vento Education for Homeless Children and Youth Program and used existing authorities to grant waivers of federal requirement to maintain 90 percent of prior year's state and local education spending to qualify for other Education funding.

Categories: Education, Children, Disadvantaged persons, Education, Educational grants, Federal aid programs, Federal aid to localities, Federal aid to states, Federal funds, Federal/state relations, Funds management, Grants to states, Hurricane Katrina, Hurricane Rita, Impacted areas, Private schools, Program evaluation, Public schools, Reporting requirements, School districts, Students, Temporary Emergency Impact Aid for Displaced Students, Use of funds

Department of Homeland Security: Progress Made and Work Remaining in Implementing Homeland Security Missions 10 Years after 9/11

GAO-11-919T September 7, 2011

The terrorist attacks of September 11, 2001, led to profound changes in government agendas, policies and structures to confront homeland security threats facing the nation. Most notably, the Department of Homeland Security (DHS) began operations in 2003 with key missions that included preventing terrorist attacks from occurring in the United States, reducing the country's vulnerability to terrorism, and minimizing the damages from any attacks that may occur. DHS is now the third-largest federal department, with more than 200,000 employees and an annual budget of more than \$50 billion. Since 2003, GAO has issued over 1,000 products on DHS's operations in such areas as border and transportation security and emergency management, among others. As requested, this testimony addresses DHS's progress and challenges in implementing its homeland security missions since it began operations, and issues affecting implementation efforts. This testimony is based on a report GAO is

issuing today, which assesses DHS's progress in implementing its homeland security functions and work remaining.

Since it began operations in 2003, DHS has implemented key homeland security operations and achieved important goals and milestones in many areas to create and strengthen a foundation to reach its potential. As it continues to mature, however, more work remains for DHS to address gaps and weaknesses in its current operational and implementation efforts, and to strengthen the efficiency and effectiveness of those efforts to achieve its full potential. DHS's accomplishments include developing strategic and operational plans; deploying workforces; and establishing new, or expanding existing, offices and programs. For example, DHS (1) issued plans to guide its efforts, such as the Quadrennial Homeland Security Review, which provides a framework for homeland security, and the National Response Framework, which outlines disaster response guiding principles; (2) successfully hired, trained, and deployed workforces, such as a federal screening workforce to assume security screening responsibilities at airports nationwide; and (3) created new programs and offices to implement its homeland security responsibilities, such as establishing the U.S. Computer Emergency Readiness Team to help coordinate efforts to address cybersecurity threats. Such accomplishments are noteworthy given that DHS has had to work to transform itself into a fully functioning department while implementing its missions--a difficult undertaking that can take years to achieve. While DHS has made progress, its transformation remains high risk due to its management challenges. Examples of progress made and work remaining include: Border security. DHS implemented the U.S. Visitor and Immigrant Status Indicator Technology program to verify the identities of foreign visitors entering and exiting the country by processing biometric and biographic information. However, DHS has not yet determined how to implement a biometric exit capability and has taken action to address a small portion of the estimated overstay population in the United States (individuals who legally entered the country but then overstayed their authorized periods of admission). Aviation security. DHS developed and implemented Secure Flight, a program for screening airline passengers against terrorist watchlist records. DHS also developed new programs and technologies to screen passengers, checked baggage, and air cargo. However, DHS does not yet have a plan for deploying checked baggage screening technologies to meet recently enhanced explosive detection requirements, a mechanism to verify the accuracy of data to help ensure that air cargo screening is being conducted at reported levels, or approved technology to screen cargo once it is loaded onto a pallet or container. Emergency preparedness and response. DHS issued the National Preparedness Guidelines that describe a national framework for capabilities-based preparedness, and a Target Capabilities List to provide a national-level generic model of capabilities defining all-hazards preparedness. DHS is also finalizing a National Disaster

Recovery Framework. However, DHS needs to strengthen its efforts to assess capabilities for all-hazards preparedness, and develop a long-term recovery structure to better align timing and involvement with state and local governments' capacity. Chemical, biological, radiological and nuclear (CBRN) threats. DHS assessed risks posed by CBRN threats and deployed capabilities to detect CBRN threats. However, DHS should work to improve its coordination of CBRN risk assessments, and identify monitoring mechanisms for determining progress made in implementing the global nuclear detection strategy. GAO's work identified three themes at the foundation of DHS's challenges: Leading and coordinating the homeland security enterprise; Implementing and integrating management functions for results; and Strategically managing risks and assessing homeland security efforts. This testimony contains no new recommendations.

Categories: Homeland Security, Agency missions, Aviation security, Bioterrorism, Border security, Combating terrorism, Comprehensive emergency management, Counterterrorism, Cyber security, Emergency preparedness, Emergency response, Federal agency reorganization, GAO High Risk List, General management reviews, Homeland security, Immigration, Maritime security, National defense operations, Program evaluation, Program management, Risk management, Security assessments, Security threats, Strategic planning, Terrorism, Transportation security

**Department of Homeland Security:
Progress Made and Work Remaining in
Implementing Homeland Security Missions
10 Years after 9/11**

GAO-11-881 September 7, 2011

The events of September 11, 2001, led to profound changes in government policies and structures to confront homeland security threats. Most notably, the Department of Homeland Security (DHS) began operations in 2003 with key missions that included preventing terrorist attacks from occurring in the United States, and minimizing the damages from any attacks that may occur. DHS is now the third-largest federal department, with more than 200,000 employees and an annual budget of more than \$50 billion. Since 2003, GAO has issued over 1,000 products on DHS's operations in such areas as border and transportation security and emergency management, among others. As requested, this report addresses DHS's progress in implementing its homeland security missions since it began operations, work remaining, and issues affecting implementation efforts. This report is based on GAO's past and ongoing work, supplemented with DHS Office of Inspector General reports, with an emphasis on reports issued since 2008. GAO also analyzed information provided by DHS in July and August 2011 on recent actions taken in response to prior work.

Since it began operations in 2003, DHS has implemented key homeland security operations and achieved important goals and milestones in many areas to create and strengthen a foundation to reach its potential. As it continues to mature,

however, more work remains for DHS to address gaps and weaknesses in its current operational and implementation efforts, and to strengthen the efficiency and effectiveness of those efforts to achieve its full potential. DHS's accomplishments include developing strategic and operational plans; deploying workforces; and establishing new, or expanding existing, offices and programs. For example, DHS (1) issued plans to guide its efforts, such as the Quadrennial Homeland Security Review, which provides a framework for homeland security, and the National Response Framework, which outlines disaster response guiding principles; (2) successfully hired, trained, and deployed workforces, such as a federal screening workforce to assume security screening responsibilities at airports nationwide; and (3) created new programs and offices to implement its homeland security responsibilities, such as establishing the U.S. Computer Emergency Readiness Team to help coordinate efforts to address cybersecurity threats. Such accomplishments are noteworthy given that DHS has had to work to transform itself into a fully functioning department while implementing its missions--a difficult undertaking that can take years to achieve. While DHS has made progress, its transformation remains high risk due to its management challenges. Examples of progress made and work remaining include: Border security. DHS implemented the U.S. Visitor and Immigrant Status Indicator Technology program to verify the identities of foreign visitors entering and exiting the country by processing biometric and biographic information. However, DHS has not yet determined how to implement a biometric exit capability and has taken action to address a small portion of the estimated overstay population in the United States (individuals who legally entered the country but then overstayed their authorized periods of admission). Aviation security. DHS developed and implemented Secure Flight, a program for screening airline passengers against terrorist watchlist records. DHS also developed new programs and technologies to screen passengers, checked baggage, and air cargo. However, DHS does not yet have a plan for deploying checked baggage screening technologies to meet recently enhanced explosive detection requirements, a mechanism to verify the accuracy of data to help ensure that air cargo screening is being conducted at reported levels, or approved technology to screen cargo once it is loaded onto a pallet or container. Emergency preparedness and response. DHS issued the National Preparedness Guidelines that describe a national framework for capabilities-based preparedness, and a Target Capabilities List to provide a national-level generic model of capabilities defining all-hazards preparedness. DHS is also finalizing a National Disaster Recovery Framework, and awards preparedness grants based on a reasonable risk methodology. However, DHS needs to strengthen its efforts to assess capabilities for all-hazards preparedness, and develop a long-term recovery structure to better align timing and involvement with state and local governments' capacity. Chemical, biological, radiological and nuclear (CBRN) threats. DHS

assessed risks posed by CBRN threats and deployed capabilities to detect CBRN threats. However, DHS should work to improve its coordination of CBRN risk assessments, and identify monitoring mechanisms for determining progress made in implementing the global nuclear detection strategy. GAO's work identified three themes at the foundation of DHS's challenges. This report contains no new recommendations.

Categories: Homeland Security, Agency missions, Aviation security, Bioterrorism, Border security, Combating terrorism, Comprehensive emergency management, Counterterrorism, Cyber security, Emergency preparedness, Emergency preparedness programs, Emergency response, Federal agency reorganization, GAO High Risk List, General management reviews, Homeland security, Immigration, Maritime security, National defense operations, Program evaluation, Program management, Risk management, Security assessments, Security threats, Strategic planning, Terrorism, Transportation security

Information Technology: HUD's Expenditure Plan Satisfies Statutory Conditions, and Implementation of Management Controls Is Under Way

GAO-11-762 September 7, 2011

Information technology (IT) is critical to the Department of Housing and Urban Development's (HUD) ability to carry out its home ownership and community development mission. Provisions of the Consolidated Appropriations Act, 2010, require HUD to develop and submit to Congress an expenditure plan for its efforts to modernize the department's IT environment prior to using 75 percent of the funds made available for IT modernization. The plan is to satisfy certain statutory conditions and is to be reviewed by GAO. Accordingly, GAO's objectives were to (1) determine whether HUD's revised plan satisfies statutory conditions and (2) provide observations about the plan and management of HUD's IT modernization program. To accomplish this, GAO assessed the plan against the statutory conditions, analyzed department documentation and relevant plans on key internal management controls, and reviewed HUD's efforts to address open GAO recommendations. GAO also interviewed cognizant department officials.

HUD's revised fiscal year 2010 expenditure plan satisfied the statutory conditions contained in the act. Specifically, pursuant to the statute, the plan identified the functional and performance capabilities, mission benefits, lifecycle costs, and key milestones for seven identified IT projects that support HUD's modernization efforts. For example, the plan stated that one of the mission benefits expected from the HUD Integrated Financial Management Improvement Project is to support the timeliness and responsiveness of financial transactions by ensuring that invoices are paid on time equal to or greater than 98 percent of the time. Further, the plan demonstrated that each project had support from an adequately staffed project office; conformed to the department's in-process policies and procedures on capital planning and investment control; complied with the department's in-process enterprise architecture;

and had been managed in accordance with HUD's in-process lifecycle management processes. For example, the plan disclosed detailed information regarding how each project was categorized in relation to the department's conceptual architecture currently in development. GAO made two observations regarding the department's management of its IT modernization program: First, HUD has made progress toward implementing key IT management controls. For example, HUD created a conceptual enterprise architecture that is expected to be fully defined by spring 2012; however, it has not yet established institutional commitment through an approved policy to guide the development, maintenance, and use of the architecture. Further, the department has begun establishing a new investment management governance structure which is expected to support the fiscal year 2013 budget process. Lastly, HUD has committed to developing an IT human capital plan by December 2011 that is expected to include strategies to accomplish the human capital goals of the Office of the Chief Information Officer. Second, HUD has fully implemented or has plans to address prior GAO recommendations related to its expenditure plan and IT management. Specifically, of eight recommendations made in two reports issued in July 2009 and November 2010, respectively, HUD has fully implemented six of these recommendations and is taking steps to address the remaining two. For example, GAO recommended that future expenditure plans clearly describe the status of the department's efforts to establish and implement modernization management controls. HUD's revised plan addressed this recommendation by detailing what progress the department has made and what activities it is taking toward institutionalizing management controls. In addition, the department has developed a plan to address investment management weakness; however, work remains to develop criteria for evaluating the investment portfolio. HUD is also developing strategies to close skill gaps in its IT workforce. To ensure institutional commitment for current and future enterprise architecture development, maintenance, and use, GAO is recommending that HUD approve a policy to govern the architecture prior to further developing its segment architectures. In written comments on a draft of this report, HUD concurred with GAO's recommendation.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To ensure institutional commitment for current and future enterprise architecture development, maintenance, and use, the Secretary of HUD should direct the Chief Information Officer to approve a policy to govern the architecture prior to further developing its segment architectures. Because HUD has committed to specific milestones to address prior GAO recommendations in the areas of investment

management and human capital, we did not make additional recommendations at this time relative to these two areas.

Agency Affected: Department of Housing and Urban Development

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Information Management, Agency missions, Appropriations, Cost analysis, Enterprise architecture, Information technology, Investment planning, IT acquisitions, IT investment management, Life cycle costs, Performance management, Program evaluation, Requirements definition, Strategic planning, Technology modernization programs

Antibiotic Resistance: Agencies Have Made Limited Progress Addressing Antibiotic Use in Animals

GAO-11-801 September 7, 2011

Antibiotics have saved millions of lives, but antibiotic use in food animals contributes to the emergence of resistant bacteria that may affect humans. The Departments of Health and Human Services (HHS) and Agriculture (USDA) are primarily responsible for ensuring food safety. GAO reviewed the issue in 2004 and recommended improved data collection and risk assessment. GAO was asked to examine the (1) extent to which agencies have collected data on antibiotic use and resistance in animals, (2) actions HHS's Food and Drug Administration (FDA) took to mitigate the risk of antibiotic resistance in humans as a result of use in animals, (3) extent to which agencies have researched alternatives to current use practices and educated producers and veterinarians about appropriate use, and (4) actions the European Union (EU) and an EU member country, Denmark, have taken to regulate use in animals and lessons that have been learned. GAO analyzed documents, interviewed officials from national organizations, and visited producers in five states and Denmark..

HHS and USDA have collected some data on antibiotic use in food animals and on resistant bacteria in animals and retail meat. However, these data lack crucial details necessary to examine trends and understand the relationship between use and resistance. For example, since GAO's 2004 report, FDA began collecting data from drug companies on antibiotics sold for use in food animals, but the data do not show what species antibiotics are used in or the purpose of their use, such as for treating disease or improving animals' growth rates. Also, although USDA agencies continue to collect use data through existing surveys of producers, data from these surveys provide only a snapshot of antibiotic use practices. In addition, agencies' data on resistance are not representative of food animals and retail meat across the nation and, in some cases, because of a change in sampling method, have become less representative since GAO's 2004 report. Without detailed use data and representative resistance data, agencies cannot examine trends and

understand the relationship between use and resistance. FDA implemented a process to mitigate the risk of new animal antibiotics leading to resistance in humans, which involves the assessment of factors such as the probability that antibiotic use in food animals would give rise to resistant bacteria in the animals, but it faces challenges mitigating risk from antibiotics approved before FDA issued guidance in 2003. FDA officials told GAO that conducting postapproval risk assessments for each of the antibiotics approved prior to 2003 would be prohibitively resource intensive, and that pursuing this approach could further delay progress. Instead, FDA proposed a voluntary strategy in 2010 that involves FDA working with drug companies to limit approved uses of antibiotics and increasing veterinary supervision of use. However, FDA does not collect the antibiotic use data, including the purpose of use, needed to measure the strategy's effectiveness. HHS and USDA have taken some steps to research alternatives to current antibiotic use practices and educate producers and veterinarians on appropriate use of antibiotics. However, the extent of these efforts is unclear because the agencies have not assessed their effectiveness. Without an assessment of past efforts, the agencies may be limited in their ability to identify gaps where additional research is needed. Except for one \$70,400 USDA project, all other federal education programs have ended. Since 1995, the EU, including Denmark, banned the use of antibiotics to promote growth in animals, among other actions. Some of their experiences may offer lessons for the United States. For example, in Denmark, antibiotic use in animals initially decreased following a series of policy changes. The prevalence of resistant bacteria declined in food animals and retail meat in many instances, but a decline in humans has only occasionally been documented. Denmark's data on use and resistance helped officials track the effects of its policies and take action to reverse unwanted trends. The EU faces difficulty collecting data that can be compared across countries, but officials there said such data are needed to fully understand how use in animals may lead to resistance in humans. GAO recommends that HHS and USDA (1) identify and evaluate approaches to collecting detailed data on antibiotic use in animals and use these data to evaluate FDA's voluntary strategy, (2) collect more representative data on resistance, and (3) assess previous efforts on alternatives to identify where more research is needed. HHS and USDA agreed with GAO's recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To track the effectiveness of policies to curb antibiotic resistance, including FDA's voluntary strategy designed to reduce antibiotic use in food animals and to address action items in the surveillance focus area of the 2001 interagency plan, the Secretaries of Agriculture and Health and Human Services should direct agencies to, consistent with their existing authorities, (1) identify potential

approaches for collecting detailed data on antibiotic use in food animals, including the species in which antibiotics are used and the purpose for their use, as well as the costs, time frames, and potential trade-offs associated with each approach; (2) collaborate with industry to select the best approach; (3) seek any resources necessary to implement the approach; and (4) use the data to assess the effectiveness of policies to curb antibiotic resistance.

Agency Affected: Department of Agriculture
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: Department of Health and Human Services
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To enhance surveillance of antibiotic-resistant bacteria in food animals, we recommend that the Secretaries of Agriculture and Health and Human Services direct agencies to, consistent with their existing authorities, modify the National Antimicrobial Resistance Monitoring System (NARMS) sampling to make the data more representative of antibiotic resistance in food animals and retail meat throughout the United States.

Agency Affected: Department of Agriculture
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: Department of Health and Human Services
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To better focus future federal research efforts on alternatives to current antibiotic use practices, the Secretaries of Agriculture and Health and Human Services should direct agencies to (1) assess previous research efforts on alternatives and identify gaps where additional research is needed, in collaboration with the animal production industry, and (2) specify steps in the draft 2010 interagency plan that agencies will take to fill those gaps.

Agency Affected: Department of Agriculture
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Natural Resources, Agricultural research, Animal feed and drugs, Animals, Antibiotics, Data collection, Federal regulations, Food industry, Food safety, Food supply, Interagency relations, Lessons learned, Nutrition research, Pharmacological research, Regulatory agencies, Risk assessment, Safety regulation

Telecommunications: Competition, Capacity, and Costs in the Fixed Satellite Services Industry

GAO-11-777 September 7, 2011

Commercial satellites are used by the U.S. government to provide a variety of fixed satellite services, such as military communications. However, the number of satellite operators providing such service has declined since 2000. Further, until recently, three vendors, known as satellite service providers, had sole authority to contract with the Department of Defense (DOD) under its primary satellite contract. Among other things, GAO was asked to describe (1) changes that have occurred in the fixed satellite services industry since 2000 and the effects these changes could have on the relationship between satellite operators and service providers; (2) the technological, regulatory, and other factors that affect competition in the fixed satellite services industry; and (3) how costs for DOD to acquire fixed satellite services have changed since 2000 and contracting officials' views on the effects of changes in the industry and contracts on costs. To address these objectives, GAO reviewed demand and capacity data, economic literature, and international regulations; analyzed DOD commercial satellite procurement data; and interviewed satellite industry stakeholders. The Federal Communications Commission, DOD, General Services Administration, and the Departments of Justice and State reviewed a draft of this report. The agencies provided technical comments that GAO incorporated into the report as appropriate.

Since 2000, integration in the fixed satellite services industry has occurred, altering the relationships between satellite operators (owners of satellites) and service providers (resellers of satellite services). Mergers within the industry have resulted in two primary operators--Intelsat and SES--providing service to the United States. In addition, these two satellite operators also acquired U.S. subsidiaries, allowing them to compete against the service providers for government contracts. According to service providers, this change could result in an operator charging a higher price for capacity to the service provider than to its subsidiary, placing the service provider at a competitive disadvantage. Alternatively, the operator may be able to provide capacity more efficiently and at a lower cost than if the customer, such as the U.S. government,

acquired the capacity indirectly through a service provider. A limited number of orbital locations and enforcement mechanisms in international regulations constrain entry into the fixed satellite services industry. A finite number of orbital locations limit the number of satellites in orbit. International regulations have processes in place to promote equitable and efficient access to orbital resources, but the International Telecommunication Union, a United Nations specialized agency, does not have the ability to monitor and enforce these regulations. As a result, administrations (countries) file numerous applications for orbital locations that may not result in the launch of a satellite, preventing other operators from entering the industry due to limited overall slots. DOD's costs to acquire fixed satellite services have increased significantly since 2003, but contracting officials expect a new contract to increase competition. According to GAO's analysis of DOD data, the real cost per megahertz of bandwidth was 30 percent lower in fiscal year 2003, and lower in all intervening years, than in fiscal year 2010. Contracting officials attribute the higher costs to market factors, such as demand and availability of bandwidth, and expect a new government contract to increase competition, which may exert downward pressure on the government's costs.

Categories: Science, Space, and Technology, Bandwidth, Competition, Cost analysis, Data transmission, Defense procurement, Department of Defense contractors, International cooperation, Military communication, Military satellites, Regulation, Satellites, Service industry, Telecommunications, Telecommunications industry

Telecommunications: Enhanced Data Collection and Analysis Could Inform FCC's Efforts to Complete the Digital Transition of Low-Power Television Stations and Reallocate Spectrum

GAO-11-790 September 7, 2011

Television stations that broadcast at lower power levels were not required to meet the 2009 digital transition deadline for full-power stations. These low-power television stations transmit over a smaller area, and most are less regulated than full-power stations. Low-power television stations use valuable radio frequency spectrum, and the Federal Communications Commission (FCC) noted the stations' digital transition could aid its efforts to clear spectrum for wireless broadband. GAO examined (1) low-power television stations' location and status in transitioning to digital, (2) FCC's steps to transition low-power television stations to digital and whether these stations are facing challenges transitioning to digital, and (3) why low-power television stations were established and the extent to which FCC collects information to determine if low-power television service is meeting FCC's statutory and policy goals. GAO analyzed FCC data and documents, reviewed stakeholder comments, and interviewed agency officials, stakeholders, and low-power television licensees.

Thousands of over-the-air low-power television stations serve communities across the United

States in both urban and rural areas, and about 60 percent of all such stations have either completed the digital transition or have taken steps to transition. Over half of all low-power television stations are known as translators, which retransmit major network and other stations' programming in areas that cannot receive the signals from a primary station, generally in rural and mountainous areas. The remaining stations include low-power television stations known as LPTV stations and Class A stations. Class A stations have a special status that gives them greater interference protection than translator and LPTV stations and requires them to broadcast a minimum amount of locally produced programming. Some LPTV and Class A stations serve niche or local audiences with ethnic, religious, or other programming. In July 2011, FCC issued an order that established a deadline of September 1, 2015, for low-power television stations to cease analog broadcasts, but stations may still face challenges in making the transition to digital because of regulatory uncertainty. Specifically, an FCC proposal to reallocate spectrum from broadcasting to wireless broadband created regulatory uncertainty and difficulty for stations attempting to justify investing in transitioning to digital. Such a reallocation would leave fewer channels for television broadcasts and could make it difficult for low-power stations to find an available channel that does not interfere with other stations. FCC's order noted these concerns when adopting the 2015 deadline, rather than a previously proposed deadline of 2012, but it is currently unknown whether the uncertainty posed by the spectrum reallocation will be resolved prior to 2015. FCC's order adopted other measures, such as establishing a process for Class A stations to transfer their status to their new digital channels. Previously, without such a process, some stations delayed completing their transition to digital and others lost their Class A status after they transitioned to digital and ceased analog operation. According to FCC officials, such stations can apply to regain Class A status; however, stations may be unaware of this option as it is not explicit in the order. Low-power television stations were established to reach underserved communities; FCC has noted that the stations can positively affect FCC's goals of localism and diversity. However, FCC has not collected data to evaluate the extent to which these stations fulfill unmet community needs or contribute to meeting FCC's policy goals. Specifically, FCC does not collect programming data, is limited in its ability to identify stations that are not broadcasting, and has not evaluated low-power stations' impact in assessments of the information needs of communities. Lacking such information, FCC does not know the public benefit of stations and is limited in its ability to weigh the effects of its decisions on low-power television stations against the increasing need for spectrum for broadband services. Furthermore, although FCC proposed allowing additional stations to apply for Class A status as a means to preserve community programming, it has not issued an order and may need legislative guidance to determine the future of Class A status. FCC should (1) explore options for assessing the impact of

low-power stations on the communities served and on FCC's goals, and (2) work with Congress as necessary to determine what the long-term role of Class A stations should be, whether additional stations should be permitted to apply for Class A status, and what criteria stations must meet to qualify for such status. FCC stated it is taking actions to address GAO's recommendations, and provided technical comments that were incorporated as appropriate.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: The Federal Communications Commission should explore options for assessing how the three types of low-power television stations have affected the communities they serve and have contributed to FCC's policy goals of localism and diversity. Such an assessment could include evaluating what existing data FCC could use and what additional data should be collected to inform such an assessment.

Agency Affected: Federal Communications Commission
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: The Federal Communications Commission should work with Congress, as necessary, to determine what the long-term role of Class A stations should be, whether additional low-power television stations should be permitted to apply for Class A status, and what criteria stations must meet to qualify for such status. Such criteria could include attributes that contribute to FCC's goals of serving underserved communities and enhancing localism and diversity, such as providing locally produced programming and programming otherwise unavailable to communities.

Agency Affected: Federal Communications Commission

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Science, Space, and Technology, Broadband, Data collection, Digital broadcasting, Digital television, Federal regulations, Licenses, Spectrum, Technology, Telecommunications, Television, Television broadcasting

Airline Passenger Protections: More Data and Analysis Needed to Understand Effects of Flight Delays

GAO-11-733 September 7, 2011

Flight delays and cancellations are disruptive and costly for passengers, airlines, and the economy. Long tarmac delays have created hardships for some passengers. To enhance passenger protections in the event of flight disruptions, the U.S. Department of Transportation (DOT) recently introduced passenger protection regulations, including a rule that took effect in April 2010 designed to prevent tarmac delays more than 3 hours (the tarmac delay rule), as well as other efforts to improve passenger welfare. As requested, this report addresses (1) whether flight delays and cancellations differ by community size; (2) how DOT's tarmac delay rule has affected passengers and airlines; and (3) how passenger protection requirements in the United States, Canada, and the European Union (EU) affect passengers and airlines. GAO analyzed DOT data, including through the use of regression models, as well as data from FlightStats, a private source of flight performance information. GAO also reviewed documents and interviewed government, airline, and consumer group officials in the United States, Canada, and the EU.

Airports in rural communities have higher rates of delays and cancellations than airports in larger communities, but DOT data provide an incomplete picture of this difference. DOT's data include flights operated by the largest airlines, representing about 70 percent of all scheduled flights. GAO analysis of FlightStats data, representing about 98 percent of all scheduled flights, show more substantial differences in flight performance trends by community size than DOT data. DOT has historically not collected data from smaller airlines because of the burden it could impose on these airlines, but without this information, DOT cannot fully achieve the purpose of providing consumers with information on airlines' quality of service. DOT's tarmac delay rule has nearly eliminated tarmac delays of more than 3 hours (180 minutes), declining from 693 to 20 incidents in the 12 months following the introduction of the rule in April 2010. While this has reduced the hardship of long on-board delays for some passengers, GAO analysis suggests the rule is also correlated with a greater likelihood of flight cancellations. Such cancellations can lead to long overall passenger travel times. Airlines and other aviation stakeholders maintain that the tarmac delay rule has changed airline decision-

making in ways that could make cancellations more likely. To test this claim, GAO developed two regression models, which controlled for a variety of factors that can cause cancellations and measured whether the time period following the imposition of the tarmac delay rule is correlated with an increase in cancellations. The two models assessed flights canceled before and after leaving the gate, for the same 5 months (May through September) in 2009 and 2010. In both cases, GAO found that there was an increased likelihood of cancellation in 2010 compared to 2009. EU requirements provide airline passengers with more extensive protections, such as care and compensation, for flight delays, cancellations, and denied boardings than do U.S. or Canadian requirements. But these protections may also increase costs for airlines and passengers. For example, some airline officials in the United States and the EU told GAO that increases in the amount of denied boarding compensation has increased their overall costs. Additionally, enhanced passenger protections, such as those in the EU, can create enforcement challenges if regulations are unclear or not universally enforced. GAO recommends that DOT collect and publicize more comprehensive data on airlines' on-time performance and assess the full range of the tarmac delay rule's costs and benefits and, if warranted, refine the rule's requirements and implementation. DOT did not comment directly on the recommendations, but indicated that it would soon begin a study of the effect of the tarmac delay rule.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To enhance aviation consumers' decision-making, the Secretary of Transportation should collect and publicize more comprehensive on-time performance data to ensure that information on most flights, to airports of all sizes, is included in the Bureau of Transportation Statistics' database. DOT could accomplish this by, for example, requiring airlines with a smaller percentage of the total domestic scheduled passenger service revenue, or airlines that operate flights for other airlines, to report flight performance information.

Agency Affected: Department of Transportation
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To enhance DOT's understanding of the impact of tarmac delays and flight cancellations, the Secretary of Transportation should fully assess the impact of the tarmac delay rule, including the relationship between the rule and any increase in cancellations and how they effect passengers and, if warranted, refine the rule's requirements and implementation to maximize passenger welfare and system efficiency.

Agency Affected: Department of Transportation
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Transportation, Air transportation, Airline regulation, Airlines, Airports, Aviation, Commercial aviation, Comparative analysis, Compensation, Customer service, Federal regulations, Passengers, Schedule slippages, Travel

Legal-Bid Protest Ruling: Terex Government Programs

B-404946.3 September 7, 2011

Terex Government Programs, of Fredericksburg, Virginia, protests the award of a contract to Kalmar RT Center LLC, of Cibolo, Texas, by the Department of the Army, under request for proposals (RFP) No. W56HZV-10-R-0018, for light capability rough terrain forklifts (LCRTF).

We deny the protest.

Categories: Bid Protest, Contract award protests, Equipment contracts, Evaluation criteria, Fixed price contracts, Prices and pricing, Small business contracts, Source selection

Temporary Assistance for Needy Families: Update on Families Served and Work Participation

GAO-11-880T September 8, 2011

The Temporary Assistance for Needy Families (TANF) program, created in 1996, is one of the key federal funding streams provided to states to assist low-income families. A critical aspect of TANF has been its focus on employment and self-sufficiency, and the primary means to measure state efforts in this area has been TANF's work participation requirements. When the Deficit Reduction Act of 2005 (DRA) reauthorized TANF, it also made changes that were generally expected to strengthen these work requirements. Given the impending extension or reauthorization of TANF, this testimony primarily draws on previous GAO work to focus on (1) how the welfare caseload and related spending have changed since TANF was created and (2) how states have met work participation rates since DRA. To address these issues, in work conducted from August 2009 to May 2010, GAO analyzed state data reported to the Department of Health and Human Services (HHS); surveyed state TANF administrators in 50 states and the District of Columbia; conducted site visits to Florida, Ohio, and Oregon, selected to provide geographic diversity and variation in TANF program characteristics; and reviewed relevant federal laws, regulations, and research. In July 2011, GAO updated this work by analyzing state data reported to HHS since that time. In addition, GAO gathered information on caseload changes through its forthcoming work on TANF child-only cases.

Between fiscal years 1997 and 2008, the total number of families receiving welfare cash assistance decreased by almost 50 percent. At the same time, there have also been changes in the types of families receiving cash assistance. Specifically, child-only cases--in which the children alone receive benefits--increased from about 35 percent of the overall TANF caseload in 2000 to about half in 2008. As the number of families receiving TANF cash assistance declined, state spending shifted to support purposes other than cash assistance, which is allowed under the law. However, because states are primarily required to report data to HHS on families receiving cash assistance and not on families receiving other forms of aid funded by TANF, this shift in spending has left gaps in the information gathered at the federal level to understand who TANF funds are serving and ensure state accountability. Nationally, the proportion of TANF families who met their work requirements changed little after DRA was enacted, and many states have been able to meet their work participation rate requirements because of various policy and funding options allowed in federal law and regulations. Although federal law generally requires that a minimum of 50 percent of families receiving TANF cash assistance in each state participate in work activities, both before and after DRA, about one-third of TANF families nationwide met these requirements. Nonetheless, many states have been able to meet their required work participation rates because of policy and

funding options. For example, states receive a caseload reduction credit, which generally decreases each state's required work participation rate by the same percentage that state caseloads decreased over a specified time period. States can further add to their credits, and decrease their required work rates, by spending their own funds on TANF-related services beyond the amount that is required to receive federal TANF funds. In fiscal year 2009, 7 states met their rates because 50 percent or more of their TANF families participated in work activities for the required number of hours. However, when states' caseload decreases and additional spending were included in the calculation of state caseload reduction credits, 38 other states were also able to meet their required work participation rates in that year.

Categories: Employment, Children, Employment, Employment assistance programs, Employment requirements, Families, Federal aid to states, Federal funds, HHS Temporary Assistance for Needy Families Program, Program evaluation, Public assistance programs, Requirements definition, State aid, Welfare benefits

Department of Homeland Security: Progress Made and Work Remaining in Implementing Homeland Security Missions 10 Years after 9/11

GAO-11-940T September 8, 2011

The terrorist attacks of September 11, 2001, led to profound changes in government agendas, policies and structures to confront homeland security threats facing the nation. Most notably, the Department of Homeland Security (DHS) began operations in 2003 with key missions that included preventing terrorist attacks from occurring in the United States, reducing the country's vulnerability to terrorism, and minimizing the damages from any attacks that may occur. DHS is now the third-largest federal department, with more than 200,000 employees and an annual budget of more than \$50 billion. Since 2003, GAO has issued over 1,000 products on DHS's operations in such areas as transportation security and emergency management, among others. As requested, this testimony addresses DHS's progress and challenges in implementing its homeland security missions since it began operations, and issues affecting implementation efforts. This testimony is based on a report GAO issued in September 2011, which assessed DHS's progress in implementing its homeland security functions and work remaining.

Since it began operations in 2003, DHS has implemented key homeland security operations and achieved important goals and milestones in many areas to create and strengthen a foundation to reach its potential. As it continues to mature, however, more work remains for DHS to address gaps and weaknesses in its current operational and implementation efforts, and to strengthen the efficiency and effectiveness of those efforts to achieve its full potential. DHS's accomplishments include developing strategic and operational plans; deploying workforces; and establishing new, or expanding existing, offices and programs. For example, DHS (1) issued plans to guide its efforts, such as the Quadrennial Homeland Security

Review, which provides a framework for homeland security, and the National Response Framework, which outlines disaster response guiding principles; (2) successfully hired, trained, and deployed workforces, such as a federal screening workforce to assume security screening responsibilities at airports nationwide; and (3) created new programs and offices to implement its homeland security responsibilities, such as establishing the U.S. Computer Emergency Readiness Team to help coordinate efforts to address cybersecurity threats. Such accomplishments are noteworthy given that DHS has had to work to transform itself into a fully functioning department while implementing its missions--a difficult undertaking that can take years to achieve. While DHS has made progress, its transformation remains high risk due to its management challenges. Examples of progress made and work remaining include: Border security. DHS implemented the U.S. Visitor and Immigrant Status Indicator Technology program to verify the identities of foreign visitors entering and exiting the country by processing biometric and biographic information. However, DHS has not yet determined how to implement a biometric exit capability and has taken action to address a small portion of the estimated overstay population in the United States (individuals who legally entered the country but then overstayed their authorized periods of admission). Aviation security. DHS developed and implemented Secure Flight, a program for screening airline passengers against terrorist watchlist records. DHS also developed new programs and technologies to screen passengers, checked baggage, and air cargo. However, DHS does not yet have a plan for deploying checked baggage screening technologies to meet recently enhanced explosive detection requirements, a mechanism to verify the accuracy of data to help ensure that air cargo screening is being conducted at reported levels, or approved technology to screen cargo once it is loaded onto a pallet or container. Emergency preparedness and response. DHS issued the National Preparedness Guidelines that describe a national framework for capabilities-based preparedness, and a Target Capabilities List to provide a national-level generic model of capabilities defining all-hazards preparedness. DHS is also finalizing a National Disaster Recovery Framework. However, DHS needs to strengthen its efforts to assess capabilities for all-hazards preparedness, and develop a long-term recovery structure to better align timing and involvement with state and local governments' capacity. Chemical, biological, radiological and nuclear (CBRN) threats. DHS assessed risks posed by CBRN threats and deployed capabilities to detect CBRN threats. However, DHS should work to improve its coordination of CBRN risk assessments, and identify monitoring mechanisms for determining progress made in implementing the global nuclear detection strategy. GAO's work identified three themes at the foundation of DHS's challenges: Leading and coordinating the homeland security enterprise; Implementing and integrating management functions for results; and Strategically managing risks and assessing

homeland security efforts. This testimony contains no new recommendations.

Categories: Homeland Security, Agency missions, Aviation security, Bioterrorism, Border security, Combating terrorism, Comprehensive emergency management, Counterterrorism, Cyber security, Emergency preparedness, Emergency response, Federal agency reorganization, GAO High Risk List, General management reviews, Homeland security, Immigration, Maritime security, National defense operations, Program evaluation, Program management, Risk management, Security assessments, Security threats, Strategic planning, Terrorism, Transportation security

Nuclear Nonproliferation: U.S. Agencies Have Limited Ability to Account for, Monitor, and Evaluate the Security of U.S. Nuclear Material Overseas

GAO-11-920 September 8, 2011

The United States has exported special nuclear material, including enriched uranium, and source material such as natural uranium under nuclear cooperation agreements. The United States has 27 nuclear cooperation agreements for peaceful civilian cooperation. Under the U.S. Atomic Energy Act of 1954 (AEA), as amended, partners are required to guarantee the physical protection of U.S. nuclear material. GAO was asked to (1) assess U.S. agency efforts to account for U.S. nuclear material overseas, (2) assess the Department of Energy's (DOE) and U.S. agencies' efforts to evaluate the security of U.S. material overseas, and (3) describe DOE's activities to secure or remove potentially vulnerable U.S. nuclear material at partner facilities. GAO analyzed agency records and interviewed DOE, Nuclear Regulatory Commission (NRC), Department of State (State), and partner country officials. This report summarizes GAO's classified report issued in June 2011.

DOE, NRC, and State are not able to fully account for U.S. nuclear material overseas that is subject to nuclear cooperation agreement terms because the agreements do not stipulate systematic reporting of such information, and there is no U.S. policy to pursue or obtain such information. U.S. nuclear cooperation agreements generally require that partners report inventory information upon request, however, DOE and NRC have not systematically sought such data. DOE and NRC do not have a comprehensive, detailed, current inventory of U.S. nuclear material--including weapon-usable material such as highly enriched uranium (HEU) and separated plutonium--overseas that includes the country, facility, and quantity of material. In addition, NRC and DOE could not fully account for the current location and disposition of U.S. HEU overseas in response to a 1992 congressional mandate. U.S. agencies, in a 1993 report produced in response to the mandate, were able to verify the location of 1,160 kilograms out of 17,500 kilograms of U.S. HEU estimated to have been exported. DOE, NRC, and State have established annual inventory reconciliations with five U.S. partners, but not the others it has transferred material to or trades with. Nuclear cooperation agreements do not contain specific

access rights that enable DOE, NRC, or State to monitor and evaluate the physical security of U.S. nuclear material overseas, and the United States relies on its partners to maintain adequate security. In the absence of access rights, DOE's Office of Nonproliferation and International Security, NRC, and State have conducted physical protection visits to monitor and evaluate the physical security of U.S. nuclear material at facilities overseas when permitted. However, the agencies have not systematically visited countries believed to be holding the highest proliferation risk quantities of U.S. nuclear material, or systematically revisited facilities not meeting international physical security guidelines in a timely manner. Of the 55 visits made from 1994 through 2010, U.S. teams found that countries met international security guidelines approximately 50 percent of the time. DOE has taken steps to improve security at a number of facilities overseas that hold U.S. nuclear material but faces constraints. DOE's Global Threat Reduction Initiative (GTRI) removes U.S. nuclear material from vulnerable facilities overseas but can only bring back materials that have an approved disposition pathway and meet the program's eligibility criteria. GTRI officials told GAO that, of the approximately 17,500 kilograms of HEU exported from the United States, 12,400 kilograms are currently not eligible for return to the United States. Specifically, GTRI reported that over 10,000 kilograms of U.S. HEU are believed to be in fuels from reactors in Germany, France, and Japan that have no disposition pathways in the United States and are adequately protected. In addition, according to GTRI, 2,000 kilograms of transferred U.S. HEU are located primarily in European Atomic Energy Community countries and are currently in use or adequately protected. GAO suggests, among other things, that Congress consider directing DOE and NRC to compile an inventory of U.S. nuclear material overseas. DOE, NRC, and State generally disagreed with GAO's recommendations, including that they conduct annual inventory reconciliations with all partners, stating they were unnecessary. GAO continues to believe that its recommendations could help improve the accountability of U.S. nuclear material in foreign countries.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Matters for Congressional Consideration

Recommendation: Congress may wish to consider directing DOE and NRC to complete a full accounting of U.S. weapon-usable nuclear materials--in particular, HEU and separated plutonium--with its nuclear cooperation agreement partners and other countries that may possess such U.S. nuclear material.

Status: In process

Comments: When we determine what steps the Congress has taken, we will provide updated information.

Recommendation: Congress may wish to consider amending the AEA if State, working with other U.S. agencies, does not include enhanced measures regarding physical protection access rights in future agreements and renewed agreements, so that U.S. interagency physical protection teams may obtain access when necessary to verify that U.S. nuclear materials have adequate physical protection. The amendment could provide that the U.S. government may not enter into nuclear cooperation agreements unless such agreements contain provisions allowing the United States to verify that adequate physical security is exercised over nuclear material subject to the terms of these agreements.

Status: In process

Comments: When we determine what steps the Congress has taken, we will provide updated information. Recommendations for Executive Action

Recommendation: To help federal agencies better understand where U.S. nuclear material is currently located overseas, and to strengthen controls over U.S. nuclear material subject to nuclear cooperation agreements, the Secretary of State, working with the Secretary of Energy and the Chairman of the Nuclear Regulatory Commission, should determine, for those partners with which the United States has transferred material but does not have annual inventory reconciliation, a baseline inventory of weapon-usable U.S. nuclear material, and establish a process for conducting annual reconciliations of inventories of nuclear material on a facility-by-facility basis.

Agency Affected: Department of State

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help federal agencies better understand where U.S. nuclear material is currently located overseas, and to strengthen controls over U.S. nuclear material subject to nuclear cooperation agreements, the Secretary of State, working with the Secretary of Energy and the Chairman of the Nuclear Regulatory

Commission, should establish for those partners with which the United States has an annual inventory reconciliation, reporting on a facility-by-facility basis for weapon-usable material where possible.

Agency Affected: Department of State
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help federal agencies better understand where U.S. nuclear material is currently located overseas, and to strengthen controls over U.S. nuclear material subject to nuclear cooperation agreements, the Secretary of State, working with the Secretary of Energy and the Chairman of the Nuclear Regulatory Commission, should facilitate visits to sites that U.S. physical protection teams have not visited that are believed to be holding U.S. Category I nuclear material.

Agency Affected: Department of State
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help federal agencies better understand where U.S. nuclear material is currently located overseas, and to strengthen controls over U.S. nuclear material subject to nuclear cooperation agreements, the Secretary of State, working with the Secretary of Energy and the Chairman of the Nuclear Regulatory Commission, should seek to include measures that provide for physical protection access rights in new or renewed nuclear cooperation agreements so that U.S. interagency physical protection teams may in the future obtain access when necessary to verify that U.S. nuclear materials are adequately protected. Careful consideration should be given to the impact of any reciprocity clauses on U.S. national security when negotiating or reviewing these agreements.

Agency Affected: Department of State
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: The Secretary of Energy, working with the Secretary of State, and the Chairman of the Nuclear Regulatory Commission should develop an official central repository to maintain data regarding U.S. inventories of nuclear material overseas. This repository could be the Nuclear Materials Management and Safeguards System (NMMSS) database, or if the U.S. agencies so determine, some other official database.

Agency Affected: Department of Energy
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: The Secretary of Energy, working with the Secretary of State, and the Chairman of the Nuclear Regulatory Commission should develop formal goals for and a systematic process to determine which foreign facilities to visit for future interagency physical protection visits. The goals and process should be formalized and agreed to by all relevant agencies.

Agency Affected: Department of Energy
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: The Secretary of Energy, working with the Secretary of State, and the Chairman of the Nuclear Regulatory Commission should periodically review performance in meeting key programmatic goals for the physical protection program, including determining which countries containing Category I U.S. nuclear material have been visited within the last 5 years, as well as determining whether partner facilities previously found to not meet International Atomic Energy Agency (IAEA) security guidelines were revisited in a timely manner.

Agency Affected: Department of Energy
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Natural Resources, Cooperative agreements, Eligibility criteria, Inventory control, NNSA Global Threat Reduction Initiative (GTRI), Nuclear facilities, Nuclear facility security, Nuclear materials, Nuclear proliferation, Physical security, Security assessments, Uranium

Legal-Bid Protest Ruling: Rohmann Services, Inc.

B-405171 September 8, 2011

Rohmann Services, Inc., of San Antonio, Texas, protests the award of a contract by the Department of the Air Force to Media Fusion, Inc., of Huntsville, Alabama, under request for proposals (RFP) No. FA9301-10-R-0010 for multimedia services at Edwards Air Force Base, California. Rohmann challenges various aspects of the agency's evaluation of Media's proposal.

We deny the protest.

Categories: Bid Protest, Aerial photography, Air Force procurement, Bid evaluation protests, Contract award protests, Contract performance, Evaluation criteria, Fixed price contracts, Indefinite delivery contracts, Service contracts, Small business set-asides, Solicitations

Energy Policy Act of 2005: BLM's Use of Section 390 Categorical Exclusions for Oil and Gas Development

GAO-11-941T September 9, 2011

The Energy Policy Act of 2005 was enacted in part to expedite domestic oil and gas development. Section 390 of the act authorized the Department of the Interior's Bureau of Land Management (BLM) to use categorical exclusions to streamline the environmental analysis required under the National Environmental Policy Act of 1969 (NEPA) when approving certain oil and gas activities. Numerous questions have been raised about how and when BLM should use these section 390 categorical exclusions. In September 2009, GAO reported on BLM's first 3 years of experience-- fiscal years 2006 through 2008-- using section 390 categorical exclusions. This testimony is based on GAO's September 2009 report (GAO-09-872) and updated with information on court decisions that have been reached since the report was issued. The testimony focuses on (1) the extent to which BLM used section 390 categorical exclusions and the benefits, if any, associated with their use; (2) the extent to which BLM complied with the Energy Policy Act of 2005 and agency guidance; (3) key concerns, if any, associated with section 390 categorical exclusions; and (4) how BLM has responded to GAO's recommendations and other recent developments. For its September 2009 report, GAO analyzed a nongeneralizable random sample of 215 section 390 categorical exclusion decision documents from all BLM field offices that used section 390 categorical exclusions and interviewed agency officials and others.

GAO's analysis of BLM field office data showed that section 390 categorical exclusions were used to approve almost 6,900 oil-and-gas-related activities from fiscal year 2006 through fiscal year 2008. Nearly 6,100 of these categorical exclusions were used for drilling permits and the rest for other nondrilling activities. Most BLM officials GAO spoke with said that section 390 categorical exclusions increased the efficiency of certain field office operations, but it was not possible to quantify these benefits. GAO reported that BLM's use of section 390 categorical exclusions through fiscal year 2008 often did not comply with either the law or BLM's guidance. First, GAO found several types of violations of the law, including approving projects inconsistent with the law's criteria and drilling a new well after mandated time frames had lapsed. Second, GAO found numerous examples where officials did not correctly follow agency guidance, most often by failing to adequately justify the use of a categorical exclusion. A lack of clear guidance and oversight contributed to the violations and noncompliance. Many instances of noncompliance were technical in nature, whereas others were more significant and may have thwarted NEPA's twin aims of ensuring that BLM and the public are fully informed of the environmental consequences of BLM's actions. In September 2009, GAO reported that a lack of clarity in section 390 and BLM's guidance had caused industry, environmental groups, BLM officials, and others

to raise serious concerns about the use of section 390 categorical exclusions. First, fundamental questions about what section 390 categorical exclusions were and how they should be used led to concerns that BLM might have been using these categorical exclusions in too many--or too few--instances. Second, specific concerns were raised about key concepts underlying the law's description of certain section 390 categorical exclusions. Third, vague or nonexistent definitions of key terms in the law and BLM guidance that describe the conditions to be met when using a section 390 categorical exclusion led to varied interpretations among field offices and concerns about misuse and a lack of transparency. As a result, GAO suggested that Congress may want to consider amending the act to clarify section 390, and GAO recommended that BLM clarify its guidance, standardize decision documents, and ensure compliance through more oversight. The Department of the Interior concurred with GAO's recommendations. In May 2010, in response to a court settlement and GAO's recommendations, BLM issued a new instruction memorandum substantially addressing the gaps and shortcomings in BLM's guidance that GAO had identified. In addition, BLM was developing a second instruction memorandum to address GAO's recommendation that it standardize decision documents when, on August 12, 2011, a decision was reached in *Western Energy Alliance v. Salazar*. The court held that the May 2010 instruction memorandum constituted a regulation that BLM adopted without using proper rule-making procedures and issued a nationwide injunction blocking the memorandum's implementation. According to a BLM official, the ruling has prevented BLM from implementing key parts of the memorandum and called into question the issuance of the second memorandum aimed at further addressing GAO's recommendations. GAO is making no new recommendations at this time.

Categories: Energy, Conservation, Employees, Energy policy, Environmental assessment, Environmental impact statements, Environmental policies, Federal regulations, Fuel research, Gas leases, Gas resources, Land leases, Land management, Land use, Noncompliance, Oil drilling, Oil fields, Oil leases, Program evaluation, Public lands

Interagency Contracting: Improvements Needed in Setting Fee Rates for Selected Programs

GAO-11-784 September 9, 2011

Federal agencies spend over \$50 billion annually on goods and services using interagency contracts, which leverage the government's buying power, simplify procuring commonly used goods and services, and allow agencies to use the contracts and expertise of other agencies. Agencies that operate interagency contracts and provide assisted acquisition services for other agencies recover their costs by charging a fee to their customers. In response to questions about fee rates and their composition, GAO assessed for selected interagency contracting programs (1) the current fee rates and trends in the fee rates, sales, costs, and revenues; (2) the extent to which programs

subsidize, or are subsidized by, other programs; (3) the extent to which agencies identify, track, and forecast costs and revenues, manage reserves, and obtain approval for fee-rate changes; and (4) the extent to which agencies use contractor personnel to supplement program staffing. GAO analyzed data on six interagency contract programs at four agencies--General Services Administration (GSA), Department of the Interior (DOI), National Aeronautics and Space Administration (NASA) and National Institutes of Health (NIH); reviewed agency policies; and interviewed officials from the agencies' program, policy, and financial offices.

Fee rates for the selected interagency contract programs range from 0.25 percent to 12.0 percent of the value of the order for fiscal year 2011 and vary depending on the level of service and type of acquisition services provided. Some programs with lower fee rates provide only minimal support services while the customer agency places direct orders through an online system. Other programs provide more support services or function as the acquisition office for the customer agency. The fee rates have remained stable since fiscal year 2007 at four of the six programs reviewed--three at GSA and one at DOI. Two programs--one at NASA and one at NIH--lowered their rates. During this same period, sales have generally increased across programs, and most of the programs have generated revenue in excess of program costs. Excess revenue in a given year is permitted; however, GSA's Multiple Award Schedules (MAS) program has consistently accumulated excess revenue. All but NASA's program allow for subsidization since they are managed along with other programs under revolving funds. Subsidization allows agencies to ensure that their revolving funds remain solvent, even if they must subsidize across programs if some programs cannot cover all their costs with revenue generated by their fee rates. NASA is managed as a stand-alone program. Agencies follow key elements of the fee-setting process, but weaknesses exist in some programs. The weaknesses include inadequate cost identification, inadequate attention to growing reserve balances, and not following internal approval processes. For example, GSA does not track Networkx costs at the contract level, and does not monitor the growth of reserve balances at the program level. DOI does not assign its overhead costs proportionately between its offices. Therefore, these agencies cannot ensure that all their fee rates are set appropriately and may be missing opportunities to identify program inefficiencies. Use of contractor personnel for support services in interagency contract programs varied widely, ranging from 5 percent of total staffing for the GSA MAS to 92 percent of staffing at NASA. In general, agencies use contractor personnel to provide acquisition support or management support. Agency officials said using contractor personnel allows them flexibility to adjust to changing workloads. NASA officials said that they will continue to review the extent to which functions should be performed by federal employees or by contractor personnel. GAO recommends that GSA improve its tracking of costs and management of reserves and that DOI

improve its assignment of overhead costs. GSA and DOI concurred with GAO's recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

Director: Franklin W. Rusco
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Director: William T. Woods
Team: Government Accountability Office: Acquisition and Sourcing Management
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Recommendations for Executive Action

Recommendation: To improve aspects of specific interagency contracting programs and to better adhere to cost recovery principles, the Administrator of General Services should direct the Federal Acquisition Service Commissioner to begin tracking cost information on the Networkx multi-agency contract (MAC) at the program level to enable agency managers to identify possible inefficiencies in the program.

Agency Affected: General Services Administration

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve aspects of specific interagency contracting programs and to better adhere to cost recovery principles, the Administrator of General Services should direct the Federal Acquisition Service Commissioner to develop and implement guidance for evaluation of current fee rates when an individual program consistently transfers excess revenue to the reserve funds.

Agency Affected: General Services Administration

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To improve aspects of specific interagency contracting programs and to better adhere to cost recovery principles, the Secretary of the Interior should direct the National Business Center Director to revisit the assignment of costs of its Assisted Acquisition Services program to ensure that the overhead costs of the program are properly assigned between its two offices to ensure that each carries its fair share of the overhead costs consistent with cost recovery principles.

Agency Affected: Department of the Interior

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Financial Management, Contract administration, Contractor personnel, Contracts, Cost analysis, Federal agencies, Federal procurement, Fees, Financial analysis, Interagency relations, Program evaluation, Rates, Revolving funds, Subsidies

Management Report: Opportunities for Improvements in the Congressional Award Foundation's Internal Controls and Accounting Procedures

GAO-11-825R September 9, 2011

In May 2011, we issued our opinion on the fiscal years 2010 and 2009 financial statements of the Congressional Award Foundation (the Foundation). We also reported on our evaluation of the Foundation's compliance with provisions of selected laws and regulations for the fiscal year ended September 30, 2010, and our consideration of the Foundation's internal control over financial reporting. The Foundation was formed in 1979 under the Congressional Award Act and is a private, not-for-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. It was established to promote initiative, achievement, and excellence among young people in the areas of public service, personal development, physical fitness, and expedition. During fiscal year 2010, there were approximately 28,700 participants registered in the Foundation's award program. Although the organization does not receive federal funding, we are responsible for conducting audits of the Foundation's financial statements annually in accordance with section 107 of the Congressional Award Act, as amended (2 U.S.C. 807). In our previous year's audit of the Foundation's fiscal years 2009 and 2008 financial statements, we reported a material weakness in the Foundation's internal control over financial reporting. This resulted in the need for material adjustments in finalizing the Foundation's fiscal year 2009 financial statements to achieve a fair

presentation. In a September 9, 2010, report to the Foundation, we provided further details on the control deficiencies that constituted this material weakness, as well as recommendations for corrective action. In response to our recommendations, during fiscal year 2010, the Foundation took a number of actions to address the material weakness. However, certain control deficiencies over the Foundation's financial reporting process remained in fiscal year 2010 and, while no longer constituting a material weakness, represented a significant deficiency in internal control that continued to place the Foundation at increased risk of errors or omissions in its financial statements.⁵ Further actions, as presented in our September 9, 2010, report, are needed to address these remaining control deficiencies. During our audit of the Foundation's fiscal years 2010 and 2009 financial statements, we identified additional deficiencies in the Foundation's internal control that we do not consider to be material weaknesses or significant deficiencies, either individually or in the aggregate, but that nonetheless merit Foundation management's attention and correction. The purpose of this report is to present additional information on the internal control and accounting procedures issues we identified during our audit of the Foundation's fiscal years 2010 and 2009 financial statements and to provide our recommended actions to address those issues..

During our audit of the Foundation's fiscal years 2010 and 2009 financial statements, we identified three internal control issues that could adversely affect the Foundation's ability to meet its internal control objectives. These issues concern the Foundation's lack of documented policies and procedures for (1) year-end accrual of expenses, (2) reconciliations and supervisory reviews of schedules supporting certain transactions to ensure that these transactions are recorded appropriately, and (3) recording of silent auction revenue. These issues increase the risk of the Foundation not preventing or timely detecting and correcting errors in its financial reporting. We are making four recommendations for strengthening the Foundation's internal controls and accounting procedures.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Director: Steven J. Sebastian
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Recommendations for Executive Action

 Recommendation: The Foundation should modify its documented accounting policies and procedures to address the year-end accrual of expenses. Such modifications should stipulate that expenses be recognized and a liability incurred when goods or services have been received.

Agency Affected: Congressional Award Foundation

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: The Foundation should modify its documented accounting policies and procedures to require routine reconciliation and supervisory review of the prepaid insurance amortization schedule supporting transactional activity to be recorded in the general ledger to ensure that transactions are recorded appropriately.

Agency Affected: Congressional Award Foundation

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: The Foundation should modify its documented accounting policies and procedures to require that supervisory review of the depreciation and amortization and costs of direct benefits to donors schedules supporting transactional activity be recorded in the general ledger to ensure that transactions are recorded appropriately.

Agency Affected: Congressional Award Foundation

Status: In process

Comments: When we confirm what actions the agency has taken in response to this

recommendation, we will provide updated information.

 Recommendation: The Foundation should modify its existing accounting policies and procedures to include guidance and requirements for the recording of silent auction revenue. The modified policies and procedures should require that the revenue be recorded at fair value when items are donated and subsequently adjusted to the amount received when the silent auction is held and donors have purchased the items.

Agency Affected: Congressional Award Foundation

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Financial Management, Accounting, Accounting procedures, Assets, Errors, Financial disclosure, Financial management, Financial records, Financial statement audits, Foundations (organizations), Internal controls, Materiality, Reconciliation process, Risk assessment

Legal-Major Ruling: Commodity Futures Trading Commission: Whistleblower Incentives and Protection

GAO-11-934R September 9, 2011

GAO reviewed the Commodity Futures Trading Commission's (Commission) new rule on whistleblower incentives and protection. GAO found that (1) the final rule implements section 23 of the Commodity Exchange Act (CEA) entitled "Commodity Whistleblower Incentives and Protection"; and (2) the Commission complied with the applicable requirements in promulgating the rule.

Categories: Major Ruling, Agency proceedings, Awards, Commodities exchanges, Commodity futures, Federal Agency Major Rules, Federal regulations, Financial regulation, Whistleblowers

Observations on the Costs and Benefits of an Increased Department of Defense Role in Helping to Secure the Southwest Land Border

GAO-11-856R September 12, 2011

In order to satisfy the requirement in the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 to report on the security of the southwest land border of the United States, we briefed Congress on July 12, 2011, with our preliminary observations. This is our final report to Congress on the Department of Defense (DOD) issues we addressed in response to the mandate. As directed by the mandate, we assessed: (1) what is known about the costs and benefits of an increased DOD role to help achieve operational control over the southwest land border, including the deployment of additional units, the National Guard, or other DOD personnel; increased use of ground-based mobile surveillance systems by military personnel; and use of additional mobile patrols by military personnel, particularly in rural, high-trafficked areas; and (2) what is known about the costs and benefits of an increased deployment

of additional unmanned aerial systems and manned aircraft to provide surveillance; as well as the impact of any increased deployment of unmanned aerial systems or manned aircraft on national airspace use and availability..

The cost of an increased DOD role to help achieve operational control over the southwest land border is determined largely by the legal status and mission of military personnel being used, specifically whether military personnel are responding under Title 32 or Title 10 of the United States Code. If Title 32 National Guard forces are used, factors that may impact the cost include whether in-state or out-of-state personnel are used, the number of personnel, duration of the mission, ratio of officers to enlisted personnel, as well as equipment and transportation needs. The costs of Title 32 National Guard forces working at the border can also be impacted by specific missions. For example, if National Guardsmen are to conduct patrols (as discussed in the mandate), they are to be assigned in pairs and would, therefore, require twice as many personnel as the Border Patrol to perform only the identification segment of the mission because they are not permitted to make arrests or seizures. Currently, National Guard personnel assigned to the southwest border are only identifying those individuals attempting to enter the United States and relaying such information to the Border Patrol for possible arrest. The estimated DOD cost has been about \$1.35 billion for two separate border operations conducted by the National Guard forces in Title 32 status from June 2006 to July 2008 and again from June 2010 through September 30, 2011. Efforts of active-duty Title 10 forces at the border are generally conducted under authorities that allow DOD to provide military support to law enforcement agencies for counterdrug operations. Since 1989, DOD estimates the cost of using active duty Title 10 forces nationwide in support of drug law enforcement agencies (with additional operational costs borne by the military services) at about \$10 million annually. According to officials we spoke with, the primary benefits of an increased role for DOD to help achieve operational control over the southwest land border include providing a bridge or augmentation until newly hired Border Patrol agents are trained and deployed to the border, obtaining training opportunities in a geographically inhospitable environment similar to current combat theaters, contributing to apprehensions and seizures along the border, deterring illegal activity at the border, building relationships with law enforcement agencies, and maintaining and strengthening military-to-military relationships with Mexico. DOD and DHS include different cost factors for deploying manned and unmanned aircraft, and therefore the costs are not comparable. Also, DOD's access to the national airspace is constrained given the safety concerns about unmanned aerial systems raised by the Federal Aviation Administration, specifically the challenges inherent with the unmanned aerial system's ability to detect, sense, and avoid an aircraft. Deploying additional unmanned aerial systems to provide surveillance would improve coverage, real-time imagery, and allow longer

mission duration. For example, the Predator B provides a mission duration of 20-30 hours, depending on mission configuration and operational parameters, because there is no need to land and change pilots. On the other hand, we found that, unlike the unmanned aircraft, manned aircraft, whose pilots have the ability to see and avoid other aircraft, may have more routine access to the national airspace. Further, DOD has limited availability of unmanned aerial systems and manned aircraft along the border because these systems are needed to support missions abroad. Officials from DHS reported during our review that they had 7 unmanned aerial system aircraft to provide response and monitoring capabilities throughout North America, and - funding permitting - they plan to expand their fleet to 24 total UASs that are operational by Fiscal Year 2016, including 11 on the southwest border. We are not making any recommendations for agency action in this report.

Categories: National Defense, Border patrols, Border security, Cost analysis, Defense capabilities, Defense cost control, Law enforcement, Military aircraft, Military assistance, Military forces, Military personnel, National Guard, Strategic planning, Unmanned aerial systems

Legal-Bid Protest Ruling: GlobaFone Inc.

B-405238 September 12, 2011

GlobaFone Inc., of Portsmouth, New Hampshire, protests the terms of request for proposals (RFP) No. PC-11-Q-01 issued by the Peace Corps to provide satellite and cellular telephone service to domestic and international staff and volunteers. The protester asserts that the RFP requirement that satellite telephone numbers remain unchanged is unduly restrictive of competition.

We deny the protest.

Categories: Bid Protest, Cellular telephones, Competition, Competitive advantage, Contract terms, Indefinite delivery contracts, Service contracts, Solicitation specifications, Solicitations, Specifications protests, Telephone services, Telephones

DOD Financial Management: Improvement Needed in DOD Components' Implementation of Audit Readiness Effort

GAO-11-851 September 13, 2011

The Department of Defense (DOD) has been required to prepare audited annual financial statements since 1997 but to date, has not been able to meet this requirement. The National Defense Authorization Act of Fiscal Year 2010 mandated that DOD be prepared to validate [certify] that its consolidated financial statements are audit-ready by September 30, 2017. In May 2010, DOD issued its Financial Improvement and Audit Readiness (FIAR) Guidance to provide a methodology for DOD components to follow to develop and implement their Financial Improvement Plans (FIPs) for achieving audit readiness. The DOD FIP is a framework for planning and tracking the steps and supporting documentation. GAO was asked to assess the FIP methodology provided in the FIAR Guidance, the development and implementation of selected

components' FIPs, and DOD's monitoring and oversight of the FIP process. To do this, GAO analyzed the FIAR Guidance, reviewed two selected FIPs--Navy Civilian Pay and Air Force Military Equipment--and reviewed relevant documentation and interviewed DOD and component officials..

The FIAR Guidance provides a reasonable methodology for DOD components to use in developing and implementing their FIPs. The Guidance details the roles and responsibilities of the DOD components, and prescribes a standard, systematic process to follow to assess processes, controls, and systems. Overall, the procedures required by the FIAR Guidance are consistent with selected procedures for conducting a financial audit, such as testing internal controls and information system controls. The Guidance also requires components to take actions to correct any deficiencies identified during testing and document the results. DOD's ability to achieve departmentwide audit readiness is highly dependent on its military components' ability to effectively develop and implement FIPs in compliance with the FIAR Guidance. The Navy and Air Force did not adequately develop and implement their respective FIPs for Civilian Pay and Military Equipment in accordance with the FIAR Guidance. GAO found similar deficiencies in both FIPs. For example, internal controls and information systems controls were not sufficiently tested or documented, and conclusions reached were not supported by the testing results. In addition, neither component had fully developed and implemented corrective action plans to address deficiencies identified during implementation of the FIPs. As a result, the FIPs did not provide sufficient support for the Navy's and Air Force's conclusions that Civilian Pay and Military Equipment were ready to be audited. DOD and its military components have assigned to senior executive committees and designated individuals appropriate oversight roles and responsibilities for their financial improvement efforts. However, neither oversight committees nor Navy and Air Force officials effectively carried out their oversight responsibilities for the two FIPs, which did not support the components' conclusions of audit readiness. However, once the components indicated audit readiness, both the DOD Office of Inspector General and the Undersecretary of Defense (Comptroller) performed reviews and concluded that the FIPs did not comply with the FIAR Guidance and did not demonstrate audit readiness. The lack of adequate oversight results in an ineffective FIP process and can impact the ability of components to meet established milestones. If the components are unable to achieve interim milestones, DOD will need to consider how these factors could affect its ability to achieve departmentwide auditability by the end of fiscal year 2017. GAO recommends that the Secretary of Defense take various actions to improve the development, implementation, documentation, and oversight of DOD's financial management improvement efforts. DOD generally concurred with the recommendations and commented on actions being taken to implement them.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Navy develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Navy to put procedures in place to help ensure that the Navy's Financial Improvement Plans to include documentation that the Navy performed sufficient control and substantive testing.

Agency Affected: Department of Defense
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Navy develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Navy to put procedures in place to help ensure that the Navy's Financial Improvement Plans to include documentation that the Navy performed a reconciliation of the complete population of transactions for an assessable unit to the relevant general ledger(s) and to the amount(s) reported in the financial

statements, including researching and resolving reconciling items.

Agency Affected: Department of Defense
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Navy develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Navy to put procedures in place to help ensure that the Navy's Financial Improvement Plans to include documentation that the Navy performed an assessment of information systems controls that addresses all relevant critical elements.

Agency Affected: Department of Defense
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Navy develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Navy to put procedures in place to help ensure that the Navy's Financial Improvement Plans to include documentation that the Navy performed an assessment of information systems controls that, for any deficiencies identified in a SAS 70 report that is relied upon, show that either mitigating controls exist or actions have been taken to address the deficiencies.

Agency Affected: Department of Defense
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Navy develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Navy to put procedures in place to help ensure that the Navy's Financial Improvement Plans to include documentation that the Navy performed preparation and execution of corrective action plans to address significant control weaknesses.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Navy develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Navy to put procedures in place to help ensure that the Navy's Financial Improvement Plans to include documentation that the Navy performed assessments of the metrics (e.g., key control objectives and key supporting documents) to ensure that they are consistent with, and supported by, testing results.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Air Force develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Air Force to ensure that the Air Force's Financial Improvement Plans include documentation that the Air Force performed sufficient control and substantive testing.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Air Force develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Air Force to ensure that the Air Force's Financial Improvement Plans include documentation that the Air Force performed a reconciliation of the complete population of transactions for an assessable unit to the relevant general ledger(s) and to the amount(s) reported in the financial statements, including researching and resolving reconciling items.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Air Force develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Air Force to ensure that the Air Force's Financial Improvement Plans include documentation that the Air Force performed an assessment of information systems controls that includes documentation of both the testing and the results.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to ensure that the Air Force develops and implements its Financial Improvement Plan in accordance with the FIAR Guidance, the Secretary of Defense should direct the Secretary of the Air Force to ensure that the Air Force's Financial Improvement Plans include documentation that the Air Force performed preparation and execution of corrective action plans to address significant control weaknesses.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to improve DOD's monitoring and oversight of FIP activities, the Secretary of Defense should direct the Co-Chairs of the FIAR Governance Board to ensure that the board carries out its responsibilities for identifying risks that could prevent the department from achieving its goals and ensuring sufficient documentation of FIP assessment results.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the development, implementation, documentation, and oversight of

the department's financial management improvement efforts, and to improve DOD's monitoring and oversight of FIP activities, the Secretary of Defense should direct the Secretary of the Navy to ensure that all responsible parties within the Navy, including the Assistant Secretary of the Navy (Financial Management and Comptroller), carry out their responsibilities for ensuring that FIP development and implementation complies with the FIAR Guidance and that the FIP contains sufficient information to indicate audit readiness before it is signed.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the development, implementation, documentation, and oversight of the department's financial management improvement efforts, and to improve DOD's monitoring and oversight of FIP activities, the Secretary of Defense should direct the Secretary of the Air Force to ensure that all responsible parties within the Air Force, including the Assistant Secretary of the Air Force (Financial Management and Comptroller) carry out their responsibilities for ensuring that FIP development and implementation complies with the FIAR Guidance and that the FIP contains sufficient information to indicate audit readiness before it is signed.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Financial Management, Accounting, Defense capabilities, Defense economic analysis, Defense procurement, Documentation, Financial management systems, Financial statement audits, Financial statements, Information systems, Internal controls, Military cost control, Military forces, Military materiel, Reporting requirements

Homeland Security: Challenges for the Food and Agriculture Sector in Responding to Potential Terrorist Attacks and Natural Disasters

GAO-11-946T September 13, 2011

This testimony examines issues related to food and agriculture emergencies. Agriculture is critical to public health and the nation's economy. It annually produces \$300 billion worth of food and other farm products and is estimated to be responsible for 1 out of every 12 U.S. jobs. As a result, any natural or deliberate disruption of the agriculture or food production systems--including natural disasters, disease outbreaks, and food contamination--can present a serious threat to the national economy and human health and can halt or slow trade. The food and agriculture systems are also vulnerable to terrorist attacks, such as the intentional introduction of a foreign animal or plant disease or the intentional contamination of

food products. Recognizing the vulnerability of the U.S. food and agriculture systems, the President issued Homeland Security Presidential Directive (HSPD) -9 in January 2004 to establish a national policy to defend these systems against terrorist attacks, major disasters, and other emergencies. HSPD-9 assigns various emergency response planning and recovery responsibilities to federal agencies, including the Departments of Agriculture (USDA), Health and Human Services (HHS), and Homeland Security (DHS), and also the Environmental Protection Agency (EPA). Separately, DHS's 2008 National Response Framework outlines how the nation will collectively respond to any emergency, regardless of its cause or size. The framework includes 15 emergency support functions (ESF) for the federal response to an emergency or for federal support to states during an emergency. DHS activates individual ESFs when a threat or emergency necessitates a specific type of coordinated federal response. ESF-11 specifically addresses the federal food and agriculture response during emergencies, and USDA is designated as coordinator. This testimony summarizes the findings in our report on response and recovery efforts for food and agriculture emergencies..

There is no centralized coordination to oversee the federal government's overall progress implementing the nation's food and agriculture defense policy. Because the responsibilities outlined in this policy (HSPD-9) cut across several different agencies, centralized oversight is important to ensure that efforts are coordinated to avoid fragmentation, efficiently use scarce funds, and promote the overall effectiveness of the federal government. Previously, the White House Homeland Security Council conducted some coordinated activities to oversee federal agencies' HSPD-9 implementation by gathering information from agencies about their progress, and DHS supported these activities by coordinating agencies' reporting of HSPD-9 implementation progress. However, the Homeland Security Council and DHS's efforts are no longer ongoing. Top-level review can help ensure that management's directives are carried out and determine if agencies are effectively and efficiently using resources. USDA does not have a department-wide strategy for setting priorities and allocating resources for implementing its numerous HSPD-9 responsibilities. Instead, according to USDA, the department assigned HSPD-9 implementation responsibilities to its agencies based on their statutory authority and expertise and allowed individual agencies to determine their implementation and budget priorities. We have previously reported that developing a strategy to accomplish national security goals and desired outcomes helps agencies manage their programs more effectively and is an essential mechanism to guide progress in achieving desired results. Moreover, effective strategies help set priorities and allocate resources to inform decision making and help ensure accountability. Such priority setting and resource allocation is especially important in a fiscally constrained environment. Without such a strategy, USDA cannot be assured that its agencies' efforts

are making progress to align with departmental priorities and effectively allocate resources. Therefore, USDA also cannot be assured that it is fulfilling its HSPD-9 responsibilities. According to USDA officials, the department would benefit from strategic direction from the National Security Staff--which supports the White House Homeland Security Council under the current administration--to help prioritize specific activities and funding decisions, given this time of limited resources. According to USDA, from 2007 through May 2011, it coordinated the federal food and agriculture response for 28 natural disasters, including hurricanes, floods, winter storms, and other weather-related emergencies. USDA and state officials we met with said that having a single USDA coordinator to facilitate communication during ESF-11 emergencies contributed to the success of USDA's ESF-11 response. However, they also identified some challenges. For example, when ESFs are activated and multiple federal agencies become involved, agencies' responsibilities for disposing of animal carcasses are not always clear, which has delayed previous disposal efforts and could pose a public health risk. We have previously reported that a lack of clarity in leadership roles and responsibilities can result in disjointed federal emergency response efforts among collaborating agencies and confusion about what resources would be provided within specific time frames. To address such a lack of clarity in leadership roles among collaborating agencies, we have reported that a practice to enhance and sustain collaboration is for agencies to work together to define and agree on their respective roles and responsibilities, including how the collaborative effort will be led.

Categories: Homeland Security, Animal diseases, Centralization, Contaminated foods, Disaster planning, Emergency preparedness, Emergency response, Epidemics, Federal agencies, Food inspection, Food safety, Homeland security, Information management, Interagency relations, Natural disasters, Policy evaluation, Strategic planning

Visa Security: Additional Actions Needed to Strengthen Overstay Enforcement and Address Risks in the Visa Process

GAO-11-910T September 13, 2011

The attempted bombing of an airline on December 25, 2009, by a Nigerian citizen with a valid U.S. visa renewed concerns about the security of the visa process. Further, unauthorized immigrants who entered the country legally on a temporary basis but then overstayed their authorized periods of admission--overstays--could pose homeland security risks. The Department of Homeland Security (DHS) has certain responsibilities for security in the visa process and for addressing overstays. DHS staff review visa applications at certain Department of State overseas posts under the Visa Security Program. DHS also manages the Visa Waiver Program through which eligible nationals from certain countries can travel to the United States without a visa. This testimony is based on GAO products issued in November 2009, August 2010, and from March to May 2011. As requested, this testimony addresses the following

issues: (1) overstay enforcement efforts, (2) efforts to implement a biometric exit system and challenges with the reliability of overstay data, and (3) challenges in the Visa Security and Visa Waiver programs.

Federal agencies take actions against a small portion of the estimated overstay population, but strengthening planning and assessment of overstay efforts could improve enforcement. Within DHS, U.S. Immigration and Customs Enforcement's (ICE) Counterterrorism and Criminal Exploitation Unit (CTCEU) is the lead agency responsible for overstay enforcement. CTCEU arrests a small portion of the estimated overstay population in the United States because of, among other things, ICE's competing priorities, but ICE expressed an intention to augment its overstay enforcement resources. From fiscal years 2006 through 2010, ICE reported devoting about 3 percent of its total field office investigative hours to CTCEU overstay investigations. ICE was considering assigning some responsibility for noncriminal overstay enforcement to its Enforcement and Removal Operations directorate, which apprehends and removes aliens subject to removal from the United States. In April 2011, GAO reported that by developing a time frame for assessing needed resources and using the assessment findings, as appropriate, ICE could strengthen its planning efforts. Moreover, in April 2011, GAO reported that CTCEU tracked various performance measures, but did not have a mechanism to assess the outcomes of its efforts. GAO reported that by establishing such a mechanism, CTCEU could better ensure that managers have information to assist in making decisions. DHS has not yet implemented a comprehensive biometric system to match available information (e.g., fingerprints) provided by foreign nationals upon their arrival and departure from the United States and faces reliability issues with data used to identify overstays. GAO reported that while the United States Visitor and Immigrant Status Indicator Technology Program's biometric entry capabilities were operating at ports of entry, exit capabilities were not, and DHS did not have a comprehensive plan for biometric exit implementation. DHS conducted pilots to test two scenarios for an air exit solution in 2009, and in August 2010, GAO concluded that the pilots' limitations, such as limitations not defined in the pilot evaluation plan like suspending exit screening at departure gates to avoid flight delays, curtailed DHS's ability to inform a decision for a long-term exit solution. Further, in April 2011, GAO reported that there is not a standard mechanism for nonimmigrants departing the United States through land ports of entry to remit their arrival and departure forms. Such a mechanism could help DHS obtain more complete departure data for identifying overstays. GAO identified various challenges in the Visa Security and Visa Waiver programs related to planning and assessment efforts. For example, in March 2011, GAO found that ICE developed a plan to expand the Visa Security Program to additional high-risk posts, but ICE had not fully adhered to the plan or kept it up to date. Further, ICE had not identified possible alternatives that would provide the additional security of Visa

Security Program review at those high-risk posts that do not have a program presence. In addition, DHS implemented the Electronic System for Travel Authorization (ESTA) to meet a statutory requirement intended to enhance Visa Waiver Program security and took steps to minimize the burden on travelers to the United States added by the new requirement. However, DHS had not fully evaluated security risks related to the small percentage of Visa Waiver Program travelers without verified ESTA approval. GAO has made recommendations in prior reports that, among other things, call for DHS to strengthen management of overstay enforcement efforts, mechanisms for collecting data from foreign nationals departing the United States, and planning for addressing certain Visa Security and Visa Waiver programs' risks. DHS generally concurred with these recommendations and has actions planned or underway to address them.

Categories: Homeland Security, Aliens, Biometric identification, Biometrics, Crime prevention, Data integrity, DHS Visa Security Program, DHS Visa Waiver Program, Entry security, Homeland security, Immigration, Investigations by federal agencies, Law enforcement, Performance measures, Risk management, Security policies, Strategic planning, Systems evaluation, Terrorism, Visas, Waivers

Legal-Major Ruling: Department of the Interior, Fish and Wildlife Service: Migratory Bird Hunting; Final Frameworks for Early-Season Migratory Bird Hunting Regulations

GAO-11-939R September 13, 2011

GAO reviewed the Department of the Interior (Interior), Fish and Wildlife Service's new rule on migratory bird hunting. GAO found that (1) the final rule prescribes final early-season frameworks from which the states, Puerto Rico, and the Virgin Islands may select season dates, limits, and other options for the 2011-12 migratory bird hunting seasons. Early seasons are those that generally open prior to October 1, and include seasons in Alaska, Hawaii, Puerto Rico, and the Virgin Islands; and (2) Interior complied with applicable requirements in promulgating the rule.

Categories: Major Ruling, Agency proceedings, Federal Agency Major Rules, Federal regulations, Migratory birds, Outdoor recreation, Sports, Wildlife

Drug Safety: FDA Faces Challenges Overseeing the Foreign Drug Manufacturing Supply Chain

GAO-11-936T September 14, 2011

Globalization has placed increasing demands on the Food and Drug Administration (FDA) in ensuring the safety and effectiveness of drugs marketed in the United States. The pharmaceutical industry has increasingly relied on global supply chains in which each manufacturing step may be outsourced to foreign establishments. As part of its efforts, FDA may conduct inspections of foreign drug manufacturing establishments, but there are concerns that the complexity of the drug manufacturing supply chain and the volume of imported drugs has created regulatory challenges

for FDA. FDA has begun taking steps to address some of these concerns, such as the establishment of overseas offices. This statement discusses (1) FDA's inspection of foreign drug manufacturing establishments, (2) the information FDA has on these establishments, and (3) recent FDA initiatives to improve its oversight of the supply chain. The statement presents findings based primarily on GAO reports since 2008 related to FDA's oversight of the supply chain. These reports include Food and Drug Administration: Overseas Offices Have Taken Steps to Help Ensure Import Safety, but More Long-Term Planning Is Needed (GAO-10-960, Sept. 30, 2010) and Drug Safety: FDA Has Conducted More Foreign Inspections and Begun to Improve Its Information on Foreign Establishments, but More Progress Is Needed (GAO-10-961, Sept. 30, 2010). GAO supplemented this prior work with updated information obtained from FDA in August and September 2011.

Inspections of foreign drug manufacturers are an important element of FDA's oversight of the supply chain, but GAO's prior work showed that FDA conducts relatively few such inspections. In 2008, GAO reported that in fiscal year 2007 FDA inspected 8 percent of foreign establishments subject to inspection and estimated that, at that rate, it would take FDA about 13 years to inspect all such establishments. GAO recommended that FDA increase the number of foreign inspections it conducts at a frequency comparable to domestic establishments with similar characteristics. FDA subsequently increased the number of foreign establishment inspections. FDA's inspection efforts in fiscal year 2009 represent a 27 percent increase in the number of inspections it conducted, when compared to fiscal year 2007--424 and 333 inspections, respectively. However, FDA officials acknowledged that FDA is far from achieving foreign drug inspection rates comparable to domestic inspection rates--the agency inspected 1,015 domestic establishments in fiscal year 2009. Also, the types of inspections FDA conducts generally do not include all parts of the drug supply chain. Conducting inspections abroad also continues to pose unique challenges for the agency. For example, FDA faces limits on its ability to require foreign establishments to allow it to inspect their facilities. Furthermore, logistical issues preclude FDA from conducting unannounced inspections, as it does for domestic establishments. GAO previously reported that FDA lacked complete and accurate information on foreign drug manufacturing establishments--information critical to understanding the supply chain. In 2008, GAO reported that FDA databases contained incorrect information about foreign establishments and did not contain an accurate count of foreign establishments manufacturing drugs for the U.S. market. FDA's lack of information hampers its ability to inspect foreign establishments. GAO recommended that FDA address these deficiencies. FDA has taken steps to do so, but has not yet fully addressed GAO's concerns. Given the difficulties that FDA has faced in inspecting and obtaining information on foreign drug manufacturers, and recognizing that more inspections alone are not sufficient to meet

the challenges posed by globalization, the agency has begun to implement other initiatives to improve its oversight of the drug supply chain. FDA's overseas offices have engaged in a variety of activities to help ensure the safety of imported products, such as training foreign stakeholders to help enhance their understanding of FDA regulations. GAO recommended that FDA enhance its strategic and workforce planning, which FDA agreed it would do. FDA has also taken other positive steps, such as developing initiatives that would assist its oversight of products at the border, although these are not yet fully implemented. Finally, FDA officials identified statutory changes that FDA believes it needs to help improve its oversight of drugs manufactured in foreign establishments. For example, in place of the current requirement that FDA inspect domestic establishments every 2 years, officials indicated the agency would benefit from a risk-based inspection process with flexibility to determine the frequency with which both foreign and domestic establishments are inspected. In light of the growing dependence upon drugs manufactured abroad and the potential for harm, FDA needs to act quickly to implement changes across a range of activities in order to better assure the safety and availability of drugs for the U.S. market.

Categories: Health, Data integrity, Drug approvals, Drugs, Food safety, Foreign corporations, Globalization, Import regulation, Imported drugs, Importing, Inspection, Manufacturing industry, Monitoring, Pharmaceutical industry, Product safety, Regulation, Safety regulation, Safety standards, Strategic planning, Supply chain management

Homeownership Counseling: Although Research Suggests Some Benefits, Implementation and Evaluation Challenges Exist

GAO-11-925T September 14, 2011

Homeownership counseling can help consumers learn about buying a home and give them tools to deal with setbacks that could keep them from making timely mortgage payments. The Department of Housing and Urban Development (HUD) approves and provides grants to housing counseling agencies and has also implemented a requirement that borrowers seeking federally insured reverse mortgages through the Home Equity Conversion Mortgage (HECM) program receive counseling before taking out a HECM. The U.S. Department of the Treasury (Treasury) has also implemented a counseling requirement as part of its mortgage modification efforts under the Home Affordable Modification Program (HAMP). This statement discusses (1) what research suggests about the effectiveness of homeownership counseling and the challenges of conducting such research, (2) shortcomings that prior GAO work found in federal agencies' implementation of homeownership counseling requirements, and (3) the status of efforts to establish an Office of Housing Counseling within HUD. In preparing this statement, GAO relied on its past work on homeownership counseling, including a review of research and interviews with

federal agency staff on implementing and evaluating counseling programs.

The body of literature on homeownership counseling does not provide conclusive findings on the impact of all types of counseling. Recent research on foreclosure mitigation counseling--which helps financially distressed homeowners who are delinquent on payments--suggests that it can help homeowners avoid foreclosure and prevent them from lapsing back into default. Findings on prepurchase counseling--which helps potential homebuyers learn about buying a home and explains the financial responsibilities of homeownership--are less clear. One study concluded that such counseling lowered the default rate for new homeowners, but other studies showed no effect. Efforts to measure the impact of homeownership counseling have been hampered by a lack of data, as well as by challenges in designing studies and creating effective performance measures. Further studies are under way at HUD and Fannie Mae that are designed to overcome some of these limitations. Prior GAO work identified shortcomings in the implementation of homeownership counseling requirements for two federal programs. A 2009 study of the HECM program found that HUD's internal controls did not ensure that counselors were complying with program requirements. HUD later made improvements to the HECM program to address GAO's recommendations. Another GAO study from 2009 found that Treasury did not effectively track whether borrowers required to seek counseling under HAMP actually received it or whether counseling reduced the rate of redefaults. Treasury officials said that they had not implemented a monitoring process because it would be too burdensome for Treasury and mortgage servicers. They also did not plan to assess the effectiveness of counseling in limiting redefaults, in part because they believed that the benefits of counseling on the performance of borrowers with high debt burdens were well documented. GAO continues to believe that monitoring and assessment would provide valuable information on whether the counseling requirement is having its intended effect. HUD is establishing a new Office of Housing Counseling, as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). According to HUD, the agency is developing a reorganization plan but is unable to estimate when it will be submitted to Congress. Budget constraints could affect the new counseling office. Although the Dodd-Frank Act authorized \$45 million per year through fiscal year 2012 for the operations of the new office, HUD has not received appropriations for this purpose. In addition, appropriations for fiscal year 2011 eliminated HUD's housing counseling assistance funds, which are primarily grant funds for approved counseling agencies. GAO has made recommendations to HUD and Treasury to improve oversight and evaluation of their homeownership counseling requirements. HUD implemented the recommendations, while Treasury said that implementation would be too burdensome.

Categories: Housing, Consumer protection, Debt, Education program evaluation, Federal agency reorganization, Financial management, Financial regulation, Foreclosures, Home Affordable Modification Program (HAMP), Homeowners loans, Housing, Housing programs, Mortgage loans, Mortgage programs, Performance measures, Requirements definition, Research programs

Joint Strike Fighter: Implications of Program Restructuring and Other Recent Developments on Key Aspects of DOD's Prior Alternate Engine Analyses

GAO-11-903R September 14, 2011

After supporting a Joint Strike Fighter (JSF) acquisition strategy that called for a competitive engine development of the F135 and F136 engines, the Department of Defense (DOD) stopped requesting funding for the F136 alternate engine in its fiscal year 2007 budget request, but the Congress continued to fund it through the 2010 budget. In February 2010, DOD projected that it would cost an additional \$2.9 billion through 2016 to support an alternate engine program. DOD decided that an engine competition would not likely generate enough long-term savings to justify this up-front investment and subsequently terminated the alternate engine program. In 2010, at congressional request, we reviewed the basis for DOD's \$2.9 billion funding projection and reported that the projection did not include the same level of fidelity and precision normally associated with a detailed, comprehensive cost estimate and that the amount of up-front investment needed could be lower if two key assumptions in DOD's analysis were changed. Moreover, since DOD's projection and our last review, several fundamental changes in the JSF aircraft and engine programs have taken place. We examined the potential implications of these changes to the \$2.9 billion funding projection. We also examined the potential implications for DOD's broader cost-benefit analysis that captures the long-term costs and benefits of the competitive engine program.

In early 2010, DOD determined that it would need an additional \$2.9 billion to support an alternate engine program up to the point where it believed it could begin competition in 2017. Since then, there have been major changes to the JSF aircraft and engine program costs, schedules, and procurement plans. Specifically, (1) defense officials substantially restructured the JSF program, adding cost and time to development and changing the procurement profile to buy fewer aircraft and engines over the next 5 years; (2) more engine production cost data are available; and (3) the F136 alternate engine contractor offered to fund development costs for 2011 and 2012 with its own corporate funds. These and other changes could affect portions of the department's \$2.9 billion projection and would have to be addressed and quantified in order to make a more up-to-date and complete funding projection. While there have been significant changes made to the JSF aircraft and engine programs, DOD has not updated its funding projection and has no plans to do so. DOD has not done a complete analysis of the potential life-cycle costs and benefits of the competitive

engine strategy in over 4 years. A cost-benefit analysis is an important tool for making investment decisions. DOD's \$2.9 billion funding projection through 2016 comprises only a portion of the information that would be needed for such an analysis. DOD maintains that while there have been significant changes made to the JSF aircraft and engine programs, there is still not a compelling business case to continue supporting both engines, and DOD does not plan to update its cost-benefit analysis. Thus, whether a more current, comprehensive analysis that includes all life-cycle costs, benefits, and risks would result in a more definitive business case--one way or another--remains an unanswered question. In commenting on a draft of this report, DOD reiterated its position that the up-front costs to support the alternate engine were not affordable and that a new analysis reflecting recent changes would not likely alter its position. We continue to believe that acquisition decisions should weigh both near-term and long-term costs and benefits and that an updated analysis would provide important information for making these decisions. We are not making recommendations in this report.

Categories: National Defense, Aircraft engines, Cost analysis, Cost effectiveness analysis, Defense capabilities, Defense cost control, Defense procurement, Fighter aircraft, Future budget projections, Investments, Joint Strike Fighter, Military aircraft, Military engineering, Military technology, Procurement planning, Program evaluation, Sole source procurement, Technology assessment

Disaster Recovery: Federal Contracting in the Aftermath of Hurricanes Katrina and Rita

GAO-11-942T September 15, 2011

This testimony discusses small business participation in Gulf Coast rebuilding after Hurricanes Katrina and Rita. Federal agencies directly awarded \$20.5 billion in contracts nationwide between fiscal years 2005 and 2011 for recovery efforts related to these hurricanes. These contracts are subject to federal procurement regulations and, in most cases, are generally subject to certain goals to increase participation by small businesses. This statement is based on a report we issued in July 2010, which discussed the extent to which Gulf Coast small businesses received federal contract funds for recovery efforts, with data on contract funds updated through fiscal year 2011 where possible. More specifically, the statement discusses (1) the amounts that small businesses nationwide and small businesses in four Gulf Coast states received directly from federal agencies through contracts for relief and recovery efforts related to Hurricanes Katrina and Rita; and (2) the extent to which four agencies--the U.S. Army Corps of Engineers (Corps), Department of Homeland Security (DHS), Department of Defense (DOD) excluding the Corps, and General Services Administration (GSA)--monitored subcontracting accomplishment information as required for selected contracts.

Small businesses located in four Gulf Coast states (Alabama, Florida, Louisiana, and Texas) received about \$2.7 billion (13.3 percent) of the \$20.5 billion federal agencies directly awarded nationwide in contracts for hurricane recovery between fiscal years 2005 and 2011. Small businesses in the rest of the United States received about \$2.6 billion (12.9 percent). The Corps and the rest of DOD--two of four agencies that awarded the most in federal contracts for hurricane recovery--could not demonstrate that they consistently were monitoring subcontracting accomplishment data for 13 of the 43 construction contracts for which subcontracting plans were required. We recommended that the Secretary of Defense take steps to ensure that contracting officials with the Corps and other DOD departments consistently comply with requirements to monitor the extent to which contractors were meeting subcontracting plan goals. DOD did not concur with the implication that its contracting personnel did not enforce requirements. We recently received information from both DOD and the Corps that indicates that they have initiated actions to address our recommendation.

Categories: Business, Industry, and Consumers, Alabama, Business development loans, Contract administration, Disaster grants funding, Disaster relief aid, Economic development, Federal aid programs, Federal funds, Federal procurement, Federal/state relations, Florida, Fund audits, Grants, Gulf Coast, Hurricane Katrina, Hurricane Rita, Hurricanes, Loans, Louisiana, Natural disasters, Procurement planning, Public assistance programs, Regional planning, Small business, Small business assistance, Small business contracts, Small business loans, State-administered programs, Subcontracts, Texas

Small Business Contracting: Opportunities to Improve the Effectiveness of Agency and SBA Advocates and Mentor-Protege Programs

GAO-11-844T September 15, 2011

This testimony discusses our recent work on the federal government's efforts to increase contracting opportunities for small businesses. This work covered (1) the Offices of Small and Disadvantaged Business Utilization (OSDBU) at federal agencies, (2) federal mentor-protege programs, and (3) the Small Business Administration's (SBA) Procurement Center Representatives (PCR) and Commercial Market Representatives (CMR). More specifically, to increase small businesses' visibility within federal agencies, in 1978 Congress amended the Small Business Act to require that all federal agencies with procurement powers establish an OSDBU, which would advocate for small businesses in a variety of ways. The act further requires that OSDBU directors be responsible only to and report directly to agency heads or their deputies. The purpose of this provision is to help ensure that OSDBU directors have direct access to their agencies' top decision makers in order to advocate effectively. The functions an OSDBU may perform include administering a mentor-protege program. Under such programs, mentors--

businesses, typically experienced prime contractors--provide technical, managerial, and other business development assistance to eligible small businesses, or proteges. In return, the programs provide incentives for mentor participation, such as credit toward subcontracting goals. Overall, mentor-protege programs seek to enhance the ability of small businesses to compete more successfully for federal contracts. Thirteen agencies currently have mentor-protege programs: the Department of Homeland Security (DHS), Department of Defense (DOD), Department of Energy (Energy), Environmental Protection Agency (EPA), Federal Aviation Administration (FAA), General Services Administration (GSA), Department of Health and Human Services (HHS), National Aeronautics and Space Administration (NASA), SBA, Department of State (State), Department of the Treasury (Treasury), United States Agency for International Development (USAID), and Department of Veterans Affairs (VA). In addition to OSDBUs, SBA's PCRs and CMRs play an important role in helping ensure that small businesses gain access to contracting and subcontracting opportunities. A PCR's key responsibilities include reviewing proposed agency contract actions--such as potential bundling or consolidation--and making set-aside recommendations to agency contracting officers, reviewing agency small business programs, and counseling small businesses. A CMR's key responsibilities include counseling small businesses on obtaining subcontracts and helping match large prime contractors with small businesses. This testimony discusses three reports we issued in June 2011. Specifically, this testimony discusses our work on (1) the reporting structure at and functions performed by OSDBUs in agencies with major contracting activity, (2) the mentor-protege programs at 13 federal agencies, and (3) SBA's PCRs and CMRs.

In summary, we found the following and made recommendations for improvement: (1) Nine of the 16 agencies we reviewed were in compliance with the Small Business Act's requirement that OSDBU directors be responsible only to and report directly to the agency or deputy agency head; however, seven were not. We recommended that the seven agencies act to comply with the requirement. The Social Security Administration (SSA) agreed with the recommendation, and the Department of the Interior agreed to reevaluate its reporting structure. The Departments of Commerce, Justice, State, and the Treasury disagreed, stating they were in compliance. We maintained our position on these agencies' compliance status. The Department of Agriculture did not comment. (2) While controls existed at all 13 federal agencies with mentor-protege programs to help ensure that participants met eligibility criteria and benefited from the program, the agencies generally did not track protege achievements after program completion. We recommended that 10 agencies consider doing so. Six of the 10 agencies--DHS, Energy, GSA, HHS, Treasury, and VA--generally agreed with our recommendation. We clarified the wording of the recommendation in response to SBA's comment that the wording in our draft report would lead to

the conclusion that all mentor-protege programs have the same objective. State partially agreed with our recommendation, citing concerns about the impact that postcompletion reporting could have on the department, mentor firms, and protege firms. EPA and FAA did not comment. (3) Although SBA had some measures to assess the effectiveness of PCRs and CMRs, select data these staff reported were not reliable and report controls and reviews had weaknesses. We recommended that SBA take measures to improve data reliability and internal controls. SBA agreed with our recommendations and has been updating guidance for the PCR and CMR programs to provide clear instructions for reporting. SBA also said it would implement a method to verify and review the PCR and CMR documentation.

Categories: Business, Industry, and Consumers, Competition, Contract administration, Contracts, Data collection, Data integrity, Documentation, Eligibility criteria, Federal agencies, Federal aid programs, Federal procurement, Federal procurement policy, Mentoring, Military forces, Noncompliance, Performance measures, Prime contractors, Procurement evaluation, Procurement planning, Program evaluation, Program management, Reporting requirements, Small business, Small business assistance, Small business contracts, Small business set-asides, Subcontracts, Surveys

Chesapeake Bay: Restoration Effort Needs Common Federal and State Goals and Assessment Approach

GAO-11-802 September 15, 2011

The Chesapeake Bay, with its watershed in parts of six states and the District of Columbia (watershed states), is an important economic and natural resource that has been in decline. Over decades, federal agencies and watershed states have entered into several agreements to restore the bay, but its health remains impaired. In May 2009, Executive Order 13508 established a Federal Leadership Committee, led by the Environmental Protection Agency (EPA), and directed the committee to issue a strategy by May 2010 to protect and restore the Chesapeake Bay (the Strategy). GAO was directed by the explanatory statement of the Consolidated Appropriations Act, 2008, to conduct performance assessments of progress made on bay restoration, and this first assessment examines (1) the extent to which the Strategy includes measurable goals for restoring the bay that are shared by stakeholders and actions to attain these goals; (2) the key factors, if any, federal and state officials identified that may reduce the likelihood of achieving Strategy goals and actions; and (3) agency plans for assessing progress made in implementing the Strategy and restoring bay health. GAO reviewed the Strategy, surveyed federal officials, and interviewed watershed state officials and subject matter experts.

The Strategy for Protecting and Restoring the Chesapeake Bay Watershed includes 4 broad goals, 12 specific measurable goals with deadlines, and 116 actions to restore the bay by 2025. To achieve the broad and measurable goals, federal agencies, often in collaboration with the watershed

states and other entities, are responsible for accomplishing the actions. However, not all stakeholders are working toward achieving the Strategy goals. The watershed states are critical partners in the effort to restore the bay, but state officials told GAO that they are not working toward the Strategy goals, in part because they view the Strategy as a federal document. Instead, most state bay restoration work is conducted according to state commitments made in a previous bay restoration agreement, the Chesapeake 2000 Agreement. Even though Strategy and Chesapeake 2000 Agreement goals are similar to some degree, they also differ in some ways. For example, both call for managing fish species, but the Strategy identifies brook trout as a key species for restoration and the Chesapeake 2000 Agreement does not. Federal and state officials said it is critical that all stakeholders work toward the same goals. The Federal Leadership Committee and the Chesapeake Bay Program--a restoration group established in 1983 that includes federal agencies and watershed states--created an action team in June 2010 to work toward aligning bay restoration goals. Officials from the 11 agencies responsible for the Strategy that GAO surveyed identified three key factors that may reduce the likelihood of achieving Strategy goals and actions: a potential lack of collaboration among stakeholders; funding constraints; and external phenomena, such as climate change. State officials and subject matter experts that GAO interviewed raised similar concerns. Federal officials reported that some form of collaboration is needed to accomplish the Strategy's measurable goals and the vast majority of its actions. In particular, federal-state collaboration is crucial, with federal officials indicating that collaboration with at least one state is necessary to accomplish 96 of the 116 actions in the 12 measurable goals. Federal officials also reported that funding constraints could reduce the likelihood of accomplishing 69 of the actions in 11 of the measurable goals. Furthermore, federal officials reported that external phenomena could reduce the likelihood that 8 of the measurable goals will be achieved. The federal agencies have plans for assessing progress made in implementing the Strategy and restoring bay health, but these plans are limited or not fully developed, and it is unclear what indicators will be used to assess bay health. Per the Strategy, the agencies plan to create 2-year milestones for measuring progress made toward the measurable goals, with the first milestones covering 2012 and 2013. However, establishing milestones for an entire effort can improve the chances the effort can be accomplished efficiently and on time. Also, the Strategy states that the Federal Leadership Committee will develop a process for implementing adaptive management--in which agencies evaluate the impacts of restoration efforts and use the results to adjust future actions--but agency officials told GAO they are still developing this process. Moreover, there are now two groups that plan to assess bay health. The Strategy calls for the Federal Leadership Committee to coordinate with the watershed states to align these assessments. However, the status of

this alignment is unclear, and if these groups use different indicators to assess bay health, confusion could result about the overall message of progress made. GAO recommends that EPA work with federal and state stakeholders to develop common goals and clarify plans for assessing progress.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

Director: Franklin W. Rusco
 Team: Government Accountability Office: Natural Resources and Environment
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Director: David C. Trimble
 Team: Government Accountability Office: Natural Resources and Environment
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Recommendations for Executive Action

Recommendation: To improve the likelihood that bay restoration is attained, the Administrator of EPA should work collaboratively with federal and state bay restoration stakeholders to develop common bay restoration goals to help ensure that federal and state restoration stakeholders are working toward the same goals.

Agency Affected: Environmental Protection Agency
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the likelihood that bay restoration is attained, the Administrator of EPA should work collaboratively with federal and state bay restoration stakeholders to establish milestones for gauging progress toward measurable goals for the entire restoration effort.

Agency Affected: Environmental Protection Agency
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the likelihood that bay restoration is attained, the Administrator of EPA should work collaboratively with federal and state bay restoration stakeholders to develop an adaptive management process that will allow restoration stakeholders to evaluate progress made in restoring the bay and adjust actions as needed.

Agency Affected: Environmental Protection Agency

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve the likelihood that bay restoration is attained, the Administrator of EPA should work collaboratively with federal and state bay restoration stakeholders to identify the indicators that will be used for assessing progress made in improving bay health and clarify how the entities responsible for assessing this progress will coordinate their efforts.

Agency Affected: Environmental Protection Agency
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Environmental Protection, Chesapeake Bay, Ecosystem management, Environmental monitoring, Estuaries, Federal agencies, Federal funds, Federal/state relations, Rivers, Strategic planning, Water pollution control, Water quality, Watersheds

Iraq and Afghanistan: DOD, State, and USAID Cannot Fully Account for Contracts, Assistance Instruments, and Associated Personnel

GAO-11-886 September 15, 2011

DOD, State, and USAID have relied extensively on contracts and assistance instruments (grants and cooperative agreements) for a range of services in Iraq and Afghanistan. In the last 3 years, GAO has provided information on the agencies' contracts, assistance instruments, and associated personnel in the two countries, detailing the agencies' challenges tracking such information. Amendments from the National Defense Authorization Act for Fiscal Year 2011 now require the agencies to provide this and other information to Congress through annual joint reports. They also direct GAO to review those reports. In response, GAO reviewed the first joint report and assessed (1) data and data sources used to prepare the report; (2) use of data from the Synchronized Predeployment and Operational Tracker (SPOT) for management, oversight, and coordination; and (3) efforts to improve SPOT's tracking of statutorily required information. GAO compared data in the joint report to agency data GAO previously obtained, reviewed supporting documentation, and interviewed agency officials, including those in Iraq and Afghanistan, on how the data were collected and used.

The Departments of Defense (DOD) and State and the U.S. Agency for International Development (USAID) designated SPOT as their system in 2010 for tracking statutorily required information on contracts, assistance instruments, and associated personnel in Iraq and Afghanistan. Citing limitations with SPOT's implementation, the agencies generally relied on data sources other than SPOT to prepare their 2011 joint report. Only

State used SPOT but just for its contractor personnel numbers. However, GAO found that regardless of the data source used, the agencies' data had significant limitations, many of which were not fully disclosed. For example, while the agencies collectively reported \$22.7 billion in fiscal year 2010 obligations, we found that they underreported the value of Iraq and Afghanistan contracts and assistance instruments by at least \$4 billion, the majority of which was for DOD contracts. In addition, data presented in the joint report on personnel, including those performing security functions, are of limited reliability because of significant over- and undercounting. For example, DOD did not disclose that its contractor personnel numbers for Afghanistan were overreported for most of the reporting period because of double counting. Additionally, despite the reporting requirement, State did not provide information on its assistance instruments or the number of personnel working under them. As a result of such limitations, data presented in the joint report should not be used to draw conclusions or identify trends over time. DOD, State, and USAID have used SPOT to a limited extent, primarily to manage and oversee individual contracts and personnel. Agency officials cited instances of using SPOT to help identify contractors that should be billed for the use of government services, including medical treatment and dining facilities. State and DOD officials also identified instances of using SPOT to help inform operational planning, such as preparing for the drawdown of U.S. forces in Iraq. Officials from the three agencies indicated that shortcomings in data and reporting capabilities have limited their use of SPOT and, in some cases, led them to rely on other data systems to help manage and oversee contracts and assistance instruments. Further, the agencies cannot readily access each other's data in SPOT, which limits interagency coordination opportunities. Recent efforts have been made to improve SPOT's tracking of contractor and assistance personnel. SPOT now allows users to enter aggregate, rather than individual personal information into SPOT, which may overcome resistance to using the system based on security concerns. In addition, DOD and State report increased efforts to validate personnel data in SPOT. However, practical and technical challenges continue to affect SPOT's ability to track other statutorily required data. For example, SPOT cannot be used to reliably distinguish personnel performing security functions from other contractors. Also, while SPOT has the capability to record when personnel have been killed or wounded, such information has not been regularly updated. The agencies have identified the need for further modifications and new guidance to address some but not all of these limitations. It is unclear when SPOT will serve as a reliable source of data to meet statutory requirements and be used by the agencies for management, oversight, and coordination. As a result, the agencies still do not have reliable sources and methods to report on contracts, assistance instruments, and associated personnel in Iraq and Afghanistan. In 2009, GAO recommended that DOD, State, and USAID

develop a plan for addressing SPOT's limitations. The agencies disagreed, citing ongoing coordination as sufficient. GAO continues to believe such a plan is needed and is not making new recommendations.

Categories: International Affairs, Afghanistan, Agency reports, Contract administration, Contract oversight, Contractor personnel, Cooperative agreements, Data collection, Data integrity, Databases, Department of Defense contractors, Federal agencies, Information management, Interagency relations, Iraq, National defense operations, Reporting requirements, Reports management, Synchronized Predeployment and Operational Tracker (SPOT)

DOD Financial Management: Marine Corps Statement of Budgetary Resources Audit Results and Lessons Learned

GAO-11-830 September 15, 2011

Long-standing weaknesses in Department of Defense (DOD) business processes, systems, and controls have hindered efforts to achieve financial audit readiness. Because DOD relies heavily on budget information for day-to-day management decisions, in August 2009, the DOD Comptroller designated the Statement of Budgetary Resources (SBR) as an audit priority. The U.S. Marine Corps was identified as the pilot military service for an SBR audit. GAO was asked to determine (1) the primary reasons the Marine Corps was unable to obtain an opinion on its fiscal year 2010 SBR; (2) the effectiveness and status of the Marine Corps' remediation plan, and (3) military service efforts to leverage Marine Corps SBR audit lessons. GAO reviewed auditor findings and recommendations, evaluated the Marine Corps corrective action plans, and reviewed documentation on military service audit readiness and lessons learned efforts. During its work, GAO met with DOD, Marine Corps, military service, and Defense Finance and Accounting Service (DFAS) officials and the auditors..

The Marine Corps received a disclaimer of opinion on its Fiscal Year 2010 SBR because it could not provide supporting documentation in a timely manner, and support for transactions was missing or incomplete. Auditors also reported that the Marine Corps did not have adequate processes, systems controls, and controls for accounting and reporting on the use of budgetary resources. Further, the Marine Corps could not provide evidence that reconciliations for key accounts and processes were being performed on a monthly basis. The auditor also identified ineffective controls in key information technology (IT) systems used by the Marine Corps to process financial data. The auditors provided 139 recommendations to correct identified weaknesses. The Marine Corps developed action items and milestones in response to the auditor's findings. But its remediation plan was focused on near-term outcomes and did not adequately specify key elements, including goals and objectives, actions for addressing those objectives, and associated performance measures. GAO previously reported that it is standard practice to have strategy that includes these features. GAO found that many of the Marine Corps' actions did not address the

specific auditor recommendations, and other actions were not adequate to correct underlying problems or root causes. Further, many of the remediation actions would require steps on the part of other DOD components, such as DFAS and the Defense Contract Management Agency. As of July 2011, the Marine Corps reported that actions on 88 of the 139 auditor recommendations were fully implemented. Auditors will assess the effectiveness of these actions as part of the fiscal year 2011 SBR audit effort. However, because many of the actions do not address the underlying internal control weaknesses, the Marine Corps risks continuing disclaimers of opinion. The Marine Corps' fiscal year 2010 SBR audit results provide valuable lessons on preparing for a first-time financial statement audit. GAO identified five fundamental lessons that are critical to success. Specifically, the Marine Corps' experience demonstrated that prior to asserting financial statement audit readiness, DOD components must (1) confirm completeness of populations of transactions and address any abnormal transactions and balances, (2) test beginning balances, (3) perform key reconciliations, (4) provide timely and complete response to audit documentation requests, and (5) verify that key IT systems are compliant and auditable. These issues are addressed in Internal Control Standards and audit requirements as well as DOD's Financial Improvement and Audit Readiness Guidance, which the military services are to follow in developing their respective Financial Improvement Plans (FIP). Navy, Army, and Air Force FIP officials stated that they were aware of the Marine Corps lessons. Navy officials stated that they are in the process of updating their audit readiness plan to address all five areas. Army and Air Force officials indicated their plans addressed some but not all of the lessons. GAO makes recommendations to (1) the Marine Corps to develop a riskbased remediation plan and confirm its actions fully respond to auditor recommendations and (2) DOD to direct other military services to consider key lessons learned in their audit readiness plans, as appropriate. DOD concurred with three of four recommendations but said the recommendation for a risk-based plan was too prescriptive. GAO believes this is needed for the long term.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To improve Marine Corps and Department of Defense (DOD) audit readiness efforts, the Secretary of the Navy should direct the Commandant of the Marine Corps to, using the results of the fiscal year 2010 and 2011 SBR audit efforts, develop a comprehensive, risk-based plan for designing and implementing corrective actions that provide sustainable solutions for SBR auditor recommendations. Such a plan should identify goals and objectives, identify and prioritize actions for addressing those objectives, allocate resources, assign roles and responsibilities, and measure performance against objectives.

Agency Affected: Department of Defense: Department of the Navy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve Marine Corps and Department of Defense (DOD) audit readiness efforts, the Secretary of the Navy should direct the Commandant of the Marine Corps to review Marine Corps SBR remediation actions under way and confirm that actions are fully responsive to the auditor recommendations.

Agency Affected: Department of Defense: Department of the Navy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve Marine Corps and Department of Defense (DOD) audit readiness efforts, the Secretary of the Navy should direct the Commandant of the Marine Corps to, for remediation actions that require coordination and action on the part of other DOD components, such as Defense Finance and Accounting Service (DFAS), Defense Contract Management Agency (DCMA), and Defense Contract Audit Agency (DCAA), require the Marine Corps to develop and implement timely and effective service-provider agreements with the appropriate DOD components in accordance with the Financial Improvement and Audit Readiness (FIAR) Guidance. These agreements should identify roles and

responsibilities, the individuals responsible for those activities, and performance measures that establish accountability.

Agency Affected: Department of Defense: Department of the Navy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help fully leverage lessons learned from the first-year Marine Corps SBR audit effort, the Secretary of Defense should direct the Secretaries of the Army, the Navy, and the Air Force to consider the fundamental lessons resulting from the Marine Corps effort and incorporate the lessons, as appropriate, in their respective Financial Improvement Plan (FIPs).

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Accountability, Accounting, Accounting procedures, Budget obligations, Budget outlays, Defense audits, Defense economic analysis, Documentation, Financial management, Financial statements, Internal audits, Internal controls, Lessons learned, Military forces, Performance measures, Risk management

DOD Financial Management: Ongoing Challenges in Implementing the Financial Improvement and Audit Readiness Plan

GAO-11-932T September 15, 2011

The Department of Defense (DOD) has initiated several efforts over the years to address its long-standing financial management weaknesses and ultimately achieve unqualified (clean) opinions on its financial statements. In 2005, the DOD Comptroller first issued the Financial Improvement and Audit Readiness (FIAR) Plan for improving financial management and reporting. In May 2010, the DOD Comptroller issued the FIAR Guidance to provide standardized guidance to DOD components for developing Financial Improvement Plans (FIP) to implement the FIAR Plan. GAO's testimony focuses on (1) progress made by the DOD Comptroller in developing and issuing the FIAR Guidance, (2) challenges faced by DOD components in implementing the FIAR Guidance, and (3) improvements needed in DOD's oversight and monitoring of FIAR implementation efforts. This statement is based on four audits that were undertaken at the request of this subcommittee and other congressional requesters to evaluate the progress DOD is making in implementing its FIAR Plan and FIAR Guidance. GAO addresses findings and recommendations from two reports being issued this week (GAO-11-830 and GAO-11-851) and preliminary information from two ongoing audits. Each audit demonstrates some of the challenges DOD faces in improving its

financial management and achieving the goal of auditable financial statements by 2017..

In a report issued this week, GAO concluded that the FIAR Guidance provides a reasonable methodology for the DOD components to follow in developing and implementing their FIPs. It details the roles and responsibilities of the DOD components, and prescribes a standard, systematic process components should follow to assess processes, controls, and systems, and identify and correct weaknesses in order to achieve auditability. The FIAR Guidance also requires the components to prepare and implement corrective action plans for resolving the deficiencies identified during testing and to document the results, which is consistent with federal internal control standards and related guidance. DOD's ability to achieve audit readiness is dependent on the components' ability to effectively develop and implement FIPs in compliance with the FIAR Guidance. However, GAO's review of various DOD component efforts to achieve audit readiness found that the components experienced challenges in implementing the FIAR Guidance. Specifically: (1) The Navy and the Air Force had not adequately developed the two FIPs that GAO reviewed in accordance with the FIAR Guidance. As a result, they did not conduct sufficient control and substantive testing, and reached conclusions that were not supported by the testing results. (2) Auditors of the Marine Corps' Statement of Budgetary Resources (SBR) issued a disclaimer of opinion because the Marine Corps did not provide timely and relevant supporting documentation for accounting transactions and also reported that internal control weaknesses should be addressed. (3) GAO's preliminary work on the Navy's and Marine Corps' Fund Balance with Treasury (FBWT) reconciliation processes identified issues with their ability to reconcile FBWT--a key step in preparing the SBR. (4) Based on preliminary results, GAO identified issues in the implementation of two enterprise resource planning (ERP) systems by the Army and the Air Force. DOD has acknowledged that effective implementation of integrated systems is crucial to achieving departmentwide audit readiness. Although DOD and its military components had established organizational structures for monitoring and oversight of audit readiness efforts, GAO found that oversight responsibilities were not effectively carried out, resulting in the ineffective implementation of FIPs and unsupported conclusions of audit readiness. For the two FIPs that GAO reviewed, neither the designated officials nor the executive committees took sufficient action to ensure that the FIPs complied with the FIAR Guidance. Effective oversight would also help ensure that lessons learned from recent efforts would be disseminated throughout the department so that others could avoid similar problems. For example, the Marine Corps' SBR audit effort provide valuable lessons that, if effectively communicated and implemented, can provide a roadmap to help other DOD components achieve audit readiness. GAO recommends actions for components to comply with the FIAR Guidance, for the Marine Corps to develop appropriate corrective action plans, and

for DOD to ensure that the services consider lessons learned. DOD concurred with GAO's recommendations related to implementing the component FIPs and with three of four recommendations related to the Marine Corps SBR. Further details on DOD's comments can be found in GAO's reports.

Categories: National Defense, Accountability, Accounting, Accounting procedures, Budget obligations, Budget outlays, Defense audits, Defense capabilities, Defense economic analysis, Defense procurement, Documentation, Financial management, Financial management systems, Financial statement audits, Financial statements, Information systems, Internal audits, Internal controls, Lessons learned, Military cost control, Military forces, Military materiel, Performance measures, Reporting requirements, Risk management

Troubled Asset Relief Program: Status of GAO Recommendations to Treasury

GAO-11-906R September 16, 2011

Nearly 3 years ago, the Emergency Economic Stabilization Act of 2008 (EESA) authorized the creation of the Troubled Asset Relief Program (TARP) to address the most severe crisis that the financial system had faced in decades. EESA provided GAO with broad oversight authorities for actions taken under TARP and required that we report at least every 60 days on TARP activities and performance. Our oversight and reporting has resulted in 69 performance audit recommendations and matters for congressional consideration to improve TARP's accountability and transparency. Sixty of the performance audit recommendations have been directed to the U.S. Department of the Treasury (Treasury), the primary agency responsible for TARP programs. While Treasury has taken a number of steps to address many of our recommendations, some recommendations remain outstanding. This 60-day report describes the status of our TARP performance audit recommendations to Treasury as of September 2011. In particular, this report discusses Treasury's implementation of our recommendations, focusing particularly on two cross-cutting issues--communications and staffing--and two major TARP programs, the Capital Purchase Program (CPP), which supports certain U.S. financial institutions, and Making Home Affordable (MHA), which is a collection of housing programs designed to help certain homeowners avoid foreclosure.

Treasury has addressed most TARP recommendations that we have made since issuing our first report in 2008. Of 60 recommendations that were directed to Treasury, 45 had been implemented as of September 2011, including those related to communication and staffing. Treasury has partially implemented five of the recommendations, meaning that it has taken some steps to implement the recommendations but needs to take further actions to fully implement them. Seven of our recommendations remain open--that is, Treasury has not taken steps to implement the recommendations. Among these are recommendations directed at CPP and the housing programs under MHA. Another three

recommendations are closed, but not implemented, reflecting Treasury's decision not to take action. For example, Treasury has indicated that it does not intend to assess whether borrowers with high debt-to-income ratios actually receive housing counseling required as a condition for MHA program participation or establish specific criteria for servicers to use in determining whether a borrower is in imminent danger of default during the MHA eligibility assessment process. When Treasury first created the Office of Financial Stability (OFS) to administer TARP, the new office did not always clearly communicate its goals and objectives for TARP to the public and to Congress. A number of our early recommendations were directed specifically at improving the way OFS communicates with external stakeholders, including Congress. For example, in 2008 and 2009 we recommended that OFS formalize its communication strategy and clearly articulate its vision for TARP. OFS took steps to address these recommendations starting in 2009 and has now fully implemented all of them. In particular, in March 2011 OFS hired its own senior liaison for legislative affairs to focus on sharing TARP-specific information with Congress and to answer questions about TARP programs. However, we will continue to monitor this issue while Treasury carries out its housing-related programs and unwinds remaining TARP programs. Treasury has implemented our recommendation to apply lessons learned from CPP to SBLF but has not taken action to monitor regulators' CPP repayment decisions. Our October 2010 report recommended that Treasury apply lessons learned to programs containing elements similar to those of CPP.9 Specifically, we recommended that when implementing SBLF, Treasury should better ensure that similar applicants are treated equitably by establishing a process for collecting and evaluating information from bank regulators on all applicants that withdraw from consideration in response to a regulator's recommendation. For SBLF, the roles of Treasury and the regulators have been modified: Treasury officials make the recommendations for approval and withdrawal with final approval made by the Treasury Deputy Assistant Secretary for Small Business, Community Development, and Affordable Housing Policy. The role of the regulators is to provide supervisory information and a viability assessment to Treasury, with Treasury also independently conducting a credit analysis of each applicant. To help ensure consistent treatment of applicants, Treasury created an application review committee that reviews all applicants when the federal regulator's input concluded that the applicant was not viable for the program. Treasury's lead role in recommending applicants for funding and this additional review step should help to ensure that applicants receive consistent treatment in investment decisions.

Categories: Financial Management, Assets, Banking regulation, Capital Purchase Program (CPP), Decision making, Documentation, Economic stabilization, Federal aid programs, Federal funds, Financial institutions, Housing programs, Lending institutions, Lessons learned,

Making Home Affordable (MHA) Program, Mortgage programs, Performance measures, Program evaluation, Public assistance programs, Treasury accounts, Troubled Asset Relief Program (TARP)

Aviation Security: TSA Has Made Progress, but Additional Efforts Are Needed to Improve Security

GAO-11-938T September 16, 2011

The attempted bombing of Northwest flight 253 in December 2009 underscores the need for effective aviation security programs. Aviation security remains a daunting challenge with hundreds of airports and thousands of flights daily carrying millions of passengers and pieces of checked baggage. The Department of Homeland Security's (DHS) Transportation Security Administration (TSA) has spent billions of dollars and implemented a wide range of aviation security initiatives. Two key layers of aviation security are (1) TSA's Screening of Passengers by Observation Techniques (SPOT) program designed to identify persons who may pose a security risk; and (2) airport perimeter and access controls security. This testimony provides information on the extent to which TSA has taken actions to validate the scientific basis of SPOT and strengthen airport perimeter security. This statement is based on prior products GAO issued from September 2009 through September 2011 and selected updates in August and September 2011. To conduct the updates, GAO analyzed documents on TSA's progress in strengthening aviation security, among other things.

DHS completed an initial study in April 2011 to validate the scientific basis of the SPOT program; however, additional work remains to fully validate the program. In May 2010, GAO reported that TSA deployed this program, which uses behavior observation and analysis techniques to identify potentially high-risk passengers, before determining whether there was a scientifically valid basis for using behavior and appearance indicators as a means for reliably identifying passengers who may pose a risk to the U.S. aviation system. TSA officials said that SPOT was deployed in response to potential threats, such as suicide bombers, and was based on scientific research available at the time. TSA is pilot testing revised program procedures at Boston-Logan airport in which behavior detection officers will engage passengers entering screening in casual conversation to help determine suspicious behaviors. TSA plans to expand this pilot program in the fall of 2011. GAO recommended in May 2010 that DHS, as part of its validation study, assess the methodology to help ensure the validity of the SPOT program. DHS concurred and stated that the study included an independent review with a broad range of agencies and experts. The study found that SPOT was more effective than random screening to varying degrees. However, DHS's study was not designed to fully validate whether behavior detection can be used to reliably identify individuals in an airport environment who pose a security risk. The study also noted that additional work was needed to comprehensively validate the program. TSA officials are assessing the actions

needed to address the study's recommendations but do not have time frames for completing this work. In September 2009 GAO reported that since 2004 TSA has taken actions to strengthen airport perimeter and access controls security by, among other things, deploying a random worker screening program; however, TSA had not conducted a comprehensive risk assessment or developed a national strategy. Specifically, TSA had not conducted vulnerability assessments for 87 percent of the approximately 450 U.S. airports regulated for security by TSA in 2009. GAO recommended that TSA develop (1) a comprehensive risk assessment and evaluate the need to conduct airport vulnerability assessments nationwide and (2) a national strategy to guide efforts to strengthen airport security. DHS concurred and TSA stated that the Transportation Sector Security Risk Assessment, issued in July 2010, was to provide a comprehensive risk assessment of airport security. However, this assessment did not consider the potential vulnerabilities of airports to an insider attack--an attack from an airport worker with authorized access to secure areas. In August 2011, TSA reported that transportation security inspectors conduct vulnerability assessments annually at all commercial airports, including an evaluation of perimeter security. GAO has not yet assessed the extent to which inspectors consistently conduct vulnerability assessments. TSA also updated the Transportation Systems-Sector Specific Plan, which summarizes airport security program activities. However, the extent to which these activities were guided by measurable goals and priorities, among other things, was not clear. Providing such additional information would better address GAO's recommendation. GAO has made recommendations in prior work to strengthen TSA's SPOT program and airport perimeter and access control security efforts. DHS and TSA generally concurred with the recommendations and have actions under way to address them.

Categories: Income Security, Access control, Airport security, Airports, Aviation, Aviation security, Information classification, Internal controls, Law enforcement, Passengers, Policy evaluation, Program evaluation, Risk assessment, Safety standards, Search and seizure, Security assessments, Security policies, Security threats, Terrorism, Transportation security, TSA Screening of Passengers by Observation Techniques (SPOT) Program

Iraq Drawdown: Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DOD Role

GAO-11-774 September 16, 2011

The drawdown of U.S. forces in Iraq and the transition from a U.S. military to a civilian-led presence after December 2011 continue amid an uncertain security and political environment. This report is one in a series of reviews regarding the planning and execution of the drawdown. Specifically, this report assesses the extent to which DOD has planned for, begun to execute, and mitigated risk associated with (1) transferring and removing personnel and equipment from

remaining bases in Iraq; (2) curtailing unneeded contract services, transitioning expiring contracts, and providing adequate contract oversight; and (3) facilitating and supporting the transition to a civilian-led presence in Iraq. GAO examined relevant DOD planning documents, attended drawdown-related conferences, interviewed State officials and DOD officials throughout the chain of command in the United States, Kuwait, and Iraq, and visited several locations in Kuwait and Iraq to observe drawdown operations.

DOD has robust plans and processes for determining the sequence of actions and associated resources necessary to achieve the drawdown from Iraq, which is well underway with a significant amount of equipment removed from Iraq and bases transitioned, among other things. However, several factors contribute to making this phase more challenging than the previous drawdown phase. First, DOD will have less operational flexibility in this phase of the drawdown, yet will need to move a greater amount of equipment than in prior drawdown phases. Second, DOD is closing the largest bases with fewer available resources left on site, which creates a set of challenges and risks greater than what DOD faced during the prior drawdown phase. Although DOD's plans and processes create flexibility and mitigate risk, it has limited visibility over some equipment remaining in Iraq and does not track equipment found on transitioning bases that is not listed on any property accountability record. Without addressing these issues, DOD may miss opportunities to make the drawdown more efficient. DOD has taken action to improve its management of contracts in Iraq, such as enhancing contract oversight and assigning Contracting Officer's Representative responsibilities as a primary duty, although concerns, such as lack of experience among contract oversight personnel, remain. As the drawdown progresses, DOD may face further challenges in ensuring that major contracts transition without gaps in key services. To ensure the continuity of key services while continuing to reduce these services, some units are exploring the option of using local contractors to provide certain services since local contractors do not require extensive support, such as housing, and will not have to be repatriated to their country of origin at the end of the contract, although GAO has previously reported on challenges associated with hiring such firms resulting in the need for greater oversight. Some units also intend to replace contractor personnel with servicemembers to ensure continuity of certain services, such as guard security and generator maintenance. Despite various steps to ease contractor demobilization, DOD faces challenges in demobilizing its contractors, including operational security-driven limits on exchanging information such as base closure dates and ensuring accurate contractor planning. Without taking additional steps to address these challenges, DOD may be unable to effectively implement its demobilization guidance and ensure the effective reduction of contract services to appropriate levels and ultimate demobilization of all its contractors. As the U.S. presence in Iraq transitions to a civilian-led

presence, although DOD and State interagency coordination for the transition began late, both agencies have now coordinated extensively and begun to execute the transfer or loan to State of a wide range of DOD equipment, while DOD has taken steps to minimize any impact on unit readiness of such transfers. DOD also has agreed to potentially provide State with extensive contracted services, including base and life support, food and fuel, and maintenance, but State may not have the capacity to fund and oversee these services. GAO recommends that DOD take further action to (1) acquire and maintain real-time visibility over contractor-managed government-owned equipment; (2) collect data on unaccounted-for equipment found during base transitions; (3) work with contractors to gather and distribute information needed to demobilize their workforces; and (4) officially clarify the scope of DOD's role in post-2011 Iraq, to include the privileges and immunities to be afforded all DOD government personnel. DOD concurred with all of GAO's recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To help ensure that DOD will be able to complete the orderly and efficient retrograde and transfer of its equipment and transition of its bases in Iraq by minimizing unanticipated requirements, the Secretary of Defense should direct the Under Secretary of Defense for Acquisition, Technology, and Logistics, in conjunction with the Secretary of the Army and the Commander, U.S. Central Command, to approve and implement, as appropriate, a process, to include associated policy and training, for acquiring and maintaining real-time visibility of CMGO equipment before it is delivered to the U.S. government that meets the needs of operational forces while retaining oversight features inherent to DOD's current accountability processes.

Agency Affected: Department of Defense
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help ensure that DOD will be able to complete the orderly and efficient retrograde and transfer of its equipment and transition of its bases in Iraq by minimizing unanticipated requirements, the Secretary of Defense should direct the Under Secretary of Defense for Acquisition, Technology, and Logistics, in conjunction with the Secretary of the Army and the Commander, U.S. Central Command, to approve and implement, as appropriate, a process, to include associated policy and training, for acquiring and maintaining real-time visibility of CMGO equipment before it is delivered to the U.S. government that meets the needs of operational forces while retaining oversight features inherent to DOD's current accountability processes.

Agency Affected: Department of Defense
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Base closures, Combat readiness, Contract administration, Contract oversight, Contractor personnel, Contracts, Defense operations, Defense procurement, Department of Defense contractors, Foreign governments, Iraq, Logistics, Military bases, Military materiel, Military withdrawal, Property, Protective equipment, Risk management, Strategic planning

Legal-Bid Protest Ruling: JCB Inc.**B-404964.4 September 16, 2011**

JCB Inc., of Pooler, Georgia, protests the award of a contract to Kalmar RT Center LLC, of Cibolo, Texas, by the Department of the Army, under request for proposals (RFP) No. W56HZV-10-R-0018, for light capability rough terrain forklifts (LCRTF).

We deny the protest.

Categories: Bid Protest, Contract award protests, Equipment contracts, Evaluation criteria, Fixed price contracts, Prices and pricing, Solicitation specifications, Source selection

Legal-Major Ruling: Commodity Futures Trading Commission: Swap Data Repositories: Registration Standards, Duties and Core Principles**GAO-11-945R September 16, 2011**

GAO reviewed the Commodity Futures Trading Commission's (Commission) new rule on swap repositories and registration standards, duties and core principles. GAO found that the rule implements section 21 of the Commodity Exchange Act ("CEA"), which establishes registration requirements, statutory duties, core principles, and certain compliance obligations for registered swap data repositories ("SDRs"). Section 21 of the CEA was added by section 728 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"); and (2) Commission complied with applicable requirements in promulgating the rule.

Categories: Major Ruling, Agency proceedings, Commodity futures, Competition, Data collection, Derivative securities, Federal Agency Major Rules, Financial instruments, Independent regulatory commissions, Records management, Records retention, Regulation, Regulatory agencies, Reporting requirements, Swaps

Legal-Major Ruling: Department of Health and Human Services, Centers for Medicare & Medicaid Services: Medicare Program; Medicare Advantage and Prescription Drug Benefit Programs**GAO-11-947R September 16, 2011**

GAO reviewed the Department of Health and Human Services, Centers for Medicare and Medicaid Services' (CMS) new rule on the Medicare Program; Medicare Advantage and prescription drug benefit programs. GAO found that (1) the final rule finalizes revisions to the regulations governing the Medicare Advantage (MA) program (Part C), prescription drug benefit program (Part D) and section 1876 cost plans, including implementing statutory requirements regarding special needs plans, private fee-for-service plans, regional preferred provider organizations plans. This final rule also revised the regulations governing Medicare medical savings accounts plans; cost-sharing for dual-eligible enrollees in the MA program; prescription drug pricing, coverage, and payment processes in the Part D program; and requirements governing the marketing of Part C and Part D plans. These changes clarify various program participation requirements, strengthen beneficiary protections, strengthen CMS's ability to identify strong

applicants for Part C and Part D program participation and remove consistently poor performers, and make other clarifications and technical changes; and (2) CMS complied with applicable requirements in promulgating the rule.

Categories: Major Ruling, Agency proceedings, Federal Agency Major Rules, Federal regulations, Medicare, Medicare Advantage Program, Medicare Part C, Medicare Part D, Prescription drugs, Requirements definition, Statutory limitation

Legal-Major Ruling: Department of the Interior, Fish and Wildlife Service: Migratory Bird Hunting; Early Seasons and Bag and Possession Limits for Certain Migratory Game Birds in the Contiguous United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands**GAO-11-943R September 16, 2011**

GAO reviewed the Department of the Interior (Interior), Fish and Wildlife Service's new rule on migratory bird hunting. GAO found that (1) the final rule prescribes the hunting seasons, hours, areas, and daily bag and possession limits of mourning, white-winged, and white-tipped doves; band-tailed pigeons; rails; moorhens and gallinules; woodcock; common snipe; sandhill cranes; sea ducks; early (September) waterfowl seasons; migratory game birds in Alaska, Hawaii, Puerto Rico, and the Virgin Islands; and some extended falconry seasons. Taking of migratory birds is prohibited unless specifically provided for by annual regulations; and (2) Interior complied with the applicable requirements in promulgating the rule.

Categories: Major Ruling, Agency proceedings, Camping, Federal Agency Major Rules, Federal regulations, Migratory birds, Outdoor recreation, Recreation, Species, Wildlife, Wildlife management

Legal-Major Ruling: Department of the Interior, Fish and Wildlife Service: Migratory Bird Hunting; Migratory Bird Hunting Regulations on Certain Federal Indian Reservations and Ceded Lands for the 2011-12 Early Season**GAO-11-944R September 16, 2011**

GAO reviewed the Department of the Interior (Interior), Fish and Wildlife Service's new rule on migratory bird hunting. GAO found that (1) the final rule prescribes special early-season migratory bird hunting regulations for certain tribes on federal Indian reservations, off-reservation trust lands, and ceded lands; and (2) Interior complied with applicable requirements in promulgating the rule.

Categories: Major Ruling, Agency proceedings, Federal Agency Major Rules, Federal regulations, Indian affairs legislation, Indian lands, Land management, Land use, Migratory birds, Outdoor recreation, Sports, Wildlife

Excess Facilities: DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts**GAO-11-814 September 19, 2011**

GAO has designated the Department of Defense's (DOD) management of support infrastructure as a high risk area, in part because of challenges in reducing excess infrastructure. Operating and maintaining excess facilities consumes resources that could be eliminated from DOD's budget or used for other purposes. In response to direction in House Report 111-491, GAO reviewed DOD's (1) progress toward meeting demolition program targets for fiscal years 2008 through 2013; (2) facility utilization information--a source for identifying additional excess facilities; and (3) plans for managing and disposing of excess facilities after fiscal year 2013. GAO analyzed information on excess facilities, completed demolitions, and underutilized facilities in DOD's real property inventory database; reviewed DOD's plans for demolition after the on-going program ends; and conducted site visits to selected military installations.

DOD is on track to meet its overall targets to demolish 62.3 million square feet of facilities and about \$1.2 billion in additional facilities that were not measured in square feet by the end of fiscal year 2013. Based on GAO's analysis of DOD's real property inventory database, the military services and defense organizations have all made progress in demolishing excess facilities during the first half of DOD's 6-year demolition program; however, based on DOD's projected demolition plans for the remaining years of the program, some organizations may not meet their individual demolition targets by the end of fiscal year 2013. DOD is limited in its ability to identify other potentially excess facilities, because it does not maintain complete and accurate data concerning the utilization of its facilities. GAO found that DOD's real property inventory database showed utilization data for less than half of DOD's total inventory and that these data often were incomplete or did not reflect the true usage rate of the facilities. As a result, DOD may be missing opportunities to identify additional facilities that are candidates for consolidation, demolition, or other forms of disposal. DOD's plans to eliminate excess facilities in the future are unclear, as are its plans for taking into account external factors, such as management of historical preservation requirements and environmental restrictions, which affect the disposal of long-standing excess facilities that were identified before fiscal year 2008. DOD officials stated that, as they plan for demolition of excess facilities after the current program ends in fiscal year 2013, demolition will be one component of a broader effort for facilities management that will include other approaches to eliminating excess facilities, such as consolidation and recapitalization. However, DOD has not yet defined the strategies and measures it intends to employ to carry out this broader approach. DOD officials further stated that the demolition of long-standing excess facilities may require more time and effort to complete because of several external factors. Without specific strategies and measures

to evaluate future efforts, and without considering how external factors may affect goals, DOD may not be able to evaluate how well its efforts will serve to eliminate long-standing excess facilities and make the best use of its facilities. To better focus and manage its future disposal efforts, GAO recommends that DOD calculate and record complete and accurate utilization data for all facilities and develop strategies and measures to enhance the management of excess facilities after the current demolition program ends. In written comments on a draft of this report, DOD generally agreed with GAO's recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To better focus and manage DOD's future disposal efforts, the Secretary of Defense should direct the Deputy Under Secretary of Defense (Installations and Environment) to work with the Secretaries of the military departments and develop and implement a methodology for calculating and recording utilization data for all types of facilities, and modify processes to update and verify the

accuracy of reported utilization data to reflect a facility's true status.

Agency Affected: Department of Defense
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To better focus and manage DOD's future disposal efforts, the Secretary of Defense should direct the Deputy Under Secretary of Defense (Installations and Environment) to work with the Secretaries of the military departments and develop strategies and measures to enhance the management of DOD's excess facilities after the current demolition program ends, taking into account external factors that may affect future disposal efforts.

Agency Affected: Department of Defense
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Demolition, Environmental protection, Facility maintenance, Facility management, Federal property management, Historic preservation, Military facilities, Military inventories, Program evaluation, Property disposal, Real property, Surplus federal property, Utilization management

Weapons Acquisition Reform: Actions Needed to Address Systems Engineering and Developmental Testing Challenges

GAO-11-806 September 19, 2011

For the past 2 years, the Department of Defense (DOD) has been implementing the Weapon Systems Acquisition Reform Act (Reform Act) requirements for systems engineering and developmental testing. These activities are important to DOD's ability to control acquisition costs, which increased by \$135 billion over the past 2 years for 98 major defense acquisition programs. GAO was asked to determine (1) DOD's progress in implementing the Reform Act's requirements and (2) whether there are challenges at the military service level that could affect their systems engineering and developmental testing activities. To do this, GAO analyzed implementation status documents, discussed developmental testing office concerns with current and former DOD officials, and analyzed military service workforce growth plans and test range funding data..

The new offices for systems engineering and developmental test and evaluation are continuing to make progress implementing Reform Act requirements. Since GAO's 2010 report on this topic, the Deputy Assistant Secretaries for Systems Engineering and Developmental Test and Evaluation have issued additional policies and guidance, assisted more weapons acquisition programs in the development of acquisition plans, and provided input to senior leaders at Defense Acquisition Board meetings. DOD also designated

the Deputy Assistant Secretary for Developmental Test and Evaluation for concurrent service as the Director of the Test Resource Management Center. This was an optional Reform Act provision, which places oversight of testing resources and acquisition program developmental testing activities under one official. Despite these steps, the developmental test and evaluation office reports having difficulty covering its portfolio of about 250 defense acquisition programs with its current authorized staff of 63 people. Current and former testing officials believe the office needs more influence and resources to be effective, but they said thorough analysis has not been done to determine the appropriate office size. Further, according to the Deputy Assistant Secretary for Developmental Test and Evaluation, a statutory provision that designates the Test Resource Management Center as a field activity may limit his ability to achieve management and reporting efficiencies that could be obtained by combining or shifting resources between the two organizations. GAO has a matter for Congressional consideration to allow shifting resources between the Test Resource Management Center and the developmental test and evaluation office. The military services are facing workforce challenges that could curb systems engineering and developmental testing efforts, if not properly addressed. The services planned to increase their systems engineering and test and evaluation career fields by about 5,000 people (14 percent) and about 300 people (4 percent), respectively, between fiscal years 2009 and 2015 through hiring actions and converting contractor positions to government positions. The services have increased the systems engineering career field by about half of its projections and exceeded its planned growth for the test and evaluation career field through the end of fiscal year 2010. However, future growth may be difficult because of budget cuts and a clarification in DOD's insourcing approach, which may make civilian hiring more difficult. For example, the services now plan to hire about 800 fewer systems engineers by 2015 than they originally projected. Further, cuts to development test ranges' fiscal year 2012 budgets of nearly \$1.2 billion (17 percent) over the next 5 years could offset some of the workforce gains already achieved. Currently, the services lack metrics that could be used to justify funding levels, effectively allocate funding cuts, make workforce decisions, or make difficult decisions related to mothballing, closing, or consolidating test capabilities, if future budget cuts are necessary. To the extent DOD cannot provide adequate systems engineering and developmental testing support to its weapon systems portfolio, the risks of executing the portfolio within cost and schedule are increased. GAO recommends that DOD assess the resources needed by the developmental test and evaluation office, develop a plan to implement the assessment, develop metrics to aid funding decisions, and report the effect budget cuts are having on the services' ability to meet program office needs. GAO also has a matter for congressional consideration. DOD concurred with two recommendations, and offered clarifying language, which GAO incorporated, on the other

two recommendations for which DOD partially concurred.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Matters for Congressional Consideration

Recommendation: Contingent upon the results of DOD's assessment, the Congress may wish to consider revising any applicable statutory provisions necessary to allow for DOD to combine or shift resources between the Test Resource Management Center and the office of the Deputy Assistant Secretary for Developmental Test and Evaluation.

Status: In process

Comments: When we determine what steps the Congress has taken, we will provide updated information. Recommendations for Executive Action

Recommendation: The Secretary of Defense should assess the resources and influence needed by the developmental test and evaluation office to assist and oversee defense acquisition programs, including (1) the number of defense acquisition programs that can be supported by different developmental test and evaluation office staffing levels, including specifying the total number of personnel, the mix of government and contractor employees, and the number of senior executive service personnel needed for each of these staffing levels; (2) whether the Test Resource Management Center and the office of the Deputy Assistant Secretary for Developmental Test and Evaluation should be combined or resources shifted between organizations to more effectively support the activities of both organizations and if so, identify for Congress any statutory revisions that would be necessary; and (3) the proper reporting channel, taking into account the decision on whether or not to combine the organizations, the statutory oversight requirements, and the level of influence needed to oversee and assess program office developmental testing and service budgeting activities.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: The Secretary of Defense should develop a plan to implement the results of the assessment.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: The Secretary of Defense, with input from the military services, should develop metrics to assess the Major Range and Test Facility Base (MRTFB) test capabilities (expanding to DOD non-MRTFB, and non-DOD government test facilities once an approved set of metrics are in place supporting the MRTFB),

justify funding, and assist in making decisions on the right-sizing of personnel, how best to allocate funding, or make future decisions on whether to mothball, shut down, or consolidate test facilities. These efforts should be coordinated with the Test Resource Management Center.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: The Secretary of Defense, with input from the military services, should report the impact budget cuts reflected in the fiscal year 2012 budget, as well as the insourcing policy clarification, will have on their (1) total workforce (civilians, military, and contractors) that support both of these activities and (2) ability to meet program office systems engineering and developmental test and evaluation needs.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Budget cuts, Contractor personnel, Defense capabilities, Defense economic analysis, Defense procurement, Developmental testing, Employees, Evaluation methods, Labor force, Military engineering, Military forces, Military research and development, Performance measures, Procurement planning, Requirements definition, Systems analysis, Systems evaluation, Systems testing, Weapons research and development, Weapons systems

Appropriations Ruling: Denali Commission--Fiscal Year 2011 Rescission B-322162 September 19, 2011

Section 1477 of the Department of Defense and Full-Year Continuing Appropriations Act, 2011, rescinds \$15 million of the unobligated balance of amounts appropriated to the Denali Commission in fiscal year 2010 or earlier. If the Commission is currently unable to satisfy the full amount of the rescission, the Commission must use deobligated balances as they become available until it has rescinded the full \$15 million specified by section 1477.

Categories: Appropriations Decision, Appropriated funds, Appropriations, Budget authority rescission, Budget obligations, Deobligations, Funds management, Grants, Unobligated budget balances

Appropriations Ruling: U.S. Small Business Administration--Indefinite-Delivery Indefinite-Quantity Contract Guaranteed Minimum B-321640 September 19, 2011

A valid obligation must reflect a bona fide need at the time the obligation is incurred. Thus, an agency must have a bona fide need for the

guaranteed minimum of an indefinite-delivery indefinite-quantity contract (IDIQ). The U.S. Small Business Administration (SBA) violated the bona fide needs rule where it did not have a bona fide need for the guaranteed minimum quantities specified in an IDIQ contract at the end of fiscal years 2009 and 2010. SBA reported that it has adjusted its accounts to correct its bona fide needs violation.

Categories: Appropriations Decision, Audits, Budget obligations, Computer hardware, Contract administration, Contract modifications, Contract terms, Equipment contracts, Firm fixed price contracts, Indefinite delivery contracts, Legal opinions, Procurement

Personal ID Verification: Agencies Should Set a Higher Priority on Using the Capabilities of Standardized Identification Cards

GAO-11-751 September 20, 2011

To increase the security of federal facilities and information systems, the President issued Homeland Security Presidential Directive 12 (HSPD-12) in 2004. This directive ordered the establishment of a governmentwide standard for secure and reliable forms of ID for employees and contractors who access government-controlled facilities and information systems. The National Institute of Standards and Technology (NIST) defined requirements for such personal identity verification (PIV) credentials based on "smart cards"--plastic cards with integrated circuit chips to store and process data. The Office of Management and Budget (OMB) directed federal agencies to issue and use PIV credentials to control access to federal facilities and systems. GAO was asked to determine the progress that selected agencies have made in implementing the requirements of HSPD-12 and identify obstacles agencies face in implementing those requirements. To perform the work, GAO reviewed plans and other documentation and interviewed officials at the General Services Administration, OMB, and eight other agencies.

Overall, OMB and federal agencies have made progress but have not fully implemented HSPD-12 requirements aimed at establishing a common identification standard for federal employees and contractors. OMB, the federal Chief Information Officers Council, and NIST have all taken steps to promote full implementation of HSPD-12. For example, in February 2011, OMB issued guidance emphasizing the importance of agencies using the electronic capabilities of PIV cards they issue to their employees, contractor personnel, and others who require access to federal facilities and information systems. The agencies in GAO's review--the Departments of Agriculture, Commerce, Homeland Security, Housing and Urban Development, the Interior, and Labor; the National Aeronautics and Space Administration; and the Nuclear Regulatory Commission--have made mixed progress in implementing HSPD-12 requirements. Specifically, they have made substantial progress in conducting background investigations on employees and others and in issuing PIV cards, fair progress in using the electronic capabilities of the cards for access to

federal facilities, and limited progress in using the electronic capabilities of the cards for access to federal information systems. In addition, agencies have made minimal progress in accepting and electronically authenticating cards from other agencies. The mixed progress can be attributed to a number of obstacles agencies have faced in fully implementing HSPD-12 requirements. Specifically, several agencies reported logistical problems in issuing credentials to employees in remote locations, which can require costly and time-consuming travel. In addition, agencies have not always established effective mechanisms for tracking the issuance of credentials to federal contractor personnel--or for revoking those credentials and the access they provide when a contract ends. The mixed progress in using the electronic capabilities of PIV credentials for physical access to major facilities is a result, in part, of agencies not making it a priority to implement PIV-enabled physical access control systems at all of their major facilities. Similarly, a lack of prioritization has kept agencies from being able to require the use of PIV credentials to obtain access to federal computer systems (known as logical access), as has the lack of procedures for accommodating personnel who lack PIV credentials. According to agency officials, a lack of funding has also slowed the use of PIV credentials for both physical and logical access. Finally, the minimal progress in achieving interoperability among agencies is due in part to insufficient assurance that agencies can trust the credentials issued by other agencies. Without greater agency management commitment to achieving the objectives of HSPD-12, agencies are likely to continue to make mixed progress in using the full capabilities of the credentials. GAO is making recommendations to nine agencies, including OMB, to achieve greater implementation of PIV card capabilities. Seven of the nine agencies agreed with GAO's recommendations or discussed actions they were taking to address them; two agencies did not comment.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To ensure that PIV credentials are issued only to employees and contractor staff requiring them, the Secretary of Agriculture should take steps to identify which staff in the "other" category should receive PIV cards and establish procedures for handling such cases.

Agency Affected: Department of Agriculture
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Agriculture should ensure that the department's

plans for PIV-enabled physical access at major facilities are implemented in a timely manner.

Agency Affected: Department of Agriculture
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Agriculture should require staff with PIV cards to use them to access systems and networks and develop and implement procedures for providing temporary access to staff who do not have PIV cards.

Agency Affected: Department of Agriculture
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Agriculture should develop and implement procedures to allow employees who need to access multiple computers simultaneously to use the PIV card to access each computer.

Agency Affected: Department of Agriculture
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that PIV cards do not remain in the possession of staff whose employment or contract with the federal government is over, the Secretary of Commerce should establish controls, in addition to time frames for implementing a new tracking system, to ensure that PIV cards are revoked in a timely fashion.

Agency Affected: Department of Commerce
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Commerce should develop specific implementation plans for enabling PIV-based access to the department's major facilities, including time frames for deployment.

Agency Affected: Department of Commerce
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Commerce should ensure that plans for PIV-enabled logical access to the department's systems and networks are implemented in a timely manner.

Agency Affected: Department of Commerce
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that PIV credentials are issued to all employees and contractor staff requiring them, the Secretary of Homeland Security should make use of portable credentialing systems, such as mobile activation stations, to economically issue PIV credentials to staff in remote locations.

Agency Affected: Department of Homeland Security
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that PIV cards do not remain in the possession of staff whose employment or contract with the federal government is over, the Secretary of Homeland Security should establish specific time frames for implementing planned revisions to the department's tracking procedures, to ensure that PIV cards are revoked in a timely fashion.

Agency Affected: Department of Homeland Security
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Homeland Security should develop specific implementation plans for enabling PIV-based access to the department's major facilities, including identifying necessary infrastructure upgrades and timeframes for deployment.

Agency Affected: Department of Homeland Security

Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Homeland Security should ensure that plans for PIV-enabled logical access to the department's systems and networks are implemented in a timely manner.

Agency Affected: Department of Homeland Security
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that PIV cards do not remain in the possession of staff whose employment or contract with the federal government is over, the Secretary of Housing and Urban Development should develop and implement control procedures to ensure that PIV cards are revoked in a timely fashion.

Agency Affected: Department of Housing and Urban Development
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Housing and Urban Development should ensure that the department's plans for PIV-enabled physical access at major facilities are implemented in a timely manner.

Agency Affected: Department of Housing and Urban Development
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Housing and Urban Development should require staff with PIV cards to use them to access systems and networks and develop and implement procedures for providing temporary access to staff who do not have PIV cards.

Agency Affected: Department of Housing and Urban Development

Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that PIV credentials are issued to all employees and contractor staff requiring them, the Secretary of the Interior should make greater use of portable credentialing systems, such as mobile activation stations, to economically issue PIV credentials to staff in remote locations.

Agency Affected: Department of the Interior
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of the Interior should develop specific implementation plans for enabling PIV-based access to the department's major facilities, including identifying necessary infrastructure upgrades and time frames for deployment.

Agency Affected: Department of the Interior
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of the Interior should ensure that plans for PIV-enabled logical access to Interior's systems and networks are implemented in a timely manner.

Agency Affected: Department of the Interior
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that PIV credentials are issued to all employees and contractor staff requiring them, the Secretary of Labor should make greater use of portable credentialing systems, such as mobile activation stations, to economically issue PIV credentials to staff in remote locations.

Agency Affected: Department of Labor
Status: In process
Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Labor should ensure that the department's plans for PIV-enabled physical access at major facilities are implemented in a timely manner.

Agency Affected: Department of Labor

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal facilities, networks, and systems, the Secretary of Labor should ensure that plans for PIV-enabled logical access to Labor's systems and networks are implemented in a timely manner.

Agency Affected: Department of Labor

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal networks and systems, the Administrator of NASA should require staff with PIV cards to use them to access systems and networks and develop and implement procedures for providing temporary access to staff who do not have PIV cards.

Agency Affected: National Aeronautics and Space Administration

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal networks and systems, the Administrator of NASA should develop and implement procedures for PIV-based logical access when using Apple Mac and mobile devices that do not rely on direct interfaces with PIV cards, which may be impractical.

Agency Affected: National Aeronautics and Space Administration

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To meet the HSPD-12 program's objectives of using the electronic capabilities of PIV cards for access to federal networks and systems, the Chairman of the NRC should develop and implement procedures to allow staff who need to access multiple computers simultaneously to use the PIV card to access each computer.

Agency Affected: Nuclear Regulatory Commission

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To address the challenge of promoting the interoperability of PIV cards across agencies by ensuring that agency HSPD-12 systems are trustworthy, the Director of OMB should require the establishment of a certification process, such as through audits by third parties, for validating agency implementations of PIV credentialing systems.

Agency Affected: Executive Office of the President: Office of Management and Budget

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Homeland Security, Access control, Authentication, Background investigations, Computer security, Contractor personnel, E-government, Facility security, Federal agencies, Federal employees, Federal Information Processing Standards, Government employees, Government facilities, Identification cards, Identity verification, Information systems, Security regulations, Smart cards

Afghanistan Governance: Performance-Data Gaps Hinder Overall Assessment of U.S. Efforts to Build Financial Management Capacity

GAO-11-907 September 20, 2011

The United States has allocated over \$72 billion to Afghanistan since 2002. With other international donors, it is focused on transitioning leadership to the Afghan government and has pledged to provide at least 50 percent of its development aid through the Afghan government budget.

Improving Afghanistan's public financial management capacity is critical to this transition. In 2010, the Afghan government, consulting with donors, issued a Public Financial Management Roadmap (Roadmap), which outlines goals to improve Afghanistan's capacity to develop a national budget and expend funds. GAO reviewed (1) U.S. efforts to improve the Afghan government's public financial management capacity, including the extent to which they support Roadmap goals, and (2) the extent to which U.S. efforts have improved the government's capacity. GAO reviewed documents and interviewed officials from the U.S. Agency for International Development (USAID); Departments

of State, Defense (DOD), and the Treasury (Treasury); World Bank; and Afghan government in Washington, D.C., and Kabul, Afghanistan.

USAID, Treasury, and DOD support the Public Financial Management Roadmap (Roadmap) goals through various activities such as (1) USAID projects that provide technical assistance and training to Afghan civil servants, (2) Treasury advisers' assistance to the Ministry of Finance (MOF), and (3) DOD's Combined Security Transition Command-Afghanistan (CSTC-A) that provides support to the Ministries of Defense (MOD) and Interior (MOI). GAO found that these efforts are aligned with the Roadmap goals.

USAID provides training and technical assistance mainly through two contractor-implemented projects. One USAID project provides technical assistance to 37 civilian ministries to develop their annual budgets, while another USAID project provides training in areas such as financial management and procurement to Afghan civil servants. Treasury provides technical assistance through 6 advisers in MOF, who work with senior officials on issues such as budget execution. Through CSTC-A, DOD has 22 advisers at MOD and MOI, who advise officials on developing their budgets and strengthening the payroll system to improve accuracy. The overall extent to which U.S. efforts have improved the public financial management capacity of the Afghan government cannot be fully determined because (1) U.S. agencies have reported mixed results, and (2) weaknesses in USAID's performance management frameworks, such as lack of performance targets and data, prevent reliable assessments of its results. USAID's evaluations of its two public financial management projects indicate that some activities were successfully completed, while others were terminated because these activities were not deemed useful. Treasury advisers assessed that although their assistance at MOF had a positive effect, some results had limitations. For example, advisers assessed that their efforts to design reports for improved communication of financial information were not as successful as they had expected. Additionally, CSTC-A assessed that while MOD has made progress since 2008 and can perform critical financial management functions with minimal international support, MOI still needs significant international support for such operations. In early 2010, CSTC-A projected that MOD would transition to needing no coalition support for finance and budget functions by January 2012, and MOI would reach a similar goal by March 2012. However, in early 2011, CSTC-A extended time frames for meeting its benchmarks for MOD and MOI to March 2012 and November 2012, respectively. Regarding deficiencies in USAID's performance management framework, both the USAID Mission performance management plan and project-specific plans lack performance targets as required for each indicator related to public financial management. Additionally, implementing partners, such as contractors, have not consistently reported performance data for all indicators. Moreover, baselines for public financial management capacity of civilian ministries have not yet been established. In the absence of baselines,

performance targets, and data, it is difficult to assess the extent to which USAID efforts have increased the public financial management capacity of Afghan ministries. GAO recommends that the USAID Administrator take steps to (1) establish performance targets in its Mission Performance Management Plan (PMP); (2) ensure implementing partners' PMPs include baselines and approved targets; and (3) ensure implementing partners routinely report performance data. USAID concurred with GAO recommendations and is taking steps to address them.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: For public financial management (PFM) efforts, the USAID Administrator should establish targets, as required, for each PFM-related performance indicator in its Mission Performance Management Plan for Afghanistan.

Agency Affected: United States Agency for International Development

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: For public financial management (PFM) efforts, the USAID Administrator should take steps to ensure that the USAID-approved performance management plan for each implementing partner includes baseline data and targets for each indicator.

Agency Affected: United States Agency for International Development

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: For public financial management (PFM) efforts, the USAID Administrator should ensure that implementing partners report performance data at the frequency established in the performance management plan.

Agency Affected: United States Agency for International Development

Status: In process

Comments: When we confirm what actions the agency has taken in response to this

recommendation, we will provide updated information.

Categories: International Affairs, Afghanistan, Budget functions, Budget obligations, Budgeting, Capacity management, Civil service, Data collection, Data integrity, Federal aid to foreign countries, Financial management, Foreign governments, Internal controls, International cooperation, International organizations, International relations, Performance management

Afghanistan's Donor Dependence

GAO-11-948R September 20, 2011

The United States has allocated over \$72 billion to secure, stabilize, and rebuild Afghanistan since 2002, and the President requested over \$18 billion for these purposes for fiscal year 2012. GAO has on numerous occasions raised doubts about the Government of the Islamic Republic of Afghanistan's (GIRoA) ability to fund its public expenditures--funds spent to provide public services to the Afghan population, such as security, infrastructure projects, and government salaries. In 2005, we reported that Afghanistan had limited resources and recommended that the Secretaries of State and Defense develop plans for funding the Afghan national security forces (ANSF).¹ In 2007 and 2008, we reported that it was essential to develop future funding requirements for the ANSF and a strategy for transitioning these responsibilities to GIRoA.² In 2008, Congress also mandated that the Department of Defense provide a long-term plan for sustaining the ANSF, including future funding requirements. The Department of Defense, however, has yet to provide the Congress an estimate of the cost to sustain the Afghanistan National Security Forces.³ In 2011, we again recommended that the U.S. and international partners develop estimates of the future funding needed to grow the Afghan National Army.⁴ We have also raised concerns about Afghanistan's inability to fund planned government expenditures without foreign assistance and raised questions about the sustainability of U.S.-funded efforts to build and enhance Afghanistan's road, agriculture, and water infrastructures.⁵ During a related engagement, we reviewed U.S. efforts to strengthen Afghanistan's public financial management, a critical capability for Afghanistan's fiscal sustainability.⁶ The international community, including about 50 donor countries and international entities such as the World Bank and the United Nations, has also provided significant support to help stabilize and rebuild Afghanistan. At international conferences in London (January 2010) and Kabul (July 2010), officials from some of these countries and organizations committed to supporting Afghanistan but also raised issues about Afghanistan's donor dependence. Because of the wide range of interest in this topic, we conducted a review of issues related to Afghanistan's donor dependence, including U.S. funding for Afghanistan, under the authority of the Comptroller General to undertake work on his own initiative. In September 2011, we briefed the staff of the Senate Committees on Armed Services and Foreign Relations and House Committees on Armed Services and Foreign Affairs on the interim

results of our work. This report provides preliminary observations based on our analysis of U.S. agencies and others' reports on (1) Afghanistan's estimated total public expenditures; (2) estimated public expenditures funded by donors, including the United States; and (3) Afghanistan's domestic revenues.

(1) Afghanistan's estimated total public expenditures. Afghanistan's estimated total public expenditures more than doubled from solar year (SY) 2006 to 2010, growing from \$5.5 billion to \$14.3 billion, an increase of 160 percent. Over this 5-year period, about 79 percent of Afghanistan's estimated total public expenditures of \$54 billion were off budget. (2) Donor funding. The United States and other donors funded about 90 percent of Afghanistan's estimated total public expenditures from SY2006 to 2010. In particular, donors funded on average 57 percent of on-budget expenditures and 100 percent of off-budget expenditures. Over this period, the United States provided 62 percent of estimated total public expenditures, while other donors provided 28 percent. The United States funded an estimated 90 percent of Afghanistan's total security expenditures during this time period. The United States funded an estimated 39 percent of Afghanistan's total non-security expenditures during SY2006 to 2010. (3) Afghanistan's domestic revenues. The domestic revenues of GIRA grew by an average annual rate of 30 percent from SY2006 to 2010, increasing from an estimated total of \$0.62 billion to \$1.66 billion. Customs duties and taxes such as income and property taxes provided the largest share of domestic revenues. However, domestic revenues funded only about 9 percent of Afghanistan's estimated total public expenditures from SY2006 to 2010. This report does not include conclusions or recommendations.

Categories: International Affairs, Afghanistan, Budget functions, Budget outlays, Cost analysis, Federal aid to foreign countries, Financial management, Foreign governments, Funds management, Income taxes, International cooperation, International economic relations, International organizations, International relations, Property taxes, Strategic planning

Military Training: Actions Needed to Assess Workforce Requirements and Appropriate Mix of Army Training Personnel

GAO-11-845 September 20, 2011

To support ongoing operations, the Army gives priority to providing personnel to its operating forces over its support organizations, including Training and Doctrine Command (TRADOC). TRADOC performs various functions, such as developing warfighting doctrine and providing training. To help manage its workforce, TRADOC has taken certain actions, such as relying more on contractors and reassigning other staff to be instructors. In a February 2010 memorandum, the TRADOC Commander stated that because of various factors TRADOC's ability to successfully perform its core competencies and functions was increasingly at risk. House Armed Services Committee report 111-491 directed GAO to evaluate the availability of Army trainers. GAO

assessed the extent to which TRADOC has (1) identified the number and type of personnel needed to carry out its training mission and (2) evaluated the impact of its workforce management actions on the quality of training. GAO interviewed key Army and TRADOC officials and reviewed relevant doctrine, guidance, curricula, personnel requirements data, and training survey results.

TRADOC annually determines its requirements for key training positions, but limitations exist in its underlying approach, such as the use of outdated personnel requirements models. From fiscal years 2005 through 2011, TRADOC's requirements for instructors, training developers, and training support personnel have remained relatively steady while the student workload has increased by about a third. To determine personnel requirements, TRADOC uses various models involving formulas that rely on a range of assumptions and inputs. Army guidance requires Army commands to update models at least every 3 years, but TRADOC has not updated its model for determining the number of instructors it needs since 1998. As a result, assumptions and inputs used in the model may not reflect changes in how training is currently provided, such as the greater use of self-paced computerized learning in place of classroom instruction. Such changes could affect the number of instructors required to teach a course. In addition, TRADOC has used the same number, with minor modifications, for training developer requirements for the last 3 fiscal years. TRADOC officials recognize that using the same number for training developer requirements is not a valid approach and that an updated model is needed; however, they are unsure when they will be able to update the model. Lastly, TRADOC has not conducted an assessment to determine the optimum mix of military, Army civilian, and contractor personnel to use to execute its training mission. Without the benefit of models that are updated to more closely reflect current training conditions and without conducting a mix analysis, TRADOC does not have a sound basis for accurately identifying the number and types of personnel needed for key training personnel and making the most cost-effective use of training resources. TRADOC has taken various workforce management actions in order to execute its training mission, but its quality assurance program does not collect certain information needed to evaluate the impact of these actions on the quality of training. Among other things, TRADOC has increased the number of students that an instructor teaches, relied on more contractors as instructors, and reassigned doctrine and training developers to serve as instructors. Through surveys and other tools, TRADOC evaluates factors such as students' knowledge of course materials and whether an instructor is teaching from the curriculum, but it does not systematically collect the data needed to evaluate the impact of changing the student to instructor ratio or the type of instructor on the quality of training. TRADOC officials expressed mixed views about the impact of using contractors on the quality of training. Some believed that more military trainers are needed because these personnel have the knowledge and credibility

gained from combat experience to teach soldiers. While others stated that contractors provide the same quality of training as military personnel. GAO noted that TRADOC's use of doctrine and training developers to serve as instructors is among the factors that have led to a backlog in updating doctrine and curricula, which could affect the quality of training. GAO recommends that TRADOC establish a plan to (1) update its personnel requirements models, doctrine, and curricula; (2) complete a personnel mix assessment; and (3) establish metrics to evaluate its workforce management actions. DOD concurred with the recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To ensure that TRADOC is requesting the appropriate number and mix of personnel to serve as instructors, training developers, and training support personnel, the Secretary of the Army should direct TRADOC to develop a plan with specific implementation milestones to update its personnel requirements models for training personnel, including (1) updating models for instructors and training developers and (2) developing models for field training and classroom setup personnel not covered in the training support personnel model, and adjust requirements accordingly.

Agency Affected: Department of Defense: Department of the Army

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that TRADOC is requesting the appropriate number and mix of personnel to serve as instructors, training developers, and training support personnel, the Secretary of the Army should direct TRADOC to perform an assessment to determine the right mix of military, civilian, and contractor personnel needed to accomplish the training mission and make necessary adjustments to the current mix.

Agency Affected: Department of Defense: Department of the Army

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that TRADOC is requesting the appropriate number and mix of personnel to serve as instructors, training developers, and training support personnel, the Secretary of the Army should direct TRADOC to establish metrics within its quality assurance program to enable TRADOC to evaluate how its workforce management actions, such as increasing reliance on contractors, affect the quality of training and use the data collected from these metrics to make adjustments to training as needed.

Agency Affected: Department of Defense: Department of the Army

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To ensure that soldiers are being trained on the most current and recent information, the Secretary of the Army should direct TRADOC to establish a plan to enable TRADOC to develop, review, and update doctrine

and curricula by (1) setting additional priority areas beyond initial military training on which doctrine and training developers should focus and (2) identifying timelines by which these reviews should be completed.

Agency Affected: Department of Defense: Department of the Army

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Army personnel, Combat readiness, Contractor personnel, Education program evaluation, Labor force, Military training, Performance appraisal, Personnel management, Quality assurance, Requirements definition, Training utilization

Modernizing the Nuclear Security Enterprise: The National Nuclear Security Administration's Proposed Acquisition Strategy Needs Further Clarification and Assessment

GAO-11-848 September 20, 2011

The National Nuclear Security Administration (NNSA)--a semiautonomous agency within the Department of Energy (DOE)-- proposed in March 2010 a new acquisition strategy that includes consolidating the management and operating (M&O) contracts for two of its eight sites--the Y-12 National Security Complex (Y-12) in Tennessee and the Pantex Plant in Texas--and consolidating all construction projects for all of its sites under a single, enterprise-wide contract. NNSA anticipates that this strategy will reduce costs, enhance mission performance, and improve construction management. NNSA's sites are overseen by collocated federal site offices. GAO was asked to assess NNSA's preliminary proposals for (1) a consolidated M&O contract for Y-12 and Pantex and (2) an enterprise-wide construction contract. GAO reviewed analyses supporting NNSA's acquisition strategy; examined agency directives and guidance; and interviewed DOE, NNSA, and contractor officials.

Based on the analysis supporting its proposed acquisition strategy, NNSA expects that the proposed consolidation of the M&O work at its Y-12 and Pantex Plants will increase efficiencies and save \$895 million in nominal dollars, primarily through efficiency gains and other improvements in support services (i.e., integrated budget and finance systems, more uniform training and human resources practices), that could result in the potential elimination of about 1,000 support service jobs over the next 10 years. NNSA selected these sites because both have M&O contracts with terms that expire in 2012, as well as similar nuclear production operations. Anticipated savings from this proposed consolidation, however, are uncertain because of the assumptions NNSA used when calculating these savings, the limited details available about the actual work that will be consolidated, and the adequacy of historical data used in the analysis. NNSA officials said that savings will be more accurately determined as industry provides feedback on the

recently released draft request for proposal. In addition to cost savings, a number of NNSA and contractor officials have raised other issues with a consolidated M&O contract proposal, including uncertainty about the number of actual staff reductions that can be achieved and the need for a federal oversight plan for the new consolidated contract. In addition, NNSA's analysis suggests that efficiencies may also be achieved under its existing contracts through improved management practices. However, NNSA has not developed a plan for implementing these improved management practices at all of its sites. NNSA also anticipates several potential benefits, including cost savings, associated with awarding a single, enterprise-wide construction contract. It is uncertain, however, whether these benefits will be realized because of a number of issues. For example, NNSA's projected savings from a consolidated construction contract--approximately \$120 million in nominal dollars over a 5- year period--are uncertain because NNSA lacks an accurate total cost baseline of its ongoing and planned construction projects and because it is likely that the construction contract will exclude major projects, such as the Uranium Processing Facility and Chemistry and Metallurgy Research Replacement facility, out of concern that this consolidated contract would disrupt ongoing design and construction efforts. Collectively, these two facilities represent about 85 percent of NNSA's total planned construction projects through fiscal year 2016. In addition, NNSA has not conducted, consistent with federal standards of internal control and cost-estimating best practices, an assessment of risks associated with awarding an enterprise-wide construction contract, such as costs and benefits expected enterprise-wide and at each site for both proposed consolidated contracts. NNSA officials and contractors said that NNSA may need increased federal oversight to integrate the work of existing M&O and consolidated construction contractors. GAO recommends, among other things, that NNSA develop a plan for implementing the improved management practices identified by its analysis and assess the costs, risks, and benefits of the consolidated construction contract to better define and inform its acquisition strategy and to take appropriate future actions. NNSA generally agreed with GAO's findings and recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: In order to manage NNSA's contracts as effectively and efficiently as possible, the Secretary of Energy should direct the Administrator of NNSA to develop a plan for implementing the 18 improved management practices identified by its analysis, as appropriate, to improve its current contract management practices.

Agency Affected: Department of Energy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: If NNSA continues to pursue its two-part acquisition strategy, the Secretary of Energy should direct the Administrator of NNSA to issue a draft request for proposals (RFP) for the enterprise-wide construction proposal to better define and inform the agency's strategy.

Agency Affected: Department of Energy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: If NNSA continues to pursue its two-part acquisition strategy, the Secretary of Energy should direct the Administrator of NNSA to, using updated information gathered through the draft RFPs and recent budget projections and cost estimates, analyze the consolidated M&O proposal and the enterprise-wide construction proposal to better define and inform the agency's strategy. Consistent with federal standards for internal control and cost-estimating best practices, this analysis should assess the costs, risks, and benefits expected enterprise wide and at each site. This analysis should be used by NNSA as it prepares its final RFPs for each proposal.

Agency Affected: Department of Energy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: If NNSA continues to pursue its two-part acquisition strategy, the Secretary of Energy should direct the Administrator of NNSA to, using the results of the federal site office study, develop an integrated federal site office structure applicable to both proposals to prepare the site offices before the transition to the new contracts to better define and inform the agency's strategy.

Agency Affected: Department of Energy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Natural Resources, Best practices, Construction contracts, Cost analysis, Cost effectiveness analysis, Federal procurement, Internal controls, Management and operating contracts, Nuclear facilities, Procurement planning, Strategic planning

Legal-Major Ruling: National Labor Relations Board: Notification of Employee Rights Under the National Labor Relations Act

GAO-11-951R September 20, 2011

GAO reviewed the National Labor Relations Board's (NLRB) new rule on notification of employee rights under the National Labor Relations Act. GAO found that (1) the final rule requires employers subject to the National Labor Relations Act (NLRA), including labor organizations in their capacity as employers, to post notices informing their employees of the employees' rights under the NLRA. The rule establishes the size, form, and content of the notice and includes provisions governing the enforcement of the rule; and (2) NLRB complied with the applicable requirements in promulgating the rule.

Categories: Major Ruling, Agency proceedings, Employee rights, Employees, Federal Agency Major Rules, Labor law, Labor relations, Requirements definition

Inspectors General: Reporting on Independence, Effectiveness, and Expertise

GAO-11-770 September 21, 2011

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) required GAO to report on the relative independence, effectiveness, and expertise of the inspectors general (IG) established by the IG Act of 1978, as amended (IG Act), including IGs appointed by the President with Senate confirmation and those appointed by their agency heads in designated federal entities (DFE). GAO was also required to report on the effect that provisions in the Dodd-Frank Act have on IG independence. The objectives of this report are to provide information as reported by the IGs on (1) the implementation of provisions intended to enhance their independence in the IG Reform Act of 2008 (Reform Act), the IG Act, and the Dodd-Frank Act; (2) their measures of effectiveness, including oversight of American Recovery and Reinvestment Act of 2009 (Recovery Act) funds; and (3) their expertise and qualifications in areas specified by the IG Act. GAO relied primarily on responses to its survey received from 62 IGs established by the IG Act. GAO also obtained information from the President's fiscal year 2011 budget, the IGs' annual report to the President for fiscal year 2009, and the IGs' semiannual reports to the Congress. GAO is not making any recommendations in this report. In comments on a draft of this report, the Council of the Inspectors General on Integrity and Efficiency (IG Council) stated the report contributes to a greater understanding of the work of the IGs in providing oversight to a wide range of government programs..

Information from the 62 IGs in offices established by the IG Act and GAO's analysis showed that the IGs had (1) taken actions to implement statutory provisions intended to enhance their independence; (2) reported billions of dollars in potential savings and other measures of effectiveness, including actions taken to help prevent fraud in the distribution of Recovery Act funds; and (3) a range of expertise and qualifications in the areas specified by the IG Act. With respect to independence, the IGs reported that (1) statutory provisions regarding IG compensation have been implemented where applicable, thereby maintaining the independence of their work and enhancing their relative stature within their agencies; (2) they had access to independent legal counsel who reports to an IG instead of an agency management official; (3) only one IG used a statutory provision for IGs to report particularly flagrant problems through the agency head to the Congress in 7 days because issues are generally resolved before the report is needed; and (4) of the affected 26 DFE IGs, 14 responded that their independence was enhanced by the Dodd-Frank Act provision that changed the designation of agency head from the chair to the entire board or commission, and 20 responded that their independence was enhanced by the provision requiring a two-thirds majority vote for IG removal. Also, the IGs' budgets were not always identified separately in the President's fiscal year 2011 budget submission as required by the Reform Act provision intended to enhance the IGs' budget independence through transparent reporting. The IG Council is currently reviewing the matter. The IGs reported various measures of effectiveness. The IGs reported potential savings of about \$43.3 billion resulting from their fiscal year 2009 audits and investigations. Given the IGs' fiscal year 2009 budget authority of about \$2.3 billion, these potential savings represent about an \$18 return on every dollar invested in the IGs. The IGs also reported about 5,900 criminal actions, 1,100 civil actions, 4,400 suspensions and debarments, and 6,100 indictments as a result of their work. In addition, the IGs reported enhanced effectiveness through additional actions taken to help prevent fraud in their agencies. For example, in fiscal year 2009 the Recovery Act created a requirement for the IGs to provide oversight of the economic stimulus funds disbursed by their agencies, and established the Recovery Accountability and Transparency Board of IG members to help carry out this oversight. As of June 2011, the IGs reported over 1,500 investigations opened, over 1,400 reviews completed, and over 2,000 training sessions provided to detect and prevent fraud, waste, abuse, and mismanagement in the use of Recovery Act funds. With respect to expertise, the IGs reported having backgrounds, academic degrees, and certifications in a range of areas related to their statutory responsibilities. The IGs reported backgrounds and academic degrees in accounting, auditing, financial analysis, law, management analysis, public administration, and investigations. In addition, the IGs, particularly the DFE IGs, reported numerous professional certifications related to their responsibilities.

Categories: Financial Management, Accountability, Executive compensation, Federal agencies, Independent agencies, Independent counsels, Inspectors general, Investigations by federal agencies, Pay, Personnel management, Personnel qualifications, Reporting requirements, Surveys

Recovery Act Education Programs: Funding Retained Teachers, but Education Could More Consistently Communicate Stabilization Monitoring Issues

GAO-11-804 September 22, 2011

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided \$70.3 billion for three education programs--the State Fiscal Stabilization Fund (SFSF); Title I, Part A of the Elementary and Secondary Education Act (Title I); and Individuals with Disabilities Education Act (IDEA), Part B. One goal of the Recovery Act was to save and create jobs, and SFSF also requires states to report information expected to increase transparency and advance educational reform. This report responds to two ongoing GAO mandates under the Recovery Act. It examines (1) how selected states and local recipients used the funds; (2) what plans the Department of Education (Education) and selected states have to assess the impact of the funds; (3) what approaches are being used to ensure accountability of the funds; and (4) how Education and states ensure the accuracy of recipient reported data. To conduct this review, GAO gathered information from 14 states and the District of Columbia, conducted a nationally representative survey of local educational agencies (LEA), interviewed Education officials, examined recipient reports, and reviewed relevant policy documents.

As of September 9, 2011, in the 50 states and the District of Columbia, about 4 percent of the obligated Recovery Act funds remain available for expenditure. Teacher retention was the primary use of Recovery Act education funds according to GAO's nationally representative survey of LEAs. The funds also allowed recipients to restore state budget shortfalls and maintain or increase services. However, the expiration of funds and state budget decreases may cause LEAs to decrease services, such as laying off teachers. We also found that nearly a quarter of LEAs reported lowering their local spending on special education, as allowed for under IDEA provisions that provide eligible LEAs the flexibility to reduce local spending on students with disabilities by up to half of the amount of any increase in federal IDEA funding from the prior year. However, even with this flexibility, many LEAs reported having difficulty maintaining required levels of local special education spending. In addition, two states have not been able to meet required state spending levels for IDEA or obtain a federal waiver from these requirements. States whose waivers were denied and cannot make up the shortfall in the fiscal year in question face a reduction in their IDEA funding equal to the shortfall, which may be long-lasting. Education plans to conduct two types of systematic program assessments to gauge the results of Recovery Act-funded programs that focus on educational reform: program evaluation

and performance measurement. In the coming years, Education plans to produce an evaluation that will provide an in-depth examination of various Recovery Act programs' performance in addressing educational reform. In addition, for the SFSF program, Education plans to measure states' ability to collect and publicly report data on preestablished indicators and descriptors of educational reform, and it plans to provide a national view of states' progress. Education intends for this reporting to be a means for improving accountability to the public in the shorter term. Further, Education officials plan to use states' progress to determine whether a state is qualified to receive funds under other future reform-oriented grant competitions. Numerous entities help ensure accountability of Recovery Act funds through monitoring, audits, and other means, which have helped identify areas for improvement. Given the short time frame for spending these funds, Education's new SFSF monitoring approach prioritized helping states resolve monitoring issues and allowed Education to target technical assistance to some states. However, some states did not receive monitoring feedback promptly and this feedback was not communicated consistently because Education's monitoring protocol lacked internal time frames for following up with states. Education and state officials reported using a variety of methods to ensure recipient reported data are accurate. They also use recipient reported data to enhance their oversight and monitoring efforts. According to Recovery.gov, the Recovery Act funded approximately 286,000 full-time equivalents (FTE) during the eighth round of reporting, which ended June 30, 2011, for the education programs GAO reviewed. Despite the limitations associated with FTE data, Education found these data to be useful in assessing the impact of grant programs on saving and creating jobs. GAO recommends that the Secretary of Education establish mechanisms to improve the consistency of communicating SFSF monitoring feedback to states. Education agreed with our recommendation.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To ensure all states receive appropriate communication and technical assistance for SFSF, consistent with what some states received in response to SFSF monitoring reviews, the Secretary of Education should establish mechanisms to improve the consistency

of communicating monitoring feedback to states, such as establishing internal time frames for conveying information found during monitoring.

Agency Affected: Department of Education

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

E-supplements

Recovery Act Education Programs: Survey of School Districts' Uses of Funds (GAO-11-885SP, September 2011), an E-supplement to GAO-11-804

Categories: Education, Accountability, American Recovery and Reinvestment Act (ARRA), Budget outlays, Data integrity, Education program evaluation, Educational facilities, Educational grants, Employee retention, Federal aid to localities, Federal/state relations, Funds management, Grant monitoring, Grants to states, Reporting requirements, State budgets, State Fiscal Stabilization Fund (SFSF), Surveys, Teachers, Use of funds

Recovery Act Education Programs: Survey of School Districts' Uses of Funds (GAO-11-885SP, September 2011), an E-supplement to GAO-11-804

GAO-11-885SP September 22, 2011

This e-publication supplements our report, Recovery Act Education Programs: Funding Retained Teachers, but Education Could More Consistently Communicate Stabilization Monitoring Issues (GAO-11-804). The purpose of this e-publication is to provide information from a Web-based survey of local education agencies (LEAs)..

Categories: Education, Accountability, Budget outlays, Data integrity, Education program evaluation, Educational facilities, Educational grants, Employee retention, Federal aid to localities, Federal/state relations, Funds management, Grant monitoring, Grants to states, Reporting requirements, State budgets, Surveys, Teachers, Use of funds

DOD Financial Management: Weaknesses in Controls over the Use of Public Funds and Related Improper Payments

GAO-11-950T September 22, 2011

The Department of Defense (DOD) is required to design and implement effective internal controls, including controls over its use of public funds ("funds controls") and controls over its payment processes ("payment controls"). As a steward of the public's resources, DOD is responsible and accountable for (1) using public funds efficiently and effectively and for the purposes and within the time frames and amounts prescribed by law, (2) making payments to the right parties in the correct amount within allowable time frames and recouping any improper payments, and (3) accurately recording and reporting on its transactions and use of public funds. GAO's testimony focuses on (1) challenges DOD faces in its funds control, and their effect on the reliability of DOD's financial information, especially the

budgetary information in DOD's Statement of Budgetary Resources and (2) weaknesses in DOD's payment controls that put the department at risk of making improper payments. This statement is based on our prior work and reports issued by the department's Inspector General (DOD IG). The panel requested that GAO provide its perspective on the status of DOD's process for identifying and reporting on improper payments, examples of Antideficiency Act violations within DOD along with the causes of these violations, and the effect of problem disbursements on DOD's ability to report reliable information on its financial statements.

For years, GAO and DOD IG have reported on DOD's inability to provide effective funds control and report reliable financial information, including budgetary information. In 2008, GAO reported that DOD's complex and inefficient payment processes, nonintegrated business systems, and weak internal controls impair its ability to maintain proper funds control, putting DOD at risk of overobligating or overspending its appropriations. Specifically, DOD's weak internal control environment has hindered its ability to ensure that transactions are accurately recorded, sufficiently supported, and properly executed by trained personnel subject to effective supervision. Funds control weaknesses place DOD at risk of violating the Antideficiency Act (ADA), specifically through overobligations and overexpenditures. DOD reported ADA violations from fiscal year 2007 through September 15, 2011, with a total dollar amount of \$927.4 million. DOD has identified payment transactions and related accounting steps as "problem disbursements." Problem disbursements include unmatched disbursements (UMD) that represent disbursements that have been paid by an accounting office but that have not been matched to the correct obligation records. DOD reports that it has reduced overaged UMDs from \$666.5 million to \$109.6 million between second quarter of fiscal year 2009 to the same time in fiscal year 2011. These and other weaknesses have prevented DOD from reporting reliable financial information, including budgetary information in an auditable Statement of Budgetary Resources. Although DOD has dedicated significant resources to remediate its identified weaknesses, it faces significant challenges to address those persistent weaknesses. DOD reported for fiscal year 2010 that it made an estimated \$1 billion in improper payments. However, this estimate is incomplete because DOD did not include estimates from its commercial payment programs, which account for approximately one-third of the value of DOD payments. Further, both GAO and the DOD IG have reported on weaknesses in DOD's payment controls, including weaknesses in its process for assessing the risk of improper payments and reporting estimated amounts of them. DOD's problem disbursements continue to be a concern and are a contributing factor to the department's funds control issues. The department's weak controls over payments increase the risk of inaccurate cost information and improper payments. Given DOD's stated goal of achieving audit readiness on its consolidated financial

statements by the end of fiscal year 2017, it will be critical that the department continue to ensure that steady progress is being made. Moreover, for DOD to move forward, it will be important that the department resolve its problems with multiple, disparate nonintegrated systems to ensure that whatever systems solutions are chosen will provide the underlying foundation for auditable financial statements.

Categories: Financial Management, Accounting procedures, Budget activities, Budget controllability, Budget obligations, Defense budgets, Erroneous payments, Financial management, Financial records, Financial statements, Funds management, Internal controls, Military budgets, Overpayments, Payments, Questionable payments, Reporting requirements, Use of funds

Homeland Security: DHS and TSA Acquisition and Development of New Technologies

GAO-11-957T September 22, 2011

Within the Department of Homeland Security (DHS), the Transportation Security Administration (TSA) is responsible for developing and acquiring new technologies to address homeland security needs. TSA's acquisition programs represent billions of dollars in life-cycle costs and support a wide range of aviation security missions and investments including technologies used to screen passengers, checked baggage, and air cargo, among others. GAO's testimony addresses three key challenges identified in past work: (1) developing technology program requirements, (2) overseeing and conducting testing of new technologies, and (3) incorporating information on costs and benefits in making technology acquisition decisions. This statement also addresses recent DHS efforts to strengthen its investment and acquisition processes. This statement is based on reports and testimonies GAO issued from October 2009 through September 2011 related to TSA's efforts to manage, test, and deploy various technology programs.

GAO's past work has found that TSA has faced challenges in developing technology program requirements on a systemic and individual basis. Program performance cannot be accurately assessed without valid baseline requirements established at the program start. In June 2010, GAO reported that over half of the 15 DHS programs (including 3 TSA programs) GAO reviewed awarded contracts to initiate acquisition activities without component or department approval of documents essential to planning acquisitions, setting operational requirements, or establishing acquisition program baselines. At the program level, in July 2011, GAO reported that in 2010 TSA revised its explosive detection systems (EDS) requirements to better address current threats and plans to implement these requirements in a phased approach. However, GAO reported that some number of the EDSs in TSA's fleet are configured to detect explosives at the levels established in the 2005 requirements and TSA did not have a plan with time frames needed to deploy EDSs to meet the current requirements. GAO has

also reported DHS and TSA challenges in overseeing and testing new technologies. For example, in July 2011, GAO reported that TSA experienced challenges in collecting data on the physical and chemical properties of certain explosives needed by vendors to develop EDS detection software and needed by TSA before procuring and deploying EDSs to airports. TSA and DHS Science and Technology Directorate have experienced these challenges because of problems associated with safely handling and consistently formulating some explosives. The challenges related to data collection for certain explosives have resulted in problems carrying out the EDS procurement as planned. In addition, in October 2009, GAO reported that TSA deployed explosives trace portals, a technology for detecting traces of explosives on passengers at airport checkpoints, in January 2006 even though TSA officials were aware that tests conducted during 2004 and 2005 on earlier models of the portals suggested the portals did not demonstrate reliable performance in an airport environment. In June 2006, TSA halted deployment of the explosives trace portals because of performance problems and high installation costs. GAO's prior work has shown that cost-benefit analyses help congressional and agency decision makers assess and prioritize resource investments and consider potentially more cost-effective alternatives, and that without this ability, agencies are at risk of experiencing cost overruns, missed deadlines, and performance shortfalls. GAO has reported that TSA has not consistently included these analyses in its acquisition decision making. In June 2011, DHS reported that it is taking steps to strengthen its investment and acquisition management processes by implementing a decision-making process at critical phases throughout the investment life cycle. The actions DHS reports taking to address the management of its acquisitions and the development of new technologies are positive steps and, if implemented effectively, could help the department address many of these challenges. GAO is not making any new recommendations. In prior work, GAO made recommendations to address challenges related to deploying EDS to meet requirements, overseeing and conducting testing of new technologies, and incorporating information on costs and benefits in making technology acquisition decisions. DHS and TSA concurred and described actions underway to address the recommendations.

Categories: Homeland Security, Aviation security, Baggage screening, Explosives detection systems, Federal procurement, Homeland security, Investment planning, Life cycle costs, Operational testing, Passenger screening, Procurement planning, Program management, Requirements definition, Research and development, Security policies, Strategic planning, Technology, Technology assessment

Incapacitated Adults: Improving Oversight of Federal Fiduciaries and Court-appointed Guardians

GAO-11-949T September 22, 2011

Today's hearing is on the appointment and oversight of guardians. As people age, they often reach a point when they are no longer capable of handling their own finances or have difficulty making other decisions for themselves. To ensure that federal cash payments received by incapacitated adults are used in their best interest, the Social Security Administration (SSA), Department of Veterans Affairs (VA), and other federal agencies assign a responsible third party or fiduciary to oversee these benefits. SSA and VA can designate spouses, other family members, friends, and organizations to serve as fiduciaries. Similarly, when state courts determine that adults are incapacitated, they have the authority to grant other persons or entities--guardians--the authority and responsibility to make financial and other decisions for them. Incapacitated adults are vulnerable to financial exploitation by fiduciaries and guardians, so these arrangements are not without risk. In 2010, we identified hundreds of allegations of abuse, neglect, and exploitation by guardians in 45 states and the District of Columbia between 1990 and 2010. At that time, we reviewed 20 of these cases and found that guardians had stolen or otherwise improperly obtained \$5.4 million from 158 incapacitated victims, many of whom were older adults. To protect against financial exploitation, state courts as well as federal agencies are responsible for screening prospective guardians and federal fiduciaries, respectively, to make sure suitable individuals are appointed. They are also responsible for monitoring the performance of those they appoint. This statement today is based on our recent report on this topic. It will cover (1) SSA and VA procedures for screening prospective federal fiduciaries, and state court procedures for screening prospective guardians; (2) SSA and VA monitoring of federal fiduciary performance, and state court monitoring of guardian performance; (3) information sharing between SSA and VA fiduciary programs and between each of these programs and state courts; and (4) federal support for improving state courts' oversight of guardianships.

In summary, we found that SSA and VA are required to and have procedures for screening prospective fiduciaries and are also required to monitor fiduciary performance. Most states, as well, have laws requiring courts to follow certain screening procedures for prospective guardians and to obtain annual reports from them, but there is evidence that courts often find monitoring guardian performance challenging. SSA and VA do not systematically share with one another the identities of beneficiaries determined to be incapacitated or the identities of fiduciaries who have misused an incapacitated adult's benefit payments, and there is evidence that state courts have difficulty obtaining similar information from SSA about SSA beneficiaries the courts have determined to be incapacitated and in need of a guardian. Finally, the federal government has a

history of supporting technical assistance and training for state courts related to guardianship, primarily with funding from the Administration on Aging (AoA) in the Department of Health and Human Services (HHS).

Categories: Social Services, Adults, Beneficiaries, Courts (law), Disadvantaged persons, Elder abuse, Elderly persons, Federal agencies, Guardians, Information disclosure, Monitoring, Persons with disabilities, Retirement benefits, Veterans benefits

Legal-Bid Protest Ruling: Cybermedia Technologies, Inc.

B-405511.3 September 22, 2011

Cybermedia Technologies, Inc., doing business as CTEC, of Reston, Virginia, a small business, protests the award of contracts to eight firms by the Department of the Army under request for proposals (RFP) No. W911S0-11-R-0011 for training services to support the distributed learning program at the Army Training and Doctrine Command schools. CTEC argues that the Army improperly awarded only eight contracts, and should have awarded a ninth contract to CTEC.

We dismiss the protest because, as filed with our Office, it does not establish a valid basis for challenging the agency's action.

Categories: Bid Protest, Bid evaluation, Bid evaluation protests, Contract award protests, Evaluation methods, Information technology, Multiple award procurement, Prices and pricing, Requirements definition, Solicitation specifications, Solicitations

DOD Financial Management: Improved Controls, Processes, and Systems Are Needed for Accurate and Reliable Financial Information

GAO-11-933T September 23, 2011

As one of the largest and most complex organizations in the world, the Department of Defense (DOD) faces many challenges in resolving serious problems in its financial management and related business operations and systems. DOD is required by various statutes to (1) improve its financial management processes, controls, and systems to ensure that complete, reliable, consistent, and timely information is prepared and responsive to the financial information needs of agency management and oversight bodies, and (2) to produce audited financial statements. Over the years, DOD has initiated numerous efforts to improve the department's financial management operations and to try to achieve an unqualified (clean) opinion on the reliability of its reported financial information. These efforts have fallen short of sustained improvement in financial management or financial statement auditability. The Subcommittee has asked GAO to provide its perspective on the status of DOD's financial management weaknesses and its efforts to resolve them.

DOD financial management has been on GAO's high-risk list since 1995 and, despite several reform initiatives, remains on the list today. Pervasive deficiencies in financial management processes, systems, and controls, and the resulting lack of data reliability, continue to impair management's ability to assess the resources

needed for DOD operations; track and control costs; ensure basic accountability; anticipate future costs; measure performance; maintain funds control; and reduce the risk of loss from fraud, waste, and abuse. DOD spends billions of dollars each year to maintain key business operations intended to support the warfighter, including systems and processes related to the management of contracts, finances, the supply chain, support infrastructure, and weapon systems acquisition. These operations are directly impacted by the problems in financial management. In addition, the long-standing financial management weaknesses have precluded DOD from being able to undergo the scrutiny of a financial statement audit. DOD's past strategies for improving its financial management were ineffective, but recent initiatives are encouraging. In 2005, DOD issued its Financial Improvement and Audit Readiness (FIAR) Plan for improving financial management and reporting. In 2009, the DOD Comptroller directed that FIAR efforts focus on financial information in two priority areas: budget and mission-critical assets. The FIAR Plan also has a new phased approach that comprises five waves of concerted improvement activities. The first three waves focus on the two priority areas, and the last two on working toward full auditability. The plan is being implemented largely through the Army, Navy, and Air Force military departments and the Defense Logistics Agency, lending increased importance to the commitment of component leadership. Improving the department's financial management operations and thereby providing DOD management and Congress more accurate and reliable information on the results of its business operations will not be an easy task. It is critical that current initiatives related to improving the efficiency and effectiveness of financial management have the support of DOD leaders and that of DOD's Deputy Chief Management Officer and Comptroller continue with sustained leadership and monitoring. Absent continued momentum and necessary future investments, current initiatives may falter. Below are some of the key challenges that DOD must address for its financial management to improve to the point where DOD is able to produce auditable financial statements: (1) committed and sustained leadership, (2) effective plan to correct internal control weaknesses, (3) competent financial management workforce, (4) accountability and effective oversight, (5) well-defined enterprise architecture, and (6) successful implementation of the enterprise resource planning systems.

Categories: Financial Management, Accountability, Defense audits, Defense cost control, Enterprise architecture, Financial management, Financial management systems, Financial statement audits, Financial statements, GAO High Risk List, Internal controls, Military forces, Strategic planning

Electronic Government: Performance Measures for Projects Aimed at Promoting Innovation and Transparency Can Be Improved

GAO-11-775 September 23, 2011

Congress enacted the Electronic Government (E-Gov) Act in 2002 to promote better use of the Internet and other information technologies (IT), thereby improving government services for citizens, internal government operations, and opportunities for citizen participation in government. Among other things, the act established the E-Gov Fund to support projects that expand the government's ability to carry out its activities electronically. The act also created the Office of Electronic Government within the Office of Management and Budget (OMB). The Administrator of this office is to assist the OMB Director in approving projects to be supported by the E-Gov Fund. The General Services Administration (GSA) is responsible for administering the fund and notifying Congress of how the funds are to be allocated to projects approved by OMB. GAO was asked to (1) identify and describe the projects supported by the E-Gov Fund, including the distribution of fiscal year 2010 funds among the projects and their expected benefits; and (2) for selected projects, identify their progress against goals. To do this, GAO reviewed project and funding documentation, analyzed project goals, and interviewed agency officials.

The \$34 million appropriated by Congress in fiscal year 2010 for the E-Gov fund was distributed among 16 projects in six investment areas, as defined by GSA. One investment area--Improving Innovation, Efficiency, and Effectiveness and Federal IT--accounted for \$10 million of the fiscal year 2010 appropriation. This area included an initiative on federal cloud computing--the use of Internet-based computing services. The remaining investment areas supported projects promoting government transparency, collaboration, and public participation and a project for developing best practices for IT management. Among other benefits, the 16 projects are expected to improve data quality and foster cross-agency knowledge sharing and communication as well as increase public access and use of federal datasets. As of May 2011, the four E-Gov projects GAO selected for more detailed review had made varying progress toward their goals. For example, a cloud computing security initiative was still being developed; a dashboard for displaying target and actual customer service metrics had been developed in a pilot with four agencies, but had not been publicly released; a platform for government employees and contractors to use web-based networking and collaboration tools was in limited deployment; and a website (Data.gov) that allows the public to find, download, and use government-generated data had been fully launched. In addition, the four projects had defined performance metrics that aligned with many, though not all, of their major goals and intended benefits. Although the E-Gov Administrator (who serves as the Federal Chief Information Officer) announced the termination of

two of the four reviewed projects in May 2011, the two ongoing projects do not yet have fully defined metrics that align with all of their major goals and intended benefits. Thus, managers and stakeholders cannot effectively assess project results and provide credible evidence of progress, which is particularly important in a resource-constrained environment. GAO is recommending that GSA ensure that performance metrics that align with all project goals be developed for ongoing E-Gov projects. In written comments on a draft of this report, GSA concurred with GAO's recommendation.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: For any E-Gov Fund projects that continue to be supported, the Administrator of the General Services Administration should ensure that performance metrics are developed that align

with those project goals, especially those that currently lack such metrics.

Agency Affected: General Services Administration

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Government Operations, Appropriations, E-Gov Fund, E-government, Electronic data processing, Federal funds, Funds management, Information technology, Investments, IT investment management, Performance measures, Technological innovations

Drug Pricing: Manufacturer Discounts in the 340B Program Offer Benefits, but Federal Oversight Needs Improvement

GAO-11-836 September 23, 2011

The Health Resources and Services Administration (HRSA), within in the Department of Health and Human Services (HHS), oversees the 340B Drug Pricing Program, through which participating drug manufacturers give certain entities within the health care safety net--known as covered entities--access to discounted prices on outpatient drugs. Covered entities include specified federal grantees and hospitals. The number of covered entity sites has nearly doubled in the past 10 years to over 16,500. The Patient Protection and Affordable Care Act (PPACA) mandated that GAO address questions related to the 340B program. GAO examined: (1) the extent to which covered entities generate 340B revenue, factors that affect revenue generation, and how they use the program; (2) how manufacturers' distribution of drugs at 340B prices affects covered entities' or non-340B providers' access to drugs; and (3) HRSA's oversight of the 340B program. GAO reviewed key laws and guidance, analyzed relevant data, and conducted interviews with 61 340B program stakeholders selected to represent a range of perspectives, including HRSA, 29 covered entities, 10 manufacturers and representatives, and 21 others. Selection of stakeholders was judgmental and thus, responses are not generalizable.

Thirteen of the 29 covered entities we interviewed reported that they generated 340B program revenue that exceeded drug-related costs, which includes the costs of purchasing and dispensing drugs. Of those remaining, 10 did not generate enough revenue to exceed drug-related costs, and 6 did not report enough information for us to determine the extent to which revenue was generated. Several factors affected 340B revenue generation, including drug reimbursement rates. Regardless of the amount of revenue generated, all covered entities reported using the program in ways consistent with its purpose. For example, all covered entities reported that program participation allowed them to maintain services and lower medication costs for patients. Entities generating 340B program revenue that exceeded drug-related costs were also able to serve more patients and to provide additional services. According to the 61 340B program stakeholders

we interviewed, manufacturers' distribution of drugs at 340B prices generally did not affect providers' access to drugs. Specifically, 36 stakeholders, including those representing manufacturers, covered entities, and non-340B providers, did not report any effect on covered entities' or non-340B providers' access. The remaining 25, also representing a wide range of perspectives on the 340B program, reported that it affected access primarily in two situations: (1) for intravenous immune globulin (IVIG), a lifesaving drug in inherently limited supply; and (2) when there was a significant drop in the 340B price for a drug resulting in increased 340B demand. In both situations, manufacturers may restrict distribution of drugs at 340B prices because of actual or anticipated shortages. Stakeholders reported that restricted distribution of IVIG resulted in 340B hospitals having to purchase some IVIG at higher, non-340B prices. They also reported that restricted distribution when the 340B price of a drug dropped significantly helped maintain equitable access for all providers. HRSA's oversight of the 340B program is inadequate to provide reasonable assurance that covered entities and drug manufacturers are in compliance with program requirements--such as, entities' transfer of drugs purchased at 340B prices only to eligible patients, and manufacturers' sale of drugs to covered entities at or below the 340B price. HRSA primarily relies on participant self-policing to ensure program compliance. However, its guidance on program requirements often lacks the necessary level of specificity to provide clear direction, making participants' ability to self-police difficult and raising concerns that the guidance may be interpreted in ways inconsistent with the agency's intent. Other than relying on self-policing, HRSA engages in few activities to oversee the 340B program. For example, the agency does not periodically confirm eligibility for all covered entity types, and has never conducted an audit to determine whether program violations have occurred. Moreover, the 340B program has increasingly been used in settings, such as hospitals, where the risk of improper purchase of 340B drugs is greater, in part because they serve both 340B and non-340B eligible patients. This further heightens concerns about HRSA's current approach to oversight. With the number of hospitals in the 340B program increasing significantly in recent years--from 591 in 2005 to 1,673 in 2011--and nearly a third of all hospitals in the U.S. currently participating, some stakeholders, such as drug manufacturers, have questioned whether all of these hospitals are in need of a discount drug program. To ensure appropriate use of the 340B program, GAO recommends that HRSA take steps to strengthen oversight regarding program participation and compliance with program requirements. HHS agreed with our recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: PPACA contained several important program integrity provisions for the 340B program, and additional steps can also ensure appropriate use of the program. Therefore, the Secretary of HHS should instruct the administrator of HRSA to conduct selective audits of 340B covered entities to deter potential diversion.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this

recommendation, we will provide updated information.

Recommendation: PPACA contained several important program integrity provisions for the 340B program, and additional steps can also ensure appropriate use of the program. Therefore, the Secretary of HHS should instruct the administrator of HRSA to finalize new, more specific guidance on the definition of a 340B patient.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: PPACA contained several important program integrity provisions for the 340B program, and additional steps can also ensure appropriate use of the program. Therefore, the Secretary of HHS should instruct the administrator of HRSA to further specify its 340B nondiscrimination guidance for cases in which distribution of drugs is restricted and require reviews of manufacturers' plans to restrict distribution of drugs at 340B prices.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: PPACA contained several important program integrity provisions for the 340B program, and additional steps can also ensure appropriate use of the program. Therefore, the Secretary of HHS should instruct the administrator of HRSA to issue guidance to further specify the criteria that hospitals that are not publicly owned or operated must meet to be eligible for the 340B program.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Health, 340B Drug Pricing Program, Drug pricing, Drugs, Financial analysis, Funds management, Health care programs, Health care reform, Health care services, Hospitals, Medicaid, Medicare, Patient care services, Pharmaceutical industry, Prices and pricing, Program evaluation, Program management

Indian Health Service: Increased Oversight Needed to Ensure Accuracy of Data Used for Estimating Contract Health Service Need

GAO-11-767 September 23, 2011

The Indian Health Service (IHS), an agency in the Department of Health and Human Services (HHS), provides health care to American Indians and Alaska Natives. When care at an IHS-funded facility is unavailable, IHS's contract health services (CHS) program pays for care from external providers if the patient meets certain requirements and funding is available. The Patient Protection and Affordable Care Act requires GAO to study the adequacy of federal funding for IHS's CHS program. To examine program funding needs, IHS collects data on unfunded services--services for which funding was not available--from the federal and tribal CHS programs. GAO examined (1) the extent to which IHS ensures the data it collects on unfunded services are accurate to determine a reliable estimate of CHS program need, (2) the extent to which federal and tribal CHS programs report having funds available to pay for contract health services, and (3) the experiences of external providers in obtaining payment from the CHS program. GAO surveyed 66 federal and 177 tribal CHS programs and spoke to IHS officials and 23 providers.

Due to deficiencies in IHS's oversight of data collection, the data on unfunded services that IHS uses to estimate CHS program need were not accurate. Specifically, the data that IHS collected from CHS programs were incomplete and inconsistent. For example, 5 of the 66 federal and 30 of the 103 tribal CHS programs that responded to GAO's survey reported that they did not submit these data to IHS in fiscal year 2009. Also, the format of IHS's annual request has not provided the agency with complete information to determine which programs submitted these data. In addition, individual CHS programs reported inconsistencies in how they recorded information about a specific type of unfunded service that IHS uses in its assessment of need. A reliable estimate of need will require complete and consistent data from each of the individual CHS programs. In November 2010, IHS created a workgroup to examine weaknesses in its current data and explore other sources of data to estimate need. IHS officials expect the workgroup to make a recommendation to the IHS Director by the end of calendar year 2011 that IHS adopt a new method of estimating need. As of September 2011, IHS was continuing to develop this new method and officials indicated that deferral and denial data would continue to be collected until it makes further decisions about its needs assessment methodology. Sixty of the 66 federal and 73 of the 103 tribal CHS programs that responded to GAO's survey reported that in fiscal year 2009 they did not have CHS funds available to pay for all services for which patients otherwise met requirements. Some federal CHS programs reported continuing to approve services for patients when sufficient funds were not available; IHS officials told us they were unaware this practice was occurring. In contrast, other federal

CHS programs reported using a variety of strategies to help patients receive services outside of the CHS program in order to maximize the care that they could purchase. For example, some federal CHS programs reported helping patients locate free or low-cost health care. Tribal CHS programs reported using a variety of strategies not available to federal CHS programs. For example, 46 of 103 tribal CHS programs that responded to GAO's survey reported supplementing their CHS programs' funding with tribal funds, which are earned from tribal businesses or enterprises. Most external providers that GAO interviewed described challenges in the CHS program payment process. For example, when patients presented for emergency services, 13 of 23 providers reported challenges determining which services would be approved for payment because, unlike other payers, they cannot check a patient's eligibility electronically. Eighteen providers noted challenges receiving communications from IHS about CHS policies and procedures related to payment, including having had few, if any, formal meetings with program staff and a lack of training and guidance. IHS officials acknowledged that the complexity of the CHS program makes provider education important. Most providers said that these challenges contributed to patient and provider burden. GAO recommends that HHS direct IHS to ensure unfunded services data are accurately recorded, CHS program funds management is improved, and provider communication is enhanced. HHS noted how IHS would address the recommendations; describing the proposed new method to estimate need. IHS's steps will address some recommendations, but immediate steps are needed to improve the collection of unfunded services data to determine program need.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To develop more accurate data for estimating the funds needed for the CHS program and improving IHS oversight, the Secretary of Health and Human Services should direct the Director of IHS to ensure that area offices submit data on unfunded services from all federal CHS programs.

Agency Affected: Department of Health and Human Services
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To develop more accurate data for estimating the funds needed for the CHS program and improving IHS oversight, the Secretary of Health and Human Services should direct the Director of IHS to conduct outreach and technical assistance to tribal CHS programs to encourage and support their efforts to voluntarily provide data that can be used to better estimate the needs of tribal CHS programs.

Agency Affected: Department of Health and Human Services
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To develop more accurate data for estimating the funds needed for the CHS program and improving IHS oversight, the Secretary of Health and Human Services should direct the Director of IHS to develop an annual data reporting template that requires area offices to report available deferral and denial counts for each federal and tribal CHS program.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To develop more accurate data for estimating the funds needed for the CHS program and improving IHS oversight, the Secretary of Health and Human Services should direct the Director of IHS to develop a plan and timeline for improving the agency's deferral and denial data.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To develop more accurate data for estimating the funds needed for the CHS program and improving IHS oversight, the Secretary of Health and Human Services should direct the Director of IHS to develop written guidance, provide training, and conduct oversight activities necessary to ensure unfunded services data are consistently and completely recorded by federal CHS programs.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To develop more accurate data for estimating the funds needed for the CHS program and improving IHS oversight, the Secretary of Health and Human Services should direct the Director of IHS to develop a written policy documenting how IHS evaluates need for the CHS program and disseminate it to area offices and CHS programs to ensure they understand how unfunded services data are used to estimate overall program needs.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this

recommendation, we will provide updated information.

Recommendation: To develop more accurate data for estimating the funds needed for the CHS program and improving IHS oversight, the Secretary of Health and Human Services should direct the Director of IHS to provide written guidance to CHS programs on a process to use when funds are depleted and there is a continued need for services, and monitor to ensure that appropriate actions are taken.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To develop more accurate data for estimating the funds needed for the CHS program and improving IHS oversight, the Secretary of Health and Human Services should direct the Director of IHS to develop ways to enhance CHS program communication with providers, such as providing regular trainings on patient eligibility and claim approval decisions to providers.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Health, Contract administration, Data collection, Documentation, Federal aid to localities, Federal funds, Funds management, Health care facilities, Health care programs, Health care services, Locally administered programs, Monitoring, Native Americans, Patient care services, Payments, Program evaluation, Program management, Reporting requirements

Social Security Disability: Participation in the Ticket to Work Program Has Increased, but More Oversight Needed

GAO-11-828T September 23, 2011

This testimony discusses the Social Security Administration's (SSA) Ticket to Work and Self-Sufficiency Program (Ticket program). Created by law in 1999, the Ticket program was intended to assist disability beneficiaries in obtaining and retaining employment, and potentially bring about significant savings to the Disability Insurance Trust Fund by reducing or eliminating their benefits. Under the program, SSA provides each eligible beneficiary (ticket holder) with a ticket to obtain services from SSA-approved public or private providers, referred to as employment networks (EN), or from traditional state vocational rehabilitation agencies (VR). When the Ticket program was created, it was estimated that it had the potential to provide significant savings to the Social Security Trust Funds and Treasury.

However, our prior work and the work of SSA's Office of the Inspector General and others has questioned the viability of the program due to low participation and costs that are not offset by beneficiaries returning to work and reducing dependency on benefits. In an effort to address these concerns, SSA revised its regulations in 2008 to attract more ticket holders and ENs. This testimony summarizes our report issued in May and focuses on (1) how participation of ticket holders and employment networks in the Ticket program has changed over time, (2) what is known about the range of service approaches used by employment networks, and (3) the policies and processes SSA has to evaluate employment networks and ticket holders to ensure program integrity and effectiveness.

In summary, we found that more ticket holders and ENs are participating in the Ticket program since SSA revised its regulations in 2008, but the overall participation rate remains low. SSA has not yet studied whether the 2008 changes have enabled more ticket holders to obtain employment and exit the benefit rolls. The number of ENs approved to serve ticket holders has increased; however, many ENs are not actively participating, and ticket payments have remained concentrated with only 20 ENs. These ENs provide a range of services, including assistance with job search and retention. But since the 2008 changes in regulations, an increasing number have used service approaches targeting ticket holders who are already working or ready to work, including simply passing back a portion of the payment from SSA. Finally, we found SSA lacks adequate management tools for evaluating ENs and ticket holders to ensure program integrity and effectiveness. For instance, SSA has not developed performance measures for contracted ENs to assess their success in helping assigned ticket holders obtain and retain employment and reduce dependence on disability benefits. Without such measures, we found multiple ENs communicating to ticket holders how to work part time and keep full disability benefits indefinitely, despite the fact that the ultimate goal of the program is to reduce dependence on benefits. In addition, ticket holders who show timely progress toward self-supporting employment are generally exempt from medical continuing disability reviews (CDRs) conducted to determine continued eligibility for benefits. However, SSA has not consistently monitored or enforced the requirements for timely progress and, therefore, ticket holders in the program have been exempt from CDRs for years regardless of whether they show progress in the program. Lack of systematic monitoring of timely progress has both program integrity and cost implications, such as the potential for ineligible beneficiaries to continue receiving benefits. In our May report, we made four recommendations to address these issues and enhance program oversight. SSA has already implemented one of these recommendations, developing performance measures for ENs, and has reported it is moving forward to implement another to track EN service approaches and assess their consistency with program goals. We will continue to monitor the

agency's implementation of the other recommendations.

Categories: Income Security, Aid for the disabled, Beneficiaries, Cost effectiveness analysis, Disability benefits, Employees with disabilities, Employment assistance programs, Employment of the disabled, Federal social security programs, Monitoring, Performance appraisal, Persons with disabilities, Program evaluation, Rehabilitation programs, Self-Sufficiency Program, Social security benefits, Ticket to Work Program

American Samoa And Commonwealth of the Northern Mariana Islands: Employment, Earnings, and Status of Key Industries Since Minimum Wage Increases Began

GAO-11-956T September 23, 2011

In 2007, the United States enacted a law incrementally raising the minimum wages in American Samoa and the Commonwealth of the Northern Mariana Islands (CNMI) until they equal the U.S. minimum wage. American Samoa's minimum wage increased by \$.50 three times, and the CNMI's four times before legislation delayed the increases, providing for no increase in American Samoa in 2010 or 2011 and none in the CNMI in 2011. If further increases are implemented as scheduled, American Samoa's minimum wage will equal the current U.S. minimum wage of \$7.25 in 2018, and the CNMI's will reach it in 2016. Recent economic declines in both areas reflect the closure of one of two tuna canneries in American Samoa and the departure of the garment industry in the CNMI. GAO is required to report in 2010, 2011, 2013, and biennially thereafter on the impact of the minimum wage increases. This testimony, requested by Congress, summarizes GAO's June 2011 report, which describes, since the increases began, (1) employment and earnings, and (2) the status of key industries. GAO reviewed federal and local information; collected data from employers through a questionnaire and from employers and workers through discussion groups; and conducted interviews during visits to each area.

In American Samoa, employment declined 14 percent--from 17,852 to 15,434--between 2006 and 2009, and average inflation-adjusted earnings of those employed fell by 11 percent over the same period. In addition, roughly 2,000 to 3,000 temporary federal jobs will end when funding is no longer available. Employers in the tuna canning industry attributed most of their past and planned actions, including worker layoffs and hiring freezes, to the minimum wage. Cannery officials also expressed concern about American Samoa's loss of competitive advantage in the global tuna canning industry. Workers principally expressed concern over job security. Analysis of alternate models suggests that moving tuna cannery operations from American Samoa to another tariff-free country with lower labor costs would significantly reduce cannery operating costs. In the CNMI, employment fell 35 percent--from 43,036 to 27,897--between 2006 and 2009, and average inflation-adjusted earnings of those employed remained largely unchanged. Also, fewer than

1,000 temporary federal jobs will end when funding is no longer available. Employers in the tourism industry generally attributed their employment actions to multiple factors, such as immigration law and a decrease in the number of customers, more than to the rising minimum wage. Workers said they would like pay increases to help meet rising prices, but they were concerned about losing jobs and work hours. CNMI hotels have generally absorbed minimum wage costs rather than raise room rates. If this trend continues, scheduled minimum wage increases would increase hotels' operating costs due to payroll from approximately 29 to roughly 34 percent of total operating costs between 2010 and 2016.

Categories: International Affairs, Accountability, American Samoa, Commonwealth of the Northern Mariana Islands, Cost analysis, Employees, Exporting, Foreign trade agreements, Minimum wage rates, Pay rates, Prices and pricing, Reductions in force, Reporting requirements, Salary increases, Tariffs, Wage surveys

Polar Satellites: Agencies Need to Address Potential Gaps in Weather and Climate Data Coverage

GAO-11-945T September 23, 2011

Environmental satellites provide critical data used in weather forecasting and measuring variations in climate over time. In February 2010, the White House's Office of Science and Technology Policy disbanded the National Polar-orbiting Operational Environmental Satellite System (NPOESS)--a tri-agency satellite acquisition that had encountered continuing cost, schedule, and management problems--and instructed the National Oceanic and Atmospheric Administration (NOAA) and the Department of Defense (DOD) to undertake separate acquisitions. Both agencies have begun planning their respective programs--the Joint Polar Satellite System (JPSS) and the Defense Weather Satellite System (DWSS)--including creating program offices and transitioning contracts. GAO was asked to summarize the status of ongoing work assessing (1) NOAA's and DOD's plans for their separate acquisitions and (2) the key risks in transitioning from NPOESS to these new programs. In preparing this statement, GAO relied on the work supporting previous reports, attended monthly program management meetings, reviewed documentation on both programs, and interviewed agency officials..

In May 2010, GAO reported on the transition from NPOESS to two separate programs, and recommended that both NOAA and DOD expedite decisions on the cost, schedule, and capabilities of their respective programs. Since that time, both agencies have made progress on their programs, but neither has finalized its plans or fully implemented the recommendations. NOAA is currently focusing on the October 2011 launch of the NPOESS Preparatory Project satellite--a demonstration satellite that the agency now plans to use operationally in order to minimize potential gaps in coverage. In addition, NOAA has transferred contracts for satellite sensors from the NPOESS program to the JPSS program. However, NOAA officials stated that the agency slowed down the development of the first JPSS satellite

due to budget constraints, causing a delay in the launch date. As a result, NOAA is facing a potential gap in satellite data continuity. Such a delay could significantly impact the nation's ability to obtain advanced warning of extreme weather events such as hurricanes. Meanwhile, DOD began planning for its satellite program. Department officials reported that DWSS is to consist of two satellites with three sensors: an imager, microwave imager/sounder, and a space environment sensor. The first satellite is to be launched no earlier than 2018. The department has not, however, finalized the cost, schedule, and functionality of the program. It expects to do so in early 2012. Until both NOAA and DOD develop and finalize credible plans for their respective programs, it will not be clear what the programs will deliver, when, and at what cost. In its prior report, GAO also recommended that NOAA and DOD establish plans to mitigate key risks in transitioning from NPOESS to the successor programs, including ensuring effective oversight of JPSS program management, and addressing cost and schedule implications from contract and program changes. Both agencies have taken steps to mitigate these risks, but more remains to be done. For example, NOAA could not provide firm time frames for completing its management control plan or addressing residual contracting issues. Moving forward, it will be important for the agencies to continue efforts to mitigate these risks in order to ensure the success of their respective programs. GAO is not making new recommendations in this statement.

Categories: Science, Space, and Technology, Administrative costs, Agency missions, Climate, Cost analysis, Cost overruns, Data collection, Defense procurement, Defense Weather Satellite System (DWSS), Earth resources satellites, Environmental monitoring, Interagency relations, Joint Polar Satellite System (JPSS), Life cycle costs, Losses, National Polar-orbiting Operational Environmental Satellite System (NPOE), Procurement planning, Program evaluation, Program management, Risk assessment, Risk factors, Risk management, Satellites, Schedule slippages, Strategic planning, Technology, Weather forecasting

DOD Health Care: Cost Impact of Health Care Reform and the Extension of Dependent Coverage

GAO-11-837R September 26, 2011

The Department of Defense (DOD) offers health care to eligible beneficiaries through TRICARE, its health care program. Recently enacted health care reform legislation--the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act of 2010 (HCERA)--has implications for much of the nation's health care system, including TRICARE. One particular health reform provision directed certain health insurance plans to extend coverage to dependents up to age 26. Though this provision does not apply to TRICARE because it is not considered a health insurance plan, the subsequent Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (NDAA 2011) included a similar provision that extends TRICARE coverage

to certain dependent children of TRICARE beneficiaries. In response, in May 2011, DOD began implementing TRICARE Young Adult (TYA), a premium-based health care plan that extends TRICARE coverage to dependents of TRICARE beneficiaries up to age 26 who do not have access to employer-sponsored health care coverage and are unmarried. The NDAA 2011 directed us to assess the cost to DOD of complying with PPACA and HCERA. You also asked us to examine DOD's costs of implementing, administering, and providing benefits under TYA. In this report, we assess DOD's costs of (1) complying with PPACA and HCERA and (2) implementing and providing benefits under TYA.

Overall, DOD expects to incur minimal costs to implement the 21 PPACA and HCERA provisions with which department officials have determined it is required to comply. In particular, DOD officials estimated that 11 of the provisions could be implemented at no cost, and the estimated costs of complying with another third of the provisions (8) are minimal because no new staff or significant additional resources will be required to implement them. Officials told us that they could not determine the exact costs for these 8 provisions until they are fully implemented. At this time, DOD has not yet estimated its costs for complying with the remaining 2 provisions--including providing written statements to beneficiaries affirming that coverage was provided--because according to department officials, it is awaiting regulations from other federal agencies on how to implement them. Nonetheless, department officials told us that DOD believes its costs to comply with these provisions will also be minimal. Department officials said that DOD is unable to determine whether it is practicable to implement additional PPACA and HCERA provisions that relate to Medicare reimbursement rates until the Department of Health and Human Services (HHS) issues detailed regulations regarding their implementation. DOD has estimated that its costs to implement TYA will be about \$4.4 million over fiscal years 2011 and 2012. These costs will be partially offset by a 2 percent markup included in the TYA premiums, beyond the level it believes to be necessary to cover TYA benefits and associated administrative costs. DOD's actual implementation costs for TYA may differ from its estimated costs and will not be known until after the program has been fully implemented. Additionally, although the NDAA 2011 requires the premiums for TYA to fully cover DOD's costs of providing the benefit, including associated administrative costs, these costs may initially exceed premium amounts. According to department officials, DOD plans to adjust TYA premiums based on the actual average cost of providing benefits and administrative costs starting with the calendar year 2014 premiums.

Categories: Health, Administrative costs, Beneficiaries, Cost analysis, DOD Tricare Program, Eligibility criteria, Eligibility determinations, Health care programs, Health care reform, Health care services, Insurance premiums, Military dependents, Patient care services

DOD Met Statutory Reporting Requirements on Public-Private Competitions

GAO-11-923R September 26, 2011

The Department of Defense (DOD) relies on a multisector workforce of military personnel, other federal employees, and private contractors to perform needed services. The contractor workforce is substantial: DOD is the federal government's largest purchaser of contractor-provided services, such as aircraft maintenance or base operating support. Determining whether to obtain services with in-house resources or through private sector contractors is an important economic and strategic decision essential to DOD's effective and efficient use of taxpayer dollars. Conducting competitions between public and private sources to identify the most cost-effective provider of services is one tool DOD can use to achieve such efficiencies. In the National Defense Authorization Act for Fiscal Year 2010 (NDAA 2010), Congress imposed a temporary moratorium on new competitions involving functions currently performed by DOD civilian employees until, among other things, DOD reviewed and reported to Congress on various aspects of its public-private competition policies. The department submitted a report to Congress on its review on June 28, 2011. Should the moratorium be lifted, Congress also limited the duration of any new competitions to 24 months, with a possible extension to 33 months if DOD notifies Congress of the need for an extension. Congress required that we assess the DOD review and report on any use of the authority to extend the 24-month time limit.

To conduct the required review, DOD collected relevant public-private competition guidance, lessons learned, and best practices from the military services and DOD components. The majority of information on best practices and lessons learned was from the Navy, which has had the largest public-private competition program for many years. DOD complied with the statutory requirements in conducting its review of public-private competitions and in submitting its June 2011 report to Congress. Specifically, the report addressed the five required topics: (1) compliance with a new requirement expanding competition requirements to activities with fewer than 10 federal employees; (2) actions taken in response to issues raised by the DOD Inspector General (IG) in a 2008 report; (3) the ability of existing systems to provide comprehensive and reliable data on the cost and quality of functions subject to public-private competition; (4) the appropriateness of certain cost differentials and factors, such as the overhead rate, used in public-private competitions; and (5) the adequacy of DOD policies regarding mandatory recompetitions of work previously awarded to employee groups. While DOD's report addressed the statutory requirements, concerns remain about some of the issues on which the DOD IG and we have previously reported. For example, DOD's report stated that upgrades to the current system used to track data on public-private competitions have been made, but because of the moratorium, DOD has not reviewed whether data

reliability and accuracy actually has improved. Further, the report discussed the overhead rate used in the cost comparisons and called for no change, even though both the DOD IG and we have reported that the standard rate of 12 percent of labor costs does not have a sound analytical basis, which leaves some uncertainty about whether that rate may be understated or overstated for any given public-private competition. DOD's report recommended excluding preliminary planning from the competition time limits. The report also recommended that DOD issue revised comprehensive guidance that would incorporate various policy changes as well as best practices that could improve the competitions. The report also recommends that the moratorium on DOD's use of public-private competitions be lifted. Because of the moratorium, DOD has not initiated any new public-private competitions and therefore has not invoked its authority to extend the time limit on completing such competitions.

Categories: National Defense, Civilian employees, Competition, Department of Defense contractors, Lessons learned, Private sector, Reporting requirements, Service contracts

Organizational Transformation: Military Departments Can Improve Their Enterprise Architecture Programs

GAO-11-902 September 26, 2011

The Department of Defense (DOD) spends billions of dollars annually to build and maintain information technology (IT) systems intended to support its mission. For decades, DOD has been challenged in modernizing its systems environment to reduce duplication and increase integration. Such modernizations can be guided by an enterprise architecture--a blueprint that describes an organization's current and target state for its business operations and supporting IT systems and a plan for transitioning between the two states. DOD has long sought to employ enterprise architectures and has defined an approach for doing so that depends in large part on the military departments developing architectures of their own. In light of the critical role that military department enterprise architectures play in DOD's overall architecture approach, GAO was requested to assess the status of the Departments of the Air Force, Army, and Navy (DON) enterprise architecture programs. To do so, GAO obtained and analyzed key information about each department's architecture relative to the 59 core elements contained in stages 1 through 6 of GAO's Enterprise Architecture Management Maturity Framework..

While Air Force, Army, and DON each have long-standing efforts to develop and use enterprise architectures, they have much to do before their efforts can be considered mature. GAO's enterprise architecture management framework provides a flexible benchmark against which to plan for and measure architecture program maturity and consists of 59 core elements arranged into a matrix of seven hierarchical stages. The Air Force has fully satisfied 20 percent, partially satisfied 47 percent, and not satisfied 32 percent of GAO's framework elements. The Army has fully satisfied 12 percent and partially satisfied 42

percent of the elements, with the remaining 46 percent not satisfied. Finally, DON has satisfied 27 percent, partially satisfied 41 percent, and not satisfied 32 percent of the framework elements. With respect to stages 1 through 6 of GAO's architecture framework, the military departments have generally begun establishing institutional commitments to their respective enterprise architecture efforts (stage 1), not established the management foundations necessary for effective enterprise architecture development and use (stage 2), begun developing initial enterprise architecture content (stage 3), not completed and used their initial enterprise architecture versions to achieve results (stage 4), not expanded and evolved the development and use of their respective architectures to support institutional transformation (stage 5), and taken limited steps to continuously improve their respective architecture programs and use their architectures to achieve corporate optimization (stage 6). Officials at the military departments stated that they have been limited in their ability to overcome long-standing enterprise architecture management challenges, including receiving adequate funding and attaining sufficient senior leadership understanding. Nevertheless, DOD has been provided with considerable resources for its IT systems environment, which consists of 2,324 systems. Specifically, DOD receives over \$30 billion each year for this environment. Without fully developed and effectively managed enterprise architectures and a plan, the Air Force, Army, and DON lack the necessary road maps for transforming their business processes and modernizing their hundreds of supporting systems to minimize overlap and maximize interoperability. What this means is that DOD, as a whole, is not as well positioned as it should be to realize the significant benefits that a well-managed federation of architectures can afford its systems modernization efforts, such as eliminating system overlap and duplication. Because DOD is provided with over \$30 billion each year for its IT systems environment, the potential for identifying and avoiding the costs associated with duplicative functionality across its IT investments is significant. GAO recommends that the military departments each develop a plan for fully satisfying the elements of GAO's framework. DOD and Army concurred and the Air Force and DON did not. In this regard, DOD stated that Air Force and DON do not have a valid business case that would justify the implementation of all the elements. However, GAO continues to believe its recommendation is warranted.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To ensure that the military departments establish commitments to fully develop and effectively manage their enterprise architectures, the Secretaries of the Air Force, Army, and Navy each should expeditiously provide to the congressional defense committees a plan that identifies milestones for their respective department's full satisfaction of all of our Enterprise Architecture Management Maturity Framework elements. In the event that a military department does not intend to fully satisfy all elements of our framework, the plan should include a rationale for why the department deems any such element(s) to be not applicable.

Agency Affected: Department of Defense; Department of the Army
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: Department of Defense:
Department of the Navy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: Department of Defense:
Department of the Air Force

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Defense capabilities, Enterprise architecture, Federal agency reorganization, Human capital, Information systems, Information technology, Program management, Strategic planning, Systems conversions, Technology modernization programs

Excess Uranium Inventories: Clarifying DOE's Disposition Options Could Help Avoid Further Legal Violations

GAO-11-846 September 26, 2011

Uranium is a key component in the production of nuclear energy and nuclear weapons. The Department of Energy (DOE) manages the nation's surplus uranium, which is derived in part from former nuclear weapons production. In 2008, DOE published a uranium management plan that set a target for DOE uranium sales and transfers to avert harm to the domestic uranium industry. In 2009, DOE began using natural uranium to pay for cleanup work at a former uranium enrichment facility in Ohio, without having identified such transactions in its 2008 plan. As directed, GAO reviewed DOE's uranium management program. This report examines (1) DOE's uranium transactions and plans for future transactions, (2) the extent to which these transactions were consistent with DOE's uranium management plan, and (3) the extent to which these transactions were consistent with federal law. GAO reviewed transaction documents and contracts and interviewed knowledgeable DOE, contractor, and uranium industry officials and uranium market analysts.

In a series of seven transactions from December 2009 through June 2011, DOE used 1,873 metric tons of natural uranium to pay for \$256 million in cleanup services provided by two contractors at the Portsmouth, Ohio, enrichment facility, and additional transactions are planned. Six out of seven of these transactions involved the United States Enrichment Corporation (USEC), former operator of the Portsmouth facility. DOE released 1,473 metric tons of uranium, and USEC provided \$194 million in cleanup services at the Portsmouth facility. Among other activities, USEC's services included removing chemical and hazardous materials from the plant. The seventh transaction involved a second contractor. In June 2011, DOE released 400 metric tons of uranium, and the contractor agreed to provide \$62 million in decontamination and decommissioning services. DOE officials said the department expects to

continue transferring natural uranium to this contractor for cleanup services through 2013. DOE's uranium transactions have been consistent with parts of its uranium management plan but not with others. The plan states that DOE would adhere to a target for uranium sales and transfers of no more than 10 percent of annual domestic fuel requirements for uranium. DOE's releases of uranium into the commercial market did not exceed the annual target specified in the plan, ranging from 5 percent of demand in 2008 to 6 percent in 2010--well below the 2008 plan's designated target. With regard to other provisions, however, DOE has departed somewhat from the plan. For example, the department has deviated from the schedule of uranium transfers articulated by the plan, allowing more uranium to enter the market sooner than cited. DOE's uranium transactions with USEC were sales authorized by the USEC Privatization Act, but they did not comply with federal fiscal law. The USEC Privatization Act requires that before a uranium sale, DOE must determine that the materials are surplus to national security needs; that the department is receiving fair market value; and that the sales will not adversely affect the domestic uranium mining, conversion, and enrichment industries. GAO found that DOE met these requirements. Nevertheless, by not depositing the value of the net proceeds from the sales of uranium into the Treasury, DOE violated the miscellaneous receipts statute. This statute requires an official or agent of the government receiving money from any source on the government's behalf to deposit the money in the Treasury. As GAO found when it reviewed a similar series of transactions in 2006, DOE provided the uranium to USEC for sale to a third party and allowed USEC to keep the proceeds of the sales. Even with no money changing hands, GAO concludes that an amount equivalent to the value that went to USEC should have gone to the Treasury. By not depositing an amount equal to the value of the uranium into the Treasury, DOE has inappropriately circumvented the power of the purse granted to Congress under the Constitution. GAO recommends that DOE update its uranium management plan and suggests that Congress consider authorizing DOE to, among other things, retain the proceeds of future uranium transactions. DOE agreed to update its uranium management plan but disagreed that its actions did not comply with federal fiscal law. GAO maintains, however, that DOE's comments do not undermine the conclusion that the department violated the miscellaneous receipts statute.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Matters for Congressional Consideration

Recommendation: If Congress sees merit in using proceeds from the barter, transfer, or sale of federal uranium assets to pay for environmental cleanup of uranium enrichment facilities, it may wish to consider: (1) providing DOE with explicit authority to barter excess uranium and to retain the proceeds from barter, transfers, or sales or (2) directing DOE to sell federal uranium assets for cash and directing that collected proceeds be made available for obligation only to the extent and in the amount provided in advance in appropriations acts for necessary expenses in decontaminating and decommissioning uranium facilities and directing DOE to deposit into the Treasury any excess over what is appropriated.

Status: In process

Comments: When we determine what steps the Congress has taken, we will provide updated information. Recommendations for Executive Action

Recommendation: To improve DOE's management of its excess uranium inventories, the Secretary of Energy should update the December 2008 "Excess Uranium Inventory Management Plan" to more accurately reflect DOE's plans for marketing its uranium.

Agency Affected: Department of Energy

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Natural Resources, Environmental cleanups, Federal law, Hazardous waste disposal, Nuclear energy, Nuclear facilities, Nuclear waste disposal, Nuclear weapons, Program evaluation, Program management, Strategic planning, Uranium

Child Welfare: More Information and Collaboration Could Promote Ties Between Foster Care Children and Their Incarcerated Parents

GAO-11-863 September 26, 2011

Federal law sets timelines for states' decisions about placing foster care children in permanent homes, and, in some cases, for filing to terminate parental rights. Some policymakers have questioned the reasonableness of these timelines for children of incarcerated parents and expressed interest in how states work with these families. GAO was asked to examine: (1) the number of foster care children with incarcerated parents, (2) strategies used by child welfare and corrections agencies in selected states that may support contact or reunification, and (3) how the Department of Health and Human Services (HHS) and the Department of Justice (DOJ) have helped these agencies support affected children and families. GAO analyzed national data, reviewed federal policies, interviewed state child welfare and corrections officials in 10 selected states that contain almost half of the nation's prison and foster care populations, and visited local child welfare agencies and prisons.

Foster care children with an incarcerated parent are not a well-identified population, although they are likely to number in the tens of thousands. HHS data collected from states show that, in 2009 alone, more than 14,000 children entered foster care due at least partly to the incarceration of a parent. This may be an undercount, however, due to some underreporting from states and other factors. For instance, the data do not identify when a parent is incarcerated after the child entered foster care--a more common occurrence, according to case workers GAO interviewed. HHS is currently developing a proposal for new state reporting requirements on all foster care children; however, officials had not determined whether these new requirements would include more information collected from states on children with incarcerated parents. In 10 selected states, GAO found a range of strategies that support family ties. Some state child welfare agencies have provided guidance and training to caseworkers for managing such cases; and local agencies have worked with dependency courts to help inmates participate in child welfare hearings by phone or other means. For their part, some corrections agencies ease children's visits to prisons with special visitation hours and programs. In several cases, corrections agencies and child welfare agencies have collaborated, which has resulted in some interagency training for personnel, the creation of liaison staff positions, and video visitation facilitated by non-profit providers. HHS and DOJ each provide information and assistance to child welfare and corrections agencies on behalf of these children and families. For example, both federal agencies post information on their websites for practitioners working with children or their incarcerated parents, with some specific to foster care. The HHS information, however, was not always up to date or centrally organized, and officials from most of the state child welfare and corrections agencies GAO interviewed said they would benefit from information on how to serve these children. Further, DOJ has not developed protocols for federal prisons under its own jurisdiction for working with child welfare agencies and their staff, although GAO heard from some state and local child welfare officials that collaboration between child welfare and corrections agencies would facilitate their work with foster care children and their parents. This would also be in keeping with a DOJ agency goal to build partnerships with other entities to improve services and promote reintegration of offenders into communities. GAO recommends that HHS improve its data on the foster care children of incarcerated parents and that it more systematically disseminate information to child welfare agencies. GAO also recommends that DOJ consider ways to promote collaboration between corrections and child welfare agencies, including establishing protocols for federal prisons to facilitate communication between these entities. HHS and DOJ agreed with GAO's recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status

will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To better understand the magnitude of the population and inform federal or state initiatives that affect children in foster care with incarcerated parents, the Secretary of HHS should identify ways to strengthen the completeness of state-reported data on those children. For example, in implementing new reporting requirements for the Adoption and Foster Care Analysis and Reporting System (AFCARS) system, the agency could take into consideration its 2008 proposed changes in which states would be required to provide additional information on each foster care child and his or her family circumstances, including a caretaker's incarceration, at several times during the child's stay in foster care and not only when a child first enters care.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To improve outcomes for these children, the Secretary of HHS should take steps to more systematically increase awareness among state and local child welfare agencies about available resources for children in child welfare with incarcerated parents. For example, HHS could (1) take steps to update and more centrally organize relevant information posted on the Child Welfare Information Gateway, which is meant to serve as a comprehensive information resource for the child welfare field, such as by regularly updating the information listed under the Gateway's relevant topic areas (e.g., "Children in Out-of-Home-Care With Incarcerated Parents") with links to more recent material posted on other

HHS-supported websites; (2) identify or provide additional information on promising approaches, such as those listed by the Office of Assistant Secretary for Planning and Evaluation; (3) use relevant findings from the Child and Family Services Reviews (CFSR) process as an opportunity to remind states about available resources and post information on promising approaches identified in the reviews; or (4) facilitate awareness among all child welfare agencies about HHS's available resources through an e-mail or a teleconference/webinar that would allow state and local agencies to share information on practices or strategies.

Agency Affected: Department of Health and Human Services

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To better address the needs of children with incarcerated parents, including those in foster care, the U.S. Attorney General should consider including--among DOJ's ongoing and future information collection and dissemination efforts--activities that would assist state and local corrections agencies share promising practices for these children, including those that involve communication and coordination with child welfare agencies. For example, using some of the informational resources it already makes available to state and local corrections agencies, DOJ could compile and publicize examples of successful collaboration between corrections and child welfare agencies.

Agency Affected: Department of Justice

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To improve collaboration between federal correctional facilities and state and local child welfare agencies and help federal inmates maintain important family relationships, the U.S. Attorney General should direct DOJ's Federal Bureau of Prisons (BOP) to consider developing protocols for facilities regarding offenders who have children in the child welfare system. These protocols could include: (1) responses/actions when child welfare agency workers contact BOP facilities to confirm an inmate's location, request to communicate directly with inmates, or inquire about inmates' current or future participation in programs or services that may be part of a child welfare case plan; (2) processes for responding to requests for inmates' participation in child welfare hearings or ways to facilitate participation when desired by the inmate, such as setting up teleconferencing abilities; or (3) whether facilities could designate a specific staff position to address all such inquiries or questions, including those from child welfare agencies,

dependency courts, or offenders. If developed, these protocols could be shared with states and local corrections agencies as examples.

Agency Affected: Department of Justice

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Social Services, Child welfare, Correctional facilities, Data collection, Families, Federal courts, Federal/state relations, Foster children, Imprisonment, Interagency relations, Parents, Reporting requirements

Contingency Contracting: Improved Planning and Management Oversight Needed to Address Challenges with Closing Contracts

GAO-11-891 September 27, 2011

Since 2002, DOD obligated at least \$166.6 billion on contracts supporting reconstruction and stabilization efforts in Iraq and Afghanistan. Many of these contingency contracts, in particular those awarded in Iraq, need to be closed. Contract closeout is a key step to ensure the government receives the goods and services it purchased at the agreed upon price and, if done timely, provides opportunities to use unspent funds for other needs and reduces exposure to other financial risks. To assess DOD's efforts to close its Iraq contracts, GAO examined the (1) number of contracts that are eligible for closeout and the extent to which they will be closed within required time frames, (2) factors contributing to contracts not being closed within required time frames, (3) steps DOD took to manage the financial risks associated with not closing contracts within required time frames, and (4) extent to which DOD captured and implemented lessons learned from closing its Iraq contracts. GAO reviewed contingency contracting guidance, analyzed contract and closeout data for contracts awarded between fiscal years 2003 and 2010, and interviewed DOD officials from six organizations responsible for awarding or closing out these contracts.

DOD does not have visibility into the number of its Iraq contracts eligible for closeout, but available data indicate that DOD must still review and potentially close at least 58,000 contracts awarded between fiscal years 2003 and 2010. GAO's analysis indicates that relatively few of its contracts will be closed within required time frames. For example, about 90 percent of the limited number of contracts for which DOD could provide closeout data are already over age for closeout. The U.S. Central Command's Contracting Command (C3) and its predecessors, which awarded many of DOD's Iraq contracts, did not have sufficient internal controls to ensure that contracting data were accurate and complete. C3's management visibility was further affected by limitations of its information systems, staff turnover, and poor contract administration. DOD's ability to close its contracts has been hindered by the lack of advance planning, workforce shortfalls, and contractor accounting challenges. For example, DOD's contingency contracting doctrine

and guidance do not specifically require advanced planning for contract closeouts. DOD took steps in 2008 to address its backlog of contracts needing to be closed but such actions came too late to make significant difference in closing contracts within required time frames. DOD is now transitioning responsibility for closing out C3's contracts to the Army Contracting Command. Staffing challenges, however, during this transition have hindered efforts to close these contracts. Efforts to close large, cost-type contracts have been further hindered by Defense Contract Audit Agency staffing shortages and unresolved issues with contractors' accounting practices, which have delayed audits of the contractors' incurred costs. DOD's efforts to identify unspent contract funds and improper payments--two examples of financial risks that timely closeout of contracts may help identify--are hindered by limited visibility into its Iraq contracts. DOD identified at least \$135 million in unspent funds that could potentially not be available to meet other DOD needs. If not used, these funds will be returned to the U.S. Treasury at the end of fiscal year 2011. Should DOD identify a need to pay for an unanticipated cost on these contracts, it will need to use other funds that are currently available. Additionally, instances of improper payments and potential fraud were sometimes found years after final contract deliveries were made, making it harder for DOD to recover funds owed to it and increasing the risk that it may need to pay contractors interest fees on late payments. DOD has identified and addressed some of the problems related to the closeout of Iraq contracts, but the growing backlog of over 42,000 Afghanistan contracts that need to be closed suggests the underlying causes have not been resolved. DOD officials noted that the lessons learned in Iraq highlight the need to improve contract data, increase the emphasis on contract administration and closeout, and improve contingency contracting doctrine and guidance. DOD officials reported that actions are underway to correct these deficiencies in future contingencies, but fully implementing these initiatives may take several years. GAO is making three recommendations to ensure DOD has sufficient resources to close its Iraq and Afghanistan contracts and to better plan for and improve visibility of closeout efforts in future contingencies. DOD concurred with each of the recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To help address the current backlog of contracts supporting the efforts in Iraq and Afghanistan that need to be closed out, the Secretary of Defense should direct the Secretary of the Army to take steps to ensure the Army Contract Command-Rock Island's (ACC-RI) planned resources are adequate to meet forecasted closeout demands.

Agency Affected: Department of Defense
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help improve DOD's ability to manage the closeout of contracts awarded in support of future contingencies, the Secretary of Defense, in coordination with the Chairman of the Joint Chiefs of Staff, should revise DOD's contingency contracting doctrine and guidance to reflect the need for advanced planning for contract closeout.

Agency Affected: Department of Defense
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help improve DOD's ability to manage the closeout of contracts awarded in support of future contingencies, the Secretary of Defense, in coordination with the Chairman of the Joint Chiefs of Staff, should require senior contracting officials to monitor and assess the progress of contract closeout activities throughout the contingency operation so steps may be taken if a backlog emerges.

Agency Affected: Department of Defense
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Contract administration, Contract oversight, Contractor payments, Contracts, Cost analysis, Defense contingency planning, Defense cost control, Financial analysis, Internal controls, Monitoring, Risk management, Source selection

Defense Acquisition Workforce: Better Identification, Development, and Oversight Needed for Personnel Involved in Acquiring Services
GAO-11-892 September 28, 2011

In fiscal year 2010, more than half of the \$367 billion dollars the Department of Defense (DOD) spent on contracts was spent on services. Buying services is fundamentally different than buying weapon systems, yet most acquisition regulations, policies, processes, and training remain structured for acquiring weapon systems. Over the last decade, reports from GAO, DOD, and Congress have raised issues about services acquisitions and have also highlighted the importance of acquisition training. GAO previously reported on the training provided to the acquisition workforce as defined by the Defense Acquisition Workforce Improvement Act (DAWIA). This report addresses personnel working on services acquisitions who were outside the DAWIA acquisition workforce--termed non-DAWIA personnel with acquisition-related responsibilities--and the extent to which (1) DOD knows the composition of this population, (2) this population is taking acquisition training, and (3) DOD has implemented past recommendations related to this population. To complete this work, GAO reviewed a nongeneralizable sample of 29 service contracts, relevant policies, and recommendations from previous reports and met with key DOD officials. Non-DAWIA personnel with acquisition-related responsibilities represented more than half of the 430 personnel involved in the 29 services acquisition contracts in this review. Several organizations have been tracking and managing the DAWIA workforce, but no DOD organization has systematically identified non-DAWIA personnel with acquisition-related responsibilities, the competencies they need to conduct their acquisition duties, or been designated responsibility for overseeing this group. DOD is not required to identify these personnel and has not established a process to do so. Identifying this population is challenging, partly because, as DOD officials noted, it is a transient one that is dispersed across many DOD organizations. Additionally, these people come from a variety of career fields and are often involved in acquisitions as a secondary duty. DOD has taken action to identify part of this population and provide them training--requirements personnel for major weapon systems--but has not done this for all non-DAWIA personnel with acquisition-related responsibilities. Most non-DAWIA personnel with acquisition-related responsibilities in GAO's sample received some acquisition training. The required training was varied and limited and applied largely to contracting officer's representatives (CORs) and not to other non-DAWIA personnel such as requirements officials, technical assistants, or multifunctional team members. For example, the Air Force required two Air Force-specific phases of training, while the Navy and Marine Corps policy did not specify what training was required. Demand for acquisition training courses by non-DAWIA personnel with acquisition-related responsibilities

has been increasing in the past few years at the Defense Acquisition University, but DOD has limited information to gauge the current and future demand for training this population in the long term or the effectiveness of the current training that is available. DOD has taken short-term actions to require training and provide resources for some non-DAWIA personnel with acquisition-related responsibilities. For example, DOD recognized the importance of CORs in several memoranda requiring that they be properly trained and appointed before contract performance begins on services acquisitions. DOD has made some progress in implementing the recommendations of reports from the Panel on Contracting Integrity and GAO that related to management and training of the COR--a portion of non-DAWIA personnel with acquisition-related responsibilities. For example, for the four relevant GAO recommendations--which are related to training, assignment, and oversight of the CORs--DOD fully concurred with all of them, has fully implemented three, and is implementing a COR tracking system to address the remaining recommendation. The House Armed Services Committee and the Defense Science Board issued reports since 2009 that made recommendations that were relevant to this population but were made too recently for GAO to assess their implementation. For example, the House Armed Services Committee Panel on Defense Acquisition Reform report recommended DOD reform the services requirements process in order to address the different set of challenges services acquisitions pose compared to the procurement of goods. Among other things, GAO recommends that DOD establish criteria for identifying non-DAWIA personnel with acquisition-related responsibilities and assess the critical skills needed to perform their role in the acquisition process. DOD concurred with the recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To help ensure that training and development efforts for non-DAWIA personnel with acquisition-related responsibilities are deliberate and contribute to successful services acquisitions--meaning DOD buys the right thing, the right way, while getting the desired outcomes--the Secretary of Defense should establish criteria and a time frame for identifying non-DAWIA personnel with acquisition-related responsibilities, including requirements officials.

Agency Affected: Department of Defense
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help ensure that training and development efforts for non-DAWIA personnel with acquisition-related responsibilities are deliberate and contribute to successful services acquisitions--meaning DOD buys the right thing, the right way, while getting the desired outcomes--the Secretary of Defense should assess what critical skills non-DAWIA personnel with acquisition-related responsibilities might require to perform their role in the acquisition process and improve acquisition outcomes.

Agency Affected: Department of Defense
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To help ensure that training and development efforts for non-DAWIA personnel with acquisition-related responsibilities are deliberate and contribute to successful services acquisitions--meaning DOD buys the right thing, the right way, while getting the desired outcomes--the Secretary of Defense should designate an organization that has the responsibility to track DOD's progress in identifying, developing, and overseeing non-DAWIA personnel with acquisition-related responsibilities to help ensure they have the skills necessary to perform their acquisition function.

Agency Affected: Department of Defense
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Contract administration, Defense procurement, Employee training, Employees, Needs assessment, Procurement planning, Procurement policy, Procurement practices, Service contracts, Training utilization

Legal-Bid Protest Ruling: JRS Management

B-405355 September 28, 2011

JRS Management, of Lawrenceville, Georgia, protests the rejection of its quotation under request for quotations (RFQ) No. P0216110026, issued by the Department of Justice, Federal Bureau of Prisons (BOP) for the provision of pharmacy technician services to the inmate population at the Federal Correctional Institution located in Elkton, Ohio.

We dismiss the protest.

Categories: Bid Protest, Bid rejection protests, Documentation, Evaluation criteria, Pharmaceutical industry, Prices and pricing, Prisoners, Service contracts, Small business set-asides, Solicitation specifications

Legal-Bid Protest Ruling: Newsun, Inc.

B-405245 September 28, 2011

Newsun, Inc., doing business as Internal Computer Services (ICS), of Richmond, Virginia, a small business, protests the issuance of a purchase order to Standard Communications, Inc., of Hume, Virginia, by the General Services Administration (GSA), under request for quotations (RFQ) No. R3104379, for replacement of the voice telephone system at the Wilmington, Delaware Veterans Administration (VA) Medical Center, and nine satellite locations. ICS argues that its quotation was unreasonably rejected as unacceptable.

We deny the protest.

Categories: Bid Protest, Bid evaluation protests, Commercial products, Contract award protests, Contract performance, Equipment upgrades, Purchase orders, Service-disabled veteran-owned small business, Telecommunications equipment, Telecommunications systems, Telephones

United Nations: Improved Reporting and Member States' Consensus Needed for Food and Agriculture Organization's Reform Plan

GAO-11-922 September 29, 2011

The United States and other member states have long-standing concerns about the management and operations of the Food and Agriculture Organization (FAO), a United Nations (UN) specialized agency charged with leading international efforts to defeat hunger. After an external evaluation found that FAO needed to reform, FAO adopted its reform plan, called the Immediate Plan of Action for FAO Renewal (IPA), which includes 272 action items. This report examines (1) the methodology that FAO uses to report on the status of its reform plan, (2) factors that affect FAO's ability to implement its reform plan, and (3) actions the United States has undertaken to support FAO reform efforts. GAO analyzed FAO documents, including FAO's most recent 2010 IPA progress report; interviewed U.S. and UN officials, and representatives of FAO

member states; and analyzed 30 IPA action items from FAO's reform plan.

In response to member states' request, FAO's 2010 Immediate Plan of Action (IPA) progress report, which shows the status of FAO's IPA, or reform plan, provides more quantitative measures of its reform implementation status provided more quantitative measures of its reform implementation status than in its previous progress report, but the reported information may not accurately reflect the implementation status of some action items due to weaknesses in FAO's methodology. The progress report used implementation status categories to characterize reform status. IPA project leaders assessed the status of action items using these categories, but the varying nature of the action items and ambiguity of the implementation status categories caused difficulties in quantitatively measuring the progress of reforms. FAO's Program Management Unit (PMU), the entity responsible for managing the implementation of the reform plan, did not provide clear guidance for project leaders to easily differentiate among the categories. Moreover, the PMU did not comprehensively validate the reported implementation status for all action items in the 2010 IPA progress report. However, it has begun to collect and validate supporting information for all action items that project leaders are reporting as being "completed" and has also begun to monitor the progress of a selected number of action items that have yet to be completed. GAO found that the reported information in FAO's 2010 IPA progress report may not precisely reflect the implementation status of some action items. For example, some action items that were ongoing in nature were categorized as "on track," while others were reported as "continuous." Since the action items that remain to be completed are the largest and most complex to implement, the accuracy of future progress reports will become more important to FAO member states that are responsible for providing appropriate oversight. FAO management has made efforts to address some factors that could hinder its ability to implement the reform plan, but some impediments may challenge full implementation. To further its oversight of the reform plan, FAO management undertook a risk assessment that identified risks at the program level, such as weaknesses in its internal governance, and significant risks that could affect implementation at the project level. FAO management has addressed some of the weaknesses and risks identified in the risk assessment. However, impediments such as disagreements among member states, interdependencies among reform projects, and insufficient support from some managers and staff could cause some of the action items to be incomplete or delayed. For example, member states continue to disagree on the criteria for FAO country office coverage. FAO management does not expect to complete this action item until after the scheduled end of the reform plan in 2013. As the principal representative of U.S. interests at FAO headquarters, the U.S. Mission to the UN Agencies in Rome (USUN Rome) has made efforts to support FAO reform. USUN Rome's

actions include the prioritization of oversight and accountability reforms, consistent with a U.S. government initiative across the UN system and are reflected in USUN Rome's performance indicators. USUN Rome has also worked formally and informally with member states to promote oversight and accountability reforms at FAO. GAO recommends that the Secretary of State and the U.S. Representative to the UN Agencies for Food and Agriculture work with member states to (1) encourage FAO to develop clear guidance for assessing and categorizing the implementation status of IPA action items and (2) determine before 2013 if consensus can be achieved for IPA action items currently subject to disagreement among member states. The Department of State concurred with GAO's recommendations. FAO management noted that it would consider the issues discussed in GAO's report.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To more accurately reflect the implementation status of some IPA action items and address various factors that could slow the pace of FAO's reform plan, the Secretary of State and the U.S. Representative to the UN Agencies for Food and Agriculture should work with member states to encourage FAO to develop clear guidance for assessing and categorizing the implementation status of IPA action items.

Agency Affected: Department of State: United States Mission to the United Nations Agencies for Food and Agriculture

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: Department of State

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To more accurately reflect the implementation status of some IPA action items and address various factors that could slow the pace of FAO's reform plan, the Secretary of State and the U.S. Representative to the UN Agencies for Food and Agriculture should work with

member states to determine before 2013 if consensus can be achieved for IPA action items currently subject to disagreement among member states.

Agency Affected: Department of State

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: Department of State: United States Mission to the United Nations Agencies for Food and Agriculture

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: International Affairs, Accountability, Agricultural programs, Decentralization, Evaluation methods, Food relief programs, Foreign assistance, Internal audits, International cooperation, International food programs, International organizations, International relations, International relief, Program management, Risk assessment, Schedule slippages, Standards, Strategic planning

Warfighter Support: Improved Cost Analysis and Better Oversight Needed over Army Nonstandard Equipment

GAO-11-766 September 29, 2011

As of March 2011, the Army had over \$4 billion worth of nonstandard equipment in Iraq—that is equipment not included on units' standard list of authorized equipment. Concurrently, the Department of Defense (DOD) has acquired over \$44 billion worth of Mine Resistant Ambush Protected vehicles (MRAP), most of which have been allocated to the Army. This equipment must be withdrawn from Iraq by December 31, 2011. GAO examined the extent to which the Army has plans and processes for the disposition of (1) nontactical nonstandard equipment; (2) tactical nonstandard equipment; and (3) MRAPs that are no longer needed in Iraq. In performing this review, GAO analyzed relevant documents, interviewed Army officials, and visited Sierra Army Depot, where most nontactical nonstandard equipment is shipped once it leaves Iraq.

The Army has plans and processes for the disposition of nontactical nonstandard equipment (e.g., durable goods that are used to provide services for soldiers), and recently created a policy regarding the length of storage time. Excess nontactical nonstandard equipment is either redistributed in the U.S Central Command theater, disposed of, provided to other nations through foreign military sales or other means, or shipped to depots in the United States. In April 2011, the Army issued two messages that updated its procedures for requisitioning excess nonstandard equipment stored at Sierra Army Depot and created a forum to determine its final disposition instructions. The intent was also to extend use of this equipment by making it available to Army units; when an item is deemed not operational, to

dispose of it in theater; and to enter these instructions in a disposition database so they will no longer be shipped back to the United States. The Army would then avoid unnecessary transportation costs. The Army has not made disposition decisions for most of its tactical nonstandard equipment (i.e., commercially acquired or non-developmental equipment rapidly acquired and fielded outside the normal budgeting and acquisition process), and its disposition process is impaired by a lack of visibility over this equipment and the absence of a focal point to manage this equipment. The Capabilities Development for Rapid Transition process enables the Army to assess tactical nonstandard equipment already in use in the U.S. Central Command theater and determine whether it should be retained for the Army's current and future force and subsequently funded in the Army's base budget. However, the decision about most of the equipment considered by the process is to continue to fund it with overseas contingency operations funds. In addition, the Army has no system to track, monitor, and manage its inventory of tactical nonstandard equipment and has no single focal point to oversee this equipment. Best practices as cited in GAO's Standards for Internal Control in the Federal Government call for effective stewardship of resources by developing detailed policies, procedures, and practices.

Although the Army has plans for the disposition of its MRAP fleet, its cost estimates are incomplete and do not follow cost-estimating best practices. The Army conducted a study to effectively guide its integration of MRAPs into its force structure. The selected option placed the majority of MRAPs in prepositioned stocks. However, this study did not incorporate analyses of future costs based on Department of Defense, Office of Management and Budget, and GAO cost-estimating guidance providing best practices; nor did it delineate total costs for sustainment of its MRAP fleet or when those costs would be incurred. Without such information, decision makers lack the perspective necessary to make asset-management and budgetary decisions. Although Army officials stated that they are working toward providing an estimate of future MRAP costs, this has not yet been completed. GAO recommends that the Secretary of Defense direct Army authorities to (1) finalize decisions about the future status of tactical nonstandard equipment; (2) designate a focal point to oversee this equipment; and (3) undertake a thorough life-cycle cost estimate for its MRAPs. DOD concurred with our third recommendation, partially concurred with our first, and did not concur with the second. Given DOD's lack of visibility over tactical nonstandard equipment, GAO continues to believe a focal point is needed.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To facilitate the Army's ability to efficiently evaluate, integrate, and provide for the disposition of its nonstandard equipment being retrograded from Iraq, and supply DOD decision makers and Congress with accurate estimates of the future costs of these systems, the Secretary of Defense should direct the Secretary of the Army to finalize decisions about the future status of tactical nonstandard equipment, fund those items deemed as enduring capabilities in the Army base budget if applicable, and provide Congress with its plans for and estimates on future funding for or costs associated with any equipment the Army will

continue to use in theater that will not become enduring capabilities.

Agency Affected: Department of Defense:
 Department of the Army

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To facilitate the Army's ability to efficiently evaluate, integrate, and provide for the disposition of its nonstandard equipment being retrograded from Iraq, and supply DOD decision makers and Congress with accurate estimates of the future costs of these systems, the Secretary of Defense should direct the Secretary of the Army to designate a senior-level focal point within the Department of the Army with the appropriate authority and resources to manage the service's effort in overseeing the disposition of its tactical nonstandard equipment to include the implementation of a servicewide means to track, monitor, and manage this equipment.

Agency Affected: Department of Defense:
 Department of the Army

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To facilitate the Army's ability to efficiently evaluate, integrate, and provide for the disposition of its nonstandard equipment being retrograded from Iraq, and supply DOD decision makers and Congress with accurate estimates of the future costs of these systems, the Secretary of Defense should direct the Secretary of the Army to undertake a thorough total life-cycle cost estimate for integrating MRAPs into its ground vehicle fleet in accordance with DOD, OMB, and GAO guidance and include costs for training, upgrades, standardization, and military construction and (1) use this estimate to assess the affordability of its current plans and make adjustments to those plans if warranted; and (2) provide the total life-cycle cost for integrating MRAPs into its ground vehicle fleet to Congress.

Agency Affected: Department of Defense:
 Department of the Army

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Budget functions, Cost analysis, Cost-based budgeting, Defense capabilities, Equipment inventories, Equipment management, Federal property management, Life cycle costs, Military land vehicles, Mine Resistant Ambush Protected vehicles (MRAP), Monitoring, Planning, Property and supply management, Property disposal

Motor Carrier Safety: More Assessment and Transparency Could Enhance Benefits of New Oversight Program

GAO-11-858 September 29, 2011

Over 3,600 people in this country died in 2009 as a result of crashes involving large commercial trucks and buses. Until recently the Federal Motor Carrier Safety Administration (FMCSA) and its state partners tracked the safety of motor carriers--companies that own these vehicles--by conducting resource-intensive compliance reviews of a small percentage of carriers. In 2004, FMCSA began its Compliance, Safety, and Accountability (CSA) program. CSA is intended to identify and evaluate carriers and drivers posing high safety risks. FMCSA has focused on three key CSA oversight activities to evaluate carriers: a new Safety Measurement System (SMS) using more roadside inspection and other data to identify at-risk carriers; a wider range of "interventions" to reach more at-risk carriers; and using SMS data to suspend unfit carriers. FMCSA expected to fully implement CSA by late 2010. FMCSA also plans to separately use data to rate drivers' fitness. In this report, GAO assessed: (1) the status of the CSA rollout and issues that could affect it and (2) CSA's potential to improve safety. GAO reviewed CSA plans and data, visited eight states, and interviewed FMCSA, state, and industry officials.

Close to a year after the anticipated completion date, FMCSA has partially implemented two of the three planned CSA carrier oversight activities--the new SMS and an expanded set of interventions--in all states; however, it still cannot use CSA safety ratings to get unsafe carriers off the road because it has not completed a rulemaking needed to do so. Specifically, (1) FMCSA implemented SMS in 2010, as scheduled, to replace the prior system, known as SafeStat. The system allows FMCSA to evaluate, score and rank the safety of carriers and identify at-risk carriers needing intervention. However, states have had to expend resources to respond to carriers that have requested reviews of inspection violations shown in the system. (2) FMCSA has implemented most of the expanded array of enforcement interventions for at-risk carriers, including issuing warning letters and initiating focused reviews of carriers' safety operations that allow FMCSA to reach more at-risk carriers; however, it has delayed implementation of two interventions--Off-site Investigations and Cooperative Safety Plans--because the technology needed to implement them will not be completed until at least 2012. (3) FMCSA has not yet begun using SMS data to suspend unfit carriers, and is 2 years behind in issuing and completing the rulemaking needed to use these data instead of a time-consuming compliance review. FMCSA expects to finalize the rulemaking in 2013. In addition, FMCSA has had mixed success managing implementation of CSA oversight activities thus far. FMCSA performed well in conducting outreach to carriers and responding to stakeholder concerns, but experienced difficulties in realigning its workforce for CSA and adapting staff to CSA's new safety paradigm. FMCSA has not provided comprehensive information to

Congress and the public on the risks associated with either the delayed carrier intervention activities or operational and management issues that arose during implementation and its plans to mitigate these risks; thus Congress may lack information needed to make decisions about CSA. Moreover, FMCSA has taken initial steps to separately measure drivers' fitness to operate trucks and buses by seeking new legislative authority to prohibit unsafe drivers from operating in interstate commerce. However, FMCSA has not specified time frames for developing this measurement, how it will ultimately be used, or whether delaying the implementation will affect safety. It is too early to definitively assess the extent to which CSA will improve truck and bus safety nationwide. Data from a pilot test suggest that SMS and the expanded range of intervention tools provides a more effective means of contacting these carriers and addressing their safety issues. However, CSA's success depends on the availability of sufficient inspection data for carriers. For example, small carriers are less likely to receive enough roadside inspections to be scored and ranked in SMS. FMCSA has begun but not finished performance measures for CSA and has not yet collected the data needed to use them, so the extent that it can show CSA improves safety is unclear. GAO recommends that FMCSA (1) develop a plan to implement driver fitness ratings in a reasonable timeframe and (2) regularly report to Congress on problems and delays in implementing CSA and plans to mitigate risks. FMCSA provided technical comments and agreed to consider the recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: The Secretary of Transportation should direct the FMCSA Administrator to develop a plan for implementing driver fitness ratings that prioritizes steps that need to be completed and includes a reasonable timeframe for completing them. The plan should also address the safety implications of delayed implementation of driver fitness ratings.

Agency Affected: Department of Transportation
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: The Secretary of Transportation should direct the FMCSA Administrator to regularly report to Congress on CSA's status; the problems that FMCSA has encountered during the implementation of CSA and the risks they pose to full implementation of CSA; its strategy for mitigating these risks; and a timetable for fully implementing CSA and reporting the progress made in developing and implementing CSA performance measures.

Agency Affected: Department of Transportation
 Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Transportation, Accident prevention, Accountability, FMCSA Compliance, Safety, Accountability (CSA) Initiative, High risk drivers, Inspection, Investigations by federal agencies, Monitoring, Motor carriers, Motor vehicle safety, Motor vehicles, Program evaluation, Risk factors, Risk management, Safety, Safety regulation, Staff utilization, Traffic accidents, Transportation safety, Trucking operations

Veterans Disability Benefits: Clearer Information for Veterans and Additional Performance Measures Could Improve Appeal Process

GAO-11-812 September 29, 2011

The Department of Veterans Affairs (VA) has struggled to provide timely reviews for veterans who appeal decisions on their disability compensation claims. A veteran appeals to the VA regional office that made the initial decision, and if still dissatisfied, to the Board of Veterans Appeals (Board). An appeal to the Board adds more than 2 years, on average, to the wait for a decision on the appeal. To resolve more appeals at the regional level and avoid waits at the Board, VA, in 2001, established the Decision Review Officer (DRO) review as an alternative to the

traditional regional office appeal review. A DRO is given authority to grant additional benefits after reviewing an appeal based on a difference of opinion with the original decision. In contrast, under the traditional review, new evidence is generally required for a grant of additional benefits. GAO examined (1) the extent to which veterans choose a DRO review, (2) outcomes for DRO reviews, and (3) VA's challenges in managing DROs. GAO analyzed Board data, surveyed managers in all 57 regional offices, visited 4 offices, and interviewed veterans.

According to VA data, which has only tracked DRO involvement since 2003, veterans chose a DRO review in 61 percent (534,439) of all appeals filed from 2003 to 2010. Veterans who sought assistance with their appeal from a veteran service organization or other qualified representatives were more likely to choose a DRO review than those without a representative. Without assistance, veterans may not fully understand their two appeal options. GAO found that the letter VA uses to inform veterans of their options does not highlight key deadlines or differences between the two options. According to more than half of surveyed regional office managers, most veterans could not make an informed choice on the options based just on the letter. The DRO review process has helped some veterans get additional benefits at the regional office level, but has not reduced the percentage of appeals continuing on to the Board--the primary purpose of the program. In fiscal years 2003 through 2008, 21 percent of DRO reviews resulted in a full grant of benefits compared to 17 percent of traditional reviews. A full grant of benefits ends, or resolves, the appeal at the regional level. However, appeals may also be resolved at the regional level if veterans who do not receive full grants decide not to continue their appeal to the Board. VA gave DROs the flexibility to interact informally with veterans in part so they could explain when the benefits already granted are appropriate given the law. However, while DRO reviews led to the grant of full benefits at a higher rate, a higher percentage of veterans not granted benefits through traditional review voluntarily ended their appeals. As a result, in fiscal years 2003 through 2008 the overall percentage of appeals resolved at the regional level was about the same for DRO and traditional reviews--about 70 percent for both. VA faces challenges in how to most effectively use and train DROs. Since the DRO process and position were established, DRO duties have expanded beyond reviewing appeals to performing additional tasks such as quality review. However, VA officials have not reached consensus on how to balance DROs' time among different tasks. VA has no performance goal or measure for appeal resolution at the regional level that could help it determine whether it is achieving the most effective balance between different tasks. In addition, VA headquarters offers no nationwide, standardized training for new DROs, which according to managers and DROs would be beneficial, as they often lack experience with other tasks that DROs frequently perform such as conducting hearings. Ninetythree percent of surveyed regional managers said a nationally standardized training

for new DROs would be beneficial. GAO recommends VA (1) revise its appeals election letter, (2) develop an appeal resolution goal at the regional level, and (3) develop a training curriculum on DRO duties. In its comments, VA concurred fully with GAO's first and third recommendations but only partially with the second. VA expressed concerns about an appeal resolution goal, including that it could encourage the unjustified granting of benefits. GAO feels that VA's quality control process minimizes this risk.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To clarify information for veterans and ensure the most effective use of DROs, the Secretary of Veterans Affairs should direct the Veterans Benefits Administration to revise the sample appeals election letter in its policy manual to define unfamiliar terms and emphasize key deadlines, and test any revised letter's clarity with veterans before implementing it.

Agency Affected: Department of Veterans Affairs

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To clarify information for veterans and ensure the most effective use of DROs, the Secretary of Veterans Affairs should direct the Veterans Benefits Administration to establish national and regional office performance measures related to appeal resolution at the regional level and ensure that sufficient quality review procedures are in place to prevent DROs from granting unjustified benefits.

Agency Affected: Department of Veterans Affairs

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: To clarify information for veterans and ensure the most effective use of DROs, the Secretary of Veterans Affairs should direct the Veterans Benefits Administration to assess the knowledge and skills that DROs need to perform their varied responsibilities, determine if any gaps exist in the training currently available, and, if necessary, develop a training curriculum or program tailored to DROs.

Agency Affected: Department of Veterans Affairs

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Veterans Affairs, Appeals process, Claims processing, Claims settlement, Comparative analysis, Compensation claims, Disability benefits, Employee training, Employees, Information access, Information disclosure, Military benefits claims, Performance measures, Veterans benefits, Veterans disability compensation, Veterans education

Energy Star: Providing Opportunities for Additional Review of EPA's Decisions Could Strengthen the Program

GAO-11-888 September 30, 2011

American consumers, businesses, utilities, and federal and state agencies rely on the Energy Star product labeling program to identify more efficient products that lower their energy costs. Even with the program's successes, several reports by GAO and others have identified weaknesses in the Energy Star program. The program, which began in 1992 and was reauthorized in 2005, has been jointly administered by the Environmental Protection Agency (EPA) and the Department of Energy (DOE). In 2009, the agencies signed a memorandum of understanding (MOU) that outlined changes to address these weaknesses. The changes included identifying EPA as the lead agency, clarifying the roles and responsibilities of each agency, as well as instituting third-party

testing of products. GAO was asked to examine (1) the status of EPA's and DOE's implementation of changes to the Energy Star program under the MOU and (2) program partners' views of the Energy Star program and changes that are under way. To examine the status of the changes, GAO reviewed guidance and eligibility criteria and interviewed various program partners to gather their views. The results of these interviews are not generalizable, but provided insights on changes to the Energy Star program.

EPA and DOE have made considerable progress in their ongoing efforts to implement significant changes to the Energy Star program agreed to in the 2009 MOU. These changes include expanding product qualification and verification testing, updating program requirements, and piloting a program to promote the most efficient Energy Star products. In 2010, EPA developed and instituted new third-party certification procedures to qualify products for the Energy Star label. The new procedures took effect on January 1, 2011. As of May 2011, EPA had received about 10,000 new product submissions. In addition, EPA and DOE expanded their testing programs to verify that labeled products continue to meet program requirements. As part of these efforts, EPA is finalizing standard procedures for disqualifying products that fail the verification testing. EPA has also taken steps to update program requirements by broadening the number of product categories covered by the program and updating performance specifications for products that are already part of the program. Since 2009, EPA and DOE have finalized specifications for two new residential product categories and EPA is working on five additional product categories. EPA has a schedule to review and update the specifications for all existing product categories by 2013. In May 2011, EPA established a pilot program to recognize the most efficient products among those that qualify for the Energy Star label in seven product categories. As of August 2011, 78 models in five categories had received recognition as the most efficient products. The pilot program will run into 2012, when EPA will evaluate whether it should continue beyond 2012. Program partners we interviewed--including manufacturers, retailers, and utilities--generally had positive views of the Energy Star program but raised key concerns about the program's ongoing changes. Program partners cited the overall strength of the Energy Star brand itself and its wide recognition by American consumers and said that the loss of the program would be detrimental to their business. Further, these program partners told us they generally supported MOU steps taken to clarify agencies' roles and establish a single agency as the brand manager. However, program partners also raised three key concerns. First, program partners expressed concern that the ongoing changes are shifting the voluntary nature of the program to include elements of a more traditional regulatory program, but without the procedural safeguards of such programs. Specifically, many program partners told us that the Energy Star label is necessary to sell in many markets. Unlike traditional regulatory programs, however, Energy Star does not have an independent administrative

review process where adverse agency decisions related to setting specifications and disqualifications can be reviewed prior to seeking judicial review. Program partners also identified a lack of transparency in EPA's key decisions, including how it sets performance specification levels. Second, many program partners told us the pilot program to identify the most efficient products may undermine the value of the Energy Star label and the program as a whole by creating two classes of Energy Star products. Third, some program partners raised concerns about the rising cost of participating in the program because of third-party certification testing, and some manufacturing partners said they are considering decreasing their participation because of the cost. GAO recommends the Administrator of EPA assess the need to develop a process for independent review of adverse decisions related to setting specifications and disqualifications. EPA neither agreed nor disagreed with this recommendation.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: To ensure decisions of the Energy Star program are fair and transparent, the Administrator of EPA should assess the need to develop a process for independent review of adverse agency decisions for the Energy Star program as it relates to setting specifications and disqualifications. If the Administrator of EPA determines that there is a need for an independent review process but that the agency has insufficient legal authority to undertake one, it should seek additional authority from Congress.

Agency Affected: Environmental Protection Agency

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Environmental Protection, Eligibility criteria, Energy consumption, Energy efficiency,

Energy policy, Energy Star Program, Environmental monitoring, Laboratories, Needs assessment, Product evaluation, Program evaluation, Program management, Specifications, Standards, Testing

Decennial Census: Census Bureau and Postal Service Should Pursue Opportunities to Further Enhance Collaboration

GAO-11-874 September 30, 2011

The Census Bureau (Bureau) and U.S. Postal Service (USPS) collaborated on aspects of the 2010 Census and prior decennials, and those efforts generally went well in such areas as address list development. But both agencies face challenges: the Bureau needs to control the escalating cost of the decennial census and maintain its accuracy, while USPS must improve its financial condition. As requested, GAO examined opportunities to enhance collaboration in such areas as technology, personnel, and facilities that could improve the cost-effectiveness of the 2020 Census and generate revenue for USPS. GAO analyzed Bureau and USPS data and documents, compared the agencies' existing collaborative efforts with prior GAO work, and interviewed agency officials.

The Bureau and USPS are expanding collaborative efforts for the 2020 Census. The collaborative efforts include a new Bureau initiative to continuously update its master address list using USPS and local address information. This could allow the Bureau to limit the size of field operations needed to develop an accurate and complete address list for the 2020 Census. The Bureau and USPS also plan to update their 1995 memorandum of understanding to, among other matters, help ensure that both agencies benefit from their collaborative efforts. Bureau officials explained that under the 1995 memorandum, the agencies' collaboration typically benefited the Bureau more than USPS. Now both agencies would like to improve each other's address and geographic information. One new effort anticipated under the revised memorandum of understanding would provide USPS with the Bureau's geographic data products and support, which USPS hopes to use to improve its mail routing and other business decisions. The revised memorandum of understanding is expected to be approved later this year. Additional opportunities exist for the Bureau to take advantage of the knowledge and experience of USPS mail carriers, including retirees. Bureau and USPS officials agree that USPS mail carriers are familiar with their communities, so hiring mail carriers as temporary census workers could allow the Bureau to, among other things, develop a more accurate address list for the 2020 Census. However, using mail carriers to conduct census field operations at USPS pay rates would not be cost-effective. In 2010, USPS mail carriers cost on average about \$41 (city) or \$34 (rural) per hour compared to about \$15 per hour for census enumerators. In the 2010 Census, about 19-million forms could not be delivered--also known as undeliverable as addressed mailings. The Bureau, in its comments to a copy of this draft report, provided a summary

of reasons for why forms were not delivered. These reasons include the house was vacant or there was no mail box. Thus, now that the Bureau has compiled this information, it will be important for the Bureau to work with USPS to assess strategies to reduce the number of undeliverable as addressed mailings, as undelivered mail results in additional operational and waste-disposal costs for USPS and additional postage fees for the Bureau. The Bureau works with the General Services Administration to lease space for its local offices during the census. For the 2010 Census, the Bureau leased two USPS locations for a total cost of \$330,000. While USPS officials stated that ongoing efforts to downsize the USPS could increase the availability of facility space that could be used by the Bureau in the next census, USPS hopes to sell these facilities, and it is uncertain how many will be available in 2020 (and what condition those facilities would be in if they were available). GAO recommends the Secretary of Commerce and USPS consider (1) expanding their current collaborative efforts to include recruiting mail carriers, including retirees, for the 2020 Census, and (2) assessing whether strategies can be developed to reduce the number of "undeliverable as addressed" census mailings. USPS agreed with GAO's recommendations. Commerce disagreed with the second draft recommendation concerning analyzing the reasons for undelivered mailings. GAO revised the recommendation to focus on developing a strategy to help reduce costs involved with processing undelivered mail.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: Given the importance of Bureau and USPS collaboration in successfully executing census operations, as part of future partnership activities, the Postmaster General and the Secretary of Commerce should direct their agencies to expand their collaborative efforts by (1) determining if there are ways that the Bureau could work with USPS to target recruitment opportunities to mail carriers and (2) by assessing whether strategies can be developed to reduce the number of undeliverable as addressed mailings.

Agency Affected: Department of Commerce
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Agency Affected: United States Postal Service
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Government Operations, Accountability, Census, Cost analysis, Cost control, Cost effectiveness analysis, Employees, Financial analysis, Housing, Mailing lists, Postal service, Postal service employees, Strategic planning

Streamlining Government: Key Practices from Select Efficiency Initiatives Should Be Shared Governmentwide

GAO-11-908 September 30, 2011

Given continuing budget pressures combined with the focus on performance envisioned in the GPRA Modernization Act of 2010, federal agencies need to identify ways to operate more efficiently. GAO was asked to (1) describe selected initiatives that federal departments are implementing to achieve efficiencies; and (2) identify key practices associated with implementing these initiatives, as well as selected state initiatives, that can be applied more broadly in the federal government. GAO reviewed agency documents and interviewed officials from the Departments of Homeland Security (DHS), Veterans Affairs (VA), Defense (DOD), and Housing and Urban Development (HUD), as well as officials from five states--Virginia, Iowa, Texas, Washington, and Georgia..

Federal departments in our review used different approaches to improve efficiency. Their efficiency initiatives generally fell within two categories--(1) reexamining programs, structures, and functions to

determine whether they effectively and efficiently achieved their mission; and (2) streamlining and consolidating operations to make them more cost effective. For example, the Secretary of Defense's Efficiency Initiative, HUD's Transformation Initiative (including HUDStat), and VA's Operational Management Reviews implemented broad examinations of their programs, structures, and related processes. DHS's Efficiency Review, VA's Project Management Accountability System, and DOD's Continuous Process Improvement/Lean Six Sigma Program employed targeted methods to streamline and consolidate processes and systems. Most of the federal initiatives were relatively new; consequently, their overall impact has yet to be determined. However, each of these initiatives, as well as select state initiatives--such as the Virginia Productivity Investment Fund--demonstrated key practices from which federal agencies could learn. GAO recommends that OMB share the key practices for implementing efficiency initiatives identified in this report, and develop proposals for funding mechanisms to support upfront investment costs of longer-term efficiency projects that could result in greater cost savings or other efficiencies in the future. OMB staff stated that the report does not give sufficient weight to its sharing of information consistent with the key practices GAO has identified. While the report recognizes a number of OMB's initiatives, GAO is unaware of the extent of OMB's efforts to share the practices identified in this report. DHS, DOD, VA and HUD had no comments on the recommendations.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

Recommendation: In order to assist federal agencies' efforts to improve their efficiency, the Director of the OMB, through the Deputy Director for Management/Federal Chief Performance Officer, building on our prior recommendation to use governmentwide management councils and other venues to share lessons learned from efforts to improve efficiency, should work with these councils to share the specific key efficiency practices that we have identified in this report by building on our prior recommendation to use governmentwide management councils and other venues to share lessons learned from efforts to improve efficiency.

Agency Affected: Executive Office of the President: Office of Management and Budget
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Recommendation: In order to assist federal agencies' efforts to improve their efficiency, the Director of the OMB, through the Deputy Director for Management/ Federal Chief Performance Officer should work with Congress and federal agencies to develop proposals for funding mechanisms that assist federal agencies with the up-front costs associated with some longer-term efficiency improvement projects that are expected to result in more significant cost savings or other efficiencies in the future. If such proposals are implemented, collectively, the projects should return more than or at least the amount of the assistance provided.

Agency Affected: Executive Office of the President: Office of Management and Budget
Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: Government Operations, Accountability, Administrative costs, Agency

evaluation, Agency missions, Best practices, Budget outlays, Cost analysis, Cost effectiveness analysis, Decision making, Federal agencies, Federal agency reorganization, Future budget projections, Information technology, Lessons learned, Performance measures, Practice guidelines, Productivity in government, Program evaluation, Strategic planning

Defense Logistics: Department of Defense Has Enhanced Prepositioned Stock Management but Should Provide More Detailed Status Reports

GAO-11-852R September 30, 2011

The Department of Defense (DOD) positions equipment and supplies at strategic locations around the world to enable it to field combat-ready forces in days rather than the weeks it would take if equipment had to be moved from the United States to the location of a military conflict. However, sustained operations have taken a toll on the condition and readiness of military equipment. Over the last few years, we have identified a number of ongoing and long-term challenges regarding DOD's prepositioned stocks. The services have estimated the cost and time frame to replenish their stocks in DOD's annual report to Congress, and they review their prepositioning programs to address new requirements to meet future needs. DOD has reported to Congress that the services are committed to reconstituting prepositioned materiel but must balance these efforts with the department's other priorities, such as restructuring capabilities within its prepositioned stocks and changes in its overseas military presence. In 2011, we reported that DOD has limited departmentwide guidance that would help ensure that its prepositioning programs accurately reflect national military objectives and recommended that DOD develop overarching guidance related to prepositioned stocks.² DOD currently is developing a plan examining its prepositioning programs called the Comprehensive Materiel Response Plan. This effort is examining how to effectively and efficiently preposition stocks to enhance preparedness for a range of activities--such as major combat operations, security assistance, and humanitarian relief. DOD officials expect this review to be completed in the fall of 2011 and to provide additional guidance on its prepositioning programs. The National Defense Authorization Act for Fiscal Year 2008 amended Title 10 of the United States Code to require DOD to submit annual reports to the congressional defense committees on the status of prepositioned materiel and equipment at the end of each fiscal year. DOD's reports are required to address the following six elements: 1. the level of fill for major end items⁴ of equipment and spare parts in each prepositioned set at the end of the fiscal year covered by the report; 2. the material condition of equipment in the prepositioned stocks at the end of such fiscal year, grouped by category or major end item; 3. a list of major end items of equipment drawn from prepositioned stocks that fiscal year and a description of how the equipment was used and whether it was returned to the stocks after its use; 4. a time line for completely reconstituting any shortfall in the prepositioned stocks; 5. an

estimate of the funding required to completely reconstitute any shortfall in the prepositioned stocks and a description of the Secretary's plan for carrying out the reconstitution; and 6. a list of any operation plans affected by a shortfall in the prepositioned stocks and a description of the action taken to mitigate any risk created by that shortfall. In March 2011, DOD issued its fiscal year 2010 report on the status of its prepositioned materiel and equipment from October 2009 to September 2010.⁵ DOD's report includes an unclassified section to address reporting elements one through five and a classified annex to address reporting element six. The law also includes a reporting requirement that directs us to review the DOD report and submit to the congressional defense committees any additional information that will further inform the committees on the status of the materiel in prepositioned stocks. For this report, our objectives were to assess the extent to which DOD has (1) addressed the six reporting requirements in the fiscal year 2010 report to Congress on its prepositioned stocks, and whether additional information would be useful; and (2) implemented recommendations that we have made since 2005 regarding prepositioning efforts.

DOD's report addressed the six required reporting elements, but decision makers would benefit from additional information in future reports to Congress. The report provides the required information from the current fiscal year, but it does not include sufficient information for decision makers to identify changes in the program from year to year. During our review of the DOD report, we identified information such as the number of items on hand in the prior year and significant changes to the required items, that, in accordance with federal internal control standards, could further inform decision makers if included in next year's report. Without this information, decision makers may be unaware of developing trends and risks needed to make funding decisions, efficiently mitigate risk, and effectively manage the program. To provide Congress with the visibility to better assess the condition of DOD's prepositioned materiel and equipment, we are making two recommendations to enhance the information that DOD provides in its future reports. Decision makers would benefit from information on the addition of new items or spare parts to the prepositioned stocks, the authorized levels, percentage levels of fill, and serviceability rates from the prior year to use as a basis for comparison. Of the 17 recommendations that we have made to improve DOD prepositioning programs and reporting since 2005, DOD has implemented 9, has actions in progress to implement 5, and has not implemented 3 recommendations. In May 2011, we made 5 recommendations to improve strategic guidance, joint oversight, and reporting on DOD's prepositioning programs. DOD concurred with these recommendations and has taken steps to begin implementation. However, until DOD completes these actions, the department may continue to face challenges in ensuring that these programs accurately reflect national military objectives, and in identifying potential efficiencies across its prepositioning programs. For the

remaining open recommendations, DOD officials stated that the department is considering actions to implement 2 of the recommendations related to the Army synchronizing its prepositioning strategy with a DOD-wide prepositioning strategy. However, until DOD finalizes its strategy, the department may not be able to ensure that future investments made for the Army's prepositioning program align with departmentwide prepositioning strategy. The remaining open recommendation concerns the inclusion of information on the services' progress in replenishing their individual prepositioned sets in DOD's annual prepositioning report. This recommendation remains open because DOD did not include progress information for each of the services as recommended. Until DOD includes this information for each service in its annual report, the report may not provide decision makers with complete information on DOD's prepositioned materiel and equipment. We continue to believe that implementing these eight open recommendations will strengthen DOD's prepositioning program, improve congressional visibility over departmentwide prepositioning efforts, and facilitate decision making about future program funding. To provide Congress with the visibility to better assess the status and condition of DOD's prepositioned materiel and equipment, we recommend that the Secretary of Defense direct the Joint Staff and the Secretaries of the military services to take two actions to provide in the next annual report, in addition to the six elements currently required, the following information: (1) comparisons of all major end items or spare parts, the objective levels, percentage levels of fill, and serviceability rates for the current and previous fiscal year; and (2) an explanation of significant changes from the previous report such as the reasons for the addition of new items or changes to the objective level, level of fill, or serviceability rates.

Recommendations

Our recommendations from this work are listed below with a Contact for more information. Status will change from "In process" to "Open," "Closed - implemented," or "Closed - not implemented" based on our follow up work.

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Recommendations for Executive Action

 Recommendation: To provide Congress with the visibility to better assess the status and condition of DOD's prepositioned materiel and equipment, the Secretary of Defense should direct the Joint Staff and the Secretaries of the military services to provide in the next annual report, in addition to the six elements currently required, the following information: comparisons of all major end items or spare parts, the objective levels, percentage levels of fill, and serviceability rates for the current and previous fiscal year.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

 Recommendation: To provide Congress with the visibility to better assess the status and condition of DOD's prepositioned materiel and equipment, the Secretary of Defense should direct the Joint Staff and the Secretaries of the military services to provide in the next annual report, in addition to the six elements currently required, the following information: an explanation of significant changes from the previous report such as the reasons for the addition of new items or changes to the objective level, level of fill, or serviceability rates.

Agency Affected: Department of Defense

Status: In process

Comments: When we confirm what actions the agency has taken in response to this recommendation, we will provide updated information.

Categories: National Defense, Defense capabilities, Defense contingency planning, Equipment maintenance, Equipment management, Internal controls, Logistics, Military forces, Military materiel, Protective equipment, Reporting requirements, Risk management, Strategic planning

Legal-Major Ruling: Environmental Protection Agency and Department of Transportation, National Highway Traffic Safety Administration: Greenhouse Gas Emissions Standards and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles

GAO-11-955R September 30, 2011

GAO reviewed the Environmental Protection Agency (EPA) and Department of Transportation, National Highway Traffic Safety Administration's (NHTSA) new rule on greenhouse gas emissions standards and fuel efficiency standards for medium-and heavy duty engines and vehicles.

GAO found that (1) these final rules establish a comprehensive Heavy-Duty National Program that will reduce greenhouse gas emissions and fuel consumption for on-road heavy-duty vehicles. NHTSA's final fuel consumption standards and EPA's final carbon dioxide (CO₂) emissions standards are tailored to each of three regulatory categories of heavy-duty vehicles: Combination Tractors; Heavy-duty Pickup Trucks and Vans; and Vocational Vehicles. The rules include separate standards for the engines that power combination tractors and vocational vehicles. Certain rules are exclusive to the EPA program. These include EPA's final hydrofluorocarbon standards to control; and (2) EPA and NHTSA complied with applicable requirements in promulgating the rule.

Categories: Major Ruling, Agency proceedings, Federal Agency Major Rules, Fuel conservation, Greenhouse gases, Motor vehicles, Pollutants, Pollution control, Pollution monitoring, Pollution prevention, Standards, Transportation planning