GAO’S PERFORMANCE PLANS FOR FISCAL YEAR 2007

About GAO

GAO is an independent, nonpartisan, professional services agency in the legislative branch of the federal government. Commonly known as the “audit and investigative arm of the Congress” or the “congressional watchdog,” we examine how taxpayer dollars are spent and advise lawmakers and agency heads on ways to make government work better. As a legislative branch agency, we are exempt from many laws that apply to the executive branch agencies. However, we generally hold ourselves to the spirit of many of the laws, including 31 U.S.C. 3512 (commonly referred to as the Federal Managers’ Financial Integrity Act), the Government Performance and Results Act of 1993, and the Federal Financial Management Improvement Act of 1996.¹

GAO’s History

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

GAO’s Mission

Our mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. We accomplish our mission by providing reliable information and informed analysis to the Congress, to federal agencies, and to the public; and we recommend improvements, when appropriate, on a wide variety of issues. Three core values—accountability, integrity, and reliability—form the basis for all of our work, regardless of its origin.

How GAO Supports the Congress and Serves the American People

Our efforts to support the Congress and inform the general public include

- engaging in a range of oversight, insight, and foresight activities that span the full breadth and scope of federal programs, policies, operations, and performance;
- overseeing government operations through financial and other performance audits to determine whether public funds are being spent efficiently and effectively;
- providing legal opinions to determine whether agencies are in compliance with applicable laws and regulations;
- investigating whether illegal or improper activities are occurring;
- analyzing the financing for government activities;
- conducting a range of constructive engagements in which we work proactively with agencies, when appropriate, to help guide their efforts toward achieving positive results;

¹ The Federal Managers’ Financial Integrity Act requires ongoing evaluations and annual reports on the adequacy of the systems of internal accounting and administrative control of each agency. The Government Performance and Results Act seeks to improve public confidence in federal agency performance by requiring that federally funded agencies develop and implement an accountability system based on performance measurement, including setting goals and objectives and measuring progress toward achieving them. The Federal Financial Management Improvement Act emphasizes the need to improve federal financial management by requiring that federal agencies implement and maintain financial management systems that comply with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.
• studying national and international trends and challenges to anticipate their implications for public policy;
• conducting policy analyses to assess needed actions and the implications of proposed actions;
• publishing thousands of reports and other documents annually; and
• testifying before the Congress.

Strategic Planning and Management Process

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

- Strategic Goal 1: Provide Timely, Quality Service to the Congress and the Federal Government to Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People.
- Strategic Goal 2: Provide Timely, Quality Service to the Congress and the Federal Government to Respond to Changing Security Threats and the Challenges of Global Interdependence.
- Strategic Goal 4: Maximize the Value of GAO by Being a Model Federal Agency and a World-Class Professional Services Organization.

Our work is primarily aligned under the first three strategic goals, which span issues that are both domestic and international, affect the lives of all Americans, and influence the extent to which the federal government serves the nation’s current and future interests. The fourth goal is our only internally focused one and is aimed at maximizing our productivity through such efforts as investing steadily in information technology (IT) to support our work; ensuring the safety and security of our people, information, and assets; pursuing human capital transformation; and leveraging our knowledge and experience.

The four strategic goals are supported by strategic objectives that are in turn supported by and achieved through numerous performance goals and key efforts. Our strategic planning framework for serving the Congress, which lists the strategic objectives under each goal, is depicted in figure 2.
Figure 2: GAO’s Strategic Planning Framework

**SERVING THE CONGRESS AND THE NATION**

**GAO’S STRATEGIC PLAN FRAMEWORK**

**MISSION**

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

**THEMES**

- Long-Term Fiscal Imbalance
- National Security
- Global Interdependence
- Changing Economy
- Demographics
- Science and Technology
- Quality of Life
- Governance

**GOALS & OBJECTIVES**

Provide Timely, Quality Service to the Congress and the Federal Government to …

Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People related to …

- Health care needs and financing
- Education and protection of children
- Work opportunities and worker protection
- Retirement income security
- Effective system of justice
- Viable communities
- Natural resources use and environmental protection
- Physical infrastructure

Respond to Changing Security Threats and the Challenges of Global Interdependence involving …

- Emerging threats
- Military capabilities and readiness
- Advancement of U.S. interests
- Global market forces

Help Transform the Federal Governments Role and How It Does Business to Meet 21st Century Challenges by assessing …

- Roles in achieving federal objectives
- Government transformation
- Key management challenges and program risks
- Fiscal position and financing of the government

Maximize the Value of GAO by Being a Model Federal Agency and a World-Class Professional Services Organization in the areas of …

- Client and customer satisfaction
- Strategic leadership
- Institutional knowledge and experience
- Process improvement
- Employer of choice

**CORE VALUES**

<table>
<thead>
<tr>
<th>Accountability</th>
<th>Integrity</th>
<th>Reliability</th>
</tr>
</thead>
</table>

Source: GAO.

GAO Strategic Plan 2004-2009

GAO-07-146SP  GAO’s Performance Plan for Fiscal Year 2007 3
This framework not only shows the relationship between our strategic goals and strategic objectives, but also shows major themes that could potentially affect our work.

Complete descriptions of the steps in our strategic planning and management process are included in our strategic plan for fiscal years 2004 through 2009, which is available on our Web site at http://www.gao.gov. This site also provides access to our annual performance plans since fiscal year 1999 and our performance and accountability reports since fiscal year 2001.

**Strategies and Resources for Achieving Our Goals**

The Government Performance and Results Act directs agencies to articulate not just goals, but also strategies for achieving those goals. As detailed in the following sections, our strategies will continue to primarily emphasize providing information from our work to the Congress and the public in a variety of forms and continuing and strengthening our internal operations. For all four strategic goals, the multiyear, qualitative performance goals included in our current strategic plan describe specific areas of work that we planned to complete by the end of fiscal year 2005. Our new strategic plan—which will be issued early next year—will include updated performance goals that cover fiscal years 2007 through 2009.

Our strategies also will continue to emphasize the importance of two overarching approaches: (1) working with other organizations on crosscutting issues and (2) effectively addressing the challenges to achieving our agency’s goals and recognizing the internal and external factors that could impair our performance. Through these strategies, which have proven successful for us for a number of years, we plan to achieve the level of performance that is needed to meet our annual performance measures and our multiyear performance goals and that in turn will allow us to achieve our strategic goals.

Attaining our three externally-focused strategic goals (goals 1, 2, and 3) and their related objectives rests, for the most part, on providing professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced information to support the Congress in carrying out its constitutional responsibilities. To implement the performance goals and key efforts related to these three goals, we will develop and present information in a number of ways, including

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

We will conduct specific engagements as a result of requests from congressional committees and mandates written into legislation, resolutions, and committee reports. In fiscal year 2005, we devoted 87 percent of our engagement resources to work requested or mandated by the
Congress. We initiated the remaining 13 percent of the engagement work under the Comptroller General’s authority; much of this work was related to government programs and operations that we have identified as high risk for fraud, abuse, and mismanagement; reviews of agencies’ budget requests; and various emerging challenges that are of broad-based interest to the Congress, such as the cost of the Global War on Terrorism, the status of the reconstruction efforts in Iraq, and response and recovery efforts related to the 2005 hurricane season. By making recommendations to improve the accountability, operations, and services of government agencies, we contribute to increasing the effectiveness of federal spending and enhancing the taxpayers’ trust and confidence in their government.

Our staff are responsible for gathering all the relevant data and follow high standards for documenting and supporting the information we collect and analyze. This information is, more often than not, documented in a product that is made available to the public. In some cases, we develop products that contain classified or sensitive information that cannot be made available publicly. We generally issue around 1,200 to 1,300 products each year, either electronically or in printed format. Our products will continue to include the following:

- letter reports and chapter reports that, respectively, appear in letter or chapter format and, when printed, are issued with our traditional blue cover;
- correspondence, which is a written letter that does not have a blue cover;
- testimonies and statements for the record, where the former are delivered orally by one or more of our senior executives at a hearing and the latter are provided for inclusion in the congressional record; and
- oral briefings, which are usually given directly to congressional staff members.

We also will produce special publications on specific issues of general interest to all Americans, such as our primer on motor fuels that we prepared to help improve public understanding of the major factors that influence the U.S. price of gasoline and our guide on Social Security that answers concisely some basic questions about how the program works and why it needs to be reformed. Collectively, our products always contain information and often conclusions and recommendations that allow us to achieve our external strategic goals.

Another means of ensuring that we will achieve our goals is to examine the impact of our past work and use that information to shape our future work. Consequently, we will evaluate actions taken by federal agencies and the Congress in response to our past recommendations. The results of these evaluations are reported in terms of the financial benefits and other benefits that reflect the value of our work. We actively monitor the status of our open recommendations—those that remain valid but have not yet been implemented—and report our findings annually to the Congress and the public (http://www.gao.gov/openrecs.html).

Similarly, we will use our biennial high-risk report, most recently issued in January 2005, to provide a status report on major government operations that we consider high risk because they are vulnerable to waste, fraud, abuse, and mismanagement or are in need of broad-based transformation. And we will use our report on 21st century challenges, which was issued in February 2005, to alert the nation’s leaders to current and emerging issues facing the nation, including the long-range budget challenge, the human capital crisis, postal reforms, and the federal government’s financial management efforts. These reports are valuable planning tools because they help us to identify those areas where our continued efforts are needed to maintain the focus on important policy and management issues that the nation faces.

To attain our fourth strategic goal—an internally-focused one—and the five related objectives, we will conduct surveys of our congressional clients and internal customers to obtain feedback on our
products, processes, and services, and perform studies and evaluations to identify ways in which to improve them. Because achieving our strategic goals and objectives also requires strategies for coordinating with other organizations with similar or complementary missions, we will

- use advisory panels and other bodies to inform our strategic and annual work planning and
- initiate and support collaborative national and international audit, technical assistance, and other knowledge-sharing efforts.

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

**Strategic and Annual Work Planning**

Through a series of forums, advisory boards, and panels; periodic environmental scans, and our speakers’ series, we will continue to gather information and perspectives for our strategic and annual planning efforts. For example, in fiscal year 2005, the Comptroller General convened various experts from the public, private, and nonprofit sectors in a series of forums and panels intended to enhance our understanding of emerging issues and to identify opportunities for action.

- In December 2004, we hosted a forum on long-term fiscal challenges and issued a report summarizing the discussion in February 2005.
- In February 2005, we convened a forum on defined benefits pension plans, the results of which were reported in June 2005.
- In March 2005, we convened a roundtable on long-term fiscal challenges, the results of which were summarized and shared with the participants.
- Throughout 2005, we held five sessions of our speakers’ series Conversations on 21st Century Challenges, wherein prominent leaders discuss emerging themes and their implications for public policy. In 2005, we also initiated the Auditors General Speakers’ Series that provides unique international perspectives in support of our work; speakers included the auditors general of China, Ireland, South Korea, and Saudi Arabia.
- In May 2006, we held a forum on federal oversight to address a range of issues related to federal inspectors general, the results of which were summarized in a September 2006 product.

Advisory boards and panels also support our strategic and annual work planning by alerting us to issues, trends, and lessons learned across the national and international audit community that we should factor into our work. These groups include the Comptroller General’s Advisory Board whose 40 members from the public and private sectors have broad expertise in areas related to our strategic objectives. Through the National Intergovernmental Audit Forum, chaired by the Comptroller General, and 10 regional intergovernmental audit forums, we consult regularly with federal inspectors general and state and local auditors. In addition, through the Domestic Working Group, the Comptroller General and the heads of 18 federal, state, and local audit organizations exchange information and seek opportunities to collaborate.

We also will work with a number of issue-specific and technical panels to improve our strategic and annual work planning. These efforts will likely include the following:

- The Advisory Council on Government Auditing Standards provides us guidance on promulgating auditing standards. These standards articulate auditors’ responsibilities when
examining government organizations; programs; activities; functions; and government assistance received by contractors, nonprofits, and other nongovernmental organizations. The council's work ensured that the revised standards would be generally accepted and feasible.

- The Accountability Advisory Council, made up of experts in the financial management community, advises us on audits of the U.S. government's consolidated financial statements and emerging issues involving financial management and accountability reporting.
- The Executive Council on Information Management and Technology, whose 19 members are experts from the public and private sectors and representatives of related professional organizations, help us to identify high-risk and emerging issues in the IT arena.
- The Comptroller General's Educators' Advisory Panel, composed of deans, professors, and other academics from prominent universities across the United States, advises us on recruiting, retaining, and developing staff and on strategic planning matters.
- The Global Working Group, which consists of the Comptroller General and auditors general from 13 other countries, provides an informal forum to discuss common issues and challenges facing our governments and offices, to identify and share knowledge and best practices, and to learn from each others' experiences.
- Internationally, we will continue to participate in INTOSAI—the professional organization of the national audit offices of 186 countries. During the fall of 2004, the INTOSAI Congress unanimously adopted a 5-year strategic plan—the first in INTOSAI's 50-year history—that was developed by a 10-nation task force chaired by the Comptroller General. This plan has provided the foundation for the Governing Board to engage member institutions in advancing professional audit standards and promoting knowledge sharing.

Collaborating With Others

By collaborating with others, we plan to continue to have results such as strengthening professional standards, providing technical assistance, leveraging resources, and developing best practices. In our work with INTOSAI, we chair the accounting and reporting committee and we are an active member of INTOSAI's auditing standards, internal control and accounting standards, and other technical committees. We publish INTOSAI's quarterly *International Journal of Government Auditing* in five languages to foster global understanding of standards, best practices, and technical issues. To help ensure that the public sector perspectives are reflected in the International Federation of Accountants Standards Development project, we are working as a member of INTOSAI's Professional Standards Committee as it collaborates closely with the International Auditing Assurance Standards Board and the World Bank to develop international auditing standards.

To build capacity in the national audit offices around the world, we will continue our international audit fellows program for mid- to senior-level staff from other countries. In 2005, 20 audit fellows from Asia, Africa, Europe, Latin America, and the Middle East spent about 4 months at GAO learning how we are organized to do our work, how we plan our work, and what methodologies we use, particularly for performance audits. As part of our strategy to promote continuous learning and sustainability once the fellows return to their countries, we are working with major donors—such as the World Bank and the U.S. Agency for International Development—to identify or support relevant capacity-building projects in fellows’ institutions. Six current and seven former auditor generals as well as several deputy auditor generals, including the current chair of INTOSAI, are graduates of this program.

Other collaborative activities undertaken by our staff during 2005 illustrate the activities we will continue in fiscal year 2007. These included the following:
• Conferring with the Partnership for Public Service, a nonprofit, nonpartisan, public service
  organization committed to making the government an employer of choice for talented,
  dedicated Americans through educational outreach, research, legislative advocacy, and hands-
  on partnerships with agencies on workforce management issues. In late 2004, the Partnership
  merged with the Private Sector Council, another external partner organization dedicated to
  helping the federal government improve its efficiency, management, and productivity through
  the cooperative sharing of knowledge. During 2005, the Partnership has collaborated with us
  on a human capital symposium focused on performance management best practices and
  assisted us on a number of engagements.
• Actively participating in four other Domestic Working Group collaborative efforts of federal,
  state, and local audit officials to address issues regarding access to records, grants
  management, long-term fiscal challenges, and governance. Collaborative efforts with the
  Domestic Working Group and the National Association of State Auditors, Comptrollers, and
  Treasurers facilitated our work involving the states by fostering a cooperative working
  relationship with the state auditors on over a dozen engagements.
• Implementing the National Intergovernmental Audit Forum (Forum) strategic plan that was
  adopted in December 2004. This plan was developed by a task force composed of federal,
  state, and local auditors and an independent public accountant. The newly established
  committees have begun organizing to implement the plan, which seeks to help maximize the
  Forum’s effectiveness in promoting good government and accountability at all levels of
  government. In addition, 21 regional Forum meetings were held, which brought together
  auditors at all government levels.

Using Our Internal Experts

We coordinate extensively within our own organization on our strategic and annual performance
planning efforts, as well as on the preparation of our performance and accountability reports. Our
efforts are completed under the overall direction of the Comptroller General and the Chief
Operating Officer. We rely on our CAO/Chief Financial Officer and her staff to provide key
information, such as the financial information that is included in our performance and accountability
report. Her staff also coordinates with others throughout the agency to provide the information on
goal 4’s results and provides input on other efforts dealing with issues that include financial
management, budgetary resources, training, and security. We obtain input on all aspects of our
strategic and annual performance planning and reporting efforts from each of our engagement
teams and organizational units through their respective managing directors, as well as other staff
responsible for planning or engagement activities in the teams. Staff from the Quality and
Continuous Improvement office prepare our performance and accountability report, ensuring,
among other things, that the report is responsive to comments and suggestions received from the
Association of Government Accountants and other reviewers. In short, we involve virtually every
part of GAO and use our internal expertise in our planning and reporting efforts.
Budgetary Resources

Table 1 provides an overview of how our human capital resources (shown as full-time equivalent (FTE) positions) and budgetary resources are allocated among GAO’s strategic goals. These numbers were current as of our budget submission to the Congress in early calendar year 2006.

Table 1: Resources by Strategic Goal, Fiscal Years 2005 through 2007
(Dollars in millions)

<table>
<thead>
<tr>
<th>Strategic goal</th>
<th>FY 2005 Actual</th>
<th>FY 2006 Estimated</th>
<th>FY 2007 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FTEs</td>
<td>Amount</td>
<td>FTEs</td>
</tr>
<tr>
<td>Goal 1</td>
<td>1,275</td>
<td>$188</td>
<td>1,286</td>
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<tr>
<td>Provide timely, quality service to the Congress and the federal government to address current and emerging challenges to the well-being and financial security of the American people.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 2</td>
<td>933</td>
<td>137</td>
<td>941</td>
</tr>
<tr>
<td>Provide timely, quality service to the Congress and the federal government to respond to changing threats and the challenges of global interdependence.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 3</td>
<td>843</td>
<td>124</td>
<td>850</td>
</tr>
<tr>
<td>Help transform the federal government’s role and how it does business to meet 21st century challenges.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 4</td>
<td>138</td>
<td>25</td>
<td>140</td>
</tr>
<tr>
<td>Maximize the value of GAO by being a model federal agency and a world-class professional services organization.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3,189</td>
<td>$474</td>
<td>3,217</td>
</tr>
</tbody>
</table>

Source: GAO.

aThese numbers have been updated from last year’s budget submission to reflect actual resources and were current as of our budget submission in early calendar year 2006.

Mitigating External Factors That Could Affect Our Performance

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

As the Congress focuses on unpredictable events—such as the global threat posed by sophisticated terrorist networks, natural disasters, or international financial crises—the mix of work we are asked to undertake may change, diverting our resources from some strategic objectives and performance goals. We can and do mitigate the impact of these events on the achievement of our goals in various ways. For example in fiscal year 2005, we stayed abreast of current events (such as the airline industry’s financial crisis and gasoline prices) and communicated frequently with our congressional clients in order to be alert to possibilities that could shift the Congress’s priorities or trigger new priorities; quickly redirected our resources when appropriate (i.e., on the cost and recovery efforts related to Hurricane Katrina) so that we could deal with major changes as they occur; maintained broad-based staff expertise (i.e., in our social security, health care financing, and homeland security areas) so that we could readily address emerging needs; and
initiated research under the Comptroller General’s authority on a limited number of selected topics, such as U.S. tsunami detection and preparedness efforts, the status of Iraq’s reconstruction, and our 21st century challenges and high-risk work.

We are experiencing heavy demand from the Congress for work in a number of subject areas, especially in the disaster recovery and preparedness areas in the aftermath of Hurricane Katrina and in the health care area. Our ability to effectively manage this demand could have an impact on our ability to meet our performance targets. We will continue to manage these requests in order to minimize any negative impact they may have on our ability to meet the needs of the Congress and the American people. Given large current federal budget deficits and the nation’s long-range fiscal imbalance, the Congress is likely to place increasing emphasis on fiscal constraint. While it is unclear how we will ultimately be affected, it is reasonable to assume that any attempt to exercise additional budgetary discipline in the legislative branch will include our agency. As a result, while we believe that we submit reasonable and responsible budget requests and we know that the return on investment that we generate is unparalleled, we must plan and prepare for the possibility of significant and recurring constraints on the resources made available to the agency. In addition, because almost 80 percent of our budget is composed of people-related costs, any serious budget situation will have an impact on our human capital policies and practices. This, in turn, will have an impact on our ability to serve the Congress and meet our performance targets. While, as noted above, the nature and extent of any such budget constraints cannot be determined at the present time, our executive team is engaged in a range of related planning activities. It is both appropriate and prudent for us to engage in such planning. At the same time, we are hopeful that the Congress will recognize that performance-based budgeting concepts would support providing additional resources to entities with prudent budget requests and proven performance results. If the Congress employs such an approach, we should be in a good position to continue to provide a high rate of return on the resources invested in the agency.

A growing area for us involves our work on bid protests. As required by law, our General Counsel’s office prepares Comptroller General procurement law decisions that resolve protests filed by disappointed bidders. These bidders challenge the way individual federal procurements are being conducted or how the contracts were awarded. In recent years, we have experienced an increase in the number of bid protests that have been filed. A further increase in our workload is likely if federal employees or their representatives are granted the right to appeal outsourcing decisions. We will continue to monitor our workload in this area to ensure that we meet our statutory responsibilities with minimal negative impact on our other work. Another external factor is the extent to which we can obtain access to certain types of information. With concerns about operational security being unusually high at home and abroad, we may have more difficulty obtaining information and reporting on sensitive issues. Historically, our auditing and information gathering have been limited whenever the intelligence community is involved. In addition, we have not had the authority to access or inspect records or other materials held by other countries or, generally, by the multinational institutions that the United States works with to protect its interests. Consequently, our ability to fully assess the progress being made in addressing national and homeland security issues may be hampered. Also, we anticipate that more of our reports may be subject to classification reviews than in the past, which means that the public dissemination of these products may be limited. We plan to work with the Congress to identify both legislative and non-legislative opportunities for strengthening our access authority as necessary and appropriate.

Program Evaluation

To assess our progress toward our first three strategic goals and their objectives and to update them for our strategic plan, we evaluate actions taken by federal agencies and the Congress in response to our recommendations. The results of these evaluations are conveyed in this performance and accountability report as financial benefits and other benefits that reflect the value
of our work. In addition, we actively monitor the status of our open recommendations—those that remain valid but have not yet been implemented—and report our findings annually to the Congress and the public (http://www.gao.gov/openrecs.html). We use the results of that analysis to determine the need for further work in particular areas. For example, if an agency has not implemented a recommended action that we consider to be worthwhile, we may decide to pursue further action with agency officials or congressional committees, or we may decide to undertake additional work on the matter.

We also use our biennial high-risk series to provide a status report on those major government operations considered high risk because of their vulnerabilities to waste, fraud, abuse, and mismanagement or the need for broad-based transformation. The series is a valuable evaluation and planning tool because it helps us to identify those areas where our continued efforts are needed to maintain the focus on important policy and management issues that the nation faces. To help ensure the quality of our work supporting strategic goals 1, 2, and 3, an external peer review was completed of the processes and practices we use to perform many of our engagements, specifically, performance audits. The review—conducted by an international team of auditors that was led by the Office of the Auditor General of Canada—assessed whether our quality assurance policies and procedures were suitably designed and operating effectively. The peer review team examined the design of our engagement quality control system and the audit documentation for a sample of our products. The reviewers found that we have designed and implemented an effective system of quality controls for our performance audits to ensure reasonable compliance with generally accepted government auditing standards. The review team issued its final report in April 2005.

In addition, a team of independent auditors with KPMG also completed a review of our financial management and assurance procedures, which we contract for every 3 years. The auditors concluded that our system of quality control for the accounting and auditing practice was designed to meet applicable quality control standards and that we complied with this system for the period reviewed. Thus, the auditors were reasonably assured that our financial audits conformed with professional standards and gave us a clean opinion.

To help ensure the quality of our internal processes and systems supporting strategic goal 4, we conducted an evaluation that supported our strategic objectives under goal 4, in response to a mandate in the House report on the fiscal year 2005 legislative branch appropriation (H. R. Rep. No. 108-577). This mandate asked that we identify opportunities to reduce costs, outsource, and streamline our internal operations. As a result of our review this year, we streamlined the travel document audit process of our travel function and have selected a service provider to provide accounts payable transaction processing services. Both of these actions will result in measurable cost savings in the future.

In addition, Watson Wyatt, an organizational and performance consulting firm, examined our three-tier pay band system for our analysts and other professional staff and compared the compensation we provide these two groups with the compensation received by employees performing comparable work in the U.S. marketplace. Based on the results of this study, we reassessed the roles and responsibilities of our midlevel (Band II) analysts and adjusted compensation levels for other professional staff. As a result of this study, we restructured our Analyst and Analyst-related Specialist pay bands to better align compensation and responsibilities and adjust compensation levels for other professional staff.

We also completed a number of other studies and evaluations related to goal 4’s strategic objectives. These studies resulted in internal products or briefings.
• **The status of our financial management.** We conducted internal reviews of our compliance with requirements set forth in 31 U.S.C. 3512 (commonly referred to as the Federal Managers' Financial Integrity Act) and OMB Circular A-127, *Financial Management Systems*. The A-127 review covered consistency with the standard general ledger, adequacy of integration, reporting requirements, general ledger maintenance, and travel manager. The Financial Integrity Act review covered payroll testing; FMS functions including reporting; capitalized assets; budget administration controls; GAO mission and assignment tracking system; and internal controls purchases, payments, and employee reimbursements. These reviews uncovered no problems and showed that we have the proper controls in place and that they are being followed.

• **Observations on the performance assessment cycle.** The Executive Committee reviewed our 2004 annual performance management assessment data and requested that the Office of Opportunity and Inclusiveness (OOI) make recommendations for improvements in the areas of staff feedback, communication, and training. OOI provided draft recommendations to the managing directors, the Employee Advisory Council, Blacks in Government, the Hispanic Liaison Group, the Gay and Lesbian Employee Association, the Asian-American Liaison Group, and an agency representative for veterans, and forwarded their comments to the Executive Committee.

• **Training for field office staff.** We studied how best to deliver core training courses to our Band I staff in our field offices and determined that the most cost-effective way was to use a “hub” approach. Specifically, we identified San Francisco, Denver, and Atlanta as our three learning hubs where staff from these and nearby offices will complete groups of courses in five sets of 1-week sessions. The study concluded that among other things, this approach would be significantly less costly than bringing all Band I staff to GAO headquarters and result in a cost avoidance of $500,000 in travel and per diem expenditures.

• **Electronic records management.** In fiscal year 2005, we began pilot testing an electronic records management system that will store all of our workpapers, reports, and testimonies and make them available to all of our staff. We plan to conclude this pilot in fiscal year 2006.

• **Customer satisfaction with internal operations and services.** We conducted our second customer satisfaction survey to measure customer satisfaction with internal operational services, determine the impact of our improvement efforts launched as a result of our first survey, refine our targets, and make necessary adjustments to improve services and reduce the gaps between what our customers expect and the services available to them. We also used the information from this survey to refine our internal balanced scorecard.

• **IT Security Program assessment.** We contracted for an audit of our security practices and controls based upon Federal Information Security Management Act and National Institute of Standards and Technology guidance. This assessment was designed to analyze the effectiveness of our IT Security Program and assist management in determining how to best utilize resources to protect our information and information systems. It is a critical on-site examination and analysis of the program to ascertain the present program status, to identify deficiencies or excesses, to determine the protection needed, and to make recommendations for improvement.

**Providing Information That Improves Federal Programs Now and in the Future**

In fiscal year 2005, the Congress focused its attention on a broad array of challenging issues affecting the safety, health, and well-being of Americans here and abroad, and we were able to provide the objective, fact-based information these decision makers needed to stimulate debate, change laws, and improve federal programs for the betterment of the nation. For example, as the war in Iraq continued, we examined how DOD supplied vehicles, body armor, and other materiel to
the troops in the field; contributed to the debate on military compensation; and highlighted the need to improve health, vocational rehabilitation, and employment services for seriously injured soldiers transitioning from the battlefield to civilian life. We kept pace with the Congress’s information needs about ways to better protect America from terrorism by issuing products and delivering testimonies that addressed issues such as security gaps in the nation’s passport operations that threaten public safety and federal efforts needed to improve the security of checked baggage at airports and cargo containers coming through U.S. ports. We also explored the financial crisis that weakened the airline industry and the impact of this situation on the traveling public and airline employees’ pensions.

In addition, we helped to focus the attention of the Congress and the public on issues affecting the fiscal security and economic stability of the nation in the long term. In the second quarter of fiscal year 2005, we issued two products that will assist the Congress as it addresses future challenges. Our report entitled *21st Century Challenges: Reexamining the Base of the Federal Government* provides a series of illustrative questions related to 12 areas of federal activity as well as our perspective on various strategies and approaches that should be considered as a possible means to address the issues and questions raised in the report. Drawing on our institutional knowledge and extensive program evaluation and performance assessment work for the Congress, we presented over 200 specific 21st century questions illustrating the types of hard choices our nation needs to face as it reexamines what the federal government does and how it does it. We also issued our *High-Risk Series: An Update*, which identifies federal areas and programs at risk of fraud, waste, abuse, and mismanagement and those in need of broad-based transformations. The issues affecting many areas and programs discussed in these two products may take years to address, and these reports will serve as a useful guide for the Congress’s future programmatic deliberations and oversight activities. We performed all this work and more in accordance with our strategic plan, guided by our core values, and consistent with our professional standards (see our Strategic Plan Framework in figure 2).

As we assisted the Congress in fiscal year 2005, we monitored our performance using 14 annual performance measures that capture the results of our work; the assistance we provided to our client—the Congress; and our ability to attract, retain, develop, and lead a highly professional workforce (see Table 2). These measures, which cut across all four of our strategic goals, indicate that we had an impressive year—we met or exceeded our performance targets for 10 of our 14 measures. Two of our results measures—financial benefits and other benefits—illustrate the outcomes of our work and our value to the nation because they track federal dollars saved or better used and programmatic improvements implemented as a result of our work. Two additional results measures track recommendations implemented and new products with recommendations that help us to achieve financial and other benefits. Our client measures—testimonies and timeliness—indicate how well we, as an information provider, serve the Congress, and our people measures reflect how well we manage our staff to achieve the results that we do.²

² For detailed definitions of our annual performance measures and multiyear qualitative performance goals, the specific sources of the data for these measures and goals, the procedures for independently verifying and validating the source data, and the limitations of these data, see the data verification and validation table that begins on page 83 of our performance and accountability report (GAO-06-1SP).
Table 2: Agencywide Summary of Annual Measures and Targets

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<tr>
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<tr>
<td>Results</td>
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<tr>
<td>Financial benefits (dollars in billions)</td>
<td>$26.4</td>
<td>$37.7</td>
<td>$35.4</td>
<td>$44.0</td>
<td>$37.5</td>
<td>$39.0</td>
<td>$40.0</td>
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<tr>
<td>Other benefits</td>
<td>799</td>
<td>906</td>
<td>1,043</td>
<td>1,197</td>
<td>1,000</td>
<td>1,409</td>
<td>1,050</td>
</tr>
<tr>
<td>Past recommendations implemented</td>
<td>79%</td>
<td>79%</td>
<td>82%</td>
<td>83%</td>
<td>80%</td>
<td>85%</td>
<td>80%</td>
</tr>
<tr>
<td>New products with recommendations</td>
<td>44%</td>
<td>53%</td>
<td>55%</td>
<td>63%</td>
<td>55%</td>
<td>63%</td>
<td>60%</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Testimonies</td>
<td>151</td>
<td>216</td>
<td>189</td>
<td>217</td>
<td>185</td>
<td>179</td>
<td>210</td>
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<tr>
<td>Timeliness</td>
<td>95%</td>
<td>96%</td>
<td>97%</td>
<td>97%</td>
<td>98%</td>
<td>97%</td>
<td>98%</td>
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<td></td>
<td></td>
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<tr>
<td>New hire rate</td>
<td>N/A</td>
<td>96%</td>
<td>98%</td>
<td>98%</td>
<td>97%</td>
<td>94%</td>
<td>97%</td>
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<tr>
<td>Acceptance rate</td>
<td>N/A</td>
<td>81%</td>
<td>72%</td>
<td>72%</td>
<td>75%</td>
<td>71%</td>
<td>75%</td>
</tr>
<tr>
<td>Retention rate with retirements</td>
<td>91%</td>
<td>91%</td>
<td>92%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>Retention rate without retirements</td>
<td>95%</td>
<td>97%</td>
<td>96%</td>
<td>95%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
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<tr>
<td>Staff development</td>
<td>N/A</td>
<td>71%</td>
<td>67%</td>
<td>70%</td>
<td>72%</td>
<td>72%</td>
<td>74%</td>
</tr>
<tr>
<td>Staff utilization</td>
<td>N/A</td>
<td>67%</td>
<td>71%</td>
<td>72%</td>
<td>74%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Leadership</td>
<td>N/A</td>
<td>75%</td>
<td>78%</td>
<td>79%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
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<tr>
<td>Organizational climate</td>
<td>N/A</td>
<td>67%</td>
<td>71%</td>
<td>74%</td>
<td>75%</td>
<td>76%</td>
<td>75%</td>
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<tr>
<td>Internal operations</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Help get job done</td>
<td>N/A</td>
<td>N/A</td>
<td>3.98</td>
<td>4.01</td>
<td>N/A</td>
<td>N/A</td>
<td>4.0</td>
</tr>
<tr>
<td>Quality of work life</td>
<td>N/A</td>
<td>N/A</td>
<td>3.96</td>
<td>3.96</td>
<td>N/A</td>
<td>N/A</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: GAO.

Notes: Information in this table was current at the time of our budget submission in early calendar year 2006. We will report changes to our 2007 targets, if any, in our performance and accountability report for fiscal year 2006. N/A indicates the information is not available or the target is not applicable.

In fiscal year 2005, we accomplished real results for the nation, surpassing our financial benefits target for the year and exceeding our annual target and all-time record for other (nonfinancial) benefits. Our financial benefits of $39.6 billion represents an $83 return on every dollar invested in us, and the more than 1,400 other benefits resulting from our work helped to improve the efficiency and effectiveness of government programs that serve the public. In addition, we exceeded our targets for the percentages of past recommendations implemented and new products with recommendations by 5 percentage points and 8 percentage points, respectively. For fiscal years 2006 and 2007, we set targets for the financial and nonfinancial measures based on an analysis of anticipated actions that agencies will take in response to past recommendations.

We did not achieve the targets we set for testimonies and timeliness. Several testimonies we had scheduled were postponed or canceled during the last months of the fiscal year so that the Congress could turn its attention to Hurricane Katrina and its aftermath. However, we believe we served the Congress very well during fiscal year 2005. Based on feedback through an electronic survey completed by a sample of our congressional clients who requested our testimonies and significant products, 96 percent of the responses concerning their overall satisfaction with our products were favorable. These respondents were pleased with various aspects of our written products and testimony statements, such as the professional manner in which we conducted our
work and responded orally to questions at congressional hearings, respectively. For fiscal year 2007, we are setting targets for these measures that are comparable to what we have experienced in the past few years. We also are changing the way we measure timeliness. Beginning with fiscal year 2006, we will use the results of our electronic survey for reporting our progress on this measure.

Concerning our eight people measures, which we began to hold managers accountable for in fiscal year 2005, we are happy to report that we met or exceeded our annual targets for all but two of them—new hire rate and acceptance rate. Our performance in this area indicates that we did a very good job developing, productively using, and managing our staff, but need to improve our recruiting and hiring processes, which we have taken steps to do. Consequently, we have set targets for 2006 and 2007 that are equal to or higher than the 2005 targets.

Beginning with fiscal year 2006, we will add internal operations measures to the list of measures on which we report. Our mission and people are supported by our internal administrative services, including information management, building management, knowledge services, human capital, and financial management services. Through an internal customer satisfaction survey, we gather information on how well our internal operations help employees get their jobs done or improve employees’ quality of work life. Examples of surveyed services include providing secure Internet access and voice communication systems, performance management, and benefits information and assistance. Using the baseline data we collected from the 2003 and 2004 surveys, we have set targets of average responses of 4.0 (on a 5-point scale) for both 2006 and 2007 for these measures.

**Plans and Performance by Strategic Goal**

In the following sections, we discuss how each of our four strategic goals contributed to our fiscal year 2005 performance results. Specifically, for goals 1, 2, and 3—our external goals—we present performance results for the three annual measures that we assess at the goal level. Most teams and units also contributed toward meeting the targets for the agencywide measures that were previously discussed. In addition, for all four strategic goals, we assess our progress on our qualitative, multiyear performance goals.

**Goal 1 Strategic Objectives**

Our first strategic goal upholds our mission to support the Congress in carrying out its constitutional responsibilities by focusing on work that helps address the current and emerging challenges affecting the well-being and financial security of the American people and American communities. Our multiyear (fiscal years 2004-2009) strategic objectives under this goal are to provide information that will help address

- the health needs of an aging and diverse population;
- the education and protection of the nation’s children;
- the promotion of work opportunities and the protection of workers;
- a secure retirement for older Americans;
- an effective system of justice;
- the promotion of viable communities;
- responsible stewardship of natural resources and the environment; and
- a safe, secure, and effective national physical infrastructure.

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our Web site at [http://www.gao.gov](http://www.gao.gov). The
work supporting these objectives was performed primarily by headquarters and field staff in the following teams: Education, Workforce, and Income Security; Financial Markets and Community Investment; Health Care; Homeland Security and Justice; Natural Resources and Environment; and Physical Infrastructure.

Goal 1 Fiscal Year 2005 Accomplishments and Fiscal Year 2007 Targets

To accomplish our work under these strategic objectives, we will conduct engagements, audits, analyses, and evaluations of programs at major federal agencies and developed reports and testimonies on the efficacy and soundness of those programs. We expect that much of our work will be initiated in response to congressional requests and mandates. For example, fiscal year 2005 work under this goal provided information that helped to

- improve security at drinking water and wastewater plants,
- improve the oversight and monitoring of Head Start grantees,
- address challenges of pension reform, and
- assess the effects of changing the definition of rural on USDA’s Rural Housing Service.

As shown in Table 3, we did not meet our fiscal year 2005 performance target for financial benefits for goal 1, but we exceeded our targets for other benefits and testimonies.

### Table 3: Strategic Goal 1’s Selected Annual Performance Results and Targets

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</thead>
<tbody>
<tr>
<td>Financial benefits (dollars in billions)</td>
<td>$8.9</td>
<td>$24.1</td>
<td>$23.6</td>
<td>$26.6</td>
<td>$19.6</td>
<td>$18.7</td>
<td>$20.2</td>
<td>Not met</td>
</tr>
<tr>
<td>Other benefits</td>
<td>210</td>
<td>226</td>
<td>217</td>
<td>252</td>
<td>240</td>
<td>242</td>
<td>256</td>
<td>Met</td>
</tr>
<tr>
<td>Testimonies</td>
<td>73</td>
<td>111</td>
<td>80</td>
<td>85</td>
<td>78</td>
<td>89</td>
<td>78</td>
<td>Met</td>
</tr>
</tbody>
</table>

Source: GAO.

The financial benefits reported for this goal in fiscal year 2005 totaled $15.6 billion, falling short of the target of $19.6 billion. This shortfall resulted, in part, because our work focused on nonfinancial rather than financial benefits. The largest of the financial benefits for this goal arose from our recommendation that DOE take actions to avoid costs associated with a nuclear waste disposal process. Other financial benefits resulting from our work under goal 1 stemmed from the Department of Housing and Urban Development (HUD) recapturing funds not being used by public housing authorities, HHS avoiding costs in the Medicare program, and the National Park Service increasing revenues. Because we met our agencywide target for this measure, we do not plan to take any specific steps to mitigate this shortfall but will continue to track our results by goal.

Because financial benefits often result from work completed in prior years, we set our fiscal year 2006 and 2007 targets on the basis of our assessment of the progress agencies are making in implementing our past recommendations. While our analysis indicates that financial benefits in the future for goal 1 are likely to decline, we set the targets for fiscal years 2006 and 2007 at $18.7 billion and $20.2 billion, respectively, which is higher than that we achieved this year.

Other tangible, nonfinancial benefits reported for goal 1 in fiscal year 2005 included 254 actions taken by federal agencies to improve their services and operations in response to our work and another 23 in which information we provided to the Congress resulted in statutory or regulatory changes. This total of 277 other benefits exceeded our target of 240. Among some of our significant achievements were:
• paying properly for power wheelchairs for Medicare beneficiaries,
• monitoring states’ inventories of childhood vaccines, and
• estimating tobacco retailer violation rates.

For fiscal year 2006, we have set a target of 242. While this target is lower than that we achieved this year, it is about the same as the 4-year average for the goal and is consistent with our recognition that we are more likely to achieve these benefits under goals 2 and 3 in the next few years. We set our fiscal year 2007 target for this measure at 256, slightly higher than the 2006 target.

During fiscal year 2005, our witnesses testified at 88 congressional hearings related to this strategic goal, which exceeded the fiscal year 2004 target of 78 testimonies. Among the testimonies given were ones on

• student loan programs,
• Social Security reform,
• Medicare spending,
• defense health care,
• farm program payments, and
• transportation security.

On the basis of our assessment of the potential need to testify on issues under this goal, we have set a target of presenting testimony at 89 hearings during fiscal year 2006 and 78 hearings during fiscal year 2007.

Goal 1 Multiyear Performance Goals

At the close of fiscal year 2005, we had met 39 of the 40 performance goals for this strategic goal. We did not meet the goal of assessing the administrative efficiency and effectiveness of the federal court and prison systems because we did not receive requests to perform work in this area and could not undertake self-initiated work because we needed resources for work requested by the Congress in other areas. For fiscal year 2006, we are replacing this performance goal with one on improving the administration of the nation’s election system, a goal that better reflects the interests of our congressional clients. Our performance goals for fiscal year 2007 are being updated as part of the strategic plan update that will be completed in 2007.

Goal 2 Strategic Objectives

The federal government is working to promote foreign policy goals, sound trade polices, and other strategies to advance the interests of the United States and its allies while also seeking to anticipate and address emerging threats to the nation’s security and economy. Given the importance of these efforts, our second strategic goal focuses on helping the Congress and the federal government respond to changing security threats and the challenges of global interdependence. Our multiyear (fiscal years 2004-2009) strategic objectives under this goal are to support the congressional and federal efforts to

• respond to emerging threats to security,
• ensure military capabilities and readiness,
• advance and protect U.S. international interests, and
• respond to the impact of global market forces on U.S. economic and security interests.
These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our Web site at http://www.gao.gov. The work supporting these objectives is performed primarily by headquarters and field staff in the following teams: Acquisition and Sourcing Management, Defense Capabilities and Management, and International Affairs and Trade. In addition, the work supporting some performance goals and key efforts is performed by headquarters and field staff from the Information Technology, Homeland Security and Justice, Financial Markets and Community Investment, and Natural Resources and Environment teams.

Goal 2 Fiscal Year 2005 Accomplishments and Fiscal Year 2007 Targets

To accomplish our work under these strategic objectives, we will conduct engagements and audits. In fiscal year 2005, these efforts involved fieldwork related to federal programs that took us across multiple continents, including Australia, Europe, Africa, Asia, South America, and North America. As in the past, we developed reports, testimonies, and briefings on our work. As shown in Table 4, we exceeded our fiscal year 2005 performance targets for financial and other benefits, but did not meet the target for testimonies for this goal.

Table 4: Strategic Goal 2's Selected Annual Performance Results and Targets

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</thead>
<tbody>
<tr>
<td>Financial benefits (dollars in billions)</td>
<td>$10.5</td>
<td>$8.4</td>
<td>$7.1</td>
<td>$9.7</td>
<td>$9.4</td>
<td>$13.0</td>
<td>Met</td>
<td>$10.5</td>
<td>$9.8</td>
</tr>
<tr>
<td>Other benefits</td>
<td>188</td>
<td>218</td>
<td>273</td>
<td>369</td>
<td>300</td>
<td>365</td>
<td>Met</td>
<td>282</td>
<td>290</td>
</tr>
<tr>
<td>Testimonies</td>
<td>34</td>
<td>38</td>
<td>48</td>
<td>70</td>
<td>52</td>
<td>42</td>
<td>Not met</td>
<td>58</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: GAO.

The financial benefits reported for this goal in fiscal year 2005 totaled $13 billion, exceeding the target of $9.4 billion. These accomplishments stemmed from engagements that recommended scaling back a defense program until the required technology is mature, increasing efficiencies in the Army’s force structure, reducing funding for the Millennium Challenge Account—an account established to support development in countries around the world—and for DOD’s operations and maintenance, and avoiding costs associated with the return of excess Army materiel from Iraq.

Given the large portion of the U.S. budget that defense spending consumes, we expect our work under this goal to continue to produce economies and efficiencies that yield billions of dollars in financial benefits for the American people each year. We set goal 2’s fiscal year 2006 target at $10.5 billion based on its fiscal year 2005, 4-year rolling average of $9.5 billion and our assessment of the progress agencies are making in implementing our past recommendations that might yield financial benefits. We set the fiscal year 2007 target at $9.8 billion.

The other tangible benefits reported for goal 2 in fiscal year 2005 included 341 actions taken by federal agencies to improve their services and operations in response to our work and another 24 in which information we provided to the Congress resulted in statutory or regulatory changes. This total of 365 other benefits exceeded our target of 300. Our success in this area arose from our increased emphasis on follow-up efforts and increased monitoring of our progress toward the targets throughout the year. Among some of our significant achievements were:

- improving controls on technology exports and
- strengthening the visa process as an antiterrorism tool.
Looking ahead, our assessments of the executive branch’s current efforts to implement our recommendations made under this goal led us to set our fiscal year 2006 and 2007 targets at 282 and 290, respectively. These targets are lower than our fiscal year 2005 actual performance and 4-year average for this measure because we want to encourage staff to identify significant and meaningful other benefits rather than numerous, narrowly focused ones that would easily ensure that we meet a higher target.

During fiscal year 2005, our witnesses testified at 42 congressional hearings related to this strategic goal, missing our target of presenting testimony at 52 hearings. Among other things, we testified on

- U.S. passport fraud,
- DOD security clearances,
- the Oil for Food program,
- mutual funds,
- unmanned aerial vehicles,
- protecting U.S. officials oversees from terrorist attacks, and
- transportation security issues.

We will continue to work closely with our congressional clients to ensure that they are aware of our willingness to present expert testimony based on our work. We have set our targets for presenting testimony at hearings at 58 for fiscal year 2006 and 52 for fiscal year 2007. This should be a challenge for us since it is above both our fiscal year 2005 performance and 4-year average for this goal.

Goal 2 Multiyear Performance Goals

At the close of fiscal year 2004, we had met 22 of our 23 performance goals for this strategic goal. We did not meet the performance goal of identifying opportunities to embed homeland security concepts in ongoing national initiatives because our homeland security resources were needed for other work requested by the Congress and we did not have resources in the homeland security area to undertake self-initiated work related to this performance goal. For fiscal year 2006, we plan to drop this performance goal and concentrate our resources on the remaining homeland security efforts. Our performance goals for fiscal year 2007 are being updated as part of the strategic plan update that will be completed in 2007.

Goal 3 Strategic Objectives

Our third strategic goal focuses on the collaborative and integrated elements needed for the federal government to achieve results. The work under this goal highlights the intergovernmental relationships that are necessary to achieve national goals. Our multiyear (fiscal years 2004-2009) strategic objectives under this goal are to

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

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our Web site at http://www.gao.gov. The
work supporting these objectives is performed primarily by headquarters and field staff from the Applied Research and Methods, Financial Management and Assurance, Information Technology, and Strategic Issues teams. In addition, the work supporting some performance goals and key efforts is performed by headquarters and field staff from the Acquisition and Sourcing Management and Natural Resources and Environment teams. This goal also includes our bid protest and appropriations law work, which is performed by staff in General Counsel, and our fraud investigations, which are conducted by staff from the Financial Management and Assurance team.

Goal 3 Fiscal Year 2005 Accomplishments and Fiscal Year 2007 Targets

To accomplish our work under these four objectives, we plan to conduct audits, evaluations, and analyses in response to congressional requests and to carry out work initiatives under the Comptroller General’s authority. As in the past, we will develop reports, testimonies, and briefings on our work. As shown in Table 5, we exceeded our fiscal year 2005 performance targets for financial and other benefits for this goal, but did not meet the target for testimonies at the goal level.

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</tr>
</thead>
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<tr>
<td>Financial benefits (dollars in billions)</td>
<td>$7.0</td>
<td>$5.2</td>
<td>$4.7</td>
<td>$7.6</td>
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<td>$11.0</td>
<td>Met</td>
<td>$9.8</td>
<td>$10.0</td>
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<tr>
<td>Other benefits</td>
<td>401</td>
<td>462</td>
<td>553</td>
<td>576</td>
<td>460</td>
<td>767</td>
<td>Met</td>
<td>526</td>
<td>554</td>
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<tr>
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<td>42</td>
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<td>56</td>
<td>60</td>
<td>55</td>
<td>47</td>
<td>Not met</td>
<td>63</td>
<td>55</td>
</tr>
</tbody>
</table>

Source: GAO.

The financial benefits reported for this goal in fiscal 2005 totaled $11 billion, exceeding our target of $8.5 billion. These efforts included increasing revenues from IRS collections, avoiding costs by using streamlined federal acquisition strategies, reducing funding as a result of improved cash management processes in the Air Force’s working capital fund and to postponement of the National Aeronautics and Space Administration (NASA) Prometheus 1 project, and reducing costs associated with the 2010 Census.

Under goal 3, we typically work on core government business processes and governmentwide management reforms. Our assessments of the executive branch’s current efforts to implement the recommendations we made in our work under this goal indicate that financial benefits related to this goal are likely to be in line with our 4-year average; consequently, we set the targets for financial benefits at $9.8 billion and $10 billion for fiscal years 2006 and 2007, respectively.

The other tangible benefits reported for goal 3 in fiscal year 2005 included 739 instances in which agencies’ core business processes were improved or governmentwide management reforms were advanced because of our work. In addition, there were 28 instances in which information we provided to the Congress resulted in statutory or regulatory changes. This total of 767 other benefits exceeded our target of 460. The larger number of other benefits occurred mainly in our financial management and information technology areas, where we tend to make multiple, specific recommendations for change to more than one entity. Among some of our significant achievements were

- adding rigor to the Coast Guard’s oversight of deepwater program contractors,
- preventing improper sales of sensitive clothing and textile items,
- improving accountability at DOL, and
- improving NASA’s cost-estimating process.
Looking ahead, our assessments of the executive branch’s current efforts to implement our recommendations made under this goal led us to set fiscal year 2006 and 2007 targets of 526 and 554 other benefits, respectively, for goal 3. We recognize that this target is lower than our fiscal year 2005 actual performance, but we set it at this level because we want to encourage staff to identify significant and meaningful other benefits rather than numerous, narrowly focused ones that would easily ensure that we meet a higher target.

In fiscal year 2005, our witnesses testified at 47 congressional hearings related to this strategic goal, falling short of the target of 55. Among the testimonies presented were ones on

- Army Reserve and Army National Guard pay,
- tax system abuse by DOD contractors,
- diploma mills,
- federal purchase and travel cards,
- NASA’s shuttle program, and
- DOD contract management.

We will continue to work closely with our congressional clients to ensure that they are aware of our willingness to present expert testimony based on our work. For fiscal year 2006, we have set a target of presenting testimony at 63 hearings because we expect the level of hearings to be higher than it was in fiscal year 2005; the anticipated increase stems from our work on bid protests and on contracting activities resulting from federal Hurricane Katrina cleanup and recovery efforts. For fiscal year 2007, we set a target of presenting testimony at 55 hearings, which is more in line with our experience in the past few years.

**Goal 3 Multiyear Performance Goals**

At the close of fiscal year 2005, we had met all of the 19 performance goals for this strategic goal. Our performance goals for fiscal year 2007 are being updated as part of the strategic plan update that will be completed in 2007.

**Goal 4 Strategic Objectives**

The focus of our fourth strategic goal is to make GAO a model organization. For us, this means that our work is driven by our external clients and internal customers. This also means that our managers exhibit the characteristics of leadership and management excellence, our employees are devoted to ensuring quality in our work process and products through continuous improvement, and our agency is regarded by current and potential employees as an excellent place to work. Our multiyear (fiscal years 2004-2009) strategic objectives under this goal are to

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

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our Web site at [http://www.gao.gov](http://www.gao.gov). The work supporting these objectives is performed under the direction of the Chief Administration Officer (CAO) with assistance on specific key efforts being provided by staff from the Applied Research and Methods team and from offices such as Strategic Planning and External Liaison,
To accomplish our work under these five objectives, we plan to perform internal studies and complete projects that further the strategic goal.

**Goal 4 Fiscal Year 2005 Accomplishments**

The key quantitative measures of GAO’s annual performance used to assess our performance under the external strategic goals are not applicable under Goal 4, but the multiyear qualitative performance goals do apply.

**Goal 4 Multiyear Performance Goals**

At the close of fiscal year 2005, we met 16 of the 17 performance goals for this strategic goal. We did not meet our performance goal of maximizing the collection, use, and retention of essential organizational knowledge. While we have done a substantial amount of work for this performance goal, we will not complete this work until after fiscal year 2005. Specifically, our work has been slower than we anticipated because funding was rescinded in fiscal year 2004 and some essential steps—such as developing prototypes and conducting pilot tests—have taken longer than we initially anticipated. We now plan to complete efforts under this performance goal during fiscal year 2006. We prepared revised performance goals to cover our work during fiscal year 2006. Our performance goals for fiscal year 2007 are being updated as part of the strategic plan update that will be completed in 2007.