

Following the Federal Dollar

*The Strategic Plan of
The General Accounting Office*

March 1995

Introduction

The General Accounting Office, headed by the Comptroller General of the United States, is the investigative arm of Congress and the nation's auditor.

GAO seeks to achieve honest, effective management and full accountability throughout the federal government. It serves the public interest by providing members of Congress and others who make policy with accurate information, unbiased analysis, and objective recommendations on the use of public resources in support of the security and well-being of the American people.

The office is staffed by specialists in many disciplines, including accountants, public administrators, business school graduates, computer scientists, engineers, statisticians, lawyers, economists, health care experts, and others. Utilizing the talents of this diverse staff, GAO each year produces a wide variety of audits, studies, and testimonies to support Congress in the exercise of its constitutional authority to oversee the programs and activities of the federal government.

GAO has long utilized a planning process for the work carried out by its six divisions and the 35 issue areas to which GAO assigns its work. These plans are updated on a regular basis and describe and explain the major audits and studies GAO undertakes each year. Each of the 35 issue area plans is based upon consultation with majority and minority representatives of congressional committees. GAO also seeks advice from outside experts. The goal in drafting these plans is to seek a mix of work for each issue area that takes into account assignments

GAO believes are essential, given available resources and congressional needs.

These plans have served GAO well over many years in producing high-quality reports on some of the most pressing issues facing the nation. However, given increasing demands upon limited federal resources, the need to reduce deficit spending, and a growing need for information on issues that cut across institutional and agency boundaries, GAO believes its planning process can be improved to better serve the needs of Congress and the American taxpayer. GAO thus set out to draw up an agency-wide strategic plan that emphasizes several broad areas of importance to guide the work of the entire agency for the next two to three years.

This strategic plan has two parts: GAO's priorities for the work it will do in supporting the oversight and legislative agendas of Congress and a set of operational priorities to improve the way in which GAO carries out that work.

In the first part, supporting the oversight and legislative needs of Congress, GAO has identified five broad areas of concentration for its work:

- Promoting a more efficient and cost-effective government.
- Exposing waste, fraud, abuse and mismanagement.
- Targeting spending reductions to reduce the federal deficit
- Improving accountability through financial and information management.
- Identifying trends with fiscal, budgetary or oversight consequences for the government.

The second part of the strategic plan deals with GAO's internal operations. GAO will continue to emphasize several priorities as essential to improving the way it does its work:

- Assuring congressional satisfaction in terms of timeliness, communications, and other factors.
- Improving product and process quality.
- Developing and maintaining a skilled workforce.
- Providing state-of-the-art technology and a safe workplace.

GAO's priorities in both of these categories are spelled out in greater detail in the pages that follow. These resulted from extensive issue area planning regarding the work GAO will do and quality management efforts GAO has undertaken. Each has, or will have, measures that will be applied to it. The performance goals resulting from the measures will be reflected in annual operating plans and GAO performance contracts. Also included is a listing of GAO's six divisions and its 35 issue areas—the organizational units within GAO responsible for carrying out the audits, evaluations, investigations and other assignments that make up GAO's work.

Supporting the Oversight and Legislative Needs of Congress

GAO's audits and evaluations of federal programs and agencies are carried out in support of Congress' constitutional obligation to oversee the operations of government or to assist congressional committees with their legislative agendas.

T*o meet these responsibilities, GAO is prepared to follow the federal dollar wherever it goes.*

GAO has authority to obtain and analyze federal records across the scope of government and it maintains field offices across the country to facilitate the gathering and

verification of information. GAO's ability to carry out independent audits based upon original documentation gives Congress a unique strength in carrying out the nation's oversight and legislative business.

In broad outline, the following categories describe GAO's priorities for the work it plans to support the oversight and legislative needs of Congress.

Promoting a More Efficient And Cost-Effective Government

GAO will seek to do work that provides financial savings and other benefits to the American taxpayer.

GAO's program evaluations and the resulting recommendations offer the prospect for savings and efficiencies totaling billions of dollars. Financial benefits and savings have long been a hallmark of GAO's audits and investigations; its work has yielded billions of dollars in savings over the past decade. Given the federal budget deficit, GAO believes this area must continually be at the forefront of the work it does.

GAO also believes that it is possible to have a government that is not only less expensive to taxpayers, but which also operates in a more efficient and effective manner. If this is to happen, efforts to "downsize" government must be carefully planned and implemented—a process that requires objective and comprehensive information which GAO is equipped to gather.

GAO has a number of audits and evaluations either underway or contemplated for coming months that could yield major savings. These include:

- Identifying "best practices" that will help streamline defense acquisition, procurement, finance, inventory management, maintenance and repair, and transportation.
- Examining tax expenditures to assure they serve mandated purposes at the least cost and with the lowest possible compliance burden.

- Identifying more cost-effective ways to clean up the nation's nuclear weapons complex.
- Examining barriers that impede efforts of the Environmental Protection Agency to set risk-based budget priorities and identifying ways to overcome them.
- Identifying alternatives for existing rural development programs.
- Reviewing the Department of Housing and Urban Development's oversight of public housing modernization to find ways to decrease both subsidy costs and vacancy rates.
- Reviewing the actuarial soundness of the Federal Housing Administration's single-family insurance fund and proposals to restructure FHA.
- Evaluating major reorganization proposals facing the Federal Aviation Administration and Amtrak.
- Developing information to help Congress deal with the proliferation of scores of duplicative employment training programs managed by numerous agencies.
- Monitoring the National Performance Review, which has begun a major downsizing effort within the executive branch of government.
- Monitoring human resource management systems and initiatives that focus on contracting out with the private sector for services previously performed by government employees.

These and other assignments offer a large potential for both savings and increased efficiency in government programs.

***Exposing Waste, Fraud,
Abuse and Mismanagement***

That federal dollars continue to be stolen and wasted is intolerable. GAO is committed to finding and helping to end waste, fraud, abuse and mismanagement in government.

Several years ago, GAO began a widely-publicized program to identify and monitor programs at risk for waste, fraud, abuse, and mismanagement. Through scores of studies and two special series of reports, GAO has sought to cast light on areas where major improvements are needed to protect taxpayer resources.

Among GAO's priorities in this area:

- Assessing Medicare payment policies where losses could be as high as 10 percent of the \$167 billion spent annually on this program.
- Assessing Social Security disability payments, where unnecessary payments could soon grow into billions of dollars.
- Minimizing defaults in federal loan programs, where loss exposure runs into the billions of dollars from student assistance and Farmers Home Administration loans, among others.
- Identifying ways to recover hundreds of millions of dollars in benefit overpayments each year for welfare, food stamps, Medicaid, and Supplemental Security Income
- Ensuring better collection efforts at the Internal Revenue Service, where filing fraud is a growing concern.
- Obtaining adequate returns on multibillion dollar investments in information technology at several agencies; many of these program are behind schedule and have so far failed to provide promised benefits.
- Monitoring defense programs where billions of dollars have been spent on unneeded inventory and millions of dollars have been incorrectly paid by DOD for defense contracts.
- Assessing ways to improve the management of federal contracts at such agencies as Energy, NASA, and EPA.

Targeting Spending Reductions To Reduce the Deficit

While there is broad agreement that the federal deficit must be reduced substantially, there is little consensus on how to proceed. Information developed over years of evaluating federal programs has given GAO a wealth of information that is useful to Congress and other policy makers as these deficit reduction decisions are made.

As they carry out their assignments, GAO expects its auditors and evaluators to be alert to potential recommendations for reductions in federal expenditures. At the same time, GAO has underway or will begin a number of specific studies that are expected to be of assistance to Congress in making decisions on budget reductions. These include:

- Identifying agriculture commodity programs that might be modified with an eye toward budgetary savings.
- Reviewing the need for such Energy Department programs as the clean coal technology program, the civilian nuclear waste program, the government's power marketing administrations, and the Strategic Petroleum Reserve.
- Assessing ways to increase the effectiveness of cost recovery under the federal Superfund hazardous waste cleanup program.
- Evaluating the requirements for and the efficiency and effectiveness of planned military acquisitions of major air, sea, ground, space, missile, electronic warfare, and command, control and communications systems.
- Identifying more affordable force structure options in terms of air power, submarines, theater missile defense, forward presence, and the mix between active and reserve forces.
- Analyzing military budget requests to identify funds Congress may want to rescind or reallocate to higher priority needs in research and development, procurement, and in operation and maintenance accounts.
- Identifying ways to curb the high growth in Medicare spending.
- Assessing discretionary programs at the Department of Health and Human Services to identify those lacking evidence of effectiveness and those with excess overhead expenses.
- Recommending changes in procedures for the decennial census that could improve accuracy and reduce costs by as much as \$1 billion.

Improving Accountability Through Financial and Information Management

GAO, long an advocate of financial management reform for the federal government, worked with bipartisan congressional leaders to help draft the Chief Financial Officers (CFO) Act, a law that now requires major federal agencies for the first time to prepare financial statements and undergo annual financial audits. The CFO Act was passed after GAO audits and studies found that federal agencies cannot account for tens of billions of dollars, that books cannot be balanced, and that the lack of accountability had led to billions of dollars in waste, fraud, abuse and mismanagement.

GAO has a continuing responsibility to monitor progress made by agencies in implementing the new law. GAO is also charged with auditing the new consolidated financial report that will show the Congress and American taxpayers the status of federal finances each year. Data developed as a result of these new requirements will provide congressional leaders with a wealth of information on how to reduce spending and ensure ongoing accountability.

Information gleaned from the CFO audit process will also contribute to successful implementation of another new law, the Government Performance and Results Act (GPRA), which makes performance measurement a key element of federal program management. Performance measurement

will also assist federal and state governments in performing program evaluations which highlight what works and what does not.

Beyond the resources devoted to the CFO and GPRA laws, GAO is also committed to improvements in information management throughout the federal government.

The federal government now spends about \$25 billion each year on information technology. Where the government once was a leader in information management, it now lags well behind private industry. Billions of dollars have been wasted in abortive start-and-stop efforts to modernize government computer systems. Preventing further waste and assuring efficient and cost-effective computer modernization efforts are essential. For these reasons, GAO has made information management a central focus of its work.

In 1994, GAO issued a special report on how government can capitalize on the experience of others in adopting a set of best practices in designing information management systems. Some 14,000 copies of this report have been requested and GAO has provided scores of briefings to hundreds of federal managers and employees. Building on this background, GAO intends to work with the Office of Management and Budget to further disseminate this information, and will work with Congress to develop legislation to strengthen federal management of information technology.

Identifying Trends With Fiscal, Budgetary, or Oversight Consequences for the Government

GAO was among the first organizations, public or private, to warn that the nation's savings and loan industry faced collapse and that the Federal Deposit Insurance Corporation was rapidly approaching insolvency—developments that ultimately led to the most expensive federal bailout in American history.

Months before Orange County, California, declared bankruptcy after officials invested public funds in risky financial instruments known as derivatives, GAO had issued a major report alerting Congress to weakness in regulation of these products.

From an outdated federal food inspection system to the crumbling financial condition of the District of Columbia, from cost overruns in major weapons systems to the deterioration of the nation's plants that produce nuclear weapons, GAO has issued major reports to alert members of Congress and other policy makers to crises in the making.

GAO believes that one of its priorities must always be the identification of trends that could pose major problems for the government. With a multi-disciplinary staff and with access to financial and other records throughout the federal government, no other agency is as well placed as GAO to be the eyes and ears of Congress.

Currently, there are several possible developments that could pose future problems of major consequence. Issues and questions include:

- Each year the financial services industry grows larger and more complicated, but the regulatory structure in place to protect investors and depositors has many gaps. How big are these gaps and what are their implications?
- Health care costs continue to grow at a rate faster than inflation and major changes in the delivery of health care services are underway, most notably the emergence of "managed care." With Medicare and Medicaid facing continued financial pressure, what are the implications of these structural changes for Medicare, Medicaid, and other federal health care programs?
- Over 7 million Americans receive disability insurance or Supplemental Security Income at an annual cost of \$60 billion—a 140 percent increase over the \$25 billion spent on these programs ten years ago. GAO studies have disclosed thousands of drug addicts and alcoholics drawing SSI benefits; other reports have shown that few disability beneficiaries leave the rolls to return to work. Is it possible to target disability programs to bring mushrooming costs under control?
- A trend has emerged in which the Pentagon plans for more programs than it will be able to afford. With diminishing resources, this leads to program instabil-

ity, stretched-out procurement of weapons systems at extra cost, and other problems. Are there opportunities to reallocate funds to better balance the need for a strong national defense while at the same time holding down defense spending?

- The Energy Department's program to store and dispose of spent radioactive fuel from

civilian nuclear power plants may be reaching the crisis stage. What options does Congress have to deal with this waste disposal problem?

These and other questions are high on GAO's priority lists of issues that have the potential of becoming bigger problems unless mitigating action is taken soon.

Operational Priorities

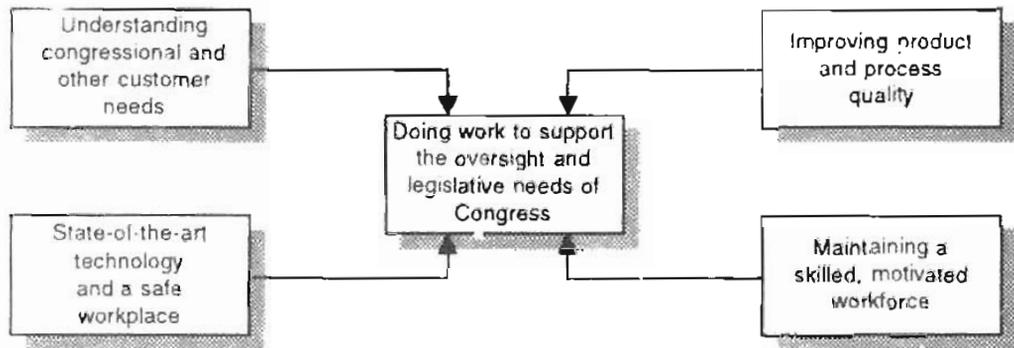
In 1990, GAO invited the late W. Edwards Deming to discuss the principles of quality management that made him famous following World War II when he taught the Japanese how to build quality into its automobiles, electronics and other products—and revolutionized manufacturing as a consequence.

In setting out operational priorities for its strategic plan, GAO is articulating improvements that logically flow from the quality management efforts already begun.

Achieving these operational priorities are essential to GAO's mission, as indicated in the following diagram.

Quality management has become a major focus of GAO's efforts to continuously improve the way in which it does its work.

GAO was one of the first federal agencies to adopt quality management principles and to apply them to a public sector agency



Understanding Congressional Needs

While GAO is always careful to protect its independence and objectivity, the office also recognizes that the congressional committees which are GAO's primary customers have requirements and expectations to which GAO must be attuned if it is to fully meet Congressional needs.

To better understand these needs—especially in terms of assuring that GAO reports are completed on a timely basis and that communication between committees and GAO staff must remain open—GAO has undertaken a series of efforts over a number of years to improve its processes. These included surveys of members and staff, seeking feedback on congressional satisfaction, and exchanging within GAO information on “best practices” in meeting congressional timetables, allocating resources, and managing staff.

Building on this background, GAO's strategic priorities for assuring Congressional satisfaction include:

- Implementing a program to systematically obtain feedback from members of Congress and key staff on the quality of GAO's products.
- Achieving a mix of work that addresses issues of both immediate and long-term congressional and public concern.
- Satisfying all congressional requests undertaken by GAO with products that meet the highest standards of quality, timeliness, and usefulness.
- Implementing a process to determine the needs and satisfaction of other GAO customers, including federal agencies, the business and professional communities, universities, and other groups that use and are affected by GAO's work.

Improving Product and Process Quality

Congress expects GAO to produce consistently high-quality work and to do so more quickly than it has in the past.

If GAO is to meet such demands, it must improve the way in which it does its work. GAO must be able to produce high-quality products on time, every time, and have processes in place to make that possible.

GAO initiated a number of efforts within the past several years to improve its procedures. These included the adoption of goals to lessen "rework" of its products, guidelines for issuing briefing reports within 7 days after the oral briefings to congressional committees were provided, initiation of efforts to improve GAO's ability to predict the issuance date of its reports, efforts to reduce "cycle time" in producing reports, and reducing the time needed to print reports.

GAO's strategic priorities to improve quality include:

- Developing a system for measuring product and process quality and achieving a shared understanding among staff of what "quality work" means.
- Redesigning audit, evaluation and supporting processes to reduce the calendar time for "rework" of products by 50 percent over the next two years, thereby further reducing cycle time between the date an assignment begins and the date of completion and costs.
- Implementing a peer review process for GAO by outside specialists by 1996.
- Implementing a process by 1996 to replicate "best practices" throughout the office.

***Developing and Maintaining
A Skilled Workforce***

GAO is committed to maintaining a well-trained, motivated and diverse workforce.

Over the past several years, GAO has undertaken many initiatives to enhance skill levels, to achieve greater diversity, and to improve communications and teamwork. These efforts build on the foundation for effective human resource management that GAO developed during the past decade—a pay-for-performance system designed to more effectively reward staff for their contributions, a revised merit promotion process, and an enhanced senior executive selection and development process to prepare the senior leaders of GAO. GAO has restructured its regional offices to better align staff with issue areas to better meet congressional needs. The agency has established a team to consider possible changes in the way GAO rewards and recognizes its employees.

In anticipation of future budget limitations, GAO faces significant challenges in this area. To help meet these challenges, GAO's strategic priorities in this area include:

- Seeking continuous improvements in staff knowledge, skills and abilities to best match work requirements.
- Improving teamwork and communication.
- Improving the rewards and recognition systems to better balance individual performance and teamwork.
- Continuing emphasis on equal employment opportunity.
- Enhancing employee involvement to promote innovation
- Managing GAO's own downsizing efforts as efficiently as possible to minimize disruptions while maintaining productivity.

***Providing State-of-the-art
Technology and a Safe Workplace***

The use of state-of-the-art technology is essential if an organization such as GAO is to meet its core audit, evaluation and investigatory responsibilities with a smaller staff and limited resources.

GAO seeks an environment where individuals and teams can be more self-sufficient in meeting the information requirements of their jobs using technology that is readily available to support work that results in high-quality reports and other products.

GAO has invested substantial resources in modern technology and in training its employees to use such technology. GAO has installed telephone voice mail and video teleconferencing equipment in its headquarters and regional offices to improve communications and reduce travel costs. Computer networks linking all of GAO are now being installed, promising easier, faster and more efficient sharing of information.

GAO also is committed to assuring a workplace for its employees that is safe and free of hazards. GAO's headquarters building in Washington was constructed with asbestos ductwork. Efforts are underway to remove this hazard, and GAO is taking the opportunity this renovation affords to install modern communications and other equipment.

GAO's strategic priorities when it comes to technology and the workplace include:

- Completion of efforts to upgrade computer workstations and their connection to agency-wide networks.
- Development of a digital communications capability, enabling members of geographically dispersed teams to better support one another.
- Making greater use of electronic distribution of GAO reports and using electronic printing capabilities to reduce warehousing expenses.
- Completion of phased removal of asbestos and renovation of GAO's headquarters building.

Organizational Units and Issue Areas

<i>Division/Issue Areas</i>	<i>Directors</i>
General Government Financial Institutions & Markets Tax Policy & Administration Administration of Justice International Trade, Finance, & Competitiveness Federal Management Federal Human Resource Mgmt Gov't Business Operations	Johnny Finch, Asst. Compt. General Jim Bothwell (512-8678) Jennie Stathis (512-5407) Norman Rabkin (512-3610) Allan Mendelowitz (512-5889) Bill Hunt (512-8676) Nancy Kingsbury (512-5074) Bill Gadsby (512-8387)
Health, Education and Human Services Income Security Medicare, Medicaid, & Public Health Issues Federal Health Care Delivery Education & Employment	Janet Shikles, Asst. Compt. General Jane Ross (512-7215) Sally Jaggar (512-7123) David Baine (512-7101) Linda Morra (512-7014)
Nat'l Security and International Affairs National Security Analysis Military Operations & Capabilities Acquisition Policy, Technology Systems Development & Production Defense Management & NASA International Affairs	Butch Hinton, Asst. Compt. General Rich Davis (512-3504) Mark Gebicke (512-5140) David Cooper (512-4587) Lou Rodrigues (512-4842) Dave Warren (512-4184) Joe Kelley (512-4128)
Resources, Community, and Economic Development Energy & Science Issues Food & Agriculture Transportation Housing & Community Development Environmental Protection Natural Resources Management	Keith Fultz, Asst. Compt. General Vic Rezendes (512-3841) John Harman (512-5138) Ken Mead (512-2834) Judy England-Joseph (512-7631) Peter Guerrero (512-6111) Jim Duffus (512-7756)
Accounting and Information Management Budget Issues Corporate Audits Defense Audits Civil Audits Legislative Reviews & Audit Oversight	Gene Dodaro, Asst. Compt. General Paul Posner (512-9573) Bob Gramling (512-9406) Dave Connor (512-9095) Greg Holloway (512-9510) Dave Clark (512-9489)

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