

**Serving the Congress and the Nation**

**U.S. Government Accountability Office**

The background of the cover features a low-angle shot of the U.S. Capitol building's dome and portico, with an American flag flying from a balcony. The sky is blue with soft, out-of-focus clouds. The text is overlaid on this scene.

**Summary of GAO's  
Performance and  
Accountability Report**

**Fiscal Year 2013**



## **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.



UNITED STATES  
 GOVERNMENT ACCOUNTABILITY OFFICE  
 Budget, Performance, and Financial Snapshot  
 Fiscal Year 2013

**WHO WE ARE**

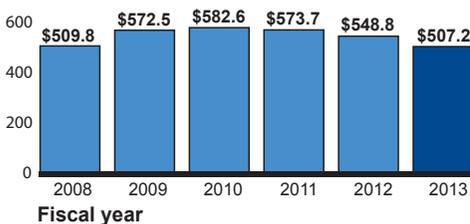
**Mission:** The Government Accountability Office, the audit, evaluation, and investigative arm of the Congress, exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. We examine the use of public funds; evaluate federal programs and policies; and provide analyses, recommendations, and other assistance to help the Congress make informed oversight, policy, and funding decisions.

**Organization and Strategic Focus:** To fulfill our mission, we organize and manage our resources to support four broad strategic goals. These include helping to address challenges to the well-being and financial security of the American people, responding to changing security threats and global interdependence, and transforming the federal government to address national challenges. Our fourth strategic goal is an internal goal focused on enhancing our value through improving efficiency, effectiveness, and quality, and institutional stewardship and resource management.

**Human Capital:** We maintain a workforce of highly trained professionals across a breadth of disciplines. In fiscal year 2013, about 71 percent of our 2,869 employees were based at our headquarters in Washington, D.C.; the rest were deployed in 11 field offices across the country.

**BUDGET AND FINANCIAL SNAPSHOT (DOLLARS IN MILLIONS)**

Current year budgetary resources



Source: GAO.

Note: Current year budgetary resources include appropriations and offsetting collections.

Fiscal Year 2013

Clean opinion on financial statements	Yes
Timely financial reporting	Yes
Material weaknesses	None
Total assets	\$94.7
Total liabilities	\$77.7

**PERFORMANCE SNAPSHOT**

**Accomplishments:** In fiscal year 2013, we met or exceeded 11 of our 16 annual performance targets by, for example, identifying \$51.5 billion in financial benefits for the federal government—a return of about \$100 for every dollar we spent—and 1,314 improvements in broad program and operational areas across the government. The rate at which our recommendations were implemented by federal agencies or the Congress was 79 percent, and nearly two-thirds (63 percent) of the products we issued contained recommendations. We did not meet our testimony target but testified at 114 hearings before the Congress on topics across our body of work, nearly a third of which were on areas considered at high risk for fraud, waste, abuse, and mismanagement. For people measures, we met or exceeded all but our new hire rate due in part to budget uncertainties.

**Challenges:** In fiscal year 2013, we continued to address two management challenges—human capital and engagement efficiency. In the area of human capital, we recruited for and filled critical positions, implemented a new performance management system, expanded our enhanced telework program, and negotiated a grievance/arbitration procedure for the administrative professional and support staff—a new bargaining unit added in fiscal year 2012. In the area of engagement efficiency, we continued to make significant progress to improve how we manage and conduct engagements, use our resources, and communicate the message of our work.

**KEY GAO PERFORMANCE RESULTS AND TARGETS FOR FISCAL YEARS 2008-2013**

To help determine how well we are meeting the needs of the Congress and the Nation and maximizing our value as a leading practices agency, we assess our performance annually using a balanced set of quantitative measures. Below are 9 of the 16 annual performance measures that highlight our performance in significant areas related to the implementation of our mission.

To establish targets for all of our performance measures, we examine our past performance and the external factors that could influence our work and discuss with our senior executives what could be accomplished in the upcoming fiscal year. We may adjust these targets after we publish our annual performance plan based on changes in planned work or level of funding.

Performance measure	2008 actual	2009 actual	2010 actual	2011 actual	2012 actual	2013 target	2013 actual
<b>Results</b>							
Financial benefits (dollars in billions)	\$58.1	\$43.0	\$49.9	\$45.7	\$55.8	\$44.0	\$51.5
Other benefits	1,398	1,315	1,361	1,318	1,440	1,200	1,314
Past recommendations implemented	83%	80%	82%	80%	80%	80%	79%
New products with recommendations	66%	68%	61%	68%	67%	60%	63%
<b>Client</b>							
Testimonies	298	203	192	174	159	170	114
<b>People</b>							
Staff development	77%	79%	79%	79%	80%	76%	80%
Staff utilization	75%	78%	77%	78%	76%	75%	75%
Effective leadership by supervisors	81%	83%	83%	83%	82%	80%	83%
Organizational climate	77%	79%	79%	80%	78%	75%	77%

Source: GAO.

Notes: See table 1 on page 10 for information on all of our performance measures.

Information explaining all of the measures included in this table appears in the Appendix on Data Quality on pages 128-136 of our full fiscal year 2013 performance and accountability report or at <http://www.gao.gov/products/GAO-14-2SP>.



Source: GAO.

February 2014

I am pleased to present GAO's performance and accountability report for fiscal year 2013. GAO's mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people. During the past fiscal year, our work yielded significant results across the government; for example, we documented \$51.5 billion in financial benefits for the federal government—a return of about \$100 for every dollar invested in us. We also recorded 1,314 other program and operational benefits across the government in the areas of public safety and security, program efficiency and effectiveness, public insurance and benefits, acquisition and contract management, tax law administration, and business process and management.

We received requests for our work from 95 percent of the standing committees of the Congress and almost two-thirds of their subcommittees. We issued 709 reports, made 1,430 new recommendations in this fiscal year, and 79 percent or 1,438 of the recommendations that we made during the past 4 years were implemented. Our senior officials also testified at 114 hearings on key topics, such as personnel security clearances, information technology investments, the U.S. Postal Service's financial condition, and veterans' health care. Additionally, the findings of our work were often cited in House and Senate deliberations and committee reports to support congressional action, including improving federal programs on our high risk list; addressing duplication, overlap, and fragmentation; and reviewing border security and immigration issues.

Our work spans the full breadth and scope of the federal government's responsibilities and responds to the extensive interests of the Congress. During fiscal year 2013, we reported on a broad range of issues including financial regulatory reform; addressing food safety; foreclosure mitigation; Medicare, Medicaid, and health care reform; defense weapons systems; counterterrorism; and cybersecurity. We continued to build on our bodies of work in many areas, through reports, testimonies, and accomplishments in the following areas:

- **Protection of children.** We reported on a broad range of critical issues such as evaluating health risks to children, addressing food safety in school lunches, accessing education records for children in foster care, and collecting reliable data related to pediatric medical devices.
- **Veterans.** We also continued to report on a range of issues impacting veterans, including the veterans' health care budget, support services for transitioning veterans, patient safety risks for veterans and servicemembers, veterans' employment and training, and challenges to the timely processing of veterans' disability benefits.

- **Food safety.** We examined federal oversight of genetically engineered crops after unauthorized releases into the food supply, reviewed efforts to modernize meat and poultry inspections, and recommended action to ensure that schools are notified directly of emergency food recalls.
- **Health care reform.** Our reports related to the Patient Protection and Affordable Care Act included a review of the status of the Administration's efforts to implement the federally facilitated health insurance exchanges where eligible individuals can compare and select health insurance plans. This work also discussed the federal data services hub that is intended to provide access to federal, state, and third party data sources needed to verify consumer eligibility information.
- **High risk work.** We issued the biennial update of our high-risk report that focuses attention on government operations that are high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges. This report offers solutions to 30 identified high-risk problems and the potential to save billions of dollars, improve service to the public, and strengthen the performance and accountability of the U.S. government.
- **Overlap, duplication, and fragmentation.** We issued our third annual report identifying 31 new areas where agencies may be able to achieve greater efficiency or effectiveness pursuant to a law passed by the Congress in 2010. Within these 31 areas, we identified 81 actions that the executive branch and the Congress could take to reduce fragmentation, overlap, and duplication, as well as other cost savings and revenue enhancement opportunities. This work identifies opportunities for the federal government to save billions of dollars. We also maintain a scorecard and action tracker on GAO's external website where the Congress, federal agencies, and the public can monitor progress being made to address GAO's findings. Federal agencies and the Congress have made some progress in addressing the 131 areas we identified and the 300 actions that we recommended in our 2011 and 2012 reports.
- **Wall Street reform.** We issued nine reports in response to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 intended to address regulatory gaps and oversight failures in the U.S. mortgage, securities, and financial markets. Among other things, the act required GAO to conduct over 40 studies on a broad range of regulatory, oversight, and consumer protection issues. By the end of fiscal year 2013, we had responded to all of the mandates due on or before that date.

We also continued to regularly report the results of our work on the Troubled Asset Relief Program and have a wide range of other high profile work underway, which is discussed in more detail throughout this report.

We know that getting our message out is crucial. To help facilitate this, we enhanced GAO's Watchdog website for congressional clients to improve their ability to track our ongoing work. We also launched a Key Issues website to allow both our clients and the public to browse information by topic, agency, or collection of GAO products. In addition, we continued to expand our presence in digital and social media, increased GAO's followers on Twitter by 38 percent, created a new mobile application for Android users, and produced 39 new audio podcasts. The total downloads of GAO podcasts reached 93,126 this past year.

We depend upon our professional, diverse, and multidisciplinary staff to meet our clients' needs. Our people enable us to fulfill our mission to support the Congress and ensure that the federal government is accountable to the American people. Through the hard work and dedication of our staff, we achieved 94 percent on-time product delivery. Our performance measures continue to indicate that our employees have the support they need to produce high-quality work. We met or exceeded our annual targets for our people measures—staff development, staff utilization, effective leadership by supervisors, organizational climate, and retention, but did not meet our target for new hires because of a fiscally constrained budget and the effects of sequestration. This year our staffing level remained below 3,000 and reached its lowest level since 1935. Even with the increased pressure on our staff to produce quality work with shrinking resources, GAO remained an employer of choice. We were named again this year as one of the 50 Great Places to Work in Washington by *Washingtonian Magazine*. We have also maintained our reputation as one of the best places to work in government as reported by the Partnership for Public Service and have remained among the Partnership's top five agencies since 2005.

Within an uncertain budget environment, we continued to focus on two internal management challenges, human capital and engagement efficiency. In the area of human capital, we recruited for and filled critical positions, implemented a new performance management system, expanded our enhanced telework program, and negotiated a grievance/arbitration procedure for the administrative professional and support staff—a new bargaining unit added in fiscal year 2012. We continued to work with the union and various employee groups on several issues, as well as continued to expand our diversity efforts.

Fiscal year 2013 provided many opportunities for GAO to address complex issues facing the Congress and the nation. We met these challenges and continued to accomplish our objectives under constrained budgetary circumstances, including the impacts of sequestration and the federal government shutdown. We again received from independent auditors an unmodified or “clean” opinion on our financial statements for fiscal year 2013. The detailed performance and financial information in this report is complete and reliable, and meets our high standards for accuracy and transparency.

During fiscal year 2014, we plan to deliver our fourth annual report on overlap, duplication, and fragmentation across government and continue our work on financial regulatory reform and health insurance issues, among other pressing matters. We will also issue our strategic plan for serving the Congress for fiscal years 2014-2019. We look forward to continuing to serve the Congress and the public in the coming years through our work on issues and programs affecting the lives of all Americans.



Gene L. Dodaro  
Comptroller General  
of the United States



Source: GAO.

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, 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 the Federal Managers' Financial Integrity Act (FMFIA), the Government Performance and Results Act, as amended (GPRA), and the Federal Financial Management Improvement Act of 1996 (FFMIA) and the Federal Information Security Management Act (FISMA).<sup>1</sup> Accordingly, our performance and accountability report for fiscal year 2013 provides what we consider to be information comparable to that reported by executive branch agencies in their annual performance and accountability reports. The report also fulfills our requirement to report annually on the work of the Comptroller General under 31 U.S.C. 719.

## 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 provide objective and reliable information and 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—performance audits—which include

- evaluations of federal policies, programs, and the performance of agencies;
- oversight of government operations to determine whether public funds are spent efficiently, effectively, and in accordance with applicable laws; and
- policy analyses to assess needed actions and the implications of proposed actions.

<sup>1</sup> FMFIA requires ongoing evaluations and annual reports on the adequacy of internal accounting and administrative control systems 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 that include goals and objectives and measure progress toward them. The GPRA Modernization Act of 2010 incorporates additional requirements for reporting and transparency. FFMIA emphasizes the need to improve federal financial management by requiring federal agencies to implement and maintain 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. FISMA requires federal agencies to implement policies and procedures to cost-effectively reduce information technology risks.

Figure 1: GAO's Strategic Plan Framework



# Serving the Congress and the Nation

## GAO's Strategic Plan Framework

### 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.

### TRENDS

National Security Threats    Fiscal Sustainability Challenges    Economic Recovery and Growth    Global Interdependence    Science and Technology    Networks and Virtualization    Shifting Roles of Government    Demographic and Societal Change

Goals	Objectives
<p><b>Provide Timely, Quality Service to the Congress and the Federal Government to . . .</b></p> <p><b>...Address Current and Emerging Challenges to the Well-being and Financial Security of the American People</b> related to . . .</p>	<ul style="list-style-type: none"> <li>• Health care needs</li> <li>• Lifelong learning</li> <li>• Benefits and protections for workers, families, and children</li> <li>• Financial security</li> <li>• Effective system of justice</li> <li>• Viable communities</li> <li>• Stable financial system and consumer protection</li> <li>• Stewardship of natural resources and the environment</li> <li>• Infrastructure</li> </ul>
<p><b>...Respond to Changing Security Threats and the Challenges of Global Interdependence</b> involving . . .</p>	<ul style="list-style-type: none"> <li>• Homeland security</li> <li>• Military capabilities and readiness</li> <li>• U.S. foreign policy interests</li> <li>• Global market forces</li> </ul>
<p><b>Help Transform the Federal Government to Address National Challenges</b> by assessing . . .</p>	<ul style="list-style-type: none"> <li>• Government's fiscal position and options for closing gap</li> <li>• Fraud, waste, and abuse</li> <li>• Major management challenges and program risks</li> </ul>
<p><b>Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency</b> in the areas of . . .</p>	<ul style="list-style-type: none"> <li>• Efficiency, effectiveness, and quality</li> <li>• Diverse and inclusive work environment</li> <li>• Professional networks and collaboration</li> <li>• Institutional stewardship and resource management</li> </ul>

### CORE VALUES

Accountability
Integrity
Reliability

**Figure 2: How GAO Assisted the Nation • Fiscal Year 2013**

***Goal 1: Address Current and Emerging Challenges to the Well-being and Financial Security of the American People***

- Identified \$7 billion in savings in a foreclosure mitigation program that had much lower than expected participation rates potentially making these funds available for other federal programs
- Prompted the Congress to improve food safety in school lunches by requiring the U.S. Department of Agriculture to communicate directly with schools for emergency food recalls
- Analyzed the effects of the U.S. Postal Service's proposed health plan reforms to inform the Congress as it considers legislation to help restore the agency's financial viability
- Led the Health Resources and Services Administration to revise its guidance to help ensure equitable distribution of certain restricted drugs to providers at discounted prices
- Prompted the Congress to reduce Medicare bundled payment rates for certain injectable drugs to reflect the most recent data, which show a decrease in utilization rates for these drugs

***Goal 2: Respond to Changing Security Threats and the Challenges of Global Interdependence***

- Improved the acquisition practices used by the Department of Defense (DOD) to manage its \$1.6 trillion weapon system portfolio
- Identified steps the Congress could take to strengthen the financial stability of the National Flood Insurance program, such as limiting eligibility for subsidized premium rates
- Led DOD to reconsider its mission requirements and permanent force structure in Europe to reduce costs, yielding \$2.3 billion in savings by removing two brigade combat teams
- Identified risks to DOD's acquisition of the Joint Strike Fighter that resulted in a decreased procurement strategy of 103 aircraft and \$8.72 billion in financial savings for 2013
- Led to an examination of border security data and better oversight of the Border Patrol's measures related to its border security efforts

***Goal 3: Help Transform the Federal Government to Address National Challenges***

- As in prior years, helped promote a more complete and accurate financial reporting governmentwide through our financial audit of the U.S. Government's Consolidated Financial Statements
- Identified \$1.29 billion in potentially improper payments in the Social Security Disability Insurance program and recommended action to improve related enforcement operations
- Contributed to U.S. tax code changes requiring banks and others to report to the Internal Revenue Service income on payment card transactions that merchants receive through credit cards or third-party networks like PayPal, resulting in \$1.29 billion in financial benefits
- Identified opportunities for significant cost savings in federal procurement, which led to the Office of Management and Budget (OMB) directing the increased use of strategic sourcing programs by federal agencies

***Goal 4: Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency***

- Continued to reduce the physical footprint in our field offices to achieve lease and security cost savings and enhance work-life balance opportunities for employees
- Developed a new Engagement Management System (EMS) to replace outdated systems and streamlined our engagement process—positioning GAO to pilot both in 2014
- Published GAO's Diversity and Inclusion Strategy for 2012-2016 and launched several new courses on diversity issues

Source: GAO.

Note: Additional information on accomplishments by goal is highlighted in part II of the [full report](#).

## Fiscal Year 2013 Performance

In fiscal year 2013, demand for our work was high with 868 congressional requests and new mandates. Our work in key areas helped inform the Congress and the administration on issues relevant to all Americans. These included issues related to duplication, overlap, and opportunities for cost-saving in government programs, for which we identified 45 areas where programs may be able to achieve greater efficiencies or become more effective in providing government services; the Dodd-Frank Wall Street Reform and Consumer Protection Act; the Patient Protection and Affordable Care Act; and our continued oversight of high-risk and other critical areas.

This work also allowed us to achieve many of our performance goals, and we monitored how well we performed and supported our staff using 16 annual performance measures. The results of our efforts are reflected in our solid performance in fiscal year 2013—we met or exceeded all but two of the performance targets we set for our client and people measures—those for which data are available (see [table 1](#)). Specifically, we exceeded our targets for our two priority measures—financial and other benefits.

- We achieved \$51.5 billion in financial benefits, exceeding our target of \$44 billion by \$7.5 billion.<sup>2</sup> This represents about \$100 return on every dollar the Congress invested in us.
- We recorded 1,314 other benefits, exceeding our target of 1,200 by 114 benefits.
- We fell just short of meeting our target of 80 percent for past recommendations implemented, finishing the fiscal year at 79 percent.
- We exceeded our target for new products with recommendations by 3 percentage points.
- We did not meet our target of 170 hearings at which we were asked to testify, due to fewer-than-anticipated hearings in a range of subject areas.
- We exceeded our target for delivering our products and testimonies to our clients in a timely manner.
- We also met or exceeded 6 of our 7 annual targets for our people measures, including staff development, staff utilization, effective leadership by supervisors, organizational climate, and retention rates (with and without retirements); however, we fell short of our hiring goal by 29 percentage points.

The delay in receiving our final appropriations until mid-year impacted our ability to approve critical hires and fill entry-level positions by year-end. As a result, our staffing level for fiscal year 2013 remained below 3,000 and we ended the year at our lowest level since 1935.

For our three internal operations measures, we use an internal customer satisfaction survey to assess how well our administrative services (e.g., computer support, student loan repayment program, building maintenance, etc.) help employees get their jobs done and improve quality of work life, and how satisfied employees are with IT tools. These measures are directly related to

<sup>2</sup>A financial benefit is an estimate of the federal cost reduction of agency or congressional actions.

our efforts under goal 4 of our strategic plan which focuses on enabling quality, timely service to the Congress and being a leading practices federal agency. The survey asks staff to indicate their satisfaction with each service, or to indicate if they did not use it. Our satisfaction scores from the 2013 survey were 82 percent for services that “help get the job done,” 77.9 percent for services that “improve the quality of work life,” and 67.6 percent for satisfaction with “IT Tools”—a new measure that was added this year. We are working to improve the services that did not meet our target of 80 percent.

**Table 1: Agencywide Summary of Annual Measures and Targets**

Performance measure	2008 actual	2009 actual	2010 actual	2011 actual	2012 actual	2013 target	2013 actual	Met/ not met	2014 target
<b>Results</b>									
Financial benefits (dollars in billions)	\$58.1	\$43.0	\$49.9	\$45.7	\$55.8	\$44.0	\$51.5	Met	\$45.0
Other benefits	1,398	1,315	1,361	1,318	1,440	1,200	1,314	Met	1,200
Past recommendations implemented	83%	80%	82%	80%	80%	80%	79%	Not Met	80%
New products with recommendations	66%	68%	61%	68%	67%	60%	63%	Met	60%
<b>Client</b>									
Testimonies	298	203	192	174	159	170	114	Not Met	130
Timeliness <sup>a</sup>	95%	95%	95%	95%	95%	90%	94%	Met	90%
<b>People</b>									
New hire rate	96%	99%	95%	84%	76%	95%	66%	Not Met	75%
Retention rate									
With retirements	90%	94%	94%	92%	93%	90%	93%	Met	90%
Without retirements	93%	96%	96%	96%	96%	94%	96%	Met	94%
Staff development <sup>b</sup>	77%	79%	79%	79%	80%	76%	80%	Met	80%
Staff utilization <sup>b,c</sup>	75%	78%	77%	78%	76%	75%	75%	Met	76%
Effective leadership by supervisors <sup>d</sup>	81%	83%	83%	83%	82%	80%	83%	Met	82%
Organizational climate <sup>b</sup>	77%	79%	79%	80%	78%	75%	77%	Met	76%
<b>Internal operations<sup>e,f</sup></b>									
Help get job done	4.0	4.03	3.94	80% (3.98)	N/A	80%	82%	Met	80%
Quality of work life	4.01	4.01	3.94	80% (3.99)	N/A	80%	78%	Not Met	80%
IT Tools <sup>e</sup>	N/A	N/A	N/A	N/A	N/A	80%	68%	Not Met	80%

Source: GAO.

Note: Information explaining all of the measures included in this table appears in the Appendix on Data Quality beginning on page 128 of the [full report](#).

<sup>a</sup>The timeliness measure is based on one question on a form sent out to selected clients. The response rate for the form in fiscal year 2013 was 24.5 percent and 98 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.

<sup>b</sup>This 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.

<sup>c</sup>Our 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.

<sup>4</sup>In 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. In fiscal year 2010, we changed one of the questions for this measure.

<sup>5</sup>For our internal operations measures, we ask staff to rate 38 internal services available to them, indicating their satisfaction with each service from "very dissatisfied" to "very satisfied" or if they did not use the service. For 2008 – 2011, data was reported as a mean on a 5-point scale. For the purposes of comparison, starting in 2011 and going forward, we will calculate level of satisfaction as percent satisfied, ranging from 0 to 100 percent. These measures are described in more detail on page 135-136 of the [full report](#).

<sup>6</sup>No survey was conducted in calendar year 2012, which is indicated by N/A. The most recent surveys were conducted in December 2011 and April 2013.

<sup>7</sup>For 2013, we created a new IT Tools performance measure to better measure and track satisfaction with GAO's IT services. In prior year surveys, IT services were covered under one of the other performance measures.

Our fiscal year 2014 targets for 9 of our 15 performance measures are the same as those we reported in our 2013 performance plan issued in 2012. Six of the targets have been revised to what we believe are challenging yet realistic targets for our staff given constrained resources. In 2013 we added a new performance measure on IT Services and have maintained the same target for 2014. This brought our total number of performance measures to 16.

## Financial Benefits and Other Benefits

We generally describe the positive outcomes resulting from our work as either financial or other benefits. In many cases, the benefits we claimed in fiscal year 2013 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.

### 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. For example, a financial benefit can be the result of changes in business operations and activities; the restructuring of federal programs; or modifications to entitlements, taxes, or user fees.

In fiscal year 2013, our work generated about \$51.5 billion in financial benefits (see [fig. 3](#)). We exceeded our target by almost 17 percent because of several unexpectedly large accomplishments. Part II of the [full report](#) provides more information on these accomplishments by goal. In light of ongoing resource constraints that may affect our ability to follow up on actions taken, we have set our fiscal year 2014 target for financial benefits at \$45 billion. This is above the fiscal year 2013 target but below our actual performance for fiscal year 2013.

**Figure 3: Financial Benefits GAO Recorded**

Dollars in billions



Source: GAO.

The financial benefits that we report 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.

To calculate our financial benefits we rely on estimates from non-GAO sources. These sources are typically the agency that acted on our work, a congressional committee, or the Congressional Budget Office. Additional examples of financial benefits can be found in Part II of the [full report](#).

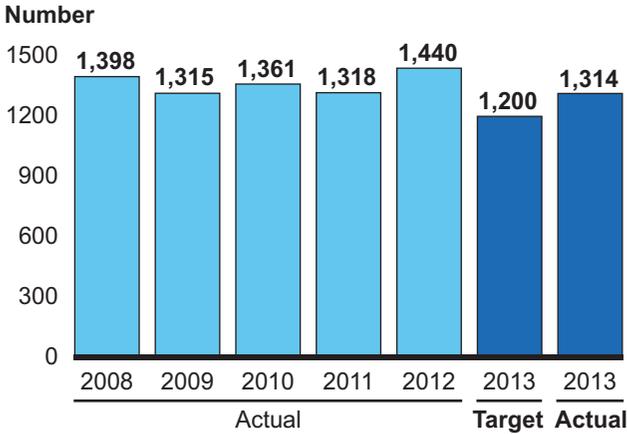
**Selected Fiscal Year 2013 Financial Benefits**

- Reduction in Procurement Quantities of Joint Strike Fighter: \$8.7 billion
- Treasury Reduced TARP Obligation to Federal Housing Administration (FHA) Short Finance Program for Foreclosure Mitigation: \$7.1 billion
- Revised Approach for the Navy's Next Generation Enterprise Network (NGEN) Acquisition: \$2.6 billion
- Consolidation of U.S. Forces Stationed in Europe: \$2.3 billion

**Other Benefits**

Many of the benefits that result from our work cannot be measured in dollar terms, which we refer to as other benefits. During fiscal year 2013, we recorded a total of 1,314 other benefits (see [fig. 4](#)). We exceeded our target by about 10 percent largely because of a number of accomplishments we documented for information technology, acquisition management, and public safety and security issues. We have set our 2014 target for these benefits at 1,200 again given ongoing resource constraints.

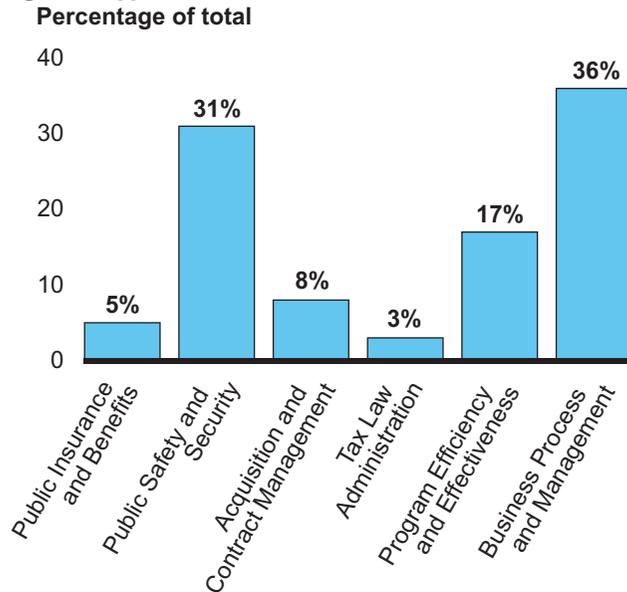
**Figure 4: Other Benefits**



Source: GAO.

In fiscal year 2013 we documented actions taken across federal programs—about 31 percent of the total other benefits were in the area of public safety and security, including programs such as homeland security and justice programs and critical technologies. About 36 percent of these other benefits resulted from improvements in business process and management, such as federal information systems, business systems modernization, and financial management (see fig. 5). Additional examples of other benefits can be found in Part II of the [full report](#).

**Figure 5: Types of Fiscal Year 2013 Other Benefits**



Source: GAO.

Note: These categories closely align with those in our high-risk list on page 41 of the [full report](#).

Examples of programs included in categories:

- **Public insurance and benefits.** Medicare, Medicaid, Department of Veterans Affairs and DOD health care, disability programs, national flood insurance, federal deposit insurance, and other insurance programs.
- **Public safety and security.** Homeland security and justice programs, critical infrastructure, including information security, critical technologies, food safety, transportation safety, telecommunications safety, international food assistance, public health, consumer protection, environmental issues, national defense, foreign policy, and international trade.
- **Acquisition and contract management.** DOD weapon system acquisition, National Aeronautics and Space Administration acquisition management, and all federal agency and interagency contract management.
- **Tax Law Administration.** Internal Revenue Service (IRS) business systems modernization, tax policy, and enforcement of tax laws.
- **Program efficiency and effectiveness.** Fraud, waste, and abuse; U.S. financial regulatory system; federal oil and gas resources; U.S. Postal Service; transportation funding; and telecommunications funding.
- **Business Process and Management.** Federal agency financial audits, federal information systems, federal real property, human capital management, DOD business transformation, business systems modernization, financial management, support infrastructure management, and supply chain management.

Selected Fiscal Year 2013 Other Benefits
<b>Public Insurance and Benefits</b>
<ul style="list-style-type: none"> <li>■ Led the Health Resources and Services Administration to revise its guidance to help ensure equitable distribution of certain restricted drugs to providers at discounted prices</li> </ul>
<b>Public Safety and Security</b>
<ul style="list-style-type: none"> <li>■ Led the National Oceanic and Atmospheric Administration (NOAA) to develop a tsunami research-to-operations policy to expedite the movement of research into operations at tsunami warning centers</li> </ul>
<b>Acquisition and Contract Management</b>
<ul style="list-style-type: none"> <li>■ Improved the Federal Emergency Management Agency's (FEMA) policies to reduce the likelihood that contractor performance problems would go unnoticed and negatively affect the National Flood Insurance Program's (NFIP) operations</li> </ul>
<b>Tax Law Administration</b>
<ul style="list-style-type: none"> <li>■ Demonstrated the need for congressional action that may include the potential for comprehensive tax reform</li> </ul>
<b>Program Efficiency and Effectiveness</b>
<ul style="list-style-type: none"> <li>■ Identified ways for the Army and Veterans Affairs to expand their interagency collaboration to improve management of military cemeteries</li> </ul>
<b>Business Process and Management</b>
<ul style="list-style-type: none"> <li>■ Prompted the Department of Housing and Urban Development (HUD) to implement practices to control the risks and achieve the benefits of its IT investment portfolios</li> </ul>

Note: Additional examples of other benefits for the fiscal year can be found in Part II of the [full report](#).

## 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 2013, 79 percent of the recommendations we made in fiscal year 2009 had been implemented, primarily by executive branch agencies. Putting these recommendations into practice generates tangible benefits for the nation. The 79 percent implementation rate for fiscal year 2013 fell just short of our target of 80 percent. Agencies need time to act on recommendations. We assess recommendations implemented after 4 years based on our experience that recommendations remaining open after that period of time are generally not implemented in subsequent years.

## New Products Containing Recommendations

In fiscal year 2013, about 63 percent of the 575 written products we issued contained recommendations. We track the percentage of new products with recommendations because we want to focus on developing recommendations that when implemented by the Congress and agencies, produce financial and other benefits for the nation. We exceeded our target of 60 percent by 3 percentage points. However, we have set our target again in fiscal year 2014 at 60 percent because we recognize that our products do not always include recommendations, and the Congress and agencies often find informational reports as useful as those that contain recommendations.

## Client Measures

To fulfill the Congress's information needs, we 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 well, by striving to respond to all congressional requests for testimony and delivering almost all of our products on time based on the feedback from our clients. We issued 791 products and completed work for 143 clients.

## Testimonies

Our clients often invite us to testify on our current and past work as it relates to issues that committees are examining through the congressional hearing process. During fiscal year 2013, our senior executives testified at 114 congressional hearings covering a wide range of complex issues. We did not meet our target of 170 (see [table 1](#)) by 56 hearings. This measure is client driven based on invitations to testify, and we cannot always anticipate clients' specific subject area interests. The 114 hearings at which the Congress asked our senior executives to testify in fiscal year 2013 covered the scope of our mission areas. (See [fig. 6](#) for selected topics we testified on by strategic goal in fiscal year 2013.) Thirty-five of the hearings at which our senior executives testified were related to high-risk areas and programs, which are listed on page 41 of the [full report](#).

**Figure 6: Selected Testimony Topics • Fiscal Year 2013**

**Goal 1: *Address Current and Emerging Challenges to the Well-being and Financial Security of the American People***

- Processing Veterans' Disability Benefits
- Science, Technology, Engineering, and Mathematics Education
- Social Security Administration Management
- School Lunch Nutrition Standards
- Private Pensions Multiemployer Plans and Pension Benefit Guarantee Corporation
- Community Bank Failures: Causes and Consequences
- Export-Import Bank Management and Reporting
- Veteran-owned Small Businesses
- Patient Protection and Affordable Care Act
- Medicare Highest-Expenditure Part B Drugs
- Medicare and Medicaid High Risk Update
- Federal Real Property Management
- Transportation Issues and Management
- U.S. Postal Service Financial Viability
- California High Speed Passenger Rail
- Chemical Regulation
- Water Infrastructure
- Federal Courthouse Construction

**Goal 2: *Respond to Changing Security Threats and the Challenges of Global Interdependence***

- Intellectual Property: Effect of Counterfeited and Pirated Goods on U.S. Economy
- State Department: Diplomatic Security Challenges
- Trade Adjustment Assistance for Manufacturers and Service Firms
- Personnel Security Clearances
- DOD Security Cooperation and Capacity Building
- Border Security Goals, Measures, and Resources
- Transportation Security Administration (TSA) Oversight of Alleged Misconduct
- Department of Homeland Security (DHS) at 10 Years: Progress and Remaining Work
- DOD's POW/MIA Mission and Challenges
- Missile Defense Acquisition Management
- Strategic Sourcing Potential Savings
- Naval Acquisition Risks: Littoral Combat Ship
- DOD Acquisition Risks: F-35 Joint Strike Fighter
- Modernizing the Nuclear Security Enterprise
- DHS's Overstay Enforcement Efforts

**Goal 3: *Help Transform the Federal Government to Address National Challenges***

- Need for Federal IT Efficiency Implementation Initiatives
- Need to Improve National Cybersecurity Strategy
- Weaknesses in OPM IT Management and Incremental Improvements
- Financial Performance and Management Challenges
- GAO's 2013 High-Risk Series Update
- Department of Veterans Affairs (VA) and DOD Sharing of Electronic Health Records
- Need to Eliminate Duplicative IT Investments
- Improved Mitigation Strategies Needed for Environmental Satellite Coverage Gaps
- Unknown Extent of Refund Fraud Using Stolen Identities
- Progress Made by DHS in Addressing High-Risk Issues

Source: GAO.

Note: Additional information on selected testimonies can be found in part II, pp. 68, 75, and 82 of the [full report](#).

## Timeliness

To be useful to the Congress, our products must be available when our clients need them. In fiscal year 2013, we exceeded our timeliness target of 90 percent by four percentage points. 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. We have again set our fiscal year 2014 target at 90 percent because of resource constraints that may affect our on-time delivery.

## People Measures

Our highly professional, multidisciplinary, and diverse staff were critical to the level of performance we demonstrated in fiscal year 2013. 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. In fiscal year 2013, we met or exceeded six of our seven people measures. These measures are directly linked to our goal 4 strategic objective of being a leading practices federal agency. For more information about our people measures, see Table 19 beginning on page 128 of the [full report](#).

### New Hire Rate

Our new hire rate is the ratio of the number of people hired to the number we planned to hire. Our annual workforce planning process helps to identify the human capital resource requirements needed to accomplish our mission. The workforce plan takes into account strategic goals, projected workload requirements, and other changes, such as retirements, attrition, promotions, and skill gaps, and it specifies the number of planned hires for the upcoming year. Adjustments to the plan are made throughout the year, if necessary, to respond to the most pressing issues for congressional oversight and decision making. In fiscal year 2013 our new hire rate was 66 percent. We did not meet the target of 95 percent. We planned to hire about 177 new staff, but only filled 117 by year-end. The remaining 60 positions will be carried over to fiscal year 2014 since recruitment activities were not completed prior to the end of fiscal year 2013. The delay in receiving our final appropriations until mid-year, impacted our ability to approve critical hires and fill entry-level positions by year-end.

### 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. In fiscal year 2013, we exceeded our target rate of 90 percent for retention with retirements by 3 percentage points at 93 percent. We also exceeded our retention rate of 94 percent without retirements by 2 percentage points at 96 percent. To encourage retention during this period of

very limited hiring, we leveraged our Voluntary Transfer Program by approving geographic transfers for the largest number of staff in nearly a decade. This program allowed us to retain staff that, because of personal life situations such as spousal employment or family medical issues, likely would have otherwise separated from 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 is through our annual employee feedback survey. This web-based survey 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. In fiscal year 2013, about 72.5 percent of our employees completed the survey, and we met or exceeded all four targets. Given our performance on these measures over the last 5 years, we have decided to adjust each of these targets for fiscal year 2014 (see [table 1](#)).

## GAO's High-Risk Program

In 1990, we began our high-risk program to highlight long-standing challenges facing the federal government. Historically, we designated high-risk areas based on their increased susceptibility to fraud, waste, abuse, and mismanagement. As the program has evolved, we have also used the high-risk

designation to draw attention to the need for broad-based transformation to achieve greater efficiency, effectiveness, accountability, and sustainability of key government programs and operations.

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. 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. Since 1990, we have designated over 50 areas as high risk and subsequently removed over one-third of the areas based on progress made. As of the end of fiscal year 2013, our high-risk list highlighted 30 troubled areas across government. Table 7 on page 41 of the [full report](#) lists each current high-risk area and the year it was added to the list.

In our February 2013 high-risk update, we reported that sufficient progress had been made to remove the high-risk designation from two areas: the Management of Interagency Contracting and IRS Business Systems Modernization

### Our 2013 high-risk area work:

- 164 reports
- 35 testimonies
- \$17 billion in financial benefits
- 411 other benefits

(GAO-13-283). While these two areas have been removed from the high-risk list, we will continue to monitor them. In 2013, we also added two new areas to our high-risk list—Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks and Mitigating Gaps in Weather Satellite Data. See page 42 of the [full report](#) for additional information.

In fiscal year 2013, we issued 164 reports, delivered 35 testimonies to the Congress, and prepared several other products, such as briefings and presentations, related to our high risk work. These reviews span a wide range of issues such as the financial regulatory system, food safety, acquisition management, tax laws, and Medicare and Medicaid programs. In addition, we documented over \$17 billion in financial benefits and 411 other benefits related to the high-risk areas. The high-risk areas with the largest amount of financial benefits were Protecting the Federal Government's Information Systems and the Nation's Cyber Critical Infrastructures, DOD Weapon Systems Acquisition, Medicaid Program, and Enforcement of Tax Laws. More information on the high-risk series is available on our website at <http://www.gao.gov/highrisk>.

## Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue

In April 2013, we issued our third annual report (GAO-13-279SP) to the Congress in response to the Duplication Mandate, a statutory requirement that called for us to identify federal programs, agencies, offices, and initiatives—either within departments or governmentwide—that have duplicative goals or activities and report annually to the Congress on our findings, as well as actions to reduce such duplication.<sup>3</sup> This body of work can help to inform government policymakers as they address the fiscal pressures facing our national government. We also continued to maintain a content area on our website “Improving Efficiency and Effectiveness” (<http://www.gao.gov/duplication>) to make this work more easily accessible to the Congress and the public.

Our 2013 report identifies 31 new areas where agencies may be able to achieve greater efficiency or effectiveness. Seventeen areas involve fragmentation, overlap, or duplication. For example, we reported that DOD could realize up to \$82 million in cost savings and ensure equivalent levels of performance and protection by taking action to address its fragmented approach to developing and acquiring combat uniforms. Additionally, we reported that a total of 31 federal departments and agencies collect, maintain, and use geospatial information. Better planning and implementation could help reduce duplicative investments and save millions of dollars in this area.

The report also identifies 14 additional areas where opportunities exist to achieve cost savings or enhance revenue collections. For example, we suggested that Department of Health and Human Services cancel the Medicare Advantage Quality Bonus Payment Demonstration. We found most of the bonuses will be paid to plans with average performance and that the demonstration's design precludes a credible evaluation of its effectiveness. Canceling the

<sup>3</sup>Pub. L. No. 111-139, § 21, 124 Stat. 29 (2010), 31 U.S.C. § 712 Note.

demonstration for 2014 would have saved about \$2 billion. We also noted opportunities to save billions more in areas such as expanding strategic sourcing, providing greater oversight for Medicaid supplemental payments, and reducing subsidies for crop insurance. Additionally, we pointed out opportunities for enhancing revenues by reducing the net tax gap of \$385 billion, reviewing prices of radioactive isotopes sold by the government, and providing more equity in tobacco taxes for similar types of products.

The executive branch and the Congress have made some progress in addressing the areas that we identified in our 2011 and 2012 annual reports. Specifically, we identified approximately 300 actions among 131 overall areas that the executive branch and the Congress could take to reduce or eliminate fragmentation, overlap, or duplication or achieve other potential financial benefits. As of March 6, 2013, the date we completed our progress update audit work, about 12 percent of the areas were addressed, 66 percent were partially addressed, and 21 percent were not addressed. More recently, both the administration and the Congress have taken additional steps, including proposals made in the President's April Fiscal Year 2014 Budget submission.

Addressing fragmentation, overlap, and duplication will require continued attention by the executive branch agencies and targeted oversight by the Congress. In many cases, executive branch agencies have the authority to address the actions that we identified. In other cases, such as those involving the elimination or consolidation of programs, the Congress will need to take legislative action. Moreover, sustained congressional oversight will be needed in concert with the administration's efforts to address the identified actions by improving planning, measuring performance, and increasing collaboration. Effective implementation of the GPRA Modernization Act of 2010 also could help the executive branch and the Congress as they work to address these issues over time.

## **Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010**

The Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act on July 21, 2010, to address regulatory gaps and oversight failures in the U.S. mortgage, securities, and financial markets. The act requires significant rule making by regulatory agencies and includes mandates that we conduct over 40 studies on a broad array of issues. During fiscal years 2011 and 2012, we reported our findings on over two-thirds of these studies. We continued to conduct the required studies in fiscal year 2013 and issued nine reports on a range of issues, such as investor protection and the operations of the Securities and Exchange Commission (SEC), and made 11 recommendations to various financial regulators.

We studied several issues related to investor protection. We examined alternative criteria for qualifying as an accredited investor and recommended that SEC consider alternative criteria to help determine an individual's ability to bear and understand the risks associated with investing in private placements ([GAO-13-640](#)). In our study on the small company exemption from a requirement

that companies obtain an auditor's attestation to management's internal controls over financial reporting, we recommended that SEC consider requiring companies to explicitly state whether they had obtained an auditor attestation to increase transparency and aid investors in their investment decisions (GAO-13-582). We also studied the requirements and costs of SEC's custody rule (GAO-13-569).

In our work on SEC's operations, we examined SEC's personnel management challenges and its efforts to address them and made seven recommendations to improve SEC's personnel management (GAO-13-621). We also assessed SEC's internal supervisory controls for staff performing examinations, reviews of corporate financial securities filings, and investigations. We recommended that SEC ensure that existing internal supervisory controls and any developed in the future have clearly defined activities and clear and readily available documentation demonstrating that the activities have taken place (GAO-13-314).

We explored other issues as well, including the advantages and disadvantages of proposals to make the bankruptcy code more effective in resolving failed financial companies. We recommended that the Financial Stability Oversight Council consider the implications for U.S. financial stability of changing the role of regulators and the treatment of qualified financial contracts in financial company bankruptcies (GAO-13-622). Further, we reviewed factors that could impact the effectiveness of SEC's rule on conflict minerals (GAO-13-689). Finally, we audited the financial statements of SEC (GAO-13-125R) and the Bureau of Consumer Financial Protection (GAO-13-122R).

## The Patient Protection and Affordable Care Act

The Congress passed the Patient Protection and Affordable Care Act (PPACA) in 2010<sup>4</sup> to increase the accessibility and affordability of health coverage for Americans. PPACA includes a wide range of provisions that affect individual and employer-sponsored health insurance markets as well as public health insurance programs. In fiscal year 2013 we issued nine related products, including:

- **HHS's Process for Awarding and Overseeing Exchange and Rate Review Grants to States.** PPACA required the establishment of health insurance exchanges and a process for the annual review of unreasonable increases in insurance premiums charged by issuers of health coverage in each state. To assist states in establishing exchanges and in enhancing their ability to review issuers' premium rate increases, the law established new grant programs under which HHS is authorized to award grants to states through 2014. The law appropriated an unspecified amount of funds for exchange grants, and appropriated \$250 million to HHS for rate review grants. We were asked to provide information on HHS's processes to award and oversee these grants. In this report, we described (1) the process HHS uses to award exchange and rate review grants to states; (2) the amounts of grants and key activities states funded through the grants; and (3) HHS's process for overseeing states' use of the grants. (GAO-13-543)

<sup>4</sup>Pub. L. No. 111-148, 124 Stat. 119 (2010), as amended by the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029 (2010).

- **Status of CMS Efforts to Establish Federally Facilitated Health Care Exchanges and the Federal Data Services Hub:** The Centers for Medicare & Medicaid Services (CMS) will operate a health insurance exchange in the 34 states that will not operate a state-based exchange for 2014. Further, to support consumer-eligibility determinations, CMS developed a data hub to provide electronic access to federal data, as well as provide access to state and third party data sources needed to verify consumer eligibility. We were asked to report on the status of the implementation of these federally facilitated exchanges and the data hub prior to October 1, 2013, when the exchanges opened for enrollment for coverage beginning as of January 1, 2014. Our progress report identified CMS's progress in completing activities necessary to establish federally facilitated exchanges as well as identifying activities that remained to be completed as of June 2013 in the core functional areas of eligibility and enrollment, plan management, and consumer assistance. ([GAO-13-601](#))

## Managing Our Resources

### Resources Used to Achieve Our Fiscal Year 2013 Performance Goals

Our financial statements for the fiscal year ending September 30, 2013, were audited by an independent auditor, CliftonLarsonAllen, LLP, and received an unqualified opinion. The auditor found our internal controls to be effective—which means that no material weaknesses or significant deficiencies were identified—and reported that we substantially complied with the applicable requirements for financial systems in FFMA. In addition, the auditor 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 accordance with accounting principles generally accepted in the United States. The auditor's report, along with the statements and their accompanying notes, begins on page 99 of the [full report](#).

Compared with the statements of large and complex departments 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 people needed for our mission.

In fiscal year 2013, our budgetary resources included new direct appropriations, net of sequester reduction and rescission, of \$479.5 million, and \$25.7 million in spending authority from offsetting collections, primarily from the lease of space in our headquarters building and certain audits of agency financial statements. In addition, we received \$419,000. for our OIG to carry out its responsibilities as the Inspector General of the U.S. Commission on Civil Rights. Our total budgetary resources in fiscal year 2013 were \$546.7 million, a 5 percent reduction from fiscal year 2012.

Total assets were \$94.7 million, consisting mostly of funds with the U.S. Treasury and property and equipment (including the headquarters building, land and improvements, and computer equipment and software), which is \$27.7 million

less than fiscal year 2012. Fund Balance with Treasury decreased \$18.1 million from fiscal year 2012 due primarily to reduced funding under sequestration and the rescission. The reduction in property and equipment of \$4.7 million is the result of depreciation expense (net of additions).

Total liabilities were \$77.7 million, composed largely of employees' accrued annual leave, employees' salaries and benefits, amounts owed to other government agencies, and nongovernmental accounts payable. The reduction in the balance of total liabilities is due primarily to fewer days accrued (worked but not yet paid to employees) for salary and benefits at the end of fiscal year 2013 of 6 days, compared with 15 days accrued at the end of fiscal year 2012.

## Internal Management Challenges

The Comptroller General, the Executive Committee, and other senior executives identify management challenges through the agency's strategic planning, management, internal controls, and budgetary processes. Under strategic goal 4, several performance goals and underlying key efforts focus attention on each of our management challenges—human capital and engagement efficiency. We monitor our progress in addressing these challenges through our annual performance and accountability process. Each year we also ask our IG to examine management's assessment of these challenges. For fiscal year 2014, we will continue focusing high-level management attention on human capital issues and on the challenge related to improving the efficiency of our engagements and delivery of timely and quality information to the Congress.

### Human Capital Challenge

GAO depends on a talented, diverse, high-performing, knowledge-based workforce to carry out its mission in support of the Congress. To maintain this workforce, we need to address several human capital challenges and do so in a budget-constrained environment. These challenges include preparing for the retirement of many senior executives and senior staff through staff development, training and hiring efforts, maintaining a performance-based and inclusive culture that helps to motivate and retain our talented and diverse workforce, and implementing policies and programs to address a range of work environment and worklife balance issues. In fiscal year 2013, we took several steps to address these challenges and achieved some notable accomplishments. Specifically, we identified candidates for our executive development program, hired new staff to fill critical skills gaps, completed a learning needs analysis for analysts, and launched a new performance management system and ratified use of a new performance based compensation system in fiscal year 2014 for the 2013 appraisal cycle. We also continued to expand our diversity and inclusion efforts. Although we have made progress, the key human capital issue that we continue to face is ensuring that we support the mission of the agency with the right resources, where and when they are needed, while providing meaningful rewards and implementing programs that help retain our highly skilled and diverse workforce. We will continue to address several of the same human capital issues in fiscal year 2014 as we did last year.

## Engagement Efficiency Management Challenge

In 2011, we identified improving the efficiency of our engagements as a new management challenge and reported our progress in last year's *Fiscal Year 2012 Performance and Accountability Report*. Now in the second year of our focus on this challenge, we continued our work on a large number of projects and expanded our outreach to employees to provide them with opportunities to learn about and provide feedback on process improvement activities. We made significant progress on three major multiyear projects, including streamlining our engagement process and continuing to develop a companion Engagement Management System (EMS)—a joint pilot is planned for 2014. We also continued our work to acquire New Blue—a system that will greatly improve our ability to create, manage, fact-check, and publish GAO products.

## Mitigating External Factors

In addition to the resource constraints and uncertainty of the budget for fiscal year 2014, which directly affect our internal management challenges, other external factors that could affect our performance and progress toward our goals include shifts in congressional interests, the ability of other agencies to make improvements needed to implement our recommendations in a constrained budget environment, and access to agency information. We mitigate these factors in several ways.

Demand for our work is very high, with 868 new congressional requests and mandates in fiscal year 2013. To be prepared to address timely and relevant issues, we communicate frequently with our congressional clients to stay abreast of their interests. We also strive to maintain flexibility in deploying our resources in response to shifting priorities and have successfully redirected our resources when appropriate and maintained broad-based staff expertise. We devoted 35 percent of our audit resources to mandates in fiscal year 2013. We completed our third year of multiyear mandates to report on duplication in government programs, and health insurance and financial regulatory reform issues. We are also working with the Congress to revise or eliminate mandates that have outlived their usefulness.

The extent to which we can obtain access to agency information also plays a role in our ability to serve the Congress. While we generally receive very good cooperation, over time we have experienced access issues at certain departments and agencies. We actively pursue access issues as they arise, and we are engaged in discussions and efforts across the executive branch to enhance our access to information. Since fiscal year 2012, there have been several developments on the access front relating to these discussions and efforts. For example, a trial program the Department of Justice (DOJ) designed to improve its responsiveness to our requests resulted in key improvements, and in March 2012, these procedures were made a permanent part of DOJ's protocols. Another development, in the context of intelligence, has to do with the 2011 Intelligence Community Directive (ICD) 114 governing our access to information in the possession of an element of the intelligence community. Since fiscal year 2012, we have worked through a number of issues with the various elements of the intelligence community related to challenges in obtaining information we requested, and we will continue to monitor the implementation of ICD 114 moving forward. These developments are described in more detail on pages 61-62 of the [full report](#).

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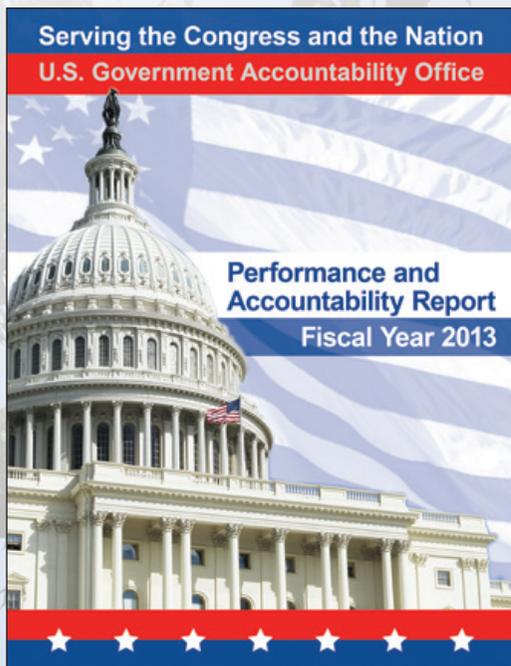
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