

**GAO**

Report to the Ranking Member,  
Committee on Finance, U.S. Senate

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October 2009

# FEDERALLY CREATED ENTITIES

## An Overview of Key Attributes





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## An Overview of Key Attributes

Highlights of [GAO-10-97](#), a report to the Ranking Member, Committee on Finance, U.S. Senate

### Why GAO Did This Study

Over the years, Congress has created or authorized the creation of numerous entities to carry out federal programs and further public purposes. These federally created entities can be categorized into several types and serve a variety of missions. They are subject to varying governance, accountability, and transparency requirements through which Congress sought to strengthen entity operations, compliance, performance and resource accountability, and public access to information. Collectively, these entities receive trillions of dollars annually in funds appropriated by Congress.

Given the wide variety of entity types, applicability of key broad-based requirements, and federal funding, the committee asked GAO to (1) identify and categorize federally created entities by type; (2) determine the extent to which the various entity types are generally subject to key broad-based statutory governance, accountability, and transparency requirements we identified; and (3) determine the amount of appropriations Congress has made directly available to each of the individual entities in recent years (fiscal years 2005 through 2008).

To answer these questions, GAO reviewed federal statutes and regulations, previous GAO and Congressional Research Service reports, data on appropriated funds and other budget authority maintained by the Office of Management and Budget, and other relevant manuals, literature and Web sites.

[View GAO-10-97 or key components.](#)

For more information, contact Susan Ragland at (202) 512-9095 or raglands@gao.gov; Susan Poling at (202) 512-2667 or polings@gao.gov.

### What GAO Found

GAO identified 219 federally created entities with varied control, missions, and operations. These entities, which GAO categorized into 7 types, are not universally subject to the 12 key broad-based governance, accountability, and transparency requirements reviewed for this report. These requirements are: budget preparation, review, and approval; strategic and performance planning; budget execution and funds control; control of improper payments; internal control and accounting systems; preparing and reporting of audited financial statements; standards of conduct; whistleblower protection; access to public records; availability of federal contract and grant information; and access to public meetings. For fiscal years 2005 through 2008, Congress appropriated, on average, about \$4 trillion a year in federal funds to 129 of the federally created entities in 4 of the 7 entity types. The table summarizes GAO's results.

**Applicability of Requirements, Number of Identified Entities, and Percentage of Appropriated Federal Funds by Entity Type**

Entity type	General applicability of requirements	Number of identified entities	Entities directly receiving appropriated funds	Percent of average annual appropriated funds to identified entities
Executive departments	Almost all	15	15	73.6 %
Other executive branch entities	Almost all	88	79	24.8 %
Government corporations	Most	23	18	1.5 %
Other federally established organizations	No	50	17	0.1 %
Nonappropriated fund instrumentalities	No	1	0	-
GSEs <sup>a</sup>	No	3	0	-
FFRDCs	No	39	0	-
<b>Total</b>		<b>219</b>	<b>129</b>	<b>100.0 %</b>

Source: GAO analysis.

<sup>a</sup>As of June 2009, two GSEs are in federal conservatorship and have received commitments of federal support through funds appropriated to the Department of the Treasury and from the Federal Reserve System.

Executive departments and other executive branch entities are subject to almost all of the 12 key requirements and received, on average, more than 98 percent of the appropriated funds reviewed. In contrast, nonappropriated fund instrumentalities, government-sponsored enterprises, and federally funded research and development centers are not subject to the requirements but did not directly receive appropriated funds. However, these entities may have received funds from other federal sources via contracts, grants, or other arrangements.

In establishing entities and specifying their governance, accountability, and transparency requirements, Congress has weighed a variety of considerations such as accountability, economy, efficiency, effectiveness, and entity missions. Entities not subject to the specific requirements GAO reviewed may have adopted or be subject to other comparable requirements.

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United States Government Accountability Office  
Washington, DC 20548

October 29, 2009

The Honorable Charles Grassley  
Ranking Member  
Committee on Finance  
United States Senate

Dear Senator Grassley:

Numerous federal statutes establish or authorize the establishment of a variety of federally created entities to carry out federal programs and further public purposes. While Congress has assigned much of this work to executive departments, it also has assigned key roles to other types of entities, including private, nonprofit corporations and government-sponsored enterprises (GSE). Collectively, these federally created entities receive trillions of dollars annually in appropriated funds. Over time, Congress has also enacted various broad-based federal reform statutes that establish specific requirements for governance, accountability, and transparency for many federally created entities. Congress enacted these broad-based statutes at different times and for different purposes, and their requirements do not universally apply to all federally created entities. As a result, you asked us to study federally created entities to:

1. identify and categorize federally created entities into related types of entities;
2. determine the extent to which the various entity types are generally subject to key broad-based statutory governance, accountability, and transparency requirements; and
3. determine the amount of appropriated funds Congress has made available directly to each of the individual federally created entities in recent years (fiscal years 2005 through 2008).

For purposes of this report, we use the term “federally created entity” to mean an organization established under authority of the federal government that is charged with or has the authority to manage resources and carry out operations or activities that generally advance, involve, or support federal purposes.<sup>1</sup> While most of the organizations were created

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<sup>1</sup> We define an “organization” as an association of individuals working together for common ends under a group identity. For more explanation about these definitions, see app. I.

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by federal statute, some were created by a person or organization required or authorized under federal statute or regulation to create them.<sup>2</sup> We included only organizations that have a discrete identity that is separate and distinct from any other organization (e.g., not components of executive departments, such as the Department of the Treasury's Internal Revenue Service). As explained in our detailed scope of work in appendix I, we excluded legislative and judicial branch organizations; advisory organizations; organizations created under treaties or regional compacts; geographic federal political jurisdictions, such as U.S. territories and the District of Columbia; organizations established to carry out authorized covert intelligence or law enforcement activities; organizations created by certain federally created entities; and organizations that received a federal charter after their creation.

To identify and categorize federally created entities, we reviewed the *United States Government Manual*, applicable statutes and regulations, the *Budget of the United States Government* and related budget data maintained by the Office of Management and Budget (OMB) for fiscal years 2005 through 2008, lists published by OMB and the Department of the Treasury for appropriations accounting and financial reporting purposes, and other relevant literature and Web sites. Using this approach, we identified 219 federally created entities. However, because we did not review all federal laws, articles of incorporation, or similar filings related to establishing organizations, we may not have identified the entire universe of federally created entities. Where possible, we used statutory and regulatory definitions of various federally created entities to identify major types of federal entities. Then, in order to assign each identified federally created entity to a type, we compared the definitions of each type to the organizational structure, legal status, and other attributes of each entity.

To determine the extent to which the various types of federally created entities are generally subject to key broad-based statutory governance, accountability, and transparency requirements, we reviewed our prior reports, Congressional Research Service reports, and other literature to identify broad-based statutory reform initiatives designed to strengthen

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<sup>2</sup> For example, the James Madison Memorial Fellowship Foundation was established by the James Madison Memorial Fellowship Act. See Pub. L. No. 99-500, § 803, 100 Stat. 1783-76 (Oct. 18, 1986) (*codified, as amended, at 20 U.S.C. § 4502*). By contrast, the U.S. Popcorn Board, one the agricultural commodity organizations, was established by an order of the Secretary of Agriculture. See 7 C.F.R. pt. 1215.

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federal governance, accountability, and transparency. We reviewed these broad-based statutes to identify specific requirements<sup>3</sup> we considered key to enhancing governance, accountability, and transparency and determined the extent to which these requirements are generally applicable to the various types of federally created entities we identified through reviews of the statutes and entity enabling legislation. Because we focused on these specific requirements, we did not review all statutes applicable to each federally created entity to determine whether the entity might otherwise be subject to comparable requirements and we did not determine whether individual federally created entities that are not subject to these specific requirements may have voluntarily elected to adopt them.

To determine the amount of appropriated funds Congress made available for the direct use of each federally created entity in fiscal years (FY) 2005 through 2008, we used OMB's MAX budget database.<sup>4</sup> MAX is a computer system used to collect and process most of the information required for preparing the budget using a series of schedules or sets of data. This database includes the annual gross budget authority for each federally created entity we identified, which we use as the measure of appropriated funds in this report. However, because OMB's budget database does not identify gross budget authority for individual organizations below \$1 million, our report does not include such amounts.

We conducted our work from September 2007 to September 2009 in accordance with all sections of GAO's Quality Assurance Framework that

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<sup>3</sup> The 12 requirements we identified were budget preparation, review, and approval; strategic and performance planning; internal audit; budget execution and funds control; control of improper payments; internal control and accounting systems; preparing and reporting audited financial statements; standards of conduct; whistleblower protection; access to public records; availability of federal contract and grant information; and access to public meetings.

<sup>4</sup> For purposes of this report, we considered appropriated funds to be available for the direct use of a federally created entity if OMB's MAX budget database included a budget account for the entity. In most cases, such accounts reflect authority granted to federally created entities to spend or commit the government to spending funds from the U.S. Treasury. In other cases, such accounts reflect authority for direct payments out of the U.S. Treasury to or for the benefit of federally created entities. In some cases, the accounts reflect authority for a federally created entity to borrow funds and spend them, enter into contracts in advance of an appropriation, and to spend offsetting receipts and collections. While most appropriated funds are deposited and expended from appropriation accounts in the U.S. Treasury, some are deposited and expended out of commercial accounts. Of the latter, our report includes only amounts that are tracked in OMB's MAX budget database budgetary accounts.

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were relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings in this report.

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## Background

Throughout the history of our nation, Congress has established or authorized the establishment of various organizations to exercise the federal government's constitutional powers. Executive departments, such as the Department of the Treasury, have been established in law since the days immediately following ratification of the U.S. Constitution.<sup>5</sup> Other executive branch entities, similar to executive departments, generally are vested with the powers of the U.S. government, are headed by officers or employees of the U.S. government, and are created by law as part of the U.S. government.<sup>6</sup> Congress has generally established executive departments and other executive branch entities to implement federal policies and programs, but over the years Congress has created or authorized the creation of increasingly diverse types of entities. Other federally created entities include quasi-public and private entities such as government-sponsored enterprises, nonappropriated fund instrumentalities, federally funded research and development centers, and other federally established organizations. Congress has assigned different combinations of powers, privileges, and duties to each type of federally created entity and to the individual entities that comprise each type.

The specific nature and composition of the types of federally created entities vary to help address a broad range of public policy goals. For example, Congress established federal entities, such as the Resolution Trust Corporation and the Pennsylvania Avenue Development Corporation, for specific purposes and later phased them out after the goals were achieved. Congress has also created new entities through reorganizations, such as when it formed the Department of Homeland

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<sup>5</sup> The U.S. Constitution refers to "departments" at least three times. U.S. Const., art. I, § 8, cl. 18; art. II, § 2, cls. 1 and 2; *see also* U.S. Const. amend. XXV. The Department of the Treasury was established in September 1789. 1 Stat. 65 (1 Cong. ch. 12) (Sept. 2, 1789) (An Act to Establish the Treasury Department).

<sup>6</sup> Federally created entities are sometimes named or referred to in law as "federal agencies," "executive agencies," "establishments," "instrumentalities," "corporations," "trusts," and other terms.



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Security by placing several existing agencies, including the Federal Emergency Management Agency and the U.S. Coast Guard, under a new executive department.<sup>7</sup>

Federally created entities exhibit a wide variety and combination of statutory powers, duties, forms, and other attributes. The federal courts have on multiple occasions addressed various issues related to the nature and status of some of the federally created entities. These issues have included whether different types of federally created entities:

- represent a constitutionally permissible type through which sovereign powers may be exercised;<sup>8</sup>
- represent a type of entity subject to any constitutional limitation,<sup>9</sup> condition,<sup>10</sup> or privilege<sup>11</sup> applicable to the federal government (e.g., an entity entitled to the benefit of federal sovereign immunity from lawsuits); or

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<sup>7</sup> Homeland Security Act of 2002, Pub. L. No. 107-296, 116 Stat. 2135 (Nov. 25, 2002) (codified, in part, at 6 U.S.C. §§ 111, 313, 468).

<sup>8</sup> See e.g., *Luxton v. North River Bridge Co.*, 153 U.S. 525 (1894); *Smith v. Kansas City Title Co.*, 255 U.S. 180 (1921); *McCulloch v. Maryland*, 17 U.S. (4 Wheat) 316 (1819).

<sup>9</sup> Notwithstanding a statutory provision stating that an entity is not to be considered a federal agency or instrumentality under law, a federally created entity may be considered part of the federal government for certain constitutional purposes. See, for example, the case of *Lebron v. Nat'l R.R. Passenger Corp.*, 513 U.S. 374 (1995), in which the U.S. Supreme Court held that where “the [U.S.] Government creates a corporation [AMTRAK] by special law, for the furtherance of governmental objectives, and retains for itself permanent authority to appoint a majority of the directors of that corporation, the corporation is part of the [U.S.] Government for purposes of the First Amendment [of the U.S. Constitution].” 513 U.S. at 400.

<sup>10</sup> A number of court cases address the question of whether federally created entities, given certain attributes, may carry out functions assigned to the executive branch under the U.S. Constitution. See, e.g., *Metropolitan Washington Airports Authority v. Citizens for the Abatement of Aircraft Noise, Inc.*, 501 U.S. 252 (1991); *Mistretta v. United States*, 488 U.S. 361 (1989); *Bowsher v. Synar*, 478 U.S. 714 (1986); *Buckley v. Valeo*, 424 U.S. 1 (1976); *Springer v. Government of the Philippine Islands*, 277 U.S. 189 (1928).

<sup>11</sup> See *Standard Oil Co. v. Johnson*, 316 U.S. 481 (1942) (nonappropriated fund instrumentality, a U.S. Army post exchange, entitled to federal sovereign immunity); *Reconstruction Finance Corp. v. J.G. Menihan Corp.*, 312 U.S. 81 (1941) (government corporation entitled to federal sovereign immunity).

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- fall under a statutory term that describes which entities are subject to a given statute (e.g., an “agency” subject to the Freedom of Information Act).<sup>12</sup>

Accordingly, federally created entities may be categorized by applying any number of terms used by Congress in different statutes or the constitutional and legal principles articulated by the federal courts in cases that addressed the different types of issues just mentioned.

As described in appendix I, for purposes of categorizing federally created entities for this report, we relied on statutes and regulations with as broad applicability as we could identify that list certain types of federally created entities within their meaning (e.g., executive departments listed in 5 U.S.C. § 101). Otherwise, we used nonlegal labels for entity types that generally reflect the constitutional and legal principles set out by the federal courts. Our report covers only those entities that existed as of the date we completed our review. Through September 2009, we identified 219 federally created entities.

In the public sector, the concepts of governance, accountability, and transparency are critical for the effective and credible functioning of a healthy democracy and in fulfilling the government’s responsibilities to the public. These concepts, while different, are closely associated and frequently used together. To help differentiate them for purposes of our review, we considered public sector:

- governance to be the process of providing leadership and direction to entities to help them carry out their organizational mission and operating objectives;
- accountability to be the processes, mechanisms, and other various means by which entity management carries out its programs and operations and demonstrates its stewardship over and responsibility for resources and performance; and
- transparency to be the means by which information needed to understand, monitor, and oversee entity operations, activities, and

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<sup>12</sup> Congress uses and defines various terms for the purpose of prescribing the applicability of a given law or set of laws to certain types of federally created entities. For example, as noted by the U.S. Court of Appeals for the District of Columbia Circuit, the Smithsonian Institution, created by law as “an establishment,” meets the definition of “federal agency” for one statute, “instrumentality wholly owned by the United States” under another statute, but does not meet the definition of “agency” under a third statute. *Dong v. Smithsonian Inst.*, 125 F.3d 877 (D.C. Cir. 1997), *cert. denied*, 524 U.S. 922 (1998).

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performance is made available and accessible to management, those charged with oversight, and the public.

While having different meanings, these concepts are interdependent and mutually supportive in that effective governance strengthens and enhances accountability and transparency, and transparency serves to highlight entitywide accountability and supports effective governance and oversight. Effective governance, accountability, and transparency are key to successfully implementing public sector policies and programs and supporting public entities' objectives in such areas as: establishing and maintaining effective programs and operations; complying with laws and regulations; acting responsibly and demonstrating performance in achieving goals; and fostering openness in working with Congress and the public. In establishing federally created entities and specifying their governance, accountability, and transparency requirements, Congress has weighed a variety of economic, political, and policy considerations related to the need for, among other things, political independence and accountability, economy, efficiency, effectiveness, and specific entity missions.<sup>13</sup>

From fiscal years 2005 through 2008, the U.S. government provided funding to more than half of federally created entities through annual or permanent appropriations and other forms of budget authority. Budget authority represents the authority to enter into financial obligations that will result in immediate or future outlays involving federal government funds, and an appropriation is the authority to incur obligations and to make payments from the U.S. Treasury for specified purposes.<sup>14</sup> The U.S. Constitution provides: "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."<sup>15</sup> Budget authority also includes the authority to borrow and spend funds (borrowing authority),

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<sup>13</sup> See Marshall J. Breger and Gary J. Edles, *Established by Practice: The Theory and Operation of Independent Federal Agencies*, 52 Admin. L. Rev. 1111 (Fall 2000). Congress also considers the entities' legal characteristics, such as their status as governmental or nongovernmental. See Library of Congress, Congressional Research Service, *The Quasi Government: Hybrid Organizations with Both Government and Private Sector Legal Characteristics*, No. RL30533 (Feb. 17, 2009).

<sup>14</sup> Certain types of appropriations are not considered to provide budget authority, such as an appropriation to liquidate obligations incurred against contract authority, because they do not provide authority to incur obligations. See GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#), at 21 (Washington, D.C.: September 2005).

<sup>15</sup> U.S. Const., Art. I, § 9, cl. 7.

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enter into contracts in advance of an appropriation (contract authority), and obligate and expend the proceeds of offsetting receipts and collections (offsetting collections). The budgetary accounts in OMB's MAX budget database track gross budget authority provided to individual federally created entities. For purposes of this report, we characterize this gross budget authority as appropriated funds. OMB's MAX budget database does not identify other sources of funding that federally created entities may receive, including revenues from many business operations that are deposited in accounts outside of the U.S. Treasury and federal funding from other federally created entities under contracts, grants, or similar arrangements.

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## The Types and Number of Federally Created Entities Are Varied and Large

The 219 federally created entities we identified vary in their organizational structure, legal status, and purpose, reflecting the broad range of missions and responsibilities they carry out. We grouped these entities into the following seven different types:<sup>16</sup>

- executive departments,
- other executive branch entities,
- government corporations,
- nonappropriated fund instrumentalities,
- government-sponsored enterprises,
- federally funded research and development centers, and
- other federally established organizations.

Table 1 provides an overview of key attributes related to ownership and control and to the missions and operations generally applicable to the seven different types of federally created entities. The federal government's ownership of federally created entities ranges from complete for executive departments to none for other federally established organizations. Further, the amount of control the federal government exercises over federally created entities ranges from complete control of executive departments through extensive administrative requirements and the leadership of officers appointed by the President with the U.S. Senate's advice and consent to shared control with the private sector through the terms of federal charters of nonprofit corporations and the appointment of their leadership.

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<sup>16</sup> See app. I.

**Table 1: Overview of Entity Types**

Entity types (and number within each)	Key attributes		List of entities
	Ownership and control	Mission and operations	
Executive departments (15)	U.S. government	Broad areas of responsibility, often carried out by multiple component organizations	See table 2
Other executive branch entities (88)	U.S. government	Generally involve a specific program or regulatory area	See table 3
Government corporations (23): Wholly owned and Non-GCCA (18)	U.S. government	Generally provide specified goods or services via business-type operations	See tables 4 and 6
Mixed-ownership (5)	Mixed ownership and shared control—Private and U.S. government	Generally provide specialized financial services via business-type operations	See table 5
Nonappropriated fund instrumentalities (1) (actual number unknown)	U.S. government	Generally provide specific services to U.S. government personnel and their dependents via business-type operations	No listing
Government-sponsored enterprises (3)	Privately owned and shared control—Private and U.S. Government	Provide primary credit markets with funding via securities-related activities run by private for-profit companies	See table 7
Federally funded research and development centers (FFRDCs) (39)	Privately owned and administered, but managing executive agency exercises considerable control	Long-term research and development activities run by private companies or educational institutions under contract with managing executive agency	See table 8
Other federally established organizations (50)	Privately owned and shared control—private and U.S. government	Generally provide specific services to targeted groups via educational, charitable, or business-type operations	See table 9

Source: GAO analysis

## Executive Departments

The current 15 executive departments<sup>17</sup> (see listing in table 2) are headed by 14 secretaries and the Attorney General of the United States (Department of Justice) who are appointed by the President with the U.S. Senate’s advice and consent. The departments, which are wholly controlled by the federal government, generally have broad areas of responsibility and house multiple component organizations to carry out specific programs and functions. Congress establishes departments by statute and, by tradition, the department heads (along with certain other

<sup>17</sup> 5 U.S.C. § 101.

officials granted Cabinet-level status) comprise the President’s Cabinet.<sup>18</sup> As such, the department heads are considered by many to be the most directly politically accountable to the President. Also, the department heads, by statute, are included in the line of succession for the presidency.<sup>19</sup> Over the years, departments’ names have changed through statutory enactment. For example, a 1789 statute renamed the Department of Foreign Affairs as the Department of State, and a 1979 statute split the Department of Health, Education, and Welfare into two separate departments (the Department of Health and Human Services and the Department of Education).<sup>20</sup> Many agencies are housed in executive departments. For example, the Department of the Treasury houses the Bureau of Engraving and Printing and the Internal Revenue Service, among others.

**Table 2: Executive Departments**

1. Department of Agriculture	6. Department of Health and Human Services	11. Department of Labor
2. Department of Commerce	7. Department of Homeland Security	12. Department of State
3. Department of Defense	8. Department of Housing and Urban Development	13. Department of Transportation
4. Department of Education	9. Department of the Interior	14. Department of the Treasury
5. Department of Energy	10. Department of Justice	15. Department of Veterans Affairs

Source: 5 U.S.C. § 101 and GAO analysis, as of September 2009.

## Other Executive Branch Entities

Entities that we refer to as other executive branch entities are those organizations that we place in the executive branch of the U.S. government under general constitutional and legal principles that are wholly controlled by the federal government and are not executive departments or government corporations (as we define those terms in this report), or sub-units of a larger executive branch entity. These entities are often identified in statute as, among others, agencies, establishments, commissions, administrations, services, boards, or foundations.

<sup>18</sup> See, for example, the current Cabinet and Cabinet-level members at <http://www.whitehouse.gov/administration/cabinet/> (last visited Oct. 23, 2009).

<sup>19</sup> See 3 U.S.C. § 19.

<sup>20</sup> Act of Sept. 15, 1789, 1 Stat. 68 (1 Cong. Ch. 14) (Sept. 15, 1789); Department of Education Organization Act, Pub. L. No. 96-88, 93 Stat. 668 (Oct. 17, 1979).

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The heads of these entities may be a single person or a multimember body, many of which Congress intended to be relatively free of political influence and some of which have unique characteristics. For example, the Board of Governors of the Federal Reserve System comprises seven members appointed by the President with the advice and consent of the U.S. Senate and heads the central bank of the United States, which Congress designed to be independent of executive control in setting monetary policy and overseeing the financial system. In contrast to this political independence, the Executive Office of the President is an executive branch entity that operates under the direct control of the President. The Executive Office of the President was created administratively by the President to assist in carrying out the President's constitutional and legal duties.<sup>21</sup> The Executive Office contains many component entities, some of which were created by statute to establish policy for the executive branch, and others that were created administratively to provide personal advice, counsel, and assistance to the President.

We identified 88 other executive branch entities as shown in table 3.<sup>22</sup> These other executive branch entities vary widely in their missions, size, funding, and organizational structure. In general, they serve a narrower purpose relative to the executive departments, such as regulating an industry or implementing a specific program. For example, the Social Security Administration's duties include administering Social Security, a social insurance program providing retirement, survivors, and disability benefits. It is a large organization which, for fiscal year 2008, was authorized staffing of more than 60,000 personnel. In contrast, the Vietnam Educational Foundation was established to create an international fellowship program to help Vietnamese undertake advanced studies to build excellence in science, mathematics, and technology, and by so doing, improve the bilateral relationship between the United States and Vietnam. The foundation has four federal and eight contract employees.

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<sup>21</sup> Executive Order No. 8248 (Sept. 8, 1939), *Establishing the Divisions of the Executive Office of the President and Defining their Functions and Duties*.

<sup>22</sup> Three of the other executive branch entities were established during fiscal year 2009, so they did not receive any appropriated funds during the fiscal years (2005-2008) we reviewed for this report. These entities are the Southeast Crescent Regional Commission, the Southwest Border Regional Commission, and the Northern Border Regional Commission.

**Table 3: Other Executive Branch Entities**

1	Advisory Council on Historic Preservation	45	National Archives and Records Administration
2	American Battle Monuments Commission	46	National Capital Planning Commission
3	Appalachian Regional Commission	47	National Council on Disability
4	Architectural and Transportation Barriers Compliance Board	48	National Credit Union Administration
5	Armed Forces Retirement Home	49	National Foundation on the Arts and the Humanities
6	Barry Goldwater Scholarship and Excellence in Education Foundation	50	National Labor Relations Board
7	Board of Governors of the Federal Reserve System	51	National Mediation Board
8	Broadcasting Board of Governors	52	National Science Foundation
9	Central Intelligence Agency	53	National Transportation Safety Board
10	Chemical Safety and Hazard Investigation Board	54	Northern Border Regional Commission
11	Christopher Columbus Fellowship Foundation	55	Northern Great Plains Regional Authority
12	Commission for the Preservation of America's Heritage Abroad	56	Nuclear Regulatory Commission
13	Commission of Fine Arts	57	Nuclear Waste Technical Review Board
14	Commission on Security and Cooperation in Europe, <i>a.k.a.</i> The Helsinki Commission	58	Occupational Safety and Health Review Commission
15	Committee for Purchase From People Who Are Blind or Severely Disabled	59	Office of Government Ethics
16	Commodity Futures Trading Commission	60	Office of Navajo and Hopi Indian Relocation
17	Consumer Product Safety Commission	61	Office of Personnel Management
18	Court Services and Offender Supervision Agency for the District of Columbia	62	Office of Special Counsel
19	Defense Nuclear Facilities Safety Board	63	Office of the Director of National Intelligence
20	Delta Regional Authority	64	Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects
21	Denali Commission	65	Peace Corps
22	District of Columbia Public Defender Service	66	Postal Regulatory Commission
23	Election Assistance Commission	67	Privacy and Civil Liberty Oversight Board
24	Environmental Protection Agency	68	Railroad Retirement Board
25	Equal Employment Opportunity Commission	69	Securities and Exchange Commission
26	Executive Office of the President	70	Selective Service System
27	Farm Credit Administration	71	Small Business Administration
28	Federal Communications Commission	72	Social Security Administration
29	Federal Election Commission	73	Southeast Crescent Regional Commission
30	Federal Housing Finance Agency	74	Southwest Border Regional Commission
31	Federal Labor Relations Authority	75	U.S. Agency for International Development
32	Federal Maritime Commission	76	U.S. Arctic Research Commission



33	Federal Mediation and Conciliation Service	77	United States Commission on Civil Rights
34	Federal Mine Safety and Health Review Commission	78	United States Court of Appeals for the Armed Forces
35	Federal Retirement Thrift Investment Board	79	United States Court of Appeals for Veterans Claims
36	Federal Trade Commission	80	United States Holocaust Memorial Museum
37	General Services Administration	81	United States Interagency Council on Homelessness
38	Harry S. Truman Scholarship Foundation	82	United States International Trade Commission
39	James Madison Memorial Fellowship Foundation	83	United States Postal Service
40	Japan-United States Friendship Commission	84	United States Tax Court
41	Marine Mammal Commission	85	United States Trade and Development Agency
42	Merit Systems Protection Board	86	Utah Reclamation Mitigation and Conservation Commission
43	Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	87	Vietnam Education Foundation
44	National Aeronautics and Space Administration	88	White House Commission on the National Moment of Remembrance

Source: GAO analysis, as of September 2009.

## Government Corporations

A government corporation is an entity established by the U.S. government in a corporate form by a federal charter for a public purpose. We identified 23 government corporations, each owned in whole or in part by the U.S. government.<sup>23</sup> All entities listed in chapter 91 of Title 31 of the U.S. Code, commonly referred to as the Government Corporation Control Act (GCCA), are defined as government corporations, including 14 wholly owned government corporations and 5 mixed-ownership government corporations, as shown in tables 4 and 5, respectively.<sup>24</sup> In addition to corporations listed in GCCA, we have identified 4 other federally created entities that are subject to the GCCA provisions applicable to wholly

<sup>23</sup> The U.S. Supreme Court opinion in *Lebron v. Nat'l R.R. Passenger Corp.*, 513 U.S. 374 (1995), briefly describes the historical evolution of government corporations. The U.S. Supreme Court opinion in the case of *Luxton v. North River Bridge Co.*, 153 U.S. 525 (1894), describes their use up to 1894. For a more detailed history, see the section on government use of corporate entities (chapter 15.B.) of GAO, 3 *Principles of Federal Appropriations Law*, 3<sup>rd</sup> ed., [GAO-08-978SP](#), at 15-61 through 15-226 (Washington, D.C.: September 2008).

<sup>24</sup> Some of the government corporations listed in GCCA have been terminated, and we omit them from this report.

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owned government corporations;<sup>25</sup> therefore, we categorized these four as “non-GCCA” government corporations, which are shown in table 6.

In contrast to executive departments and other executive branch entities, a corporate form of organization as described by President Harris S. Truman, is generally appropriate<sup>26</sup> for administering governmental programs that:

- are predominantly of a business nature,
- produce revenue and are potentially self-sustaining,
- involve a large number of business-type transactions with the public, and
- require greater flexibility than the appropriations process ordinarily permits.

While public administration experts have since referred to these general characteristics,<sup>27</sup> Congress is not bound by them. For example, Congress established the Millennium Challenge Corporation in 2004 to provide U.S. assistance through annual appropriations for global development in a manner consistent with economic growth, poverty reduction, and good governance.<sup>28</sup> Government corporations are generally not as dependent upon annual appropriations as executive departments and other executive branch entities to fund operations, and in recognition of their corporate structure, Congress gives them much greater operational flexibility. Government corporations also differ from private nonprofit corporations

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<sup>25</sup> See, for example, the statute establishing the African Development Foundation as a non-GCCA corporation: “There is established a body corporate to be known as the ‘African Development Foundation,’” which “shall be subject to the provisions of chapter 91 of title 31 applicable to wholly owned Government Corporations.” 22 U.S.C. §§ 290h-1, 290h-6. Similarly, see the statute establishing the Presidio Trust as a non-GCCA corporation: “There is established a wholly owned government corporation to be known as the Presidio Trust,” which “shall be treated as a wholly owned government corporation subject to chapter 91 of title 31, United States Code.” Omnibus Parks and Public Lands Management Act of 1996, Pub. L. No. 104-333, div. I, tit. I, § 103, 10 Stat. 4093, 4098-4101 (Nov. 12, 1996) (*reprinted in* 16 U.S.C. § 460bb note).

<sup>26</sup> See GAO, *Government Corporations: Profiles of Existing Government Corporations*, GAO/GGD-96-14, at 3 (Washington, D.C.: Dec. 13, 1995). In this prior report, we noted variations in accepted definitions of a government corporation. These differ from the definition we applied. See app. I.

<sup>27</sup> See GAO/GGD-96-14, at 3.

<sup>28</sup> Millennium Challenge Act of 2003, Pub. L. No. 108-199, div. D, tit. VI, § 602, 118 Stat. 3, 211 (Jan. 23, 2004) (*codified at* 22 U.S.C. § 7701).

in that the U.S. government owns all (wholly owned and non-GCCA) or some of the (mixed-ownership) government corporations; government corporations' federal chartering statutes control operations of the corporation rather than a general state incorporation statute for private nonprofit corporations; the boards of directors of government corporations are appointed by the President, another executive branch officer, or the member institutions rather than appointment by management or shareholders; and, when compared to private nonprofit corporations, the U.S. government has a more significant oversight role over government corporations under GCCA and other statutes and through implementing regulations and guidance.

**Table 4: Wholly Owned GCCA Corporations**

1. Commodity Credit Corporation	8. International Clean Energy Foundation
2. Community Development Financial Institutions Fund	9. Millennium Challenge Corporation
3. Corporation for National and Community Service	10. Overseas Private Investment Corporation
4. Export-Import Bank of the United States	11. Pension Benefit Guaranty Corporation
5. Federal Crop Insurance Corporation	12. Saint Lawrence Seaway Development Corporation
6. Federal Prison Industries, Incorporated	13. Federal Housing Administration Fund <sup>a</sup>
7. Government National Mortgage Association	14. Tennessee Valley Authority

Source: 31 U.S.C. § 9101 and note and GAO analysis, as of September 2009.

<sup>a</sup>This is a wholly owned government corporation headed by the Federal Housing Administrator who also serves as Assistant Secretary for Housing in the Department of Housing and Urban Development.

**Table 5: Mixed-Ownership GCCA Corporations**

1. Federal Deposit Insurance Corporation	4. National Credit Union Administration Central Liquidity Facility
2. Federal Home Loan Banks (12) <sup>a</sup>	5. Resolution Funding Corporation
3. Financing Corporation	

Source: 31 U.S.C. § 9101 and note and GAO analysis, as of September 2009.

<sup>a</sup>There are 12 federal Home Loan Banks in the Federal Home Loan Bank system.

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**Table 6: Non-GCCA Government Corporations**

- |                                   |
|-----------------------------------|
| 1. African Development Foundation |
| 2. Inter-American Foundation      |
| 3. Presidio Trust                 |
| 4. Valles Caldera Trust           |

Source: GAO analysis, as of September 2009.

Note: The Federal Financing Bank was established by statute as a corporation, Pub. L. No. 93-224, but because it operates under the direction and control of the Secretary of the Treasury, we considered it to be part of the Department of the Treasury for purposes of this report.

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## Nonappropriated Fund Instrumentalities

There exist a large but unknown number of nonappropriated fund instrumentalities of the U.S. government (NAFIs). In general, NAFIs are entities that can be established under authority or sanction of an existing federally created entity (generally including executive departments and other executive branch entities). For example, the Department of Defense operates military post exchanges to benefit military personnel and their dependents by selling commercial goods and services to them.<sup>29</sup> The actual number of NAFIs is not known because federally created entities generally are not required to report publicly on their NAFIs, there is no official or commonly understood definition of a NAFI, and no source exists to identify each NAFI that may exist.<sup>30</sup> For purposes of this report, we recognize NAFIs as a single entity. While they may be established with or without an initial advance of federal funds, NAFIs are operated without receiving direct appropriations and are generally financed by the proceeds

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<sup>29</sup> See Department of Defense Instruction 1330.21, *Armed Services Exchange Regulations*, July 14, 2005, and Department of Defense Instruction 1015.15, *Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources*, rev. March 20, 2008.

<sup>30</sup> An extensive history of the evolution and use of NAFIs is provided in GAO, *Principles of Federal Appropriations Law*, 3<sup>rd</sup> ed., [GAO-08-978SP](#), at pages 15-226 through 15-276 (Washington, D.C.: September 2008). As noted in that history, GAO conducted a survey in 1977 and reported on dozens of NAFIs identified across the executive branch; however, the report noted the lack of a precise definitional distinction between a NAFI and a private organization operating at a federally created entity. See GAO, *Magnitude of Nonappropriated Fund and Related Activities In The Executive Branch*, FPCD-77-28 (Washington, D.C.: Apr. 25, 1977). The number and nature of NAFIs have changed since then. For example, the 1977 report listed 10 NAFIs operating at the U.S. Merchant Marine Academy. We reported this year that the Academy had 14 NAFIs. GAO, *United States Merchant Marine Academy: Internal Control Weaknesses Resulted in Improper Sources and Uses of Funds; Some Corrective Actions Are Under Way*, [GAO-09-635](#) (Washington, D.C.: Aug. 10, 2009).

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from their organization's operations. NAFIs are often established to further performance of governmental functions (e.g., operate an activity for the benefit of U.S. government personnel or their dependents, such as military morale, welfare, and recreation NAFIs that operate gyms, lodging facilities, and other services for military personnel and their dependents). Other examples of NAFIs include the Graduate School, U.S. Department of Agriculture; Marine Corps Exchanges; Navy Resale and Services Support Office; and the U.S. Merchant Marine Academy Ships Service Store. Generally, while funded primarily with self-generated operational revenues, the assets of NAFIs are considered to be U.S. government property for most purposes. Also, NAFIs are under the complete control of the federally created entity that established them, and usually are operated by U.S. government personnel.

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## Government-Sponsored Enterprises

We identified three government-sponsored enterprises (GSEs), which are federally chartered but established to be privately owned and operated financial institutions that are authorized to make loans or loan guarantees for limited purposes. Congress created these quasi-public entities for specific public policy purposes, such as facilitating the flow of investment funds to specific economic sectors by acting as financial intermediaries with access to national capital markets.<sup>31</sup> Generally, GSEs provide capital market liquidity through intermediaries rather than lending money directly to members of the public. To perform this role, they do such things as issue capital stock and short- and long-term debt instruments, guarantee mortgage-backed securities, purchase loans and hold them in their own portfolios, fund designated activities, and collect fees for guarantees and other services. GSEs generally have a nationwide scope, and they benefit from the market perception of an implied federal guarantee. Further, they are regulated by specialized federally created entities (the Federal Housing Finance Agency and the Farm Credit Administration), in addition to other federally created entities that regulate corporations generally and state regulatory agencies.

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<sup>31</sup> See, for example, GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#), at 59 (Washington, D.C.: September 2005); Congressional Research Service, *Government-Sponsored Enterprises (GSEs): An Institutional Overview*, RS21663 (Sept. 29, 2009); GAO, *Financial Services Institutions: Information for Assessing the Government's Potential Financial Exposure*, [GAO/GGD-98-125](#), at 3 (Washington, D.C.: June 15, 1998).

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While there is no broad-based statutory definition of GSEs, the Congressional Budget Act of 1974, as amended,<sup>32</sup> provides a definition for purposes of the federal budget that is commonly used. Applying this definition, OMB has identified five GSEs, including the three that we identified.<sup>33</sup> We excluded two GSEs from our list, the Farm Credit System and the Federal Home Loan Bank System, because they are not distinct separate organizations and they are composed of multiple component federally created entities, each of which is listed in our report under other types.

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**Table 7: Government-Sponsored Enterprises**

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1. Fannie Mae (formerly known as the Federal National Mortgage Association)

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  2. Federal Home Loan Mortgage Corporation (Freddie Mac)

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  3. Federal Agricultural Mortgage Corporation (Farmer Mac)

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Source: GAO analysis, as of September 2009.

While GSEs were chartered as privately owned and the federal government explicitly does not guarantee their debt obligations, investors and other interested parties have widely assumed that if GSEs faced a financial emergency they would receive some form of federal support. In September 2008, federal support was, in fact, provided to Fannie Mae and Freddie Mac. Out of concern that their deteriorating financial condition would threaten the stability of financial markets, the Federal Housing Finance Agency, an executive branch entity, placed Fannie Mae and Freddie Mac into conservatorship, and the Department of the Treasury, an executive department, agreed to use its appropriated funds to provide financial support by committing to purchase preferred stock in each GSE to maintain their positive net worth.<sup>34</sup> As of June 2009, Treasury has committed to purchase up to \$200 billion in preferred stock in each GSE and has provided \$85 billion under those commitments. In addition, the Department of the Treasury and the Board of Governors of the Federal

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<sup>32</sup> 2 U.S.C. § 622(8).

<sup>33</sup> See, for example, GAO, *Government-Sponsored Enterprises: A Framework for Strengthening GSE Governance and Oversight*, [GAO-04-269T](#) (Washington, D.C.: Feb. 10, 2004).

<sup>34</sup> See GAO, *Fannie Mae and Freddie Mac: Analysis of Options for Revising the Housing Enterprises' Long-term Structures*, [GAO-09-782](#), at 1, 9 (Washington, D.C.: Sept. 10, 2009). The Department of the Treasury also acquired warrants (options) to purchase up to 79.9 percent of the common stock of Fannie Mae and Freddie Mac.

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Reserve System have also agreed to purchase the various GSE-related debts and securities to support housing finance, housing markets, and, more generally, the financial markets.<sup>35</sup>

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## Federally Funded Research and Development Centers

A federally funded research and development center (FFRDC) is one of 39<sup>36</sup> private entities that executive departments and other executive branch entities (managing executive agencies) have established to meet long-term federal research needs.<sup>37</sup> In an FFRDC, such as the Los Alamos National Laboratory, federal contractors perform specific duties as provided for in their contracts, and have closer than usual relationships with their managing executive agencies. The Department of Defense and the Department of Energy serve as managing executive agencies for most FFRDCs (10 and 16, respectively). While FFRDCs generally are operated by their private entity administrators under pertinent state laws, the federal government contracts and related federal acquisition regulations applicable to FFRDCs provide for higher levels of oversight and control than otherwise would be the case for federal government contractors. The National Science Foundation maintains the Web site of the official list of FFRDCs,<sup>38</sup> which are enumerated in table 8 along with their managing executive agencies and private entity administrators.

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<sup>35</sup> GAO-09-782.

<sup>36</sup> Two FFRDCs were established during fiscal year 2009, so they did not receive any appropriated funds during the fiscal years (2005-2008) we reviewed for this report. These entities are the Homeland Security Systems Engineering and Development Institute and the Homeland Security Studies and Analysis Institute.

<sup>37</sup> See 48 C.F.R. § 35.017; 71 Comp. Gen. 155 (1992); see also Congressional Research Service, *The Quasi Government: Hybrid Organizations with Both Government and Private Sector Legal Characteristics*, RL30533, at 10-12 (Feb. 17, 2009).

<sup>38</sup> See <http://www.nsf.gov/statistics/ffrdc/> (last visited Oct. 23, 2009). Pursuant to federal policy, the National Science Foundation maintains the federal government's master list of FFRDCs. 48 C.F.R. § 35.017-6.

**Table 8: Federally Funded Research and Development Centers**

	<b>Federally funded research and development center</b>	<b>Managing executive agency</b>	<b>Private entity administrator</b>
1	C3I Federally Funded Research & Development Center	Defense, Office of the Secretary of Defense	MITRE Corp.
2	Institute for Defense Analyses Studies Federally Funded Research and Development Center	Defense, Office of the Secretary of Defense	Institute for Defense Analyses
3	National Defense Research Institute	Defense, Office of the Secretary of Defense	RAND Corp.
4	Aerospace Federally Funded Research and Development Center	Defense, Air Force	Aerospace Corp.
5	Lincoln Laboratory	Defense, Air Force	Massachusetts Institute of Technology
6	Project Air Force	Defense, Air Force	RAND Corp.
7	Arroyo Center	Defense, Army	RAND Corp.
8	Software Engineering Institute	Defense, Army	Carnegie Mellon University
9	Center for Naval Analyses	Defense, Navy	CNA Corp.
10	Institute for Defense Analyses Communications and Computing Federally Funded Research and Development Center	Defense, NSA	Institute for Defense Analyses
11	Ames Laboratory	Energy	Iowa State University of Science and Technology
12	Argonne National Laboratory	Energy	University of Chicago
13	Brookhaven National Laboratory	Energy	Brookhaven Science Associates, Inc.
14	Ernest Orlando Lawrence Berkeley National Laboratory	Energy	University of California
15	Fermi National Accelerator Laboratory	Energy	Universities Research Association, Inc.
16	Idaho National Engineering and Environmental Laboratory	Energy	Bechtel BWXT Idaho, LLC
17	Lawrence Livermore National Laboratory	Energy	University of California
18	Los Alamos National Laboratory	Energy	University of California
19	National Renewable Energy Laboratory	Energy	Midwest Research Institute; Battelle Memorial Institute; Bechtel National, Inc.
20	Oak Ridge National Laboratory	Energy	UT-Battelle, LLC
21	Pacific Northwest National Laboratory	Energy	Battelle Memorial Institute
22	Princeton Plasma Physics Laboratory	Energy	Princeton University
23	Sandia National Laboratories	Energy	Sandia Corp., a subsidiary of Lockheed Martin, Corp.
24	Savannah River Technology Center	Energy	Westinghouse Savannah River Co.
25	Stanford Linear Accelerator Center (SLAC National Accelerator Laboratory)	Energy	Stanford University



	<b>Federally funded research and development center</b>	<b>Managing executive agency</b>	<b>Private entity administrator</b>
26	Thomas Jefferson National Accelerator Facility (Southeastern Universities Research Association, Inc.)	Energy	Southeastern Universities Research Association, Inc.
27	National Cancer Institute at Frederick	Health and Human Services, NIH	Science Applications International Corp.; Charles River Laboratories, Inc.; Data Management Services, Inc.; Wilson Information Services, Inc.
28	Homeland Security Studies and Analysis Institute	Homeland Security	Analytic Services, Inc.
29	Homeland Security Systems Engineering and Development Institute	Homeland Security	MITRE Corp.
30	National Biodefense Analysis and Countermeasures Center	Homeland Security	Battelle National Biodefense Institute
31	Jet Propulsion Laboratory	National Aeronautics and Space Administration	California Institute of Technology
32	National Astronomy and Ionosphere Center	National Science Foundation	Cornell University
33	National Center for Atmospheric Research	National Science Foundation	University Corporation for Atmospheric Research
34	National Optical Astronomy Observatories	National Science Foundation	Association of Universities for Research in Astronomy, Inc.
35	National Radio Astronomy Observatory	National Science Foundation	Associated Universities, Inc.
36	Science and Technology Policy Institute	National Science Foundation	Institute for Defense Analyses
37	Center for Nuclear Waste Regulatory Analyses	Nuclear Regulatory Commission	Southwest Research Institute
38	Center for Advanced Aviation System Development	Transportation, FAA	MITRE Corp.
39	Internal Revenue Service (IRS) Federally Funded Research and Development Center	Treasury, IRS	Internal Revenue Service (IRS) Federally Funded Research and Development Center (MITRE Corp., Center for Enterprise Modernization)

Source: National Science Foundation.

## Other Federally Established Organizations

We identified 50 additional federally created entities that did not fit under any of the other six federally created entity types discussed in this report. They are private, nonprofit corporations, institutes, banks, funds, foundations, and other organizations chartered, in their original form, by federal statute or created by or at the direction of an existing federally created entity that we included in the first six types. These federally created entities generally are privately owned but are controlled by the federal government to a greater extent than other private for-profit or nonprofit organizations through the appointment of their leadership or additional regulation. The missions of these entities vary substantially, but individually they are narrowly defined. For some of these entities, we counted multiple entities as an individual entity, such as the Farm Credit

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Banks, of which there are 5. Eight of the 50—including the Help America Vote Foundation and the National Academy of Sciences—were established and chartered by Congress to serve patriotic, charitable, historical, or educational purposes under Title 36 of the U.S. Code.<sup>39</sup> Congress has also chartered several other private, nonprofit corporations—including the Corporation for Public Broadcasting and the Legal Services Corporation—to carry out federal purposes that do not fall under Title 36 of the U.S. Code. In addition, Congress established other organizations, including the U.S. State Justice Institute and the Telecommunications Development Fund. Finally, we identified several other entities that were created by officials of existing federally created entities, including the National Exchange Carriers Association (by the Federal Communications Commission) and the Veterans Affairs Nonprofit Research and Education Corporations (by the Department of Veterans Affairs). Among such entities, we identified three venture capital funds established by federally created entities as nonprofit corporations in conjunction with members of the venture capital community for the purpose of fostering technological innovation that the federally created entities could later use under contracts or other instruments to further their missions. These include: OnPoint Technologies, created by the Department of Defense; Red Planet Capital, created by the National Aeronautics and Space Administration; and In-Q-Tel, created by the Central Intelligence Agency. While we identified a total of 50 other federally established organizations, there is no single source of information that identifies all such entities. Accordingly, we may not have identified all that exist.

Table 9 lists the other federally established organizations.

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<sup>39</sup> See 36 U.S.C. chapters 407, 1526, 1503, 1513, 1519, 1524, 2203, 2205. The entities are the (1) Corporation for the Promotion of Rifle Practice and Firearms Safety, (2) Help America Vote Foundation, (3) National Academy of Sciences, (4) National Fallen Firefighters Foundation, (5) National Fund for Medical Education, (6) National Recording Preservation Foundation, (7) United States Capitol Historical Society, and (8) United States Olympic Committee. Many other corporations received a congressional charter under Title 36, including the Boy Scouts of America and the Vietnam Veterans of America, Inc., after they were incorporated under state law by private parties. Because these entities were established prior to receiving their congressional charter, we did not consider them to be federally created entities.

**Table 9: Other Federally Established Organizations**

1	Agricultural Commodity Organizations (e.g., U.S. Popcorn Board) (18) <sup>a</sup>	26	National Exchange Carriers Association
2	Agricultural Credit Bank	27	National Fallen Firefighters Foundation
3	Alaska Native Corporations (195) <sup>b</sup>	28	National Fish and Wildlife Foundation
4	American National Red Cross	29	National Forest Foundation
5	American Registry of Pathology	30	National Foundation for the Centers for Disease Control and Prevention (a.k.a. CDC Foundation)
6	Amtrak	31	National Fund for Excellence in American Indian Education
7	Congressional Award Board	32	National Fund for Medical Education
8	Corporation for Public Broadcasting	33	National Park Foundation
9	Corporation for the Promotion of Rifle Practice and Firearms Safety	34	National Recording Preservation Foundation
10	Farm Credit Banks (5)	35	National Technical Institute for the Deaf
11	Farm Credit System Insurance Corporation	36	National Veterans Business Development Corporation
12	Federal Farm Banks Funding Corporation	37	Neighborhood Reinvestment Corporation
13	Federal Reserve Banks (12)	38	OnPoint Technologies
14	Foundation for the National Institutes of Health	39	Public Company Accounting Oversight Board
15	Gallaudet University	40	Reagan-Udall Foundation for the Food and Drug Administration
16	Help America Vote Foundation	41	Red Planet Capital
17	Henry M. Jackson Foundation for the Advancement of Military Medicine	42	Securities Investor Protection Corporation
18	Howard University	43	Smithsonian Institution
19	In-Q-Tel	44	State Justice Institute
20	Institute of American Indian and Alaska Native Culture and Arts	45	Telecommunications Development Fund
21	International Center for Middle Eastern-Western Dialogue	46	United States Capitol Historical Society
22	Legal Services Corporation	47	United States Enrichment Corporation
23	Military Relief Associations (e.g., Army Emergency Relief) <sup>c</sup>	48	United States Institute of Peace
24	National Academy of Sciences	49	United States Olympic Committee
25	National Consumer Cooperative Bank (dba NCB)	50	Veterans Affairs Nonprofit Research and Education Corporations (86) <sup>d</sup>

Source: GAO analysis, as of September 2009.

<sup>a</sup>According to the Web site of the U.S. Department of Agriculture's Agricultural Marketing Service, there are at least 18 research and promotion programs with boards or councils established by departmental order. See [www.ams.usda.gov](http://www.ams.usda.gov) (last visited Oct. 23, 2009). For background on the operation of these programs, see, for example, GAO, *Agricultural Marketing: Federally Authorized Commodity Research and Promotion Programs*, [GAO/RCED-94-63](#) (Washington, D.C.: Dec. 29, 1993).

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## Key Governance, Accountability, and Transparency Requirements Are Not Universally Applicable to Federally Created Entities

<sup>b</sup>The Alaska Native Claims Settlement Act, codified, as amended, in part at 43 U.S.C. §§ 1606 and 1607, required the incorporation of: 12 regional Alaska Native Corporations, each representing a region of Alaska; a 13th regional corporation for Alaska Natives living outside Alaska; and, within each region, village corporations for the Native Village's residents. In April 2006, we reported that there were also 182 village, urban, and group corporations located within the 12 regions. GAO, *Contract Management: Increased Use of Alaska Native Corporations' Special 8(a) Provisions Calls for Tailored Oversight*, GAO-06-399, at 9 (Washington, D.C.: Apr. 27, 2006).

<sup>c</sup>There are several military relief associations and affiliated military personnel support organizations. See <http://www.aerhq.org/links.asp> (last visited Oct. 23, 2009). However, because the articles of incorporation for each of these are not publicly available, we can conclude only that Army Emergency Relief was created directly by the U.S. Army.

<sup>d</sup>According to the online membership directory of the National Association of Veterans' Research and Education Foundations, it has 86 member corporations. See <http://www.navref.org/about/default.htm> (last visited Oct. 23, 2009). There may be corporations that are not members of this organization.

Congress has enacted a number of major statutes containing various requirements to enhance governance, accountability, and transparency in the federal government. As shown in table 10, we identified 12 specific requirements associated with key management reform statutes.<sup>40</sup> These 12 key requirements are aimed at enhancing federal governance, accountability, and transparency through the goals of improving the ability of entities to establish and maintain effective programs and operations; comply with laws and regulations; demonstrate responsibility and accountability for resources and performance; and provide management, Congress, and the public with useful information. In addition, these 12 requirements are similar to requirements or accepted practices designed to enhance governance, accountability, and transparency at publicly traded private corporations, nonprofit corporations, and state or local government organizations.

The 12 specific requirements are not universally applicable to all federally created entities. This is because, in part, Congress determined the entities that would be subject to the particular statutes and their related requirements by considering various attributes and objectives. In doing so, Congress considered the various types of federally created entities as well as their key distinguishing characteristics, including ownership, control, mission, political independence and accountability, and operations. While we focused on the 12 specific statutory requirements, it is important to recognize that other statutes may have imposed other

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<sup>40</sup> The 12 specific requirements are among a number of laws governing the administration of various types of federally created entities, generally originating out of the administration of the traditional executive departments. These laws are sometimes referred to as "general management laws" or "administrative laws." For one compilation of many such laws, see Congressional Research Service, *General Management Laws: A Compendium*, RL30795 (May 19, 2004).

requirements on certain federally created entities designed to strengthen governance, accountability, and transparency on federally created entities.

**Table 10: Specific Governance, Accountability, and Transparency-Related Requirements and Statutes**

<b>Key requirements</b>	<b>Related statutes, as amended</b>
<b>Budget Preparation, Review, and Approval</b> —Preparation, review, and, where applicable, approval of entity budgets by President and Congress	Budget and Accounting Act of 1921 Congressional Budget and Impoundment Control Act of 1974 Government Corporation Control Act
<b>Strategic and Performance Planning</b> —Develop entitywide strategic and performance plans, and report on progress in achieving strategic goals and performance objectives.	Government Performance and Results Act of 1993
<b>Internal Audit</b> —The establishment of independent and objective functions to conduct and oversee audits and investigations; promote economy, efficiency, and effectiveness; detect and prevent fraud and abuse; and inform entity heads and Congress about problems and deficiencies.	Inspector General Act of 1978
<b>Budget Execution and Funds Control</b> —Funds are only to be used for the purposes for which they were appropriated; officers and employees may not obligate or expend amounts in excess of or in advance of appropriations or in excess of formal subdivisions of appropriations.	Purpose Statute Antideficiency Act
<b>Control of Improper Payments</b> —Entities must measure and disclose estimates of improper payments and related actions to minimize their occurrence.	Improper Payments Information Act of 2002
<b>Internal Control and Accounting Systems</b> —Entities must establish entitywide internal control systems in accordance with established standards and annually assess and report externally on whether internal control systems comply with applicable standards. In addition, entities must annually assess and externally report on whether accounting systems comply with applicable principles, standards, and related requirements.	Federal Managers' Financial Integrity Act of 1982 Government Corporation Control Act
<b>Preparing and Reporting of Audited Financial Statements</b> —Entities must prepare, independently audit, and externally report entitywide financial statements in accordance with applicable accounting principles and auditing standards.	Government Corporation Control Act Chief Financial Officers Act of 1990 Government Management Reform Act of 1994 Accountability of Tax Dollars Act of 2002
<b>Standards of Conduct</b> —Employees are prohibited from having conflicts of interest or from certain post-government employment activities; and certain senior employees are required to disclose publicly their outside income, investment, and activities and accept restrictions on post-government employment activities.	Ethics in Government Act of 1978 Ethics Reform Act of 1989
<b>Whistleblower Protection</b> —Establishes rights and remedies for employees who incur retaliation for protected disclosures of a violation of law, rule, gross waste of funds, abuse of authority, or a substantial and specific risk to public health or safety.	Whistleblower Protection Act of 1989
<b>Access to Public Records</b> —Federal entities must make their records available for public inspection, subject to specified exceptions.	Freedom of Information Act
<b>Availability of Federal Contract and Grant Information</b> —Data on federal awards (e.g., contracts and grants) must be made accessible to the public via a searchable Web site.	Federal Funding Accountability and Transparency Act of 2006

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**Key requirements****Related statutes, as amended**

**Access to Public Meetings**—Policy and decision-making meetings of government corporations and other executive branch entities headed by multi-person bodies (*e.g.*, boards and commissions) must be open to the public, subject to specific exceptions.

Government in the Sunshine Act

Source: GAO analysis.

The following paragraphs describe each of the 12 specific requirements shown in table 10.

**Budget Preparation, Review, and Approval.** Sound governance, accountability, and transparency for federally created entities include preparation, review, and approval of the entity’s plans for obtaining and using resources to carry out its mission and related operating goals and objectives. The Budget and Accounting Act of 1921, as amended;<sup>41</sup> the Congressional Budget and Impoundment Control Act of 1974, as amended;<sup>42</sup> and Chapter 91 of Title 31 of the U.S. Code (commonly referred to as the Government Corporation Control Act (GCCA))<sup>43</sup> provide the statutory requirements governing the development, review, and approval of the budget of the U.S. government and of individual federally created entities. For the federally created entities that use appropriated funds, the budget review and approval process involves executive branch review and congressional action on the entity’s request for appropriations. The President, through the Office of Management and Budget, plays an important role in this process by reviewing and, where applicable, approving budget requests from many federally created entities. This executive branch review is intended to help ensure that entity budget requests are consistent with the administration’s policies and priorities. Once incorporated into the President’s proposed *Budget of the United States Government*, the administration submits the funding requests to Congress for its review and preparation of a congressional budget resolution that guides Congress in its drafting of annual appropriations

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<sup>41</sup> This act, which requires the President to annually submit a proposed budget of the U.S. government to Congress and federal agencies to submit a proposed budget to the President, is codified, as amended, in part, at 31 U.S.C. §§ 1104-09.

<sup>42</sup> This act, which requires Congress to annually review the President’s budget proposal and adopt a concurrent resolution on the budget of the U.S. government, is codified, as amended, in part, at 2 U.S.C. §§ 631-32.

<sup>43</sup> GCCA requires wholly owned government corporations to submit a business-type budget to the President each year and the President to include such budgets in the proposed budget of the U.S. government. 31 U.S.C. § 9103. The act also requires Congress to take action on wholly owned government corporations’ budgets. 31 U.S.C. § 9104.

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and other bills that affect revenues and budget authority. Congressional review and action on the amounts and planned uses of appropriated funds provide additional leadership, direction, and oversight. Together the executive and legislative branch review and approval of federally created entities' budget requests serve as important governance and transparency requirements. The review of previous uses of appropriated funds during this process also serves as a mechanism to hold entity leadership accountable.

**Strategic and Performance Planning.** The establishment and disclosure of an entitywide strategic plan and annual performance goals, and annual reporting on progress in achieving those goals provide important information that enhances governance, accountability, and transparency of federally created entities. The Government Performance and Results Act of 1993 (GPRA)<sup>44</sup> required, among other things, most executive departments, government corporations, and “independent establishments”<sup>45</sup> to develop strategic plans with long-term goals and objectives, annual performance goals linked to achieving long-term goals, and annual reporting on the results achieved.<sup>46</sup> These GPRA requirements apply to all executive departments and government corporations and most of the 88 other executive branch entities (e.g., the Central Intelligence Agency is excluded). The requirement for strategic and performance plans was a response to increased demands for improved federal performance and accountability by helping to link the planned use of resources with results achieved by measuring progress against the plans and by enhancing the information available for use in management, decision making, and oversight. The requirements to involve stakeholders, along with annual reporting on the results achieved, are also aimed at helping to promote transparency in the federal government.

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<sup>44</sup> Pub. L. No. 103-62, §§ 3, 4, 7, 107 Stat. 285, 286-89, 292-94 (Aug. 3, 1993) (*codified, as amended, at 5 U.S.C. § 306; 31 U.S.C. §§ 1115-16; and, for the U.S. Post Office, 39 U.S.C. §§ 2802-04*).

<sup>45</sup> See 31 U.S.C. § 1115(g); 5 U.S.C. § 306(f); and for the U.S. Post Office, 39 U.S.C. §§ 2802-04.

<sup>46</sup> OMB has issued guidance on submitting required GPRA plans and reports in OMB Circular No. A-11, *Preparation, Submission and Execution of the Budget*, at Part 6, Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports (Aug. 7, 2009); and OMB Circular No. A-136, *Financial Reporting Requirements* (June 10, 2009).

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**Internal Audit.** An independent and objective internal audit and investigative function similar to that required by the Inspector General Act of 1978, as amended (IG Act), provides specified federally created entities with the authority to conduct and oversee audits and investigations; promotes economy, efficiency, and effectiveness; helps detect and prevent fraud and abuse; and informs agency heads and Congress about problems and deficiencies.<sup>47</sup> The oversight role of government auditors is important to help ensure that public functions are carried out efficiently, economically, effectively, ethically, and legally to limit exposure to fraud, waste, mismanagement, and abuse. An independent and objective internal audit and investigative function can also strengthen entitywide governance, accountability, and transparency.

**Budget Execution and Funds Control.** Sound governance and accountability of federally created entities include efforts to ensure that appropriated funds are used in accordance with requirements specified by Congress when providing funds. In accordance with the Purpose Statute<sup>48</sup> and the Antideficiency Act,<sup>49</sup> applicable federally created entities are responsible for ensuring that appropriations are used for the purposes intended by Congress and in the amounts and during the time periods provided by law. The Purpose Statute requires U.S. government officers and employees to use appropriated funds only for the purposes provided in law. The Antideficiency Act prohibits U.S. government officers and employees from obligating or expending funds in advance or in excess of appropriations or in excess of apportionments or other formal subdivisions of appropriations.

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<sup>47</sup> To carry out these functions, the IG Act provides for the establishment of offices of inspector general in certain “establishments” and “designated federal entities” that are defined by lists in the act. The act also requires all other “federal entities” to issue annual reports on any actions they may have voluntarily taken to implement such functions during the preceding year. Subject to certain exceptions, the IG Act defines the term “federal entity” as “any Government corporation (within the meaning of section 103(1) of title 5, United States Code), any Government controlled corporation (within the meaning of section 103(2) of such title), or any other entity in the Executive branch of the Government, or any independent regulatory agency” that is not an “establishment” or a “designated federal entity.” For purposes of our review, we did not consider the annual reporting requirement for “federal entities” to be an internal audit requirement.

<sup>48</sup> Codified, as amended, at 31 U.S.C. § 1301(a).

<sup>49</sup> Codified, as amended, at 31 U.S.C. §§ 1341, 1342, 1351, 1514, 1517.



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**Control of Improper Payments.** Proper safeguarding and accountability for public funds include helping to ensure that payments for goods or services are correct. In the public sector, wasteful spending associated with improper payments<sup>50</sup> results in such outcomes as fewer services received or a higher tax burden. As stewards of taxpayer dollars, federally created entities are not only accountable for federal funds, but are also responsible for determining whether there is a problem with their use, and if so, correcting it. In response to continuing concerns about improper payments of federal funds, Congress enacted the Improper Payments Information Act of 2002<sup>51</sup> (IPIA) to increase financial accountability and thereby reduce wasteful spending. IPIA requires “executive agencies,” which includes “departments, agencies, and instrumentalities in the executive branch,” to identify programs and activities susceptible to significant improper payments and estimate amounts improperly paid. For programs and activities with large amounts of estimated improper payments (greater than \$10 million annually), IPIA agencies are required to report to Congress on actions being taken to reduce them.

**Internal Control and Accounting Systems.** Establishing, monitoring, and publicly reporting on internal control and accounting systems serve to strengthen entity accountability and control and provide important information needed to monitor and oversee entities. As a major component of managing an organization, internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives and to support performance-based management. It also serves as a first line of defense in safeguarding assets and preventing and detecting errors and fraud. Section 3512(c), (d) of Title 31 of the U.S. Code (commonly referred to as the Federal Managers’ Financial Integrity Act of 1982 (FMFIA)) requires the heads of “executive agencies,” which include “departments, agencies, and instrumentalities in the executive branch” other than government corporations, to establish and maintain internal control and accounting systems that comply with applicable

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<sup>50</sup> Improper payments are payments that should not have been made or were made for incorrect amounts. They include errors, such as duplicate payments, payments for unsupported or inadequately supported claims, payments for services not rendered or to ineligible beneficiaries, and payments resulting from fraud or abuse.

<sup>51</sup> See S. Rep. No. 107-333 (Nov. 4, 2002); Pub. L. No. 107-300, 116 Stat. 2350 (Nov. 26, 2002) (reprinted in 31 U.S.C. § 3321 note); see also OMB, *Issuance of Appendix C to OMB Circular A-123: Requirements for Effective Measurement and Remediation of Improper Payments*, M-06-23 (Aug. 10, 2006).

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standards, annually evaluate their internal control and accounting systems, and report on whether their internal control and accounting systems comply with established standards and guidance.<sup>52</sup> These requirements also apply to government corporations under amendments to GCCA.<sup>53</sup> To meet these requirements, management is expected to implement appropriate practices to establish, monitor, and report on the entity's internal control and identify and address significant internal control weaknesses, including detailing plans and schedules for correcting them. Executive agency heads are also required to report separately on whether their accounting systems conform to applicable system-related principles, standards, and requirements. Collectively, these internal control and accounting systems requirements are aimed at strengthening accountability and transparency by generating reliable, useful, timely information for entity managers, decision makers, and those charged with governance.

**Preparing and Reporting of Audited Financial Statements.** To help advance the goals of strong financial management and accountability in the federal government, Congress has enacted various broad-based statutes—specifically GCCA,<sup>54</sup> the Chief Financial Officers Act of 1990 (CFO Act),<sup>55</sup> the Government Management Reform Act of 1994 (GMRA),<sup>56</sup> and the Accountability of Tax Dollars Act of 2002 (ATDA)<sup>57</sup>—to require certain federally created entities to prepare, independently audit, and publicly report entitywide financial statements.<sup>58</sup> To meet these

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<sup>52</sup> FMFIA charges GAO with issuing internal control standards and OMB with issuing guidance to agencies on their assessment of their internal controls. For the current standards and guidance, see, respectively GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999), and OMB Circular No. A-123, *Management's Responsibility for Internal Control* (Dec. 21, 2004).

<sup>53</sup> 31 U.S.C. § 9106.

<sup>54</sup> Codified, as amended, in part, at 31 U.S.C. §§ 9105-06.

<sup>55</sup> Pub. L. No. 101-576, 104 Stat. 2838 (Nov. 15, 1990) (*codified, as amended, in part, at 31 U.S.C. § 3515*).

<sup>56</sup> Pub. L. No. 103-356, 108 Stat. 3410 (Oct. 13, 1994) (*codified, as amended, in part, at 31 U.S.C. § 3515*).

<sup>57</sup> Pub. L. No. 107-289, 116 Stat. 2049 (Nov. 7, 2002) (*codified at 31 U.S.C. § 3515*).

<sup>58</sup> For a list of the entities OMB views as currently subject to financial reporting requirements under the GCCA, GRMA, CFO Act, or ATDA, see OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, appendixes A, C, D (Sept. 4, 2007, as revised by M-08-24, Aug. 25, 2008).

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requirements, affected federally created entities must adopt applicable accounting principles, develop a reliable financial reporting process, annually prepare and have audited entitywide financial statements, and publicly report their audited financial statements, including the independent audit report. Important goals and objectives of this requirement include strengthening entitywide accountability and transparency by providing timely and useful information to support management and promoting effective governance and oversight.

**Standards of Conduct.** To help prevent and detect employment-related conflicts of interest, Congress enacted the Ethics in Government Act of 1978 and Ethics Reform Act of 1989,<sup>59</sup> which together established financial disclosure requirements and restrictions on outside income and activities and post-government employment activities by certain employees and officers of the U.S. government. In response to these requirements, affected federally created entities have established programs related to employee ethics and standards of conduct and procedures and practices related to enforcing ethical standards and preparing and reviewing periodic employee disclosures related to financial matters, outside income, and other activities. The ethics-related programs, procedures, and practices established by affected federally created entities are intended to strengthen accountability and transparency by fostering ethical standards and conduct and reducing potential conflicts of interest. They also support related governance and oversight.

**Whistleblower Protection.** Helping to identify and address violations of statutes or regulations and evidence of gross mismanagement, waste, abuse, or danger to public health and safety serves to strengthen accountability and transparency related to entities' operations and activities. The Whistleblower Protection Act of 1989<sup>60</sup> protects most employees of executive departments and other executive branch entities, and to a limited extent, employees of government corporations, from adverse personnel actions taken in retaliation for a protected disclosure, by protected employees, of illegal or improper government activities. The act protects such employees by imposing an affirmative duty on entity

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<sup>59</sup> Pub. L. No. 95-521, 92 Stat. 1824 (Oct. 26, 1978) (*codified, as amended, in part at 5 U.S.C. App.*); Pub. L. No. 101-194, 103 Stat. 1716 (Nov. 30, 1989) (*codified, as amended, in part at 18 U.S.C. § 207*).

<sup>60</sup> Pub. L. No. 101-12, 103 Stat. 16 (Apr. 10, 1989) (*codified, as amended, in part at 5 U.S.C. § 2302*).

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heads to prevent such retaliation and extending rights and responsibilities to employees who are the subject of such retaliation. To meet these requirements, federally created entities have had to institute procedures and practices to protect employee disclosures.

**Access to Public Records.** Openness and public access to information about an entity's activities and operations are key to public accountability and transparency in providing information needed to monitor and oversee an entity's operations and activities. The Freedom of Information Act (FOIA)<sup>61</sup> requires executive departments, government corporations, and other executive branch entities to make, upon request, their records available for public inspection and copying, unless the information is covered by specific exemptions, such as an individual's medical records or proprietary or trade secret information. To meet these requirements, affected federally created entities must establish processes to determine whether requested information should be made available and, if so, procedures to make that information available. The requirement to make applicable records available to the public provides an important mechanism facilitating public inquiry and information gathering about the operations and activities of executive branch entities, which strengthens governance, accountability, and transparency.

**Availability of Federal Contract and Grant Information.** To enhance transparency and accountability for the award of federal funds, the Federal Funding Accountability and Transparency Act of 2006<sup>62</sup> requires that affected federally created entities make federal obligation and expenditure data on the award of federal financial assistance and expenditures (federal award) accessible to the public via a searchable Web site containing detailed information about the federal award, including federal grants, cooperative agreements, loans, and contracts (including subcontracts and task orders)—to grantees, contractors, states and localities, and any other award recipients. Public access to information on those receiving federal awards serves to promote transparency and accountability and strengthen public awareness of and scrutiny over federal spending.

**Access to Public Meetings.** Opening affected entity meetings to the public provides transparency and access to information on federal

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<sup>61</sup> Codified, as amended, at 5 U.S.C. § 552.

<sup>62</sup> Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006) (*reprinted in* 31 U.S.C. § 6101 note).

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decision making. To enhance public access to certain policymaking deliberations at selected federally entities, Congress enacted the Government in the Sunshine Act.<sup>63</sup> The act requires certain federally created entities—those headed by multiperson bodies appointed by the President and confirmed by the U.S. Senate—to provide the public with access to meetings, unless one of the statutory exceptions apply, in which policymaking deliberations are made or agency business is conducted. A goal of opening such meetings to the public has been to promote accountability for and transparency of portions of the federal decision-making process.

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### General Applicability of Governance, Accountability, and Transparency Requirements to Types of Federally Created Entities

In establishing the 12 broad-based governance, accountability, and transparency requirements and their applicability to the various federally created entities, Congress considered differences in types of entities, including their ownership, legal status, control, mission, and operations. After reviewing the major statutes that established each requirement and statutes associated with particular entity types, we determined the extent to which entity types were generally subject to each requirement. As shown in table 11, which presents the results of our analysis, the general applicability of the 12 specific requirements varies considerably across the 7 entity types. As a general matter, Congress has subjected those entities receiving the largest share of appropriated funds to most of the 12 specific governance, accountability, and transparency requirements we focused on, while those entities that generally did not directly receive appropriated funds were not subject to the 12 requirements. However, when considering those entity types which are not generally subject to the 12 specific requirements, it is important to recognize that individual entities within those types may be subject to comparable requirements as a result of other statutory or regulatory requirements. In addition, individual entities not subject to the 12 specific statutory requirements we considered may have voluntarily chosen to implement practices that would meet one or more of the specific requirements. Finally, it is also important to keep in mind that many of the statutes<sup>64</sup> that established the

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<sup>63</sup> Pub. L. No. 94-409, 90 Stat. 1241 (Sept. 13, 1976) (*codified, as amended, at 5 U.S.C. § 552b*).

<sup>64</sup> For example, the Budget and Accounting Act of 1921, as amended; the Congressional Budget and Impoundment Control Act of 1974, as amended; GCCA, as amended; and the Chief Financial Officers Act of 1990, as amended, each contain requirements other than those we identified for this report.

12 specific requirements we reviewed contained other requirements that strengthen governance, accountability, and transparency.

**Table 11: Applicability of Specific Governance, Accountability, and Transparency-Related Requirements to the Different Types of Federally Created Entities**

Specific requirements <sup>a</sup>	Entity Type						
	Executive departments	Other executive branch entities	Government corporations	Nonappropriated fund instrumentalities	Government-sponsored enterprises	Federally funded research and development centers	Other federally established organizations
Budget preparation, review, and approval	Yes	Most	Wholly owned GC only	No	No	No	No
Strategic and performance planning	Yes	Most	Yes	No	No	No	No
Internal audit	Yes	Many	Some	No	No	No	Some
Budget execution and funds control	Yes	Yes	Wholly owned GC only	No	No	No	No
Control of improper payments	Yes	Yes	Yes	No	No	No	No
Internal control and accounting systems	Yes	Yes	Yes	No	No	No	No
Preparation and reporting of audited financial statements	Yes	Yes	Yes	No	No	No	No
Standards of conduct	Yes	Yes	Yes	No	No	No	No
Whistleblower protection	Most	Most	Yes <sup>b</sup>	No	No	No	No
Access to public records	Yes	Yes	Yes	No	No	No	No
Availability of federal contract and grant information	Yes	Yes	Yes	No	No	No	No
Access to public meetings	N/A <sup>c</sup>	Yes <sup>c</sup>	Yes	No	No	No	No
Total number of entities identified (219)	15	88	23	1 <sup>d</sup>	3	39	50
Percent of appropriated funds	73.6	24.8	1.5	-	-	-	0.1

Source: GAO analysis.

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<sup>a</sup>The specific reform statutes applicable to each requirement can be found in table 10. As discussed elsewhere in the report, we did not review entity-specific or other statutes that might separately require a particular federally created entity to meet a particular governance, accountability, or transparency requirement comparable to any 1 of the 12 requirements we identified.

<sup>b</sup>Only part of the Whistleblower Protection Act applies to government corporations. That part relates to personnel actions taken with respect to a covered employee who makes a protected disclosure evidencing illegal or improper government activities.

<sup>c</sup>This requirement only applies to executive agencies headed by a multiperson governing board. Thus, this requirement does not apply to executive departments, which are all headed by a single person (e.g., the Secretary of the Treasury or the Attorney General of the United States), and those other executive branch entities headed by a single person (e.g., the administrators of the Environmental Protection Agency and the General Services Administration). The requirement does, however, apply to all other executive branch entities headed by a multi-person governing body (e.g., the board members of the National Science Foundation).

<sup>d</sup>The actual number of NAFIs is unknown because federally created entities generally are not required to report publicly on their NAFIs, there is no official or commonly understood definition of a NAFI, and no source exists to identify each NAFI that may exist. For purposes of this report, we recognize NAFIs as a single entity.

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## Many Federally Created Entities Receive Federally Appropriated Funds

For fiscal years 2005 through 2008, Congress appropriated—on average—approximately \$4 trillion in federal funds directly to 129 federally created entities, which included entities from 4 of the 7 entity types.<sup>65</sup> As shown in figure 1, for the 4 types that received appropriated funds,

- The 15 executive departments, which represent 7 percent of the 219 entities, received 73.6 percent (approximately \$2.95 trillion) of the average annual total of appropriated funds. Of this amount, the Department of Health and Human Services, the Department of Defense, and the Department of the Treasury received 79 percent (approximately \$2.32 trillion).
- Seventy-nine of the 88 other executive branch entities received 24.8 percent (approximately \$996 billion) of the average annual total of appropriated funds. Of this amount, the Social Security Administration, the Office of Personnel Management, and the United States Postal Service received 87 percent (approximately \$867 billion).
- Eighteen of the 23 government corporations received 1.5 percent (approximately \$60.9 billion) of the average annual total of appropriated funds. Of this amount, the Commodity Credit Corporation, the Tennessee Valley Authority, the Federal Crop Insurance Corporation, the Federal Deposit Insurance Corporation,

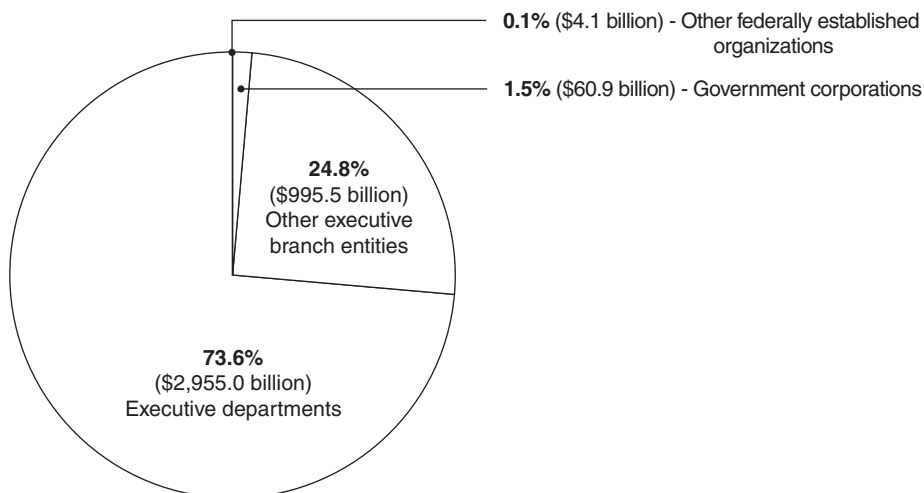
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<sup>65</sup> The appropriated funds made available to the 129 federally created entities represented on average 99.7 percent of all appropriated funds recorded in OMB's Max budget database over the 4-year period we reviewed. The remaining 0.3 percent went to entities outside the scope of our review, such as legislative and judicial branch entities, federal advisory organizations, and entities that ceased operations during the period of the review.

and the Pension Benefit Guaranty Corporation received 88 percent (approximately \$53.7 billion).

- Seventeen of the 50 other federally established organizations received less than 1 percent (approximately \$4.1 billion) of the average annual total of appropriated funds. Of this amount, Amtrak, the Corporation of Public Broadcasting, the Legal Services Corporation, and the Smithsonian Institution received 70 percent (approximately \$2.9 billion).

**Figure 1: Appropriated Funding Information by Type of Entity for Fiscal Years 2005–2008**



Source: GAO analysis and summarization of appropriated funds provided to identified federally created entities based upon OMB's MAX data, as of July 2009.

Each of the 43 federally created entities in the remaining three entity types—Nonappropriated Fund Instrumentalities (NAFIs), Government-Sponsored Establishments (GSE), and the Federally Funded Research and Development Centers (FFRDCs)—did not receive appropriated funds during the 4 years we reviewed. NAFIs do not generally receive appropriated funds and, to the extent they receive other federal support, it usually is provided through less formal means, such as in-kind contributions from the federally created entities responsible for their establishment or payment for services rendered or goods sold under contract with federally created entities. While the GSEs we identified did not receive appropriated funds during the 4 years, concerns that the deteriorating financial condition of two GSEs—Fannie Mae and Freddie Mac—caused the Department of the Treasury and the Board of Governors of the Federal Reserve System, since September 2008, to make substantial



financial commitments to support these institutions and help stabilize financial markets.<sup>66</sup> Also, while FFRDCs receive a considerable share of their overall research and development funding from the federal government, that funding is provided through contracts and grants with other federally created entities. As a consequence, appendix II does not show any appropriated federal funds for FFRDCs, GSEs, or NAFIs.

Table 12 presents for each of the seven types of federally created entities we identified, the total number of federally created entities, the number of entities identified as receiving appropriated funds, and the average amount and percent received. Appendix II provides a full list of entities within each type and appropriated funds for each entity between FY 2005 and FY 2008.

**Table 12: Appropriated Funding to Identified Federally Created Entities for Fiscal Years 2005–2008**

Type of entity	Total number of identified federally created entities by type	Total number of identified federally created entities receiving appropriated funds during the period by type	Average annual appropriated funds for FY05-08 (dollars in billions)	Percentage of total average annual appropriated funds
Executive departments	15	15	\$2,955.0	73.6
Other executive branch entities	88	79	995.5	24.8
Government corporations	23	18	60.9	1.5
Nonappropriated fund instrumentalities <sup>a</sup>	1	0	-	-
Government-sponsored enterprises	3	0	-	-
Federally funded research and development centers <sup>b</sup>	39	0	-	-
Other federally established organizations	50	17	4.1	0.1
<b>Totals all entity types</b>	<b>219</b>	<b>129</b>	<b>\$4,015.5</b>	<b>100</b>

Source: GAO analysis and summarization based upon OMB's MAX data, as of July 2009.

<sup>a</sup> The actual number of NAFIs is unknown because federally created entities generally are not required to report publicly on their NAFIs, there is no official or commonly understood definition of a NAFI, and no source exists to identify each NAFI that may exist. For purposes of this report, we recognize NAFIs as a single entity.

<sup>b</sup> These entities receive contract or grant awards provided by other federally created entities.

<sup>66</sup> At the end of fiscal year 2008, Fannie Mae and Freddie Mac were placed into conservatorship by the Federal Housing Finance Agency and received substantial support from the Department of the Treasury and the Federal Reserve System. See GAO, *Fannie Mae and Freddie Mac: Analysis of Options for Revising the Housing Enterprises' Long-term Structures*, GAO-09-782 (Washington, D.C.: Sept. 10, 2009).

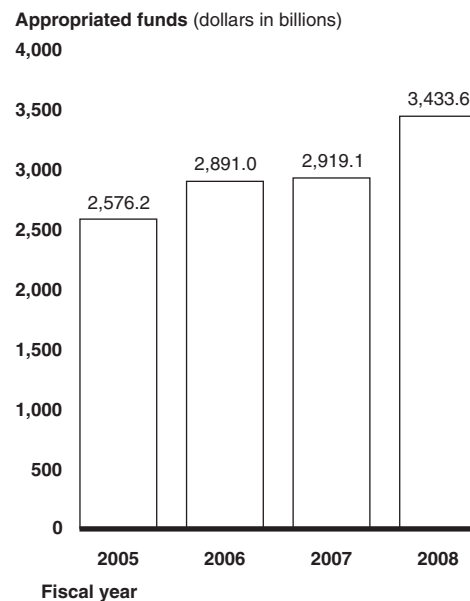
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## Executive Departments

Together, the 15 executive departments received an annual average of \$2.95 trillion in appropriated funds over the last 4 fiscal years (FYs 2005-2008), which represented almost three quarters (73.6 percent) of the average annual \$4.0 trillion over the period. As shown in figure 2, appropriated funds at executive departments increased from FY 2005 to FY 2008 by more than \$857 billion, from just under \$2.6 trillion to just over \$3.4 trillion. The average appropriated funds provided to 14 of the 15 executive departments increased from FY 2005 through FY 2008—the exception being the Department of Homeland Security which experienced a decline of approximately 42 percent in appropriated federal funds from \$114.5 billion to \$65.9 billion over the 4-year period.<sup>67</sup> The major increases in appropriated funds went to the Department of the Treasury, which increased by \$342 billion; the Department of Defense, which increased by \$243 billion; and the Department of Health and Human Services, which increased by \$235 billion.

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**Figure 2: Appropriated Funds for Executive Departments (FYs 2005–2008)**



Source: GAO analysis based upon MAX database.

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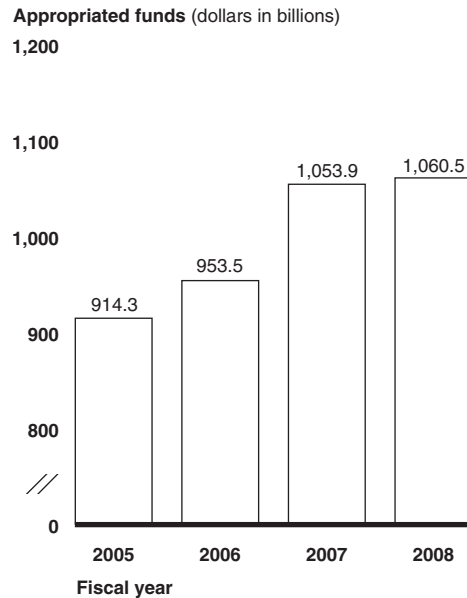
<sup>67</sup> This decrease was due to disaster relief provided by one DHS component, the Federal Emergency Management Agency, for the major hurricanes that occurred in FY 2005.

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## Other Executive Branch Entities

Seventy-nine of the 88 other executive branch entities collectively received an annual average of \$995.5 billion in appropriated funds over the 4-year period (FYs 2005-2008), representing 24.8 percent of the total annual average of appropriations over the period. As shown in figure 3, appropriated funds received by other executive branch entities increased by approximately \$146 billion, from \$914 billion to over \$1 trillion over the period. Most of the net increase in average annual appropriated funding for the other executive branch entities from FY 2005 to FY 2008 went to the Social Security Administration, which increased by \$93 billion to \$696 billion; the Office of Personnel Management, which increased by \$20 billion to \$145 billion; the Executive Office of the President, which increased by \$16 billion to \$36 billion; and the United States Postal Service, which increased by \$14 billion to \$86 billion.

**Figure 3: Appropriated Funds for Other Executive Branch Entities (FYs 2005–2008)**



Source: GAO analysis based upon MAX database.

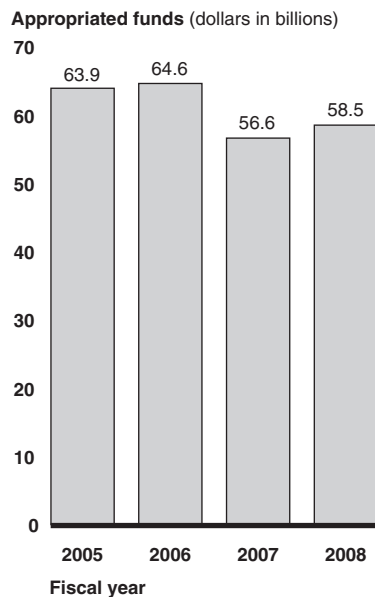
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## Government Corporations

Eighteen of the 23 government corporations received an annual average of approximately \$60.9 billion in appropriated funds over the 4-year period (FYs 2005-2008), which represented approximately 1.5 percent of the total annual average of appropriations over the period. As shown in figure 4, federal funding at the 18 government corporations that received

appropriated funds decreased by \$5.4 billion, from FY 2005 to FY 2008. While the Commodity Credit Corporation's (CCC's) portion of appropriated funding decreased by \$18.2 billion from \$39.2 billion in FY 2005 to \$21 billion in FY 2008, increases for other government corporations—including \$7 billion for the Federal Deposit Insurance Corporation, \$2.7 billion for the Federal Crop Insurance Corporation, and \$3.5 billion for the Tennessee Valley Authority—served to offset much of the decline experienced by CCC.

**Figure 4: Appropriated Funds for Government Corporations (FYs 2005–2008)**



Source: GAO analysis based upon MAX database.

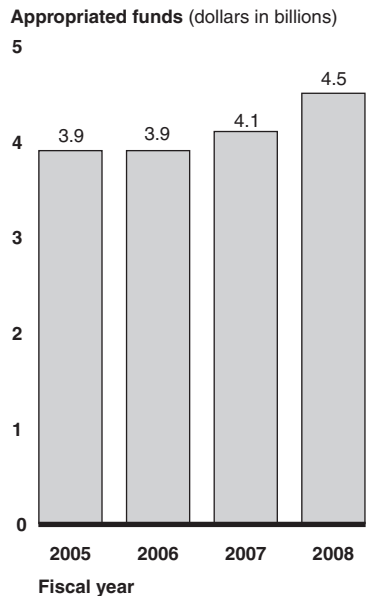
## Other Federally Established Organizations

Collectively, 17 of the 50 other federally established organizations received an average of \$4.1 billion in appropriated funds over the 4-year period (FYs 2005-2008) representing 0.10 percent of the total annual average of appropriated funds reviewed over the period. As shown in figure 5, average appropriated funding increased by over \$600 million for the 17 entities—from a combined \$3.9 billion in FY 2005 to \$4.5 billion in FY 2008. The net increase in federal funding from FY 2005 to FY 2008 was primarily from changes in appropriated funds at the Neighborhood Reinvestment Corporation, which increased by \$366 million; Amtrak, which increased by \$118 million; the Smithsonian Institution, which increased by \$98 million; the U.S. Institute of Peace, which decreased by

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\$90 million; and the Farm Credit System Insurance Corporation, which increased by \$78 million.

**Figure 5: Appropriated Funds for Other Federally Established Organizations (FYs 2005–2008)**



Source: GAO analysis based upon MAX database.

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As agreed with your staff, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. We will then send copies to interested congressional committees and will also make copies available to others on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact Susan Ragland at (202) 512-8486 or [raglands@gao.gov](mailto:raglands@gao.gov) or Susan A. Poling at (202) 512-2667 or [polings@gao.gov](mailto:polings@gao.gov). Contact points for our

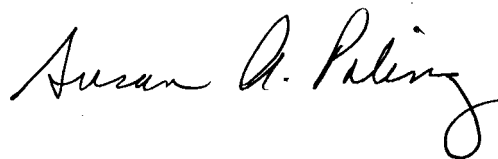
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offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix IV.

Sincerely yours,



Susan Ragland  
Director, Financial Management  
and Assurance



Susan A. Poling  
Managing Associate  
General Counsel

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# Appendix I: Scope and Methodology

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Our objectives were to identify the universe of federally created entities, categorize them by broad types, and identify broad-based statutory governance, accountability, and transparency requirements and related practices and determine their applicability to each type of federally created entity. In addition, for each federally created entity, we are providing information about recent levels of appropriations made directly available to them.

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## Identification and Categorization of Federally Created Entities

To identify the universe of federally created entities, we reviewed relevant statutes and regulations, the *Budget of the United States Government* and related budget data maintained by the Office of Management and Budget (OMB) for fiscal years 2005 through 2008, the *United States Government Manual*,<sup>1</sup> the Federal Advisory Committee Act database maintained by the General Services Administration (GSA),<sup>2</sup> OMB Circular No. A-136 (Financial Reporting Requirements), *Department of the Treasury Federal Account Symbols and Titles Book*, and relevant literature and Web sites, such as [www.usa.gov](http://www.usa.gov)<sup>3</sup> and <http://www.lib.lsu.edu/gov/index.html>.<sup>4</sup> For purposes of this report, we use the term “federally created entity” to mean an organization established under authority of the federal government that is charged with or has the authority to manage resources and carry out federal operations, activities, or objectives. We include such organizations only if they have a discrete identity that is separate and distinct from any other organization (e.g., not a component of an executive department).

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<sup>1</sup> The *United States Government Manual* is published annually by the Office of the Federal Register, a component of the National Archives and Records Administration. 1 C.F.R. §§ 2.5(c), 9.1. The *Manual* is described “[a]s the official handbook of the Federal Government [that] provides comprehensive information on the agencies of the legislative, judicial, and executive branches. The *Manual* also includes information on quasiofficial agencies; international organizations in which the United States participates; and boards, commissions, and committees.” See the preface to the *United States Government Manual 2008/2009*, available at <http://www.gpoaccess.gov/gmanual/index.html> (last visited Oct. 24, 2009).

<sup>2</sup> See <http://www.fido.gov/facadatabase/> (last visited Oct. 24, 2009).

<sup>3</sup> The General Services Administration maintains this Web site and states that it is “the U.S. government’s official web portal.” See <http://www.usa.gov/Agencies/federal.shtml> (last visited Oct. 24, 2009).

<sup>4</sup> The Louisiana State University, working with the Federal Depository Library Program of the U.S. Government Printing Office, provides a list of federal agency Web sites. See <http://www.lib.lsu.edu/gov/scope.html> (last visited Oct. 24, 2009).

We excluded legislative and judicial branch organizations (e.g., the Government Printing Office and the Administrative Office of the United States Courts); organizations established under treaties or regional compacts (e.g., the Susquehanna River Basin Commission); and geographical federal political jurisdictions (e.g., U.S. territories and other insular areas, and the District of Columbia) because they have a status under the U.S. Constitution different than the federally created entities we included. We also excluded federal organizations composed of more than one existing federally created entity (e.g., interagency councils, such as the Financial Institutions Examination Council) and federal advisory organizations (e.g., the Social Security Advisory Board, regardless of whether they are subject to the Federal Advisory Committee Act (5 U.S.C. app. 2)) because they are governed by other federally created entities.<sup>5</sup> In addition, we omitted many federally chartered corporations that received a congressional charter under Title 36 of the U.S. Code because these corporations were incorporated under state law by private parties before receiving their congressional charter (e.g., the Boy Scouts of America and the Vietnam Veterans of America, Inc.). We excluded entities that were created by entities that we identified as “other federally established organizations” (e.g., the Friends of the Legal Services Corporation established by the Legal Services Corporation) because the variation in their charters, oversight, and forms permitted us to identify and categorize only a small group of such entities that met our definition of a discrete organization that is separate from the entity that created it. We also excluded organizations established to carry out authorized covert intelligence or law enforcement activities. Because we did not review all statutes and articles of incorporation or similar filings related to the establishment of other federally established organizations, there may be other federally created entities that we did not identify. Under our approach, we identified 219 federally created entities, which are listed in appendix II; however, we cannot conclude that we have identified all federally created entities.

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<sup>5</sup> There is no source that identifies all interagency organizations. According to the General Services Administration, there are at least 1,000 federal advisory committees operating per year in support of and under the supervision of federally created entities, as provided for under the Federal Advisory Committee Act, which is codified in an appendix to Title 5 of the U.S. Code. *See* [http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA\\_OVERVIEW&contentId=9673](http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_OVERVIEW&contentId=9673) (last visited Oct. 24, 2009).



We then analyzed the 219 federally created entities to determine how they could be categorized. We first reviewed their enabling statutes and generally applicable entity definitions contained in Titles 5 and 31 of the U.S. Code,<sup>6</sup> as well as categorizations reflected in other statutes and research literature to assess a variety of possible entity types. For purposes of categorizing federally created entities for this report, we relied on statutes and regulations that list certain types of entities within their meaning (e.g., executive departments listed in 5 U.S.C. § 101). For the numerous federally created entities that were not covered by such provisions, we determined whether each entity was part of the executive, legislative, or judicial branch of the federal government by applying general constitutional and legal principles articulated by the federal courts. This categorization was solely for purposes of this report. We made no legal conclusions as to whether any entity was subject to any limitation, condition, or privilege of the federal government under the U.S. Constitution or met the definition of any type of entity covered by a particular statute. We identified types that generally convey the legal status and organizational structure of most federally created entities, as follows:

- **executive departments**, as defined in Title 5 of the U.S. Code;<sup>7</sup>
- **other executive branch entities**, as a nonlegal definition of identifying entities in the executive branch that are not a sub-unit of a larger executive branch entity;
- **government corporations**, as defined in GCCA (Chapter 91 of Title 31 of the U.S. Code)<sup>8</sup> and those subject by law to GCCA provisions applicable to wholly owned government corporations;<sup>9</sup>

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<sup>6</sup> 5 U.S.C. §§ 101 (executive department), 103 (government corporation), 104 (independent establishment in the executive branch), 105 (executive agency); 31 U.S.C. §§ 101 (agency), 102 (executive agency).

<sup>7</sup> 5 U.S.C. § 101.

<sup>8</sup> 31 U.S.C. § 9101.

<sup>9</sup> See, for example, the statute establishing the African Development Foundation as a non-GCCA corporation: “There is established a body corporate to be known as the ‘African Development Foundation,’ which “shall be subject to the provisions of chapter 91 of title 31 applicable to wholly owned Government Corporations.” 22 U.S.C. §§ 290h-1, 290h-6. Similarly, see the statute establishing the Presidio Trust as a non-GCCA corporation: “There is established a wholly owned government corporation to be known as the Presidio Trust,” which “shall be treated as a wholly owned government corporation subject to chapter 91 of title 31, United States Code.” Omnibus Parks and Public Lands Management Act of 1996, Pub. L. No. 104-333, div. I, tit. I, § 103, 10 Stat. 4093, 4098-4101 (Nov. 12, 1996) (*reprinted in* 16 U.S.C. § 460bb note).

- **government-sponsored enterprises**, as defined in Title 2 of the U.S. Code,<sup>10</sup> the *Budget of the United States Government – Appendix*, and relevant GAO and Congressional Research Service reports;<sup>11</sup>
- **federally funded research and development centers**, as defined in Title 48 of the U.S. Code of Federal Regulations, the Web site of the National Science Foundation, and relevant Congressional Research Service reports;<sup>12</sup>
- **nonappropriated fund instrumentalities**, as defined in enabling statutes and case law; and
- **other federally created organizations**, as a miscellaneous entity type for any federally created entity that did not fit into a more specific category of entity type.

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## Identification of Governance, Accountability, and Transparency Requirements and Applicability to Types of Federally Created Entities

To determine the extent to which the various types of federally created entities are generally subject to key statutory requirements intended to improve governance, accountability, and transparency, we reviewed prior GAO reports and reports of the Congressional Research Service and other research on efforts to improve governance, accountability, and transparency in the federal government through broad-based statutory reform initiatives. The concepts of governance, accountability, and transparency, while different, are closely associated and frequently used together. To help differentiate them for purposes of our review, we defined public sector

- governance to be the process of providing leadership and direction to entities to help them carry out their organizational mission and operating objectives;
- accountability to be the processes, mechanisms, and other means by which entity management carries out its programs and operations and demonstrates its stewardship over resources and performance; and
- transparency to be the means by which information needed to understand and monitor entity operations and activities is made available and accessible to the public and those charged with oversight.

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<sup>10</sup> 2 U.S.C. § 622(8).

<sup>11</sup> See, e.g., GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#), at 59 (Washington, D.C.: September 2005); Congressional Research Service, *Government-Sponsored Enterprises (GSEs): An Institutional Overview*, RS21663 (Sept. 29, 2009).

<sup>12</sup> 48 C.F.R. § 35.017; see also <http://www.nsf.gov/statistics/ffrdc/> (last visited Oct 22, 2009); Congressional Research Service, *The Quasi Government: Hybrid Organizations with Both Government and Private Sector Legal Characteristics*, RL30533, at 10-12 (Feb. 17, 2009).

Using these definitions, we reviewed reports and other authoritative sources to identify key federal reform initiatives designed to strengthen governance, accountability, and transparency through the enactment of broad statutory requirements and implementation of related practices needed to carry out the requirements. In doing so, we identified 12 statutory reform requirements and related practices which we considered applicable to our review.

To determine whether the 12 statutory governance, accountability, and transparency requirements and related practice areas were broadly applicable to each of the seven types of federally created entities, we reviewed statutes: (1) governing the nature and definition of each type of federally created entity and (2) establishing each of the requirements. For 8 of the 12 requirements, our review concentrated on the specific statute, as amended, establishing each requirement. The remaining 4 involved statutory requirements related to the preparation, audit, and public reporting of entitywide financial statements reflected in separate statutes, as amended—the Government Corporation Control Act, the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Accountability of Tax Dollars Act of 2002; budgeting and funds control, reflected in the Antideficiency Act and the Purpose Statute; budget preparation, review, and approval, prescribed under the Budget and Accounting Act of 1921, the Congressional Budget and Impoundment Control Act of 1974, and the Government Corporation Control Act; and internal control and accounting systems, addressed by the Federal Managers' Financial Integrity Act of 1982 and the Government Corporation Control Act.

Because our review focused on broad-based applicability of the requirements to federally created entity types, we limited our review to statutes establishing the 12 broad-based requirements. As a result, we did not review other statutes (e.g., specific statutes establishing individual federally created entities) that might separately require a particular federally created entity to meet a particular governance, accountability, or transparency requirement comparable to any 1 of the 12 requirements we identified. Accordingly, individual federally created entities in our universe might otherwise be required to implement a particular governance, accountability, or transparency requirement even though the other entities of the same type do not.

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## Appropriated Funds for Identified Federally Created Entities

To identify recent levels of federal funds appropriated to the 219 federally created entities we identified, we reviewed available data (referred to as MAX budget data) on appropriations developed for and maintained by OMB. For the purposes of this report, we defined recent appropriated funds as the total gross budget authority provided to the identified federally created entities for fiscal years 2005 through 2008. We used the OMB MAX budget data to determine the amount of appropriated funds in the budget accounts that are identified by reference to each of the federally created entities we identified during our review. Many of the 129 federally created entities that were directly appropriated federal funds, particularly the 15 executive departments, had multiple budget account records per year in OMB's MAX budget data. Where applicable, we combined multiple records to arrive at a total for those identified entities with appropriated funds. These aggregated data for each identified entity are presented in appendix II and summarized by entity type in our report.

Appropriated funds for many federally created entities may be used to establish and fund contract and grant obligations to other entities, including other federally created entities. However, the budgetary account data maintained by OMB generally do not identify the portion of appropriated funds a federally created entity uses to fund contracts, grants, and other commitments to another federally created entity. Therefore, our report presents only appropriated funds identified by the data in the MAX database as being provided to individual federally created entities we identified for fiscal years 2005 through 2008. Also, since the MAX budget database does not track gross budget authority less than \$1 million, our report does not include funds appropriated to federally created entities below \$1 million.

We conducted this engagement in accordance with all sections of GAO's Quality Assurance Framework that were relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings in this report.

# Appendix II: List of Federally Created Entities with Budget Data

The combined MAX budget database for the 4 fiscal years we reviewed consisted of a total of 1,364 budget account records. Our review of the information contained in these records found that 129 of the 219 federally created entities we identified were directly appropriated federal funds in at least 1 of the 4 years we reviewed. For the 90 other federally created entities we identified, we did not identify any appropriated funds provided directly to them in the budget account records. Seven of the 129 entities received appropriated funds for 1 or more but not each of the 4 years we reviewed.

Table 13 presents the results of our review and analysis of the MAX budget data covering fiscal years 2005 through 2008. For the 129 federally created entities that were directly appropriated funds, the table reflects each entity's yearly total. When we could not identify from the yearly MAX budget data any funds appropriated to an identified entity, we placed a dash (-) in the table for that year. In all other instances, table 13 lists, by year, the total amount we identified as federal funds appropriated directly to each identified federally created entity within each identified type.

**Table 13: List of Federally Created Entities with Identified Appropriated Funds for Fiscal Years 2005–2008**

(Dollars in millions)

Entity Type	Entity	Appropriated funds FY 2005	Appropriated funds FY 2006	Appropriated funds FY 2007	Appropriated funds FY 2008
Executive department	Department of Agriculture	79,954	85,977	86,616	92,355
	Department of Commerce	9,443	9,967	11,049	12,943
	Department of Defense	739,152	863,355	875,513	982,057
	Department of Education	82,126	107,099	82,526	82,566
	Department of Energy	32,020	31,492	32,420	33,127
	Department of Health and Human Services	767,162	921,377	926,419	1,002,198
	Department of Homeland Security	114,563	46,278	55,635	65,915
	Department of Housing and Urban Development	40,534	58,195	42,038	55,775
	Department of the Interior	21,526	21,536	20,141	22,842
	Department of Justice	27,494	29,063	31,533	31,813
	Department of Labor	54,533	53,519	54,896	65,477
	Department of State	19,007	20,236	24,256	30,758
	Department of Transportation	78,668	71,769	73,004	83,624

**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	Department of the Treasury	432,379	489,897	514,901	774,472
	Department of Veterans Affairs	77,687	81,227	88,186	97,659
	<b>Executive department totals</b>	<b>2,576,248</b>	<b>2,890,987</b>	<b>2,919,133</b>	<b>3,433,581</b>
<b>Other executive branch entity</b>	Advisory Council on Historic Preservation	7	7	6	7
	American Battle Monuments Commission	54	53	43	57
	Appalachian Regional Commission	72	72	74	82
	Architectural and Transportation Barriers Compliance Board	6	6	6	6
	Armed Forces Retirement Home	67	542	57	58
	Barry Goldwater Scholarship and Excellence in Education Foundation	4	4	4	3
	Board of Governors of the Federal Reserve System	-	-	-	-
	Broadcasting Board of Governors	601	688	665	695
	Central Intelligence Agency <sup>a</sup>	239	245	256	263
	Chemical Safety and Hazard Investigation Board	10	9	9	9
	Christopher Columbus Fellowship Foundation	-	-	0	1
	Commission for the Preservation of America's Heritage Abroad	-	-	-	-
	Commission of Fine Arts	9	9	9	10
	Commission on Security and Cooperation in Europe ( <i>a.k.a.</i> The Helsinki Commission)	-	-	-	-
	Committee for Purchase From People Who Are Blind or Severely Disabled	5	5	5	5
	Commodity Futures Trading Commission	93	97	98	111
	Consumer Product Safety Commission	65	65	66	83
	Court Services and Offender Supervision Agency for the District of Columbia	179	171	181	194
	Defense Nuclear Facilities Safety Board	20	22	22	22
	Delta Regional Authority	6	12	12	13
	Denali Commission	141	115	118	99

**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	D.C. Public Defender Service	-	30	31	33
	Election Assistance Commission	11	11	10	139
	Environmental Protection Agency	10,075	10,119	9,546	9,430
	Equal Employment Opportunity Commission	331	332	334	335
	Executive Office of the President	20,425	22,179	55,588	36,172
	Farm Credit Administration	41	44	44	45
	Federal Communications Commission	10,304	8,681	8,179	8,988
	Federal Election Commission	52	54	55	59
	Federal Housing Finance Agency	-	-	-	6
	Federal Labor Relations Authority	25	25	25	24
	Federal Maritime Commission	19	20	20	22
	Federal Mediation and Conciliation Service	47	45	44	46
	Federal Mine Safety and Health Review Commission	8	8	8	8
	Federal Retirement Thrift Investment Board	92	80	80	98
	Federal Trade Commission	206	198	212	245
	General Services Administration	18,399	18,175	18,326	19,880
	Harry S. Truman Scholarship Foundation	3	3	3	3
	James Madison Memorial Fellowship Foundation	2	2	2	2
	Japan-United States Friendship Commission	2	2	2	2
	Marine Mammal Commission	2	3	3	3
	Merit Systems Protection Board	37	38	39	41
	Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation	8	8	10	12
	National Aeronautics and Space Administration	17,196	17,516	17,514	18,213
	National Archives and Records Administration	482	508	517	577
	National Capital Planning Commission	8	8	8	8
	National Council on Disability	3	3	3	3
	National Credit Union Administration	716	694	909	2,189

**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	National Foundation on the Arts and the Humanities	548	527	523	563
	National Labor Relations Board	250	250	252	252
	National Mediation Board	12	12	12	13
	National Science Foundation	5,708	5,826	6,178	6,362
	National Transportation Safety Board	69	76	79	86
	Northern Border Regional Commission	-	-	-	-
	Northern Great Plains Regional Authority	-	-	-	-
	Nuclear Regulatory Commission	676	746	831	935
	Nuclear Waste Technical Review Board	3	4	4	4
	Occupational Safety and Health Review Commission	11	10	10	11
	Office of Government Ethics	11	11	11	12
	Office of Navajo and Hopi Indian Relocation	5	9	9	9
	Office of Personnel Management	124,629	133,899	158,290	144,988
	Office of Special Counsel	15	15	16	17
	Office of the Director of National Intelligence	468	550	680	681
	Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects	-	0	0	2
	Peace Corps	327	327	330	340
	Postal Regulatory Commission	-	-	11	13
	Privacy and Civil Liberty Oversight Board	-	-	-	2
	Railroad Retirement Board	10,849	11,305	12,131	12,310
	Securities and Exchange Commission	856	865	868	843
	Selective Service System	26	25	25	22
	Small Business Administration	4,650	3,152	1,887	2,352
	Social Security Administration	602,962	628,556	662,396	695,795
	Southeast Crescent Regional Commission	-	-	-	-
	Southwest Border Regional Commission	-	-	-	-



**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	U.S. Agency for International Development	10,361	10,932	11,958	10,388
	U.S. Arctic Research Commission	-	-	-	-
	United States Commission on Civil Rights	9	9	9	8
	United States Court of Appeals for the Armed Forces	11	11	12	13
	United States Court of Appeals for Veterans Claims	18	20	21	24
	United States Holocaust Memorial Museum	49	51	54	62
	United States Interagency Council on Homelessness	2	2	2	2
	United States International Trade Commission	61	62	62	68
	United States Postal Service	71,521	75,235	83,965	85,909
	United States Tax Court	42	49	49	48
	United States Trade and Development Agency	65	53	54	50
	Utah Reclamation Mitigation and Conservation Commission	13	8	6	10
	Vietnam Education Foundation	5	5	5	5
	White House Commission on the National Moment of Remembrance	-	-	-	-
	<b>Other executive branch entity totals</b>	<b>914,304</b>	<b>953,510</b>	<b>1,053,883</b>	<b>1,060,500</b>
<b>Government corporation</b>	<b>Wholly owned GCCA</b>				
	Commodity Credit Corporation	39,251	34,147	27,211	21,038
	Community Development Financial Institutions Fund	60	55	56	96
	Corporation for National and Community Service	1,088	1,096	1,029	1,023
	Export-Import Bank of the United States	501	218	355	602
	Federal Crop Insurance Corporation	3,478	4,499	5,737	6,214
	Federal Housing Administration Fund	-	-	-	-
	Federal Prison Industries, Incorporated	843	791	978	982
	Government National Mortgage Association	437	503	426	574
	International Clean Energy Foundation	-	-	-	-

**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	Millennium Challenge Corporation	1,488	1,752	1,751	1,475
	Overseas Private Investment Corporation	225	351	273	206
	Pension Benefit Guaranty Corporation	3,477	7,062	4,112	3,311
	Saint Lawrence Seaway Development Corporation	32	33	34	36
	Tennessee Valley Authority	7,695	8,882	9,120	11,251
	<b>Mixed-ownership, GCCA</b>				
	Federal Deposit Insurance Corporation	2,828	2,793	3,022	9,829
	Federal Home Loan Banks	232	307	315	354
	Financing Corporation	-	-	-	-
	National Credit Union Administration Central Liquidity Facility	-	-	-	-
	Resolution Funding Corporation	2,130	1,979	1,987	1,393
	<b>Non-GCCA</b>				
	African Development Foundation	22	25	27	35
	Inter-American Social Foundation	23	23	22	28
	Presidio Trust	79	86	95	102
	Valles Caldera Trust	-	-	-	-
	<b>Government corporation totals</b>	<b>63,889</b>	<b>64,602</b>	<b>56,550</b>	<b>58,549</b>
<b>Nonappropriated fund instrumentality</b>	Nonappropriated Fund Instrumentalities <i>(NAFIs are treated as one entity for purposes of this report)</i>	-	-	-	-
	<b>Nonappropriated fund instrumentality totals</b>	-	-	-	-
<b>Government-sponsored enterprise</b>	Fannie Mae (formerly known as the Federal National Mortgage Association)	-	-	-	-
	Federal Agricultural Mortgage Corporation (Farmer Mac)	-	-	-	-
	Federal Home Loan Mortgage Corporation (Freddie Mac)	-	-	-	-
	<b>Government-sponsored enterprise totals</b>	-	-	-	-
<b>Federally funded research and development center</b>	Aerospace Federally Funded Research and Development Center	-	-	-	-
	Ames Laboratory	-	-	-	-
	Argonne National Laboratory	-	-	-	-

**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	Arroyo Center	-	-	-	-
	Brookhaven National Laboratory	-	-	-	-
	C3I Federally Funded Research & Development Center	-	-	-	-
	Center for Advanced Aviation System Development	-	-	-	-
	Center for Naval Analyses	-	-	-	-
	Center for Nuclear Waste Regulatory Analyses	-	-	-	-
	Ernest Orlando Lawrence Berkeley National Laboratory	-	-	-	-
	Fermi National Accelerator Laboratory	-	-	-	-
	Homeland Security Studies and Analysis Institute	-	-	-	-
	Homeland Security Systems Engineering and Development Institute	-	-	-	-
	Idaho National Engineering and Environmental Laboratory	-	-	-	-
	Institute for Defense Analyses Communications and Computing Federally Funded Research and Development Center	-	-	-	-
	Institute for Defense Analyses Studies Federally Funded Research and Development Center	-	-	-	-
	Internal Revenue Service (IRS) Federally Funded Research and Development Center	-	-	-	-
	Jet Propulsion Laboratory	-	-	-	-
	Lawrence Livermore National Laboratory	-	-	-	-
	Lincoln Laboratory	-	-	-	-
	Los Alamos National Laboratory	-	-	-	-
	National Astronomy and Ionosphere Center	-	-	-	-
	National Biodefense Analysis & Countermeasures Center	-	-	-	-
	National Cancer Institute at Frederick	-	-	-	-
	National Center for Atmospheric Research	-	-	-	-

**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	National Defense Research Institute	-	-	-	-
	National Optical Astronomy Observatories	-	-	-	-
	National Radio Astronomy Observatory	-	-	-	-
	National Renewable Energy Laboratory	-	-	-	-
	Oak Ridge National Laboratory	-	-	-	-
	Pacific Northwest National Laboratory	-	-	-	-
	Princeton Plasma Physics Laboratory	-	-	-	-
	Project Air Force	-	-	-	-
	Sandia National Laboratories	-	-	-	-
	Savannah River Technology Center	-	-	-	-
	Science and Technology Policy Institute	-	-	-	-
	Software Engineering Institute	-	-	-	-
	Stanford Linear Accelerator Center	-	-	-	-
	Thomas Jefferson National Accelerator Facility	-	-	-	-
	<b>Federally funded research and development center totals</b>	-	-	-	-
<b>Other federally established organization</b>	Agricultural Commodity Organizations (e.g., U.S. Popcorn Board)	-	-	-	-
	Agricultural Credit Bank	-	-	-	-
	Alaska Native Corporations (195)	-	-	-	-
	American National Red Cross	-	-	-	-
	American Registry of Pathology	-	-	-	-
	Amtrak	1,207	1,304	1,293	1,325
	Congressional Award Board	-	-	-	-
	Corporation for the Promotion of Rifle Practice and Firearms Safety	-	-	-	-
	Corporation for Public Broadcasting	466	460	465	448
	Farm Credit Banks (5)	-	-	-	-
	Farm Credit System Insurance Corporation	176	148	271	254
	Federal Farm Banks Funding Corporation	-	-	-	-
	Federal Reserve Banks (12)	-	-	-	-

**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	Foundation for the National Institutes of Health	-	-	-	-
	Gaullaudet University	105	107	107	113
	Help America Vote Foundation	-	-	-	-
	Henry M. Jackson Foundation for the Advancement of Military Medicine	-	-	-	-
	Howard University	239	238	237	233
	Institute of American Indian and Alaska Native Culture and Arts	6	6	6	7
	In-Q-Tel	-	-	-	-
	International Center for Middle-Eastern-Western Dialogue	7	5	-	-
	Legal Services Corporation	332	328	350	351
	Military Relief Associations (e.g., Army Emergency Relief)	-	-	-	-
	National Academy of Sciences	-	-	-	-
	National Consumer Cooperative Bank (dba NCB)	-	-	-	-
	National Exchange Carriers Association	-	-	-	-
	National Fallen Firefighters Foundation	-	-	-	-
	National Fish and Wildlife Foundation	-	-	-	-
	National Forest Foundation	-	-	-	-
	National Foundation for the Centers for Disease Control and Prevention (a.k.a. CDC Foundation)	-	-	-	-
	National Fund for Excellence in American Indian Education	-	-	-	-
	National Fund for Medical Education	-	-	-	-
	National Park Foundation	-	-	-	-
	National Recording Preservation Foundation	-	-	-	-
	National Technical Institute for the Deaf	56	56	56	60
	National Veterans Business Development Corporation	2	1	1	1
	Neighborhood Reinvestment Corporation	114	117	117	480
	OnPoint Technologies	-	-	-	-

**Appendix II: List of Federally Created  
Entities with Budget Data**

(Dollars in millions)

<b>Entity Type</b>	<b>Entity</b>	<b>Appropriated funds FY 2005</b>	<b>Appropriated funds FY 2006</b>	<b>Appropriated funds FY 2007</b>	<b>Appropriated funds FY 2008</b>
	Public Company Accounting Oversight Board	129	131	126	130
	Reagan-Udall Foundation for the Food and Drug Administration	-	-	-	-
	Red Planet Capital	-	-	-	-
	Securities Investor Protection Corporation	-	-	-	-
	Smithsonian Institution	763	766	787	861
	Telecommunications Development Fund	2	5	5	5
	United States Capitol Historical Society	-	-	-	-
	United States Enrichment Corporation	-	-	-	-
	United States Institute of Peace	122	25	26	32
	United States Olympic Committee	-	-	-	-
	United States State Justice Institute	5	4	3	4
	VA Research and Education Centers	187	227	230	216
	<b>Other federally established organization totals</b>	<b>3,918</b>	<b>3,928</b>	<b>4,080</b>	<b>4,520</b>
<b>Total appropriated funds for federally created entities</b>		<b>3,558,359</b>	<b>3,913,027</b>	<b>4,033,646</b>	<b>4,557,150</b>

Source: GAO analysis of the MAX budget database.

<sup>a</sup> For the CIA, the identified appropriated funds were for its retirement and disability system fund.

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# Appendix III: Relevant GAO Reports

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*Freedom of Information Act: DHS Has Taken Steps to Enhance Its Program, but Opportunities Exist to Improve Efficiency and Cost-Effectiveness.* [GAO-09-260](#). Washington D.C.: March 2009.

*Designated Federal Entities: Survey of Governance Practices and the Inspector General Role.* [GAO-09-270](#). Washington D.C.: April 2009.

*Fannie Mae and Freddie Mac: Analysis of Options for Revising the Housing Enterprise's Long-term Structures.* [GAO-09-782](#). Washington, D.C.: September 2009.

*Improving the Federal Government's Financial Management Systems.* [GAO-08-447SP](#). Washington D.C.: April 2008.

*Intercity Passenger Rail: National Policy and Strategies Needed to Maximize Public Benefits from Federal Expenditures.* [GAO-07-15](#). Washington D.C.: November 2006.

*Federal Deposit Insurance Corporation: Human Capital and Risk Assessment Programs Appear Sound, but Evaluations of Their Effectiveness Should Be Improved.* [GAO-07-255](#). Washington D.C.: February 2007.

*Federal Financial Management: Critical Accountability and Fiscal Stewardship Challenges Facing Our Nation.* [GAO-07-542T](#). Washington D.C.: March 2007.

*Federal Oversight: The Need for Good Governance, Transparency, and Accountability.* [GAO-07-788CG](#). Washington D.C.: April 2007.

*Pension Benefit Guaranty Corporation: Governance Structure Needs Improvements to Ensure Policy Direction and Oversight.* [GAO-07-808](#). Washington D.C.: July 2007.

*Legal Services Corporation: Governance and Accountability Practices Need to Be Modernized and Strengthened.* [GAO-07-993](#). Washington D.C.: August 2007.

*Smithsonian Institution: Status of Efforts to Address a Range of Funding and Governance Challenges.* [GAO-08-250T](#). Washington D.C.: December 2007.

*Suggested Areas for Oversight for the 110th Congress.* [GAO-07-235R](#). Washington D.C.: November 2006.

*Corporate Governance: NCUA's Controls and Related Procedures for Board Independence and Objectivity Are Similar to Other Financial Regulators, but Opportunities Exist to Enhance Its Governance Structure.* [GAO-07-72R](#). Washington D.C.: November 2006.

*Amtrak: Management and Accountability Issues Contribute to Unprofitability of Food and Beverage Service.* [GAO-05-761T](#). Washington D.C.: June 2005.

*A Glossary of Terms Used in the Federal Budget Process.* [GAO-05-734SP](#). Washington D.C.: September 2005.

*Amtrak Management: Systemic Problems Require Actions to Improve Efficiency, Effectiveness, and Accountability.* [GAO-06-145](#). Washington D.C.: October 2005.

*CFO ACT OF 1990 Driving the Transformation of Federal Financial Management.* [GAO-06-242T](#). Washington D.C.: November 2005.

*Purpose Statute Violation: Veterans Affairs Improperly Funded Certain Cost Comparison Studies with VHA Appropriations.* [GAO-06-124R](#). Washington D.C.: November 2005.

*Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results.* [GAO-04-38](#). Washington D.C.: March 2004.

*The Federal Workforce: Observations on Protections from Discrimination and Retaliation for Whistleblowing.* [GAO-01-715T](#). Washington D.C.: May 2001.

*Government Corporations: Profiles of Recent Proposals.* [GAO/GGD-95-57FS](#). Washington D.C.: March 1995.

*Managing for Results: Strengthening Financial and Budgetary Reporting.* [GAO/T-AIMD-95-181](#). Washington D.C.: July 1995.

*Budget Process: History and Future Directions.* [GAO/T-AIMD-95-214](#). Washington D.C.: July 1995.



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*Government Corporations: Profiles of Existing Government Corporations.* [GAO/GGD-96-14](#). Washington D.C.: December 1995.

*Profiles of Existing Government Corporations.* [AFMD-89-43FS](#). Washington D.C.: December 1988.

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Susan Ragland (202) 512- 8486 or [raglands@gao.gov](mailto:raglands@gao.gov)  
Susan A. Poling (202) 512-2667 or [polings@gao.gov](mailto:polings@gao.gov)

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