

Serving The Congress And The Nation
U.S. Government Accountability Office

The background of the cover features a large, stylized American flag at the top, with the stars and stripes flowing across the frame. Below the flag, the white dome of the U.S. Capitol building is prominently displayed against a clear blue sky. The building's classical architecture, including columns and arches, is visible in the lower portion of the image.

Performance &
Accountability
Report

Fiscal Year 2009

Accountability ★ Integrity ★ Reliability

S E R V I N G T H E C O N G R E S S

Mission

GAO exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people.

Accountability

We help the Congress oversee federal programs and operations to ensure accountability to the American people. GAO's analysts, auditors, lawyers, economists, information technology specialists, investigators, and other multidisciplinary professionals seek to enhance the economy, efficiency, effectiveness, and credibility of the federal government both in fact and in the eyes of the American people.

Integrity

We set high standards for ourselves in the conduct of GAO's work. Our agency takes a professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced approach to all activities. Integrity is the foundation of our reputation, and the GAO approach to work ensures it.

Reliability

We at GAO want our work to be viewed by the Congress and the American public as reliable. We produce high-quality reports, testimonies, briefings, legal opinions, and other products and services that are timely, accurate, useful, clear, and candid.

Scope of work

GAO performs a range of oversight-, insight-, and foresight-related engagements, a vast majority of which are conducted in response to congressional mandates or requests. GAO's engagements include evaluations of federal programs and performance, financial and management audits, policy analyses, legal opinions, bid protest adjudications, and investigations.



Source: See Image Sources.

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On November, 20, 2009, we reissued this report to correct miscellaneous typographical errors on pages 22, 23, 34, 35, 36, and 89.

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Abbreviations

AGA	Association of Government Accountants	FMFIA	Federal Managers' Financial Integrity Act of 1982
APSS	Administrative Professional and Support Staff	FSI	Forensic Audits and Special Investigations unit
ATF	Bureau of Alcohol, Tobacco, Firearms and Explosives	FTE	full-time equivalent
BRAC	Base Realignment and Closure	FWS	Federal Wage System
CGAB	Comptroller General Advisory Board	GAO	Government Accountability Office
CMS	Centers for Medicare & Medicaid Services	GPS	Global Positioning System
CSRS	Civil Service Retirement System	GS	General Schedule
CVRA	Crime Victims' Rights Act of 2004	GSA	General Services Administration
DEA	Drug Enforcement Administration	HCTC	Health Care Tax Credit
DHS	Department of Homeland Security	HHC	handheld computer
DOD	Department of Defense	HHS	Department of Health and Human Services
DOE	Department of Energy	HIT	Health Information Technology
DOJ	Department of Justice	HSPD	Homeland Security Presidential Directive
DOT	Department of Transportation	HUD	Department of Housing and Urban Development
EAC	Employee Advisory Council	IAF	Intergovernmental Audit Forum
EPA	Environmental Protection Agency	ICE	Immigration and Customs Enforcement
ESC	Enterprise Service Center	ICWG	Internal Control Working Group
FAA	Federal Aviation Administration	IFPTE	International Federation of Professional and Technical Engineers
FCC	Federal Communications Commission	IG	inspector general
FDA	Food and Drug Administration	IIA	Institute of Internal Auditors
FECA	Federal Employees' Compensation Act	INTOSAI	International Organization of Supreme Audit Institutions
FEGLI	Federal Employees' Group Life Insurance	IRB	Institutional Review Board
FEHBP	Federal Employees' Health Benefits Program	IRIS	Integrated Risk Information System
FEMA	Federal Emergency Management Agency	IRS	Internal Revenue Service
FERS	Federal Employees Retirement System	IT	information technology
FHA	Federal Housing Administration	ITIL	Information Technology Infrastructure Library framework
FICA	Federal Insurance Contributions Act	LRP	local and regional procurement
FISMA	Federal Information Security Management Act	MAS	Multiple Award Schedules
		NASA	National Aeronautics and Space Administration
		NFC	National Finance Center

NIAF	National Intergovernmental Audit Forum
NIST	National Institute of Standards and Technology
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSHA	Occupational Safety and Health Administration
PAR	performance and accountability report
PBC	performance-based compensation
PBGC	Pension Benefit Guaranty Corporation
QCI	Quality and Continuous Improvement office
SAI	supreme audit institution
SAT	Senior Assessment Team
SEC	Securities and Exchange Commission
SES	Senior Executive Service
SBA	Small Business Administration
SL	Senior Level
SOC	Senior Oversight Committee
SRS	standardized rating score
SSA	Social Security Administration
TAA	Trade Adjustment Assistance
TARP	Troubled Asset Relief Program
TSA	Transportation Security Administration
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USDA	Department of Agriculture
USPS	U.S. Postal Service
VA	Department of Veterans Affairs
VPP	voluntary protection program
WHD	Wage and Hour Division

How to Use This Report

This report describes the U.S. Government Accountability Office's (GAO) performance measures, results, and accountability processes for fiscal year 2009. In assessing our performance, we compared actual results against targets and goals that were set in our annual performance plan and performance budget and were developed to help carry out our strategic plan. Our complete set of strategic planning and performance and accountability reports is available on our Web site at <http://www.gao.gov/sp.html>.

This report has an introduction, four major parts, and supplementary appendixes as follows:

Introduction

This section includes the letter from the Acting Comptroller General and a statement attesting to the reliability of our performance and financial data in this report and the effectiveness of our internal control over our financial reporting. This section also includes a summary discussion of our mission, strategic planning process, organizational structure, strategies we use to achieve our goals, and process for assessing our performance.

Management's Discussion and Analysis

This section discusses our agencywide performance results and use of resources in fiscal year 2009. It also includes information on our internal controls and the management challenges and external factors that affect our performance.

Performance Information

This section includes details on our performance results by strategic goal in fiscal year 2009 and the targets we are aiming for in fiscal year 2010. It also includes an explanation of how we ensure the completeness and reliability of the performance data used in this report.

Financial Information

This section includes details on our finances in fiscal year 2009, including a letter from our Chief Financial Officer, audited financial statements and notes, and the reports from our external auditor and Audit Advisory Committee. This section also includes an explanation of the kind of information each of our financial statements conveys.

From the Inspector General

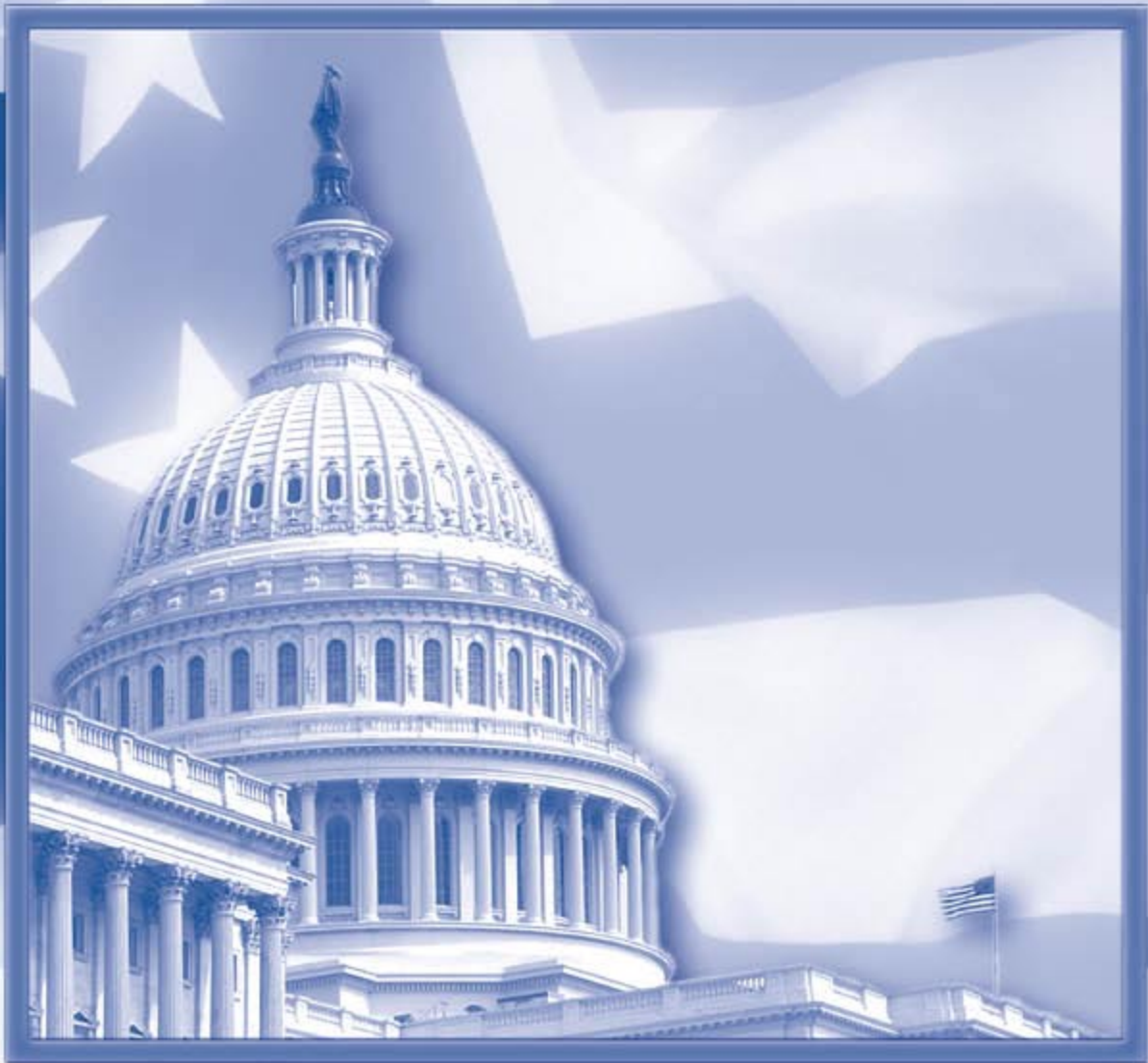
This section includes our Inspector General's assessment of our agency's management challenges.

Appendixes

These sections include detailed summaries of our most significant accomplishments and contributions recorded in fiscal year 2009 and information on certain human capital management flexibilities and on our information security management efforts.

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Serving The Congress And The Nation



Introduction



FROM THE ACTING COMPTROLLER GENERAL

Source: See Image Sources.

November 13, 2009

Reflecting on the past fiscal year, I am especially proud of our work in support of the Congress and the American people which we convey in this fiscal year 2009 performance and accountability report. Our mission is to help improve the way the federal government works, and based on the information in this report, I believe you will agree that we succeeded in this regard last fiscal year. I am confident that the performance and financial information in this report is complete and reliable and meets our high standards for accuracy and transparency.

Fiscal year 2009 ushered in a period of change and challenge for the nation and GAO, and our people worked together creatively and tirelessly to support the Congress and the nation throughout the year. The election of a new U.S. President in November marked the first wartime presidential transition in 40 years and the first administration change since 9/11. To ensure that the government carried out its essential missions as efficiently and effectively as possible during this time of change, we did our part to help affect a seamless transition by outreaching to key members of the new administration and the Congress in person and through our transition Web site made available November 6, 2008—2 days after the national election. We highlighted for these policymakers and their staffs a number of pressing issues that demand urgent attention and continuing oversight to ensure the nation's security and well-being. We also identified management challenges facing the government as well as several cost-saving opportunities. Many of the urgent issues discussed on the site—such as financial markets regulation; Iraq, Afghanistan, and Pakistan; and the 2010 Census—received attention in the early months of the new administration and the Congress and will continue to do so during the current fiscal year.

Also during fiscal year 2009 the Congress, through mandates in the Emergency Economic Stabilization Act of 2008 (Stabilization Act) and the American Recovery and Reinvestment Act Act of 2009 (Recovery Act), solicited our assistance with its efforts to address the nation's financial and economic crisis. We assembled an interdisciplinary team of financial market

experts, accountants, lawyers, and economists to produce bimonthly reports on the accountability, transparency, and integrity of efforts carried out under the \$700 billion Troubled Asset Relief Program (TARP) created by the Stabilization Act. We also leveraged our internal resources, hired new staff, and coordinated with the accountability community to fulfill our Recovery Act mandates which include reporting every 2 months on how selected states and localities are using Recovery Act funding over the next several years. Federal programs administered by 16 selected states and the District of Columbia that we examine in these bimonthly reports account for 90 percent of the Recovery Act outlays administered by states and localities for fiscal year 2009.

In concert with these additional expectations, we successfully carried out our fiduciary functions—which included two new funding streams provided by TARP and the Recovery Act—our new mandates, and our basic legislative responsibilities. For example, we again received from independent auditors an unqualified or “clean” opinion on our financial statements for fiscal year 2009 and met or exceeded all 15 of our annual performance measures. We were also good stewards of the nation’s purse, documenting in fiscal year 2009 \$43 billion in financial benefits—a return of \$80 for every dollar invested in us. In addition, we recorded over 1,300 nonfinancial benefits that helped to change laws, such as the Weapon Systems Acquisition Reform Act of 2009 (Pub. L. No. 111-23); improve services to the public; and promote sound management governmentwide. Our testimonies measure indicates that the 111th Congress continued to rely on us for information as it debated important national and international issues, with our senior officials testifying at 203 hearings during fiscal year 2009. Over two-thirds of our reports contained recommendations, and the rate at which federal agencies and the Congress implemented recommendations we made in past years met the 80 percent target we set for this measure.

This level of performance could not have been achieved without the extraordinary efforts and support of our highly professional, diverse, and multidisciplinary staff. The hard work and dedication they displayed throughout the past fiscal year made it possible for us to meet our legislative deadlines, both anticipated and unforeseen. Our people measures for fiscal year 2009 indicate that we are doing many of the right things to ensure that our staff have the training, work experiences, tools, and services they need to be productive in this very demanding environment. Specifically, we exceeded the targets we set for all seven of our people measures—new hire rate, retention rate with and without retirements, staff development, staff utilization, effective leadership by supervisors, and organizational climate—from 2 to 4 percentage points. Also, we rated second on the 2009 list of best places to work in the federal government among large

federal agencies, according to rankings released in fiscal year 2009 by the Partnership for Public Service and the Institute for the Study of Public Policy Implementation at American University.

But our work is not done. Like the nation, we must continue to address our internal management challenges—physical security, information security, and human capital—as they evolve. For example, in fiscal year 2009, we continued to focus on developing a more inclusive and diverse workplace by implementing and updating our 2008 Workforce Diversity Plan. We also reassessed our recruiting and hiring practices and began briefing managers on the Americans with Disabilities Act provisions and GAO's new reasonable accommodation process to ensure that our practices align with the vision set forth in the Workforce Diversity Plan. In addition, we examined our performance appraisal process, surveyed all agency staff concerning their views of and experiences with the process, and implemented a standardized appraisal review process to ensure that all staff receive a fair and equitable assessment of their performance during annual performance reviews. These human capital issues and others constitute the primary focus of our agencywide management improvement efforts that we began in fiscal year 2009. Streamlining our processes and products is also another important part of our management improvement effort and should result in shorter testimony statements and reports in the coming months.

We continued to maintain a good working relationship with the employees' union, GAO Employees Organization, International Federation of Professional and Technical Engineers, Local 1921. GAO management has established an important line of communications with the union via weekly meetings with GAO Workforce Relations staff and union officers to discuss ongoing and emerging issues. We are also working with the Employee Advisory Council and the Diversity Advisory Council on a range of issues.

In summary, fiscal year 2009 was a very fast-paced and demanding time for us, yet we succeeded at performing our mission and mandates and accomplishing the goals we set. We are committed to continuing our efforts to support the Congress and the taxpayers as the nation confronts the challenges ahead.



Gene L. Dodaro
Acting Comptroller General
of the United States

Financial Reporting Assurance Statements

November 13, 2009

We, as GAO's executive committee, are responsible for preparing and presenting the financial statements and other information included in this performance and accountability report. The financial statements included herein are presented in conformity with U.S. generally accepted accounting principles; incorporate management's reasonable estimates and judgments, where applicable; and contain appropriate and adequate disclosures. Based on our knowledge, the financial statements are presented fairly in all material respects, and other financial information included in this report is consistent with the financial statements.

We are also responsible for establishing and maintaining adequate internal control over financial reporting. We conducted an assessment of the effectiveness of our internal control over financial reporting consistent with the criteria in 31 U.S.C. 3512 (c), (d) (commonly referred to as the Federal Managers' Financial Integrity Act (FMFIA)) and in Appendix A of Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*. Based on the results of this assessment, we have reasonable assurance that internal control over financial reporting as of September 30, 2009, was operating effectively and that no material weaknesses exist in the design or operation of the internal control over financial reporting.

On the basis of our comprehensive management control program, we are pleased to certify, with reasonable assurance, the following:

- Our financial reporting is reliable—transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- We are in compliance with all applicable laws and regulations—transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements.

- Our performance reporting is reliable—transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information consistent with the criteria set forth in the Government Performance and Results Act of 1993 and related OMB guidance.

We also believe that (1) these same systems of accounting and internal controls provide reasonable assurance that we are in compliance with the spirit of FMFIA and (2) we have implemented and maintained financial systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the *U.S. Government Standard General Ledger* at the transaction level consistent with the requirements in the Federal Financial Management Improvement Act and OMB guidance. These are objectives that we set for ourselves even though, as part of the legislative branch of the federal government, we are not legally required to do so.



Gene L. Dodaro
Acting Comptroller General
of the United States



Sallyanne Harper
Chief Financial Officer

Lynn H. Gibson
Acting General Counsel



Source: See Image Sources.

GAO is an independent, nonpartisan professional services agency in the legislative branch of the federal government. Commonly known as the audit and investigative arm of the Congress or the “congressional watchdog,” we examine how taxpayer dollars are spent and advise lawmakers and agency heads on ways to make government work better. As a legislative branch agency, we are exempt from many laws that apply to the executive branch agencies. However, we generally hold ourselves to the spirit of many of the laws, including 31 U.S.C. 3512 (c), (d) (FMFIA), the Government Performance and Results Act of 1993 (GPRA), and the Federal Financial Management Improvement Act of 1996 (FFMIA).¹ Accordingly, this performance and accountability report for fiscal year 2009 provides what we consider to be information that is at least equivalent to that supplied by executive branch agencies in their annual performance and accountability reports.

¹FMFIA requires ongoing evaluations and annual reports on the adequacy of the systems of internal accounting and administrative control of each agency. GPRA seeks to improve public confidence in federal agency performance by requiring that federally funded agencies develop and implement accountability systems based on performance measurement, including setting goals and objectives and measuring progress toward achieving them. FFMIA emphasizes the need to improve federal financial management by requiring that federal agencies implement and maintain financial management systems that comply with federal financial management systems requirements, applicable federal accounting standards, and the *U.S. Government Standard General Ledger* at the transaction level.

Mission

Our mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. The strategies and means that we use to accomplish this mission are described in the following pages. In short, we accomplish our mission by providing objective and reliable information and informed analysis to the Congress, to federal agencies, and to the public, and we recommend improvements, when appropriate, on a wide variety of issues. Three core values—accountability, integrity, and reliability—form the basis for all of our work, regardless of its origin. These are described on the inside front cover of this report.

GAO's History

The Budget and Accounting Act of 1921 required the President to issue an annual federal budget and established GAO as an independent agency to investigate how federal dollars are spent. In the early years, we mainly audited vouchers, but after World War II we started to perform more comprehensive financial audits that examined the economy and efficiency of government operations. By the 1960s, GAO had begun to perform the type of work we are noted for today—program evaluation—which examines whether government programs are meeting their objectives.

Strategic Planning and Management Process

To accomplish our mission, we use a strategic planning and management process that is based on a hierarchy of four elements (see fig. 1), beginning at the highest level with the following four strategic goals:

- **Strategic Goal 1: Provide Timely, Quality Service to the Congress and the Federal Government to Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People**
- **Strategic Goal 2: Provide Timely, Quality Service to the Congress and the Federal Government to Respond to Changing Security Threats and the Challenges of Global Interdependence**
- **Strategic Goal 3: Help Transform the Federal Government's Role and How It Does Business to Meet 21st Century Challenges**
- **Strategic Goal 4: Maximize the Value of GAO by Being a Model Federal Agency and a World-Class Professional Services Organization**

Our audit, evaluation, and investigative work is primarily aligned under the first three strategic goals, which span issues that are both domestic and international, affect the lives of all Americans, and influence the extent to which the federal government serves the nation's current and future interests (see fig. 2).

The fourth goal is our only internal one and is aimed at maximizing our productivity through such efforts as investing steadily in information technology to support our work; ensuring the safety and security of

our people, information, and assets; pursuing human capital transformation; and leveraging our knowledge and experience.

Figure 1: GAO's Strategic Planning Hierarchy



Source: GAO.

An Example of Our Strategic Planning Elements

Strategic Goal 1: Provide Timely, Quality Service to the Congress and the Federal Government to Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People

Strategic Objective: The Health Needs of an Aging and Diverse Population

Performance Goal: Evaluate the Effectiveness of Federal Programs to Promote and Protect the Public Health

Key Efforts:

- Evaluate impediments and barriers to the development of new prescription drugs and vaccines
- Assess the regulatory structure for ensuring the safety and efficacy of medical devices, drugs, and other medical products and therapies
- Evaluate programs targeted at improving the health status of the population
- Evaluate the effectiveness of programs to provide prevention, treatment, and other services related to mental health conditions, including substance abuse

Figure 2:

How GAO ASSISTED THE NATION • FISCAL YEAR 2009

<p>Strategic Goal 1</p> <p>Provide timely, quality service to the Congress and the federal government to address current and emerging challenges to the well-being and financial security of the American people</p>	<ul style="list-style-type: none"> ▪ Highlighted weaknesses in the Food and Drug Administration’s oversight of medical devices ▪ Helped to improve the health care provided wounded soldiers returning home ▪ Investigated the death and abuse of children at public and private schools ▪ Recommended additional oversight and controls of voluntary workplace safety and health programs administered by some companies ▪ Enhanced management at the Pension Benefit Guaranty Corporation ▪ Enhanced federal efforts to combat drug trafficking ▪ Identified ways the Department of Housing and Urban Development could promote energy efficiency and green building in federal public housing programs ▪ Informed the debate on hardrock mining reform ▪ Reported on the Environmental Protection Agency’s reforms of its toxic chemical assessment process ▪ Informed the Congress about the U.S. Postal Service’s deteriorating financial situation
<p>Strategic Goal 2</p> <p>Provide timely, quality service to the Congress and the federal government to respond to changing security threats and the challenges of global interdependence</p>	<ul style="list-style-type: none"> ▪ Recommended actions to improve the Department of Defense’s (DOD) management of contractors in Iraq and Afghanistan ▪ Helped the Congress assess DOD’s ability to provide trained and ready forces for military operations ▪ Recommended that the State Department develop outcome measures for its capacity-building program in Iraq ▪ Helped to improve DOD’s accounting of weapons provided to Afghan security forces ▪ Helped to strengthen aviation security through improved passenger watch-list matching ▪ Developed a framework to help the Congress evaluate proposals for revamping the U.S. financial regulatory system ▪ Helped to assess the implementation of TARP ▪ Informed the Congress about weaknesses in lender data that limit regulators’ ability to identify financial institutions at higher risk of discriminatory lending practices
<p>Strategic Goal 3</p> <p>Help transform the federal government’s role and how it does business to meet 21st century challenges</p>	<ul style="list-style-type: none"> ▪ Helped to track how states and localities are using Recovery Act funds ▪ Strengthened federal planning and preparedness efforts for the influenza pandemic ▪ Helped DOD and the Department of Veterans Affairs better share electronic health records ▪ Identified shortcomings in the Department of Homeland Security’s management of major acquisitions ▪ Tested the adequacy of the complaint intake process at the Department of Labor’s Wage and Hour Division ▪ Helped to reduce governmentwide improper payments ▪ Recommended ways to reduce tax noncompliance
<p>Strategic Goal 4</p> <p>Maximize the value of GAO by being a model federal agency and a world-class professional services organization</p>	<ul style="list-style-type: none"> ▪ Mobilized staff quickly to conduct mandated oversight work and ensure accountability of the federal assistance available through the Recovery Act ▪ Contributed to enhancing the ability of the domestic accountability community to prevent fraud, waste, and abuse of federal funds ▪ Helped enhance international accountability organizations’ capacity to implement strong professional standards by sponsoring training and participating in international forums

We revisit the focus and appropriateness of these four strategic goals each time that we update our strategic plan. We last updated our strategic plan in March 2007. These four broad outcome goals are an outgrowth of our mission statement and explain our major focus areas and the long-term results they are intended to achieve. Each of our strategic goals is supported by four to eight strategic objectives that elaborate on each strategic goal. We list the strategic goals and strategic objectives under each one in figure 3, our strategic planning framework for serving the Congress. Several multiyear performance goals define a specific level of achievement for each strategic objective, and at the base of our strategic planning hierarchy, key efforts describe a body of work that operationalizes each performance goal. Complete descriptions of the steps in our strategic planning and management process are included in our strategic plan for fiscal years 2007 through 2012, which is available on our Web site at <http://www.gao.gov>. This site also provides access to our annual performance plans since fiscal year 1999 and our performance and accountability reports since fiscal year 2001. To ensure that we are well positioned to meet the Congress's current and future needs, we update our 6-year strategic plan every 3 years, consulting extensively during the update with our clients on Capitol Hill and with other experts (see our complete strategic plan on <http://www.gao.gov/sp/d04534sp.pdf>). Using the plan as a blueprint, we lay out the areas in which we expect to conduct research, audits, analyses, and evaluations to meet our clients' needs, and we allocate the resources we receive from the Congress accordingly. Given the increasingly fast pace with which crucial issues emerge and evolve, we design a certain amount of flexibility into our plan and staffing structure so that we can respond readily to the Congress's changing priorities. When we revise our plan or our allocation of

resources, we disclose those changes in annual performance plans, which are posted—like our strategic plan—on the Web for public inspection (<http://www.gao.gov/sp.html>).

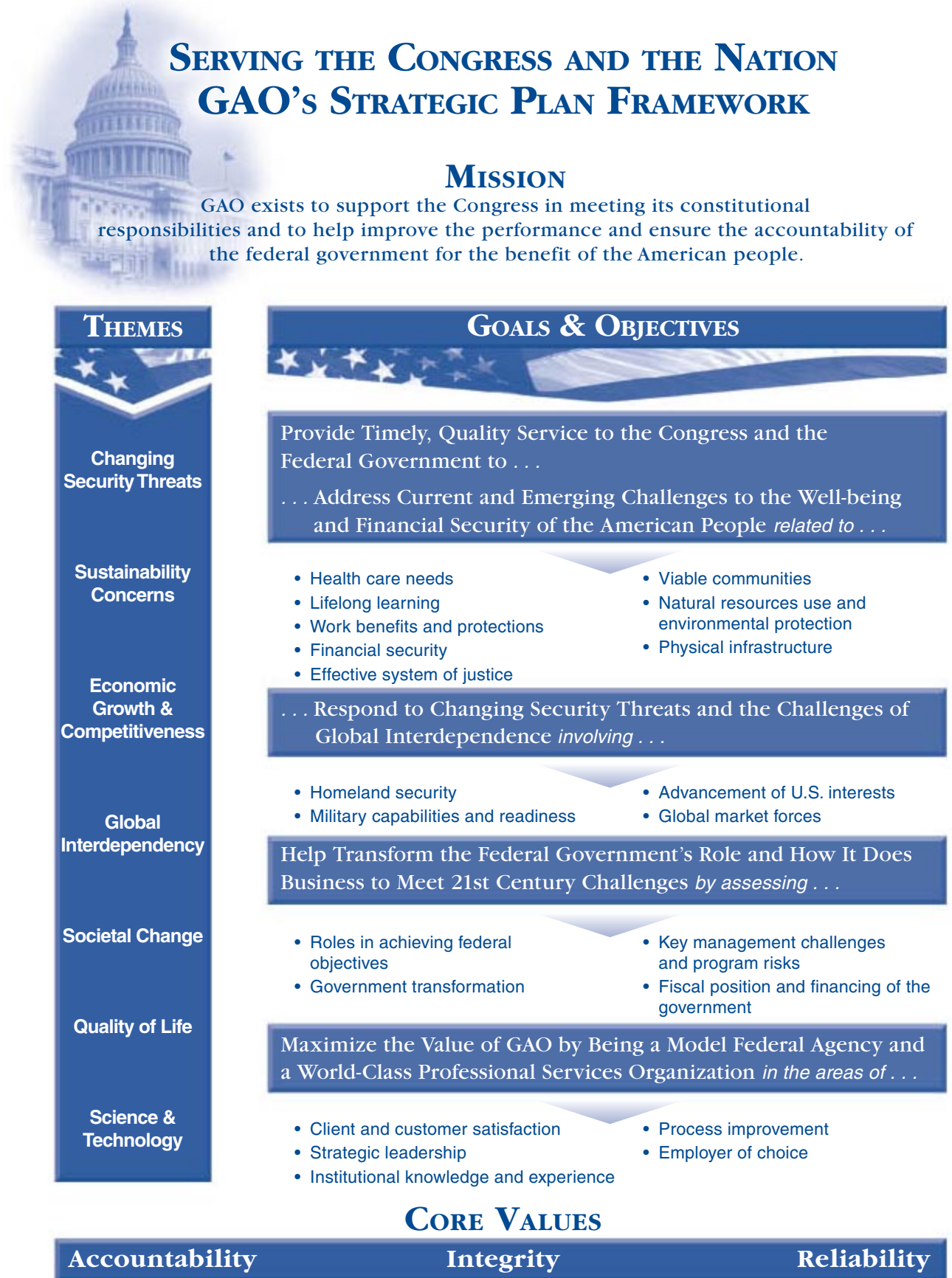
We revised our strategic plan in fiscal year 2007 for the third time since we first issued a strategic plan in 2000. The broad goals and objectives of our strategic plan for 2007-2012 did not change significantly since our last update, but events such as the continuing war in Iraq and recent natural disasters account for some modification in emphasis. Seven broad issues or “themes” provide the context for our strategic plan (see fig. 3), many of which were raised repeatedly by our client and other stakeholders during our outreach efforts and discussions we initiated while preparing the plan. For more information about the themes, see *Forces That Will Shape America's Future: The Themes from GAO's Strategic Plan* (GAO-07-467SP, March 2007). We are in the process of updating our current strategic plan and intend to release it in the spring of 2010.

Each year, we hold ourselves accountable to the Congress and to the American people for our performance, primarily through our annual performance and accountability report.

We have included some information about future plans in this report to provide as cohesive a view as possible of what we have done, what we are doing, and what we expect to do to support the Congress and to serve the nation.

Last year, the Association of Government Accountants awarded us for the eighth consecutive year its Certificate of Excellence in Accountability Reporting for our fiscal year 2008 performance and accountability report. According to the association, this certificate means that we produced an interesting and informative report that

Figure 3: GAO's Strategic Plan Framework



Source: GAO.

GAO Strategic Plan 2007-2012

achieved the goal of complete and fair reporting. We also received an award from Graphic Design USA for the full version of our fiscal year 2008 performance and accountability report, as well as for its summary version known as the Citizens' Report. (See fig. 4.)

Organizational Structure

As the Acting Comptroller General of the United States, Gene L. Dodaro is the head of GAO. On March 13, 2008, he succeeded David L. Walker who resigned before the end of his 15-year term that began in 1998. Mr. Dodaro previously served as GAO's Chief Operating Officer for 9 years, and he retained this position after assuming the top post. Two other executives join Acting Comptroller General Dodaro to form our Executive Committee: Chief Administrative Officer/Chief Financial Officer Sallyanne Harper and Acting General Counsel Lynn Gibson. Mr. Dodaro will serve as Acting Comptroller General until the President nominates and the Senate confirms a successor from a list of candidates proposed by the Congress.

To achieve our strategic goals, our staff are organized as shown in figure 5. For the most part, our 14 evaluation, audit, research, and investigative teams perform the work that supports strategic goals 1, 2, and 3—our three external strategic goals—with several of the teams working in support of more than one strategic goal.² In addition, FSI follows up on engagements and referrals from our other teams when its special services are required in areas such as specific fraud allegations or for assistance in evaluating security matters. Also, FSI manages Fraudnet, which is our online system created

for the public to report to GAO allegations of fraud, waste, abuse, or mismanagement of federal funds. FSI is an integrated unit composed of investigators, analysts, auditors who have experience with forensic auditing and data mining, and staff in General Counsel.

Senior executives in charge of the teams manage a mix of engagements to ensure that we meet the Congress's need for information on quickly emerging issues as we also continue longer-term work that flows from our strategic plan. To serve the Congress effectively with a finite set of resources, senior managers consult with our congressional clients and determine the timing and priority of engagements for which they are responsible.

As described below, General Counsel supports the work of all of our teams. In addition, the Applied Research and Methods team assists the other teams on matters requiring expertise in areas such as economics, research design, and statistical analysis. Staff in many offices, such as Strategic Planning and External Liaison, Congressional Relations, Opportunity and Inclusiveness, Quality and Continuous Improvement, Public Affairs, and the Chief Administrative Office, support the efforts of the teams. This collaborative process, which we refer to as matrixing, increases our effectiveness, flexibility, and efficiency in using our expertise and resources to meet congressional needs on complex issues.

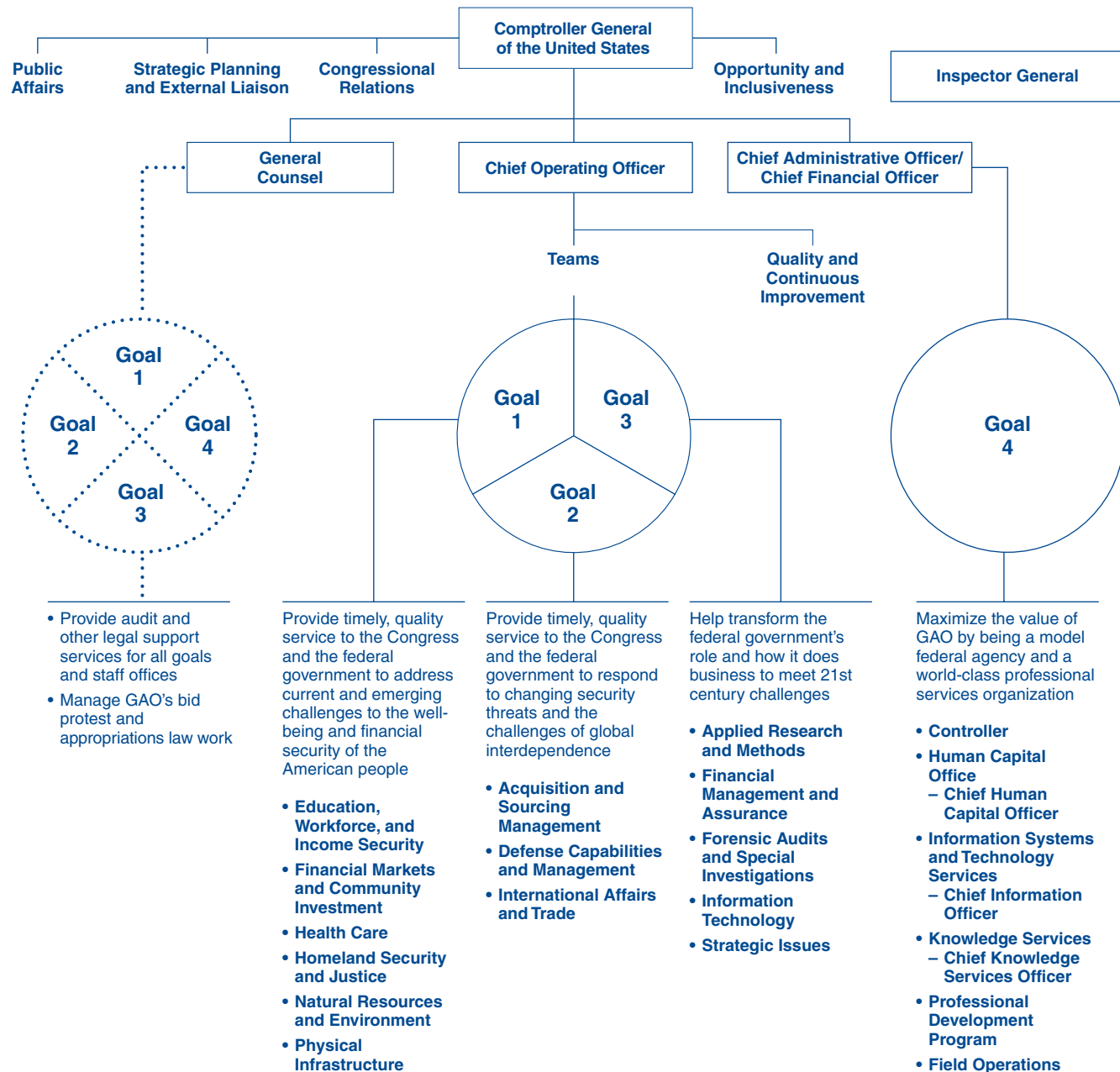
²In fiscal year 2009, our FSI team—which investigates fraud, waste, and abuse; evaluates security vulnerabilities; and conducts other investigative services—functioned as a unit within our FMA team; it is now a separate team.

Figure 4: GAO's Performance and Accountability Report Awards



Source: GAO.

Figure 5: Organizational Structure



Source: GAO.

Note: General Counsel's structure largely mirrors the agency's goal structure, and attorneys who are assigned to goals work with the teams on specific engagements. Thus, the dotted lines in this figure indicate General Counsel's support of or advisory relationship with the goals and teams rather than a direct reporting relationship.

General Counsel is structured to facilitate the delivery of legal services to the teams and staff offices that support our four strategic goals. This structure allows General Counsel to (1) provide legal support to our staff offices and audit teams concerning all matters related to their work and (2)

produce legal decisions and opinions for the Comptroller General. Specifically, the goal 1, goal 2, and goal 3 groups in General Counsel are organized to provide each of the audit teams with a corresponding team of attorneys dedicated to supporting each team's needs for legal services. In addition,

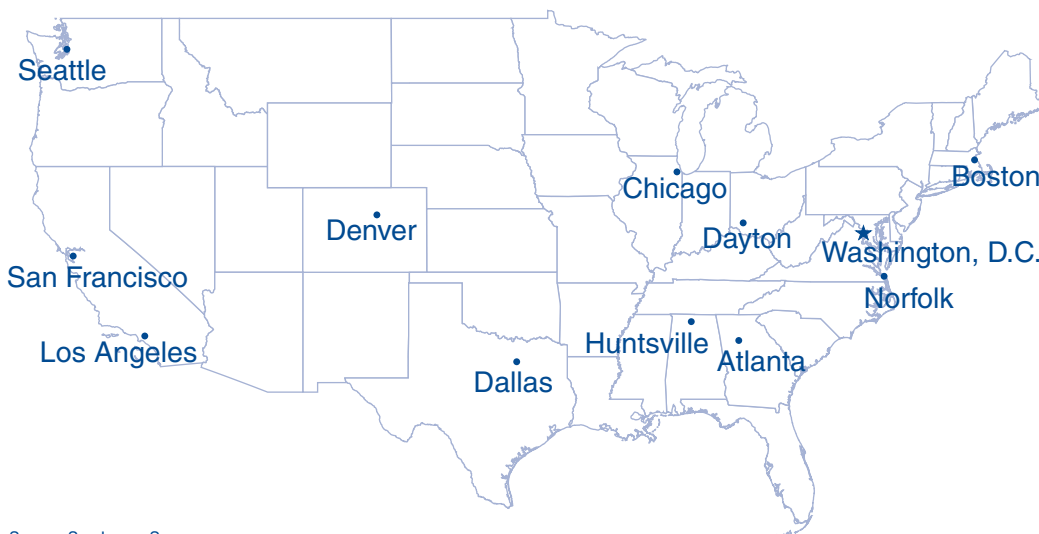
these groups prepare advisory opinions to committees and members of the Congress on agency adherence to laws applicable to their programs and activities. General Counsel’s Legal Services group provides in-house support to our management on a wide array of human capital matters and initiatives and on information management and acquisition matters and defends the agency in administrative and judicial forums. Finally, attorneys in the Procurement Law and the Budget and Appropriations Law groups prepare administrative decisions and opinions adjudicating protests to the award of government contracts or opining on the availability and use of appropriated funds.

For strategic goal 4—our only internal strategic goal—staff in our Chief Administrative Office take the lead. They are assisted on specific key efforts by the Applied Research and Methods team and by staff offices such as Strategic Planning and External Liaison, Congressional Relations, Opportunity and Inclusiveness, Quality and Continuous Improvement, and Public Affairs. In addition, attorneys in General Counsel, primarily in the Legal Services group, provide legal support for goal 4 efforts.

We maintain a workforce of highly trained professionals with degrees in many academic disciplines, including accounting, law, engineering, public and business administration, economics, and the social and physical sciences. About three-quarters of our approximately 3,100 employees are based at our headquarters in Washington, D.C.; the rest are deployed in 11 field offices across the country (see fig. 6). Staff in these field offices are aligned with our research, audit, investigative, and evaluation teams and perform work in tandem with our headquarters staff in support of our external strategic goals.

In September 2008, the Government Accountability Office Act of 2008 was enacted establishing the Office of the Inspector General (OIG) of the Government Accountability Office as an independent statutory office within the agency. Under the legislation, the OIG is responsible for conducting audits and investigations relating to the administration of the programs and operations of GAO and for making recommendations to promote its economy, efficiency, and effectiveness. The OIG also keeps the Comptroller General and

Figure 6: GAO's Office Locations



Source: See Image Sources.

the Congress fully informed through its semiannual reports that describe its findings. In addition, the OIG investigates allegations from GAO employees and other interested parties concerning activities within GAO that may constitute the violation of any law, rule, or regulation; mismanagement; or a gross waste of funds or other wrongdoing.

Strategies for Achieving Our Goals

The Government Performance and Results Act directs agencies to articulate not just goals, but also strategies for achieving those goals. As detailed in part I of this report, we emphasize two overarching strategies for achieving our goals: (1) providing information from our work to the Congress and the public in a variety of forms and (2) continuing and strengthening our human capital and internal operations. Specifically, our strategies emphasize the importance of working with other organizations on crosscutting issues and effectively addressing the challenges to achieving our agency's goals and recognizing the internal and external factors that could impair our performance. Through these strategies, which have proven successful for us for a number of years, we plan to achieve the level of performance that is needed to meet our performance measures and goals. This level of performance, in turn, will allow us to achieve our four, broad strategic goals.

Attaining our three external strategic goals (goals 1, 2, and 3) and their related objectives rests, for the most part, on providing professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced information to support the Congress in carrying out its constitutional responsibilities. To implement the

performance goals and key efforts related to these three goals, we develop and present information in a number of ways, including

- evaluations of federal policies, programs, and the performance of agencies;
- oversight of government operations through financial and other management audits to determine whether public funds are spent efficiently, effectively, and in accordance with applicable laws;
- investigations to assess whether illegal or improper activities are occurring;
- analyses of the financing for government activities;
- constructive engagements in which we work proactively with agencies, when appropriate, to provide advice that may assist their efforts toward positive results;
- legal opinions that determine whether agencies are in compliance with applicable laws and regulations;
- policy analyses to assess needed actions and the implications of proposed actions; and
- additional assistance to the Congress in support of its oversight and decision-making responsibilities.

We conduct specific engagements as a result of requests from congressional committees and mandates written into legislation, resolutions, and committee reports. In fiscal year 2009, we devoted 95 percent of our engagement resources to work requested or mandated by the Congress. We devoted the remaining 5 percent of the engagement resources to work we initiated under the Comptroller General's authority. Much of this work addressed various challenges that are of broad-based

interest to the Congress, such as the cost and status of both security stabilization and reconstruction efforts in Iraq and the United States' efforts to secure Afghanistan and combat terrorism in Pakistan.³ Also covered by this work were reviews of government programs and operations that we have identified as at high risk for fraud, waste, abuse, and mismanagement as well as reviews of agencies' budget requests to help support congressional decision making. By making recommendations to improve the accountability, operations, and services of government agencies, we contribute to increasing the effectiveness of federal spending and enhancing the taxpayers' trust and confidence in their government.

Our staff are responsible for following high standards for gathering, documenting, and supporting the information we collect and analyze. More often than not, this information is documented in a product that is made available to the public. In some cases, we develop products that contain classified or sensitive information that cannot be made available publicly. We generally issue around 1,200 products each year, primarily in an electronic format. In addition, we publish about 250 to 350 legal decisions and opinions each year. Our products include the following:

- reports and written correspondence;
- testimonies and statements for the record, where the former are delivered orally by one or more of our senior executives at a congressional hearing and the latter are provided for inclusion in the congressional record;
- briefings, which are usually given directly to congressional staff members; and

³In fiscal years 2007 and 2008, the work performed under the Comptroller General's authority represented 10 percent and 6 percent, respectively, of our engagement efforts.

- legal decisions and opinions resolving bid protests and addressing issues of appropriations law, as well as opinions on the scope and exercise of authority of federal officers.

We also produce special publications on specific issues of general interest to many Americans, such as our report on the fiscal future of the United States, GAO's role in the federal bid protest process, and critical issues for congressional consideration related to improving the nation's image abroad.⁴ Our publication, *Principles of Federal Appropriations Law*, is viewed both within and outside of the government as the primary resource on federal case law related to the availability, use, and control of federal funds. In addition, we maintain the government's repository of reports on Antideficiency Act violations and make available on our Web site various information extracted from those reports. Collectively, our products always contain information and often conclusions and recommendations that allow us to achieve our external strategic goals.

Another means of ensuring that we are achieving our goals is through examining the impact of our past work and using that information to shape our future work. Consequently, we evaluate actions taken by federal agencies and the Congress in response to our past recommendations. The results of these evaluations are reported in terms of the financial benefits and nonfinancial benefits that reflect the value of our work. We actively monitor the status of our open recommendations—those that remain valid but

⁴GAO, *The Nation's Long-Term Fiscal Outlook: March 2009 Update*, GAO-09-405SP (Washington, D.C.: April 2009); *Bid Protests at GAO: A Descriptive Guide* (Ninth Edition, 2009), GAO-09-471SP (Washington, D.C.: April 2009), and *U.S. Public Diplomacy: Key Issues for Congressional Oversight*, GAO-09-679SP (Washington, D.C.: May 27, 2009).

have not yet been implemented—and report our findings annually to the Congress and the public (<http://www.gao.gov/openrecs.html>).

Similarly, we use our biennial high-risk report, most recently issued in January 2009, to provide a status report on major government operations that we consider high risk because they are vulnerable to fraud, waste, abuse, and mismanagement or are in need of broad-based transformation. In fiscal year 2009 we also used our transition Web site to alert the nation’s leaders to current and emerging issues facing the nation—including food safety, defense spending, and the stability of U.S. financial markets and institutions—and the reports and testimonies we issued that address them. These products are valuable planning tools because they help us to identify those areas where our continued efforts are needed to maintain the focus on important policy and management issues that the nation faces.

To attain our fourth strategic goal—an internal goal—and its five related objectives, we conduct surveys of our congressional clients and internal customers to obtain feedback on our products, processes, and services and perform studies and evaluations to identify ways in which to improve them.

Because achieving our strategic goals and objectives also requires strategies for coordinating with other organizations with similar or complementary missions, we

- use advisory panels and other bodies to inform our strategic and annual work planning and
- maintain strategic working relationships with other national and international government accountability and professional organizations, including the

federal inspectors general, state and local audit organizations, and other national audit offices.

These two types of strategic working relationships allow us to extend our institutional knowledge and experience; leverage our resources; and in turn, improve our service to the Congress and the American people. Our Strategic Planning and External Liaison office takes the lead and provides strategic focus for the work with external partner organizations, while our research, audit, and evaluation teams lead the work with most of the issue-specific organizations.

How We Measure Our Performance

To help us determine how well we are meeting the needs of the Congress and maximizing our value as a world-class organization, we assess our performance annually using a balanced set of quantitative performance measures that focus on four key areas—results, client, people, and internal operations. These categories of measures are briefly described below.

- **Results.** Focusing on results and the effectiveness of the processes needed to achieve them is fundamental to accomplishing our mission. To assess our results, we measure financial benefits, other (nonfinancial) benefits, recommendations implemented, and percentage of new products with recommendations.

Financial benefits and nonfinancial benefits provide quantitative and qualitative information, respectively, on the outcomes or results that have been achieved from our work. They often represent outcomes that occurred or are expected to occur over a period of

several years. The remaining measures are intermediate outcomes in that they often lead to achieving outcomes that are ultimately captured in our financial and nonfinancial benefits. For financial benefits and nonfinancial benefits, we first set targets for the agency as a whole, and then we set targets for each of the external goals—that is, goals 1, 2, and 3—so that the sum of the targets for the goals equals the agencywide targets. For past recommendations implemented and percentage of products with recommendations, we set targets and report performance for the agency as a whole because we want our performance on these measures to be consistent across goals. We track our performance by strategic goal in order to understand why we meet or do not meet the agencywide target. We also use this information to provide feedback to our teams on the extent to which they are contributing to the overall target and to help them identify areas for improvement.

- **Client.** To judge how well we are serving our client, we measure the number of congressional hearings where we are asked to present expert testimony as well as our timeliness in delivering products to the Congress. Our strategy in this area draws upon a variety of data sources (e.g., our electronic client feedback form and in-person discussions with congressional staff) to obtain information on the services we are providing to our congressional clients.

We set a target at the agencywide level for the number of hearings and then assign a portion of these hearings as a target for each of the external goals—that is, goals 1, 2, and 3—based on each goal’s expected contribution to the agencywide total. We base this target on our assessment of

the congressional calendar and hearing trend data. As in measuring the results of our work, we track our progress on this measure at the goal level in order to understand why we met or did not meet the agencywide target. We set an agencywide target for timeliness because we want our performance on this measure to be consistent across goals.

- **People.** As our most important asset, our people define our character and capacity to perform. A variety of data sources, including an internal survey, provide information to help us measure how well we are attracting and retaining high-quality staff and how well we are developing, supporting, using, and leading staff. We set targets for these measures at the agencywide level.
- **Internal operations.** Our mission and people are supported by our internal administrative services, including information management, building management, knowledge services, human capital, and financial management services. Through an internal customer satisfaction survey, we gather information on how well our internal operations help employees get their jobs done and improve employees’ quality of work life. Examples of surveyed services include providing secure Internet access and voice communication systems, performance management, and benefits information and assistance. We set targets for these measures at the agencywide level.

Setting Performance Targets

To establish targets for all of our measures, we examine what we have been able to achieve in the past (for example, by looking at our 4-year rolling averages) for most of our results measures (see p. 24) and the external

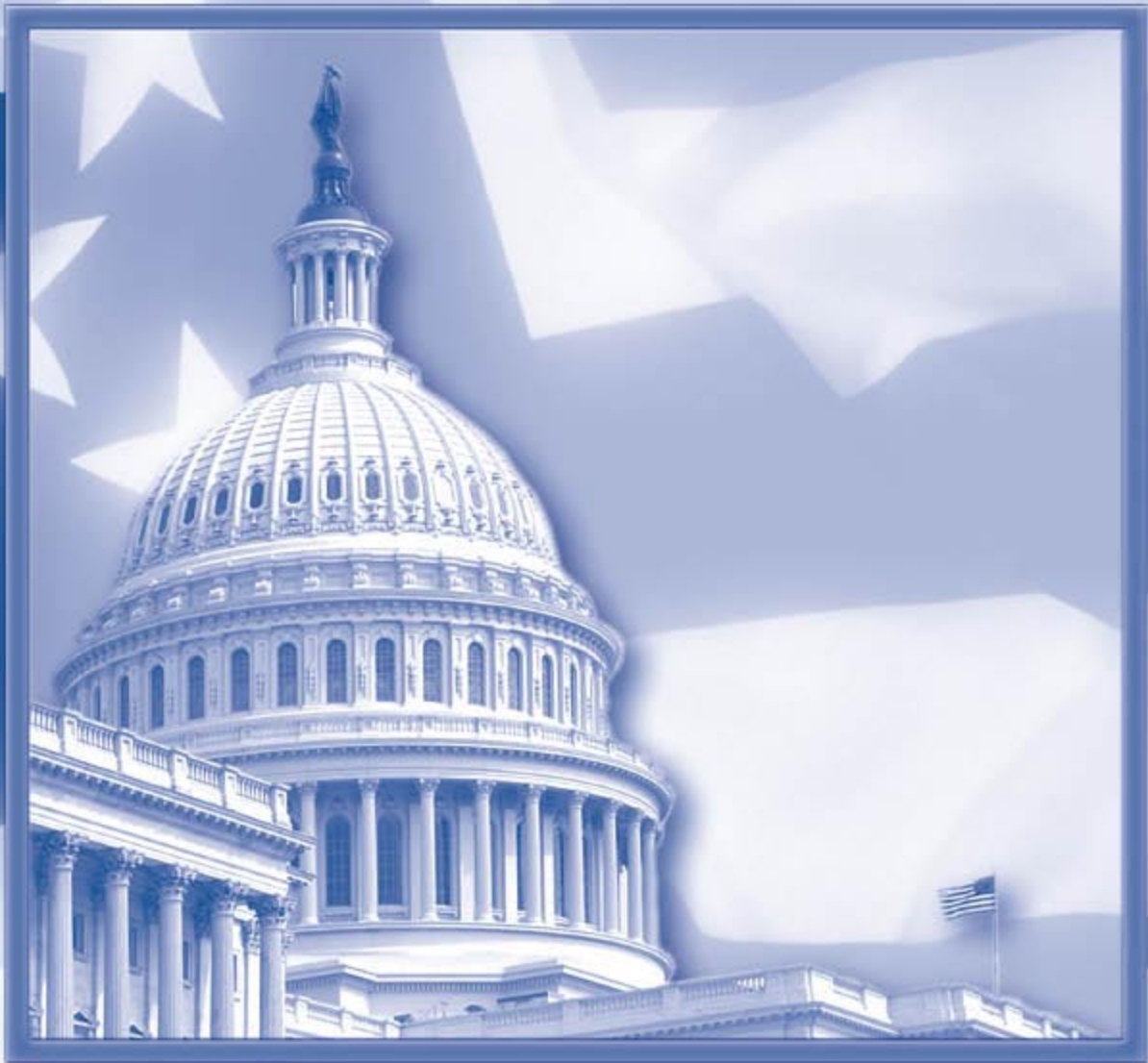
factors that influence our work (see p. 60). The teams and offices that are directly engaged in the work discuss their views of what must be accomplished in the upcoming fiscal year with our top executives, who then establish targets for the performance measures.

Once approved by the Comptroller General, the targets become final and are presented in our annual performance plan and budget.⁵ We may adjust these targets after they are initially published when our expected future work or level of funding provided warrants doing so. If we make changes, we include the changed targets in later documents, such as this performance and accountability report, and indicate that we have changed them. In part II, we include detailed information on data sources that we use to assess each of these measures, as well as the steps we take to verify and validate the data.

On the pages that follow, we assess our performance for fiscal year 2009 against our previously established performance targets. We also present our financial statements, the independent auditor's report, and a statement from GAO's Inspector General.

⁵Our most recent performance plan is available on our Web site at <http://www.gao.gov/cgi-bin/getrpt?rptno=GAO-09-304SP>.

Serving The Congress And The Nation



Part I

*Management's
Discussion and Analysis*

Assisting the Congress and the Nation During Changing and Challenging Times

In fiscal year 2009, the challenges that most urgently engaged the attention of the Congress and the public helped to define our priorities. Our work on issues such as the home mortgage market and financial systems meltdown that led to one of the most significant downturns in the U.S. economy and a global economic crisis, the implementation of domestic economic recovery initiatives, military conflicts abroad, the health care provided to veterans returning from the battlefield, as well as concerns about food safety and worldwide public health emergencies all helped congressional members, the administration, and their staffs develop new federal policies and programs and oversee ongoing ones to address these and other issues.

We monitored how well we performed our work and supported our staff using 15 annual performance measures. The results of our efforts are reflected in our solid performance in fiscal year 2009—we met or exceeded all of the performance targets we set for each of these measures (see table 1). We exceeded our financial benefits target of \$42 billion for the fiscal year by \$1 billion. This represents a \$80 return on every dollar the Congress invested in us.⁶ In addition, we exceeded our target of 1,200 nonfinancial benefits by more than 100 benefits. We also met our target for past recommendations implemented and exceeded the target for new products with recommendations by 8 percentage points. We slightly exceeded our target of 200 hearings at which we were asked to testify and met the target for delivering our products and

testimonies to our clients in a timely manner. We also exceeded our annual targets for all seven of our people measures—our highest performance on these measures over the last 5 fiscal years.

Concerning our two internal operations measures, we will assess our performance related to how well our internal administrative services (e.g., computer support, mail service, and Internet service) help employees get their jobs done or improve employees' quality of work life once data from our November 2009 annual customer satisfaction survey have been analyzed. These measures are directly related to our goal 4 strategic objectives of continuously enhancing our business and management processes and becoming a professional services employer of choice. There will always be a lag in reporting on this measure because our customer feedback survey is distributed after we issue the performance and accountability report. In fiscal year 2008, we met our target of 4.0 (a composite score based on employees' responses from an internal survey) for our measure help get the job done and exceeded our target for our quality of work life measure. These scores indicate that our employees were satisfied with the internal administrative services they used during their workday. The survey asked staff to rank the importance of each service to them and indicate their satisfaction with it on a scale from 1 to 5.

⁶ Over the last 4 fiscal years, our return on investment has ranged from \$83 in fiscal year 2005 to \$114 in fiscal year 2008—a record year for us.

Table 1: Agencywide Summary of Annual Measures and Targets

Performance measure	2005 actual	2006 actual	2007 actual	2008 actual	2009 target	2009 actual	Met/not met	2010 target
Results								
Financial benefits (dollars in billions)	\$39.6	\$51.0	\$45.9	\$58.1	\$42.0	\$43.0	Met	\$42.0
Nonfinancial benefits	1,409	1,342	1,354	1,398	1,200	1,315	Met	1,200
Past recommendations implemented	85%	82%	82%	83%	80%	80%	Met	80%
New products with recommendations	63%	65%	66%	66%	60%	68%	Met	60%
Client								
Testimonies	179	240	276	298 ^a	200	203	Met	220
Timeliness ^b	92%	93%	95%	95%	95%	95%	Met	95%
People								
New hire rate	94%	94%	96%	96%	95%	99%	Met	95%
Retention rate								
With retirements	90%	90%	90%	90%	90%	94%	Met	90%
Without retirements	94%	94%	94%	93%	94%	96%	Met	94%
Staff development ^{c,d}		76%	76%	77%	76%	79%	Met	76%
	72%							
Staff utilization ^{c,e}	75%	75%	73%	75%	75%	78%	Met	75%
Effective leadership by supervisors ^{c,f}	80%	79%	79%	81%	80%	83%	Met	80%
Organizational climate ^c	76%	73%	74%	77%	75%	79%	Met	75%
Internal operations^g								
Help get job done	4.1	4.1	4.05	4.0	4.0	N/A	N/A	4.0
Quality of work life	3.98	4.0	3.98	4.01	4.0	N/A	N/A	4.0

Source: GAO.

Note: Information explaining all of the measures included in this table appears in the Data Quality and Program Evaluations section in part II of this report.

^aIn fiscal year 2008, we inadvertently reported six additional hearings. This entry reflects the correct total.

^bThe timeliness measure is based on one question on a form sent out to selected clients. The response rate for the form in fiscal year 2009 is 28 percent, and 96 percent of the clients who responded answered this question. The percentage shown in the table represents the percentage of respondents who answered favorably to this question on the form.

^cThis measure is derived from our annual agencywide employee feedback survey. From the staff who expressed an opinion, we calculated the percentage of those who selected favorable responses to the related survey questions. Responses of “no basis to judge/ not applicable” or “no answer” were excluded from the calculation. While including these responses in the calculation would result in a different percentage, our method of calculation is an acceptable survey practice, and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions.

^dBeginning in fiscal year 2006 we changed the way that the staff development people measure was calculated. Specifically, we dropped one question regarding computer-based training because we felt such training was a significant part of (and therefore included in) the other questions the survey asked regarding training. We also modified a question on internal training and changed the scale of possible responses to that question. We show the fiscal year 2005 data on a separate line to indicate that those data are not comparable to the data beginning in fiscal year 2006.

^eOur employee feedback survey asks staff how often the following occurred in the last 12 months: (1) my job made good use of my skills, (2) GAO provided me with opportunities to do challenging work, and (3) in general, I was utilized effectively.

^fIn fiscal year 2009 we changed the name of this measure from "Leadership" to its current nomenclature to clarify that the measure reflects employee satisfaction with their immediate supervisor's leadership.

^gFor our internal operations measures, we will report actual data for fiscal year 2009 once data from our November 2009 internal customer satisfaction survey have been analyzed. N/A indicates that the data are not available yet.

Our fiscal year 2010 targets for all 15 of our performance measures are the same as those targets we reported in our fiscal year 2009 performance plan in January 2009. We believe that these targets are challenging yet realistic for our staff. For example, we did not increase our financial benefits target for 2010 above our fiscal year 2009 actual because this target is more consistent with our actual performance in 3 of the last 5 fiscal years. Moreover, we cannot always anticipate whether agencies or the Congress will implement our recommendations or the benefits that may accrue from these actions in a given year. Thus, we believe our target of \$42 billion for financial benefits for fiscal year 2010 (shown on p. 23) is reasonable and achievable.

To help us examine trends over time, we also look at 4-year rolling averages for the following performance measures: financial benefits, nonfinancial benefits, new products with recommendations, and testimonies. We calculate 4-year rolling averages because historically our performance on these

measures has fluctuated from year to year, and this calculation minimizes the effect of an atypical result in any given year. We consider this calculation, along with other factors, when we set our performance targets. Table 2 shows that from fiscal year 2005 through fiscal year 2009 our averages for financial benefits, new products with recommendations, and testimonies steadily increased during this period. However, the average number of nonfinancial benefits we recorded declined between fiscal years 2008 and 2009 after reaching a high of 1,376 in fiscal year 2008.

Though we consider our 4-year rolling averages and our past performance when setting our target for the number of hearings at which our senior executives testify, we base our testimonies target largely on the cyclical nature of the congressional calendar. Our experience has shown that during the fiscal year in which an election occurs, generally the Congress holds fewer hearings because the congressional members are reorganizing during the months after the election. This

Table 2: Four-Year Rolling Averages for Selected GAO Measures

Performance measure	2005	2006	2007	2008	2009
Results					
Financial benefits (billions)	\$39.2	\$43.0	\$45.10	\$48.7	\$49.5
Nonfinancial benefits	1,139	1,248	1,325	1,376	1,352
New products with recommendations	58%	61%	64%	65%	66%
Client					
Testimonies	200	206	228	248 ^a	254

Source: GAO.

^aIn fiscal year 2008, we inadvertently reported six additional hearings. This entry reflects the correct total.

situation provides fewer opportunities for us to be invited to testify.

Focusing on Results

Focusing on outcomes and the efficiency of the processes needed to achieve them is fundamental to accomplishing our mission. The following four annual measures—financial benefits, nonfinancial benefits, past recommendations implemented, and new products containing recommendations—indicate that we have fulfilled our mission and delivered results that benefit the nation.

Financial Benefits and Nonfinancial Benefits

We describe many of the results produced by our work as either financial or nonfinancial benefits. Both types of benefits result from our efforts to provide information to the Congress that helped to (1) change laws and regulations, (2) improve services to the public, and (3) promote sound agency and governmentwide management. In many cases, the benefits we claimed in fiscal year 2009 are based on work we did in past years because it often takes the Congress and agencies time to implement our recommendations or to act on our findings.

To claim either type of benefit, our staff must document the connection between the benefits reported and the work that we performed. We can claim benefits within 2 years of when the Congress or an agency takes action on our recommendations.

Financial Benefits

Our findings and recommendations produce measurable financial benefits for the federal government after the Congress acts on or agencies implement them and the funds

are made available to reduce government expenditures or are reallocated to other areas. The monetary effect realized can be the result of

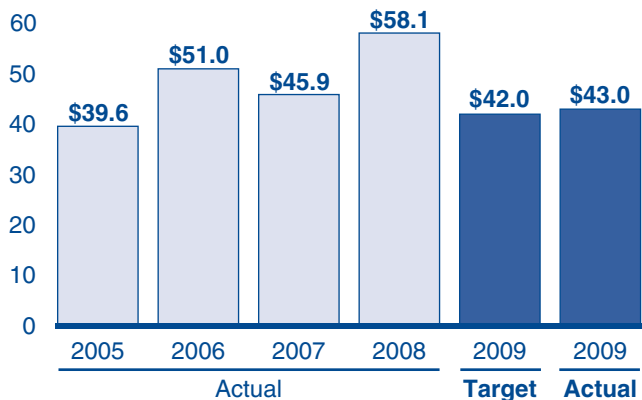
- changes in business operations and activities;
- the restructuring of federal programs; or
- modifications to entitlements, taxes, or user fees.

Financial benefits result if, for example, the Congress reduces the annual cost of operating a federal program, lessens the cost of a multiyear program or entitlement, or reallocates funds to other areas. Financial benefits could also result from increases in federal revenues—because of changes in laws, user fees, or asset sales—that our work helped to produce.

In fiscal year 2009, our work generated about \$4.3 billion in financial benefits (see fig. 7). We slightly exceeded our target by 2 percent due to several accomplishments with multiyear effects. Of the total amount documented in fiscal year 2009, about \$1.8 billion (or approximately 42 percent) resulted from changes in laws or regulations (see fig. 8). The amount of financial benefits we were able to document in fiscal year 2009 was lower than in fiscal year 2008 because fiscal year 2008 was an exceptional year for us as figure 7 indicates. That year we recorded several unexpected and large financial benefits that significantly contributed to our performance. However, the amount of financial benefits we documented in fiscal year 2009 is more consistent with our actual performance in several of the last 5 years.

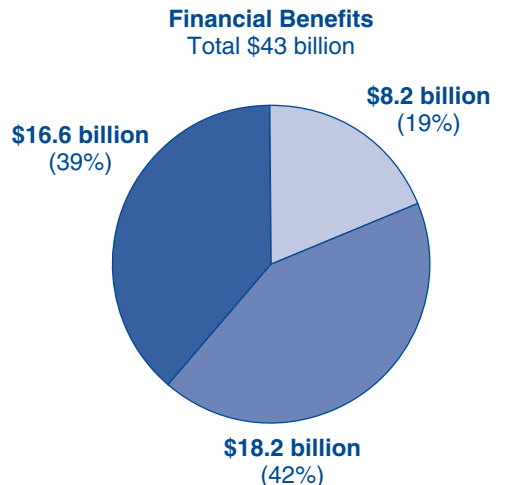
Figure 7: Financial Benefits GAO Recorded

Dollars in billions



Source: GAO.

Figure 8: Types of Financial Benefits Recorded in Fiscal Year 2009 from Our Work



Categories

- Agencies acted on GAO information to improve services to the public
- Information GAO provided to the Congress resulted in statutory or regulatory changes
- Core business processes improved at agencies and governmentwide management reforms advanced by GAO's work

Source: GAO.

Financial benefits included in our performance measures are net benefits—that is, estimates of financial benefits that have been reduced by the estimated costs associated with taking the action that we recommended. We convert all estimates involving past and future years to their net present value and use actual dollars to represent estimates involving

only the current year. Financial benefit amounts vary depending on the nature of the benefit, and we can claim financial benefits over multiple years based on a single agency or congressional action. We limit the period over which benefits from an accomplishment can accrue to no more than 5 years. Estimates used to calculate our financial benefits come from non-GAO sources. These non-GAO sources are typically the agency that acted on our work, a congressional committee, or the Congressional Budget Office.

To document financial benefits, our staff complete reports documenting accomplishments that are linked to specific recommendations or actions. Each accomplishment report for financial benefits is documented and reviewed by (1) another GAO staff member not involved in the work and (2) a senior executive in charge of the work. Also, a separate unit, our Quality and Continuous Improvement (QCI) office, reviews all financial benefits and approves benefits of \$100 million or more, which amounted to 95 percent of the total dollar value of benefits recorded in fiscal year 2009. During this past fiscal year, the GAO Inspector General (IG) performed an independent review of all financial accomplishments over \$1 billion. (See the financial benefits section in table 16 in part II of this report for more details about our process for reviewing accomplishment reports claiming financial benefits.) Figure 9 lists several of our major financial benefits for fiscal year 2009 and briefly describes some of our work contributing to each financial benefit.

Figure 9: GAO's Selected Major Financial Benefits Reported in Fiscal Year 2009



Source: See Image Sources.

Description	Amount (Dollars in billions)
<p>Avoided costs associated with federal government contracting. In February 2005, we reported on the General Services Administration’s (GSA) Multiple Award Schedules (MAS) program designed to take advantage of the federal government’s significant aggregate buying power and to provide a simplified method for procuring commonly used goods and services, ranging from office supplies to technical support. The report highlighted the importance of pre-award audits of MAS contracts by contract negotiators to verify that vendor-supplied pricing information is accurate, complete, and current before a contract is awarded. We reported that the annual number of pre-award audits had decreased dramatically—from 130 in fiscal year 1992 to 14 in fiscal year 2003. As a result of our work, GSA and its Inspector General hired additional staff to improve and increase the use of pre-award audits for both new contract offers and contract extensions. According to GSA’s data, over the 5-year period—from fiscal 2004 through 2008—the increased use of pre-award audits resulted in a total of \$3.66 billion in cost avoidances, or about \$3.97 billion in net present value.</p>	\$3.97
<p>Prompted the elimination of seller-funded down payments assistance for Federal Housing Administration (FHA) mortgages. In a 2006 report, we reported that the proportion of FHA-insured mortgages with seller-funded down payment assistance (i.e., assistance from nonprofit organizations funded by property sellers) had grown from 6 percent in 2000 to 30 percent in 2004 and that such loans had substantially higher delinquency and insurance claim rates than similar loans without such assistance. We also reported that homes with seller-funded down payment assistance sold for about 2 to 3 percent more than comparable homes without such assistance, resulting in homebuyers having less equity in the transaction than would otherwise be the case. We recommended that FHA take a number of steps to mitigate the risks associated with seller-funded down payment assistance, including treating such assistance as a seller inducement and therefore subject to FHA’s prohibition against using seller contributions to meet the borrower contribution requirement. At congressional hearings in 2007 we reiterated our concerns about loans with seller-funded down payment assistance and noted that such loans were contributing to FHA’s deteriorating financial performance. On October 1, 2008, the Housing and Economic Recovery Act of 2008 became effective and prohibited seller-funded down payment assistance. The estimated financial benefit associated with this provision is about \$2.89 billion.</p>	\$2.89
<p>Focused federal oversight on Medicaid payment practices vulnerable to fraud. As part of our 2002 reporting on the Centers for Medicare & Medicaid Service’s (CMS) financial oversight activities, we identified several weaknesses in CMS’s oversight of Medicaid financial management. We recommended that CMS target its oversight resources to areas most vulnerable to improper payments and increase oversight of high-risk areas. Beginning in 2004 and 2005, CMS took action in response to our recommendations, including hiring about 90 funding specialists tasked with helping CMS better identify state payment and funding practices that could result in inappropriate claims for federal reimbursement or increased federal costs. For fiscal year 2008, CMS determined that almost \$1.3 billion in inappropriate claims for federal Medicaid payments was avoided that year as a result of the funding specialists’ proactive work with states to identify and resolve potential issues before states filed potentially problematic claims. We recorded about \$1.27 billion in benefits associated with fiscal year 2008.</p>	\$1.27

Reduced the number of unneeded federal properties overseas. In a 1996 report involving the Department of State's (State) overseas real estate, we identified millions of dollars in unneeded overseas real estate that could potentially be sold by State. On the basis of our recommendation, an independent advisory panel was established to help State decide which properties should be sold. In 2002, we assessed State's performance in working with the new panel in identifying and disposing of excess property. This report noted that although progress had been made, State still had a large number of unneeded properties in its inventory, had inaccuracies in its inventory database causing some properties not to be properly identified, and had failed to sell several of the properties recommended by the advisory board. State agreed to improve the accuracy of its property inventory and make greater efforts to expedite the sale of unneeded property. State reported that it sold 34 properties from the second quarter of fiscal year 2006 through the third quarter of fiscal year 2007. The net present value of this financial benefit is about \$562 million.

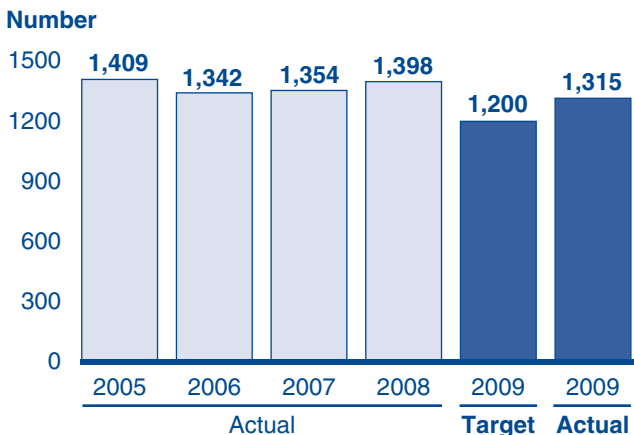
\$0.562

Source: GAO.

Nonfinancial Benefits

Many of the benefits that result from our work cannot be measured in dollar terms. During fiscal year 2009, we recorded a total of 1,315 nonfinancial benefits (see fig. 10). We exceeded our target by almost 10 percent due largely to a number of accomplishments we documented that related to the nation's homeland security efforts, such as border security and immigration enforcement, and weapon systems acquisition programs.

Figure 10: Nonfinancial Benefits GAO Recorded

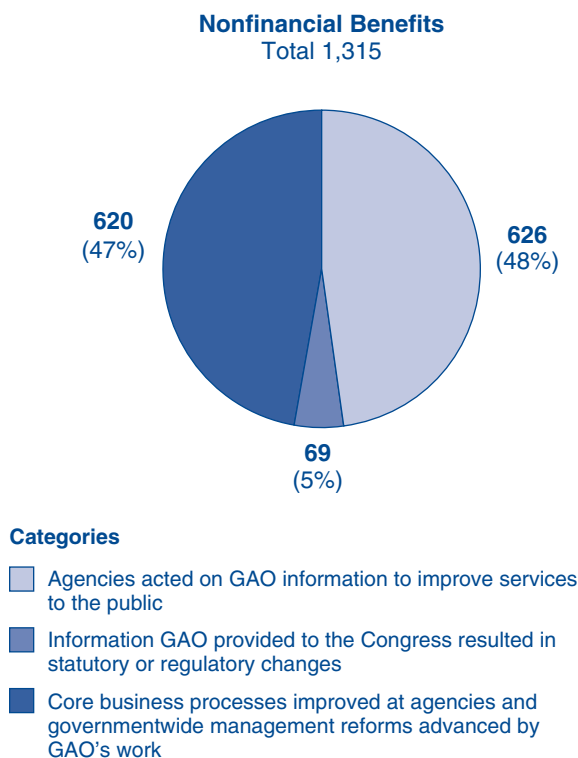


Source: GAO.

In fiscal year 2009 we documented 626 instances where federal agencies used our information to improve services to the public, 69 instances where the information we provided to the Congress resulted in statutory or regulatory changes enacted in fiscal year 2009, and 620 instances where agencies improved core business processes or governmentwide reforms as a result of

our work. (See fig. 11.) These actions covered a variety of issues, such as strengthening the federal government's planning and preparedness for an influenza pandemic, improving governmentwide sharing of information about the past performance of contractors that do business with the federal government, identifying federal employees who fraudulently sold their transit benefits on the Internet, and improving federal oversight of care in nursing homes. In figure 12, we provide examples of some of the nonfinancial benefits we claimed as accomplishments in fiscal year 2009.

Figure 11: Types of Nonfinancial Benefits Documented in Fiscal Year 2009 from Our Work



Source: GAO.

Figure 12: GAO's Selected Nonfinancial Benefits Reported in Fiscal Year 2009



Source: See Image Sources.

Nonfinancial benefits that helped to change laws	
<p>Weapon Systems Acquisition Reform Act of 2009, Pub. L. No. 111-23</p>	<p>Enhanced oversight of major weapon systems development and cost estimates. The Congress included three provisions in this law citing some of our long-standing and recent work in the weapon systems acquisition area as partly the impetus. For example, we reported that many technologies critical to U.S. defense acquisition programs failed to meet minimum requirements for technological maturity. Section 104 of this law requires periodic review and assessment as well as annual reporting on the technological maturity and integration risk of critical technologies of the major defense acquisition programs. We also reported that the Department of Defense (DOD) often underestimates the development costs of major defense acquisition programs largely because the estimates are based on limited knowledge and optimistic assumptions about systems requirements and critical technologies. In addition, we testified on the need for DOD to use appropriate systems engineering practices to mitigate cost and scheduling risks during program development. Sections 101 and 102 of this law require that DOD create the positions of Director of Cost Assessment and Program Evaluation, Director of Developmental Test and Evaluation, and Director of Systems Engineering to address these issues.</p>
<p>American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5</p>	<p>Improved access to benefits for workers who lose their jobs. The Trade Adjustment Assistance (TAA) program, administered by the Department of Labor, is the nation's primary program providing income support, job training, and other benefits for manufacturing workers who lose their jobs as a result of international trade. We recommended, among other things, that the Congress consider (1) allowing a portion of TAA training funds to be used for case management services because workers often require help determining whether they need additional training and what type to take and (2) simplifying the confusing training enrollment deadline used to determine whether a worker is eligible for extended income support while completing training. The Congress amended TAA in this law to require that states spend for case management no less than one-third of the funds set aside for administration, employment, and case management services and use a single time period for the training enrollment deadline.</p>
<p>William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008, Pub. L. No. 110-457</p>	<p>Strengthened process for investigating alleged household worker abuse by foreign diplomats. We recommended that the Departments of State, Justice, and Homeland Security establish an interagency process outlining agreed-upon policies and time frames for determining techniques used to investigate allegations by household workers of abuse by their employers who are foreign diplomats. These investigations are often hampered by the amount of time it takes State to provide an opinion. Consistent with our recommendation, Section 203 of this law requires the Secretary of State to cooperate, to the fullest extent possible, with any U.S. law enforcement agencies regarding the exploitation of nonimmigrant domestic workers who come to the United States to work for foreign diplomats.</p>

<p>Broadband Data Improvement Act, Pub. L. No. 110-385</p>	<p>Improved data about Internet services on tribal lands. We found that the rate of Internet subscribership for Native American households on tribal lands was unknown and recommended that the Congress consider directing the Federal Communications Commission (FCC) to determine what data were needed and how these data should be regularly collected. This law, passed early in fiscal year 2009, requires the FCC to compile a list of geographic areas that are not served by any Internet or broadband provider. The law also requires the Secretary of Commerce, in consultation with the FCC, to expand the American Community Survey conducted by the U.S. Census Bureau to gather information from residential households, including those on tribal lands, about their Internet or broadband services.</p>
<p>Nonfinancial benefits that helped to improve services to the public</p>	
<p>Strengthened the employment verification process</p>	<p>We found that the large number and variety of documents acceptable for proving employees' work eligibility complicated the employment verification process used by millions of employers. The Department of Homeland Security (DHS) had not yet completed its review of the process, including revising the form used to certify employees' work authorization. We recommended that DHS set a time frame for completing its review and issue regulations on changes to the process and form. In December 2008, DHS, among other things, amended its regulations on the type of acceptable work eligibility documents to strengthen the integrity of the employment verification process.</p>
<p>Improved DOD's Sexual Assault Prevention and Response Program</p>	<p>In our report on DOD's program to prevent and respond to incidents of sexual assault, we made a number of recommendations to improve implementation of the program, such as by analyzing installation-level assault data to better target resources and evaluating factors that may discourage servicemembers from accessing mental health services following an assault. As a result of this work, DOD is currently developing a centralized database of assault incidents and has completed an assessment of the military health system's support of the program, and Army Central Command and individual bases have taken actions in response to our site visits.</p>
<p>Enhanced federal efforts to combat drug trafficking</p>	<p>Because most of the nation's illegal drug supply is smuggled from abroad, the Drug Enforcement Administration's (DEA) partnerships with agencies that have border-related missions—especially Immigration and Customs Enforcement (ICE), the largest investigative agency of the DHS—are important. In response to our recommendations, DEA and ICE reached an agreement in June 2009 to collaboratively share intelligence and leverage investigative resources. The interagency agreement resolves a long-standing and counterproductive rivalry that for years has generated concerns about duplicative investigations and officer safety.</p>
<p>Nonfinancial benefits that helped to promote sound agency and governmentwide management</p>	
<p>Strengthened planning and preparedness for an influenza pandemic</p>	<p>In the aftermath of the H1N1 influenza outbreak, our work helped inform the Congress and the new administration about significant gaps in federal government pandemic influenza planning and preparedness efforts. In the summer of 2009, our testimony alerted the Congress to the need for the federal government to test shared federal pandemic leadership roles, update the National Pandemic Implementation Plan, improve coordination with state and local governments and the private sector, and monitor agencies readiness to protect federal workers in a pandemic. The House Homeland Security Committee directed DHS and the Department of Health and Human Services (HHS) to report on progress by fall 2009.</p>
<p>Improved governmentwide sharing on contractor past performance information</p>	<p>In 2009, GAO identified shortfalls in the governmentwide system established to facilitate use of contractor past performance information. Given that in fiscal year 2007, federal agencies worked with over 160,000 contractors, obligating over \$456 billion, this information is necessary to properly evaluate a contractor's performance history and better inform agencies' contract award decisions. In response to our recommendations, the Office of Federal Procurement Policy revised the Federal Acquisition Regulation to improve past performance reporting across government, which will help agencies make better contract award decisions.</p>

Identified federal employees involved in transit benefit fraud

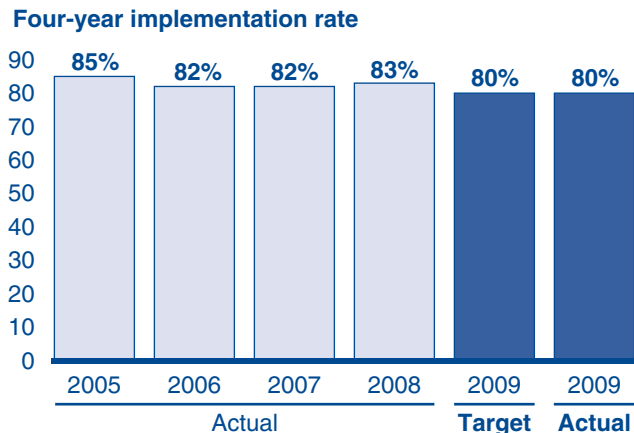
Our investigators identified dozens of federal employees who fraudulently sold their transit benefits over the Internet. Many of the employees admitted to intentionally falsifying their benefit applications to receive excess benefits. For seven agencies, we determined that the amount of potentially fraudulent transit benefits claimed during 2006 in the National Capital Region was at least \$17 million and likely more. Agencies took action to hold federal employees accountable based on our work. For example, one Department of Transportation (DOT) employee repaid \$1,440 and resigned in lieu of removal while a Department of Commerce employee was fired and criminally prosecuted.

Source: GAO.

Past Recommendations Implemented

One way we measure our effect on improving the government’s accountability, operations, and services is by tracking the percentage of recommendations that we made 4 years ago that have since been implemented. At the end of fiscal year 2009, 80 percent of the recommendations we made in fiscal year 2005 had been implemented (see fig. 13), primarily by executive branch agencies. Putting these recommendations into practice generates tangible benefits for the nation.

Figure 13: Percentage of Past Recommendations Implemented

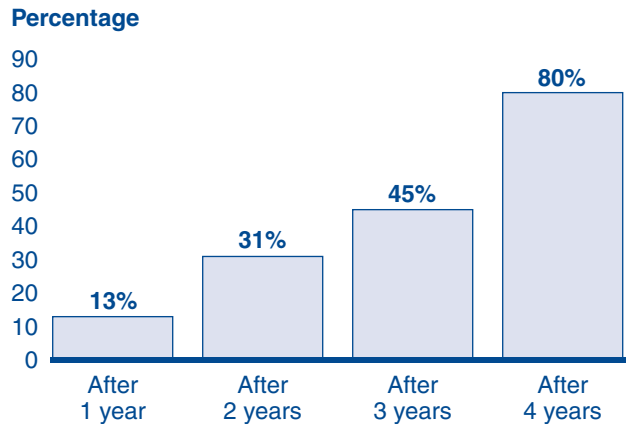


Source: GAO.

The 80 percent implementation rate for fiscal year 2009 met our target for the year. We have not been able to achieve the level of performance we did in past years because, in some cases, we were unable to obtain the agency data that would allow us to fully document that our recommendations had been implemented. As figure 14 indicates, agencies

need time to act on recommendations. Therefore, we assess recommendations implemented after 4 years, the point at which experience has shown that if a recommendation has not been implemented, it is not likely to be.

Figure 14: Cumulative Implementation Rate for Recommendations Made in Fiscal Year 2005



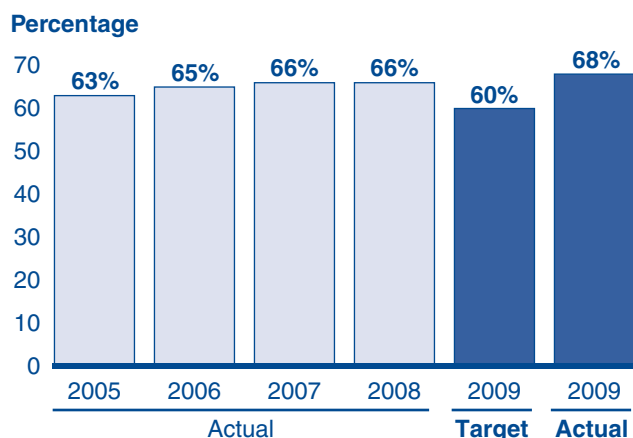
Source: GAO.

New Products Containing Recommendations

In fiscal year 2009, about 68 percent of the 576 written products we issued (excluding testimonies) contained recommendations. (See fig. 15.) We track the percentage of new products with recommendations because we want to encourage staff to develop recommendations that when implemented by the Congress and agencies, produce financial and nonfinancial benefits for the nation. We exceeded our target of 60 percent by 8 percentage points because our audit teams are better emphasizing the need to identify possible recommendations as they plan and

carry out their work. However, we set our target again in fiscal year 2010 at 60 percent because we recognize that our products do not always include recommendations and that the Congress and agencies often find informational reports just as useful as those that contain recommendations. Our informational reports have the same analytical rigor and meet the same quality standards as those with recommendations and, similarly, can help to bring about significant financial and nonfinancial benefits. Hence, this measure allows us ample leeway to respond to requests that result in reports without recommendations.

Figure 15: Percentage of New Products with Recommendations



Source: GAO.

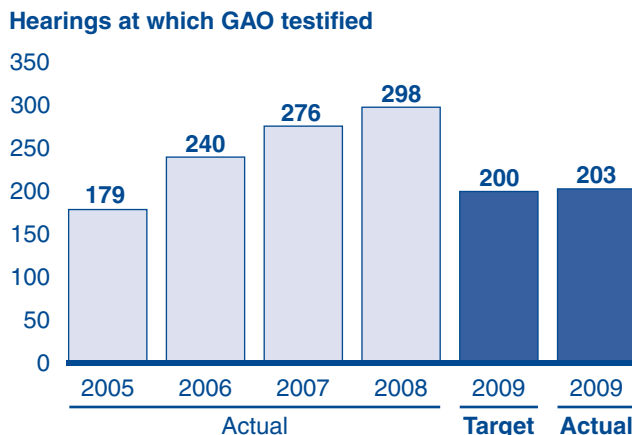
Focusing on Our Client

To fulfill the Congress’s information needs, we strive to deliver the results of our work orally as well as in writing at a time agreed upon with our client. Our performance this year indicates that we assisted the Congress extremely well, by slightly exceeding our target on the number of hearings we participated in and delivering many of our products on time based on the feedback from our client.

Testimonies

Our clients often invite us to testify on our current and past work when it addresses issues that congressional committees are examining through the hearing process. During fiscal year 2009, experts from our staff testified at 203 congressional hearings covering a wide range of complex issues, and we slightly exceeded our target of 200 hearings at which we testify (see fig. 16) by 3 hearings. (See fig. 17 for a summary of issues we testified on by strategic goal in fiscal year 2009.) About 70 of the hearings at which our senior executives testified were related to high-risk areas and programs, which are listed on page 40.

Figure 16: Testimonies



Source: GAO.

Note: In fiscal year 2008, we inadvertently reported six additional hearings. This entry reflects the correct total.

The Congress asked our executives to testify in fiscal year 2009 more than 15 times on homeland security issues; more than 10 times each on climate change and Iraq, Afghanistan, and Pakistan; and 8 times on military and veterans’ health care and disability benefits. We believe that our fiscal year 2010 target of testimonies at 220 hearings is challenging and reflects the number of hearings we are likely to attend given the Congress’s continuing interest in our Troubled Asset Relief Program (TARP) and American

Figure 17:

SELECTED TESTIMONY ISSUES • FISCAL YEAR 2009

Goal 1: Address Challenges to the Well-Being and Financial Security of the American People

- Auto industry bailout
- Nonprime home loans and rising foreclosures
- Pension Benefit Guaranty Corporation financial challenges
- Social Security Administration challenges with disability claims processing
- Wildland fire management
- Mental health services for Hurricane Katrina's youngest victims
- Clean water trust fund
- Department of Veterans Affairs (VA) health care for women veterans
- Corporate crime and deferred prosecutions
- D.C. public school reform efforts
- Limiting United States Postal Service losses
- Reverse mortgages
- Crime victims' rights
- Federal Protective Service

Goal 2: Respond to Changing Security Threats and the Challenges of Globalization

- U.S. strategies and plans in Iraq, Afghanistan, and Pakistan
- Reforming U.S. defense acquisitions
- Planning future army combat systems
- DOD's business transformation
- Financial regulators' oversight of large financial institutions
- Security and Exchange Commission enforcement resources
- TARP
- U.S. cybersecurity strategy
- Screening air cargo on passenger aircraft
- Post-Katrina Emergency Management Reform Act
- Climate change trade measures
- Small Business Administration Disaster Loan Program reforms

Goal 3: Help Transform the Federal Government's Role and How It Does Business

- Recovery Act
- Influenza pandemic
- Health IT
- Management of DOD contractors
- Key National Aeronautics and Space Administration challenges
- U.S. government financial statements
- 2010 Census preparations
- Improper federal payments to suspended businesses
- Offshore financial activity and tax enforcement
- VA and DOD electronic health records
- Illegal export of military technology

Source: FEMA News Photo.

Recovery and Reinvestment Act (Recovery Act) work along with our reviews of the U.S. financial markets and conflicts in Iraq and Afghanistan and terrorism in Pakistan.

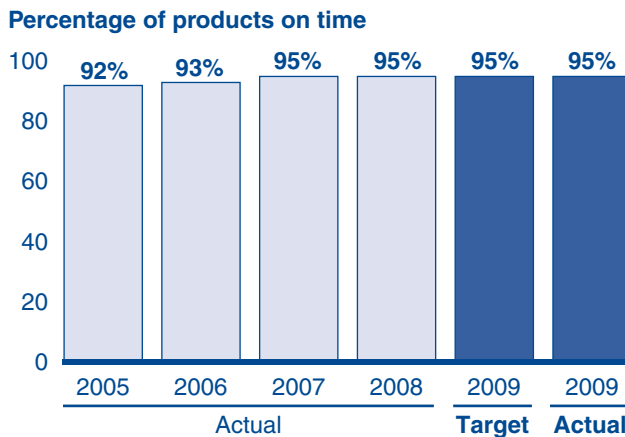
Timeliness

To be useful to the Congress, our products must be available when our clients need them. We outreach directly to our clients through several means, including an electronic feedback form. We use the results of our client feedback form as a primary source and barometer for whether we are getting our products to our congressional clients when they need the information. In fiscal year 2009 we met our timeliness target of 95 percent. To calculate this result we tally responses from the form we send to key congressional staff working for the requesters of our testimony statements and more significant written products (e.g., engagements assigned an interest level of “high” by our senior management⁷ and those expected to reach 500 staff days or more), which represented about 65 percent of the congressionally requested written products we issued in fiscal year 2009. Because our products usually have multiple requesters, we often send forms to more than one congressional staff person per testimony or product. One of the questions on each form asks the client whether the product was provided or delivered on time. In fiscal year 2009, of the forms returned to us, 96 percent of the congressional staff responding answered the question on timeliness. Overall, the response rate to our entire form was 28 percent, though we received feedback on 53 percent of the products for which we sent forms.

⁷As part of our risk-based engagement management process, we identify a new engagement as high interest if the work we need to perform will likely require a large investment of our resources, involve a complex methodology, or examine controversial or sensitive issues.

In fiscal year 2009, we met our timeliness target of 95 percent. We have always set our target for timeliness high because it is important for us to meet congressional needs when they occur, and we set our fiscal year 2010 target at the same 95 percent level.

Figure 18: Timeliness



Source: GAO.

Focusing on Our People

Our highly professional, multidisciplinary, and diverse staff were critical to the level of performance we demonstrated in fiscal year 2009. Our ability to hire, develop, retain, and lead staff is a key factor to fulfilling our mission of serving the Congress and the American people.

Over the last 5 fiscal years, we have refined our processes for measuring how well we manage our human capital. In fiscal year 2009, we exceeded all seven of our people measures. These measures are directly linked to our goal 4 strategic objective of becoming a professional services employer of choice. For more information about our people measures, see *Verifying and Validating Performance Data* on page 84 of this report.

New Hire Rate

Our new hire rate is the ratio of the number of people hired to the number we planned to hire. Annually, we develop a workforce plan that takes into account strategic goals; projected workload changes; and other changes, such as retirements, other attrition, promotions, and skill gaps. The workforce plan for the upcoming year specifies the number of planned hires. The plan is conveyed to each of our units to guide hiring throughout the year. The Chief Operating Officer, the Chief Administrative Officer, the Deputy Chief Administrative Officer, the Chief Human Capital Officer, and the Controller meet monthly, or more frequently if needed, to monitor progress toward achieving the workforce plan.

Adjustments to the workforce plan are made throughout the year, if necessary, to reflect changing needs and conditions. In fiscal year 2009, our adjusted plan was to hire 345 staff. We were able to bring on board 340 staff by year-end. Table 3 shows that we exceeded by 4 percentage points the target we set for our new hire rate. Our success in achieving a 99 percent new hire rate resulted from an aggressive and structured recruitment strategy focused on meeting our current workload demands, as well as the additional requirements in fiscal year 2009 as a result of TARP and the Recovery Act.

Retention Rate

We continuously strive to make GAO a place where people want to work. Once we have made an investment in hiring and training people, we would like them to stay with us. This measure is one indicator of whether we are attaining this objective. We calculate this measure by taking 100 percent minus the attrition rate, where attrition rate is defined as the number of separations divided by the average onboard strength. We calculate this measure with and without retirements. Table 4 shows that prior to fiscal year 2009, we consistently met the 90 percent target rate for overall retention (with retirements), and that we exceed that rate considerably by 4 percentage points in fiscal year 2009, with 94 percent retention. This increase was likely due to the influence of the overall economy, which caused some staff to delay retirements and reduced other attrition via resignations or transfers to other agencies. Similarly, for retention without retirements, we consistently met the target of 94 percent for the 3 of the 4 years prior to fiscal year 2009, but exceeded it in fiscal year 2009 by 2 percentage points. As with the overall retention rate, this increase was likely caused by the overall economy, which has slowed attrition via resignations and transfers.

Table 3: Actual Performance and Targets Related to Our New Hire Rate Measure

Performance measure	2005 actual	2006 actual	2007 actual	2008 actual	2009 target	2009 actual
People						
New hire rate	94%	94%	96%	96%	95%	99%

Source: GAO.

Table 4: Actual Performance and Targets Related to Our Retention Rate Measures Including and Excluding Retirements

Performance measures	2005 actual	2006 actual	2007 actual	2008 actual	2009 target	2009 actual
People						
Retention rate						
With retirements	90%	90%	90%	90%	90%	94%
Without retirements	94%	94%	94%	93%	94%	96%

Source: GAO.

Staff Development and Utilization, Effective Leadership by Supervisors, and Organizational Climate

One way that we measure how well we are supporting our staff and providing an environment for professional growth and improvement is through our annual employee feedback survey. This Web-based survey, which is conducted by an outside contractor to ensure the confidentiality of every respondent, is administered to all of our employees once a year. Through the survey, we encourage our staff to indicate what they think about our overall operations, work environment, and organizational culture and how they rate their immediate supervisors on key aspects of their leadership styles. The survey consists of over 100 questions. From the staff who expressed an opinion, we calculated the percentage of those who selected favorable responses to the related survey questions. Responses of “no basis to judge/not applicable” or “no answer” were excluded from the calculation. While including these responses in the calculation would result in a different percentage, our method of calculation is an acceptable survey practice, and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions. In fiscal year 2009, to better ensure confidentiality of individual responses,

we used the same outside contractor that administered the survey to also analyze the data. (See Part II of this report on pp. 86-89 for additional information about these measures.)

This fiscal year about 74 percent of our employees completed the survey, and we exceeded all four targets (see table 5). In fact, our fiscal year 2009 performance on all of these measures was the highest since fiscal year 2005. The organizational climate measure showed the greatest increase among these measures, exceeding our fiscal year 2009 target by 4 percentage points and our actual performance last fiscal year by 2 percentage points. Our performance on the staff development and leadership measures also beat last fiscal year’s actual performance by 2 percentage points each, and staff utilization showed a 3 percentage point gain over last fiscal year’s results. Given our uneven performance on these measures over the last 5 years, we decided to retain our fiscal year 2009 targets for fiscal year 2010. (See table 1.)

Table 5: Actual Performance and Targets Related to Our Measures of Employee Satisfaction with Staff Development, Staff Utilization, Effective Leadership by Supervisors, and Organizational Climate

Performance measures ^a	2005 actual	2006 actual	2007 actual	2008 actual	2009 target	2009 actual
People						
Staff development ^b	72%	76%	76%	77%	76%	79%
Staff utilization	75%	75%	73%	75%	75%	78%
Effective leadership by supervisors ^c	80%	79%	79%	81%	80%	83%
Organizational climate	76%	73%	74%	77%	75%	79%

Source: GAO.

^aCertain portions of our Web-based survey are used to develop these four measures.

^bBeginning in fiscal year 2006 we changed the way that the staff development people measure was calculated. Specifically, we dropped one question regarding computer-based training because we felt such training was a significant part of (and therefore included in) the other questions the survey asked regarding training. We also modified a question on internal training and changed the scale of possible responses to that question. We show the fiscal year 2005 data on a separate line to indicate that those data are not comparable to the data beginning in fiscal year 2006.

^cIn fiscal year 2009 we changed the name of this measure from “Leadership” to its current nomenclature to clarify that the measure reflects employees’ satisfaction with their immediate supervisors’ leadership.

Focusing on Our Internal Operations

Our mission and people are supported by our internal administrative services, including information management, facility management, knowledge services, human capital, financial management, and other services. To assess our performance related to how well our internal administrative services help employees get their jobs done or improve employees’ quality of work life, we use information from our annual customer satisfaction survey to set targets and assess our performance for both of these measures, which are shown in table 6. We asked staff to rank 31 internal services available to them and to indicate on a scale from 1 to 5 their satisfaction with each service. Our internal operations measures are directly related to our goal 4 strategic objectives of continuously

enhancing our business and management processes and becoming a professional services employer of choice. The first measure encompasses 19 services that help employees get their jobs done, such as Internet access, desktop computer equipment, voice and video communication systems, shared service centers for copying and courier assistance, travel services, and report production. The second measure encompasses another 12 services that affect quality of work life, such as assistance related to pay and benefits, building security and maintenance, and workplace safety and health. Using survey responses, we calculate a composite score for each service category that reflects employee ratings for (1) satisfaction with the service and (2) importance of the service.

Table 6: Actual Performance and Targets Related to Our Internal Operations Measures

Performance measures	2005 actual	2006 actual	2007 actual	2008 actual	2009 target	2009 actual
Internal operations						
Help get job done	4.10	4.10	4.05	4.00	4.00	N/A
Quality of work life	3.98	4.00	3.98	4.01	4.00	N/A

Source: GAO.

Note: We will report actual data for fiscal year 2009 once the data from our November 2009 internal operations survey have been analyzed. N/A indicates that the data are not available yet.

GAO’s High-Risk Program

Since 1990, our high-risk program has highlighted long-standing challenges facing the federal government. Increasingly, the program has focused on those major programs and operations that are in urgent need of broad-based transformation and congressional as well as executive branch action to ensure that our national government functions in the most economical, efficient, and effective manner possible. Our latest regular update, released in January 2009, highlights 30 troubled areas across government. Many of these areas involve critical public service providers, such as the Department of Agriculture (USDA), the Internal Revenue Service (IRS), and the Centers for Medicare and Medicaid Services (CMS), which provides services to Medicare and Medicaid recipients. In July 2009 we added the U.S. Postal Service (USPS) financial condition to the list because the service urgently needs to restructure to address its current and long-term financial viability.

Issued to coincide with the start of each new Congress, our high-risk updates have helped sustain attention from members of the Congress who are responsible for oversight and from executive branch officials who

are accountable for performance. Our focus on high-risk problems contributed to the Congress enacting a series of governmentwide reforms to address critical human capital challenges, strengthen financial management, improve IT practices, and instill a more results-oriented government. Overall, our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical services to the public.

In fiscal year 2009, we determined that sufficient progress was made to merit removing the high-risk designation from one area—the Federal Aviation Administration’s air traffic control modernization. We also designated three new areas as high risk: modernizing the outdated U.S. financial regulatory system, protecting public health through enhanced oversight of medical products, and transforming the Environmental Protection Agency’s (EPA) processes for assessing and controlling toxic chemicals. We added USPS financial condition to the high-risk list later in fiscal year 2009 because amid challenging economic conditions and an accelerated decline in mail volume, USPS is facing a deteriorating financial situation in which it does not expect to cover its expenses and financial obligations in fiscal years 2009 and 2010.

Since our program began, the government has taken high-risk problems seriously and has made progress toward correcting them. The original high-risk list included 14 areas, but over the past 19 years, 38 areas were added, 19 areas were removed, and 2 were consolidated to reach the Current 31 areas. The Department of Defense (DOD) continues to dominate the list with 8 high-risk areas of its own and shared responsibility for 7 more. Table 7 lists each current high-risk area and the year it was placed on the high-risk list.

Our high-risk list work in fiscal year 2009:

- 150 reports
- 71 testimonies
- \$25.7 billion in financial benefits

In fiscal year 2009, we issued 150 reports, delivered 71 testimonies to the Congress, and documented financial benefits totaling approximately \$25.7 billion related to our high-risk areas. Included in these results are reviews we completed that examined the administration of the Medicaid program by CMS. For example, our recommendations to help modernize and safeguard the Medicaid program resulted in \$3.6 billion in financial benefits. Additionally, we evaluated DOD's acquisition of weapons systems resulting in financial benefits of over \$7 billion. Some of our significant work in this area included reviewing the cost and risks of the Joint Strike Fighter program, target attack radar systems, and satellite systems. We also documented about \$5.7 billion in financial benefits from our work examining IRS's enforcement of tax laws. The actions IRS took to improve tax collections in response to our recommendations resulted in over 90 percent of the financial benefits we documented for this high-risk list area in

fiscal year 2009. Our work analyzing DOD's attainment of new weapon systems resulted in approximately \$8 billion in financial benefits. To learn more about our work on the high-risk areas or to download our January 2009 high-risk update in full, go to <http://www.gao.gov/docsearch/featured/highrisk.html>.

General Counsel Decisions and Other Legal Work

In addition to benefiting from our audit and evaluation work, the Congress and the public also benefited from some of our other activities in fiscal year 2009 in the following ways:

- We handled more than 1,600 protests filed by parties who challenged the way individual federal procurements and contracts were handled, and we issued decisions on more than 250 protests addressing a wide range of issues involving compliance with, and the interpretation of, procurement statutes and regulations. For example, we issued decisions concerning the Army's award of contracts for joint light technology vehicles,⁸ the Coast Guard's award of a \$1.3 billion contract for the fast response cutter,⁹ the Department of Energy's (DOE) award of a \$3.3 billion contract for liquid waste remediation services at the agency's Savannah River site,¹⁰ and the National Aeronautics and Space Administration's (NASA) award of a contract for commercial resupply services for the International Space Station.¹¹ In addition, we issued revised bid protest regulations and a new guide to GAO protective orders.

⁸B-400837 et al., Feb. 17, 2009.

⁹B-400697 et al., Jan. 12, 2009.

¹⁰B-400953 et al., Mar. 30, 2009.

¹¹B-401016, B-401016.2, Apr. 22, 2009.

Table 7: GAO's High-Risk List as of July 2009

High-risk area	Year designated high risk
Addressing Challenges in Broad-Based Transformations	
■ Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability	2009
■ Modernizing the Outdated U.S. Financial Regulatory System ^a	2009
■ Protecting Public Health through Enhanced Oversight of Medical Products	2009
■ Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals ^a	2009
■ 2010 Census	2008
■ Strategic Human Capital Management ^a	2001
■ Managing Federal Real Property ^a	2003
■ Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures	1997
■ Implementing and Transforming the Department of Homeland Security	2003
■ Establishing Effective Mechanisms for Sharing Terrorism-Related Information to Protect the Homeland	2005
■ DOD Approach to Business Transformation ^a	2005
■ Business Systems Modernization	1995
■ Personnel Security Clearance Program	2005
■ Support Infrastructure Management	1997
■ Financial Management	1995
■ Supply Chain Management	1990
■ Weapon Systems Acquisition	1990
■ Funding the Nation's Surface Transportation System ^a	2007
■ Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests ^a	2007
■ Revamping Federal Oversight of Food Safety ^a	2007
Managing Federal Contracting More Effectively	
■ DOD Contract Management	1992
■ DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management	1990
■ NASA Acquisition Management	1990
■ Management of Interagency Contracting	2005
Assessing the Efficiency and Effectiveness of Tax Law Administration	
■ Enforcement of Tax Laws ^a	1990
■ IRS Business Systems Modernization	1995
Modernizing and Safeguarding Insurance and Benefit Programs	
■ Modernizing Federal Disability Programs ^a	2003
■ Pension Benefit Guaranty Corporation Single-Employer Insurance Program ^a	2003
■ Medicare Program ^a	1990
■ Medicaid Program ^a	2003
■ National Flood Insurance Program ^a	2006

Source: GAO.

^aLegislation is likely to be necessary, as a supplement to actions by the executive branch, to effectively address this high-risk area.

■ We issued appropriations law and other legal decisions on, among other things, the purposes for which appropriated funds may be used, potential Antideficiency Act violations, and the obligational consequences of various contracting actions. A few decisions and opinions stand out. One opinion, issued in response to a legislative mandate, concluded that DOD's outreach to retired military officers serving as media analysts did not violate the prohibition on using appropriations for publicity or propaganda purposes.¹² The opinion suggested that DOD, nevertheless, should consider policies and procedures for future outreach activities to protect the integrity of, and public confidence in, its public affairs efforts. Another opinion, in which we disagreed with the views of the Department of Justice (DOJ) Office of Legal Counsel, reminded agencies that it is a violation of the Antideficiency Act whenever an agency violates a statutory prohibition on the use of appropriated funds, regardless of whether the prohibition was enacted in the appropriations act from which the funds were obligated.¹³ A third decision advised agencies that notwithstanding the GSA instructions to the contrary, they may not obligate expiring fiscal year appropriations to cover new motor vehicle orders to be finalized in the subsequent fiscal year.¹⁴ We also issued opinions and legal products addressing DOT's authority to apportion federal highway funds based on states' "public-private partnership" roadways,¹⁵ the Department of the Interior's obligation to maintain the navigability of access channels leading to major U.S. waterways,¹⁶ and USDA's plans to provide

access easements to private parties on public lands.¹⁷

- For fiscal year 2009, we received 12 Antideficiency Act reports for our repository and made selected information from these reports publicly available on our Web site. Since the Congress amended the Antideficiency Act in December 2004, requiring agencies to send us a copy of reports of Antideficiency Act violations, we have maintained the official repository of Antideficiency Act reports.
- We continued to report under the Congressional Review Act to the standing committees of jurisdiction of both Houses of the Congress on major rules proposed by federal agencies. For fiscal year 2009, we issued 87 reports. In addition, we updated the Congressional Review Act reports page on our external Web site to make the external search capacity more useful and user-friendly.
- The General Counsel's Legal Services group was instrumental in the completion of an interim collective bargaining agreement covering such matters as grievance and arbitration procedures and also served on the negotiating team that conducted the pay negotiations for the 2009 analyst pay increases. It also participated in informal, weekly meetings with the GAO Employees Organization, International Federation of Professional and Technical Engineers, Local 1921, at which a host of labor management relations issues were discussed.
- We were also instrumental in drafting the provisions of H.R. 2646, the Government Accountability Office Improvement Act of 2009. This bill contains provisions designed to confirm GAO's access and

¹²B-316443, July 21, 2009.

¹³B-317450, Mar. 23, 2009.

¹⁴B-317249, July 1, 2009.

¹⁵B-317634, Aug. 17, 2009.

¹⁶B-316760, Feb. 19, 2009.

¹⁷B-317292, Oct. 10, 2008.

enhance congressional oversight in a number of areas, including the Medicare prescription drug benefit as well as antitrust enforcement.

In fiscal year 2009 we distributed volume III of the third edition of *Principles of Federal Appropriations Law*, commonly known as the Red Book. The Red Book is available to the public on our Web site and is considered the primary resource for appropriations law guidance in the federal financial community. The three-volume Red Book averages thousands of downloads per week as attorneys, budget analysts, financial managers, project managers, contracting officers, and accountable officers from all three branches of the government access it to research questions about budget and appropriations law. We also issued our annual update of the third edition of the Red Book. By the end of calendar year 2009, we will issue an interactive electronic Index and Table of Authorities for the third edition.

Attorneys from General Counsel taught a 2-½-day course on appropriations law 19 times this fiscal year to staff at 12 agencies and to a number of congressional staff. The course explains the framework for analyzing appropriations law issues to ensure that funds are available for obligation with regard to purpose, amount, and time. In addition, appropriations lawyers taught two half-day and two full-day seminars on specialized appropriations law topics for three agencies. To further communication within the appropriations law community across all agencies and within the three branches of government, we hosted our fifth annual appropriations law forum in March 2009, with an analysis of significant decisions and opinions of 2008 and interactive sessions on no-cost contracts and interagency transactions, personal versus official

expenses, and appropriations law issues for political appointees.

Assisted with the Transition

While we, as a legislative branch agency, have extensive experience helping each new Congress, the year 2000 amendments to the Presidential Transition Act point to us as a resource to incoming administrations as well. The act specifically identifies GAO as a source of briefings and other materials to help inform presidential appointees about the major management issues, risks, and challenges they will face.

Our objectives for assisting the 111th Congress and the new administration were to:

- Provide insight into pressing national issues.
- Highlight the growing need for innovative, integrated approaches to solve national and global challenges.
- Document targeted opportunities to conserve resources that can be applied to new initiatives.
- Underscore critical capacity-building needs in individual agencies that will affect implementation of whatever new priorities are pursued.
- Help inform the management improvement agendas of the Congress and the new administration.
- Monitor the implementation of the Presidential Transition Act provisions and identify potential improvements for future transitions

Urgent Issues GAO Identified in November 2008 (listed alphabetically)

- Caring for servicemembers
- Defense readiness
- Defense spending
- Food safety
- Iraq, Afghanistan, and Pakistan
- Oversight of financial institutions and markets
- Preparing for large-scale health emergencies
- Protecting the homeland
- Public diplomacy and international broadcasting
- Retirement of the space shuttle
- Surface transportation
- The 2010 Census
- Transition to digital TV

To accomplish these objectives, we synthesized the hundreds of reports and testimonies we issue every year to provide congressional and executive branch policymakers with a comprehensive snapshot of how things are working across government and to emphasize the need to update some federal activities to better align them with 21st century realities and help transform government. On November 6, 2008, we launched our new transition Web site which reflected our institutional knowledge and broad-based, nonpartisan work on matters across the government spectrum and offered the incoming administration and the Congress key perspectives on program, policy, and management issues confronting the federal government. The site was organized into six major sections:

Urgent Issues: A number of pressing issues demand urgent attention and continuing oversight to ensure the nation's security and well-being. GAO profiles 13 such issues, including oversight of financial institutions and markets; U.S. efforts in Iraq, Afghanistan, and Pakistan; oversight of food safety; protecting the homeland; and preparing for large-scale health emergencies.

Agency-by-Agency Issues: Each agency faces a range of distinctive major challenges affecting its mission, budget, and programs. GAO summarizes its work at 28 federal agencies.

Major Cost-Saving Opportunities: A number of opportunities exist to limit costs, reduce waste across agencies and programs, and collect revenues already due the government. GAO discusses about 50 such opportunities identified in its previously published work.

Management Challenges across the Government: Agencies share a number of management challenges to improve operational efficiency and effectiveness and address current and emerging demands.

Long-Term Fiscal Outlook: Given the federal government's long-term fiscal challenges, consideration should be given to an array of efforts to address the growing imbalance between expected spending and tax revenues. This is important to America's long-term economic growth, quality of life, and security.

Examples of Upcoming GAO Reports on Major National Issues: GAO's forthcoming work focuses on a wide range of key federal policies and programs.

The site also included our recommendations, key reports for further research, and contacts for specific areas.

In addition to our Internet outreach through the transition Web site, our senior executives met with new and returning members of the Congress, key congressional staff, and members of the new administration as part of our transition activities.

Since we launched the transition Web site, we have issued a number of products related to the urgent issues we identified for the new administration and the Congress, covering topics such as securing, stabilizing, and developing Pakistan's border area with Afghanistan; improving solvency mechanisms for the U.S. highway trust fund; and sustaining focus on the nation's planning and preparedness for the influenza pandemic. Our transition effort also included our high-risk report, which we discussed previously. We updated the site to focus on high risk and other major management challenges facing the government.

The Troubled Asset Relief Program

On October 3, 2008, the Congress assigned GAO important responsibilities in the Emergency Economic Stabilization Act of 2008 related to the \$700 billion TARP, which was designed to help the nation deal with its serious financial and economic problems. Our work monitoring TARP, involved examining (1) TARP's performance in meeting the purposes of the act; (2) the financial condition and internal controls of TARP, its representatives, and agents; (3) the characteristics of both asset purchases and the disposition of assets acquired, including any related commitments that are entered into; (4) the program's efficiency in using the funds appropriated for its operation; (5) TARP's compliance with applicable laws and regulations; (6) efforts to prevent, identify, and minimize conflicts of interest of those

involved in TARP's operations; and (7) the efficacy of contracting procedures.

We are responsible for submitting reports to the Congress at least every 60 days regarding findings in these areas, and by the end of fiscal year 2009 we had issued over 15 products related to TARP, including 7 60-day reports. These products covered issues such as financial assistance and restructuring of the automobile industry; the status of efforts to address home mortgage defaults and foreclosures; and efforts to address the transparency and accountability of TARP, which include 35 recommendations for improvements. The act also mandates a onetime report to the Congress on the role that leveraging and sudden deleveraging of financial institutions played in the nation's financial crisis spurred by subprime home loans, which we issued on July 22, 2009 (GAO-09-739). In addition, we were given responsibility for auditing the annual financial statements of the entity established to implement TARP—the Department of the Treasury's Office of Financial Stability within the Office of Domestic Finance.

To perform this work, we assembled interdisciplinary teams with a wide range of technical skills, including financial market and public policy analysts, accountants, lawyers, and economists who combined resources across the agency. In addition, we leveraged knowledge bases developed during our prior work that assessed actions taken in response to previous financial crises, such as the savings and loan crisis. We also buttressed our in-house technical expertise with targeted new hires and outside experts. We conducted this oversight work as we typically do—in an objective, fact-based, and independent manner.

The American Recovery and Reinvestment Act of 2009

The \$787 billion Recovery Act is intended to address the nation's most serious economic crisis since the Great Depression. The law, passed in February 2009, contains 12 mandates for GAO, including requirements to conduct bimonthly reviews of how states and localities are using Recovery Act funds and to issue subsequent reports based on these reviews. We are also required to report quarterly on recipient reports on job creation under the act.

To ensure that our work was coordinated with that of others in the accountability community who were also given significant Recovery Act responsibilities, we held meetings with the IGs from 17 federal agencies and met with the head of the Recovery Accountability and Transparency Board. In addition we participated in teleconferences with state auditors from 46 states and with local government auditors who perform important oversight functions in their jurisdictions.

In April 2009 we successfully completed our first Recovery Act task—to appoint 13 members to a committee that will make recommendations concerning the electronic interchange of health information. We solicited and reviewed nearly 300 nominations to fill the positions within the legislatively mandated 45-day time frame. We also issued our assessment on the Small Business Administration's (SBA) efforts to increase liquidity in the secondary market for SBA loans within the 60-day time frame required by the Recovery Act (GAO-09-507R, Apr. 16, 2009). Later that month, we issued our first bimonthly report on selected states' use of the Recovery Act funds (GAO-09-580, Apr. 23, 2009) and testified before the Congress on our findings

and made a number of recommendations aimed at the Office of Management and Budget (OMB) to address concerns about the act's accountability and transparency requirements, the use of Recovery Act funds to support state efforts to ensure accountability and oversight, and notification to interested parties of the availability of funds. We subsequently issued our second and third bimonthly reports (GAO-09-829 and GAO-09-1016). These reports are based on our longitudinal study of 16 states and certain localities within those jurisdictions as well as the District of Columbia that covers about two-thirds of the Recovery Act funds administered by states and localities. In those 17 locations, we are focusing on federal programs estimated to account for about 90 percent of Recovery Act outlays administered by states and localities for fiscal year 2009. Teams of experienced staff from across our agency gathered information on how the states and the District of Columbia plan to use the funds, their accountability approaches, and their plans to evaluate the impact of funds. In these bimonthly reviews, we made a number of recommendations, primarily to OMB. In response, OMB has already issued guidance to federal agencies and state and local governments on how to track and report on the use and impact of Recovery Act funds. By the close of fiscal year 2009, we had issued three bimonthly reports and a number of other products.

Because of the high level of public interest in the Recovery Act, we established a separate page on our external Web site devoted to our work on Recovery Act mandates. In one place (www.gao.gov/recovery), individuals can find information about the Recovery Act, access our bimonthly reviews on the use of funds, use an interactive map to access reports on each the selected states and the District of Columbia, learn about other mandates and related work, and find out how to report

allegations of abuse of Recovery Act funds. Our FraudNet also put out a special call for the public to report allegations of fraud, waste, abuse, and mismanagement in the use of Recovery Act funds (see <http://www.gao.gov/press/fraudnet2009mar30.pdf>).

Managing Our Resources

Resources Used to Achieve Our Fiscal Year 2009 Performance Goals

Our financial statements for the fiscal year ended September 30, 2009 were audited by an independent auditor, Clifton Gunderson, LLP, and received an unqualified opinion. They found our internal controls to be effective—which means that no material weaknesses were identified—and reported that we substantially complied with the applicable requirements for financial systems in FFMIA. In addition, they found no instances of noncompliance with the laws or regulations in the areas tested. In the opinion of the independent auditor, our financial statements are presented fairly in all material respects and are in conformity with generally accepted accounting principles. The auditor's report, along with the statements and their accompanying notes, begin on page 98 in this report.¹⁸ Table 8 summarizes key data.

Compared with the statements of large and complex agencies in the executive branch, our statements present a relatively simple picture of a small yet very important agency in the legislative branch. We focus most of our financial activity on the execution of our congressionally approved budget with most of our resources devoted to the human capital needed for our mission.

¹⁸Note 14 to the financial statements describes our Davis-Bacon Act trust function. For more detailed Davis-Bacon Act financial information, contact our General Counsel.

In fiscal year 2009, our budgetary resources included new appropriations of \$556 million, which includes \$25 million, available through September 2010, as provided by the Recovery Act. In fiscal year 2009, we hired 74 re-employed annuitants and other staff under temporary appointments, to supplement existing staff conducting the reviews and meet the 60-day reporting requirements under the Recovery Act, at a cost of \$4.2 million for staffing and related travel for the six month period ending September 30, 2009. Approximately \$20.8 million remains available to continue these efforts in fiscal year 2010.

GAO also received \$7.3 million in reimbursement from the Department of the Treasury to support activities related to monitoring the implementation of TARP including bimonthly reporting and conducting an annual financial audit of the \$700 billion authorized for TARP.

Our total assets were \$136 million, consisting mostly of property and equipment (including the headquarters building, land and improvements, and computer equipment and software) and funds with the U.S. Treasury. The balance in Funds with the U.S. Treasury increased by \$31 million, a result of the combination of increased fiscal year annual appropriation and the new appropriation for the Recovery Act that is available through September 2010. This is also reflected in the increase in unexpended appropriations this fiscal year. The net property and equipment balance decreased largely due to new assets under capital lease added at the end of fiscal year 2008 with related depreciation reflected this fiscal year. Total liabilities of \$111 million were composed largely of employees' accrued annual leave, amounts owed to other government agencies, workers' compensation, and employees' salaries and benefits. The greatest change in our liabilities is an

Table 8: GAO's Financial Highlights: Resource Information (Dollars in millions)

	Fiscal year 2009	Fiscal year 2008
Total budgetary resources ^a	\$580.6	\$519.0
Total outlays ^a	\$539.9	\$500.4
Net cost of operations		
Goal 1: Well-being and financial security of the American people	\$191.3	\$201.2
Goal 2: Changing security threats and globalization challenges	168.4	161.1
Goal 3: Transforming the federal government's role	177.1	150.6
Goal 4: Maximizing the value of GAO	27.7	22.6
Less reimbursable services not attributable to goals	(5.7)	(5.9)
Total net cost of operations^a	\$558.8	\$529.6
Actual FTEs	3,204	3,081

Source: GAO.

^aThe net cost of operations figures include nonbudgetary items, such as imputed pension and depreciation costs, which are not included in the figures for total budgetary resources or total outlays.

increase of \$3.6 million in intragovernmental accounts payable due primarily to the timing of government billings resulting in a larger accrual this fiscal year as compared to last fiscal year.

The net cost of operating GAO during fiscal year 2009 and fiscal year 2008 was approximately \$559 million and \$530 million, respectively. Expenses for salaries and related benefits accounted for 79 and 78 percent of our net cost of operations in fiscal years 2009 and 2008, respectively. The increase in operating costs reflects, in part, a combination of new hires due to TARP and Recovery Act work and a lower agencywide attrition rate in fiscal year 2009. Figure 19 shows how our fiscal year 2009 costs break down by category.

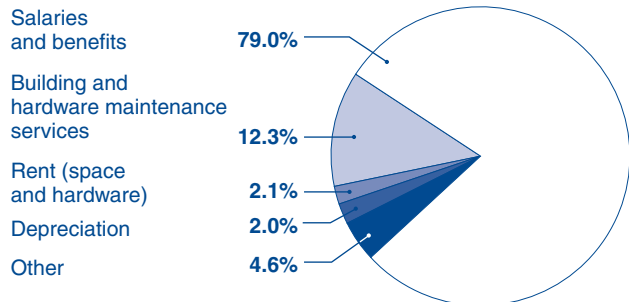
We report net cost of operations according to our four strategic goals, consistent with our strategic plan. Overall, our net costs of operations increased by \$29 million, due

primarily to increases in salaries and benefits. All four of our strategic goals show sizable shifts in costs in fiscal year 2009. The change in costs for goals 1, 2, and 3 can be explained largely by our efforts on both the TARP and Recovery Act efforts begun this fiscal year. As a result of these efforts, experienced personnel resources were diverted from our goal 1 (Well-being and financial security of the American people) efforts, that shows a net cost decrease, to assist in goal 2 (Changing security threats and globalization challenges) and goal 3 (Transforming the federal government's role). These personnel, in addition to the new hires previously discussed, contributed to the increases seen in both goals 2 and 3, which include TARP and Recovery Act efforts. The increase in net costs of goal 4 (Maximizing the value of GAO) reflects new technology-related projects, including developing our enterprise architecture, improving engagement system support, and beginning the process of

modernizing our human capital information systems.

Figure 19: Use of Fiscal Year 2009 Funds by Category

Percentage of total net costs

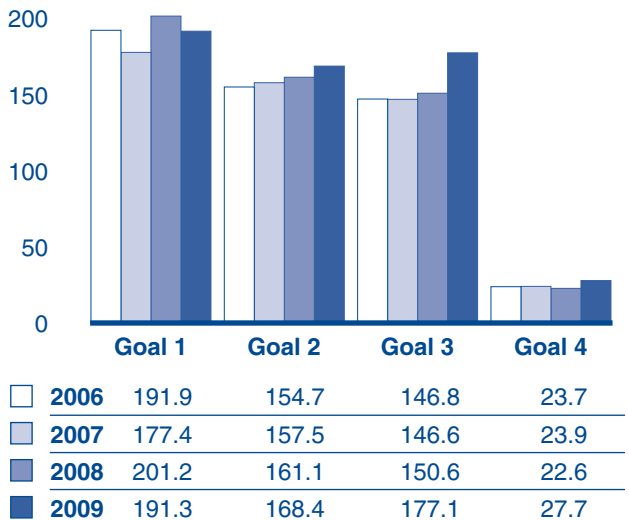


Source: GAO.

Figures 20 and 21 show our net costs by goal for fiscal year 2006 through fiscal year 2009. Figure 20 shows costs unadjusted for inflation, while figure 21 shows the same costs in 2009 dollars, that is, adjusted for inflation.

Figure 20: Net Cost by Goal, Unadjusted for Inflation

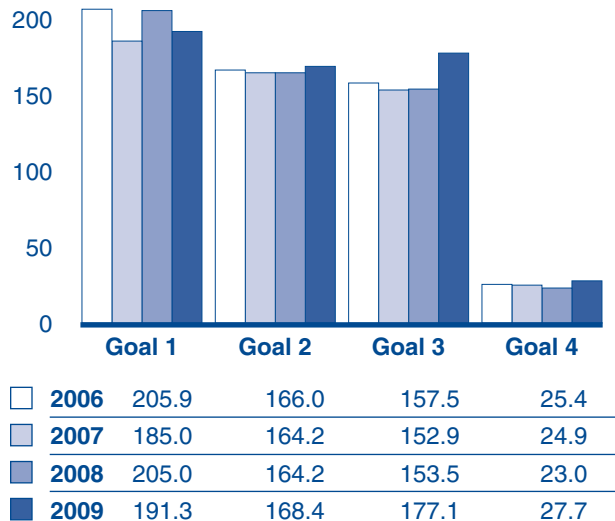
Dollars in millions



Source: GAO.

Figure 21: Net Cost by Goal, Adjusted for Inflation

Dollars in millions



Source: GAO.

Financial Systems and Internal Controls

We recognize the importance of strong financial systems and internal controls to ensure our accountability, integrity, and reliability. To achieve a high level of quality, management maintains a quality control program and seeks advice and evaluation from both internal and external sources.

We complied with the spirit and intent of Appendix A, OMB Circular A-123, *Management's Responsibility for Internal Control*, which provides guidance for agencies' assessments of internal control over financial reporting. We performed this assessment by identifying, analyzing, and testing internal controls for key business processes. Based on the results of the assessment, we have reasonable assurance that internal control over financial reporting, as of September 30, 2009, was operating effectively and that no material control weaknesses exist in the design or operation of the internal controls over financial reporting. Additionally, our independent auditor found that we maintained

effective internal controls over financial reporting and compliance with laws and regulations. Consistent with our assessment, the auditor found no material internal control weaknesses.

We are also committed to fulfilling the internal control objectives of FMFIA. Although we are not subject to the act, we comply voluntarily with its requirements. Our internal controls are designed to provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of financial statements and assets are safeguarded against loss from unauthorized acquisition, use, or disposition and transactions are executed in accordance with the laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements.

In addition, we are committed to fulfilling the objectives of FFMIA. Although not subject to the act, we voluntarily comply with its requirements. We believe that we have implemented and maintained financial systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the *U.S. Government Standard General Ledger* at the transaction level as of September 30, 2009. We made this assessment based on criteria established under the Improvement Act and guidance issued by OMB.

GAO's IG also conducts audits and investigations that are internally focused. During fiscal year 2009, the IG examined compliance with our policy and procedures for conflict-of-interest determinations and conducted reviews of our information security program and internal control activities. In addition, the IG managed an internal hotline for use by our employees and contractors to

report potential fraud, waste, and abuse in our operations. Finally, the IG independently tested our compliance with procedures related to several of our performance measures—this is done on a rotating basis. These actions are specifically identified in the table that begins on page 79. No material weaknesses were reported by the IG.

In addition, our Audit Advisory Committee assists the Comptroller General in overseeing the effectiveness of our financial reporting and audit processes, internal controls over financial operations, and processes that ensure compliance with laws and regulations relevant to our financial operations. The committee is composed of individuals who are independent of GAO and have outstanding reputations in public service or business with financial or legal expertise. The current members of the committee are as follows:

- Sheldon S. Cohen (Chairman), a certified public accountant and practicing attorney in Washington, D.C.; a former Commissioner and Chief Counsel of IRS; and a Senior Fellow of the National Academy of Public Administration.
- Edward J. Mazur, CPA, Senior Advisor for Governmental Financial Management at Cherry, Bekaert & Holland, LLP; past member of the Governmental Accounting Standards Board; former State Comptroller of Virginia; and a former Controller of the Office of Federal Financial Management in OMB.
- Judith H. O'Dell, CPA CVA, President of O'Dell Valuation Consulting LLC, Chair of Financial Accounting Standards Board's Private Companies Financial Reporting Committee; former trustee of the Financial Accounting Foundation which is responsible of overseeing, funding, and appointing members of the Financial

Accounting Standards Board and the Governmental Accounting Standards Board; and former member of the board of directors of the American Institute of Certified Public Accountants.

The committee's report appears in Part III of this report on page 97.

Limitation on Financial Statements

Responsibility for the integrity and objectivity of the financial information presented in the financial statements in this report rests with our managers. The statements were prepared to report our financial position and results of operations, consistent with the requirements of the Chief Financial Officers Act, as amended (31 U.S.C. 3515). The statements were prepared from our financial records in accordance with the formats prescribed in OMB Circular No. A-136, *Financial Reporting Requirements*. These financial statements differ from the financial reports used to monitor and control our budgetary resources. However, both were prepared from the same financial records.

Our financial statements should be read with the understanding that as an agency of a sovereign entity, the U.S. government, we cannot liquidate our liabilities (i.e., pay our bills) without legislation that provides resources to do so. Although future appropriations to fund these liabilities are likely and anticipated, they are not certain.

Planned Resources to Achieve Our Fiscal Year 2010 Performance Goals

In fiscal year 2010, we received an appropriation of \$556.8 million—an increase of 4.9 percent over fiscal year 2009—and authorization to use \$15.2 million in offsetting collections, including new authority to seek and retain reimbursements for audits

of the financial statements of the IRS and the Schedule of Federal Debt. These resources will allow us to continue to perform a range of oversight-, insight-, and foresight-related engagements that support the Congress in meeting its constitutional responsibilities and to meet the performance goals outlined in our Strategic Plan. Our fiscal year 2010 budget will be used to further strengthen our capacity to provide timely support to the Congress in confronting the difficult challenges facing the nation. We will also continue mandated work required by the Recovery Act and TARP. With the \$21 million unobligated balances available from the Recovery Act appropriation and \$11.3 million in anticipated reimbursements for TARP, GAO's total budget authority in fiscal year 2010 is \$604.4 million.

Table 9 provides an overview of our staffing full-time equivalent (FTE) and monetary resources by strategic goal.

Table 9: Fiscal Year 2010 Budgetary Resources by Strategic Goal

Strategic goal	FTEs	Amount (dollars in millions)
Goal 1: Well-being and financial security of the American people	1,103	\$195.1
Goal 2: Changing security threats and globalization challenges	1,053	186.2
Goal 3: Transforming the federal government’s role	1,147	202.8
Goal 4: Maximizing the value of GAO	115	20.3
Total	3,418	\$604.4

Source: GAO.

Our fiscal year 2010 budget supports the strategic goals, including work related to the nation’s financial and housing market crisis, as well as other emerging issues through the following activities:

- Increase our staff capacity, including Recovery Act and TARP, by 214 FTEs from fiscal year 2009 to fiscal year 2010 to meet increased congressional demand and provide more timely responses to congressional requests.
- Address human capital challenges and components, such as performance-based compensation, succession planning, and enhancing staff skills and competencies, including leadership and diversity training.
- Continue progress on (1) planned IT improvements that will enhance the productivity and effectiveness of our staff and (2) facility infrastructure maintenance and improvements to enhance energy efficiency and upgrade antiquated building and security systems.

Strategic and Annual Work Planning

Advisory boards and panels support our strategic and annual work planning to identify key trends, opportunities and challenges, and lessons learned across the national and international audit community that we should factor into our work. During fiscal year 2009, we framed the agendas of the Comptroller General advisory entities (i.e., the Comptroller General Advisory Board (CGAB), the Domestic Working Group, the Global Working Group, the Educators Advisory Panel, and the Accountability Advisory Council) around the theme of the global financial crisis. The CGAB, with over 40 members from the public, private, and nonprofit sectors, has broad expertise in areas related to our strategic objectives and advises us on key trends and emerging issues that could affect the work we do in support of our strategic objectives.

Domestically, our investment in the Intergovernmental Audit Forum (IAF) and the intergovernmental audit and accountability community allowed us to quickly tap into this community to facilitate our Recovery Act engagement work for the Congress. For example, through

our participation in the International Organization of Supreme Audit Institutions (INTOSAI) Public Debt Working Group, we obtained important perspectives on the anticipated consequences of the economic downturn. As a result of this and many other inputs, the Acting Comptroller General established an internal GAO coordinating group that monitored the financial crisis and met periodically to share information and knowledge across teams.

Through the National Intergovernmental Audit Forum, we brought together OMB, IGs, state and local auditors, and the accountability community for a May meeting built around the theme of the global financial crisis and the challenges of performing “real time auditing.” We also organized nine meetings/seminars in the eight IAF regions where our staff serve as executive directors to promote dialogue among the intergovernmental audit and accountability community regarding the Recovery Act and associated opportunities and challenges. To facilitate coordination and communications with the IGs with substantial Recovery Act requirements, we also convened two meetings—a joint meeting with the entities formerly known as the President’s Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency, and the new entity, the Council of Inspectors General for Integrity and Efficiency.

Typically, the Acting Comptroller General meets annually with the 18-member Domestic Working Group. However, we convened two meetings this year of the Domestic Working Group to leverage the knowledge of and network with the heads of select federal, state, and local audit institutions. By tapping our relationship with the National Association of State Auditors, Comptrollers, and Treasurers we were able to leverage its communications infrastructure and quickly facilitate our access

to people and information in the sample states we identified for our Recovery Act longitudinal study. Specifically, we coordinated a series of teleconferences that included the Acting Comptroller General, our Recovery Act engagement teams, OMB representatives, IGs, state auditors, and local auditors.

The Global Working Group, comprising the Acting Comptroller General and 18 heads of national audit offices, served a similar purpose as the Domestic Working Group. During the fiscal year 2009 annual meeting, we gained information and knowledge relating to the experiences and lessons learned of supreme audit institutions (SAI) and their respective countries in past financial crises and the current global financial crisis. We also gained insights into emerging issues related to fraud and corruption, changes in the role of national audit offices, and environmental audit.

In fiscal year 2009, we continued our process for updating our strategic plan for 2010 through 2015. Our Strategic Planning and External Liaison office worked closely with all the teams and units across the agency that support our four strategic goals to identify any new issues or trends that in the near future could affect the work we do for the Congress or our internal initiatives. We also developed and incorporated new approaches into our strategic planning process. For example, we

- documented the strategic planning process as part of GAO’s overall enterprise architecture and identified potential inefficiencies and pain points,
- validated the results of our external environmental scan, and
- developed a Wiki page to enhance information and knowledge sharing regarding strategic planning across teams.

Collaborating with Others

By collaborating with our domestic and global networks, we have acquired, expanded, and shared our knowledge and expertise, which helped to build capacity within our agency and among our collaborative partners. On the international front, this has become increasingly important as more of our domestic challenges require global collaboration and our staff are engaged in work that requires them to obtain information from foreign governments and officials.

Through INTOSAI, we are leaders and active members of teams working on the strategic plan goals of enhancing professional standards, capacity building, knowledge-sharing, and good governance. Through our participation in the Professional Standards Committee and subcommittees, we are able to stay abreast of changes in international accounting, auditing, and reporting standards. In participating in the knowledge-sharing working groups (i.e., Public Debt, Information Technology, Environmental Auditing, Program Evaluation, Fight Against International Money Laundering and Corruption, and Key National Indicators) and task forces, we acquire knowledge and build a network of professionals and experts in other countries that we can access. This year, we organized meetings of GAO representatives to the INTOSAI working groups to facilitate knowledge sharing among our representatives in order to better disseminate knowledge gained through our INTOSAI working groups throughout GAO.

In November 2008, INTOSAI's Governing Board asked GAO to assume the chairmanship of the new Task Force on the Global Financial Crisis: Challenges to Supreme Audit Institutions (SAIs). GAO held two meetings with the first in-person meeting from June 29 through July 1, 2009,

that was attended by 24 of the 25 member countries, including eight auditors general. The meeting provided a forum to share information and knowledge about the effect of the financial crisis globally and helped expand GAO's knowledge about the causes of the financial crisis, the stimulus initiatives that had been implemented, the impact on the real economy, and challenges to the national audit offices.

In addition, we published INTOSAI's quarterly *International Journal of Government Auditing* in five languages to foster global understanding of professional standards, best practices, and technical issues. In fiscal year 2009, we developed a project plan for expanding the journal's Web presence so that we can continue to make the publication more useful to INTOSAI members and more accessible to our global readership.

As our contribution to building capacity in national audit offices around the world, we conduct an annual International Auditor Fellowship Program for mid- to senior-level staff from other countries. The program is in its 30th year, and is designed to strengthen the ability of the national audit offices to fulfill their missions and to enhance accountability and governance worldwide. Since the program's inception, over 400 mid- to senior-level officials from counterpart offices of more than 101 countries have graduated. Many of them have become auditors general, deputy auditors general, or government ministers. Through this program, GAO instructors, mentors, and sponsors become part of a global network that helps support GAO engagements. Also, the goodwill engendered by the program supports our country's image abroad.

Other collaborative activities undertaken by our staff this year are as follows.

- **Donors Funding Initiative.** The Acting Comptroller General assumed the responsibility from his predecessor to chair the INTOSAI Task Force on the Donor Funding Initiative. We have collaborated with our INTOSAI colleagues, the World Bank, donor organizations, and the United States government to support the principle that SAIs play an important role in good governance and that the donor community should support the SAIs in developing countries. On October 20, 2009, representatives of about 15 donor organizations signed an international memorandum of understanding with INTOSAI marking the willingness of all parties to work in a coordinated way and make better use of scarce financial and human resources. To view the memorandum of understanding, go to <http://www.intosai.org/en/portal/>.
- **Peer review.** We are part of the Global Working Group peer review assistance network. Canada has led the peer review of GAO twice thus far. This year, GAO led the peer review of Mexico's SAI. This collaboration with our international counterparts saves GAO money in that we pay significantly less for our peer review when it is performed by our network rather than by a public accounting firm. In participating in the peer review network, we are also able to learn from each other and share best practices.
- **Pandemic preparedness.** Foreseeing the potential for a pandemic related to the avian flu, we collaborated with our Domestic Working Group network to assess preparedness at the federal, state, and local levels by monitoring preparedness in our respective jurisdictions. The collaborative work that we conducted has helped inform our pandemic work and is particularly relevant

now that we are in the midst of a pandemic related to H1N1, commonly known as the swine flu.

- **Communications.** In addition to IAF meetings/conferences, GAO staff have participated in numerous conferences, Web casts, and teleconferences. An example of how this helps leverage GAO resources is the collaboration we engaged in with the Institute of Internal Auditors (IIA) for an IIA-sponsored Web cast on the Recovery Act. IIA has a global membership of 160,000. In collaborating with IIA, we were able to tap and educate a much broader audience domestically and internationally on GAO's Recovery Act work than we otherwise could have using our existing resources.

Using Our Internal Experts

We coordinated extensively within our own organization on our strategic and annual performance planning efforts, as well as on the preparation of our performance and accountability reports. Our efforts are completed under the overall direction of the Acting Comptroller General. We relied on our Chief Administrative Officer/Chief Financial Officer and her staff to provide key information, such as the financial information that is included in part III of this report. Her staff also coordinated with others throughout the agency to provide the information on goal 4's results, which appears in part II of this report, and provided input on other efforts dealing with issues that include financial management, budgetary resources, training, and security. We obtained input on all aspects of our strategic and annual performance planning and reporting efforts from each of our engagement teams and organizational units through their respective managing directors, as well as other staff responsible for planning or engagement activities in the

teams. Staff from QCI prepared the report, ensuring, among other things, that the report responded to comments and suggestions received from the Association of Government Accountants and other reviewers. In short, we involved virtually every part of our agency and used our internal expertise in our planning and reporting efforts.

Internal Management Challenges and Mitigating External Factors That Could Affect Our Performance

At GAO, management challenges are identified by the Comptroller General, the Executive Committee, and the agency's senior executives through the agency's strategic planning, management, and budgeting processes. Our progress in addressing the challenges is monitored through our annual performance and accountability process. Under strategic goal 4, we establish performance goals focused on each of our management challenges, track our progress in completing the key efforts for those performance goals quarterly, and report each year on our progress toward meeting the performance goals. Each year, we ask our IG to examine management's assessment of the challenges and the agency's progress in addressing them. (See part IV for the IG's assessment.)

For fiscal year 2009, we continued to address three management challenges—physical security, information security, and human capital. We anticipate that we will continue to need to address all three challenges in future years because they are evolving and will require us to continually identify ways to adapt and improve. We will report any changes as we monitor and report on our progress in addressing the challenges through our annual performance and

accountability process. The following sections describe our recent and planned efforts to address these challenges.

Physical Security Challenge

The impact of domestic and international events, both ongoing and anticipated, continues to present us with a physical security challenge, including emergency preparedness issues, now and in the foreseeable future. To strengthen our ability to protect our people and our assets, we must constantly assess our physical security profile and continuity of operations programs vis-à-vis the domestic and international climate. We continue to build on our previous efforts, identifying and implementing improvements and pursuing new initiatives to protect our workers and assets and ensure continuity of operations. During fiscal year 2009, we

- strengthened our continuity of operations program by documenting policy and program requirements, and further developed a number of new continuity components, including a command and control team, an evacuation/shelter in place team, and an IT contingency team to handle IT failures;
- examined the effectiveness of recent improvements implemented to address vulnerabilities identified through an independent security assessment and developed recommendations for future enhancements;
- strengthened our emergency readiness in headquarters through continuing training, exercises, and drills (e.g., evacuations, shelter in place drills, and tests of our Web Emergency Operation Center administration);

- enhanced communications with our workforce, for example by, updating information on posters, reference guides, Web sites, and labels designating shelter in place areas, sponsoring a national preparedness month fair, and implementing emergency e-mail and automated phone notification capabilities;
 - coordinated emergency preparedness activities with a number of federal and local entities;
 - began upgrading electronic security systems in our field offices and conducted an assessment for integrating field office electronic security systems into headquarters' system;
 - initiated actions to develop a comprehensive GAO Facility Security Plan and reviewed other agency documents to identify government security best practices;
 - opened for competitive bids a new security guard force contract at GAO headquarters to strengthen the contract requirements, address areas of concern, and gain efficiencies by merging two separate contracts into one;
 - initiated security reviews on employees whose investigations are over 15 years old to meet Homeland Security Presidential Directive (HSPD) 12 requirements; and
 - contracted for an assessment and design of a new mobile radio system for the Security Operations Center in headquarters.
- continue upgrading the electronic security systems in field offices and begin their integration with headquarters' system;
 - develop and finalize a facility security plan that outlines all of our facility security functions and identifies specific responses to the different homeland security threat levels;
 - examine the current visitor management processes to identify ways to streamline, improve customer service, and reduce visitor processing times while improving accountability and access control;
 - assess the results of the mobile radio system assessment and design, and plan for a follow-on contract to install a new system with increased communications coverage, reliability, and availability throughout and around the headquarters building, to enhance security and emergency operations communications; and
 - initiate security investigations on our contract workforce to meet HSPD-12 requirements.

To continue to improve our physical security profile, strengthen our efforts to become a model security agency, and address the continuing and future issues that will challenge us in upcoming years, in fiscal year 2010 we plan to

Information Security Challenge

Given the constantly evolving nature of threats to information and information system assets, information security will continue to be a management challenge for us and all government and private sector entities in the foreseeable future. While we are not required by law to comply with the Federal Information Security Management Act (FISMA), we have adopted FISMA requirements to help us meet the challenges of ensuring information system security.

Our overall goal is to ensure that information protection requirements extend across the life cycle of documentation from data collection,

report production, data transmission, and storage to the eventual archiving and disposal of data. In support of this goal, our Information Security and Information Systems Security Programs address the full range of requirements associated with securely accessing, handling, storing, and disposing of classified and sensitive national security information stored electronically and on paper. They also work hand in hand to educate staff on handling sensitive information and raise awareness of the need to maintain appropriate security to reduce the risk of compromise of such information.

In fiscal year 2009, we

- implemented a GAO Unit Security Manager's program for headquarters and field offices and provided specialized security training to all managers;
- conducted security inspections at headquarters and field offices to identify and address information security trends and weaknesses and inform our security education and awareness programs;
- provided annual security awareness training to all employees and specialized training for systems managers, administrators, and developers;
- strengthened our inventory controls over physical IT assets and improved our processes and procedures to manage receipt, storage, and issuance of equipment;
- completed assessments of systems operated by third parties, developed guidance and testing procedures for conducting site visits, and validated the protection of GAO information based upon established federal standards;
- increased oversight and security reviews of information systems and identified and remediated potential weaknesses;
- established new standards for the certification and accreditation of information systems, including the mainframe processing system;
- completed the deployment of secure desktop configurations that include encryption, two-factor authentication, and an integrated security suite for our new workstations to protect data on our laptops and other mobile media, such as USB flash drives;
- increased our change management and configuration management capabilities by automating the monitoring of systems for unauthorized internal changes;
- upgraded our network monitoring capability to better detect unauthorized intrusions (i.e., external threats) and monitor changes in our information system assets; and
- integrated the privacy impact assessment into our processes for system security reviews.

We will further strengthen our information security programs in fiscal year 2010 to ensure our capability to address continuing and future issues by

- revising our new hire, initial, and annual security awareness training for staff handling both classified and sensitive unclassified information;
- identifying additional data protection encryption and identity management options to provide better access control to the GAO network and information;

- increasing vigilance in the centralized auditing of network servers and devices through additional auditing staff resources, automated tools, and notebook computer security controls;
- implementing new and updated security guidance from the National Institute of Standards and Technology (NIST) and OMB, and monitoring systems in accordance with OMB, NIST, and FISMA guidance;
- refining our security processes and procedures, enhancing our contingency operations, and identifying and implementing appropriate new technologies to improve our ability to respond to changing threats;
- enhancing our configuration and change management capabilities by consolidating our automated monitoring process across all network systems; and
- establishing a program within GAO to address government best practices for appropriately declassifying documents based on determinations made by the original source of the information.

To learn more about our information security program, see [appendix 3](#) in this report.

Human Capital Challenge

We depend on a talented and diverse, high-performing, knowledge-based workforce to accomplish our work and carry out our mission in support of the Congress. At the same time, the federal government faces new and complex challenges in the 21st century, including long-term fiscal constraints, changing demographics, and evolving governance models. We expect that human capital will remain a management challenge for 2010 and into the foreseeable future. To

enable us to meet these challenges, strategic human capital management must be the centerpiece of our change management and transformation efforts. We continue to build on our previous efforts, identifying and implementing improvements and pursuing new initiatives to promote and maintain a work environment that is fair, unbiased, and inclusive, as well as one that offers opportunities for all employees to realize their full potential.

During fiscal year 2009, we continued our efforts to foster an inclusive, diverse work environment and took a number of steps to strengthen our human capital programs and processes. We

- honored our commitments to bargain in good faith and maintain a positive working relationship with the union, which resulted in successfully negotiating our 2009 pay agreement and an interim collective bargaining agreement;
- fostered and enhanced relationships with our employee advisory groups by providing multiple opportunities for staff to engage agency leadership in enhancing human capital programs;
- implemented GAO Act provisions that provided retroactive salary payments to GAO staff, bringing closure to concerns raised regarding pay issues;
- completed or initiated most actions in our 2008 Workforce Diversity Plan, such as expanding our one-to-one mentoring program, issuing an Equal Employment Opportunity statement, establishing a Special Assistant for diversity issues to the Acting Comptroller General, providing sexual harassment workshops, briefing managers on our reasonable accommodations process, and holding

- facilitated discussions on race with a majority of our staff;
- issued a 2009 Workforce Diversity Plan that identifies recommendations for ensuring GAO fosters inclusive workforce practices and areas that need continued attention;
 - assessed our recruiting and hiring programs and identified areas for near-term and long-term improvements, including developing an overarching program goal and implementing strategic and targeted efforts to achieve a diverse and highly qualified workforce;
 - enhanced our staffing management practices to (1) provide for timely and specific feedback and (2) ensure fair and equitable developmental opportunities for all staff;
 - enhanced learning and development for our administrative support professionals through implementation of a unified learning curriculum, and for training delivery to provide cost-effective, just-in-time training to geographically dispersed staff;
 - provided all interns with a core group of experiences through implementation of our intern program guidelines;
 - performed a comprehensive evaluation of our performance appraisal system that included analysis of past feedback on the system, interviews, focus groups, an agencywide survey, and a review of findings from the 2008 African American Performance Assessment Study to address concerns identified by internal stakeholders and the Ivy Planning Group, and developed short- and long-term recommendations for improvements that are being vetted with stakeholders;
 - implemented an integrated human resource information system to enhance processing capabilities and provide for more timely, accurate human resource data;
 - enhanced our leadership training program to help supervisors provide feedback to their staff and receive feedback on themselves via a 360-degree feedback tool; and
 - completed an interim Human Capital Strategic Plan that establishes near-term areas of concentration, including recruiting a diverse workforce, enhancing employee engagement, and leveraging data and technology solutions to improve our human capital service delivery.
- Efforts planned for fiscal year 2010 to continue addressing human capital challenges include
- implementing the short-term recommendations and finalizing decisions for longer-term changes to improve our performance appraisal system;
 - completing our analyses and implementing human capital recommendations in the five areas of our Management Improvement Framework;
 - finalizing a 5-year Human Capital Strategic Plan to ensure consistency with the new GAO Strategic Plan that is currently being developed;
 - improving the efficiency and effectiveness of our recruiting and hiring programs through a strategic and targeted approach, and increasing representation of certain demographic groups identified in our Workforce Diversity Plan through these enhanced programs;

- equipping managers and supervisors with the requisite skills to provide effective feedback, coaching, and development opportunities for their staff;
- ensuring that we promote an inclusive work environment in which all employees have equal opportunity to develop and compete;
- enhancing GAO's employee engagement through targeted initiatives addressing work-life balance, compensation, training, performance management, recognition, benefits, and wellness;
- improving the integration of our strategic workforce and budgeting activities to include establishing a human capital governance structure that facilitates collaborative, matrixed decision making on human capital issues;
- leveraging technology solutions to improve GAO's service delivery and reporting on human capital performance metrics; and
- maintaining internal and external strategic working relationships that support GAO's efforts to remain a leading practices professional services organization.

Mitigating External Factors

Several external factors could affect the achievement of our performance goals, including the amount of resources we receive, shifts in the content and volume of our work, and national and international developments. Limitations imposed on our work by other organizations or limitations on the ability of other federal agencies to make the improvements we recommend are additional factors that could affect the achievement of our goals.

As the Congress focuses on known challenges facing the nation and responds to unforeseen events, the mix of work we are asked to undertake may change, diverting our resources from some strategic objectives and performance goals. We can and do mitigate the impact of these events on the achievement of our goals in various ways. For example in fiscal year 2009, we

- continued to track current events (such as the financial and housing market crises, the automobile industry bailout, vulnerabilities in the nation's food supply system, and the quality of health facilities and services for soldiers returning from military conflicts abroad) and communicated frequently with our congressional clients in order to be alert to possibilities that could shift the Congress's priorities or trigger new priorities;
- quickly redirected our resources when appropriate (i.e., to respond to mandates related to TARP and the Recovery Act) so that we could deal with major changes as they occurred;
- maintained broad-based staff expertise (i.e., in our financial markets, accounting, economics, Social Security, health care financing, and homeland security areas) so that we could readily address emerging needs; and
- initiated evaluations under the Comptroller General's authority on a limited number of selected topics, including the status of Iraq's reconstruction efforts and our high-risk list update work.

Congressional demand for our analysis and advice is strong. In fiscal year 2009, we received over 900 requests and mandates. The number of new congressional mandates, our highest-priority work, increased from 75 in fiscal year 2007 to 131 in fiscal year

2009. Moreover, in fiscal year 2009 we devoted almost one-third of our audit resources to mandates such as the Recovery Act; the Emergency Economic Stabilization Act, which directs us to perform our TARP oversight activities; and the Honest Leadership and Open Government Act of 2007, which directs us to report annually on lobbyists' compliance with registration and reporting requirements. In addition, expanded bid protest provisions give us, among other things, bid protest jurisdiction over the issuance of task and delivery orders valued at over \$10 million and contracts awarded by the Transportation Security Administration. In addition, the Recovery Act gave us a range of recurring responsibilities overseeing spending related to the act—including bimonthly reviews of how selected states and localities across the country are using the billions of dollars of funds provided—and providing targeted studies in several areas, such as small business lending, education, and expanded trade adjustment assistance.

As evidenced above, our studies are covering more and more complex issues across a broad range of federal programs, requiring greater analysis to complete. We expect to continue to receive a high volume of requests related to either new challenges, such as the nation's response to address pandemic flu viruses and developments in the financial markets and economy, or the many emerging initiatives of the Congress and the administration. Moreover, all Senate committees are required to review programs within their jurisdiction to root out fraud, waste, and abuse in program spending—giving particular scrutiny to issues raised in our reports—and develop recommendations for improved government performance. In addition, recent changes to House rules require each standing committee or subcommittee to hold at least one hearing on issues raised by GAO that indicate that federal programs or operations

authorized by the committee are at high risk for fraud, waste, abuse, or mismanagement (see p. 38 for more information about our high-risk list areas and programs.)

Federal funding and budget constraints could also affect our ability to serve the Congress and meet our performance targets. As we stated previously, almost 80 percent of our budget is composed of people-related costs, and any serious budget situation will have an impact on our staffing and human capital policies and practices.

Another external factor that affects our ability to serve the Congress is the extent to which we can obtain access to agency information. This access to information plays an essential role in our ability to report on issues of importance to the Congress and the American people. Executive departments and agencies are generally very cooperative in providing us access to the information we need. It is fairly rare for an agency to deny GAO access to information, and rarer still for an agency to refuse to work toward an accommodation that will allow GAO to do its work.

While we generally receive very good cooperation, over time GAO has experienced access issues at certain departments and agencies. For example, the Justice Department has employed a centralized process for screening GAO's access requests, resulting in delays and occasional denials of access to information. We actively pursue access issues as they arise and are engaged in discussions and efforts across the executive branch to enhance our access to information.

One area of particular focus has involved our access to information at DHS. As we indicated last year, DHS has posed access challenges for us since it began operations in 2003, due to its highly centralized processes.

DHS's processes for working with us have included extensive coordination among program officials, liaisons, and attorneys at the departmental and component levels and centralized control for all of our incoming requests for information and outgoing documents.¹⁹ Appropriations act restrictions for fiscal years 2008 and 2009 directed DHS to take steps to provide us with more timely access to information.²⁰ Accordingly, we are actively working with officials at the highest levels of DHS to revise its protocols for responding to our requests for information. There appears to be encouraging progress in the latest efforts to revise these protocols.

We have also experienced issues at some agencies due to long-standing and erroneous interpretations of our access authority, even where the agencies are generally cooperative. Specifically, in some cases agencies have interpreted language in program statutes limiting their disclosure or use of data as restricting our access, notwithstanding our statutory access rights. Examples include interpretations by HHS with respect to a provision of the Social Security Act relating to Medicare (Part D) data, and the Food and Drug Administration with respect to a provision of the Federal Food, Drug, and

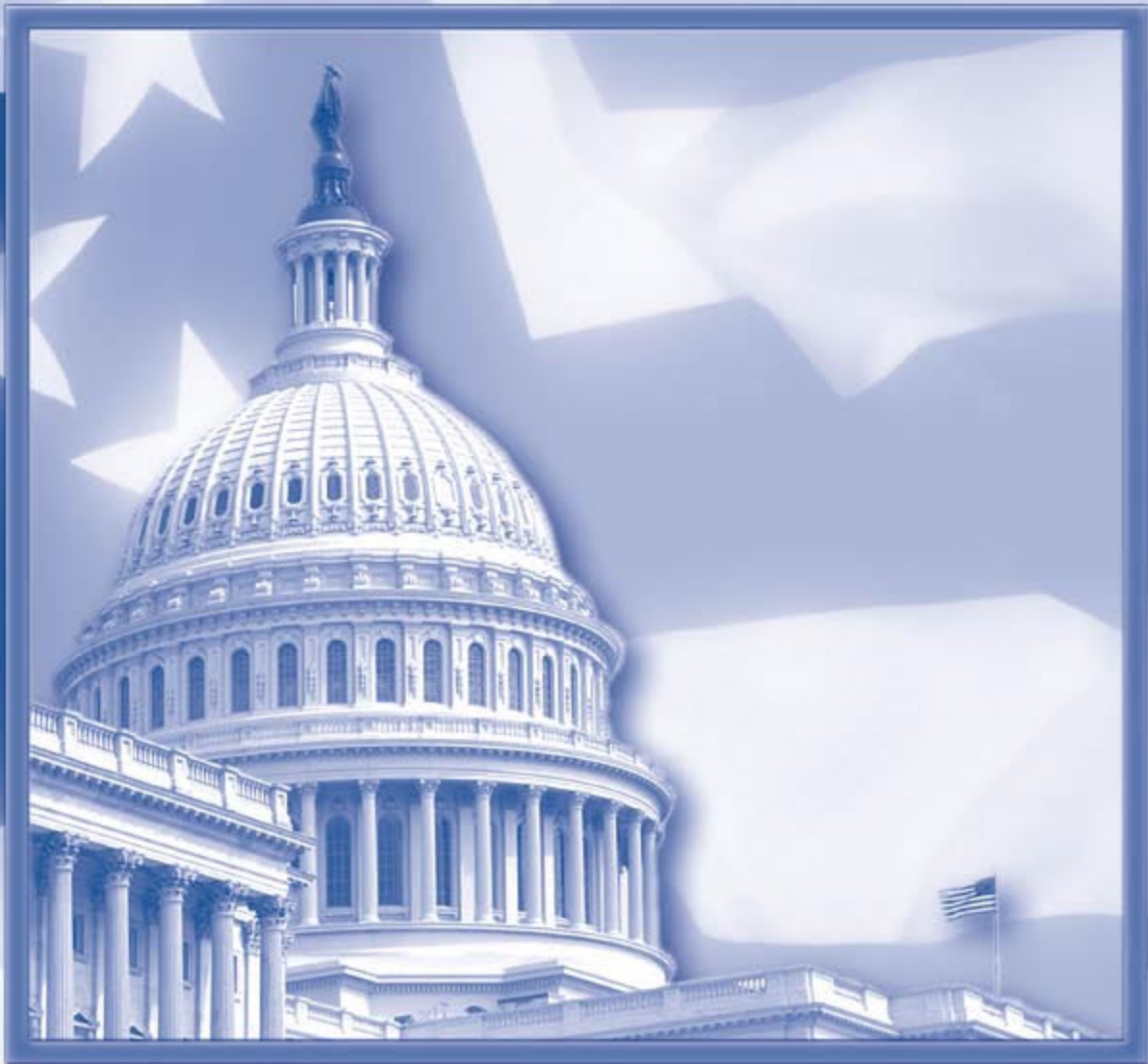
Cosmetic Act. Legislation pending in the House—the Government Accountability Office Improvement Act of 2009, H.R. 2646—would confirm our access rights, refuting agency interpretations that restrict GAO's access in these and similar circumstances.

We devote a high level of attention to monitoring and aggressively pursuing access issues as they arise. We appreciate the interest of the Congress in helping to ensure that we obtain access to information and the efforts by agencies to cooperate with our requests.

¹⁹See, GAO, *Department of Homeland Security: Observations on GAO Access to Information on Programs and Activities*, GAO-07-700T (Washington, D.C.: Apr. 25, 2007).

²⁰Consolidated Appropriations Act, 2008 (Pub. L. No. 110-161, Div. E, 121 Stat. 1844, 2042-43 (2007)) made \$15,000,000 unavailable for obligation until the Secretary certified and reported that DHS revised departmental guidance concerning relations with GAO. The objective of the statutory provision was to provide expedited time frames for granting GAO timely and complete access to records and interviews and to provide for a "significant streamlining" of the review process for document and interview requests. DHS made some revisions to its departmental guidance in response to this requirement. These revisions, however, did not result in a significant streamlining of the process. The fiscal year 2009 appropriations act for DHS required it to submit quarterly reports to the House and Senate Appropriations Committees and GAO of each instance where a GAO request for records was not granted within 20 calendar days and where a GAO request for an interview was not granted within 7 calendar days. Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009, Pub. L. No. 110-329, Div. D, 122 Stat. 3574, 3652 (2008).

Serving The Congress And The Nation



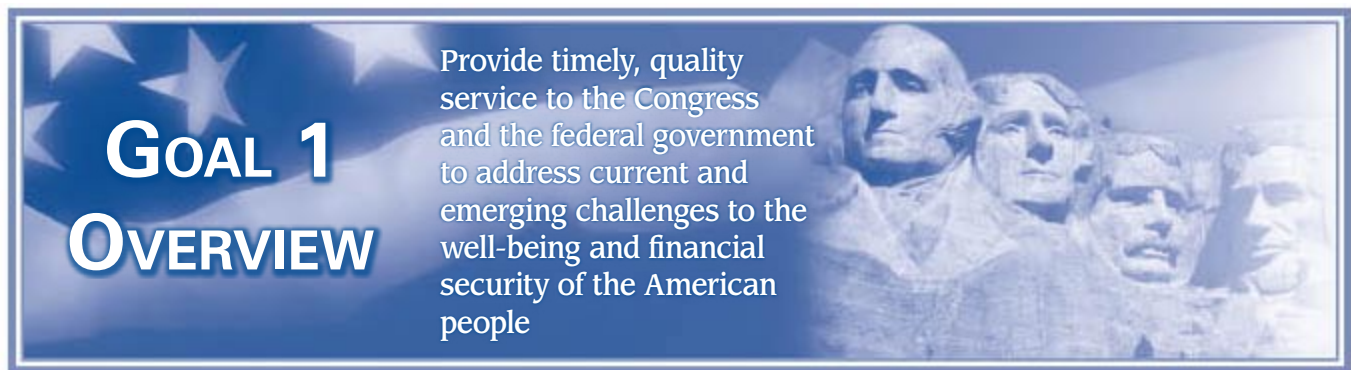
Part II

Performance Information

Performance Information by Strategic Goal

In the following sections, we discuss how each of our four strategic goals contributed to our fiscal year 2008 performance results. Specifically, for goals 1, 2, and 3—our external goals—we present performance

results for the three annual measures that we assess at the goal level. Most teams and units also contributed toward meeting the targets for the agencywide measures that were discussed in part I of this report.



Source: See Image Sources.

Our first strategic goal upholds our mission to support the Congress in carrying out its constitutional responsibilities by focusing on work that helps address the current and emerging challenges affecting the well-being and financial security of the American people and American communities. Our multiyear (fiscal years 2007-2012) strategic objectives under this goal are to provide information that will help address

- the health needs of an aging and diverse population;
- lifelong learning to enhance U.S. competitiveness;
- benefits and protections for workers, families, and children;
- financial security for an aging population;
- a responsive, fair, and effective system of justice;
- the promotion of viable communities;
- responsible stewardship of natural resources and the environment; and
- a safe, secure, and effective national physical infrastructure.

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our Web site at <http://www.gao.gov/sp.html>. The work supporting these objectives was performed primarily by headquarters and field office

staff in the following teams: Education, Workforce, and Income Security; Financial Markets and Community Investment; Health Care; Homeland Security and Justice; Natural Resources and Environment; and Physical Infrastructure. In line with our performance goals and key efforts, goal 1 staff reviewed a variety of programs affecting the nation's students and schools, employees and workplaces, health providers and patients, and social service providers and recipients. In addition, goal 1 staff performed work for our congressional clients related to improving the nation's law enforcement systems and federal agencies' ability to prevent and respond to terrorism and other major crimes.

Selected Work under Goal 1

We identified areas where the Department of Housing and Urban Development (HUD) could be more proactive in promoting energy efficiency and green building. We reported that HUD had not completed regulations to require energy-efficient appliances in public housing or collected data to understand its multifamily housing portfolio utility costs. We reported that HUD should consider providing additional incentive points for energy efficiency and green building in competitive grant programs. Since our report was issued, HUD has made progress in these areas, including adding strong incentives for energy efficiency and green building in competitive grant programs funded through the American Recovery and Reinvestment Act of 2009.

To accomplish our work under these strategic objectives in fiscal year 2009, we conducted engagements, audits, analyses, and evaluations of programs at major federal agencies, such as the Departments of

Education, Health and Human Services, Homeland Security (DHS), Transportation, Housing and Urban Development, and the Interior, and developed reports and testimonies on the efficacy and soundness of programs they administer.

As shown in table 10, we did not meet the goal 1 performance target we set for fiscal year 2009 financial benefits and exceeded our testimonies target, but did not meet our nonfinancial benefits target.

Table 10: Strategic Goal 1's Annual Performance Results and Targets

Performance measure	2005 actual	2006 actual	2007 actual	2008 actual	2009 target	2009 actual	Met/not met	2010 target ^a
Financial benefits (dollars in billions)	\$15.6	\$22.0	\$12.9	\$19.3	\$13.4	\$12.1	Not met	\$13.4
Nonfinancial benefits	277	268	238	226	231	224	Not met	225
Testimonies	88	97	125	123 ^b	77	85	Met	80

Source: GAO.

^aOur fiscal year 2010 target for nonfinancial benefits differs from the target we reported in our fiscal year 2010 performance budget in January 2009. Specifically, we decreased the number of nonfinancial benefits from 235 to 225.

^bIn our testimonies calculation for fiscal year 2008, we inadvertently counted one hearing twice. We therefore recalculated the data for this measure. The number shown reflects the correct calculation.

To help us examine trends for these measures over time, we look at their 4-year averages, which minimize the effect of an unusual level of performance in any single year. These averages are shown in table 11. This table indicates that goal 1 financial benefits have declined steadily since fiscal year 2005, while nonfinancial benefits peaked in fiscal year 2007 and have also declined since then. The number of hearings at which we testify has generally increased during the 5-year period since fiscal year 2005.

Table 11: Four-Year Rolling Averages for Strategic Goal 1

Performance measure	2005	2006	2007	2008	2009
Financial benefits (dollars in billions)	\$22.5	\$22.0	\$19.3	\$17.5	\$16.6
Nonfinancial benefits	243	254	259	252	239
Testimonies	91	88	99	108 ^a	108

Source: GAO.

^aIn our testimonies calculation for fiscal year 2008, we inadvertently counted one additional hearing. We therefore recalculated the data for this measure. The number shown reflects the correct calculation.

The following sections describe our performance under goal 1 for each of these three quantitative performance measures and describe the targets for fiscal year 2010.

Financial Benefits

The financial benefits reported for this goal in fiscal year 2009 totaled \$12.1 billion, which missed the target we set by \$1.3 billion. We describe this and other goal 1 accomplishments in the goal 1 section of appendix 1.

Because financial benefits often result from work completed in prior years, we set our fiscal year 2009 target on the basis of our assessment of the progress agencies are making in implementing our past recommendations. Our analysis indicates that financial benefits in the future for goal 1 are likely to decrease from fiscal year 2009. However, we have set the target for fiscal year 2010 at \$13.4 billion, based on multiyear financial benefits that may accrue from certain work in this area.

Example of Goal 1's Financial Benefits

In 2008, we reported that because the Department of Agriculture (USDA) lacked a system to verify incomes, it provided farm program benefits to thousands of individuals whose incomes exceeded eligibility caps under the Farm Bill. We recommended that USDA work with the Internal Revenue Service (IRS) to develop a system for verifying the incomes of individuals and businesses before disbursing farm program benefits to them. As a result, in 2009 USDA and IRS began work on a verification system that is to prevent payments to ineligible individuals and businesses and expected to save \$99 million annually or about \$472 million over the next 5 years.

Nonfinancial Benefits

Nonfinancial benefits reported for goal 1 in fiscal year 2009 included 200 actions taken by federal agencies to improve their services to the public in response to our work and another 24 in which information we provided to the Congress resulted in statutory or regulatory changes. This total of 224 nonfinancial benefits did not meet our target of 231. We report some of our major nonfinancial accomplishments in detail in the goal 1 section of appendix 1.

For fiscal year 2010, we have set a target of 225 for nonfinancial benefits. This target is only slightly higher than what goal 1 achieved in fiscal year 2009, and it is consistent with our recognition that we are more likely to achieve more nonfinancial benefits under goals 2 and 3 over the next few years. We decreased this target by 10 compared with the nonfinancial benefits target we reported in our fiscal year 2010 performance plan.

Example of Goal 1's Nonfinancial Benefits

There is ongoing concern about the safety and security of federal facilities and their occupants because of the threat of terrorism. The Interagency Security Committee, chaired by DHS, decided to use our key practices in facility protection to guide its work and issued guidance to agencies on performance measurement. On the basis of our work, the Congress provided additional staff to address shortfalls at DHS's Federal Protective Service, which protects about 9,000 federal buildings with over 1 million federal employees. Also, the Smithsonian Institution improved internal communications about risk management and security staff resources.

Testimonies

Our witnesses testified at 85 congressional hearings related to this strategic goal, which exceeded the fiscal year 2009 target by 8 testimonies, about 10 percent. Among the testimonies given were those related to the quality of health care for female veterans, the financial challenges facing the U.S. Postal Service, and wildland fire management. (See p. 33 for a list of testimony topics by goal.) We set our fiscal year 2010 target at 80 hearings at which we testify on goal 1 issues because we anticipate a decline in requests for testimony during the year on several topics, such as elementary and secondary education and juvenile justice issues.

Examples of Goal 1's Testimonies

The Department of Defense (DOD) reported that over 33,000 servicemembers have been wounded in action since 2001. Beyond adjusting to their injuries, recovering servicemembers also face additional challenges, including managing their recovery process, navigating the military's disability system, and transitioning between care provided by DOD and the Department of Veterans Affairs (VA). We testified that even though DOD and VA experienced numerous challenges to jointly developing policies to improve the care, management, and transition of recovering servicemembers, the agencies have made significant achievements in improving this difficult transition for servicemembers.

Our testimony on nonprime mortgages examined the evolution and condition of the nonprime market segment. Recent foreclosure developments have prompted greater scrutiny of lending practices in the nonprime market, a number of government efforts to modify troubled loans, and proposals to strengthen federal regulation of the mortgage industry. We found that aggressive lending practices contributed to the recent increases in default and foreclosure rates. We also found that the majority of nonprime loans were used to refinance existing loans rather than to purchase homes. This information will help inform the Congress's efforts to reform mortgage lending practices.



Source: See Image Sources.

The federal government is working to promote foreign policy goals, sound trade policies, and other strategies to advance the interests of the United States and its allies. The federal government is also working to balance national security demands overseas and at home with demands related to an evolving national security environment. Given the importance of these efforts, our second strategic goal focuses on helping the Congress and the federal government access and improve capabilities to respond to various types of threats to our nation and the challenges of global interdependency. Our multiyear (fiscal years 2007-2012) strategic objectives under this goal are to support congressional and agency efforts to

- protect and secure the homeland from threats and disasters,
- ensure military capabilities and readiness,
- advance and protect U.S. international interests, and
- respond to the impact of global market forces on U.S. economic and security interests.

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our Web site at <http://www.gao.gov/sp.html>. The work supporting these objectives is performed primarily by headquarters and field staff

in the following teams: Acquisition and Sourcing Management, Defense Capabilities and Management, and International Affairs and Trade. In addition, the work supporting some performance goals and key efforts is performed by headquarters and field staff from the Information Technology, Homeland Security and Justice, Financial Markets and Community Investment, and Natural Resources and Environment teams.

Selected Work under Goal 2

We found that the U.S. government lacks a coordinated strategy to stem the flow of firearms from the United States to Mexico. We also found over 20,000 firearms seized in Mexico were traced to the United States—about 87 percent of arms traced from 2004 to 2008; U.S. agencies lack dedicated funding to address arms trafficking; and two key agencies responsible for combating arms trafficking—the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and Immigration and Customs Enforcement (ICE)—have not coordinated efforts. Following the release of our report, ATF and ICE officials signed a memorandum of understanding clarifying their roles in combatting arms trafficking.

To accomplish our work in fiscal year 2009 under these strategic objectives, we conducted engagements and audits that involved fieldwork related to programs that took us across multiple continents, including Europe, Africa, Asia, South America, and North America. As in the past, we developed reports, testimonies, and briefings on our work.

As shown in table 12, we did not meet our fiscal year 2009 performance targets for financial benefits, but exceeded the targets for nonfinancial benefits and testimonies.

Table 12: Strategic Goal 2's Annual Performance Results and Targets

Performance measure	2005 actual	2006 actual	2007 actual	2008 actual	2009 target	2009 actual	Met/not met	2010 target ^a
Financial benefits (dollars in billions)	\$12.9	\$12.0	\$10.3	\$15.4	\$12.7	\$12.4	Not met	\$13.8
Nonfinancial benefits	365	449	468	468	344	457	Met	345
Testimonies	42	68	73	93 ^b	64	67	Met	73

Source: GAO.

^aOur fiscal year 2010 targets for nonfinancial benefits and testimonies differ from the targets we reported in our fiscal year 2010 performance budget in January 2009. Specifically, we increased the number of nonfinancial benefits by five and the number of hearings at which we testify by two.

^bIn our testimonies calculation for fiscal year 2008, we inadvertently counted three additional hearings for this strategic goal. We therefore recalculated the data for this measure. The number shown reflects the correct calculation.

To help us examine trends for these measures over time, we look at their 4-year averages, which minimize the effect of an unusual level of performance in any single year and are shown in table 13. This table indicates that goal 2 financial benefits, nonfinancial benefits, and testimonies have steadily increased over the last 5 years, with only a slight decline in financial benefits from fiscal years 2008 to 2009.

Table 13: Four-Year Rolling Averages for Strategic Goal 2

Performance measure	2005	2006	2007	2008	2009
Financial benefits (dollars in billions)	\$9.5	\$10.4	\$11.2	\$12.7	\$12.5
Nonfinancial benefits	306	364	413	438	461
Testimonies	50	57	63	69 ^a	75

Source: GAO.

^aIn our testimonies calculation for fiscal year 2008, we inadvertently counted three additional hearings for this strategic goal. We therefore recalculated the data for this measure. The number shown reflects the correct calculation.

The following sections describe our performance under goal 2 for each of our quantitative performance measures and describe the targets for fiscal year 2009.

Financial Benefits

The financial benefits reported for this goal in fiscal year 2009 totaled \$12.4 billion which missed our target by about \$300 million. Among other things, these accomplishments stemmed from engagements related to delays and large amounts of unobligated funding in the U.S. Coast Guard's vessel tracking system procurement and our assessment of the reasonableness of the Department of Defense's (DOD) fiscal year 2009 budget request. We describe these and other accomplishments in the goal 2 section of appendix 1.

Given the large portion of the U.S. budget that defense spending consumes, we expect our work under this goal to continue to produce economies and efficiencies that yield billions of dollars in financial benefits for

the American people each year. We set our fiscal year 2010 target at \$13.8 billion based on our assessment of the progress agencies are making in implementing our past recommendations that might yield financial benefits and our 4-year rolling average.

Example of Goal 2's Financial Benefits

We reviewed U.S. Coast Guard vessel tracking efforts and identified efficiency and effectiveness issues. We reported delays and large unobligated balances in the Coast Guard's procurement of one tracking system. Obligating the available funds in fiscal year 2008 would have required obligating more than three times the amount that was obligated in total for the previous 3 fiscal years. In addition, the Coast Guard did not have a detailed spending plan laying out how it planned to obligate the available funds. Thus, the Congress reduced the Coast Guard's requested 2009 appropriation by \$6 million.

Nonfinancial Benefits

The nonfinancial benefits reported for goal 2 in fiscal year 2009 included 426 actions taken by federal agencies to improve their services to the public and business processes in response to our recommendations and another 31 in which information we provided to the Congress resulted in statutory or regulatory changes. This total of 457 nonfinancial benefits greatly exceeded our target of 344. Our success in this area arose from our increased emphasis on follow-up efforts and increased monitoring of our progress toward the targets throughout the year. Some of our major accomplishments are reported in detail in the goal 2 section of appendix 1.

Looking ahead, our assessments of the executive branch's current efforts to implement our recommendations made under this goal led us to set our fiscal year

2010 target at 345. While we increased this target by 5 over the target we reported for goal 2 in our fiscal year 2010 performance plan, we recognize that this target is lower than our fiscal year 2009 actual performance and 4-year average for this measure. We believe that this target will best enable staff to document the full range of nonfinancial benefits resulting from our goal 2 work.

Example of Goal 2's Nonfinancial Benefits

The 2005 Base Realignment and Closure (BRAC) round is the fifth round undertaken by DOD since 1988 and is the biggest, most complex, and costliest BRAC round ever. Our analyses of DOD's BRAC budget led to a recommendation that DOD take action to better explain its anticipated dollar savings after full BRAC implementation in 2011. In response, DOD for the first time provided a more descriptive explanation of these expected dollar savings in its 2009 budget submission to the Congress.

Testimonies

Our witnesses testified at 67 congressional hearings related to this strategic goal in fiscal year 2009, exceeding our target of presenting testimony at 64 hearings. Among other things, we testified on the U.S. military's strategies in Iraq and the nation's approach to cybersecurity as well as the security threat posed by the instability in our financial markets and institutions and the worldwide economic crisis. We also testified on the Troubled Asset Relief Program (TARP). (See p. 33 for a list of testimony topics by goal.) We have set our target at 73 for presenting testimony at hearings in fiscal year 2010—6 more hearings than our fiscal year 2009 actual performance. We anticipate an increase in hearings because of continued congressional interest in our work on homeland security issues and U.S. efforts to stabilize and rebuild Afghanistan, Iraq, and Pakistan.

Examples of Goal 2's Testimonies

Each year, billions of dollars are spent to develop and produce technologically advanced weaponry. When the United States must sell these technologies, these weapons are targets for theft, espionage, and illegal export. We testified that poor interagency coordination, inefficiencies in processing licensing applications, and a lack of systematic assessments have created significant vulnerabilities in the export control system. We recommended that the executive and legislative branches conduct a fundamental reexamination of the current programs and processes.

Our testimony on financial regulation identified several shortcomings in the oversight of large financial institutions. Regulating agencies failed to address institutions' failure to manage risk adequately—one of the causes of the current financial crisis. Regulators identified, but did not fully address, weaknesses in risk models, due to these institutions' strong financial positions and plans for change. We found that some aspects of the regulatory system may have hindered regulators' oversight and, in fact, have raised serious questions about the adequacy of risk management oversight.



Source: See Image Sources.

Our third strategic goal focuses on the collaborative and integrated elements needed for the federal government to achieve results. The work under this goal highlights the intergovernmental relationships that are necessary to achieve national goals. Our multiyear (fiscal years 2007-2012) strategic objectives under this goal are to

- reexamine the federal government's role in achieving evolving national objectives;
- support the transformation to results-oriented, high-performing government;
- support congressional oversight of key management challenges and program risks to improve federal operations and ensure accountability; and
- analyze the government's fiscal position and strengthen approaches for addressing the current and projected fiscal gap.

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our Web site at <http://www.gao.gov/sp.html>. The work supporting these objectives is performed primarily by headquarters and field staff from the Applied Research and Methods, Financial Management and Assurance, Information Technology, Strategic Issues, and Forensic Audits and Special Investigations teams. In addition, the work supporting some performance goals and key efforts

is performed by headquarters and field staff from the Acquisition and Sourcing Management and Natural Resources and Environment teams. This goal also includes our bid protest and appropriations law work, which is performed by staff in General Counsel, and our vulnerability assessments and fraud investigations, which are conducted by staff from our Forensic Audits and Special Investigations team.

Selected Work under Goal 3

Using fictitious calling scenarios, our undercover investigators tested the complaint intake process at the Department of Labor's (Labor) Wage and Hour Division (WHD). WHD's mission is to ensure that millions of workers are protected under the Fair Labor Standards Act. Our tests found that WHD frequently responded inadequately to complaints, leaving low-wage workers vulnerable to wage theft and other labor violations. We also identified at least 1,160 real employees whose complaints were inadequately investigated. After reviewing our findings, Labor announced that it would hire 250 more investigators. The Congress is also considering legislation that we suggested.

To accomplish our work under these four objectives, we will continue to perform our foresight work, for example, examining the nation's long-term fiscal and management challenges, and our insight work focusing on federal programs at high risk for fraud, waste, abuse, and mismanagement.

As shown in table 14, we significantly exceeded our fiscal year 2009 performance targets for financial benefits and nonfinancial benefits, but did not meet our testimonies target for this goal.

Table 14: Strategic Goal 3's Annual Performance Results and Targets

Performance measure	2005 actual	2006 actual	2007 actual	2008 actual	2009 target	2009 actual	Met/not met	2010 target ^a
Financial benefits (dollars in billions)	\$11.0	\$17.0	\$22.8	\$23.4	\$15.9	\$18.5	Met	\$14.8
Nonfinancial benefits	767	625	648	704	625	634	Met	630
Testimonies	47	73	74	76 ^b	56	49	Not met	59

Source: GAO.

^aOur fiscal year 2010 target for nonfinancial benefits differs from the target we reported in our fiscal year 2010 performance budget in January 2009. Specifically, we increased our target for nonfinancial benefits from 625.

^bIn our testimonies calculation for fiscal year 2008, we inadvertently counted one additional hearing for this strategic goal. We therefore recalculated the data for this measure. The number shown reflects the correct calculation.

To help us examine trends for these measures over time, we look at their 4-year averages—shown in table 15—which minimize the effect of an unusual level of performance in any single year. Table 15 indicates that documentation of financial and nonfinancial benefits derived from our work under this goal has risen steadily during the 5-year period shown. Nonfinancial benefits also increased from fiscal years 2005 through 2008, but declined in fiscal year 2009 to about its fiscal year 2007 level. The trend in the number of hearings during which our senior executives testified on goal 3 issues also began the period in an upward direction but leveled off in fiscal years 2008 and 2009.

Table 15: Four-Year Rolling Averages for Strategic Goal 3

Performance measure	2005	2006	2007	2008	2009
Financial benefits (dollars in billions)	\$7.1	\$10.1	\$14.6	\$18.6	\$20.4
Nonfinancial benefits	590	630	654	686	653
Testimonies	57	59	64	68	68

Source: GAO.

The following sections describe our performance under goal 3 for each of our quantitative performance measures and describe the targets for fiscal year 2009.

Financial Benefits

The financial benefits reported for this goal in fiscal 2009 totaled \$18.5 billion, exceeding our target of \$15.9 billion by over \$2.6 billion. These efforts resulted in increased tax collections based on our reviews of agencies' processes to collect nontax and criminal debts, cost reductions in the 2010 Census, and a reduction in improper federal payments governmentwide. We describe these and other accomplishments in the goal 3 section of appendix 1.

We significantly exceeded the financial benefits target we set for this goal in fiscal year 2009 because we documented several unanticipated, large-dollar accomplishments. The federal government realized these financial benefits as a result of our work that examined, among other issues, improvements in the Federal Emergency Management Agency's disaster cost estimates and budget reductions involving DOD's management

of contract services. The executive branch's current efforts to implement the recommendations we made in our work under this goal indicate that financial benefits related to this goal are likely to be in line with our 4-year average. Consequently, we set the target for financial benefits at \$14.8 billion for fiscal 2010, which is the same as the target we reported in our fiscal year 2010 performance plan.

Example of Goal 3's Financial Benefits

Over the past several years, we have promoted federal agencies' increased use of key debt collection processes and procedures to improve collections of billions of dollars of delinquent federal nontax civil debts, and criminal debts owed to the federal government, and made a series of related recommendations. Based largely on our recommendations, federal agencies, including the Department of Education and the Department of Justice, have taken actions to improve delinquent federal debt collections. Adding to a steady stream of recoveries, these improved collections added almost \$1.4 billion to federal collections during fiscal year 2009.

Nonfinancial Benefits

Nonfinancial benefits reported for goal 3 in fiscal year 2009 included 620 instances in which agencies' core business processes were improved or governmentwide management reforms were advanced because of our work. In addition, there were 14 instances in which information we provided to the Congress resulted in statutory or regulatory changes. This total of 634 nonfinancial benefits exceeded our target of 625. The larger number of nonfinancial benefits occurred mainly in our financial management and information technology areas where we tend to make multiple, specific recommendations for change to more than one entity. We describe some of our major accomplishments in the goal 3 section of appendix 1.

Our forward-looking assessments of the executive branch's current efforts to implement our recommendations made under this goal led

us to set our fiscal year 2010 target at 630. While we recognize that this target is slightly lower than our fiscal year 2009 actual performance and 4-year average for this measure, we believe that this target will best encourage staff to document the full range of nonfinancial benefits possible resulting from our goal 3 work.

Example of Goal 3's Nonfinancial Benefits

In a series of reports and testimonies, we identified and recommended needed improvements in the government's efforts to define and implement a national strategy for achieving nationwide adoption of health information technology (IT). Our work helped the National Coordinator for Health IT develop a strategy that identified milestones for completing important initiatives and achieving strategic goals. As we recommended, the strategy addressed an overall approach to protecting the privacy of electronic health information within a nationwide health information network and provided guidance for addressing challenges associated with putting privacy protections in place.

Testimonies

Our witnesses testified at 49 congressional hearings related to this strategic goal in fiscal year 2009, missing the target of 56 by 7 hearings. Among the testimonies presented were those related to the American Recovery and Reinvestment Act (Recovery Act), and illegal exports of military technology, and the influenza pandemic. (See p. 33 for a list of testimony topics by goal.) For fiscal year 2010, we have set a target of presenting testimony at 59 hearings because we expect the level of hearings to be higher than it was in fiscal year 2009.

Examples of Goal 3's Testimonies

Our testimony on the 2010 Census described the challenges the U.S. Census Bureau faces in carrying out the most expensive decennial census to date. We found that the bureau has not developed the necessary technological tools for monitoring and gathering information for the census. Because of these deficiencies, the bureau faces the risk of not having these tools ready in time. We upheld previous recommendations to improve the bureau's cost-estimation and address list, as well as to further develop the technologies necessary to complete data gathering.

Much offshore financial activity by individual U.S. taxpayers is not illegal, but numerous schemes have been devised to hide the true ownership of funds and income moving between the United States and offshore jurisdictions. U.S. taxpayers are obligated to report any income earned from offshore activity, but they do not always comply. We testified that the Internal Revenue Service (IRS) is not always able to complete the required examinations of these offshore cases, because the 3-year statute of limitations is not long enough to finish them. We reiterated a previous suggestion that the Congress consider extending the time for IRS to complete offshore cases.



Source: See Image Sources.

The focus of our fourth strategic goal is to make us a model organization. This means that our work is driven by our external clients and internal customers, our managers exhibit the characteristics of leadership and management excellence, our employees are devoted to ensuring quality in our work process and products through continuous improvement, and our agency is regarded by current and potential employees as an excellent place to work. Our multiyear (fiscal years 2007-2012) strategic objectives under this goal are to

- improve client and customer satisfaction and stakeholder relationships,
- lead strategically to achieve enhanced results,
- leverage our institutional knowledge and experience,
- enhance our business and management processes, and
- become a professional services employer of choice.

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our Web site at <http://www.gao.gov/sp.html>. The work supporting these objectives is performed under the direction of the Chief Administrative Officer with assistance on specific key efforts provided by staff from

the Applied Research and Methods team and from offices such as Strategic Planning and External Liaison, Congressional Relations, Opportunity and Inclusiveness, Quality and Continuous Improvement, and Public Affairs. To accomplish our work under these five objectives, we performed internal studies and completed projects that further the strategic goal.

Selected Work under Goal 4

We demonstrated agility and flexibility in addressing unprecedented new legislative responsibilities and a delayed budget in fiscal year 2009; employing sophisticated modeling of actual and projected workforce data on a routine basis to ensure that we were using our staff most effectively; and using creative, alternative hiring measures to obtain needed expertise and subject area knowledge to respond to new legislative responsibilities under TARP and the Recovery Act.

We completed a comprehensive evaluation of our performance appraisal system and developed short- and long-term recommendations for strengthening the system and ensuring that it is fair and equitable to all staff.

We revised 36 guidance documents on applied research tools and methods to help engagement teams better plan and implement assignments, and enhanced the design and implementation of Web-based surveys to facilitate (1) efficient data capture and analysis, which was essential to support the many staff conducting Recovery Act audit work across 16 states and the District of Columbia and (2) reuse for subsequent efforts given our recurrent reporting responsibilities under the Recovery Act.

We enhanced our communications to our clients and the public by using Web technology to more effectively provide timely information on critical issues facing the nation, including short video summaries on the major issues facing the new Congress and the new administration and Web content and documentation supporting GAO's oversight of the Recovery Act.

Data Quality and Program Evaluation

Verifying and Validating Performance Data

Each year, we measure our performance by evaluating our annual performance on measures that cover the outcomes and outputs related to our work results, client service, management of our people, and internal operations. To assess our performance, we used performance data that were complete and actual (rather than projected) for almost all of our performance measures. We believe the data to be reliable because we followed the verification and validation procedures described here to ensure the data's quality.

The specific sources of the data for our annual performance measures, procedures for independently verifying and validating these data, and the limitations of these data are described in table 16.

Table 16: How We Ensure Data Quality for Our Annual Performance Measures

Results measures	
Financial benefits	
Definition and background	<p>Our work—including our findings and recommendations—may produce benefits to the federal government that can be estimated in dollar terms. These benefits can result in better services to the public, changes to statutes or regulations, or improved government business operations. A financial benefit is an estimate of the federal monetary effect of agency or congressional actions. These financial benefits generally result from work that we completed over the past several years. The funds made available as a result of the actions taken in response to our work may be used to reduce government expenditures, increase revenues, or reallocate funds to other areas. Financial benefits included in our performance measures are net benefits—that is, estimates of financial benefits that have been reduced by the costs associated with taking the action that we recommended. We convert all estimates involving past and future years to their net present value and use actual dollars to represent estimates involving only the current year. Financial benefit amounts vary depending on the nature of the benefit, and we can claim financial benefits over multiple years based on a single agency or congressional action.</p> <p>Financial benefits are linked to specific recommendations or other work. To claim that financial benefits have been achieved, our staff must file an accomplishment report documenting that (1) the actions taken as a result of our work have been completed or substantially completed, (2) the actions generally were taken within 2 fiscal years prior to the filing of the accomplishment report, (3) a cause-and-effect relationship exists between the benefits reported and our recommendation or work performed, and (4) estimates of financial benefits were based on information obtained from non-GAO sources. To help ensure conservative estimates of net financial benefits, reductions in operating cost are typically limited to 2 years of accrued reductions, but up to 5 fiscal years of financial benefits can be claimed if the reductions are sustained over a period longer than 2 years. Multiyear reductions in long-term projects, changes in tax laws, program terminations, or sales of government assets are limited to 5 years. Financial benefits can be claimed for past or future years. For financial benefits involving events that occur on a regular but infrequent basis—such as the decennial census—we may extend the measurement period until the event occurs in order to compute the associated financial benefits using our present value calculator.</p> <p>Managing directors decide when their staff can claim financial benefits. A managing director may choose to claim a financial benefit all in 1 year or decide to claim it over several years, if the benefit spans future years and the managing director wants greater precision as to the amount of the benefit.</p>
Data sources	<p>Our Accomplishment Reporting System provides the data for this measure. Teams use this Web-based data system to prepare, review, and approve accomplishments and forward them to our Quality and Continuous Improvement office (QCI) for its review. Once accomplishment reports are approved, they are compiled by QCI, which annually tabulates total financial benefits agencywide and by goal.</p>

Verification and validation	<p>Our policies and procedures require us to use the Accomplishment Reporting System to record the financial benefits that result from our work. They also provide guidance on estimating those financial benefits. The team identifies when a financial benefit has occurred as a result of our work. The team develops estimates based on non-GAO sources, such as the agency that acted on our work, a congressional committee, or the Congressional Budget Office, and files accomplishment reports based on those estimates. When non-GAO estimates are not readily available, teams may use GAO estimates—developed in consultation with our experts, such as the Chief Economist, Chief Actuary, or Chief Statistician, and corroborated with a knowledgeable program official from the executive agency involved. The estimates are reduced by significant identifiable offsetting costs. The team develops workpapers to support accomplishments with evidence that meets our evidence standard, supervisors review the workpapers, and an independent person within GAO reviews the accomplishment report. For all financial accomplishment reports the managing director prepares a memorandum addressed to the Chief Quality Officer attesting that the accomplishment report meets GAO standards for accomplishment reporting. The memorandum specifically (1) addresses how linkage to GAO is established and (2) attests that the financial benefits being claimed are in accordance with GAO procedures.</p> <p>The team’s managing director is authorized to approve financial accomplishment reports with benefits of less than \$100 million. The team forwards the report to QCI, which reviews all accomplishment reports and approves accomplishment reports claiming benefits of \$100 million or more. In fiscal year 2009, QCI approved accomplishment reports covering 95 percent of the dollar value of financial benefits we reported.</p> <p>In fiscal year 2009, accomplishments from \$500 million to \$1 billion were also reviewed by independent second and third reviewers (reemployed GAO annuitants), who have significant experience and knowledge of GAO policies and procedures for accomplishment reporting. In addition, our Inspector General (IG) audited accomplishment reports of \$1 billion or more (totaling \$25 billion in all). GAO’s total fiscal year 2009 reported financial benefits reflect the views of the IG and the independent reviewers.</p>
Data limitations	<p>Not every financial benefit from our work can be readily estimated or documented as attributable to our work. As a result, the amount of financial benefits is a conservative estimate. Estimates are based on information from non-GAO sources and are based on both objective and subjective data, and as a result, professional judgment is required in reviewing accomplishment reports. We feel that the verification and validation steps that we take minimize any adverse impact from this limitation.</p>
Nonfinancial benefits	
Definition and background	<p>Our work—including our findings and recommendations—may produce benefits to the federal government that cannot be estimated in dollar terms. These nonfinancial benefits can result in better services to the public, changes to statutes or regulations, or improved government business operations. Nonfinancial benefits generally result from past work that we completed.</p> <p>Nonfinancial benefits are linked to specific recommendations or other work that we completed over several years. To claim that nonfinancial benefits have been achieved, staff must file an accomplishment report that documents that (1) the actions taken as a result of our work have been completed or substantially completed, (2) the actions generally were taken within the past 2 fiscal years of filing the accomplishment report, and (3) a cause-and-effect relationship exists between the benefits reported and our recommendation or work performed.</p>
Data sources	<p>Our Accomplishment Reporting System provides the data for this measure. Teams use this automated system to prepare, review, and approve accomplishments and forward them to QCI for its review. Once accomplishment reports are approved, they are compiled by QCI, which annually tabulates total other (nonfinancial) benefits agencywide and by goal.</p>

Verification and validation	<p>Our policies and procedures require us to use the Accomplishment Reporting System to record the nonfinancial benefits that result from our findings and recommendations. Staff in the team file accomplishment reports to claim that benefits have resulted from our work. The team develops workpapers to support accomplishments with evidence that meets our evidence standard. Supervisors review the workpapers; an independent person within GAO reviews the accomplishment report; and the team’s managing director or director approves the accomplishment report to ensure the appropriateness of the claimed accomplishment, including attribution to our work.</p> <p>The team forwards the report to QCI, where it is reviewed for appropriateness. QCI provides summary data on nonfinancial benefits to team managers, who check the data on a regular basis to make sure that approved accomplishments from their staff have been accurately recorded. Additionally, on a periodic basis, the IG independently tests compliance with our process for claiming nonfinancial benefits. For example, the IG tested this process in fiscal year 2005 and found it to be reasonable. In response to the IG’s recommendations, we strengthened the documentation of our nonfinancial benefits.</p>
Data limitations	<p>The data may be underreported because we cannot always document a direct cause-and-effect relationship between our work and benefits it produced. However, we feel that this is not a significant limitation on the data because the data represent a conservative measure of our overall contribution toward improving government.</p>
Percentage of products with recommendations	
Definition and background	<p>We measure the percentage of our written products (chapter and letter reports and numbered correspondence) issued in the fiscal year that included at least one recommendation. We make recommendations that specify actions that can be taken to improve federal operations or programs. We strive for recommendations that are directed at resolving the cause of identified problems; that are addressed to parties who have the authority to act; and that are specific, feasible, and cost-effective. Some products we issue contain no recommendations and are strictly informational in nature.</p> <p>We track the percentage of our written products that are issued during the fiscal year and contain recommendations. This indicator recognizes that our products do not always include recommendations and that the Congress and agencies often find such informational reports just as useful as those that contain recommendations. For example, informational reports, which do not contain recommendations, can help to bring about significant financial and nonfinancial benefits.</p>
Data sources	<p>Our Documents Database records recommendations as they are issued. The database is updated daily.</p>
Verification and validation	<p>Through a formal process, each team identifies the number of recommendations included in each product and an external contractor enters them into a database. We provide our managers with reports on the recommendations being tracked to help ensure that all recommendations have been captured and that each recommendation has been completely and accurately stated. Additionally, on a periodic basis, the IG independently tests the teams’ compliance with our policies and procedures related to this performance measure. For example, during fiscal year 2006, the IG tested and determined that our process for determining the percentage of written products with recommendations was reasonable. The IG also recommended actions to improve the process for developing, compiling, and reporting these statistics. We have implemented the IG’s recommendations for fiscal year 2007. Since then, we have used the same procedures to compute and report this measure.</p>
Data limitations	<p>This measure is a conservative estimate of the extent to which we assist the Congress and federal agencies because not all products and services we provide lead to recommendations. For example, the Congress may request information on federal programs that is purely descriptive or analytical and does not lend itself to recommendations.</p>

Past recommendations implemented

Definition and background

We make recommendations designed to improve the operations of the federal government. For our work to produce financial or nonfinancial benefits, the Congress or federal agencies must implement these recommendations. As part of our audit responsibilities under generally accepted government auditing standards, we follow up on recommendations we have made and report to the Congress on their status. Experience has shown that it takes time for some recommendations to be implemented. For this reason, this measure is the percentage rate of implementation of recommendations made 4 years prior to a given fiscal year (e.g., the fiscal year 2009 implementation rate is the percentage of recommendations made in fiscal year 2005 products that were implemented by the end of fiscal year 2009). Experience has shown that if a recommendation has not been implemented within 4 years, it is not likely to be implemented.

This measure assesses action on recommendations made 4 years previously, rather than the results of our activities during the fiscal year in which the data are reported. For example, the cumulative percentage of recommendations made in fiscal year 2005 that were implemented in the ensuing years is as follows: 13 percent by the end of the first year (fiscal year 2006), 31 percent by the end of the second year (fiscal year 2007), 45 percent by the end of the third year (fiscal year 2008), and 80 percent by the end of the fourth year (fiscal year 2009).

Data sources

Our Documents Database records recommendations as they are issued. The database is updated daily. As our staff monitor implementation of recommendations, they submit updated information to the database.

Verification and validation

Through a formal process, each team identifies the number of recommendations included in each product, and an external contractor enters them into a database.

Policies and procedures specify that our staff must verify, with sufficient supporting documentation, that an agency's reported actions are adequately being implemented. Staff update the status of the recommendations on a periodic basis. To accomplish this, our staff may interview agency officials, obtain agency documents, access agency databases, or obtain information from an agency's inspector general. Recommendations that are reported as implemented are reviewed by a senior executive in the unit and by QCI.

Summary data are provided to the units that issued the recommendations. The units check the data regularly to make sure that the recommendations they have reported as implemented have been accurately recorded. We also provide to the Congress a database with the status of recommendations that have not been implemented, and we maintain a publicly available database of open recommendations that is updated daily.

Additionally, on a periodic basis, the IG independently tests our process for calculating the percentage of recommendations implemented for a given fiscal year. For example, based on the IG's last review of this measure, the IG determined that our process was reasonable for calculating the percentage of recommendations that had been made in our fiscal year 2002 products and implemented by the end of fiscal year 2006. The IG also recommended actions to improve the process for developing, compiling, and reporting this statistic. In fiscal year 2007, we implemented the IG's recommendation for calculating the percentage of recommendations that had been made and implemented. Since then we have continued to use this approved process to compute and report this measure.

Data limitations

The data may be underreported because sometimes a recommendation may require more than 4 years to implement. We also may not count cases in which a recommendation is partially implemented. However, we feel that this is not a significant limitation to the data because the data represent a conservative measure of our overall contribution toward improving government.

Client measures	
Testimonies	
Definition and background	The Congress may ask us to testify at hearings on various issues, and these hearings are the basis for this measure. Participation in hearings is one of our most important forms of communication with the Congress, and the number of hearings at which we testify reflects the importance and value of our institutional knowledge in assisting congressional decision making. When multiple GAO witnesses with separate testimonies appear at a single hearing, we count this as a single testimony. We do not count statements submitted for the record when a GAO witness does not appear.
Data sources	The data on hearings at which we testified are compiled in our Congressional Hearing System managed by staff in Congressional Relations.
Verification and validation	The units responding to requests for testimony are responsible for entering data in the Congressional Hearing System. After a GAO witness has testified at a hearing, Congressional Relations verifies that the data in the system are correct and records the hearing as one at which we testified. Congressional Relations provides weekly status reports to unit managers, who check to make sure that the data are complete and accurate. Additionally, on a periodic basis, the IG independently verifies the total number of hearings at which we testified. As a result of the IG's most recent review, we adjusted the figure for the number of hearings we testified at in fiscal year 2008 from 304 to 298. We also are improving the guidance and documentation for recording hearings at which we testify.
Data limitations	This measure does not include statements for the record that we prepare for congressional hearings. Also, this measure may be influenced by factors other than the quality of our performance in any specific year. The number of hearings held each year depends on the Congress's agenda, and the number of times we are asked to testify may reflect congressional interest in work in progress as well as work completed that year or the previous year. To mitigate this limitation, we try to adjust our target to reflect cyclical changes in the congressional schedule. We also outreach to our clients on a continuing basis to increase their awareness of our readiness to participate in hearings.
Timeliness	
Definition and background	The likelihood that our products will be used is enhanced if they are delivered when needed to support congressional and agency decision making. To determine whether our products are timely, we compute the proportion of favorable responses to a question related to timeliness that appears on our electronic client outreach form. Because our products often have multiple congressional clients, we often outreach to more than one congressional staff person per product. We send a form to key staff working for requesters of our testimony statements and to clients of our more significant written products—specifically, engagements assigned an interest level of “high” by our senior management and those requiring an expected investment of 500 GAO staff days or more. One question asks the respondent whether the product was delivered on time. When a product that meets our criteria is released to the public, we electronically send relevant congressional staff an e-mail message containing a link to the form. When this link is accessed, the form recipient is asked to respond to the timeliness question using a five-point scale—strongly agree, generally agree, neither agree nor disagree, generally disagree, strongly disagree—or choose “not applicable/no answer.” For this measure, favorable responses are “strongly agree” and “generally agree.”

Data sources To identify the products that meet our criteria (testimonies and other products that are high interest or expected to reach 500 staff days or more), we run a query against GAO's Documents Database maintained by a contractor. To identify appropriate recipients of the form for products meeting our criteria, we ask the engagement teams to provide in GAO's Product Numbering Database e-mail addresses for congressional staff serving as contacts on a product. Relevant information from both of these databases is fed into another database that is managed by QCI. This database then combines product, form recipient, and data from our Congressional Relations staff and creates an e-mail message with a Web link to the form. (Congressional Relations staff serve as the GAO contacts for form recipients.) The e-mail message also contains an embedded client password and unique client identifier to ensure that a recipient is linked with the appropriate form. Our Congressional Feedback Database creates a record with the product title and number and captures the responses to every form sent back to us electronically.

Verification and validation QCI staff review a hard copy of a released GAO product or access its electronic version to check the accuracy of the addressee information in the QCI database. QCI staff also check the congressional staff directory to ensure that form recipients listed in the QCI database appear there. In addition, our Congressional Relations staff review the list of form recipients entered by the engagement teams and identify the most appropriate congressional staff person to receive a form for each client. E-mail messages that are inadvertently sent with incorrect e-mail addresses automatically reappear in the form approval system. When this happens, QCI staff correct any obvious typing errors and resend the e-mail message or contact the congressional staff person directly for the correct e-mail address and then resend the message. The IG reviewed the timeliness performance measure in fiscal year 2009, and as a result of this work, we have clarified the description of this measure and are documenting our procedures.

Data limitations We do not measure the timeliness of all of our external products because we do not wish to place too much burden on busy congressional staff. Testimonies and written products that met our criteria for this measure represented about 65 percent of the congressionally requested written products we issued during fiscal year 2009. We exclude from our timeliness measure low, and medium-interest reports expected to take fewer than 500 staff days when completed, reports addressed to agency heads or commissions, some reports mandated by the Congress, classified reports, and reports completed under the Comptroller General's authority. Also, if a requester indicates that he or she does not want to complete a form, we will not send one to this person again, even though a product subsequently requested meets our criteria. The response rate for the form is 28 percent, and 96 percent of those who responded answered the timeliness question. We received responses from one or more people for about 53 percent of the products for which we sent a form in fiscal year 2009. In our timeliness calculations for fiscal years 2004 through 2007, we inadvertently included nonresponses to the timeliness question and therefore recalculated the results for these fiscal years. While the percent of favorable responses did not change significantly, the recalculation did result in us meeting our target (from 94 to 95 percent).

People measures

New hire rate

Definition and background This performance measure is the ratio of the number of people hired to the number we planned to hire. Annually, we develop a workforce plan that takes into account our strategic goals; projected workload changes; and other changes such as retirements, other attrition, promotions, and skill gaps. The workforce plan for the upcoming year specifies the number of planned hires. The Acting Comptroller General, the Chief Administrative Officer, the Deputy Chief Administrative Officer, the Chief Human Capital Officer, and the Controller meet monthly to monitor progress toward achieving the workforce plan. Adjustments to the workforce plan are made throughout the year, if necessary, to reflect changing needs and conditions.

Data sources The Executive Committee approves the workforce plan. The workforce plan is coordinated and maintained by the Chief Administrative Office (CAO). Data on accessions—that is, new hires coming on board—is taken from a database that contains employee data from the Department of Agriculture’s National Finance Center (NFC) database, which handles payroll and personnel data for GAO and other agencies.

Verification and validation The CAO maintains a database that monitors and tracks all our hiring offers, declinations, and accessions. In coordination with our Human Capital Office, our Chief Administrative Office staff input workforce information supporting this measure into the Chief Administrative Office database. While the database is updated on a daily basis, CAO staff provide monthly reports to the Acting Comptroller General and the Chief Administrative Officer to monitor progress by GAO units in achieving workforce plan hiring targets. The Chief Administrative Office continually monitors and reviews accessions maintained in the NFC database against its database to ensure consistency and to resolve discrepancies. In addition, on a periodic basis, the IG examines our process for calculating the new hire rate. During fiscal year 2008, the IG independently reviewed this process and recommended actions to improve the documentation of the process used to calculate this measure. In fiscal year 2009, we developed standard operating procedures to document how we calculate and ensure quality control over data relevant to this measure.

Data limitations There is a lag of one to two pay periods (up to 4 weeks) before the NFC database reflects actual data. We generally allow sufficient time before requesting data for this measure to ensure that we get accurate results.

Retention rate

Definition and background We continuously strive to make GAO a place where people want to work. Once we have made an investment in hiring and training people, we would like to retain them. This measure is one indicator that we are attaining that objective and is the complement of attrition. We calculate this measure by taking 100 percent minus the attrition rate, where attrition rate is defined as the number of separations divided by the average onboard strength. We calculate this measure with and without retirements.

Data sources Data on retention—that is, people who are on board at the beginning of the fiscal year and people on board at the end of the fiscal year—are taken from a Chief Administrative Office database that contains some data from the NFC database, which handles payroll and personnel data for GAO and other agencies.

Verification and validation Chief Administrative Office staff continually monitor and review accessions and attritions against the contents of their database that has NFC data and they follow up on any discrepancies. In addition, on a periodic basis, the IG examines our process for calculating the retention rate. During fiscal year 2008, the IG reviewed this process and recommended actions to improve the documentation of the process used to calculate this measure. In fiscal year 2009, we developed standard operating procedures to document how we calculate and ensure quality control over data relevant to this measure.

Data limitations See [New hire rate](#), [Data limitations](#).

Staff development

Definition and background

One way that we measure how well we are doing and identify areas for improvement is through our annual employee feedback survey. This Web-based survey, which is conducted by an outside contractor to ensure the confidentiality of every respondent, is administered to all of our employees once a year. Through the survey, we encourage our staff to indicate what they think about GAO's overall operations, work environment, and organizational culture and how they rate our managers—from the immediate supervisor to the Executive Committee—on key aspects of their leadership styles. The survey consists of over 100 questions. To further ensure confidentiality, in fiscal year 2009 the contractor also analyzed the data.

This measure is based on staff's favorable responses to three of the six questions related to staff development on our annual employee survey. This subset of questions was selected on the basis of senior management's judgment about the questions' relevance to the measure and specialists' knowledge about the development of indexes. Staff were asked to respond to three questions on a five-point scale or choose "no basis to judge/not applicable" or "no answer."

Data sources

These data come from our staff's responses to an annual Web-based survey. The survey questions we used for this measure ask staff how much positive or negative impact (1) external training and conferences and (2) on-the-job training had on their ability to do their jobs during the last 12 months. From the staff who expressed an opinion, we calculated the percentage of staff selecting the two categories that indicate satisfaction with or a favorable response to the question. For this measure, the favorable responses were either "very positive impact" or "generally positive impact." In addition, the survey question asked how useful and relevant to your work did you find internal (Learning Center) training courses. From staff who expressed an opinion, we calculated the percentage of staff selecting the three categories that indicate satisfaction with or a favorable response to the question. For this measure, the favorable responses were "very greatly useful and relevant," "greatly useful and relevant," and "moderately useful and relevant." Responses of "no basis to judge/not applicable" or "no answer" were excluded from the calculation. While including "no basis to judge/not applicable" or "no answer" in the calculation would result in a different percentage, our method of calculation is an acceptable survey practice and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions.

Beginning in fiscal year 2006 we changed the way that the staff development people measure was calculated. Specifically, we dropped one question regarding computer-based training because we felt such training was a significant part of (and therefore included in) the other questions the survey asked regarding training. We also modified a question on internal training and changed the scale of possible responses to that question. We show the fiscal year 2004 and 2005 data on a separate line to indicate that those data are not comparable to the data beginning in fiscal year 2006.

Verification and validation

The employee feedback survey gathers staff opinions on a variety of topics. The survey is password protected, and only the outside contractor has access to passwords. In addition, when the survey instrument was developed, extensive focus groups and pretests were undertaken to refine the questions and provide definitions as needed. In fiscal year 2009, our response rate to this survey was about 74 percent, which indicates that its results are largely representative of the GAO population. In addition, many teams and work units conduct follow-on work to gain a better understanding of the information from the survey.

In addition, on a periodic basis, the IG independently reviews the reliability and validity of the staff development measure. The IG's most recent evaluation showed that for fiscal year 2007 we accurately calculated the measure.

Data limitations

The information contained in the survey is the self-reported opinions of staff expressed under conditions of confidentiality. Accordingly, there is no way to further validate those expressions of opinion.

The practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. These errors could result from, for example, respondents misinterpreting a question or data entry staff incorrectly entering data into a database used to analyze the survey responses. Such errors can introduce unwanted variability into the survey results. We took steps in the development of the survey to minimize nonsampling errors. Specifically, when we developed the survey instrument we held extensive focus groups and pretests to refine the questions and define terms used to decrease the chances that respondents would misunderstand the questions. We also limited the chances of introducing nonsampling errors by creating a Web-based survey for which respondents entered their answers directly into an electronic questionnaire. This approach eliminated the need to have the data keyed into a database by someone other than the respondent, thus removing an additional source of error.

Staff utilization

Definition and background

This measure is based on staff’s favorable responses to three of the six questions related to staff utilization on our annual employee survey. This subset of questions was selected on the basis of senior management’s judgment about the questions’ relevance to the measure and specialists’ knowledge about the development of indexes. Staff were asked to respond to these three questions on a five-point scale or choose “no basis to judge/not applicable” or “no answer.” (For background information about our entire employee feedback survey, see [Staff development](#).)

Data sources

These data come from our staff’s responses to an annual Web-based survey. The survey questions we used for this measure ask staff how often the following occurred in the last 12 months: (1) my job made good use of my skills; (2) GAO provided me with opportunities to do challenging work; and (3) in general, I was utilized effectively. From the staff who expressed an opinion, we calculated the percentage of staff selecting the two categories that indicate satisfaction with or a favorable response to the question. For this measure, the favorable responses were either “very positive impact” or “generally positive impact.” Responses of “no basis to judge” or “no answer” were excluded from the calculation. Including “no basis to judge/not applicable” or “no answer” in the calculation (in those few instances where it occurred) would not result in a different percentage. Our method of calculation is an acceptable survey practice, and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions.

Verification and validation

See [Staff development](#), [Verification and validation](#). The IG’s most recent evaluation showed that for fiscal year 2007 we accurately calculated the measure.

Data limitations

See [Staff development](#), [Data limitations](#).

Effective leadership by supervisors

Definition and background

This measure is based on staff's favorable responses to 10 of 20 questions related to six areas of supervisory leadership on our annual employee survey. This subset of questions was selected on the basis of senior management's judgment about the questions' relevance to the measure and specialists' knowledge about the development of indexes. Specifically, our calculation included responses to 1 of 4 questions related to empowerment, 2 of 4 questions related to trust, all 3 questions related to recognition, 1 of 3 questions related to decisiveness, 2 of 3 questions related to leading by example, and 1 of 3 questions related to work life. Staff were asked to respond to these 10 questions on a five-point scale or choose "no basis to judge/not applicable" or "no answer." In fiscal year 2009 we changed the name of this measure from "Leadership" to its current nomenclature to clarify that the measure reflects employee satisfaction with the immediate supervisor's leadership. (For background information about our entire employee feedback survey, see [Staff development, Definition and background.](#))

Data sources

These data come from our staff's responses to an annual Web-based survey. The survey questions we used for this measure ask staff about empowerment, trust, recognition, decisiveness, leading by example, and work life as they pertain to the respondent's immediate supervisor. Specifically, the survey asked staff the following questions about their immediate supervisor during the last 12 months: (1) gave me the opportunity to do what I do best; (2) treated me fairly; (3) acted with honesty and integrity toward me; (4) ensured that there was a clear link between my performance and recognition of it; (5) gave me the sense that my work is valued; (6) provided me meaningful incentives for high performance; (7) made decisions in a timely manner; (8) demonstrated GAO's core values of accountability, integrity, and reliability; (9) implemented change effectively; and (10) dealt effectively with equal employment opportunity and discrimination issues. (Beginning with the 2010 survey, question 10 will not be used for this measure and we will substitute a question on respecting and valuing differences among individuals. We are making this change because there is a large number of respondents who answer "no basis/not applicable" to the Equal Employment Opportunity/discrimination question. We believe this is due to GAO having so few discrimination cases and the safeguarding of private information, thus many employees do not have direct knowledge about how supervisors deal with such issues.) From the staff who expressed an opinion, we calculated the percentage of staff selecting the two categories that indicate satisfaction with or a favorable response to the question. For this measure, the favorable responses were either "always or almost always" or "most of the time." Responses of "no basis to judge/not applicable" or "no answer" were excluded from the calculation. While including "no basis to judge/not applicable" or "no answer" in the calculation would result in a different percentage, our method of calculation is an acceptable survey practice and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions.

Verification and validation

See [Staff development, Verification and validation.](#) The IG's most recent evaluation showed that for fiscal year 2007 we accurately calculated the measure.

Data limitations

See [Staff development, Data limitations.](#)

Organizational climate

Definition and background

This measure is based on staff's favorable responses to 5 of the 13 questions related to organizational climate on our annual employee survey. This subset of questions was selected on the basis of senior management's judgment about the questions' relevance to the measure and specialists' knowledge about the development of indexes. Staff were asked to respond to these 5 questions on a five-point scale or choose "no basis to judge" or "no answer." (For background information about our entire employee feedback survey, see [Staff development.](#))

Data sources These data come from our staff’s responses to an annual Web-based survey. The survey questions we used for this measure ask staff to think back over the last 12 months and indicate how strongly they agree or disagree with each of the following statements: (1) a spirit of cooperation and teamwork exists in my work unit; (2) I am treated fairly and with respect in my work unit; (3) my morale is good; (4) sufficient effort is made in my work unit to get the opinions and thinking of people who work here; and (5) overall, I am satisfied with my job at GAO. From the staff who expressed an opinion, we calculated the percentage of staff selecting the two categories that indicate satisfaction with or a favorable response to the question. For this measure, the favorable responses were either “strongly agree” or “generally agree.” Responses of “no basis to judge” or “no answer” were excluded from the calculation. Including the “no basis to judge/not applicable” or “no answer” in the calculation (in those few instances where it occurred) would not result in a different percentage. Our method of calculation is an acceptable survey practice, and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions.

Verification and validation See [Staff development, Verification and validation](#). The IG’s most recent evaluation showed that for fiscal year 2007 we accurately calculated the measure.

Data limitations See [Staff development, Data limitations](#).

Internal operations measures

Help get job done and quality of work life

Definition and background To measure how well we are doing at delivering internal administrative services to our employees and identify areas for improvement, we conduct an annual Web-based survey in November. The customer satisfaction survey on administrative services, conducted by an outside contractor to ensure the confidentiality of every respondent, is administered to all of our employees once a year. Through the survey we encourage our staff to indicate how satisfied they are with 19 services that help them get their jobs done and another 12 services that affect their quality of work life.

As part of the survey, employees are asked to rate, on a scale of 1 (low) to 5 (high), those services that are important to them and that they have experience with or used recently. Then, for each selected service, employees are asked to indicate their level of satisfaction from 1 (low) to 5 (high), and provide a written reason for their rating and recommendations for improvement if desired. Based on employees’ responses to these questions, we calculate a composite score.

Data sources These data come from our staff’s responses to an annual Web-based survey. To determine how satisfied GAO employees are with internal administrative services, we calculate composite scores for two measures. One measure reflects the satisfaction with the 18 services that help employees get their jobs done. These services include Internet and intranet services, information technology customer support, mail services, and voice communication services. The second measure reflects satisfaction with another 11 services that affect quality of work life. These services include assistance related to pay and benefits, building maintenance and security, and workplace safety and health. The composite score represents how employees rated their satisfaction with services in each of these areas relative to how they rated the importance of those services to them. The importance scores and satisfaction levels are both rated on a scale of 1 (low) to 5 (high).

Verification and validation

The satisfaction survey on administrative services is housed on a Web site maintained by an outside contractor, and only the contractor has the ability to link the survey results with individual staff. Our survey response rate was 56 percent in 2008. To ensure that the results are largely representative of the GAO population, we analyze the results by demographic representation (unit, tenure, location, band level, and job type). Each GAO unit responsible for administrative services conducts follow-on work, including analyzing written comments to gain a better understanding of the information from the survey. In addition, on a periodic basis, the IG independently assesses the internal operations performance measures. The IG examined the measures during fiscal year 2007 and found the measures reasonable. The IG also recommended actions to improve the measures' reliability and objectivity. We are in the process of implementing the IG's recommendations.

Data limitations

The information contained in the survey is the self-reported opinion of staff expressed under conditions of confidentiality. Accordingly, there is no way to further validate those expressions of opinion. We do not plan any actions to remedy this limitation because we feel it would violate the pledge of confidentiality that we make to our staff regarding the survey responses.

The practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. These errors could result, for example, from respondents misinterpreting a question or entering their data incorrectly. Such errors can introduce unwanted variability into the survey results. We limit the chances of introducing nonsampling errors by using a Web-based survey for which respondents enter their answers directly into an electronic questionnaire. This eliminates the need to have the data keyed into a database by someone other than the respondent.

Source: GAO.

Program Evaluation

To assess our progress toward our first three strategic goals and their objectives and to update them for our strategic plan, we evaluate actions taken by federal agencies and the Congress in response to our recommendations. The results of these evaluations are conveyed in this performance and accountability report as financial benefits and nonfinancial benefits that reflect the value of our work.

In addition, we actively monitor the status of our open recommendations—those that remain valid but have not yet been implemented—and report our findings annually to the Congress and the public (see <http://www.gao.gov/openrecs.html>). We use the results of that analysis to determine the need for further work in particular areas. For example, if an agency has not implemented a recommended action that we consider to be worthwhile, we may decide to pursue further

action with agency officials or congressional committees, or we may decide to undertake additional work on the matter.

We also use our biennial high-risk update report to provide a status report on those major government operations considered high risk because of their vulnerabilities to fraud, waste, abuse, and mismanagement or the need for broad-based transformation. The report is a valuable evaluation and planning tool because it helps us to identify those areas where our continued efforts are needed to maintain the focus on important policy and management issues that the nation faces. (See www.gao.gov/docsearch/featured/highrisk.html.)

In fiscal year 2009, various task teams worked under the umbrella of a large, multifocused effort called GAO's Management Improvement Initiative. A coordinating committee reporting directly to the Executive Committee was chartered to oversee the coordination and implementation of each project within the following five priority

areas: Recognizing and Valuing Diversity; Reassessing the Performance Appraisal System; Managing Workload, Quality, and Streamlining Processes; Enhancing Staffing Practices and Developing the Workforce; and Strengthening Recruitment and Retention Initiatives. The task teams examined a number of internal issues, operations, and processes spanning all four of our strategic goals. The following studies helped to inform the work being done in several of these priority areas:

- **Performance appraisal system study.** An internal task team performed a comprehensive evaluation of our performance appraisal system used for all staff assessed during annual reviews as well as for staff in GAO's development programs who are assessed every 6 months. The evaluation included analyzing past feedback on the system; obtaining employee and manager perspectives through 53 interviews and 28 focus groups; implementing an agencywide survey, which had a 67 percent response rate and solicited over 5,000 comments; and assessing findings from the 2008 African American Performance Assessment—a contractor-conducted study of the differences in average performance appraisals between GAO's African American and Caucasian analysts. While we found through our survey that a majority of employees reported that their contributions to GAO are accurately appraised and the feedback they receive is useful and relevant, their satisfaction with the overall system and its transparency is low.
- **Recruiting practices study.** An internal task team conducted a comprehensive study of our recruiting and hiring programs that established baseline data on the results of our recruiting efforts.

We found that while we are extremely successful in attracting highly qualified candidates to our job announcements, our recruiting program was in need of additional structure and oversight to deliver the best return on investment.

- **Staff development assessment.** An internal task team implemented a survey for staff completing our entry-level development programs to assess the quality of the development and support they were provided. The results from the first iteration of this survey show that almost all developmental staff have developed a good understanding of GAO's performance standards and almost all staff were satisfied with the mission teams they were assigned to after the program, but that we need to provide greater clarity on program goals, improve the usefulness of professional development tools, and increase interaction between Professional Development Program management and program participants.
- **Rotational program assessment.** An internal task team conducted an assessment of the rotational program for developmental analysts (i.e., where staff work in three to four mission teams on different engagements during their first 24 months on the job) to determine the impact, if any, of rotations on engagements. Managers identified a number of positive benefits of rotating development staff among mission teams and generally did not believe that rotations negatively affected engagements unless the developmental staff member was the only member on the engagement team in addition to the engagement leader.

We also completed two additional evaluations related to goal 4's strategic objectives.

■ **Financial management practices and processes.** We have a comprehensive management control program to meet the objectives of the Federal Managers' Financial Integrity Act, even though, as part of the legislative branch of the federal government, we are not legally required to do so. The program includes an integration of management controls into our financial processes²¹ and financial management systems, review of management controls and financial management systems controls on a recurring basis, and development of corrective action plans for any control issues found and monitoring of those plans until the issues are resolved or corrected. Our Senior Assessment Team (SAT), consisting of senior managers and chaired by the Chief Financial Officer, ensures our commitment to an appropriate system of internal control, actively oversees the process of assessing internal controls, and provides input for the level and priority of resource needs to correct any control issue identified. In addition to the SAT, our Internal Control Working Group (ICWG) planned, conducted, and managed the assessment in accordance with Office of Management and Budget (OMB) Circular A-123 guidelines. The ICWG was composed of individuals designated as business unit managers, the project management team, technical consultants, and field office representatives. We monitor management controls through internal control reviews that included identification of key controls over financial reporting; performance of interviews, walk-throughs, and observations to determine whether those controls were in operation; documentation

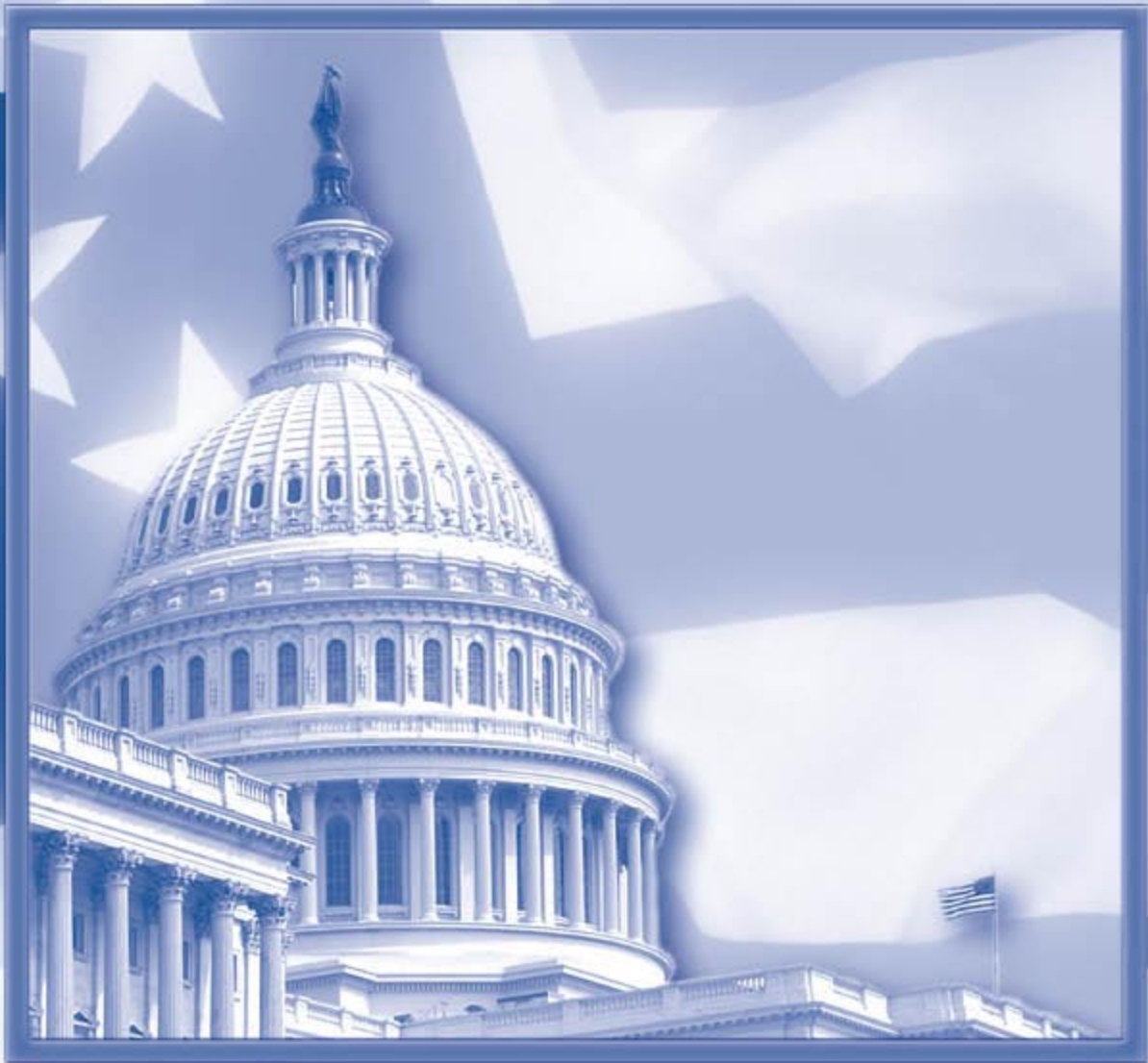
of key controls; testing and evaluation of the operating effectiveness of the key controls; and reporting the results to our ICWG and SAT. The review of our financial management systems was performed consistent with OMB Circular A-127, and included analyzing the Statement on Auditing Standards 70 audit reports of our shared service providers. Our review of financial management systems to determine that they were in substantial compliance with the Federal Financial Management Improvement Act included consideration of all information available, including the results of financial management systems reviews and the auditor's opinions on GAO's financial statements and on internal controls over financial reporting and the auditor's report on compliance with laws and regulations.

■ **Knowledge-sharing survey.** The Office of Public Affairs implemented its first reader survey of both internal and external readers of the *GAO Management News* to identify suggestions for enhancing the content and format.

The studies above resulted in internal products or briefings in fiscal year 2009 that are not available publicly.

²¹ In fiscal year 2009, GAO operations were segmented into 10 business cycles: Entity-Wide Controls, IT Controls, Facilities and Property Management, Travel, Procurement, Disbursements, Budget, Fund Balance with Treasury, Financial Reporting, and Payroll.

Serving The Congress And The Nation



Part III

Financial Information



Source: See Image Sources.

November 13, 2009

I am pleased to report that during fiscal year 2009 the U.S. Government Accountability Office continued to honor its commitment to lead by example in government financial management. For the 23rd consecutive year, independent auditors gave us an unqualified opinion on our financial statements citing no material weaknesses and no major compliance problems. The financial statements that follow were prepared, audited, and made publicly available as an integral part of this performance and accountability report (PAR) 45 days after the end of the fiscal year. Our fiscal year 2008 PAR received a certificate of excellence in accountability reporting from the Association of Government Accountants (AGA). Our annual reports have received this AGA honor each year since we first applied with our fiscal year 2001 PAR.

Consistent with our role as the “congressional watchdog,” we played a significant role in helping ensure government accountability during this year of fiscal stress. In addition to our statutory oversight role for the \$700 billion Troubled Asset Relief Program (TARP), we received new legislative mandates to perform bimonthly reviews of state and local government spending under the American Recovery and Reinvestment Act (Recovery Act). Our responsibilities under TARP included reporting at least every 60 days on findings resulting from GAO’s oversight of the program’s performance and auditing the financial statements of TARP on an annual basis. For our work on the Recovery Act, we received a \$25 million appropriation available through fiscal year 2010 to meet our new responsibilities. To ensure that we held ourselves to the same level of accountability for the spending and recording of special appropriations as we hold the rest of the federal government, we instituted an oversight committee to review tracking, reporting, and spending controls; integrated Recovery Act funds control into our internal Office of Management and Budget Circular A-123 reviews; and consulted timely with our external auditors.

Fiscal year 2009 marked our second year of operations with the Delphi financial system and contracted services provided by the Department of Transportation's (DOT) Enterprise Services Center (ESC). We continue to be pleased with the services provided by both, and this year expanded those services with the ESC to include budgetary transaction processing. As a result, the majority of our accounting data entry is now handled by our service provider. We further expanded the use of the integrated capabilities of the system by migrating to a purchase card system and a procurement system, which are both fully compatible with Delphi. The technology of our new financial system also allowed us to prepare comparative quarterly financial statements for the first time in fiscal year 2009, taking advantage of fluctuation analyses to improve our insights into our operations. Finally, we engaged in a rigorous procurement for a new e-Gov automated travel transaction processing system with the contract being awarded for the GovTrip system. This new system, which will be fully integrated with the Delphi accounting system, will be tested and implemented during fiscal year 2010.

As we continue to expand our use of federal shared service providers, we recognize the accompanying challenges in terms of monitoring and maintaining sound internal controls. To address these challenges, we have adopted a more comprehensive approach in reviewing the effectiveness of controls throughout the processes regardless of the physical location where systems are operated and data entry services are performed. For example, we now test all business cycles and key areas, such as financial reporting, payroll expenses, and entitywide controls, with a focus on processing integration points and process changes. We also review independent auditors' reports on our service providers to ensure that we are able to proactively address any issues with appropriate compensating controls. All of these efforts contributed to our independent auditors providing a positive opinion on the effectiveness of our internal controls again this year.

During fiscal year 2009, our Human Capital Office planned and initiated the migration to a new Web-based human resources management system, HR Connect. The first phase of the implementation, which automated many of the personnel processing activities associated with payroll, was rolled out on schedule and under budget. In subsequent phases, HR Connect will consolidate and streamline a patchwork of existing stand-alone human capital systems. The full implementation of HR Connect will move us toward achieving our vision of having modern, integrated, and user-friendly human capital practices, processes, and tools that are both efficient and effective.

Looking ahead to fiscal year 2010, we will continue our progress in achieving more efficient and effective financial operations and overall agency operations. A few of the challenges we face include upgrading to a new version of our integrated procurement system, Prism; maintaining

financial operations during new releases of the Delphi system; completing the implementation of a payment document flow system; transitioning to our new eTravel system, GovTrip; and obtaining an automated solution to better integrate and manage budget and staff resource planning activities. Each of these efforts is a key component in extending our use of fully automated and integrated financial systems. Furthermore, we continue to serve as a member of the DOT Financial Management Business Council, participating in a project to transform GAO's financial coding structure to align with the executive branch's migration to the Common Government Accounting Classification Structure.

Our continued focus on these "behind the scenes" improvements to our business processes is consistent with our efforts to achieve our strategic goal of being a model federal agency, while striving to support the Congress in meeting its constitutional responsibilities to help improve government performance and ensure its accountability for the benefit of the American people.



Sallyanne Harper
Chief Financial Officer

Audit Advisory Committee's Report

The Audit Advisory Committee (the Committee) assists the Comptroller General in overseeing the U.S. Government Accountability Office's (GAO) financial operations. As part of that responsibility, the Committee meets with agency management and its internal and external auditors to review and discuss GAO's external financial audit coverage, the effectiveness of GAO's internal controls over its financial operations, and its compliance with certain laws and regulations that could materially impact GAO's financial statements. GAO's external auditors are responsible for expressing an opinion on the conformity of GAO's audited financial statements with the U.S. generally accepted accounting principles. The Committee reviews the findings of the internal and external auditors, and GAO's responses to those findings, to ensure that GAO's plan for corrective action includes appropriate and timely follow-up measures. In addition, the Committee reviews the draft Performance and Accountability Report, including its financial statements, and provides comments to management who have primary responsibility for the Performance and Accountability Report. The Committee met three times with respect to its responsibilities as described above. During two of these sessions, the Committee met with the internal and external auditors without GAO management being present and discussed with the external auditors the matters that are required to be discussed by generally accepted auditing standards. Based on procedures performed as outlined above, we recommend that GAO's audited statements and footnotes be included in the 2009 Performance and Accountability Report.



Sheldon S. Cohen
Chairman
Audit Advisory Committee

Independent Auditor's Report



Independent Auditor's Report

Acting Comptroller General of the United States

In our audits of the Government Accountability Office (GAO) for fiscal years 2009 and 2008, we found:

- The financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.
- GAO maintained, in all material respects, effective internal control over financial reporting.
- GAO's financial management systems substantially complied with the applicable requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA).
- No reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management's Discussion and Analysis (MD&A) and other supplementary information, and (3) our objectives, scope and methodology.

Opinion on Financial Statements

In our opinion, the financial statements including the accompanying notes present fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America, GAO's assets, liabilities and net position as of September 30, 2009 and 2008, and net costs; changes in net position; and budgetary resources for the years then ended.

Opinion on Internal Control

In our opinion, GAO maintained, in all material respects, effective internal control over financial reporting as of September 30, 2009 that provided reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements would be prevented or detected and corrected on a timely basis. Our opinion is based on criteria established under 31 U.S.C. 3512 (c), (d), the Federal Managers' Financial Integrity Act (FMFIA).

We noted other nonreportable matters involving internal control and its operation that we will communicate in a separate management letter.

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Opinion on FFMI Compliance

In our opinion, GAO's financial management systems, as of September 30, 2009, substantially complied with the following requirements of FFMI: (1) federal financial management systems requirements, (2) federal accounting standards, and (3) the *United States Government Standard General Ledger* (SGL) at the transaction level. Our opinion is based on criteria established under FFMI for federal financial management systems, accounting principles generally accepted in the United States of America, and the SGL.

Compliance with Laws and Regulations

Our tests for compliance with selected provisions of laws and regulations disclosed no instances of noncompliance that would be reportable under *Government Auditing Standards*. The objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

This conclusion on laws and regulations is intended solely for the use of the management of GAO, OMB, and Congress and is not intended to be, and should not be, used by anyone other than these specified parties.

Consistency of Other Information

The MD&A included as Part I is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory information, performance information and appendixes listed in the table of contents are presented for additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Objectives, Scope, and Methodology

Management is responsible for (1) preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, (2) establishing and maintaining effective internal control over financial reporting, and evaluating its effectiveness, (3) ensuring that GAO's financial management systems substantially comply with FFMI requirements, and (4) complying with applicable laws and regulations. GAO management evaluated the effectiveness of GAO's internal control over financial reporting as of September 30, 2009, based on criteria established under FFMI. GAO management's assertion is included in the Overview of Financial Management and Controls.

We are responsible for planning and performing our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We are responsible for planning and performing our examination to obtain reasonable assurance about whether management maintained, in all material respects, effective internal

control over financial reporting as of September 30, 2009. Our examination included obtaining an understanding of the entity and its operations, including its internal control over financial reporting; considering GAO's process for evaluating and reporting on internal control over financial reporting the GAO is required to perform by FMFIA; assessing the risk that a material misstatement exists in the financial statements and the risk that a material weakness exists in internal control over financial reporting; evaluating the design and operating effectiveness of internal control and assessing risk; testing relevant internal controls over financial reporting; and performing such other procedures as we considered necessary in the circumstances. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in accordance with the laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the financial statements.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We are responsible for planning and performing our examination to obtain reasonable assurance about whether GAO's financial management systems substantially complied with the three FFMA requirements. We examined, on a test basis, evidence about GAO's substantial compliance with those requirements, and performed such other procedures as we considered necessary in the circumstances.

We are also responsible for testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements. We did not test compliance with all laws and regulations applicable to GAO. We limited our tests of compliance to selected provisions of those laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the financial statements for the fiscal year ended September 30, 2009. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We conducted our audits and examinations in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; attestation standards established by the American Institute of Certified Public Accountants; and OMB audit guidance. We believe that our audits and examinations provide a reasonable basis for our opinions.



Calverton, Maryland
November 10, 2009

Purpose of Each Financial Statement

The financial statements on the next four pages present the following information:

- The balance sheet presents the combined amounts we had available to use (assets) versus the amounts we owed (liabilities) and the residual amounts after liabilities were subtracted from assets (net position).
- The statement of net cost presents the annual cost of our operations. The gross cost less any offsetting revenue earned from our activities is used to arrive at the net cost of work performed under our four strategic goals.
- The statement of changes in net position presents the accounting items that caused the net position section of the balance sheet to change from the beginning to the end of the fiscal year.
- The statement of budgetary resources presents how budgetary resources were made available to us during the fiscal year and the status of those resources at the end of the fiscal year.

Financial Statements
U.S. Government Accountability Office
Balance Sheets

As of September 30, 2009 and 2008

(Dollars in thousands)

	<u>2009</u>	<u>2008</u>
Assets		
Intragovernmental		
Funds with the U.S. Treasury (Note 3)	\$101,710	\$70,472
Accounts receivable	983	602
Total Intragovernmental	<u>102,693</u>	<u>71,074</u>
Property and equipment, net (Note 4)	32,684	39,964
Other	307	284
Total Assets	<u>\$135,684</u>	<u>\$111,322</u>
Liabilities		
Intragovernmental		
Accounts payable	\$14,857	\$11,252
Employee benefits (Note 6)	3,662	2,965
Workers' compensation (Note 7)	2,764	2,514
Total Intragovernmental	21,283	16,731
Accounts payable and other	12,500	15,711
Salaries and benefits (Note 6)	23,069	21,304
Accrued annual leave (Note 5)	33,351	30,953
Workers' compensation (Note 7)	16,332	16,687
Capital leases (Note 9)	4,814	7,018
Total Liabilities	<u>111,349</u>	<u>108,404</u>
Net Position		
Unexpended appropriations	48,330	24,064
Cumulative results of operations	<u>(23,995)</u>	<u>(21,146)</u>
Total Net Position (Note 13)	<u>24,335</u>	<u>2,918</u>
Total Liabilities and Net Position	<u>\$135,684</u>	<u>\$111,322</u>

The accompanying notes are an integral part of these statements.

Financial Statements
U.S. Government Accountability Office
Statements of Net Cost
For Fiscal Years Ended September 30, 2009 and 2008
(Dollars in thousands)

	<u>2009</u>	<u>2008</u>
Net Costs by Goal (Note 2)		
Goal 1: Well-Being/Financial Security of American People	\$191,316	\$201,159
Less: reimbursable services	—	—
Net goal costs	<u>191,316</u>	<u>201,159</u>
Goal 2: Changing Security Threats/Challenges of Global Interdependence	173,645	161,144
Less: reimbursable services	<u>(5,283)</u>	—
Net goal costs	<u>168,362</u>	<u>161,144</u>
Goal 3: Transforming the Federal Government's Role	182,384	153,719
Less: reimbursable services	<u>(5,255)</u>	<u>(3,145)</u>
Net goal costs	<u>177,129</u>	<u>150,574</u>
Goal 4: Maximize the Value of GAO	27,658	22,706
Less: reimbursable services	—	<u>(91)</u>
Net goal costs	<u>27,658</u>	<u>22,615</u>
Less: reimbursable services not attributable to goals	<u>(5,672)</u>	<u>(5,890)</u>
Net Cost of Operations (Note 10)	<u>\$558,793</u>	<u>\$529,602</u>

The accompanying notes are an integral part of these statements.

Financial Statements
U.S. Government Accountability Office
Statements of Changes in Net Position
For Fiscal Years Ended September 30, 2009 and 2008
(Dollars in thousands)

	<u>2009</u>	<u>2008</u>
Cumulative Results of Operations, Beginning of fiscal year	(\$21,146)	(\$17,953)
Budgetary Financing Sources - Appropriations used	530,184	503,368
Other Financing Sources		
Intragovernmental transfer of property and equipment	(1)	(3)
Federal employee retirement benefit costs paid by OPM and imputed to GAO (Note 6)	<u>25,761</u>	<u>23,044</u>
Total Financing Sources	555,944	526,409
Net Cost of Operations	<u>(558,793)</u>	<u>(529,602)</u>
Net Change	(2,849)	(3,193)
Cumulative Results of Operations, End of fiscal year	<u>(23,995)</u>	<u>(21,146)</u>
Unexpended Appropriations, Beginning of fiscal year	24,064	30,562
Budgetary Financing Sources and Uses		
Current year appropriations	556,000	501,000
Appropriations transferred in	-	250
Permanently not available	(1,550)	(4,380)
Appropriations used	<u>(530,184)</u>	<u>(503,368)</u>
Total Unexpended Appropriations, End of fiscal year	<u>48,330</u>	<u>24,064</u>
Net Position	<u>\$24,335</u>	<u>\$2,918</u>

The accompanying notes are an integral part of these statements.

Financial Statements
U.S. Government Accountability Office
Statements of Budgetary Resources
For Fiscal Years Ended September 30, 2009 and 2008
(Dollars in thousands)

	<u>2009</u>	<u>2008</u>
Budgetary Resources (Note 11)		
Unobligated balance, brought forward October 1	\$6,756	\$10,010
Recoveries of prior year unpaid obligations	<u>2,370</u>	<u>2,014</u>
Budget authority		
Appropriations	556,000	501,000
Spending authority from offsetting collections		
Earned and collected	16,299	10,462
Change in receivable from Federal sources	373	(385)
Change in unfilled customer orders - advance received	433	(91)
Change in unfilled customer orders - without advance	<u>(125)</u>	<u>125</u>
Subtotal	572,980	511,111
Nonexpenditure transfers, net and actual	-	250
Permanently not available	<u>(1,550)</u>	<u>(4,380)</u>
Total Budgetary Resources	<u>\$580,556</u>	<u>\$519,005</u>
Status of Budgetary Resources		
Obligations incurred		
Direct	\$536,692	\$500,362
Reimbursable	<u>13,491</u>	<u>11,887</u>
Subtotal	550,183	512,249
Unobligated balance - Apportioned	26,463	2,588
Unobligated balance not available	<u>3,910</u>	<u>4,168</u>
Total Status of Budgetary Resources	<u>\$580,556</u>	<u>\$519,005</u>
Change in Obligated Balances		
Obligated balance, net:		
Unpaid Obligated balance, brought forward October 1	\$64,448	\$54,606
Uncollected customer payments from Federal sources, brought forward October 1	<u>(730)</u>	<u>(990)</u>
Total, Unpaid Obligation, net, brought forward October 1	63,718	53,616
Obligations incurred	550,183	512,249
Less: Gross Outlays	(539,944)	(500,393)
Recoveries of prior-year unpaid obligations, actual	(2,370)	(2,014)
Change in uncollected customer payments from Federal sources	(248)	260
Obligated balance, net, end of period:		
Unpaid Obligations	72,317	64,448
Uncollected customer payments from Federal sources	<u>(978)</u>	<u>(730)</u>
Total, Unpaid obligations, net, end of period	<u>\$71,339</u>	<u>\$63,718</u>
Net Outlays		
Gross outlays	\$539,944	\$500,393
Less: Offsetting collections	<u>(16,733)</u>	<u>(10,372)</u>
Net Outlays	<u>\$523,211</u>	<u>\$490,021</u>

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of the United States Government Accountability Office (GAO). GAO, an agency in the legislative branch of the federal government, supports the Congress in carrying out its constitutional responsibilities. GAO carries out its mission primarily by conducting audits, evaluations, analyses, research, and investigations and providing the information from that work to the Congress and the public in a variety of forms. The financial activity presented relates primarily to the execution of GAO's congressionally approved budget. GAO's budget consists of an annual appropriation covering salaries and expenses and revenue from reimbursable audit work and rental income. The revenue from audit services and rental income is included on the Statement of Budgetary Resources as "reimbursable services." The financial statements, except for federal employee benefit costs paid by the Office of Personnel Management (OPM) and imputed to GAO, do not include the effects of centrally administered assets and liabilities related to the federal government as a whole, such as interest on the federal debt, which may in part be attributable to GAO. The Davis-Bacon trust's assets, related liabilities, revenues, and costs related to beneficiary payments are not those of GAO and therefore are not included in the accompanying financial statements. See Note 14, Davis-Bacon Act Trust Function.

Basis of Accounting

GAO's financial statements have been prepared on the accrual basis and the budgetary basis of accounting in conformity with generally accepted accounting principles for the federal government. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities. The statements were also prepared in conformity with the most current version of OMB Circular A-136, *Financial Reporting Requirements*.

Assets

Intragovernmental assets are those assets that arise from transactions with other federal entities. Funds with the U.S. Treasury comprise the majority of intragovernmental assets on GAO's Balance Sheet.

Funds with the U.S. Treasury

The U.S. Treasury processes GAO's receipts and disbursements. Funds with the U.S. Treasury represent appropriated funds Treasury will provide to pay liabilities and to finance authorized purchase commitments.

Accounts Receivable

GAO's accounts receivable are due principally from federal agencies for reimbursable services; therefore, GAO has not established an allowance for doubtful accounts.

Property and Equipment

The GAO headquarters building qualifies as a multiuse heritage asset, is GAO's only heritage asset, and is reported with property and equipment on the balance sheet. The designation of multiuse heritage asset is a result of both being listed in the National Register of Historic Places and being used in general government operations. Statement of Federal Financial Accounting Standards No. 29 requires accounting for multiuse heritage assets as general property, plant, and equipment to be included in the balance sheet and depreciated. Maintenance of the building has been kept on a current basis. The building is depreciated on a straight-line basis over 25 years.

Generally, property and equipment individually costing more than \$15,000 are capitalized at cost. Building improvements and leasehold improvements are capitalized when the cost is \$25,000 or greater. Bulk purchases of lesser-value items that aggregate more than \$150,000 are also capitalized at cost. Assets are depreciated on a straight-line basis over the estimated useful life of the property as follows: building improvements, 10 years; computer equipment, software, and capital lease assets, ranging from 3 to 6 years; leasehold improvements, 5 years; and other equipment, ranging from 5 to 20 years. GAO's property and equipment have no restrictions as to use or convertibility except for the restrictions related to the GAO building's classification as a multiuse heritage asset.

Liabilities

Liabilities represent amounts that are likely to be paid by GAO as a result of transactions that have already occurred.

Accounts Payable

Accounts payable consists of amounts owed to federal agencies and commercial vendors for goods and services received.

Federal Employee Benefits

GAO recognizes its share of the cost of providing future pension benefits to eligible employees over the period of time that they render services to GAO. The pension expense recognized in the financial statements equals the current service cost for GAO's employees for the accounting period less the amount contributed by the employees. OPM, the administrator of the plan, supplies GAO with factors to apply in the calculation of the service cost. These factors are derived through actuarial cost methods and assumptions. The excess of the recognized pension expense over the amount contributed by GAO and employees represents the amount being financed directly through the Civil Service Retirement and Disability Fund administered by OPM. This amount is considered imputed financing to GAO (see Note 6).

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose deaths are attributable to a job-related injury or occupational disease. Claims incurred for benefits for GAO employees under FECA are administered by the Department of Labor (Labor) and are paid, ultimately, by GAO (see Note 7).

GAO recognizes a current-period expense for the future cost of postretirement health benefits and life insurance for its employees while they are still working. GAO accounts for and reports this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and GAO do not make current contributions to fund these future benefits.

Federal employee benefit costs paid by OPM and imputed to GAO are reported on the Statements of Changes in Net Position and are also included as a component of net cost by goal on the Statement of Net Cost.

Annual, Sick, and Other Leave

Annual leave is recognized as an expense and a liability as it is earned; the liability is reduced as leave is taken. The accrued leave liability is principally long term in nature. Sick leave and other types of leave are expensed as leave is taken. All leave is funded when expensed.

Contingencies

GAO has certain claims and lawsuits pending against it. GAO's policy is to include provision in the financial statements for any losses considered probable and estimable. Management believes that losses from certain other claims and lawsuits are reasonably possible but are not material to the fair presentation of GAO's financial statements and provision for these losses is not included in the financial statements.

Estimates

Management has made certain estimates and assumptions when reporting assets, liabilities, revenue, expenses, and in the note disclosures. Actual results could differ from these estimates.

Note 2. Intragovernmental Costs and Exchange Revenue

Intragovernmental costs arise from exchange transactions made between two reporting entities within the federal government in contrast with public costs, which arise from exchange transactions made with a nonfederal entity. Intragovernmental costs and exchange revenue for the periods ended September 30, 2009, and September 30, 2008, are as follows:

Dollars in thousands

	2009	2008
Goal 1: Well-being/Financial Security of American People		
Intragovernmental costs	\$49,421	\$52,132
Public costs	141,895	149,027
Net goal 1 costs	<u>191,316</u>	<u>201,159</u>
Goal 2: Changing Security Threats/ Challenges of Global Interdependence		
Intragovernmental costs	44,368	41,409
Public costs	129,277	119,735
Net goal 2 costs	<u>173,645</u>	<u>161,144</u>
Goal 2 intragovernmental earned revenue	<u>(5,283)</u>	–
Net goal 2 costs	<u>168,362</u>	<u>161,144</u>
Goal 3: Transforming the Federal Government's Role		
Intragovernmental costs	45,260	39,680
Public costs	137,124	114,039
Total goal 3 costs	<u>182,384</u>	<u>153,719</u>
Goal 3 intragovernmental earned revenue	<u>(5,255)</u>	<u>(3,145)</u>
Net goal 3 costs	<u>177,129</u>	<u>150,574</u>
Goal 4: Maximize the Value of GAO		
Intragovernmental costs	10,084	12,160
Public costs	17,574	10,546
Total goal 4 costs	<u>27,658</u>	<u>22,706</u>
Goal 4 intragovernmental earned revenue	–	(91)
Net goal 4 costs	<u>27,658</u>	<u>22,615</u>
Earned revenue not attributable to goals		
Intragovernmental	(5,534)	(5,757)
Public	<u>(138)</u>	<u>(133)</u>
Total earned revenue not attributable to goals	<u>(\$5,672)</u>	<u>(\$5,890)</u>

Goal 1 has no associated year to date intragovernmental revenue. The increase in intergovernmental earned revenue for both goals 2 and 3 is a result of reimbursements for GAO's new statutory oversight role in 2009 over the Troubled Asset Relief Program (TARP).

Note 3. Funds with the U.S. Treasury

GAO's funds with the U.S. Treasury consist of only appropriated funds. The status of these funds as of September 30, 2009, and September 30, 2008, is as follows:

Dollars in thousands

	2009	2008
Unobligated balance		
Available	\$26,461	\$2,586
Unavailable	3,910	4,168
Obligated balances not yet disbursed	<u>71,339</u>	<u>63,718</u>
Total funds with U.S. Treasury	<u>\$101,710</u>	<u>\$70,472</u>

A significant portion of the unobligated balance available in fiscal year 2009 is due to the remaining unobligated balance of GAO's supplemental multiyear appropriation (approximately \$20,800,000) for efforts that include reviewing states' uses of the American Recovery and Reinvestment Act (Recovery Act) funds.

Note 4. Property and Equipment, Net

The composition of property and equipment as of September 30, 2009, is as follows:

Dollars in thousands

Classes of property and equipment	Acquisition value	Accumulated depreciation	Book value
Building	\$15,664	\$13,158	\$2,506
Land	1,191	–	1,191
Building improvements	109,841	96,780	13,061
Computer and other equipment and software	40,258	30,360	9,898
Leasehold improvements	6,238	6,037	201
Assets under capital lease	<u>20,954</u>	<u>15,127</u>	<u>5,827</u>
Total property and equipment	<u>\$194,146</u>	<u>\$161,462</u>	<u>\$32,684</u>

The composition of property and equipment as of September 30, 2008, is as follows:

Dollars in thousands

Classes of property and equipment	Acquisition value	Accumulated depreciation	Book value
Building	\$15,664	\$12,531	\$3,133
Land	1,191	–	1,191
Building improvements	108,652	93,367	15,285
Computer and other equipment and software	38,579	27,689	10,890
Leasehold improvements	6,242	5,803	439
Assets under capital lease	<u>27,237</u>	<u>18,211</u>	<u>9,026</u>
Total property and equipment	<u>\$197,565</u>	<u>\$157,601</u>	<u>\$39,964</u>

Note 5. Liabilities Not Covered by Budgetary Resources

The liabilities on GAO's Balance Sheets as of September 30, 2009, and September 30, 2008, include liabilities not covered by budgetary resources, which are liabilities for which congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. The composition of liabilities not covered by budgetary resources as of September 30, 2009, and September 30, 2008, is as follows:

Dollars in thousands

	2009	2008
Intragovernmental liabilities—Workers' compensation	\$2,764	\$2,514
Salaries and benefits—Comptrollers' General retirement plan*	1,961	1,975
Accrued annual leave	33,351	30,953
Workers' compensation**	16,332	16,687
Capital leases	<u>4,814</u>	<u>7,018</u>
Total liabilities not covered by budgetary resources	<u>\$59,222</u>	<u>\$59,147</u>

* See Note 6 for further discussion of the Comptrollers' General retirement plan.

** See Note 7 for further discussion of workers' compensation.

Note 6. Federal Employee Benefits

All permanent employees participate in the contributory Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Temporary employees and employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA). To the extent that employees are covered by FICA, the taxes they pay to the program and the benefits they will eventually receive are not recognized in GAO's financial

statements. GAO makes contributions to CSRS, FERS, and FICA and matches certain employee contributions to the thrift savings component of FERS. All of these payments are recognized as operating expenses.

In addition, all permanent employees are eligible to participate in the contributory Federal Employees Health Benefits Program (FEHBP) and Federal Employees' Group Life Insurance (FEGLI) Program and may continue to participate after retirement. GAO makes contributions through OPM to FEHBP and the FEGLI Program for active employees to pay for their current benefits. GAO's contributions for active employees are recognized as operating expenses. Using the cost factors supplied by OPM, GAO has also recognized an expense in its financial statements for the estimated future cost of postretirement health benefits and life insurance for its employees. These costs are financed by OPM and imputed to GAO.

Amounts owed to OPM and Treasury as of September 30, 2009, and September 30, 2008, are \$3,662,000 and \$2,965,000, respectively, for FEHBP, the FEGLI Program, FICA, FERS, and CSRS contributions and are shown on the Balance Sheet as an employee benefits liability.

Details of the major components of GAO's federal employee benefit costs for the periods ended September 30, 2009, and September 30, 2008, are as follows:

Dollars in thousands

Federal Employee Benefits Costs	2009	2008
Federal employee retirement benefit costs paid by OPM and imputed to GAO:		
Estimated future pension costs (CSRS/FERS)	\$9,372	\$8,584
Estimated future postretirement health and life insurance (FEHBP/FEGLI)	<u>16,389</u>	<u>14,460</u>
Total	<u>\$25,761</u>	<u>\$23,044</u>
Pension expenses (CSRS/FERS)	\$33,895	\$31,070
Health and life insurance expenses (FEHBP/FEGLI)	\$17,377	\$16,098
FICA payment made by GAO	\$19,436	\$17,578
Thrift Savings Plan – matching contribution by GAO	\$11,436	\$10,391

Comptrollers General and their surviving beneficiaries who qualify and so elect to participate are paid retirement benefits by GAO under a separate retirement plan. These benefits are paid from current year appropriations. Because GAO is responsible for future payments under this plan, the estimated present value of accumulated plan benefits of \$1,961,000 as of September 30, 2009, and \$1,975,000 as of September 30, 2008, is included as a component of salary and benefit liabilities on GAO's Balance Sheet.

Note 7. Workers' Compensation

GAO utilizes the services of an independent actuarial firm to calculate its FECA liability. GAO recorded an estimated liability for claims incurred but not reported as of September 30, 2009, and September 30, 2008, which is expected to be paid in future periods. This estimated liability

of \$16,332,000 and \$16,687,000 as of September 30, 2009, and September 30, 2008, respectively, is reported on GAO's Balance Sheet. GAO also recorded a liability for amounts paid to claimants by Labor as of September 30, 2009, and September 30, 2008, of \$2,764,000 and \$2,514,000, respectively, but not yet reimbursed to Labor by GAO. The amount owed to Labor is reported on GAO's Balance Sheet as an intragovernmental liability.

Note 8. Building Lease Revenue

In fiscal year 2000 the U.S. Army Corps of Engineers (USACE) entered into an agreement with GAO to lease the entire third floor of the GAO building. USACE provided all funding for the third floor renovation. Occupancy began August 3, 2000, for an initial period of 3 years, with options to renew on an annual basis for 7 additional years. Total rental revenue to GAO includes a base rent, which remains constant for the entire 10-year period, plus operating expense reimbursements at a fixed amount for the first 3 years, with escalation clauses from year 4 through year 10 if the option years are exercised. Beginning in fiscal year 2002, USACE leased additional space on the sixth floor with occupancy lasting through the original lease term.

Rent received by GAO for fiscal year 2009 and 2008 was \$5,264,000 and \$5,194,000, respectively. These amounts are included in reimbursable services shown on the Statement of Net Costs. Total rental revenue for the remaining period of the 10-year lease, fiscal year 2010, is \$5,179,000. Negotiations for an additional 10-year extension of this lease are in process between GAO and USACE. Once signed, this agreement would cover fiscal years 2011 through 2020.

Note 9. Leases

Capital Leases

GAO has entered into capital leases for office equipment and computer equipment under which the ownership of the equipment covered under the leases transfers to GAO when the leases expire. When GAO enters into these leases, the present value of the future lease payments is capitalized, net of imputed interest, and recorded as a liability. The acquisition value and accumulated depreciation of GAO's capital leases are shown in Note 4, Property and Equipment, Net. As of September 30, 2009, and September 30, 2008, the capital lease liability was \$4,814,000 and \$7,018,000, respectively. This decrease is due to the lease payments made throughout fiscal year 2009 with no significant additional capital leases entered into during the year.

These lease agreements are written as contracts with a base year and option years. The option years are subject to the availability of funds. Early termination of the leases for reasons other than default is subject to a negotiation between the parties. These leases are lease-to-ownership agreements. GAO's leases are short term in nature and no liability exists beyond the years shown in the table below. GAO's estimated future minimum lease payments under the terms of the leases are as follows:

Dollars in thousands

Fiscal year ending September 30	Total
2010	\$2,663
2011	2,332
2012	162
2013	<u>2</u>
Total estimated future lease payments	5,159
Less: imputed interest	<u>(345)</u>
Net capital lease liability	<u><u>\$4,814</u></u>

Operating Leases

GAO leases office space, predominately for field offices, from the General Services Administration and has entered into various other operating leases for office communication and computer equipment. Lease costs for office space and equipment for fiscal year 2009 and fiscal year 2008 amounted to approximately \$11,780,000 and \$12,040,000, respectively. Leases for equipment under operating leases are generally less than 1 year; therefore there are no associated future minimum lease payments. Estimated future minimum lease payments for field office space under the terms of the leases are as follows:

Dollars in thousands

Fiscal year ending September 30	Total
2010	\$8,231
2011	6,641
2012	6,368
2013	5,441
2014	4,722
2015 and thereafter	<u>10,639</u>
Total estimated future lease payments	<u><u>\$42,042</u></u>

Leased property and equipment must be capitalized if certain criteria are met (see *Capital Leases* description). Because property and equipment covered under GAO's operating leases do not satisfy these criteria, GAO's operating leases are not reflected on the Balance Sheets. However, annual lease costs under the operating leases are included as components of net cost by goal in the Statements of Net Cost.

Note 10. Net Cost of Operations

Expenses for salaries and related benefits for fiscal year 2009 and fiscal year 2008 amounted to \$441,438,000 and \$414,406,000, respectively, which were about 79 percent of GAO's annual net cost of operations in fiscal year 2009 and 78 percent in fiscal year 2008. Included in the net cost of operations are federal employee benefit costs paid by OPM and imputed to GAO of \$25,761,000 in fiscal year 2009 and \$23,044,000 in fiscal year 2008.

Revenues from reimbursable services are shown as an offset against the full cost of the goal to arrive at its net cost. Earned revenues that are insignificant or cannot be associated with a major goal are shown in total, the largest component of which is rental revenue from the lease of space in the GAO building. Revenues from reimbursable services for fiscal year 2009 and fiscal year 2008 amounted to \$16,210,000 and \$9,126,000, respectively. Further details of the intragovernmental components are provided in Note 2.

The net cost of operations represents GAO's operating costs that must be funded by financing sources other than revenues earned from reimbursable services. These financing sources are presented in the Statement of Changes in Net Position.

Note 11. Budgetary Resources

Budgetary resources made available to GAO include current year appropriations, spending authority from budget transfers, prior years' unobligated balances, and reimbursements arising from both revenues earned by GAO from providing goods and services to other federal entities for a price (reimbursable services) and cost-sharing and pass-through contract arrangements with other federal entities. In fiscal year 2009, in addition to appropriations made available for salaries and expenses, GAO received supplemental appropriations of \$25,000,000, available through fiscal year 2010, to cover program reviews required by the Recovery Act.

Earned revenue consists primarily of rent collected from USACE for lease of space and related services in the GAO building and program and financial audits of federal entities, such as TARP, the Securities and Exchange Commission, the Federal Deposit Insurance Program, and the Federal Housing Finance Agency. Earned revenue from rent is available indefinitely, subject to available obligation ceilings, and must be used to offset the cost of operating and maintaining the GAO headquarters building. Reimbursement from financial audits is available indefinitely, without limitations on its use, subject to annual obligation ceilings. GAO's pricing policy for reimbursable services is to seek reimbursement for actual costs incurred, including overhead costs where allowed by law. Reimbursements from cost-sharing and pass-through contract arrangements consisted primarily of collections from other federal entities (1) for the support of the Federal Accounting Standards Advisory Board and (2) to utilize GAO contracts to obtain services. The costs and reimbursements for cost-sharing and pass-through contract arrangements are not included in the Statement of Net Cost.

Fiscal year 2008 included budget authority transferred for the assessment of programs and activities funded under the heading "Millennium Challenge Corporation" to include a review of financial controls and procurement practices. Fiscal year 2009 does not include any transfers of budget authority.

Comparison of GAO's fiscal year 2008 Statement of Budgetary Resources with the corresponding information presented in the 2010 President's Budget is as follows:

Dollars in thousands

	Budgetary Resources	Obligations Incurred
Fiscal year 2008 Statement of Budgetary Resources	\$519,005	\$512,249
Unobligated balances, beginning of year – (prior year funds activity)	(7,010)	–
Permanently not available –(prior year funds activity)	4,380	–
Spending Authority from offsetting collections – (prior year funds activity)	(2,111)	(1,249)
Non-expenditure transfer	(250)	–
Other – rounding in President's Budget	(14)	–
2010 President's Budget – fiscal year 2008, actual	<u>\$514,000</u>	<u>\$511,000</u>

As the fiscal year 2011 President's Budget will not be published until February 2010, a comparison between the fiscal year 2009 data reflected on the Statement of Budgetary Resources and fiscal year 2009 data in the President's Budget cannot be performed, though we expect similar differences will exist. The fiscal year 2011 President's Budget will be available on the OMB's Web site and directly from the Government Printing Office.

Budgetary resources obligated for undelivered orders at the end of fiscal year 2009 and the end of fiscal year 2008 totaled \$20,670,000 and \$15,237,000, respectively. GAO's apportionments fall under Category A, quarterly apportionment. Apportionment categories of obligations incurred for fiscal years 2009 and 2008 are as follows:

Dollars in thousands

Fiscal year ending September 30	2009	2008
Direct – Category A	\$536,692	\$500,362
Reimbursable – Category A	<u>13,491</u>	<u>11,887</u>
Total obligations incurred	<u>\$550,183</u>	<u>\$512,249</u>

Note 12. Reconciliation of Net Costs of Operations to Budget

Details of the relationship between budgetary resources obligated and the net costs of operations for the fiscal years ending September 30 are as follows:

Dollars in thousands

Fiscal year ending September 30	2009	2008
Resources used to finance activities		
Budgetary resources obligated		
Obligations incurred	\$550,183	\$512,249
Less: spending authority from offsetting collections and recoveries	<u>(19,351)</u>	<u>(12,126)</u>
Obligations net of offsetting collections and recoveries	<u>530,832</u>	<u>500,123</u>
Other resources		
Intragovernmental transfer of property and equipment	(1)	(3)
Federal employee retirement benefit costs paid by OPM imputed to GAO	<u>25,761</u>	<u>23,044</u>
Net other resources used to finance activities	<u>25,760</u>	<u>23,041</u>
Total resources used to finance activities	<u>556,592</u>	<u>523,164</u>
Resources used to finance items not part of the net cost of operations		
Change in unliquidated obligations	(5,127)	5,338
Reduction in lease liability and other	(2,203)	(1,303)
Assets capitalized	(3,784)	(9,514)
Net (increase)/ decrease in receivables not generating resources until collected and other adjustments	<u>(17)</u>	<u>17</u>
Total resources used to fund items not part of the net cost of operations	<u>(11,131)</u>	<u>(5,462)</u>
Total resources used to finance Net Cost of Operations	<u>545,461</u>	<u>517,702</u>
Components of net costs that will not require or generate resources in the current period		
Decrease in workers' compensation	(118)	(670)
Increase in accrued annual leave	<u>2,398</u>	<u>1,381</u>
Total components of net costs that will not require or generate resources in the current period	<u>2,280</u>	<u>711</u>
Costs that do not require resources		
Depreciation and other	<u>11,052</u>	<u>11,189</u>
Net cost of operations	<u><u>\$558,793</u></u>	<u><u>\$529,602</u></u>

Note 13. Net Position

Net position on the Balance Sheets comprises unexpended appropriations and cumulative results of operations. Unexpended appropriations is the sum of the total unobligated appropriations and undelivered goods and services. Cumulative results of operations represent the excess of financing sources over expenses since inception. Details of the components of GAO's cumulative results of operations for the fiscal years ended September 30, 2009 and 2008, are as follows:

Dollars in thousands

	2009	2008
Investment in property and equipment, net	\$32,684	\$39,964
Net reimbursable funds activity	2,378	(2,116)
Other – supplies inventory	165	153
Liabilities not covered by budgetary resources	<u>(59,222)</u>	<u>(59,147)</u>
Cumulative results of operations	<u>(\$23,995)</u>	<u>(\$21,146)</u>

Liabilities not covered by budgetary resources are liabilities for which congressional action is needed before budgetary resources can be provided. See [Note 5](#) for components.

Note 14. Davis-Bacon Act Trust Function

GAO is responsible for administering for the federal government the trust function of the Davis-Bacon Act revenue and costs related to beneficiary payments and prepares separate, audited financial schedules for this fund. GAO maintains this fund to pay claims relating to violations of the Davis-Bacon Act and Contract Work Hours and Safety Standards Act. Under these acts, Labor investigates violation allegations to determine if federal contractors owe additional wages to covered employees. If Labor concludes that a violation has occurred, GAO collects the amount owed from the contracting federal agency, deposits the funds into an account with the U.S. Treasury, and remits payment to the employee. GAO is accountable to the Congress and to the public for the proper administration of the assets held in the trust. Trust assets and liabilities under GAO's administration as of September 30, 2009, totaled approximately \$4,781,000. These assets are not the assets of GAO or the federal government and are held for distribution to appropriate claimants. During fiscal year 2009, revenues and costs related to beneficiary payments in the trust amounted to \$528,000.

Serving The Congress And The Nation



Part IV

From the Inspector General

From the Inspector General



Office of the Inspector General
United States Government Accountability Office

O I G

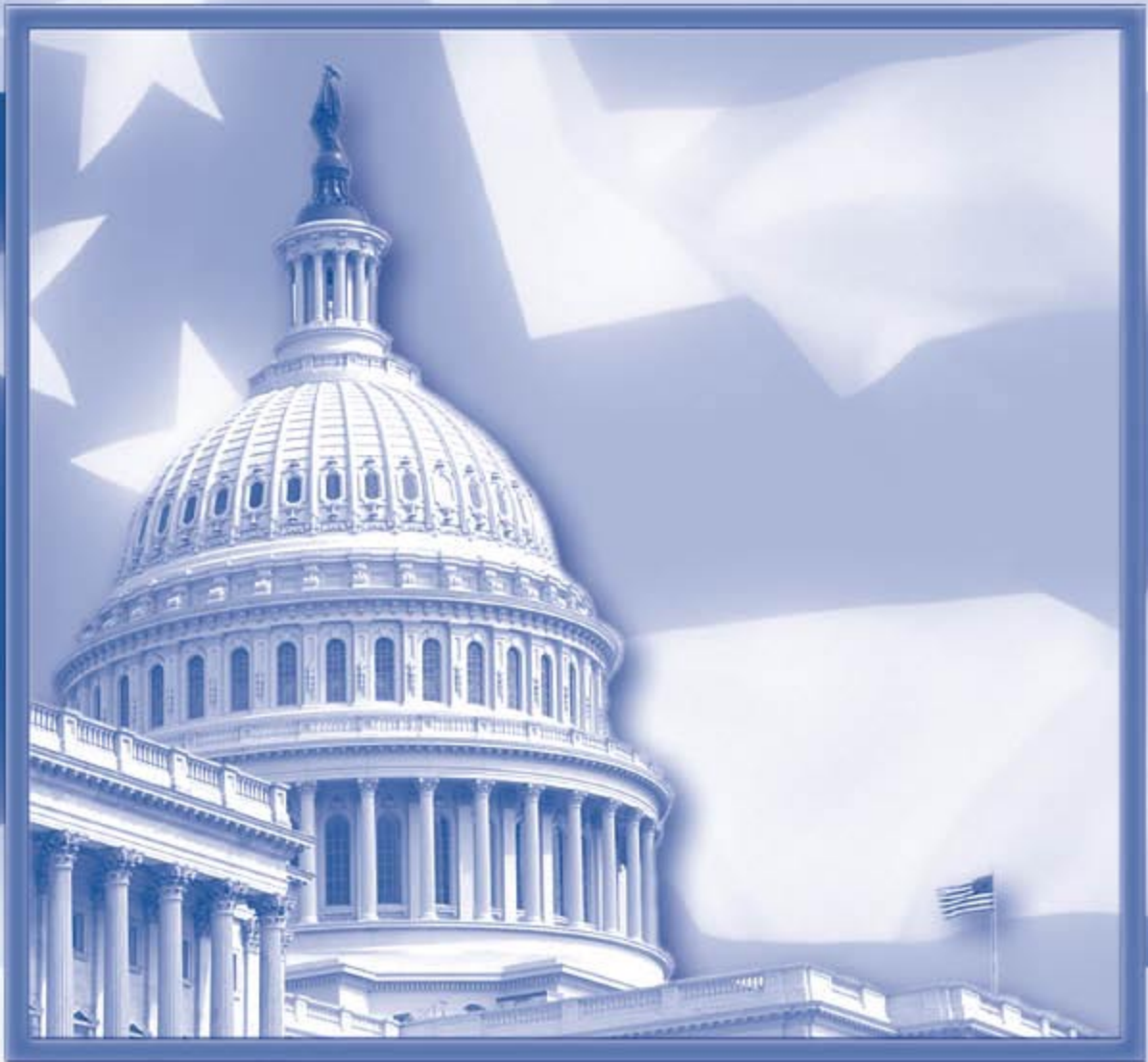
Memorandum

Date: November 5, 2009
To: Acting Comptroller General – Gene L. Dodaro
From: Inspector General – Frances Garcia 
Subject: GAO Management Challenges and Performance Measures

We have considered management's assessment of the agency's management challenges. Based on our work and institutional knowledge, we agree that physical security, information security, and human capital continue to be management challenges that may affect GAO's performance. We also examined, and agree with, management's assessment of progress made in addressing these challenges.

During fiscal year 2009, GAO claimed \$43 billion in financial benefits in its accomplishment reports. Based on our audit of accomplishment reports of \$1 billion or more—\$25 billion in total or 58 percent of the benefits reported for the fiscal year—we believe that GAO had a reasonable basis for claiming the financial benefits we audited. In addition, we assessed four of GAO's people performance measures—staff development, staff utilization, leadership, and organizational climate—and made recommendations to enhance disclosure and understanding about the measures. We also initiated a review of the agency's timeliness measure, and based on methodological and other issues raised during our review, GAO has agreed that the issues are worthy of further examination and will be fully analyzed. As a result, we will monitor the changes made and reassess the measure when those changes are completed. Finally, we are completing a review of the agency's testimony performance measure for fiscal year 2008.

Serving The Congress And The Nation



Part V

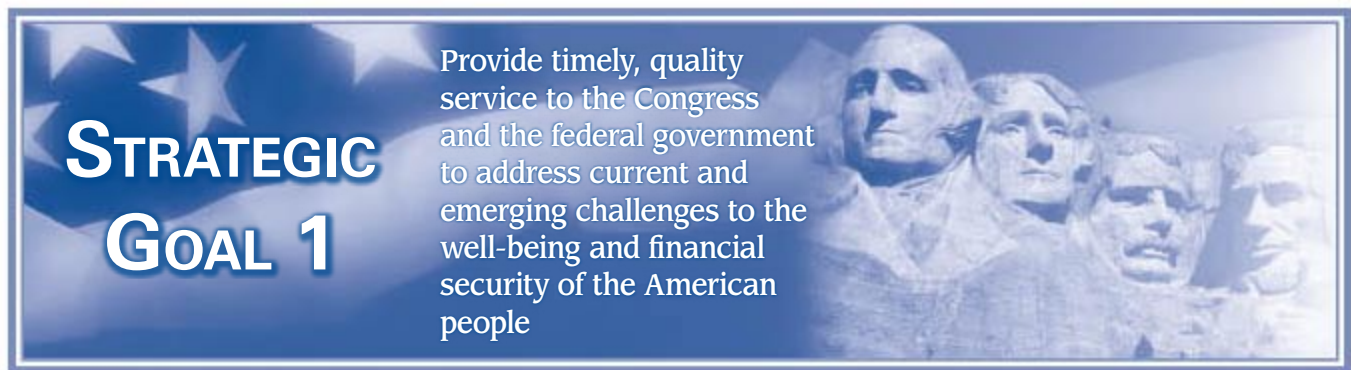
Appendixes

1. Accomplishments and Other Contributions

In pursuing our strategic goals during fiscal year 2009, we recorded hundreds of accomplishments and numerous other contributions. This appendix provides details on the most significant of these. In reporting financial benefits, nonfinancial benefits, and contributions (designated by an F, N, or C in the item number below), we are holding ourselves accountable for the resources we received to implement our strategic plan.

Typically, the accomplishments describe work we completed in prior fiscal years because it takes time to implement

recommendations, realize benefits, and record them. Contributions, which often refer to work completed in fiscal year 2009, describe instances in which we provided information or recommendations that aided congressional decision making or informed the public debate to a significant degree. At the end of each accomplishment and contribution summary, we list the reference number of products associated with the work discussed. In the online PDF version of this document, readers can link directly to these products if they want additional information.



Source: See Image Sources.

The health needs of an aging and diverse population

1.01.N. Improving Oversight of Clinical Laboratories: The Centers for Medicare & Medicaid Services (CMS) oversees organizations that survey clinical laboratories for quality of services. In response to our recommendations for improving oversight, CMS collected data from survey organizations in 2007 and 2008 that permit comparison of their results, took steps to ensure that changes to inspection requirements are approved before implementation, enhanced a database that allows the identification of labs that lose accreditation, and established a process and closer communication with survey organizations, and conducts regular internal calls to discuss enforcement activities. (GAO-06-416)

1.02.N. Encouraging Efficiency by Profiling Medicare Physicians' Practice Patterns: Because physicians prescribe health care services for Medicare beneficiaries, those with inefficient practice patterns can lead to excessive costs. In 2007, we recommended that the CMS develop a system that identifies individual physicians with inefficient practice patterns and use the results to improve program efficiency, and in 2008 the Congress mandated that the agency develop a physician feedback program. The agency has begun sending out reports to selected

physicians in several localities to profile their resource use compared to that of their peers, which includes elements that address our recommendations. (GAO-07-307)

1.03.N. Improving Oversight of Medicare Part D Grievances: During our work related to the Medicare Part D program, we found weaknesses in CMS oversight of beneficiary grievances. We recommended that CMS undertake efforts to improve the consistency, reliability, and usefulness of grievances data reported by plan sponsors and undertake systematic oversight of these data. In response, CMS has clarified requirements in order to improve the reliability and consistency of grievance data, hired a contractor to routinely monitor the data, and developed a plan to target its audits to monitor plan sponsor compliance with CMS grievance reporting requirements. (GAO-08-719)

1.04.N. Highlighting Weaknesses in the Food and Drug Administration's Oversight of Medical Devices: In January 2009, we reported on weaknesses in the Food and Drug Administration's (FDA) premarket oversight of medical devices that led it to approve marketing some of the highest-risk medical devices through a less-rigorous approval process designed for lower-risk items that does not require submission of clinical data. We recommended that FDA expeditiously classify the devices

needing more rigorous review and, in April 2009, FDA announced its decision that manufacturers of 25 types of devices marketed prior to 1976 must submit information on their safety and effectiveness. (GAO-09-190, GAO-09-370T)

1.05.N. Improving Oversight of Care in Nursing Homes: Since July 1998, GAO has made numerous recommendations to improve oversight of care in nursing homes, which is conducted through on-site surveys. CMS has taken multiple steps in the last 2 years to improve care oversight, including improving survey methodology, guidance on care quality standards, quality controls on survey information, and its management information systems. CMS also took steps to better track survey results. (GAO-08-517, GAO-03-561, GAO/HEHS-99-46)

1.06.C. Improving Care for Returning Servicemembers: In March 2007, we testified about the challenges facing recovering servicemembers and in May 2007, the Departments of Defense (DOD) and Veterans Affairs (VA) established the Wounded, Ill, and Injured Senior Oversight Committee (SOC) to address identified problems. This year we testified that DOD and VA made substantial progress in jointly developing policies for servicemembers' care and management, return to active duty, and transition from care provided by DOD to VA and for an improved disability evaluation system. In addition, the SOC reported on the feasibility of consolidating the DOD and VA disability evaluation systems. (GAO-09-540T, GAO-07-606T, GAO-07-589T)

1.07.C. Undercover Operation Shows the Institutional Review Board System Is Vulnerable to Unethical Manipulation: Using fictitious companies, counterfeit documents, and a fictitious medical device, undercover investigators found that the

Institutional Review Board (IRB) system is vulnerable to unethical manipulation. IRBs review and monitor human subjects research, with the intended purpose of protecting research subjects. However, we found that one company approved our bogus test protocol for a fake medical device after only minor edits. Two other companies rejected the fake protocol. As a result of our investigation, the deficient IRB was forced out of business after FDA issued it a warning letter; the Department of Health and Human Services (HHS) also indicated that it would take several actions. (GAO-09-448T)

1.08.C. Investigating Fraud, Waste, and Abuse in Medicaid: For five states, we found that approximately 65,000 Medicaid beneficiaries acquired the same type of controlled substances from six or more medical practitioners during fiscal years 2006 and 2007. Such activities, known as "doctor shopping," resulted in about \$63 million in Medicaid payments. In the most egregious case, one beneficiary received prescriptions of the painkiller Vicodin from 112 different practitioners. The Administrator of CMS generally agreed with our four recommendations to help establish an effective fraud prevention system for the Medicare program. (GAO-09-957)

Lifelong learning to enhance U.S. competitiveness

1.09.F. Changing Federal Student Loan Program Yields Savings: The Federal Family Education Loan Program reimburses private lenders if a borrower defaults. Designated lenders that meet certain requirements as "exceptional performers" can qualify for a 99 percent reimbursement rate rather than the standard 97 percent rate. The Congress authorized the Secretary of Education to terminate the exceptional

performer program after a GAO study. GAO found that the program had not achieved its goals and recommended that it be eliminated. The Congress eliminated the program by enacting the College Cost Reduction and Access Act (Pub. L. No. 110-84). The Congressional Budget Office estimates savings of \$1.7 billion over 10 years. (GAO-07-1087)

Benefits and protections for workers, families, and children

1.10.N. Improving Access to Trade

Adjustment Assistance Benefits: Our work on the Trade Adjustment Assistance (TAA) Program found that workers were not getting needed assistance to make training decisions, training enrollment was sometimes hampered by enrollment deadlines, qualification rules limited worker participation in wage insurance benefits, training fund allocation had weaknesses, and high costs limited participation in the Health Care Tax Credit (HCTC). The Congress amended the TAA Program to provide more funds for employment and case management services, simplify the training enrollment deadline, ease access to wage insurance benefits, improve the allocation of training funds, and make HCTC more affordable. (GAO-07-701, GAO-07-702, GAO-07-995T, GAO-07-919, GAO-08-165)

1.11.N. Improving Disability Benefit

Program: We reported that the Social Security Administration's (SSA) Ticket to Work and Self-Sufficiency Program, which helps SSA beneficiaries return to work and stop receiving disability payments, lacked participation by SSA beneficiaries and service providers. We identified solutions that SSA incorporated into new regulations it issued in 2008, including allowing beneficiaries who are expected to improve medically

to participate in the program, increasing payments to service providers, and allowing state vocational rehabilitation agencies and other service providers to receive payments to provide needed services to the same beneficiaries. (GAO-05-248)

1.12.C. Performing Undercover Tests of the Department of Labor's Wage and Hour Division:

Using fictitious calling scenarios, our undercover investigators tested the complaint intake process at Labor's Wage and Hour Division (WHD). WHD's mission is to ensure that millions of workers are protected under the Fair Labor Standards Act. Our tests found that WHD frequently responded inadequately to complaints, leaving low-wage workers vulnerable to wage theft and other labor violations. We also identified at least 1,160 real employees whose complaints were inadequately investigated. After reviewing our findings, Labor announced that it would hire 250 more investigators. The Congress is also considering legislation that we suggested. (GAO-09-458T, GAO-09-629)

1.13.C. Improving Evaluation of Voluntary Protection Programs Regarding

Workplace Safety: GAO found that limitations in internal controls and oversight of Labor's Occupational Safety and Health Administration (OSHA) voluntary protection programs (VPP) affected its ability to ensure that participating companies maintain effective workplace safety and health management systems. In response to GAO recommendations for additional oversight and additional controls, OSHA will evaluate VPPs, including conducting a comprehensive evaluation of its VPP and Alliance Program, to determine how the agency should best allocate its resources among cooperative programs, enforcement, and other agency activities. (GAO-09-395)

1.14.C. Investigating the Death and Abuse of Children at Public and Private Schools:

No federal regulations govern the use of restraint and seclusion in public and private schools. After finding hundreds of allegations that children across the nation were harmed or killed by these techniques, we examined the facts surrounding 10 case studies of abuse or death and found common themes, such as no evidence of physical aggression by the victim, lack of parental consent for the use of the techniques, and lack of training for staff. This investigation contributed to congressional and national public awareness of the issue, and we received an extraordinary number of inquiries from parents, teachers, and other concerned citizens. (GAO-09-719T)

1.15.C. Improving Food Nutrition and Safety in Schools: To help the Congress better understand federal school meals programs before reauthorizing the Child Nutrition Act, GAO provided information on efforts to improve nutrition and reduce hunger by serving more children, ways to better ensure the safety of food served in schools, and strategies for reducing improper payments because of errors in counting school meals or claiming federal reimbursements. In response to GAO recommendations, federal agencies agreed to improve their notification procedures and instructions when recalling foods served in schools and to revise federal guidance and improve the review process to reduce improper payments. (GAO-09-156R, GAO-09-584)

Financial security for an aging population

1.16.C. Enhancing Governance and Management at the Pension Benefit Guaranty Corporation: GAO testified that poor economic conditions brought the Pension Benefit Guaranty Corporation

(PBGC) new underfunded pension plan terminations, exacerbating its administrative and financial challenges. These developments highlight the continued need for improved governance and management at PBGC, yet its board continues with only three members, precluding sufficient oversight. GAO called for a restructured Board of Directors and various management and policy changes at PBGC. The Senate introduced a bill with such a change. GAO also reported that PBGC understated risk in its development of a new investment policy, which has now been suspended. (GAO-09-207, GAO-09-291, GAO-09-503T, GAO-09-702T)

A responsive, fair, and effective system of justice

1.17.N. Improving Enforcement of Federal Crime Victims' Rights: In the Crime Victims' Rights Act of 2004 (CVRA), the Congress reaffirmed a number of rights for victims of federal crimes. As part of our review of the Department of Justice's (DOJ) efforts to implement CVRA, we found that federal crime victims were generally not aware of mechanisms the law provided to ensure that their rights were enforced. In addition, we reported that DOJ's process for reviewing victims' complaints that their rights had been denied lacked independence and impartiality. We made several recommendations to DOJ to address these issues, and the agency agreed and has established a working group to pursue implementation. (GAO-09-54)

1.18.N. Enhancing Federal Efforts to Combat Drug Trafficking: Because most of the nation's illegal drug supply is smuggled from abroad, the Drug Enforcement Administration's (DEA) partnerships with agencies that have border-related missions—especially Immigration and

Customs Enforcement (ICE), the largest investigative agency of the Department of Homeland Security (DHS)—are important. In response to our recommendations, DEA and ICE reached an agreement in June 2009 to share intelligence and leverage investigative resources. The interagency agreement resolves a long-standing and counterproductive rivalry that for years has generated concerns about duplicative investigations and officer safety. (GAO-09-63)

Promoting viable communities

1.19.C. Greening the Department of Housing and Urban Development’s Affordable Housing Programs: We identified areas where the Department of Housing and Urban Development’s (HUD) could be more proactive in promoting energy efficiency and green building. We reported that HUD had not completed regulations to require energy-efficient appliances in public housing or collected data to understand its multifamily housing portfolio utility costs. We reported that HUD should consider providing additional incentive points for energy efficiency and green building in competitive grant programs. Since our report was issued, HUD has made progress in these areas, including adding strong incentives for energy efficiency and green building in competitive grant programs funded through the American Recovery and Reinvestment Act of 2009 (Recovery Act). (GAO-09-46)

1.20.C. Improving Oversight of HUBZone Firms by Addressing Program Deficiencies: Through the Small Business Administration’s (SBA) HUBZone program, small firms located in distressed areas received about \$8 billion in federal contracts in fiscal year 2007. As a result of GAO’s work identifying multiple deficiencies in SBA’s

management of the program, the agency updated its inaccurate map, took steps to improve its application review process by issuing a staff guide and obtaining and verifying applicant information, reviewed the continued eligibility of existing firms, and formalized the time frame for decertifying ineligible firms. These actions help to ensure that SBA has initiated steps to improve its oversight of HUBZone firms. (GAO-09-532T, GAO-08-643, GAO-08-975T)

Responsible stewardship of natural resources and the environment

1.21.F. Strengthening Integrity of Federal Farm Programs: In 2008, we reported that because the Department of Agriculture (USDA) lacked a system to verify incomes, it provided farm program benefits to thousands of individuals whose incomes exceeded eligibility caps under the Farm Bill. We recommended that USDA work with the Internal Revenue Service (IRS) to develop a system for verifying the incomes of individuals and businesses before disbursing farm program benefits to them. As a result, in 2009 USDA and IRS began work on a verification system that is to prevent payments to ineligible individuals and businesses and is expected to save \$99 million annually or about \$472 million over the next 5 years. (GAO-09-67)

1.22.N. Improving Contract Management at the Department of Energy: For nearly 20 years, we have identified significant problems with Department of Energy (DOE) management of its contracts, which account for about 90 percent of DOE’s more than \$20 billion budget. Solving these problems is even more critical because of the additional billions of Recovery Act dollars DOE received in 2009. Our work led to DOE identifying

causes of its contract management problems and developing a corrective action plan. The House committee report for the fiscal year 2010 energy and water development appropriations also cited our work in its direction to DOE to report within 60 days on specific activities undertaken to improve DOE cost estimating practices. (GAO-09-406T, GAO-09-271)

1.23.N. Transforming a Key Environmental Protection Agency Toxic Chemical Assessment Process: The Environmental Protection Agency (EPA) does not have sufficient chemical assessment data to determine whether it should establish controls to limit public exposure to many chemicals that may pose substantial health risks. To address this significant deficiency, we recommended that EPA streamline and increase the transparency of its Integrated Risk Information System (IRIS) chemical assessment process to support the development of timely and credible chemical risk information. In May 2009, EPA announced comprehensive IRIS assessment reforms that are responsive to our recommendations. (GAO-09-773T, GAO-09-774T, GAO-08-440, GAO-08-743T, GAO-08-1168T)

1.24.C. Informing the Debate on Hardrock Mining Reform: We reported and testified on several issues central to the debate on reforming the General Mining Act of 1872—which for 137 years has allowed individuals to stake claims and obtain exclusive rights to the gold, silver, copper, and other valuable hardrock minerals on federal lands without having to pay a royalty. The House and Senate have undertaken reform of the General Mining Act, and although some provisions of the proposed legislation are still being worked out, key concerns in our work have been addressed in the legislative proposals, and our work has informed the

public debate to a significant degree. (GAO-09-854T, GAO-09-429T, GAO-08-849R, GAO-08-574T)

1.25.C. Improving Federal Oil and Gas Management: In 2009, we reported on the Department of the Interior’s (Interior) management of federal oil and gas resources. We found gaps in oversight, which could lead to \$100 million in uncollected royalties and other problems, raising further doubts about Interior’s ability to identify and collect royalties. We recommended a comprehensive reevaluation of Interior’s oil and gas programs to better ensure that the agency is collecting an appropriate amount for federal oil and gas leases. The Congress is using our findings and recommendations as it drafts legislation to address these issues. (GAO-09-549, GAO-09-506T, GAO-09-556T, GAO-09-744, GAO-09-1014T)

A safe, secure, and effective national physical infrastructure

1.26.N. Improving Transparency at Federal Agencies: Transparency in federal activities is important to ensuring fairness and accountability. In response to GAO recommendations, the Federal Communications Commission, which is routinely lobbied by stakeholders, has improved the transparency of its rule-making process by making its rulemaking docket publicly available to all stakeholders at the same time. Similarly, the Department of Transportation (DOT) has improved transparency related to the Highway Account within the Highway Trust Fund by more closely monitoring the account balance and proactively communicating with stakeholders about an anticipated shortfall for fiscal year 2009. (GAO-09-316, GAO-09-845T, GAO-07-1046)

1.27.N. Improving the Safety and Security of Federal Facilities: There is ongoing concern about the safety and security of federal facilities and their occupants because of the threat of terrorism. The Interagency Security Committee, chaired by DHS, decided to use our key practices in facility protection to guide its work and issued guidance to agencies on performance measurement. On the basis of our work, the Congress provided additional staff to address shortfalls at DHS's Federal Protective Service, which protects about 9,000 federal buildings with over 1 million federal employees. Also, the Smithsonian Institution improved internal communications about risk management and security staff resources. (GAO-08-683, GAO-07-1127, GAO-06-612, GAO-05-49)

1.28.C. Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability: We have testified frequently before the Congress about the U.S. Postal Service's (USPS) deteriorating financial situation caused by unprecedented volume decline and its inability to increase revenue or reduce costs enough to cover its expenses. We added USPS's financial condition to our high-risk list in July 2009 and called for USPS to develop and implement a restructuring plan detailing how it plans to address the changing use of mail and better align its costs and revenues to achieve long-term financial viability. The Congress has often referred to our work as it considers legislative relief for USPS. (GAO-09-332T, GAO-09-475T, GAO-09-674T, GAO-09-790T, GAO-09-958T)

1.29.C. Improving Transportation Safety and Mobility: We continued to highlight improvements needed in DOT's efforts to reduce transportation accidents and address growing congestion. For example, we called for (1) better targeting of highway safety funding and greater efforts to address

safety issues related to small air cargo carriers and (2) enhancements in funding of surface transportation infrastructure and the resolution of management issues that have arisen in transforming the nation's air transportation system. Our work has assisted the Congress in overseeing these and other transportation programs. For example, we highlighted safety and mobility issues in recent congressional hearings. (GAO-09-219, GAO-09-479T, GAO-09-35, GAO-09-614, GAO-09-435T)

1.30.C. Advising Policymakers and Consumers on the Digital Television Transition: In 2009, television broadcasters transitioned to digital-only broadcasts. We identified the digital television transition as an urgent issue for attention by the new Congress and administration. In a series of reports and testimonies, we found that despite high awareness of the transition, many people were not prepared. We reported that the government's converter box subsidy program would likely face an increase in requests as the transition date approached, and as a result, required plans to cover higher demand and costs. The government developed such plans, providing more money for the subsidy program, ensuring consumers were prepared, and leading to a successful transition. (GAO-08-43, GAO-08-510, GAO-08-881T, GAO-08-1040, GAO-08-1161T)

1.31.C. Informing Congressional Decision Making on Surface and Aviation Reauthorization: GAO has called for a reexamination of surface transportation programs—which provide funding for surface infrastructure and safety—during the upcoming reauthorization of these programs. Recent proposals for reauthorization incorporate GAO's findings on a host of surface transportation programs and embody the principles that we have articulated for restructuring these programs. GAO has

also called for a timely reauthorization of the Federal Aviation Administration (FAA), noting that continued short-term extensions could delay key capital projects, including progress toward implementation of the Next Generation Air Transportation System. (GAO-09-845T, GAO-09-377T, GAO-09-219, GAO-08-400, GAO-08-843R)



Source: See Image Sources.

Protect and secure the homeland from threats and disasters

2.01.F. Realizing Financial Benefits in Vessel Tracking System Procurement:

We reviewed U.S. Coast Guard vessel tracking efforts and identified efficiency and effectiveness issues. We reported delays and large unobligated balances in the Coast Guard's procurement of one tracking system. Obligating the available funds in fiscal year 2008 would have required obligating more than three times the amount that was obligated in total for the previous 3 fiscal years. In addition, the Coast Guard did not have a detailed spending plan laying out how it planned to obligate the available funds. Therefore, the Congress reduced the Coast Guard's requested 2009 appropriation by \$6 million. (GAO-09-337)

2.02.N. Strengthening Aviation Security through Improved Passenger Watch-List Matching: In a series of reports and testimonies over the past 5 years, we reported on the Transportation Security Administration's (TSA) efforts to develop and implement the Secure Flight program to assume from air carriers the function of matching passenger information against terrorist watch-list records. We recommended numerous actions to improve—among other things—systems testing, information security

controls, privacy protections, and cost and schedule estimates. TSA's actions to address these recommendations have reduced the risks associated with implementing Secure Flight and allowed the program to begin initial operations in January 2009. (GAO-09-292, GAO-08-456T, GAO-08-992, GAO-06-374T, GAO-05-356)

2.03.N. Strengthening Methods to Assess National Emergency Preparedness:

We reported that as of April 2009, the Federal Emergency Management Agency (FEMA) has no reliable means of assessing improvements in emergency preparedness. As a result, the House and Senate Committees on Appropriations have inserted requirements in the fiscal year 2010 appropriation bills to address this issue. The Senate committee has required that FEMA brief the committee monthly on its progress in developing plans to measure the nation's preparedness. The House committee has directed GAO to monitor the development of any DHS system to measure the effectiveness of grant programs and to report regularly to the committee on FEMA's efforts. (GAO-09-369)

2.04.N. Strengthening the Employment Verification Process:

We found that the large number and variety of documents acceptable for proving employees' work eligibility complicated the employment verification process used by millions of employers. DHS had not yet completed its

review of the process, including revising the form used to certify employees' work authorization. We recommended that DHS set a time frame for completing its review and issue regulations on changes to the process and form. In December 2008, DHS amended its regulations on the type of acceptable work eligibility documents to strengthen the integrity of the employment verification process. (GAO-05-813)

2.05.C. Exposing Significant Fraud Vulnerabilities in State's Passport-Issuance Process:

We found that terrorists or criminals could steal an American citizen's identity, use basic counterfeiting skills to create fraudulent documentation, and obtain a genuine passport from the State Department (State). Undercover investigators obtained four genuine passports from State using these methods in a simulation of identity theft. In the most egregious case, an investigator obtained a passport using the Social Security number of a man who died in 1965. In response to our work, State officials said that they took several immediate actions, including the elimination of production targets for 2009. Officials told us that more actions are under way. (GAO-09-447, GAO-09-583R)

2.06.C. Bolstering Information Security at Federal Agencies:

We informed the Congress on the threats/vulnerabilities confronting federal systems and identified needed improvements to sufficiently safeguard sensitive information. We made about 160 recommendations to better protect the confidentiality, integrity, and availability of federal systems and some of the most sensitive information possessed by the federal government. Based on our prior recommendations, numerous agencies, including FAA, IRS, the Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation, and DHS,

bolstered their security programs and strengthened controls to prevent, limit, and detect unauthorized access to information resources. (GAO-09-136, GAO-09-195, GAO-09-203, GAO-09-661T, GAO-09-546)

Ensure military capabilities and readiness

2.07.F. Contributing to Properly Funding the Military's Needs:

In a number of reviews, we analyzed DOD's base budget request for fiscal year 2009 and DOD's approach for requesting the funds and reporting obligations for overseas contingency operations. Our analysis of unobligated balances (i.e., funding that has been approved or is available but not yet committed for a particular purpose); operations and maintenance execution trends; and active, reserve, and civilian personnel expenditures resulted in financial benefits of \$2.3 billion. In response to our contingency operations work, DOD has taken steps to improve transparency in its funding requests and the reliability of its cost reporting. (GAO-09-302)

2.08.N. Improving DOD's Sexual Assault Prevention and Response Program:

In our report on DOD's program to prevent and respond to incidents of sexual assault, we made a number of recommendations to improve implementation of the program, for example, by analyzing installation-level assault data to better target resources and evaluating factors that may discourage servicemembers from accessing mental health services following an assault. As a result of this work, DOD is currently developing a centralized database of assault incidents and has completed an assessment of the military health system's support of the program, and

Army Central Command and individual bases have taken actions in response to our site visits. (GAO-08-924)

2.09.N. Assessing the U.S. Military

Drawdown in Iraq: In our report, we recommended that the Secretary of Defense, in consultation with U.S. Central Command and the military departments, take steps to clarify the chain of command over logistical operations in support of the retrograde effort—movement of materiel from Iraq to Kuwait. Recently, DOD officials told us that this report formed the basis for a restructuring of the logistical chain of command in support of the retrograde effort. Specifically the 1st Theater Sustainment Command was put in charge of the retrograde effort, while several supporting organizations were also emplaced to assist the command in this mission. (GAO-08-930)

2.10.N. Assessing DOD's Ability to Provide Trained and Ready Forces for Military Operations: In numerous reports and testimonies on military operations in Iraq and Afghanistan, we identified actions to improve DOD's ability to provide trained and ready forces, supply and reset equipment, strengthen force protection for deployed troops, and plan for troop drawdown. Our work has helped frame significant issues for congressional and public debate, and prompted DOD and the Congress to take action. For example, the Congress has required DOD to report on plans to improve supply distribution in support of operational commanders. (GAO-09-380T, GAO-09-220R, GAO-09-720, GAO-07-807)

2.11.N. Providing the Impetus for Weapon System Acquisition Reform: Over the years, GAO has recommended changes in DOD's requirements, funding, and acquisition processes to help prevent poor program outcomes, such as cost growth in

major weapon programs, which cumulatively amounted to almost \$300 billion (fiscal year 2009 dollars) for DOD's 2008 portfolio of major defense programs. The President and congressional defense committees have cited our work as an impetus for the Weapon System Acquisition Reform Act of 2009. The act emphasizes improving cost estimates, assessing technological maturity, and conducting early disciplined systems engineering, as recommended in GAO's body of work on weapons programs. (GAO-09-295R, GAO-08-619, GAO-08-1060, GAO-01-288, GAO/NSIAD-99-162)

2.12.N. Reducing Spending on and Terminating Poor-Performing Defense Programs:

In 2009, GAO reported on the performance and risks in many of DOD's major defense acquisitions programs. We found that DOD's portfolio has grown from 77 to 96 programs and its investment has grown from \$1.2 trillion to \$1.6 trillion (fiscal year 2009 dollars). The administration used our work to identify over \$7 billion in potential budget reductions for fiscal year 2010 and to terminate some poor performing programs. Also, subsequent to our report on the technical and financial risks in the \$159 billion Future Combat System program, a major portion of the program was terminated. The Office of Management and Budget (OMB) estimates that this will result in net savings of \$22.9 billion. (GAO-09-326SP, GAO-09-288, GAO-09-338, GAO-07-866)

2.13.C. Reducing Risks Facing the Global Positioning System: In 2009, GAO identified risks in acquisition programs supporting the Global Positioning System (GPS) that could lead to degradation in capability that supports vital military operations, the transportation sector, search and rescue operations, and computer networks and other infrastructures that rely on GPS for synchronizing purposes. GAO's

work focused worldwide attention on the need for better coordination and oversight for GPS. As a result, officials from DOD and other federal agencies, other countries, and the commercial sector are fully aware of the concerns with the GPS program and the need to address acquisition delays and plan for potential impacts. (GAO-09-325)

2.14.C. Improving Management of DOD's Contractors Supporting Contingency Operations: GAO's examination of DOD's reliance on contractor support for contingency operations has resulted in numerous recommendations and DOD actions. For example, in response to our recommendations DOD has taken the following actions: (1) issued new DOD-wide guidance that establishes DOD's doctrine for managing and overseeing contractors in contingency operations, (2) developed training programs on contractor management for forces deploying to Iraq and Afghanistan, and (3) undertaken a review of its use of contractors in Iraq and Afghanistan intended to determine if DOD relies too heavily on contractors in contingency operations. (GAO-09-362T, GAO-09-615, GAO-09-114R, GAO-08-1087)

2.15.C. Enhancing Defense Base Realignment and Closure Accountability: The 2005 Base Realignment and Closure (BRAC) round is the fifth round undertaken by DOD since 1988 and is the biggest, most complex, and costliest BRAC round ever. Our analyses of DOD's BRAC budget led to a recommendation that DOD take action to better explain its anticipated dollar savings after full BRAC implementation in 2011. In response, DOD for the first time provided a more descriptive explanation of these expected dollar savings in its 2009 budget submission to the Congress. (GAO-09-217, GAO-08-159)

Advance and protect U.S. international interests

2.16.N. Accounting for Weapons Provided to Afghan National Security Forces:

We found that DOD did not establish clear guidance for U.S. personnel to follow when obtaining, transporting, and storing weapons for Afghan national security forces. This led to significant lapses in accountability, including failure to maintain complete records for over half of the 375,000 weapons reported to have been shipped to Afghanistan. Moreover, despite U.S. training efforts, Afghan forces could not fully safeguard and account for weapons and sensitive equipment. As a result of our review and recommendations, DOD revised its weapons accountability procedures to include serial number tracking and more systematic inventory checks. (GAO-09-267, GAO-09-366T)

2.17.C. Combating Firearms Trafficking to Mexico:

We found that the U.S. government lacks a coordinated strategy to stem the flow of firearms from the United States to Mexico. We also found that over 20,000 firearms seized in Mexico were traced to the United States—about 87 percent of arms traced from 2004 to 2008; U.S. agencies lack dedicated funding to address arms trafficking; and two key agencies responsible for combating arms trafficking—the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and ICE—have not coordinated efforts. Following the release of our report, ATF and ICE officials signed a memorandum of understanding clarifying arms-trafficking roles. (GAO-09-781T, GAO-07-709)

2.18.C. Building Capacity in Iraq:

Building a sustainable and accountable Iraqi government is essential to U.S. efforts in Iraq. In a June 2009 report, we found that the Department of State (State) could not ensure

that its capacity-building program in Iraq was achieving its objective to build provincial government capacity. We recommended that State fix critical management control weaknesses. In response, State assigned an overall manager for its program, accepted our recommendation to develop outcome measures of program effectiveness, and agreed to report to the Congress on Iraqi government matching contributions to the program. (GAO-09-526)

2.19.C. Enhancing Food Aid through Local and Regional Procurement: We found local and regional procurement (LRP) food aid generally costs less than U.S. in-kind food aid. LRP has a shorter delivery time to sub-Saharan Africa than food procured internationally. Better market data can mitigate LRP's potential for adverse market impacts. U.S. legal requirements to procure U.S.-grown agricultural commodities and transport up to 75 percent of them on U.S. flag vessels may constrain use of LRP. Properly implemented, LRP offers opportunities for delivery of food aid to hungry people. Our work has informed the Congress's deliberations on proposed global food security legislation, which includes provisions for LRP. (GAO-09-570, GAO-09-757T)

2.20.C. Improving Management of Cuba Program Democracy Grant Funds: In 2008 we reported steps the U.S. Agency for International Development (USAID) had taken to improve award and oversight of Cuba Program democracy grant funds, which address problems we reported in 2006. Our 2008 report noted several USAID actions responding to misuses of grant funds at two organizations with the largest program grants. However, as of October 2008, the Cuba Program was not staffed as needed for appropriate oversight, and the impact of USAID's recently started efforts to improve

oversight and reduce risk of further misuse of grant funds was not evident. Following our 2008 report, USAID stated that it would provide sufficient staff for oversight and continue monitoring grantee risk. (GAO-07-147, GAO-09-165)

Respond to the impact of global market forces on U.S. economic and security interests

2.21.N. Improving DOD Efforts to Identify Critical Technologies: The U.S. government spends billions on weapons and defense-related technologies to maintain military superiority. To help safeguard these items when they are exported, DOD's Militarily Critical Technologies Program is to identify and assess technologies that are critical to U.S. military dominance. Based on our finding that the military critical technologies list was out-dated and rarely used and recommendations to address this, DOD updated the list and implemented procedures to ensure that it is regularly reviewed and meets user needs. As a result, DOD has a better framework to guide critical decisions on what to control and protect. (GAO-06-793)

2.22.C. Informing the Congress about Federal Oversight and Enforcement of the Fair Lending Laws: We reported that limitations in data that lenders report pursuant to the Home Mortgage Disclosure Act undermine the ability of federal agencies to identify institutions at heightened risk of lending discrimination. Moreover, because of the fragmented financial regulatory system, lenders that may represent higher risks are generally subject to less comprehensive oversight than other lenders. We recommended that the Congress assess options to improve available data and reform

the regulatory structure to enhance fair lending. The report will be constructive to the Congress as it considers legislation to revamp the financial regulatory system. (GAO-09-704)

2.23.C. Improving Federal Financial Literacy Efforts: We testified that the federal government's Financial Literacy and Education Commission still did not have a true functional strategy for improving the nation's financial literacy that incorporates specific plans for roles, funding, and activities. However, we reported that as a result of previous recommendations we had made, the commission had made progress in fostering sustainable partnerships among the federal, state, local, private, and nonprofit sectors for improving the financial literacy of American consumers. (GAO-09-638T)

2.24.C. Highlighting the Need for Financial Regulatory Reform: The current financial crisis illustrated that the fragmented regulatory system created over the past 150 years was not adequate to oversee a 21st century financial marketplace. Given the failure of the existing system to adequately address recent developments, our January 2009 report provided a framework that can be used to help reform the regulatory system and to evaluate regulatory proposals that have emerged to ensure that any new regulatory system is sufficiently comprehensive, addresses systemwide risks, and adequately protects consumers. Moreover, we testified numerous times and presented this framework at a variety of conferences. (GAO-09-216)

2.25.C. Encouraging SEC to More Effectively Protect Investors: Our work showed that resource challenges have affected the ability of SEC Enforcement Division staff to bring enforcement actions effectively and efficiently. We recommended that SEC

enhance communication and utilization of resources in the division. Our work helped lead to several broad reforms that SEC is planning, including reducing a layer of management and expediting the enforcement process, improving staff training, fostering communication among Enforcement Division personnel, streamlining internal processes, and harnessing technology for operational efficiency. (GAO-09-358)

2.26.C. Considering Trade Measures Related to Climate Change: A challenge faced by the Congress in addressing global climate change is how to encourage firms to reduce greenhouse gas emissions without harming their international competitiveness or causing production and emissions to shift abroad. To assist and facilitate Senate deliberation on legislative climate proposals, we explained key issues regarding estimating the effects of emissions pricing, potentially vulnerable industries, design trade-offs of proposed trade measures, and international trade implications. Our report and testimony clarified issues for Senate Finance Committee members as they addressed trade-related measures of a climate bill. (GAO-09-724R)



Source: See Image Sources.

Reexamine the federal government's role in achieving evolving national objectives

3.01.N. Strengthening Planning and Preparedness for an Influenza Pandemic:

In the aftermath of the H1N1 influenza outbreak, our work helped inform the Congress and the new administration about significant gaps in federal government pandemic influenza planning and preparedness efforts. In the summer of 2009, our testimony alerted the Congress to the need for the federal government to test shared federal pandemic leadership roles, update the National Pandemic Implementation Plan, improve coordination with state and local governments and the private sector, and monitor agencies' readiness to protect federal workers in a pandemic. The House Homeland Security Committee directed DHS and HHS) to report on progress by fall 2009. (GAO-09-909T, GAO-09-783T, GAO-09-404, GAO-09-760T, GAO-09-334)

3.02.C. Evaluating How DOT Exercises Foresight:

To update the Congress on 21st century trends and agency efforts to keep pace, we designed a "grounded foresight" reporting strategy that—while acknowledging uncertainty about the future—combines discussion of key trends and possible directions in the years ahead with evaluation of agency decisions, research,

and communication about these trends. We applied this strategy to DOT and highway safety trends, including fast-changing electronic driver distractions. DOT recently announced a "Distraction Summit" aimed at moving ahead on distraction issues, such as texting while driving. (GAO-09-56)

Support the transformation to results-oriented, high-performing government

3.03.F. Improving Collections of Federal Nontax and Criminal Debts:

Over the past several years, we have promoted federal agencies' increased use of key debt collection processes and procedures to improve collections of billions of dollars of delinquent federal nontax civil debts and criminal debts owed to the federal government, and made a series of related recommendations. Based largely on our recommendations, federal agencies, including the Department of Education and DOJ, have taken actions to improve delinquent federal debt collections. Adding to a steady stream of recoveries, these improved collections added almost \$1.4 billion to federal collections during fiscal year 2009. (GAO-04-338, GAO-02-313, GAO-01-664)

3.04.F. Improving IRS's Methodology for Pursuing Delinquent Taxes:

For many years, we have reported that IRS did not have systems or procedures in place to

effectively identify and pursue delinquent federal tax debts with collection potential. We recommended that IRS focus its collection resources on tax debts with the greatest potential for collection. In response, IRS has taken action to implement more sophisticated modeling technology to more effectively identify delinquent tax debt cases more likely to be productive. During fiscal year 2009, IRS's records showed that it increased collections of delinquent taxes by about \$5.7 billion using approximately the same level of resources. (GAO-01-42)

3.05.F. Monitoring the 2010 Census: In March 2008, we placed the 2010 Census on our high-risk list, in part because of risks associated with the use of the handheld computers (HHC) to collect data and uncertainty over the cost of the census. Our recommendations have helped the U.S. Census Bureau to reduce cost and mitigate risk. The bureau updated its cost assumption, reducing the cost to fingerprint employees by approximately \$293 million, and improved the performance of the HHC. In 2009 during the address canvassing operation, while there were some technical difficulties with the HHCs, those problems were promptly resolved and the bureau finished address updates ahead of schedule. (GAO-08-554, GAO-08-550T, GAO-08-886T, GAO-08-936)

3.06.N. Improving OMB Oversight and Transparency—Federal IT Dashboard: Since 2005, we have issued a series of reports and testimonies with recommendations to OMB for improving its oversight and transparency of federal information technology (IT) investments. As a result, OMB recently used this body of work to develop and implement improved processes to oversee and increase transparency of IT investments. Specifically, in June 2009, OMB publicly deployed a “dashboard,” which

is a Web site clearinghouse of information that provides details on all major federal IT investments and provides OMB and others with the ability to track the progress of these investments over time. (GAO-09-624T, GAO-08-1174T, GAO-08-1051T, GAO-08-925)

3.07.N. Improving Governmentwide Sharing on Contractor Past Performance Information:

In 2009, GAO identified shortfalls in the governmentwide system established to facilitate use of contractor past performance information. Given that in fiscal year 2007, federal agencies worked with over 160,000 contractors, obligating over \$456 billion, this information is necessary to properly evaluate a contractor's prior performance and better inform agencies' contract award decisions. In response to our recommendations, the Office of Federal Procurement Policy revised the Federal Acquisition Regulation to improve past performance reporting across government, which will help agencies make better contract award decisions. (GAO-09-374)

3.08.N. Improving DHS Acquisition Management:

DHS obligates billions of dollars annually to meet its expansive mission—\$14 billion in fiscal year 2008 alone. Over the past several years, GAO has identified shortcomings in DHS's management of major acquisitions, including insufficient acquisition planning, oversight, and workforce, and made recommendations to improve acquisition outcomes. In the past year, DHS has made efforts to address these areas by issuing a revised acquisition management directive, establishing supporting processes, creating an executive position to oversee acquisitions at each component agency, and expanding an acquisition workforce hiring initiative. (GAO-09-30, GAO-09-29, GAO-07-900, GAO-06-996, GAO-05-179)

3.09.N. Improving DOD's Business**Systems Modernization Management:**

Since 2001, our work on DOD's approach to modernizing its business systems, a designated high-risk area, has produced recommendations to provide a comprehensive framework for instituting a successful modernization program. In response to our work and congressional mandates, DOD has made progress implementing key institutional modernization management controls. More recently, our recommendations were aimed at helping DOD better address the formidable challenge of ensuring that its thousands of business system programs and IT services employ acquisition management rigor and discipline. (GAO-09-586, GAO-08-462T, GAO-08-705, GAO-07-733, GAO-07-538)

3.10.N. Advancing the Implementation

of Health IT: In a series of reports and testimonies, we identified and recommended needed improvements in the government's efforts to define and implement a national strategy for achieving nationwide adoption of health IT. Our work helped the National Coordinator for Health IT develop a strategy that identified milestones for completing important initiatives and achieving strategic goals. As we recommended, the strategy addressed an overall approach to protecting the privacy of electronic health information within a nationwide health information network and provided guidance for addressing challenges associated with putting privacy protections in place. (GAO-08-1138, GAO-07-238, GAO-05-628)

3.11.C. Improving DOD and VA**Electronic Health Record Sharing Efforts:**

Through our reports and testimonies, we supported increased congressional oversight of DOD and VA efforts to develop and implement interoperable electronic health record systems. This mandated initiative is focused on expediting the electronic

sharing of patient health information for military personnel and veterans. By raising management issues at congressional hearings and recommending results-focused improvements in our reports, we helped the Congress press DOD and VA to continue making progress toward achieving interoperable sharing of health information to improve the quality and efficiency of health care. (GAO-09-775, GAO-09-895T, GAO-09-427T, GAO-09-268, GAO-08-1158T)

3.12.C. Improving Oversight of Two Costly but Critical Environmental

Satellite Programs: We continued to assist the Congress with oversight of two satellite program acquisitions: the National Polar-orbiting Operational Environmental Satellite System since 2002 and the Geostationary Operational Environmental Satellites-R program since 2006. Both will be critical for weather forecasting and climate monitoring for the next two decades. Our multiple reports and testimonies (four in 2009) identifying status and risks and recommending program improvements have helped focus congressional, administration, agency, and public attention on these important programs and have led to management change and more active oversight. (GAO-09-772T, GAO-09-546, GAO-09-596T, GAO-09-323, GAO-08-518)

3.13.C. Identifying the Makeup of the

Senior Executive Service: Having a diverse workforce is an organizational strength. We enhanced congressional oversight of diversity within the Senior Executive Service (SES) by reporting for the first time on the average age and disability status among SES employees. We found that the representation of both women and minorities in the SES increased governmentwide from October 2000 through September 2007 but continued to vary significantly among agencies. Average age at appointment to the SES and retirement from

the SES, at ages 50 and 60, respectively, did not vary much by race, ethnicity, or gender. Less than 1 percent of SES employees self-reported targeted disabilities. (GAO-09-110)

Support congressional oversight of key management challenges and program risks to improving federal operations and ensuring accountability

3.14.F. Reducing Governmentwide Improper Payments: Since fiscal year 2000, our work has served to increase visibility over the extent of federal improper payments and contributed to the Congress passing the Improper Payments Information Act of 2002. The provisions of the act responded to our recommendations to better estimate, publicly report, and reduce federal improper payments. For 2008, 22 federal agencies reported estimated improper payments totaling about \$72 billion. With the increased scrutiny of improper payments, agencies took actions to reduce such payments. We estimate reduced federal improper payments of over \$1 billion (present value) during fiscal year 2008. (GAO-09-628T, GAO-07-92, GAO-06-347, GAO-04-99, GAO-02-749)

3.15.N. Improving Federal Financial Reporting: We continued to effect a number of significant improvements in federal financial reporting disclosures. In the past year, the Department of the Treasury took a number of actions in response to our findings aimed at improving information presented in the U.S. government's consolidated financial statements, including more complete and accurate disclosure of federal actions taken to address the current fiscal crisis and disclosures on the extent of federal commitments related to potential future

losses. These additional disclosures improved transparency over the federal government's operations, financial condition, and fiscal outlook. (GAO-09-387)

3.16.N. Holding Federal Employees Accountable for Transit Benefit Fraud:

Our investigators identified dozens of federal employees who fraudulently sold their transit benefits over the Internet. Many of the employees admitted to intentionally falsifying their benefit applications to receive excess benefits. For seven agencies, we determined that the amount of potentially fraudulent transit benefits claimed during 2006 in the National Capital Region was at least \$17 million and likely more. Agencies took action to hold federal employees accountable based on our work. For example, one DOT employee repaid \$1,440 and resigned in lieu of removal, while a Department of Commerce employee was fired and criminally prosecuted. (GAO-07-724T)

3.17.C. Strengthening DOD Financial Management Strategic Planning: We have long reported on pervasive weaknesses in DOD's financial management operations and related strategic plans necessary to provide a foundation for effective transformation. We have recommended numerous actions to help guide DOD's strategic financial and business transformation plans. In response, DOD leadership has begun taking steps to align planned actions with strategic goals and to incorporate strategic planning best practices. Our recommendations strengthen DOD's ability to make steady progress toward transforming its financial and related business operations to effectively support achieving critical mission goals. (GAO-09-373, GAO-08-866, GAO-09-460T, GAO-08-462T)

3.18.C. Assessing Technologies to Understand the Effects of Technological Applications:

From 2002 to 2006, in response to the appropriations committees' direction to establish a technology assessment pilot program at GAO, we completed four technology assessment reports. Based on the positive response to the pilot program, the appropriations committees asked GAO to continue conducting technology assessments on a permanent basis. GAO's conduct of technology assessments will provide the Congress with information regarding the effects of scientific and technical developments on its legislative process. (GAO-05-380, GAO-04-321, GAO-03-174)

3.19.C. Enhancing Federal Inspector General Oversight:

Over the past few years, we reported on opportunities to improve federal inspectors general (IG) oversight, including concerns over whether IGs had sufficient independence to fully exercise their authorities, for example, insulation from arbitrary removal. Consistent with our findings, the Congress passed the IG Reform Act of 2008 to strengthen IGs' independence and provide statutory authority for an independent council to oversee IGs' integrity. This legislation should help strengthen federal agency IGs' role in helping ensure that taxpayer dollars are used efficiently and effectively. (GAO-09-88, GAO-09-524T, GAO-09-660R, GAO-09-270)

Analyze the government's fiscal position and strengthen approaches for addressing the current and projected fiscal gap

3.20.F. Improving Disaster Cost Estimates Reduced Unneeded FEMA Appropriations:

In 2008, we examined the \$1.9 billion request for FEMA's fiscal year

2009 disaster relief budget. We reported that FEMA had underestimated the funds it might recover from prior year obligations and identified a potential reduction of \$850 million that it would not need. Fiscal year 2009 appropriations for DHS provided only \$1.4 billion for disaster relief—a \$500 million reduction of unneeded funds—and transferred an additional \$121.6 million from disaster relief to other DHS accounts. In total, \$621.6 million in financial benefits resulted from this GAO work. (Based on a budget justification review)

3.21.C. Improving the Design of Federal User Fees and the Operations They Fund:

Agencies improved their fee-based operations and their cost information based on recommendations we made to improve forecasting assumptions, better audit fee collections, and jointly review and report on certain inspection fees for commercial vessels. Our work also informed congressional deliberations on immigration user fees and helped improve fee-based immigration operations by ensuring that contractor invoices reflect services actually received. Our *User Fee Design Guide* is used by federal, international, and local governments to inform the design and review of user fees. (GAO-09-70, GAO-09-180, GAO-08-386SP, GAO-08-321, GAO-07-1131)

3.22.C. Reducing the Tax Gap: In 2009, IRS agreed to implement recommendations we made to reduce noncompliance in reporting rental real estate income, miscellaneous income, and deductions for home mortgage interest and real estate taxes. Other work showed that requiring federal tax compliance to qualify for states' business licenses and increasing sole proprietors' compliance by improving information reporting could improve tax compliance. Legislation has been introduced consistent with our recommendations to require

payees to report payments to corporations and to grant IRS more time to investigate the compliance of individuals with offshore transactions. (GAO-09-478T, GAO-09-238, GAO-09-769, GAO-09-521, GAO-08-956)



Source: See Image Sources.

Improve client and customer satisfaction and stakeholder relationships

4.01.C. Strengthening Communication with Our Congressional Clients and Our Stakeholders:

We strengthened communications with our clients and agency stakeholders by reaching out to numerous members of the Congress and senior agency officials during the transition to the new administration and new Congress to highlight a number of pressing issues that demand urgent attention and continuing oversight to ensure the nation's security and well-being. We also discussed persistent management challenges facing the federal government and opportunities for reducing federal expenditures with these officials.

In addition, we improved our communications to our clients and the public by enhancing and expanding our use of Web technology to more effectively provide timely information on critical issues facing the nation, for example by

- implementing the 2009 Congressional and Presidential Transition section on our external Web site, which provided short video summaries and references to GAO products on the major issues facing the new Congress and the new administration

and contributed to increased hits to GAO's Web site by over 65 percent within 2 weeks after its launch;

- implementing the Following the Money: GAO's Oversight of the Recovery Act section on our Web site, enabling the public to review Web content and link to documentation supporting GAO's oversight of the Recovery Act and demonstrating the agency's commitment to ensuring the transparency of the actions we are taking to ensure effective implementation of the act—our legislatively mandated bimonthly reports and related testimonies are consistently among the most downloaded products from our Web site;
- improving our external Web site in response to continuous monitoring of user feedback by, for example, adding topical collections that bring together products in areas of current interest; and
- implementing a GAO channel on YouTube and an information feed to Twitter to increase public awareness of GAO products and mission.

4.02.C. Assessing Internal Customer Satisfaction with Our Services and Processes and Implementing and Measuring Improvement Efforts:

We conducted GAO's sixth annual customer satisfaction survey in November 2008. Fiscal

year 2009 is the fourth year in which we reported how well we performed against the targets we set for our internal operations measures on services in two categories—how well our internal operations (1) help employees get their jobs done and (2) improve employees’ quality of work life. Fifty-six percent of our staff provided input. On a scale of 1 to 5, we met our target of “4” for both categories of services. Survey data provide us information on our administrative services that we use to proactively identify areas to address customer issues and recommendations. In addition, we implemented an individualized automated e-mail reminder to encourage nonrespondents to reply, which helped to significantly increase our response rate 13 points over last year. We also implemented multiple improvements in response to customer feedback that are discussed in other sections of this report.

4.03.C. Strengthening Relationships with External National and International Audit Organizations:

We contributed to implementing strong standards in the accountability profession and capacity building through our relationships with both domestic and international accountability organizations by

- assuming chairmanship of the new International Organization of Supreme Audit Institutions (INTOSAI) Task Force on the Global Financial Crisis and engaging speakers from accountability organizations, private foundations, the World Bank, and the International Monetary Fund, which enhanced our knowledge of the financial crisis, helped us identify emerging issues, and strengthened our relationships with auditors general around the world;
- organizing meetings with the National Intergovernmental Audit Forum (NIAF), which focused on the presidential and congressional transitions and financial crisis, and a meeting of the new Council of Inspectors General on Integrity and Efficiency;
- sponsoring 16 fellows from 13 countries through our International Auditor Fellowship program to contribute to increasing the capacity of supreme audit institutions around the globe to fulfill their missions and enhance accountability and governance worldwide;
- organizing a number of meetings with the domestic audit community to enhance the capability of audit agencies at all levels of government to prevent fraud, waste, and abuse of federal funds, which is particularly important now given the substantial increase in federal funding to state and local governments under the Recovery Act;
- facilitating the refinement of legislation to reform the Single Audit Act, an important step in enhancing compliance with professional standards by states and localities and their contractors when auditing federal funds; and
- chairing the INTOSAI task force on the donor funding initiative and playing a key role in developing a memorandum of understanding that brought together INTOSAI and donor organizations to support the supreme audit institutions in developing countries—work that will contribute to providing important oversight of U.S. funds provided to these countries.

Lead strategically to achieve enhanced results

4.04.C. Enhancing our Integrated Workforce Planning and Budgeting

Process: We seamlessly implemented unprecedented new legislative responsibilities and a delayed budget in fiscal year 2009 through enhanced techniques and processes in our integrated workforce planning and budgeting process. We

- employed sophisticated modeling techniques using actual and projected workforce data to continuously ensure effective staff utilization;
- used creative, alternative hiring measures to obtain needed expertise and subject area knowledge to respond to new legislative responsibilities under the Troubled Asset Relief Program;
- further expanded our portfolio of hiring approaches to quickly hire needed expertise and resources in response to the challenge of expeditiously staffing up to meet new mandated requirements under the Recovery Act to “follow the money”;
- responded to new legislative responsibilities by swiftly developing workforce assessment tools and shifting resources across units; and
- developed and issued a workforce planning guide to facilitate internal and external understanding of the process we use to manage resources needed to meet the agency’s strategic goals and objectives.

4.05.C Enhancing Strategic Planning

Processes: We helped enhance governance in the domestic and global audit and accountability community by sharing our knowledge and experience in strategic

planning with INTOSAI and NIAF by (1) leading the INTOSAI strategic plan task force that is charged with updating the plan for 2011 through 2016 and providing critical support to the plan’s development and dissemination and (2) working with the NIAF Executive Committee on revising and implementing the forum’s charter and membership.

4.06.C. Achieving External Recognition:

We received the following external recognition during fiscal year 2009:

- Certificate of Excellence in Accountability Reporting from the Association of Government Accountants for the eighth year in a row;
- American Inhouse Design awards for three of our products—the *Fiscal Year 2008 Performance and Accountability Report*, the *Fiscal Year 2008 Citizen’s Report*, and GAO’s 2009 diversity poster;
- American Graphic Design Award from Graphic Design USA for the *GAO Cost Estimating and Assessment Guide*, *Best Practices for Developing and Managing Capital Program Costs* (GAO-09-3SP);
- Silver Communicator Award in Excellence and Distinction from the International Academy of Arts and a MarCom Gold Award for Excellence in Creative Communication by the Association of Marketing and Communication Professionals for the GAO Overview video;
- Excellence in Enterprise Architecture award for leadership in enterprise-driven results; and
- Government Energy Leader award from the World Energy Engineering Congress.

4.07.C. Strengthening Our Strategic Human Capital Management to Achieve Enhanced Results:

We issued an interim human capital strategic plan that establishes several areas for short-term concentration, which will be our blueprint for human capital projects over the next 12 to 18 months, and includes taking steps to recruit a diverse workforce, enhance employee engagement, and leverage data and technology solutions to improve our human capital service delivery.

We honored our commitment to bargain in good faith and maintain a positive working relationship with the union, which resulted in successfully negotiating our 2009 pay agreement and an interim collective bargaining agreement.

We conducted a comprehensive study of our recruiting and hiring programs that established baseline data on the results of our recruiting and hiring efforts and resulted in our establishing an overarching recruiting goal and several objectives, such as enhancing representation of certain demographic groups.

We redesigned and expanded our learning programs to leverage technology solutions and enhance leadership and career progression programs, while taking into account increasing constraints on staff time and fiscal resources. We

- piloted a “virtual classroom” using the Internet and a teleconferencing bridge to connect staff from their homes and offices in headquarters and the field;
- introduced a bundled delivery approach to transition workshops and leadership skills programs, resulting in more efficient use of travel dollars and adjunct faculty time and improvement in the ability of staff to complete required training programs in a timely manner;

- developed and implemented a certification workshop to expand the number of staff qualified to serve as facilitators for GAO training;
- designed and implemented eight new leadership courses for Band IIs and Administrative Professional and Support Staff (APSS) staff and six new classes for Band IIIs, including courses to help supervisors provide feedback to their staff and receive feedback on themselves via a 360-degree feedback tool; and
- launched 25 courses that constitute the first unified learning track for APSS staff.

We also took a number of steps to ensure that our performance management system provides for a fair and equitable assessment of all staff performance by

- implementing a standardized appraisal review process for all staff assessed during annual reviews as well as for staff in GAO’s development programs who are assessed every 6 months;
- conducting GAO-wide reviews of appraisal data;
- monitoring appraisal data on Professional Development Program entry-level staff and Band IIA staff, between entry-level and journeymen level;
- tracking data on midpoint and end-of-year feedback processes to ensure that staff received feedback; and
- performing a comprehensive evaluation of our performance appraisal system, including content analysis of past feedback on the system, 53 interviews and 28 focus groups with managers and employees, implementing an agencywide survey that had a 67 percent response rate and

solicited over 5,000 comments, and assessing findings from the 2008 African American Performance Assessment Study.

We installed, on time and slightly under budget, an integrated Web-based human capital management system that will provide transaction processing and a broad range of improved applications, services, and information to human capital staff, managers, and employees, and will be fully implemented in fiscal year 2010.

4.08.C. Ensuring Sound Financial Practices and Robust Systems in Our Fiscal Operations:

We took several steps to refine processes and controls and add new capabilities in our financial operations in fiscal year 2009. We

- successfully completed our first financial audit under our new financial management system, receiving an unqualified, or “clean,” opinion in November 2008;
- created an internal Recovery Act oversight task force with representatives from all mission support areas to ensure proper accounting and oversight of our new appropriation under the act;
- implemented additional internal controls in the GAO Purchase Card Program by reducing the number of cardholders and performing audits on all transactions;
- achieved savings in the GAO Purchase Card Program by automating the bill payment process and paying charges on a daily basis, which resulted in rebates of more than \$29,000;
- selected a new, fully integrated online reservation booking and document processing travel system, which will move GAO from a manual travel booking

process to an online automated process, that will be implemented in fiscal year 2010;

- began quarterly reporting on our statement of net costs and conducted fluctuation analyses using the capabilities provided in our new financial management system; and
- fully implemented the interface between our automated procurement system and our financial management system.

4.09.C. Enhancing IT Governance by Applying Best Practices in IT Processes and Management:

In order to deliver and manage measurably efficient and effective IT services that align with the current and future needs of GAO, we began implementation of the Information Technology Infrastructure Library framework (ITIL). We developed an implementation plan, trained over 80 percent of technology staff, and obtained a suite of tools that will be implemented in fiscal year 2010 to provide automated support for implementation of ITIL processes.

We developed and implemented a centralized, Web-based repository of GAO’s architectural information that will be utilized by GAO executives for investment decisions, midlevel management for infrastructure improvements and efficiencies of scale, and operational staff for logistics support.

Leverage our institutional knowledge and experience

4.10.C. Increasing Our Knowledge-Sharing Capability: We supported formal and informal initiatives that significantly improve our knowledge-sharing capability internally and externally. We

- developed an agencywide communication strategy that outlines how GAO provides authoritative information to staff on a wide range of issues and that uses the newly redesigned intranet as the central tool for the agency's primary communications,
- supported informal information sharing through creation of a GAO Wiki—with approximately one-third of our staff trained to enter and edit content—that allows staff to share lessons learned and institutional knowledge and discuss emerging issues, and
- implemented our first reader survey of both internal and external readers of the *GAO Management News* to identify suggestions for enhancing the content and format.

We leveraged the National Association of State Auditors, Controllers, and Treasurers teleconferencing infrastructure, which enabled us to engage in regular teleconferences with principals in the accountability community on our Recovery Act work, including the IGs, 50 state auditors, and several hundred of local auditors, and saved us the cost of the teleconferences.

We took steps to support technology solutions for information sharing among the domestic and international accountability community by

- hosting the FedEval.net Web site in support of domestic federal, state, and local auditing agencies;
- operating and maintaining the *International Journal of Government Auditing* Web site for the international community and developing a plan for short-, medium-, and long-term activities to improve the form, function, and utility of the *Journal* with a special emphasis on

enhancing the journal's Web presence to promote knowledge-sharing and advancing capacity building; and

- taping NIAF meetings to provide access to the discussions and no-cost training to GAO staff and the NIAF community.

We continued to participate in a number of efforts under legislative branch councils, including

- identifying technology solutions related to improving fiscal operations for the legislative branch;
- coordinating an effort to promote a cross-council information-sharing program that will cover topics such as financial management, acquisitions, human resources, and IT; and
- contributing to savings of more than \$2.7 million through implementation of common contracts and acquisition activities in 2007 and 2008.

Enhance our business and management processes

4.11.C. Streamlining the Engagement Process and Improving Engagement Services:

We took a number of steps in fiscal year 2009 to assist in engagement design and support and to simplify and clarify our product development and issuance processes. We

- revised 36 guidance documents on applied research tools and methods to help engagement teams better plan and implement assignments;
- enhanced and standardized the design and implementation of Web-based surveys to facilitate (1) efficient data capture and analysis, which was essential to support

the many staff conducting Recovery Act audit work across 16 states, and (2) reuse for subsequent efforts given our recurrent reporting responsibilities under the act;

- upgraded our automated time and attendance system to provide an automated process for GAO staff to regularly affirm their independence, which is required by government auditing standards for all staff working on engagements;
- developed a target architecture and multiyear program plan for an overhaul of GAO's engagement and work management systems;
- developed and implemented publishing process improvements designed to both simplify and standardize operations among product assistance groups and teams and maximize use of available resources;
- developed and implemented a production calendar template to enhance understanding of the production process for engagements and facilitate communications between publications staff and customers;
- developed and implemented standard operating procedures for GAO's product tracking system to ensure consistent use of the system, and enhanced the system to provide product status;
- developed and piloted a color palette to enhance the appearance of our audit products using colors that translate well to grayscale and support accessibility standards for the visually impaired, while not adding costs; and
- expanded e-dissemination to other products, such as special publications, which continues to reduce the costs of printing.

4.12.C. Improving our Administrative and Management Processes and Using Enabling Technology to Improve Crosscutting Processes:

We made system improvements to aid in performance management and travel support. Specifically, we

- created a more current and user-friendly interface for all performance management-related data in our competency based performance system by improving formatting capabilities and providing GAO-wide reviewers access to both individual appraisals and unit-level statistical data;
- enhanced our performance system to facilitate the capture and review of individual development plans for specific performance appraisal periods and provide the capability for unit-level reporting on development plan participation and the nature of requested developmental activities; and
- implemented a new procedure for obtaining feedback from staff on our travel agent.

We also made several contracting improvements for IT support services. We

- consolidated firewall support, remote access connectivity, Internet Protocol service, and wide area network service into a single contract to obtain improved service and reduced costs and
- began using performance-based contracting for information systems operations and engineering labor support, including for delivery of help desk and logistics support, and enterprise network services.

Become a professional services employer of choice

4.13.C. Promoting an Environment That Is Fair and Unbiased and That Values Opportunity and Inclusiveness:

We demonstrated our commitment to ensuring a fair and inclusive work environment by continuing implementation of initiatives under our framework for management improvement and actions in our Workforce Diversity Plan, including

- fostering and enhancing relationships with our employee advisory groups by providing multiple opportunities for staff to engage agency leadership in enhancing human capital programs;
- establishing and staffing a new executive-level position of Special Assistant to the Acting Comptroller General for Diversity Issues;
- conducting workshops on preventing sexual harassment and briefing managers on the Americans with Disabilities Act and our reasonable accommodation process;
- re-issuing an equal employment opportunity policy statement;
- updating our Workforce Diversity Plan, which includes recommendations for ensuring that GAO fosters inclusive workplace practices and identifies areas that need continued attention;
- developing and conducting approximately 130 facilitated conversations on race and ethnicity from October 2008 to January 2009 with approximately 80 percent of GAO staff attending;

- monitoring implementation of our intern program guidelines to ensure that all interns are provided with a core group of experiences that will help them make good decisions about working at GAO;
- implementing a survey for staff completing our entry-level development programs to assess the quality of the development and support they were provided; and
- completing an analysis of the rotational program for developmental analysts to determine the impact, if any, of rotations on engagements.

4.14.C. Providing Tools, Technology, and a World-class Working Environment:

We implemented several initiatives to provide staff with modern technology and easy access to GAO systems. We

- replaced all staff-assigned laptops and selected workstations with laptops with larger storage capacity, faster processing power, wireless capability, and added security features;
- upgraded the cellular antennae system to provide expanded coverage in the headquarters building, enabling better connectivity; and
- improved remote access capability to accommodate 2,000 concurrent user connections to ensure adequate access during inclement weather or pandemic flu.

We also negotiated new lease agreements for our offices in Chicago, Los Angeles, Norfolk, and San Francisco. Work space designs have been developed and construction has begun in Chicago; construction in other offices will occur in fiscal year 2010.

4.15.C. Providing a Safe and Secure

Workplace: We took several steps to ensure that we provide a safe and secure work environment for our employees.

- We upgraded electronic security systems in two field offices and conducted an assessment for integrating field office systems into headquarters' system.
- We enhanced our emergency preparedness program by implementing a Web-based emergency operations center—WebEOC—to support fast and effective decision making about incident response through real-time information sharing; improving identification of shelter-in-place locations; and implementing emergency e-mail and automated phone notification capabilities.
- We opened for competitive bids a new security guard force contract at headquarters to strengthen the contract requirements, address areas of concern, and gain efficiencies by merging two separate contracts into one.
- We initiated security reviews on employees whose investigations are over 15 years old to meet Homeland Security Presidential Directive 12 requirements.
- We completed phase 1 of an alternate computing facility upgrade that enhances access and communications capabilities in the event of a disaster that shuts down IT systems in headquarters. The facility is able to support 500 concurrent remote users with Web-based e-mail capability, Internet access, and remote desktop functionality similar to the services available via systems at headquarters. Implementation of the facility upgrade resulted in a cost avoidance of over \$200,000 a year through use of House-owned fiber technology.
- We implemented Tripwire—a network security feature that facilitates standardization of system configurations, supports a more refined configuration management process, detects authorized and unauthorized changes to network systems, and streamlines the validation of security compliance.
- We completed implementation of desktop security upgrades that meet OMB memorandum M-06-16 requirements for encrypting all sensitive data on mobile computers and devices. We combined this effort with our laptop replacement project so all employees have this capability, regardless of the security level of their work. The capability encrypts all data on a user's laptop and provides authentication to the desktop.
- We continued to implement our information security program that includes security awareness training to staff, contractors, and other users of agency systems on the agency's security policies and procedures, the information security risks associated with user activities, and individuals' responsibilities for complying with agency policies and procedures. Additional training is provided to users who have been identified as having significant security-related responsibilities. The security awareness video used in this training was updated to reflect current technologies, such as antivirus software and encryption, in use to protect GAO assets.

2. GAO's Report on Personnel Flexibilities

As required by section 11 of the GAO Human Capital Reform Act of 2004 (Pub. L. No. 108-271), GAO is reporting actions that have taken place in fiscal year 2009 under sections 2, 3, 4, 6, 7, 9, and 10.

Section 2 of the GAO Human Capital Reform Act of 2004 made permanent GAO's authority to offer voluntary early retirements and separation incentive payments. GAO did not offer its employees an agencywide voluntary early retirement opportunity in fiscal year 2009, but did permit employees to apply for voluntary early retirement outside of an open season. The use of this authority supported efforts to ensure that GAO had the appropriate numbers and skill mix of employees to respond to the requests of congressional clients. Five employees applied for voluntary early retirement under this authority; two applicants were approved, two applicants were denied, and one applicant withdrew the application. Because of high costs, GAO did not authorize any voluntary incentive payments, for the reasons indicated in prior performance and accountability reports.

Section 3 of the act, codified at 31 U.S.C. § 732(c)(3), authorizes the Comptroller General to determine the amount of the annual pay adjustments provided to GAO employees and prescribes the factors to be considered in making this determination. In September 2008, section 2 of the Government Accountability Act of 2008 (Pub. L. No. 110-323) added subsection (j) to 31 U.S.C. § 732 that set a minimum adjusted amount that employees must receive if they were performing satisfactorily. Subsection (j) requires that if an employee's total increase from both the annual adjustment and performance-based compensation (PBC)

results in an increase to the employee that is less than the increase the employee would have received under the General Schedule (GS) increase for the employee's locality, then the employee is entitled to an increase equal to the GS increase. Such increase is made effective on the same date that the GS increase is effective. Subsection (j) applies to all GAO employees except wage grade employees, Senior Level (SL) and Senior Executive Service (SES) members, and employees in a developmental program.

In determining the amount of the annual adjustment for 2009 and consistent with subsection 732 (c)(3), the Acting Comptroller General considered various data, including salary planning data reported by professional services, public administration, and general industry organizations; the GS adjustment; various purchasing power indexes; overall budgetary resources; and the possible distributions of available funds between the annual adjustment and individual PBC. For 2009, GAO's compensation system provided that all employees performing at a satisfactory level were entitled to receive an annual adjustment and to be eligible for PBC based on their individual performance.

Absent a final fiscal year 2009 budget at the beginning of the fiscal year, GAO and the GAO Employees Association, International Federation of Professional and Technical Engineers (IFPTE), Local 1921, agreed to bifurcate pay negotiations. Initial negotiations would cover just the annual adjustment component of pay with PBC negotiations deferred until the agency's appropriation was finalized.

As a result of the first set of negotiations, GAO and IFPTE agreed in April 2009 to an annual adjustment equal to the GS increase, including locality in each area in which GAO has offices. The agreement also provided for adjusting salary range minimum, maximum, and competitive rates for each of GAO's five geographic zones. Salary range minimum rates were increased by the average of the GS adjustment(s) (i.e., base plus locality) for the locations in each geographic zone. The competitive and maximum rates for each range in all geographic zones were increased by 4.78 percent not to exceed the GS-15, step 10-rate applicable to each location. The Acting Comptroller General authorized the same increases for nonbargaining unit staff.

The annual adjustment was to be effective on January 4, 2009, for all banded employees, including developmental staff who were performing at a satisfactory level. Adjustments were provided without regard to salary range maximum rates other than the GS-15, step 10 rate. This "annual adjustment" satisfied the minimum percentage increase required by subsection (j) of title 31.

After GAO received its final fiscal year 2009 appropriation in March 2009, subsequent pay negotiations were concluded in May 2009 with an agreement to use a 2.65 percent "budget factor" for PBC calculations. In addition to establishing this percentage, the agreement provided for a new method for calculating bargaining unit employees' PBC payout. Rather than the "standardized rating score" (SRS), which has been used since 2005, the bargaining unit agreed to an alternative. The alternative method calculates the difference between the employee's appraisal average and the appraisal average for a comparison group of staff in the same band and organization. To determine the percentage of PBC, this difference is added to the budget factor (2.65), and the resulting

percentage is multiplied by the employee's competitive rate. After ratification by 86.2 percent of union voters, the agreement was implemented and PBC was processed in July 2009 retroactive to January 4, 2009.

PBC for Administrative Professional and Support Staff, Attorneys, and Band III Analysts (i.e., nonbargaining unit staff) was provided using the same 2.65 percent budget factor. However, these groups retained the SRS as the method for calculating PBC. Rather than the difference between the employee's appraisal average and the comparison group average, the SRS measures the number of standard deviations between these two averages. This number is added to the budget factor, and the resulting percentage is multiplied by the competitive rate.

For all staff, 100 percent of the PBC amount was provided as a base pay adjustment not to exceed the maximum rate of the employee's pay range. Any PBC amount that could not be paid because of the salary cap was provided as a lump sum performance bonus (cash payment).

GAO's SES and SL employees rated "Fully Successful" were provided a 2.8 percent pay adjustment pursuant to 31 U.S.C. § 733(a)(3)(B) effective January 4, 2009. SES and SL members were also eligible for PBC using a budget factor of 2.65 percent. PBC was provided to the SES and SL staff as a base pay increase not to exceed \$174,000. At the Acting Comptroller General's discretion, remaining amounts were provided as bonuses to staff rated "Outstanding" or "Exceeds."

Employees of GAO's Personnel Appeals Board and student employees are paid according to GS rates, and GAO's wage grade employees are paid according to the Federal Wage System (FWS) salary rates. These employees

received the same percentage across-the-board adjustment on the same effective date as the increases authorized for GS and FWS employees in the executive branch. The pay ranges for these employees incorporated the changes made to the comparable executive branch pay ranges. Lastly, in regard to the annual pay adjustment for employees, there were no extraordinary economic conditions or budgetary constraints that had a significant impact on the determination of the annual pay adjustment.

Section 4 of the act authorizes the Comptroller General to place employees on pay retention; however, there were no employees on pay retention at GAO during fiscal year 2009.

Section 6 of the act authorizes the Comptroller General to increase the annual leave accrual rate for officers and employees in high-grade managerial or supervisory positions who have less than 3 years of federal service. In fiscal year 2009, GAO increased the annual leave accrual rate of seven employees as an incentive to retain them.

Section 7 of the act authorized GAO to establish an Executive Exchange Program, to bring executives from private industry to work on special projects at GAO and to permit GAO officers and employees to be assigned to private sector organizations. This authority was not used in fiscal year 2009. The authority expired on July 7, 2009.

Section 9 of the act establishes requirements for GAO's performance appraisal system. GAO's performance appraisal system meets these requirements; however, the agency continues to pursue actions designed to ensure that the system meets its objectives and is fair and equitable for all employees. A study conducted by the Ivy Planning Group in 2008 made over 25 major recommendations

that GAO could take to help ensure fair, consistent, and nondiscriminatory application of the appraisal system. GAO has committed to implementing the Ivy Planning Group's recommendations and has initiated a Management Improvement Priorities Action Plan that includes five areas of concentration: recognizing and valuing diversity; reassessing the performance appraisal system; managing workload, sustaining quality, and streamlining processes; enhancing staffing practices and developing the workforce; and, finally, strengthening recruitment and retention incentives.

GAO completed a full, systematic, and inclusive review of the performance appraisal system identifying what is working well and not working well with the system, including addressing concerns raised by the Ivy Planning Group. Data collected included a comprehensive content analysis of existing data, the results of 28 focus groups of employees, and 53 semistructured interviews with managing directors and a random sample of SES/SL, Band III, and field office managers. In addition, GAO conducted an agencywide, Web-based survey of employees, with an overall survey response rate of 67 percent. Data from all of these sources were synthesized into a draft report with extensive findings and short- and long-term recommendations for improving GAO's performance appraisal system.

GAO continues to provide training on the performance appraisal system and the roles and responsibilities of staff, supervisors, and managers. To ensure that all new designated performance managers are knowledgeable about appraisal policies, procedures, and practices, GAO is requiring new raters to take online training prior to preparing fiscal year 2009 appraisals. GAO also developed

additional training regarding giving and receiving performance feedback that will be available for all staff.

Section 10 requires the Comptroller General to consult with any interested groups or associations representing officers and employees of GAO before implementing any changes under the act. During this reporting period, changes to GAO's compensation regulations were issued for notice and comment. However, even prior to the passage of the act, the Comptroller General and other relevant agency officials were meeting periodically with the Employee Advisory Council (EAC) and IFPTE to discuss current and emerging issues of mutual interest and concern, especially those in the human capital area. GAO also uses employee forums, focus groups, and other mechanisms to obtain employee input on major proposals. GAO provides all employees with advance copies of draft orders concerning proposed policies and regulations for comment prior to their publication in final form. These steps were taken in the promulgation of all policies and regulations implementing the provisions of the GAO Human Capital Reform Act of 2004, as amended. The Executive Committee considered all input from EAC members, IFPTE, and other GAO employees before implementing any changes. GAO consults, and negotiates where appropriate, with IFPTE with respect to Band I, II, IIA, and IIB analyst employees in the bargaining unit. EAC now represents Band III analysts, Attorneys, and Administrative Professional and Support Staff employees who are not included in the bargaining unit.

In summary, GAO human capital management continues to use the value-added flexibilities provided under sections 2, 3, 4, 6, 9, and 10 to acquire and maintain the talent necessary to carry out and meet its strategic mission and goals.²² These and other human capital tools and flexibilities support the achievement of GAO's strategic objective to be a world-class professional services organization and model federal agency. Without these provisions, GAO would have difficulty attracting and retaining top-flight talent in adequate numbers to properly support the Congress and serve the American people within current and expected resource levels.

²²In fiscal year 2009, GAO operations were segmented into 10 business cycles: Entity-Wide Controls, IT Controls, Facilities and Property Management, Travel, Procurement, Disbursements, Budget, Fund Balance with Treasury, Financial Reporting, and Payroll.

3. GAO's FISMA Efforts

GAO has established a strong Information Security Program that relies on a “defense-in-depth” technical approach to protection and detection, while the compliance component of our program is based upon the implementation of federal and industry security standards. Even though we are not obligated by law to comply with the Federal Information Security Management Act (FISMA) under the EGovernment Act of 2002, we have adopted FISMA requirements to strengthen our information security program and demonstrate our ongoing commitment to lead by example. FISMA and related federal guidance from the Office of Management and Budget constitute the cornerstone of our security program, establishing the procedures and practices that strengthen our protections through the implementation of security “best practices.” Our security standards are based on the federal guidance found in the National Institute of Standards and Technology (NIST) 800 series and Federal Information Processing Standards publications. As existing NIST guidance has been updated and new guidance disseminated, we have adjusted our internal information technology (IT) security policies and procedures and expanded our efforts to effectively integrate these governmentwide policies and practices into our security program.

GAO's Information Security Program seeks to continually improve the protection of data, strengthen access controls, and streamline security processes. GAO has implemented systemwide security controls that meet or exceed key requirements set forth in NIST Special Publication 800-53, Revision 2, *Recommended Security Controls for Federal Information Systems*. We monitor these requirements and work to ensure that

our protections evolve as our environment changes. We also support recurring assessments of our information security program, including internal reviews by GAO program offices, GAO's Inspector General (IG), and security staff, as well as external audit reviews, to strengthen and streamline our security practices. For example, our IG independently evaluates our information security program annually, consistent with FISMA requirements, to identify weaknesses in our implementation of FISMA and offers recommendations to further strengthen our IT security program. In addition, we follow the standard practice of using a public accounting firm, as well as other external sources, to provide independent external evaluations and testing of IT controls on our major applications. We have leveraged third-party audits to successfully validate our security controls through a rigorous certification and accreditation process. During this past year, we conducted a full certification and accreditation of our Mainframe System using a third party to conduct the system test and evaluation.

We maintain excellent information systems security practices at GAO through implementation of FISMA requirements, including efforts to

- implement and refine an enterprisewide, risk-based security program;
- develop and update essential policies, procedures, and reporting mechanisms to ensure that our security program is integrated into every aspect of IT system life cycle planning and maintenance;

- provide recurring security training and awareness to all of our staff through annual awareness training, security fairs, and focused security briefings;
- integrate security into our Capital Planning and Investment Control and project management processes; and
- implement and refine an enterprise disaster recovery solution.

The dynamic nature of security threats requires that our Information Systems Security Group constantly monitor activities and adjust our strategy to address these challenges and meet the needs of GAO. As we continue to evolve and improve our Information Security Program, our strategies have also evolved to reduce the risk to GAO, streamline processes through the use of technologies, and reduce costs through standardization.

Activities undertaken to improve our Information Security Program during fiscal year 2009 are listed below.

- Information systems inventory. We increased the security oversight of information systems from 12 to 32 systems. This now covers all systems identified as mission-essential functions that support GAO normal and contingency operations. We completed initial security assessments and implemented annual continuous monitoring reviews of security controls for all systems within the inventory.
- Security assessments of outsourced systems. All outsourced systems have a completed security risk assessment. The security program has updated our existing risk assessments to include the evaluation of security controls for systems operated by third parties. We have established and implemented a process for visiting third-party vendors or federal program managers to validate security processes, practices, and system controls, to provide assurance to GAO management that the risk to GAO information is minimized and vendor operations are within acceptable federal security guidance.
- Certification and accreditation of information systems. We continue to implement security practices to cover the entire life cycle of our information systems. Our process starts with an initial security assessment, establishes requirements for a system security plan, provides an independent system test and evaluation, provides remediation of security risks, and implements a continuous monitoring process, until the system is retired.
- Integrating security with other programs. We use our initial security assessment and our integrated program assessment to identify systems that process privacy information. During these processes, a privacy information assessment is initiated and coordinated through the privacy program office.
- Automating security processes. We identified the requirements and procured a tool to assist in the automation of security control validation. This tool will support our continuous monitoring requirements for all information systems. In addition, this tool will improve our change and configuration management procedures, validate the deployment and maintenance of our security standards, and provide real-time alerting of unauthorized changes to our information systems.
- Enterprise workstation security. We completed the implementation of our security standard for workstations that

includes full-disk encryption; mobile computers and Blackberry encryption; an integrated antivirus, antispyware, and personal firewall application; and two-factor authentication. To enhance our enterprise workstation security solution, we continued implementation of workstation configurations based upon the Center for Internet Security hardening standards and the Federal Desktop Core Configuration using a “least privilege” access for staff, limiting staff’s ability to change the workstation configuration by installing software and preventing the unintentional downloading of malware and viruses. The enterprise end point security application continues to provide centralized policy management and control and automatic monitoring and remediation of security threats to the workstation, and events identified by the application flow to the event correlation engine.

- Business partner connections. We implemented virtual private networks to secure our connections to our financial and human capital applications operated by third parties. These secure tunnels control direct access from GAO to these remote sites in a secure and encrypted manner. In support of continuity operations, we implemented these private network connections at both the GAO primary and alternate computing facilities.

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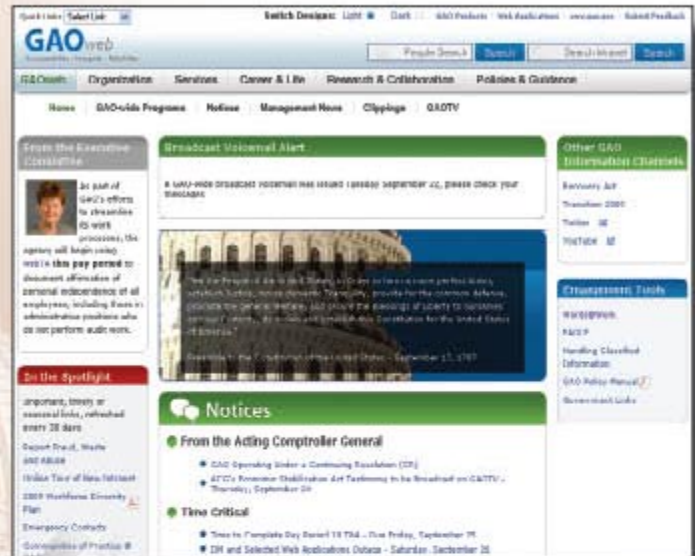
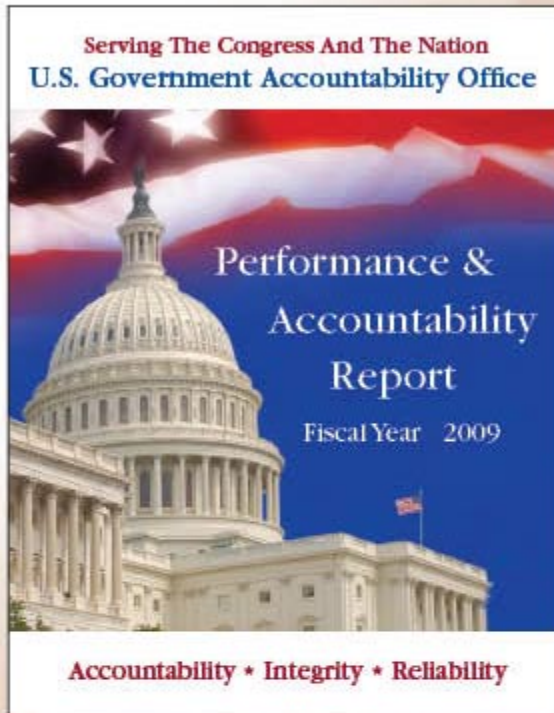
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