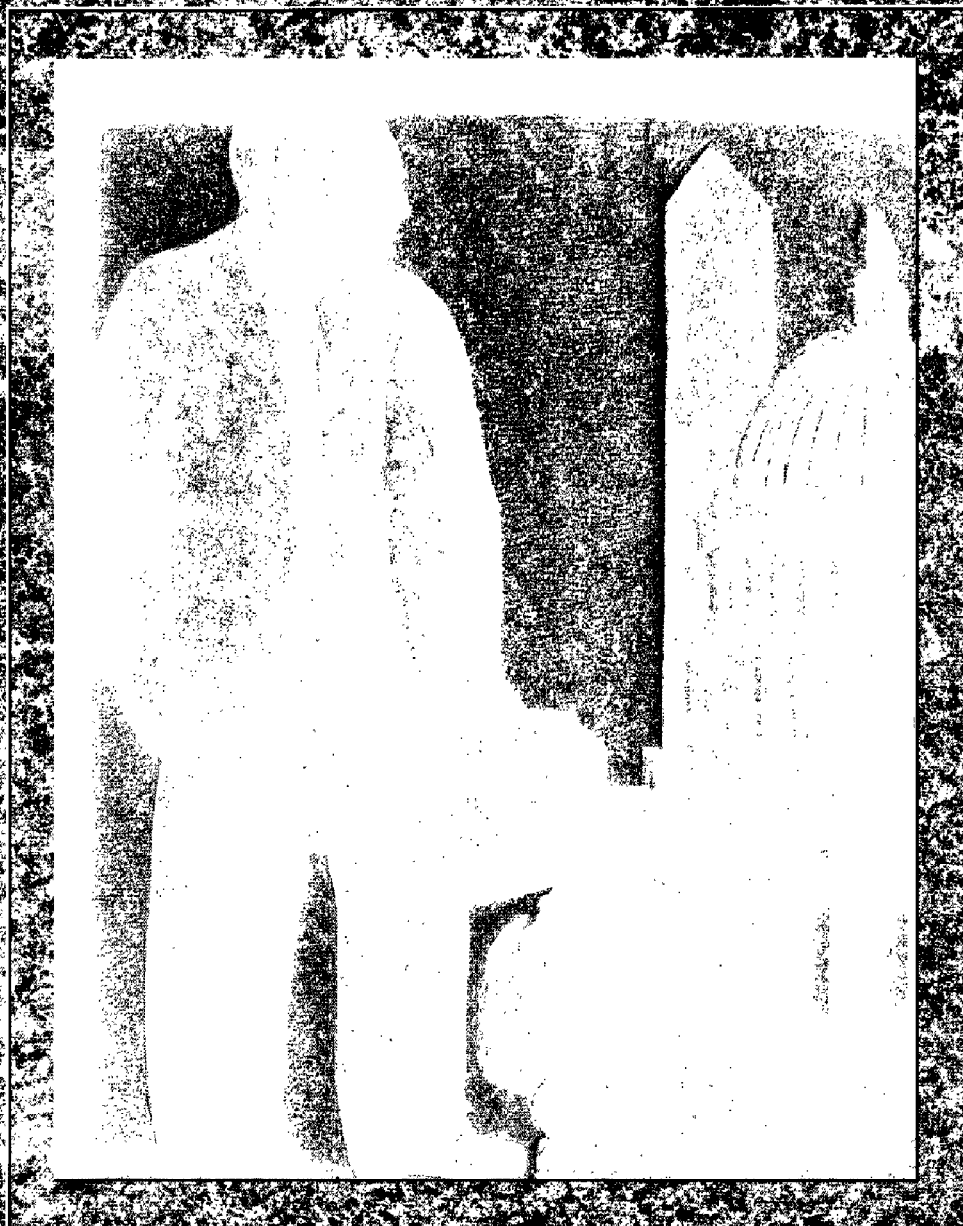
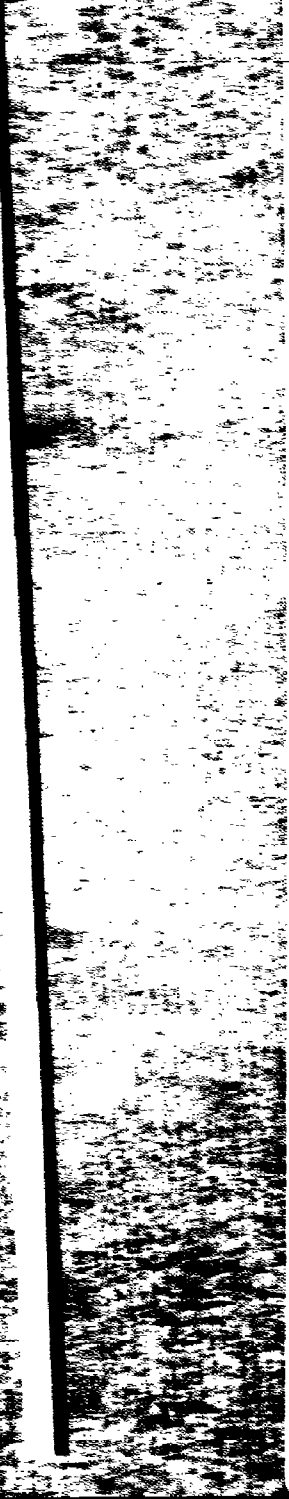
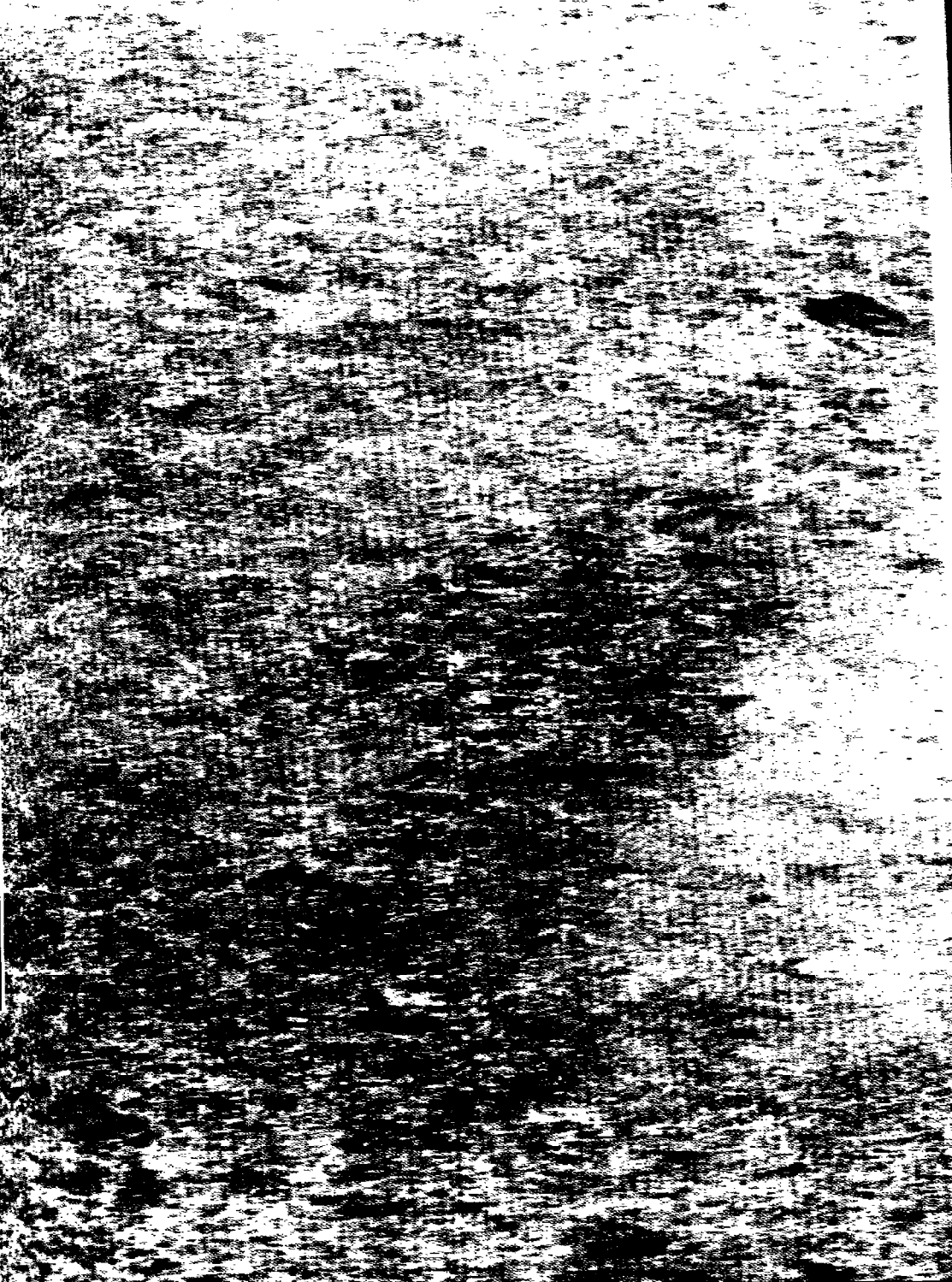
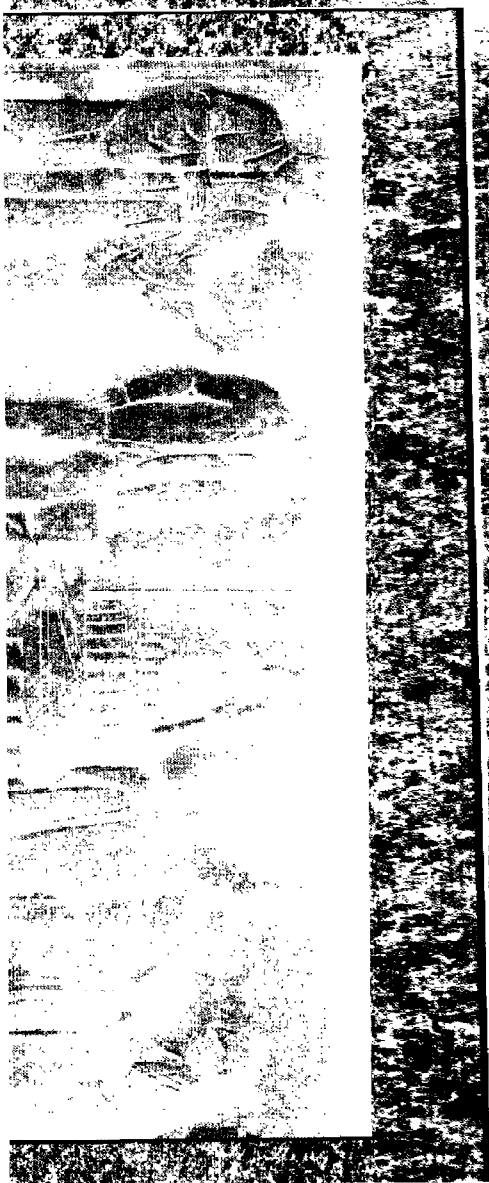


GAO

REPORT

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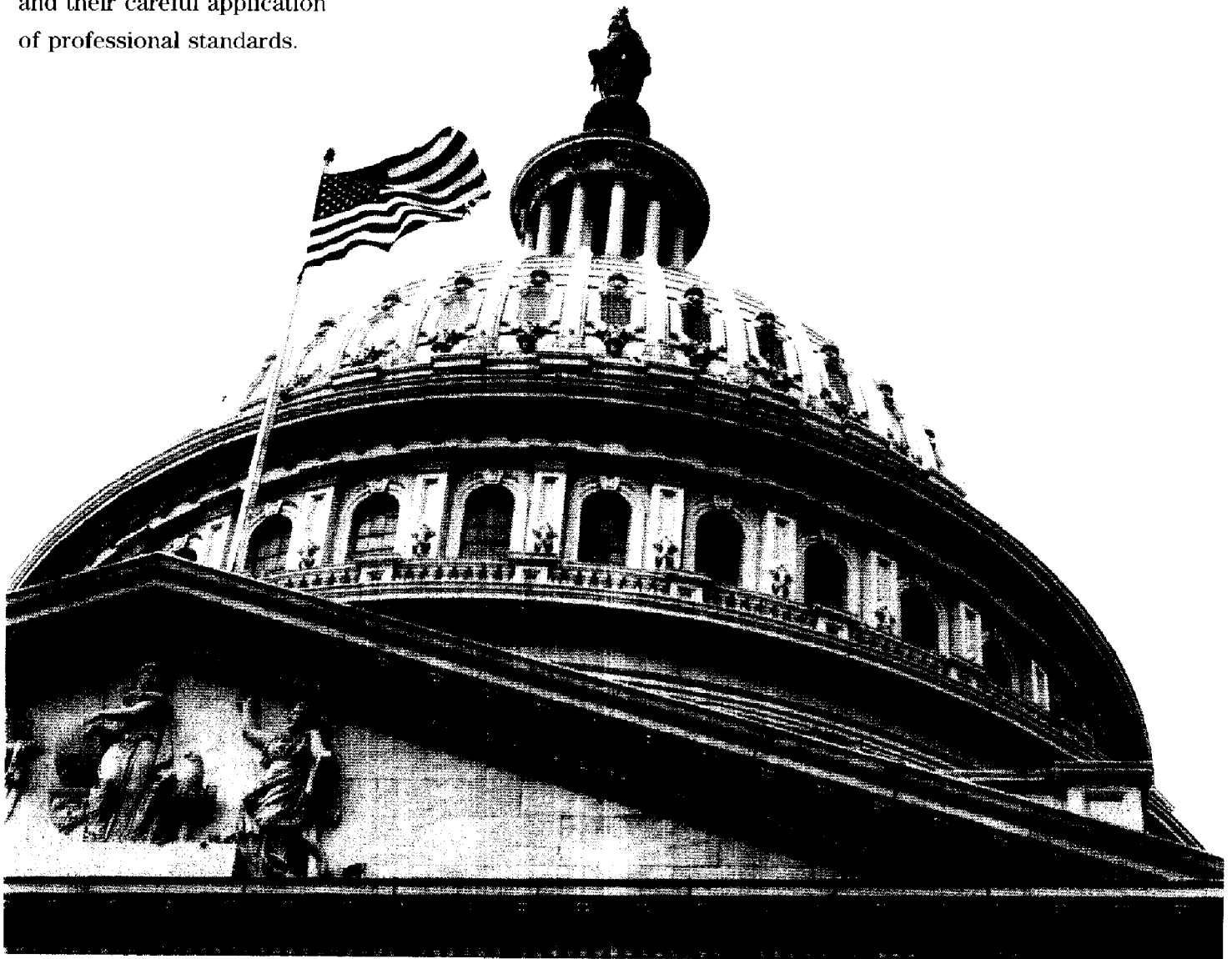
Preface

The ability of GAO to help the Congress improve government operations depends on the evidence obtained, the objectivity of our work, and the quality and timeliness of our reports.

GAO's greatest strength lies in the competence, dedication, and enthusiasm of its staff; their ability to go wherever necessary to obtain needed information; and their careful application of professional standards.

The purpose of this booklet is to foster a better understanding of how we carry out our mission. It summarizes what GAO does.

how GAO ensures the quality of its work,
how GAO communicates the results of its work, and
how to obtain GAO services.



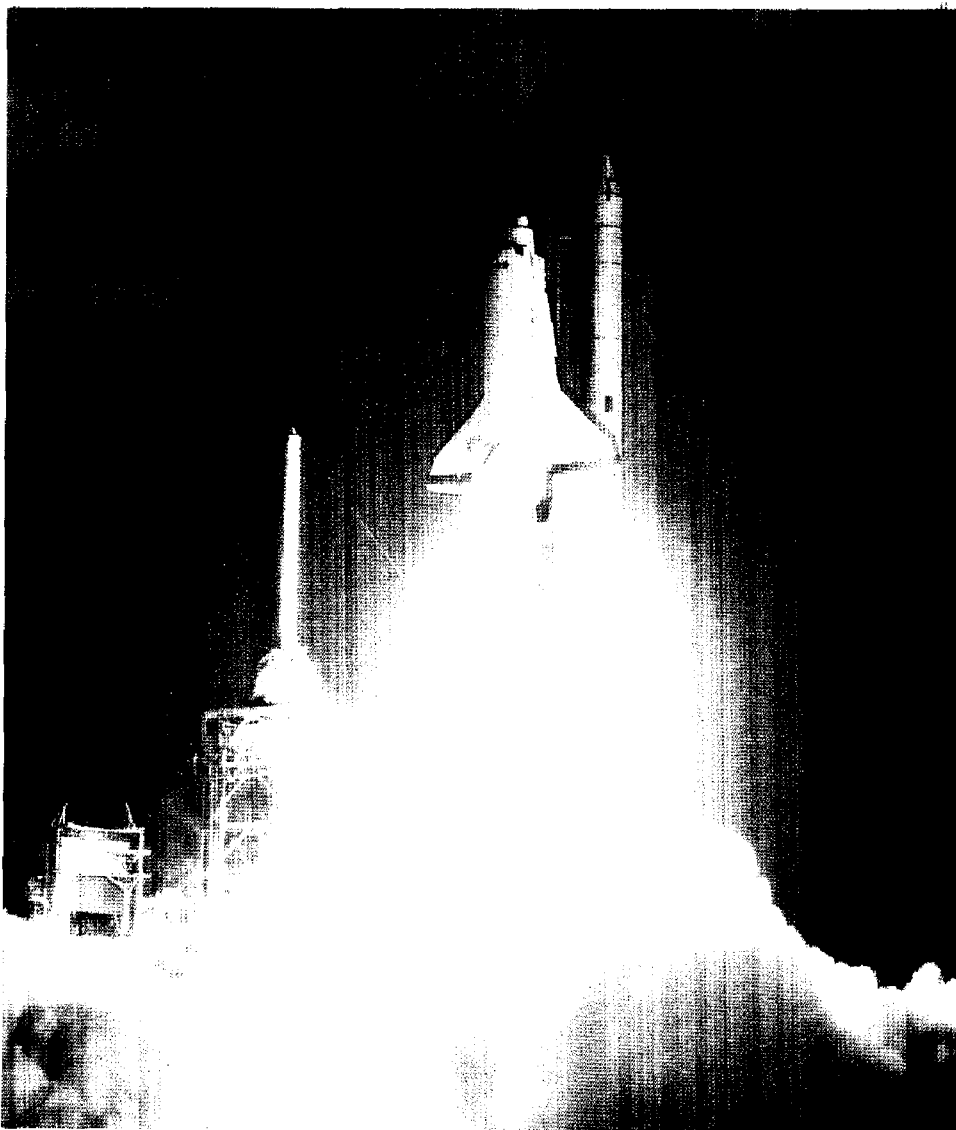
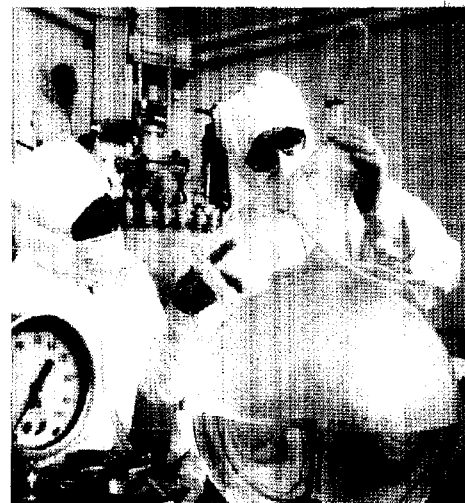


What GAO Does

Supporting the Congress is GAO's fundamental responsibility. We do this by providing a variety of services—the most prominent of which are audits and evaluations (reviews) of federal programs and activities. With the increasing demands by the Congress on our finite resources, it is critical in today's environment that the Congress have a thorough understanding of how GAO conducts reviews.

Many GAO reviews are made in response to specific congressional requests. We are required to do work requested by committee chairmen, and, as a matter of policy, we assign equal status to requests from ranking minority members. To the extent possible, GAO also responds to individual members' requests. Other reviews are initiated pursuant to standing commitments to congressional committees, and some reviews are specifically required by law. Finally, some reviews are independently undertaken in accordance with our basic legislative responsibilities.

GAO examines virtually every federal program, activity, and function. Coverage ranges from missiles to medicine, from inventory control to arms control, from outer space to inner city.





Major Subject Areas

| | | |
|-------------|------------------------|------------------------|
| Accounting | Financial Institutions | Information Management |
| Agriculture | Financial Management | International |
| Defense | Health | Procurement |
| Energy | Housing | Taxes |
| Environment | Income Security | Transportation |

Types of Questions GAO Answers

Are government programs being carried out in compliance with applicable laws and regulations, and are data furnished to the Congress on these programs accurate?

Do opportunities exist to eliminate waste and inefficient use of public funds?

Are funds being spent legally, and is accounting for them accurate?

Are programs achieving desired results, or are changes needed in government policies or management?

Are there better ways of accomplishing the programs' objectives at lower costs?

What emerging or key issues should the Congress consider?

Multidisciplined Staff Go Wherever Necessary

The ability to review practically any government function or program requires a multidisciplinary staff able to conduct assignments throughout the world.

GAO's staff have expertise in a variety of disciplines—accounting, law, public administration, the social and physical sciences, economics, and others.

Many staff members have advanced degrees, including doctoral degrees, and are professionally certified and licensed. They keep up with current developments as members of professional societies, and many contribute to professional journals.

GAO is organized so that staff members concentrate on specific subject areas, enabling them to develop a detailed level of knowledge. (See "Major Subject Areas." A complete list is included on the back cover.) When an assignment requires specialized experience unavailable within GAO, outside experts are called in to assist the permanent staff.

About half of GAO's 5,000 staff members are located in regional

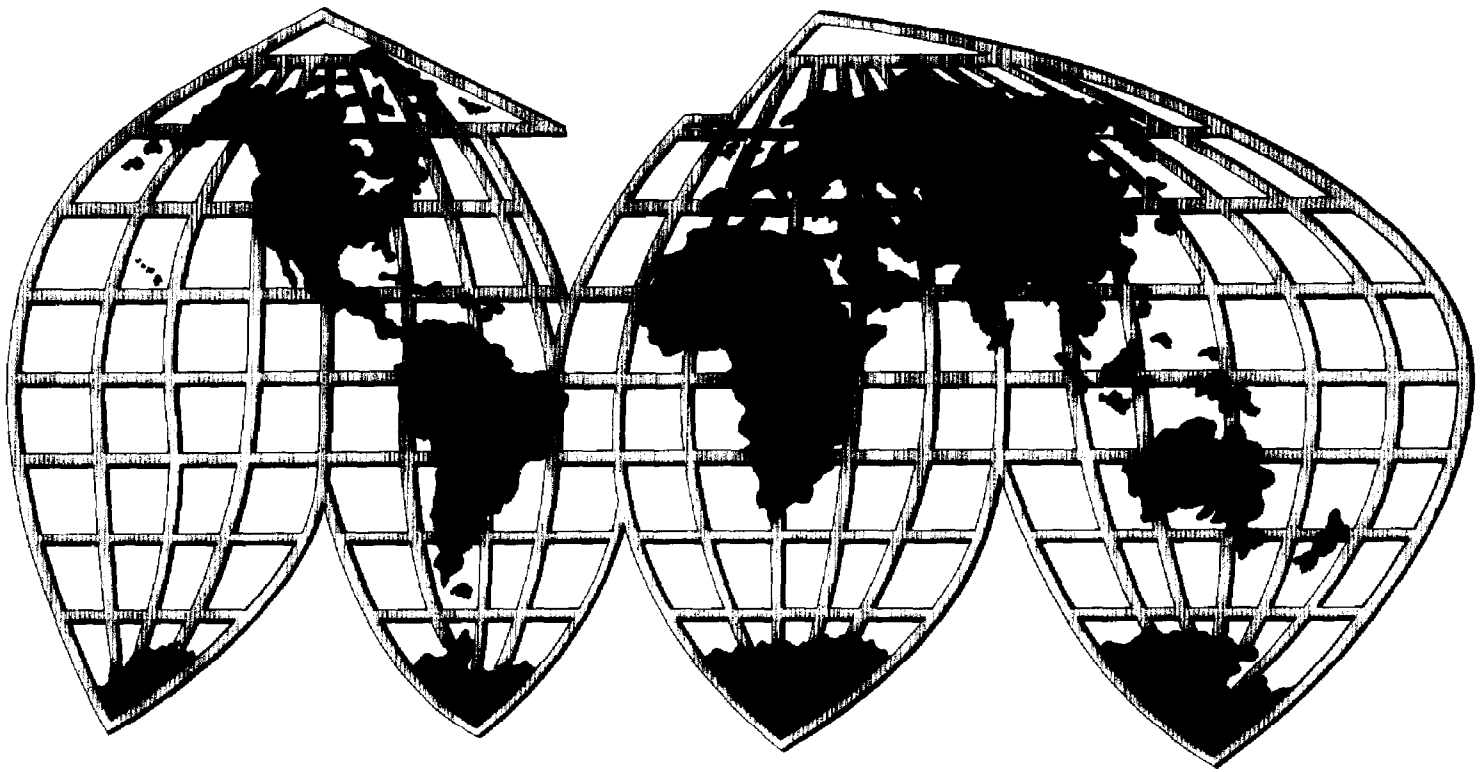
and overseas offices, and the other half are at headquarters. On key assignments, they go wherever necessary, working on-site to gather data, test transactions, and observe firsthand how federal programs and activities are carried out. Our work generally takes us to locations in all 50 states and many foreign countries.

GAO's Basic Authority

GAO was created by the Budget and Accounting Act of 1921, which provides, in part, that

"The Comptroller General shall investigate, at the seat of government or elsewhere, all matters relating to the receipt, disbursement, and application of public funds. . . ."

Since then a variety of legislation has expanded GAO's responsibilities for providing audit and evaluation services to the Congress.





Ensuring Quality Work

Our goal is to meet the needs of the Congress by furnishing audit and evaluation services that are useful, objective, accurate, and available when needed. We pursue this goal through open and frequent communication with congressional requesters and their staffs and by following rigorous professional standards.

Frequent Communication

Good communication between GAO and the Congress is important on all assignments. Communication is also essential to ensure that our long-range plans focus on issues of greatest interest to the Congress.

Before starting a specific congressional request assignment, GAO staff generally meet with the requester to discuss the assignment's objectives; its feasibility given the availability of staff; the extent, or scope, of the work needed; the date when work results are desired; and the type of final product that is most appropriate.

Assignment objectives. We work closely with requesters to ensure that our assignment objectives adequately address the requesters' concerns. We also help frame the request so that the assignment can be done in accordance with GAO standards. This enhances the credibility of the assignment and its usefulness to the requester.

Scope. We may propose alternative schedules and methods of doing a proposed assignment to ensure that we use our resources effectively in meeting the requester's needs.





We provide oral briefings, testimony, and written reports. Written reports vary in format and content depending on the complexity of the assignment.

If agreements reached during early discussions differ substantially from the original request, GAO often confirms changes in writing to ensure a mutual understanding about the assignment.

Sometimes, agreements need to be altered as an assignment progresses. For example, the requester's needs may change, the required data may be unavailable or unobtainable in the time allowed, or the methodology may need to be changed. In these cases, GAO

works with the requester to revise the assignment.

Early communication with the requester also is important because:

Similar or duplicate requests may be received. We try to consolidate the assignments and provide copies of the report to each requester.

An ongoing review may address (or may be revised to address) the requester's concerns. GAO works with the requester to ensure a satisfactory and prompt response.

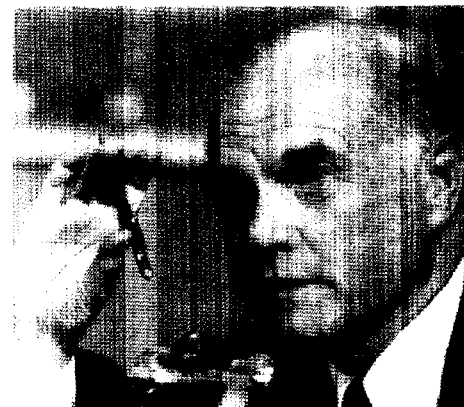
A recently completed review may adequately address the requester's concerns and make starting a new assignment unnecessary.

GAO may not be the most appropriate agency to perform the assignment. In those cases, we will suggest referring the assignment to the Congressional Budget Office, the Congressional Research Service, or the Office of Technology Assessment (our sister legislative agencies); to the Inspector General of a particular agency; or to the agency itself. GAO remains available to help the requester if the information provided does not meet the requester's needs.

GAO strives to use its budget and staff resources effectively. On occasion, the resources required by congressional requests exceed the supply of talent available within GAO. Also, in some cases, the GAO staff most knowledgeable of a request's subject matter are engaged in other assignments and are not immediately available. In either case, we will do everything possible to re-

spond to the new congressional request. However, it may be necessary to delay starting some requests. In those cases, GAO seeks the requesters' help in setting priorities. Occasionally, GAO may be unable to respond to a request in a timely fashion and may ask that it be withdrawn.

In addition to communicating on specific assignments, we consult closely with the Congress in developing our long-range plans. These plans identify potential review areas. They focus resources on the most important national issues and ensure that GAO's work will be consistent with present and future congressional needs. Finished plans are discussed with, and available to, the Congress.





Professional Standards: Key to Reliable Products

GAO's commitment to quality means adhering to very demanding professional standards. These standards require that staff be qualified and not subject to undue influences, that they carry out the assignment in a professional manner, and that the work be of sufficient depth to answer the assignment's objectives. The work must be soundly planned and supervised to ensure that sufficient, reliable, and competent evidence is developed. Reports based on this work must be timely, accurate, and objective and must present fairly the results of the work.

Over the years, GAO has been in the forefront in developing professional standards for audits and evaluations. GAO's prescribed standards are widely recognized and followed by federal, state, local, and many foreign government auditing organizations.

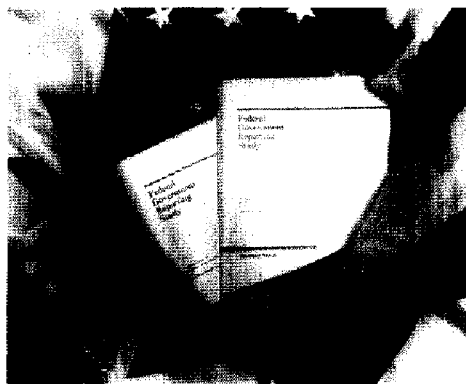
Independence and evidence are two key factors in the reliability of GAO's products. Obtaining agency

comments serves as a final check on the completeness of our products.

Our goal is to provide useful and credible analyses and information to the Congress. To do this, it is important that we plan, perform, and report the results of our work independently and objectively. Thus, GAO must have discretion in determining how and by whom the audit or evaluation work is to be performed as well as in deciding what is to be included in the report.

During the review, we gather the evidence necessary to assess the issues in question. GAO collects, tests, and analyzes data to ensure that sufficient, competent, and relevant evidence supports the final product. Additional data and evidence obtained during an assignment may lead to a reassessment of prior evidence and/or GAO's tentative position. Therefore, GAO prefers not to release evidence until the assignment is complete and all data and evidence are thoroughly evaluated.

Prior to completing an assignment, a senior GAO manager usu-



ally meets with responsible officials of the organization whose programs or activities are to be addressed in a report to discuss the facts developed and the implications that flow from them. Such discussions are important to ensure the correctness and completeness of the information to be reported. Before issuance, the final product and the evidence are independently reviewed within GAO to ensure that the evidence supports the report, the information is clearly and objectively presented, and any conclusions and recommendations are appropriate.

Providing agencies and other adversely affected parties the opportunity to comment on a draft report can enhance the usefulness of the final report and provide added assurance that we are being as objective as possible. Obtaining written comments on a draft report is especially desirable when the issues involved are sensitive or controversial or when it includes a recommendation for action by the agency head or the Congress that is particularly wide-ranging. In some cases, however, the non-controversial nature of

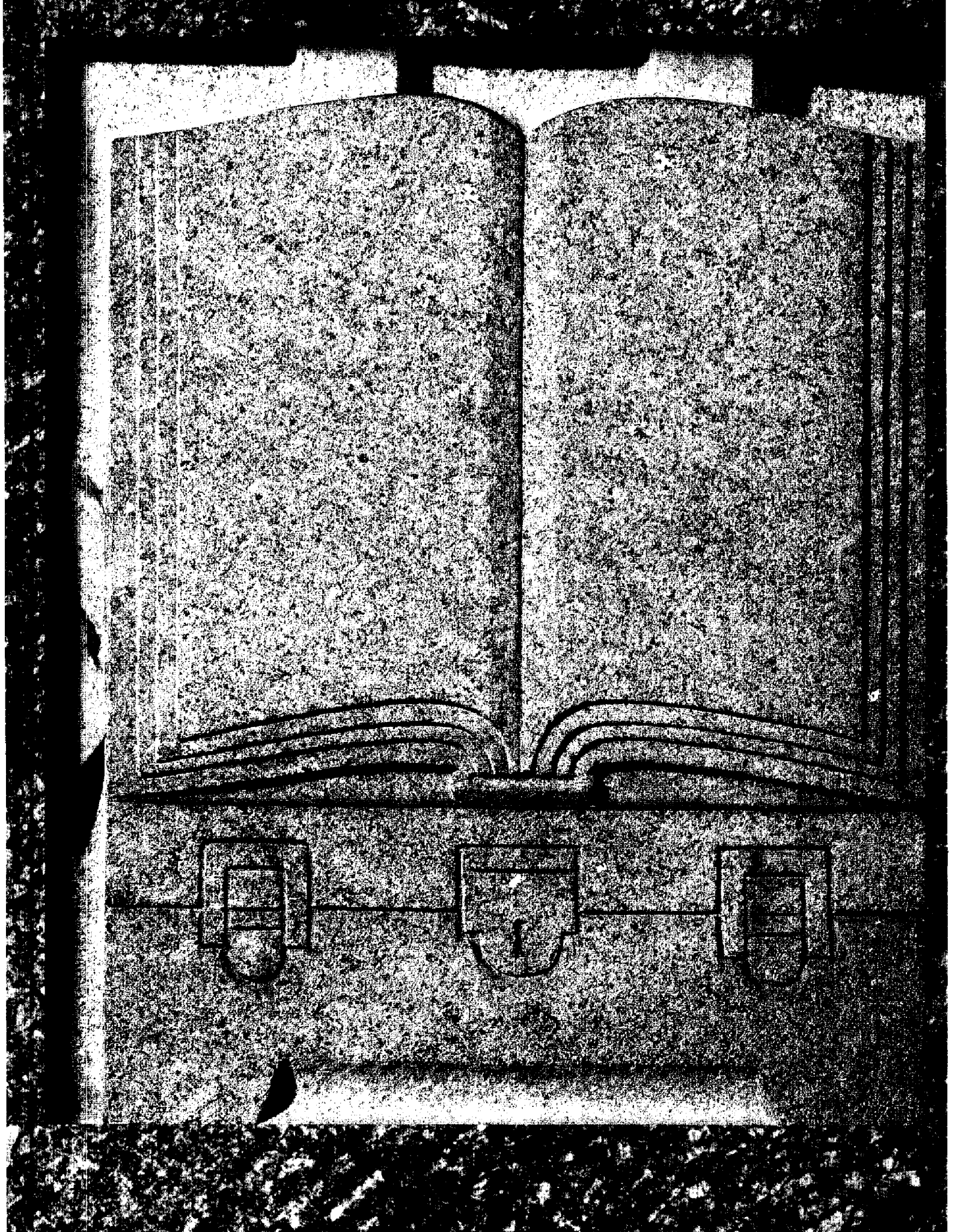
the issues involved, together with the discussions held during our exit conferences may eliminate the need to obtain written comments.

GAO will advise the requester when it believes the circumstances warrant the additional time required to obtain written comments and seek to reach advance agreement on the specific approach to be followed. GAO will also agree to send a copy of the draft to the requester when it is sent to the agency for comment. The recipients of draft reports are advised that these reports are not final and are subject to change. Accordingly, recipients are cautioned to avoid releasing draft reports prematurely. If due to urgency or other reasons, a congressional requester asks GAO to issue a report without getting written comments, we will generally comply, but note the circumstances in the final report.

Providing Data Without Analysis

Sometimes requesters ask us to provide information or documents obtained from an executive agency without further review or analysis. GAO encourages requesters to obtain such information or documents directly.



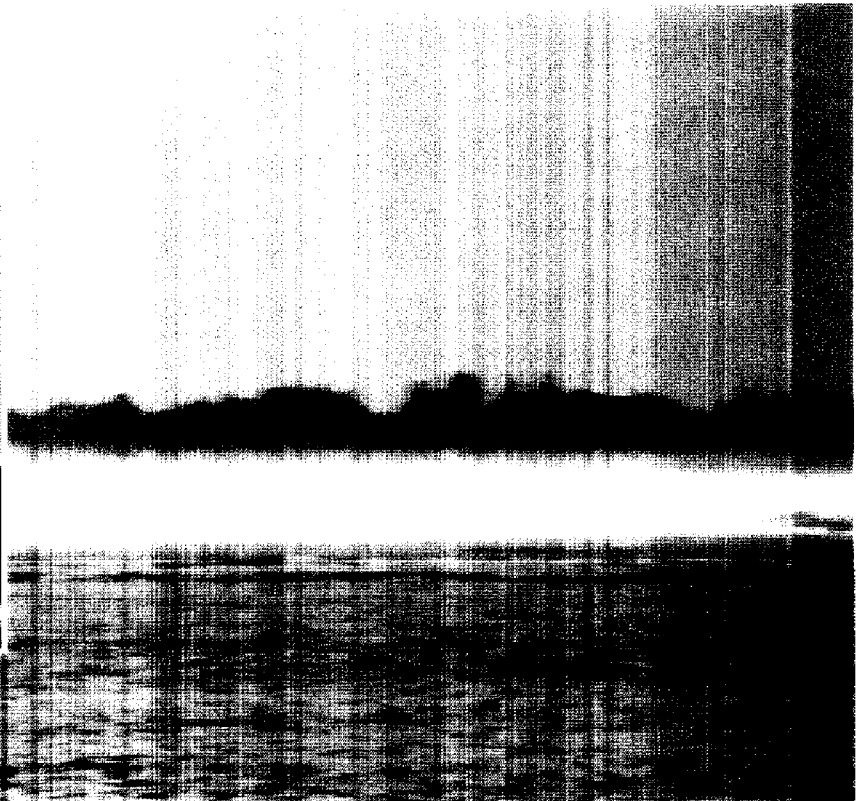


The effectiveness of our products derives from their quality and the way requesters and agency officials use them to improve government operations. GAO offers a range of products to communicate the results of its work. The type of product resulting from a particular assignment depends on the assignment's objectives and the requester's needs. In selecting a type of product, trade-offs may be necessary in scope, detail, or time.

Product Types

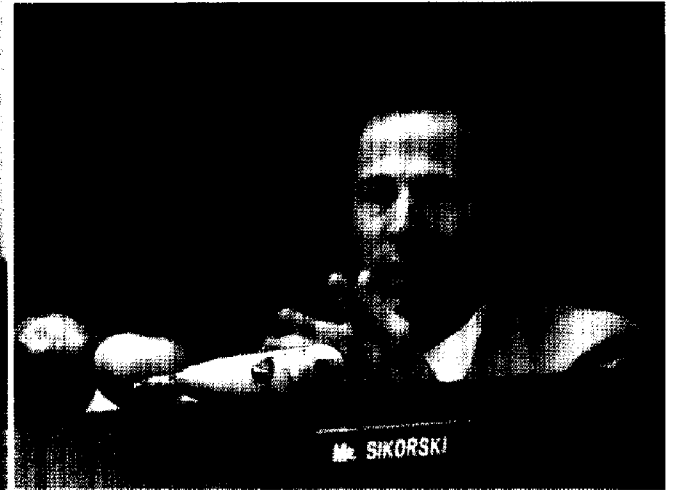
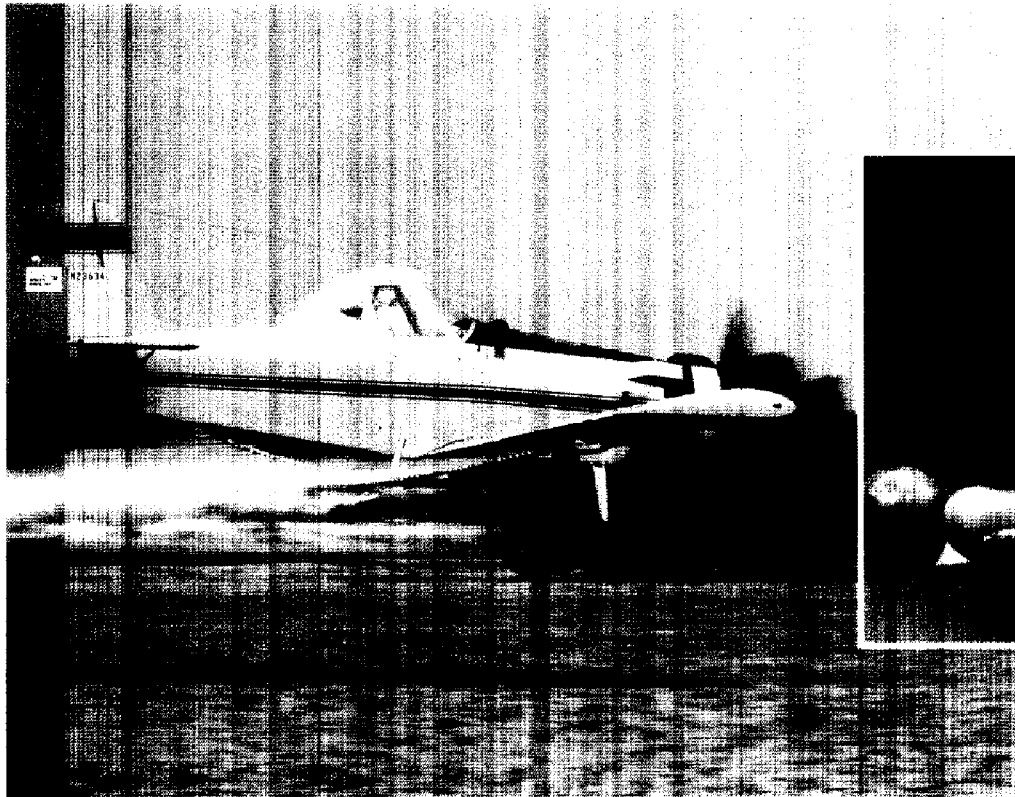
Testimony. We testify frequently before congressional committees and subcommittees. The extent of detail we provide is tailored to the complexity of the subject, the time available for preparation, and the users' needs. Usually, testimony on work already completed can be provided on short notice.





GAO encourages staff to keep requesters advised through periodic briefings during the course of a review. Because of the interim nature of briefings, requesters are cautioned that they are indicative of the status of our work at that time.

Our final written products vary in format, content, and complexity. They are addressed to the Congress, a requester, or an agency. The reports range from a strict statement of the facts to a detailed analysis of the data obtained, including any conclusions and recommendations. Regardless of the reporting format selected, the work performed and the resulting products meet our quality tests. Moreover, any deviations from standards are carefully disclosed in the report.



Reports on broadly scoped assignments generally contain conclusions and recommendations and are issued in either the chapter or letter format, depending on the amount of detailed information to be conveyed. The results of more narrowly scoped reviews can usually be issued more quickly as briefing reports, fact sheets, or, if appropriate, correspondence.



Our Products Made Public

All of our unclassified audit and evaluation reports are available to the public. A few reports contain classified or otherwise sensitive information that must be restricted

by law. GAO tries to issue an unrestricted version of the report or, at a minimum, an unrestricted executive summary.

GAO will honor a requester's desire to postpone releasing a report for up to 30 days. The report is made public automatically after 30 days, or earlier if the requester publicly announces its contents.



If GAO learns that other committees or members have a need for information in an unreleased report (such as for voting on pending legislation or hearings scheduled concerning the issues discussed), we will ask the initial requester to release the report to them. If the requester declines to release it, we will advise the other affected congressional parties of the report's existence.

Monthly and yearly listings of issued reports are available so that the Congress and the public can obtain reports of particular interest to them.

Summary Reports

Throughout the year, GAO issues several summary reports about its work and activities. The Comptroller General's Annual Report, for instance, provides the Congress and the public an overview of GAO's activities in the preceding fiscal year. It highlights GAO's work on major national issues, summarizes our major issued reports, and identifies various contributions, including financial and other benefits resulting from GAO's work.

GAO also publishes a yearly report on recommendations that it has made but that, for various reasons, have not been adopted.





Additional Services

GAO provides many other services in addition to its audits and evaluations. They include establishing financial policies, conducting special investigations, providing legal assistance, participating in activities to strengthen the skills and abilities of audit/evaluation professionals, and providing staff support to congressional committees.

Accounting and Financial Management Policy

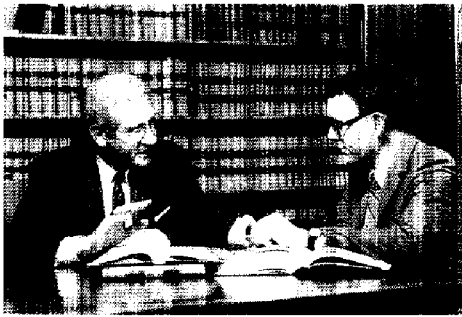
GAO helps ensure that the Congress has available for its use current, accurate, and complete financial management data. The Comptroller General, together with the Secretary of the Treasury and the Director of the Office of Management and Budget, prescribes accounting principles and standards for the executive branch.

Special Investigations

In addition to its audit and evaluation capability, GAO has a staff of trained investigators. They conduct special investigations and assist auditors and evaluators who encounter possible criminal and civil misconduct. The work of this unit typically involves conflicts of interest, questions of ethics, or procurement and contract fraud.

GAO is not a law enforcement agency. When warranted, it refers the results of its investigations to the Department of Justice and other law enforcement authorities.





Legal Services

GAO provides various legal services to the Congress. In response to inquiries from committees and members, the Comptroller General provides advice on legal issues involving government programs and activities. We are also available to assist in drafting legislation and reviewing legislative proposals before the Congress. In addition, we review and report to the Congress on proposed rescissions or deferrals of government funds.

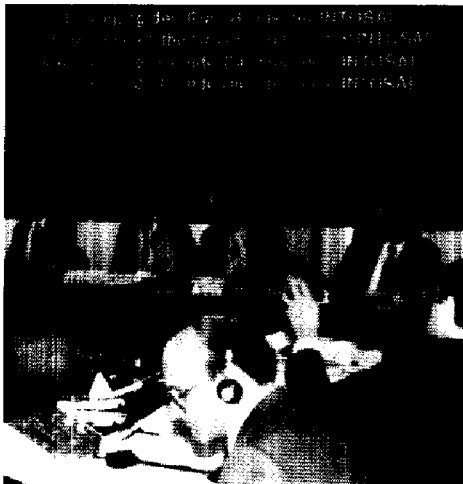
Other services include resolving bid protests that challenge government contract awards, assisting government agencies in interpreting the laws governing the expenditure of public funds, and adjudicating claims for and against the government.

Audit/Evaluation Support

In addition to prescribing accounting and auditing standards, GAO issues implementing guidance, and GAO staff are involved in forums and professional meetings, both as participants and presenters. GAO encourages staff to participate in such activities. GAO also sponsors an international auditor fellowship program to help other nations develop effective audit/evaluation organizations.

Committee Support

Occasionally, GAO assigns staff for no more than 1 year to work directly for congressional committees. In these cases, the staff assigned represent the committee and not GAO.



GAO

Obtaining GAO Services



Serving the Congress



Congressional requesters are encouraged to contact GAO on an informal basis prior to submitting a written request. GAO staff are available to consult with requesters or their staffs and help them frame questions and issues and formulate strategies and approaches even before a request letter is written.

We encourage the continuation of close working relationships between requesters or their staffs and GAO. Our Office of Congressional Relations (275-5388) can help requesters identify an appropriate GAO point for contact. To formally request GAO assistance, write to:

The Honorable Charles A. Bowsler
Comptroller General of the United States
441 G Street NW
Washington, DC 20548

Organizational Units and Areas of Work

Divisions/ Offices

Accounting and Financial Management Division (275-9461)

| | |
|-----------------------------------|---|
| Accounting and auditing standards | Financial management systems and audit oversight |
| Federal budget process | Financial statement audits of federal government entities |

General Government Division (275-6059)

| | |
|------------------------------------|---------------------------------------|
| Administration of justice | Government information and statistics |
| Federal management issues | Tax policy and administration |
| Financial institutions and markets | Work force quality |
| Government and business operations | |

Human Resources Division (275-5470)

| | |
|------------------------------|--------------------------------------|
| Education and employment | Medicare and medicaid |
| Federal health care delivery | National and public health issues |
| Income security | Human services policy and management |

Information Management and Technology Division (275-4892)

Information management and technology

National Security and International Affairs Division (275-5518)

| | |
|--|---|
| Air Force | Logistics |
| Army | National Aeronautics and Space Administration |
| Command, control, communications, and intelligence | Navy |
| Defense force management | Research, development, acquisition, and procurement |
| Foreign economic assistance | Security and international relations |
| International trade and finance | |

Program Evaluation and Methodology Division (275-1854)

Program evaluation and methodology

Resources, Community, and Economic Development Division (275-3567)

| | |
|--------------------------|-----------------------------------|
| Energy | Housing and community development |
| Environmental protection | Natural resources management |
| Food and agriculture | Transportation |

Office of the Chief Economist (275-6209)

Office of the General Counsel (275-5205)

Office of Special Investigations

Regional/Overseas Offices

| | | | |
|--------------------|---------------------|---------------|----------------|
| Atlanta | (404-332-1900) | Honolulu | (808-541-1250) |
| Boston | (617-565-7500) | Kansas City | (913-384-7400) |
| Chicago | (312-220-7600) | Los Angeles | (213-346-8000) |
| Cincinnati | (513-684-7120) | New York | (212-264-0730) |
| Dallas | (214-855-2600) | Norfolk | (804-460-9620) |
| Denver | (303-572-7306) | Philadelphia | (215-574-4000) |
| Detroit | (313-256-8000) | San Francisco | (415-904-2000) |
| Frankfurt, Germany | 011-49-69-7535-3696 | Seattle | (206-287-4800) |

