



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

January 18, 2001

MEMORANDUM TO:

Chairman Meserve  
Commissioner Dicus  
Commissioner Diaz  
Commissioner McGaffigan  
Commissioner Merrifield

FROM:

Dennis K. Rathbun, Director  
Office of Congressional Affairs

*DR*

SUBJECT:

GAO LISTS GOVERNMENT HIGH RISK CHALLENGES  
AND ISSUES NRC-SPECIFIC REPORT, 1/17/01

The Senate Governmental Affairs Committee released the GAO's biennial list of high risk management challenges facing the federal government; additionally, it issued individual reports on agency-specific challenges. The report on the NRC's "Major Management Challenges and Performance Risks," included implementation of a risk-informed approach for nuclear power plants and for nuclear materials, management leadership to implement the NRC's new direction, selective implementation of regulations, human capital challenges, financial management, and implementation of major information technology initiatives.

In the 107<sup>th</sup> Congress, the Committee plans to "draw needed attention to these critical management issues." Of particular interest to the NRC, Senator Voinovich (R-OH), who chairs the Committee's Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia, also chairs the Environment and Public Works Committee's Subcommittee on Clean Air, Wetlands, Private Property, and Nuclear Safety. Accordingly, questions regarding government management issues, particularly human capital issues, should be anticipated from him.

The press release on GAO's list is attached; copies of GAO's report on the NRC is available in OCA.

Attachment: As Stated

cc: SECY OGC OGC/Cyr EDO NRR NMSS RES OIP OCAA OPA  
OIG CFO CIO

CONTACT: Laura Gerke, 415-1692

## GAO's 2001 High-Risk List

Year Designated  
High Risk

### Addressing Governmentwide High-Risk Areas

- Strategic Human Capital Management 2001
- Information Security 1997

### Ensuring Major Technology Investments Improve

- FAA Air Traffic Control Modernization 1995
- IRS Tax Systems Modernization 1995
- DOD Systems Modernization 1995

### Providing Basic Financial Accountability

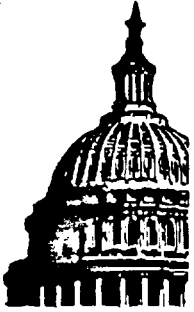
- DOD Financial Management 1995
- Forest Service Financial Management 1995
- FAA Financial Management 1995
- IRS Financial Management 1995

### Reducing Inordinate Program Management Risks

- Medicare Program 1990
- Supplemental Security Income 1997
- Earned Income Credit Noncompliance 1995
- Collection of Unpaid Taxes 1990
- DOD Infrastructure Management 1997
- DOD Inventory Management 1990
- HUD Single-Family Mortgage Insurance and Rental  
Housing Assistance Program Areas 1994
- Student Financial Aid Programs 1990
- Asset Forfeiture Programs 1990

### Managing Large Procurement Operations

- DOD Weapon Systems Acquisition 1990
- DOD Contract Management 1992
- Department of Energy Contract Management 1990
- NASA Contract Management 1990

**NEWS RELEASE**

# **United States Senate Committee on Governmental Affairs**

**Senator Fred Thompson, Chairman**

**For Immediate Release:  
Wednesday, January 17, 2001**

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Whitney Bowles 202-224-7484**

## **Statement of Senator Fred Thompson (R-TN) Senate Committee on Governmental Affairs, on the release of the General Accounting Office's High-Risk List January 17, 2001**

"Thank you, Chairman Lieberman. It's good to be with you and the Comptroller General this afternoon. We're talking about an issue that is very important to Senator Lieberman and me -- government management. GAO is to be commended for maintaining and updating its high-risk list. The high-risk list is an essential means of focusing attention on the core management and performance problems facing the federal government and assessing progress at regular intervals.

"Certainly by focusing on the programs that come off the list and acknowledging those who are working hard to manage their operations well, we can use the high-risk list to motivate agencies and programs to do better. It's therefore important that we recognize the programs that are making some headway in addressing their problems. I want to acknowledge the folks at the National Weather Service, the Farm Loan Program and the Superfund Program, who have gotten their arms around their problems and are trying to turn things around. I hope they will continue to make progress. That's the good news.

"The bad news is that we have made little progress in resolving the core management challenges that continue to plague the federal government. We are seeing the same underlying government-wide problems on this list year after year -- financial management, information technology management, and contract management. Eight of the programs we're talking about have been on the high-risk list for a decade, and another eight have been on the list since at least 1995. It's time for them to get off. But today we learn that a new item will be added to the list, human capital management. The fact that the federal government doesn't adequately hire and retain the right people is a root cause of many specific high-risk problems as well as many of the other critical performance problems in many individual agencies.

(more)

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"These kinds of management challenges prevent the federal government from doing the people's business. The way they are handled in Washington represents a fundamental difference between the private sector and the federal government. Private sector executives understand that adequately investing in people and equipment and managing them effectively are key to achieving their missions.

"Overpayments continue to increase for those few agencies that report them, totaling more than \$20.6 billion last year. And some of the ludicrous situations we often uncover make you wonder if anyone is even trying to fix these problems. For example, Medicare paid millions of dollars for services allegedly rendered to beneficiaries after Medicare's own records showed they were deceased. Prisoners get food stamps and other federal benefits to which they're obviously not entitled. IRS issued a \$15,000 tax refund to someone who owed \$350,000 in delinquent taxes. Many of these errors happen because agencies aren't using information they already have in their computer systems.

"We seem to be unable to get at the core performance problems facing the federal government. With a new President, in a time of surplus, this Congress has a rare opportunity to work with the Executive Branch to improve the management of the federal government. But it will not last forever. The demographic double whammy that we face with a growing Social Security and Medicare population makes it essential that we address these problems now.

"This Committee has worked consistently to highlight the major management challenges facing the federal government. With Senator Lieberman's staff, we met with the major federal agencies to discuss what actions they were taking to resolve these challenges. I recently released reports on many of these issues, which you can find on the Committee's website. Senator Voinovich continues to focus on the human capital side of these problems. This Committee will continue to draw needed attention to these critical management issues. We will do this with an eye toward solving many of these problems and regaining some of the confidence that the American people once had in their government."

# # #

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## United States Senate

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### FIVE PROGRAMS STRIPPED FROM GAO "HIGH RISK" LIST One Added: "Deep-rooted" Problems Remain

WASHINGTON - Governmental Affairs Committee Chairman Joseph Lieberman, D-Conn., and Ranking Republican Sen. Fred Thompson, R-Tenn., Wednesday joined with Comptroller General David Walker to release the General Accounting Office's biennial list of government programs and functions most vulnerable to waste, fraud and mismanagement.

Of the 26 items on the "high risk" list in 1999, five have been removed and two have been reduced on the 2001 list. One entirely new area has been added and an existing item has been expanded.

"I think it's a substantial achievement to be able to say that five areas have been removed from the list this year," Lieberman said. "These problems are generally longstanding and deep-rooted, and therefore, require significant agency commitment, planning and effort to resolve. We look forward, at the beginning of this new Congress and this new Administration, to working with the GAO to position the federal government - in a management sense - to work effectively and with greater accountability in the 21<sup>st</sup> century."

"The bad news is that we have made little progress in resolving the core management challenges that continue to plague the federal government," Thompson said. "We are seeing the same underlying government-wide problems on this list year after year - financial management, information technology management, and contract management. Eight of the programs we're talking about have been on the high-risk list for a decade, and another eight have been on the list since at least 1995. It's time for them to get off."

The GAO report, titled *High Risk Series: An Update* is part of the agency's 2001 Performance and Accountability Series, a compilation of reports documenting management challenges facing most of the major departments and agencies.

GAO's "high-risk" list, which is announced at the start of each new Congress, is part of a decade-long project to draw attention to mismanagement problems that prevent the government from being as effective and accountable - and in some cases, cost-efficient - as it should be. GAO's previous high-risk list, issued in January 1999, included 26 federal program areas or functions. The 2001 list contains 22.

Removed from the 1999 list were:

- ☐ the Y2K computer problem
- ☐ the 2000 Census
- ☐ the Superfund Program
- ☐ the Farm Loan Programs
- ☐ the National Weather Service Modernization

Added to the list in 2001:

- ☐ Strategic Human Capital Management - or workforce planning for the future.

Two areas included on the 1999 list have been narrowed. The first is Housing and Urban Development, whose Community Development program was taken off the list, leaving HUD's two other major areas of concentration, the Single-family Mortgage Insurance program and its Rental Housing Assistance program. The IRS Tax Filing Fraud has been narrowed to focus only on the Earned Income Tax Credit. Expanded was the agency's Collection of Unpaid Taxes program.

In addition to this updated high-risk report, GAO will release separate reports on the major management challenges and program risks that affect most of the major departments and agencies within the federal government and the U.S. Postal Service.