

Audit Recommendations: Opportunities for Agencies to Improve GAO-IG Act Reports

GAO-23-106596

Report to the Subcommittee on the Legislative Branch, Committee on Appropriations, House of Representatives

June 5, 2023

Why This Matters

GAO and the Inspectors General (IG) make recommendations to federal agencies on an ongoing basis. Office of Management and Budget (OMB) Circular No. A-50 Revised, published in 1982, directed agencies to assure prompt implementation of audit recommendations.¹ While agencies continue to implement the majority of GAO's recommendations, our recommendation database contained more than 4,800 unimplemented recommendations across the federal government, as of May 2023. If implemented, these recommendations could result in significant benefits, including increased savings and revenues, enhanced services to the public, and improved federal programs.

The Good Accounting Obligation in Government Act (GAO-IG Act), enacted in 2019, generally requires agencies to report on the status of unimplemented GAO and IG recommendations with their annual budget justification.² According to the Senate Committee on Homeland Security and Governmental Affairs, the reporting requirements are designed to (1) increase public accountability for unimplemented recommendations and (2) inform the federal budget process.³

House Report 117-389 includes a provision for us to review agency compliance with GAO-IG Act reporting requirements and identify any barriers to compliance.⁴ This report examines 24 federal agencies' GAO-IG Act reporting with their fiscal year 2024 budget justifications. We reviewed the extent to which these agencies included selected required reporting elements and followed the submission process requirements. Additionally, we identified challenges to producing the reports and opportunities to improve the usefulness of the information.

Key Takeaways

- Sixteen of 24 agencies both included the selected reporting elements with their fiscal year 2024 budget justifications and followed the submission process, but the level of detail in their reporting varied.
- Some agencies described practices that helped facilitate compliance and useful reporting that could benefit other agencies if adopted.
- Improved guidance from OMB could increase reporting consistency.
- We recommend OMB clarify the reporting requirements and instruct agencies to adopt practices, as appropriate, to improve their reporting.

How many agencies included the selected elements and followed the submission process?

The majority of the agencies in our review (20 of 24) generally included the selected required elements—reporting on open recommendations and providing status information on their implementation—in their GAO-IG Act reporting for their fiscal year 2024 budget justification.⁵ The four other agencies reported but did not provide status information for each recommendation listed.

More than half of the agencies in our review (16 of 24) also generally followed the submission process requirements—which include publishing the GAO-IG Act

report on time with their budget justification and sending copies of the report to us and their IG (see fig. 1). Most of the other agencies did not follow the process because they did not provide copies of their report to us and their IG. Some of these agencies had assumed the public availability of their report was sufficient.

Figure 1: Federal Agency Reporting for Good Accounting Obligation in Government Act Reporting for Fiscal Year 2024 Budget Justification

Agency	Included selected elements	Followed submission process
Agency for International Development	●	●
Department of Agriculture	◐	◐
Department of Commerce	●	◐
Department of Defense	●	●
Department of Education	●	●
Department of Energy	◐	◐
Department of Health and Human Services	●	●
Department of Homeland Security	●	●
Department of Housing and Urban Development	●	◐
Department of the Interior	●	◐
Department of Justice	●	●
Department of Labor	●	●
Department of State	●	●
Department of Transportation	●	●
Department of the Treasury	●	●
Department of Veterans Affairs	◐	◐
Environmental Protection Agency	●	●
General Services Administration	●	●
National Aeronautics and Space Administration	●	●
National Science Foundation	●	◐
Nuclear Regulatory Commission	●	●
Office of Personnel Management	●	●
Small Business Administration	◐	◐
Social Security Administration	●	●

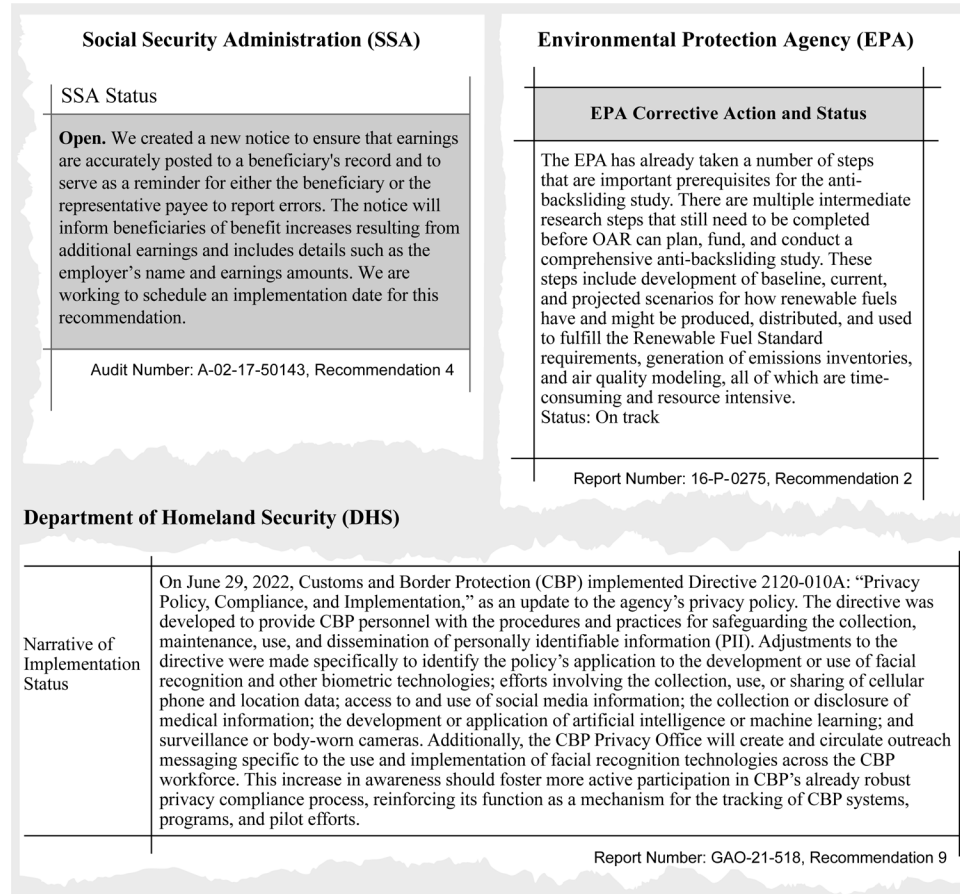
- Included all selected elements
- ◐ Included some selected elements
- Included no selected elements
- Followed all submission processes
- ◐ Followed some submission processes
- Followed no submission processes

Source: GAO analysis of Chief Financial Officers Act agency information. | GAO-23-106596

What observations did we make about these reports?

We observed variations in how agencies reported the implementation status of open recommendations. For example, some agencies directed readers to GAO or the IG for the recommendation status or stated that the recommendation was “open” without providing any details about the implementation status. Other agencies provided limited information, such as stating the implementation was “in progress” without any details about actions taken. In contrast, some agencies included detailed information about actions they have taken and plan to take to address the open recommendations (see fig. 2).

Figure 2: Presentation of Recommendation Status in Good Accounting Obligation in Government Act Reporting by Select Agencies



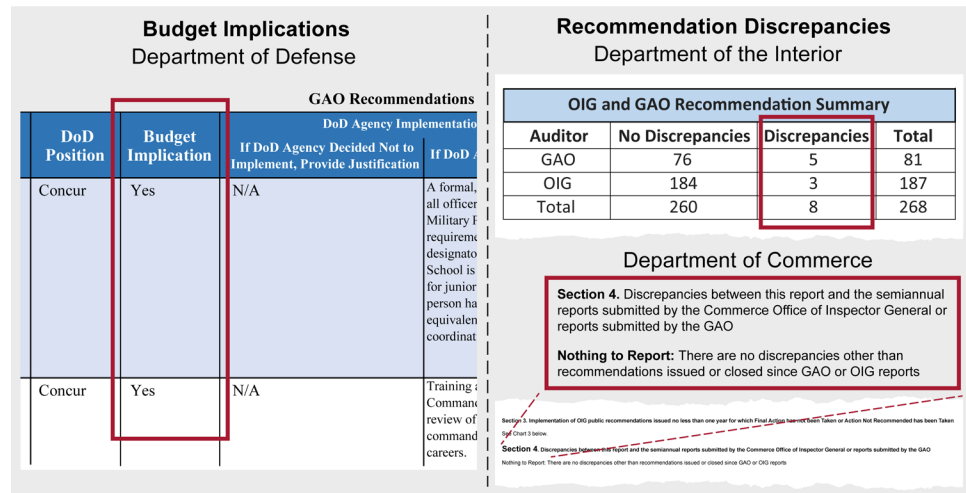
Source: GAO analysis of SSA, EPA, and DHS information. | GAO-23-106596

We also observed variations in the timeframes agencies used to identify open recommendations, such as the number of years of open recommendations the agencies included and what cut-off date they used. For example, some agencies included only one year of open recommendations while others included multiple years of open recommendations. In addition, for the fiscal year 2024 budget justification cycle, one agency did not include any recommendations issued after January 2021 while another included recommendations issued as recently as January 2023.

We also observed that only some of the agencies included statements about (1) whether their open recommendations had clear budget implications or (2) any discrepancies between their list of recommendations and ours or their IG’s.⁶ The requirement to include these reporting elements is contingent on, respectively, there being a clear budget implication or a discrepancy between lists. It was not possible for us to determine if the absence of these elements in certain reports was because there were no budget implications or discrepancies, or because the agency did not consider those elements. However, some reports were notable for

explicitly presenting this information (see fig. 3). For example, the Department of Commerce stated that it had no discrepancies.

Figure 3: Presentation of Budget Implications and Discrepancies in Good Accounting Obligation in Government Act Reporting by Select Agencies



Source: GAO analysis of Departments of Defense, Interior, and Commerce information. | GAO-23-106596

What opportunities exist to improve the reports?

As discussed above, we observed variations in how agencies addressed the reporting requirements. Some agencies indicated that the requirements were either confusing or subject to interpretation. For example, one agency noted there was no definition for a clear budget implication. In response to our question about what would help agencies fully comply with the reporting requirements, some agencies indicated that additional guidance and clarification from OMB would be helpful.

OMB’s primary role is to oversee the federal budget process. OMB issues Circular No. A-11 each year to provide guidance to agencies on how to prepare their budget and budget justification materials.⁷ For example, OMB Circular No. A-11 contains a reminder about a different act—the Congressional Budget Justification Transparency Act—with additional guidance on the requirements (see fig. 4). The same page of OMB Circular No. A-11 contains a reminder about the GAO-IG Act, but without any clarification or additional guidance on the reporting requirements.

Figure 4: Office of Management and Budget Circular No. A-11 Guidance, August 2022

Office of Management and Budget (OMB) Circular No. A-11

SECTION 22—COMMUNICATIONS WITH THE CONGRESS AND THE PUBLIC
AND CLEARANCE REQUIREMENTS

Use of these definitions is required by the Evidence Act, M-13-13, Federal Data Strategy 5 (Identify Priority Data Assets for Agency Open Data Plans), and Action 6 (Publish and Update Data Inventories).

Agencies are reminded of the reporting requirements of the Good Accounting Obligation in Government Act (Public Law 115-414). This Act requires agencies to include, in their congressional budget justifications, information on recommendations from the Government Accountability Office (GAO) and the Office of Inspector General (OIG) of the agency. Information on outstanding GAO and OIG recommendations is available from agency OIGs, GAO.gov, or oversight.gov.

Provide the Congress with information to assess current and proposed capital projects that is consistent with the Administration's budget proposals, including: appropriate information on planning; budgeting, including the current or proposed use of incremental or full funding; acquisition; and management of the projects.

You must submit all budget justification materials to OMB for clearance before transmitting them to the Congress.

(c) Availability of congressional budget justifications

Consistent with the requirements in the Congressional Budget Justification Transparency Act (Public Law 117-40), agencies are reminded to make their full congressional budget justification materials, including their performance plan submission, available to the public and post the materials on the Internet at a vanity federal government URL. The vanity URL should contain "/CJ" following the public web address of the agency (e.g., agencyXYZ.gov/CJ). Materials should be posted at this address within two weeks after transmittal of those materials to the Congress. The release of these materials must be done in accordance with the requirements of this section and any relevant provisions of law. Materials will not be released if disclosure is prohibited by statute, the materials are classified or must be kept secret in the interest of national security or foreign policy, or the materials are otherwise exempt from release pursuant to 5 U.S.C. 552(b).

Agencies should develop machine-readable (CSV, XML, TSV, or JSON) file(s) for the budget summary table(s) that normally accompany the congressional budget justification, including footnotes (please see section 200.22 for a definition of machine-readable format). Please work with your OMB representative on timelines and plans for preparing this machine-readable information.

OMB will collect the following information from every agency that submits congressional justification materials:

- The date that congressional justification materials were first submitted to the Congress. Where agencies submit several different sets of materials (e.g., for various bureaus), this would be the date that the first set of materials was made available to the Congress either in print or electronically.

OMB Circular No. A-11 (2022) Page 5 of Section 22

Reminder
of Good
Accounting
Obligation
in
Government
Act

Reminder
of
Congressional
Budget
Justification
Transparency
Act, with
additional
guidance

Source: GAO analysis of OMB Circular No. A-11. | GAO-23-106596

According to OMB staff, this section of OMB Circular No. A-11 contains the guidance on what agencies should include in their budget justification related to the GAO-IG Act. However, the observations we make on the variations of agency reporting suggest that the published guidance—on its own—has not been sufficient to help ensure consistency across agencies, limiting the usefulness of the information for readers of this information.

Providing additional clarification and guidance—such as in OMB Circular No. A-11—would better ensure agencies have the information they need to prepare more compliant and useful reports. In turn, this would improve reporting and better meet the needs of Congress and the public.

What can agencies learn from each other?

Some agencies stated they faced challenges—such as technology limitations or having limited staff resources—in producing compliant reports with all the necessary elements. Other agencies described practices they follow to address

challenges and help them produce reports efficiently, accurately, and consistently within the agency. For example, these agencies:

- **Coordinate regularly with IG and GAO liaisons.** Some agencies indicated that regular coordination with their IG and GAO liaisons helps improve their compliance. For example, the Department of State and GAO communicate regularly about the status of open recommendations, including during the lead-up to the Congressional Budget Justification report. In addition, the Nuclear Regulatory Commission’s (NRC) IG provides a monthly report to NRC on the status of open recommendations and due dates. According to NRC, this regular reporting helps identify any errors in recordkeeping or missed deadlines, thereby reducing the possibility of discrepancies between NRC and IG reporting.
- **Leverage IT systems.** Some agencies indicated that using technology to maintain up-to-date status information on open recommendations helped to facilitate efficient and accurate reporting. For example, the Department of Health and Human Services (HHS) created a portal to better track GAO and IG audits and to export GAO-IG Act information for the purposes of its status report.
- **Develop internal guidance and templates.** Some agencies indicated that they developed internal guidance, procedures, and templates to assist staff in preparing compliant GAO-IG Act reports. For example, the Department of Homeland Security (DHS) developed prompts for agency staff to follow when drafting the implementation status of recommendations. The Department of Defense (DOD) and HHS developed FAQ documents to help ensure consistency and quality of reporting across the agency.

In addition, we found other notable practices that could improve the usefulness of GAO-IG Act reporting. For example, we identified agencies that:

- **Published the report as a standalone document.** We found that GAO-IG Act reports published as clearly labeled, standalone documents with the budget justification were easier to locate. For example, HHS presented GAO-IG Act content on a webpage, which was linked to its budget justification webpage. We found this increased the visibility and accessibility of the information.
- **Included high level summaries.** At least one agency—HHS—included high-level summaries of the status of its open recommendations before listing the individual recommendations. The summary included a figure that presented the number of unimplemented recommendations for each year.
- **Submitted recommendations in a downloadable spreadsheet.** Three agencies—DOD, HHS, and the Department of Labor—provided links to downloadable spreadsheets that contained various data elements for each of their open recommendations with the ability to filter and sort the recommendations based on a reader’s interests and needs.

Conclusions

The GAO-IG Act was created to increase public accountability for unimplemented recommendations and inform the federal budget process. Without detailed guidance and clarification on the reporting requirements, some agencies have not been including the level of detail required by the Act. While some agencies may benefit from adopting notable practices from other agencies, all agencies

would benefit from clarification and guidance on the requirements. This would ensure greater consistency in reporting across the government and would improve the reporting for each agency.

Recommendations for Executive Action

We are making the following two recommendations to OMB:

The Director of OMB should clarify the reporting requirements of the GAO-IG Act in annual budget guidance. Such clarification could include, for example, the level of detail required and the date ranges for included recommendations. (Recommendation 1)

The Director of OMB should instruct agencies to consider adopting, as appropriate, the notable practices for improving GAO-IG Act reporting that were identified in this report. (Recommendation 2)

Agency Comments and Our Evaluation

We provided a draft of this report to the Director of OMB and the agencies included in our review (see fig. 1) for review and comment. OMB told us that it had no comments on the report. We received written comments from the Social Security Administration (SSA) and the Agency for International Development (USAID), which are summarized below and reprinted in appendices I and II. We also received comments from the Department of Justice, which we summarize below. In addition, HHS and DHS provided technical comments, which we incorporated as appropriate.

SSA said it had no comments on the draft report. USAID said the report accurately acknowledges and reflects USAID's program status and compliance. USAID also stated that it routinely monitors all open audit recommendations and implementation plans to ensure timely and proper close-out of these recommendations, and that the annual status of any unimplemented recommendations is reported to GAO as it is included in the annual budget submission.

The Department of Justice neither agreed nor disagreed with the findings but commented that the notable practices listed in this report are suggestions and not required for compliance with the GAO-IG Act. The agency also stated that the two recommendations we make to OMB could potentially expand the requirements and that agencies would need time to implement any new requirements in their next submission. As our findings indicate, guidance could improve consistency in reporting. Similarly, the notable practices we identified have the potential to improve the usefulness of the reports.

The remaining agencies—with the exception of the Department of the Interior— informed us that they had no comments. We requested comments from Interior, but none were provided.

We also provided a draft of this report to the IGs for the agencies included in our review, for their review and comment. Twenty-two of the IGs said that they had no comments; the other two did not respond.

How GAO Did This Study

To conduct this work, we selected the agencies listed in the Chief Financial Officers Act of 1990, as amended (CFO Act).⁸ We selected the CFO Act agencies because they are generally the largest federal agencies. For example, in 2022, they accounted for about 95 percent of outlays by government agencies.

We developed a standardized set of questions—consisting of both closed-ended and open-ended questions—for agencies to complete and submit with supporting documentation. We also developed a standardized evaluation tool to analyze agencies' responses and documentation with selected reporting requirements of

the GAO-IG Act. We coordinated with each agency’s IG office to complete a similar evaluation tool, focused on the IG recommendations.

To assess agency reporting, we compared GAO’s and IG’s evaluation tools for each agency. Any discrepancies between how GAO and the IG evaluated the agency were reviewed and resolved by a team of GAO analysts. We then compiled, analyzed, and summarized the results of the evaluation tools.

We also used this standardized set of questions and evaluation tools to (1) gather perspectives on challenges to producing GAO-IG Act reports and identify any consistent themes, and (2) identify notable practices that helped address the requirements and enhance the use and usefulness of the submissions.

In cases where we asked a closed-ended question of all agencies, we report the number of agencies with a given response. For open-ended questions—where agencies provided a range of responses—we use the word “some” to indicate that more than one agency mentioned the same topic.

We conducted this performance audit from January 2023 to June 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

List of Addressees

The Honorable Mark Amodei
Chair
The Honorable Adriano Espaillat
Ranking Member
Subcommittee on the Legislative Branch
Committee on Appropriations
United States House of Representatives

GAO Contact Information

For more information, contact: Jessica Lucas-Judy at (202) 512-6806 or LucasJudyJ@gao.gov

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Staff Acknowledgments: Brian James (Assistant Director), Kimberly Bohnet (Analyst-in-Charge), Jacob Harwas, Amalia Konstas, Samantha Piercy, Steven Putansu, Robert Robinson, and Andrew J. Stephens made key contributions to this report.

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**Appendix I: Comments
from Social Security
Administration**



SOCIAL SECURITY
Office of the Commissioner

May 24, 2023

Jessica Lucas-Judy
Director, Strategic Issues
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Director Lucas-Judy,

Thank you for the opportunity to review the draft report, "AUDIT RECOMMENDATIONS: Opportunities for Agencies to Improve GAO-IG Act Reports" (106596). We have no comments.

Please contact me at (410) 965-2611 if I can be of further assistance. Your staff may contact Trae Sommer, Director of the Audit Liaison Staff, at (410) 965-9102.

Sincerely,

A handwritten signature in blue ink that reads "Scott Frey".

Scott Frey
Chief of Staff

Appendix II: Comments from Agency for International Development



May 26, 2023

Jessica Lucas Judy
Director, Strategic Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20226

Re: Audit Recommendations: Opportunities for Agencies to Improve GAO-IG Act Reports
(GAO-23-106596)

Dear Ms. Judy:

I am pleased to provide a formal response of the U.S. Agency for International Development (USAID) to the draft report produced by the U.S. Government Accountability Office (GAO) titled, Audit Recommendations: Opportunities for Agencies to Improve GAO-IG Act Reports (GAO-23-106596).

The Good Accounting Obligation in Government Act (GAO-IG Act), enacted in 2019, requires Departments and Agencies to report on the status of unimplemented GAO and IG recommendations with their annual budget justification, among other things. The reporting is designed to (1) increase public accountability for unimplemented recommendations and (2) inform the federal budget process. USAID routinely monitors all open audit recommendations and implementation plans to ensure timely and proper close-out of these recommendations. Additionally, the annual status of any unimplemented recommendations are reported to the GAO as included in the annual budget submission.

The report accurately acknowledges and reflects USAID's program status and compliance. I am transmitting this letter without additional comments; however, I would like to thank you for the opportunity to review the draft report and for the courtesies extended by your staff while conducting this engagement. We appreciate the opportunity to participate in the complete and thorough evaluation and monitoring on the status of unimplemented GAO and IG recommendations submitted as appendices to the annual budget justification and look forward to receiving the final report.

Sincerely,

Colleen R. Allen
Colleen R. Allen

Assistant Administrator
Bureau for Management

Endnotes

¹Office of Management and Budget, *Audit Followup, Circular No. A-50 Revised* (Washington, D.C.: Sept. 29, 1982).

²Pub. L. No. 115-414, 132 Stat. 5430 (2019).

³S. Rep. No. 115-331, at 2 (2018).

⁴H.R. Rep. No. 117-389, at 42 (2022).

⁵The GAO-IG Act requires agencies to list each of their IG's and our open, public recommendations. Agencies must then provide certain required information about the status of the recommendation depending on certain factors, such as when the recommendation was issued and whether the agency intends to implement the recommendation. Pub. L. No. 115-414, § 2(b), 132 Stat. at 5430–5431.

⁶The report is required to include for each of our open, public recommendations that the agency has decided to adopt “a timeline for full implementation, to the extent practicable, if the agency determines that the recommendation has *clear budget implications*” (emphasis added). Pub. L. No. 115-414, § 2(b)(3)(A)(ii), 132 Stat. at 5431.

⁷Office of Management and Budget, *Preparation, Submission, and Execution of the Budget, Circular No. A-11* (Washington, D.C.: Aug. 15, 2022).

⁸31 U.S.C. § 901(b). The 24 CFO Act agencies are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs, as well as the Agency for International Development, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, and Social Security Administration.