Citizens’ Report: Fiscal Year 2008 Summary of GAO’s Performance and Financial Results
SERVING THE CONGRESS

Accountability
We help the Congress oversee federal programs and operations to ensure accountability to the American people. GAO’s analysts, auditors, lawyers, economists, information technology specialists, investigators, and other multidisciplinary professionals seek to enhance the economy, efficiency, effectiveness, and credibility of the federal government both in fact and in the eyes of the American people.

Integrity
We set high standards for ourselves in the conduct of GAO’s work. Our agency takes a professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced approach to all activities. Integrity is the foundation of our reputation, and the GAO approach to work ensures it.

Reliability
We at GAO want our work to be viewed by the Congress and the American public as reliable. We produce high-quality reports, testimonies, briefings, legal opinions, and other products and services that are timely, accurate, useful, clear, and candid.

Scope of work
GAO performs a range of oversight-, insight-, and foresight-related engagements, a vast majority of which are conducted in response to congressional mandates or requests. GAO’s engagements include evaluations of federal programs and performance, financial and management audits, policy analyses, legal opinions, bid protest adjudications, and investigations.
WHO WE ARE

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

Organization and Strategic Focus: To fulfill its mission, GAO organizes and manages its resources to support four broad strategic goals. These include helping to address challenges to the well being and economic security of the American people, U.S. national and homeland security efforts, and modernizing government to meet current and emerging issues. Strategic goal 4 is an internal goal that focuses on enhancing GAO’s business and administrative processes through investments in human capital, financial management, information technology, and various processes and systems needed to support the agency and the Congress.

Human Capital: We maintain a workforce of highly trained professionals across a breadth of academic and scientific disciplines. About three-quarters of our approximately 3,100 employees are based at our headquarters in Washington, D.C.; the rest are deployed in 11 field offices across the country.

BUDGET AND FINANCIAL SNAPSHOT (dollars in millions)

<table>
<thead>
<tr>
<th>Fiscal Year 2008</th>
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<tbody>
<tr>
<td>Clean Opinion on Financial Statements</td>
<td>Yes</td>
</tr>
<tr>
<td>Timely Financial Reporting</td>
<td>Yes</td>
</tr>
<tr>
<td>Material Weaknesses</td>
<td>None</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$111.3</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$108.4</td>
</tr>
<tr>
<td>Net Cost of Operations(^a)</td>
<td>$529.6</td>
</tr>
</tbody>
</table>

\(^a\)This includes nonbudgetary items, such as imputed pension and depreciation costs, which are not included in the figures for total budgetary resources.

PERFORMANCE SNAPSHOT

Accomplishments: In fiscal year 2008, GAO met or exceeded all mission-related targets by, for example, identifying $58.1 billion in financial benefits—a return of $114 for every dollar GAO spent—and nearly 1,400 improvements in government programs and operations. The rate at which GAO’s recommendations were implemented by federal agencies or the Congress rose to 83 percent, and over two-thirds of the products issued contained recommendations. GAO testified at over 300 hearings before the Congress on a variety of topics—our second highest performance in over 25 years—including the progress on U.S. counterterrorism measures and efforts in the Middle East and South Central Asia; the need for stronger regulation over financial institutions; and on federal programs and areas considered at high risk for fraud, waste, abuse, and mismanagement. Also, results from our employee feedback survey—the source for several of our people measures, such as staff development and organizational climate—were the highest in the last 6 years.
Challenges: For fiscal year 2008, GAO continued to address three management challenges—physical security, information security, and human capital. In particular, GAO implemented several initiatives aimed at promoting a fair and unbiased work environment where opportunity and inclusiveness are valued.

Summary of GAO’s Performance Results and Targets for FY 2006–2009

GAO sets targets for its financial benefits, nonfinancial benefits, and testimonies measures at the agencywide level and then for each of its external 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. (Fiscal year 2008 net cost: $201.2 million)

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>2006 Actual</th>
<th>2007 Actual</th>
<th>2008 Target</th>
<th>2008 Actual</th>
<th>Met / Not</th>
<th>2009 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial benefits (dollars in billions)</td>
<td>22.0</td>
<td>12.9</td>
<td>13.8</td>
<td>19.3</td>
<td>Met</td>
<td>13.4</td>
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<tr>
<td>Nonfinancial benefits</td>
<td>268</td>
<td>238</td>
<td>238</td>
<td>226</td>
<td>Not Met</td>
<td>231</td>
</tr>
<tr>
<td>Testimonies</td>
<td>97</td>
<td>125</td>
<td>84</td>
<td>124</td>
<td>Met</td>
<td>77</td>
</tr>
</tbody>
</table>

**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. (Fiscal year 2008 net cost: $161.1 million)

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>2006 Actual</th>
<th>2007 Actual</th>
<th>2008 Target</th>
<th>2008 Actual</th>
<th>Met / Not</th>
<th>2009 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial benefits (dollars in billions)</td>
<td>12.0</td>
<td>10.3</td>
<td>11.3</td>
<td>15.4</td>
<td>Met</td>
<td>12.7</td>
</tr>
<tr>
<td>Nonfinancial benefits</td>
<td>449</td>
<td>468</td>
<td>322</td>
<td>468</td>
<td>Met</td>
<td>344</td>
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<tr>
<td>Testimonies</td>
<td>68</td>
<td>73</td>
<td>69</td>
<td>96</td>
<td>Met</td>
<td>64</td>
</tr>
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**Strategic Goal 3:** Help transform the federal government’s role and how it does business to meet 21st century challenges. (Fiscal year 2008 net cost: $150.6 million)

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>2006 Actual</th>
<th>2007 Actual</th>
<th>2008 Target</th>
<th>2008 Actual</th>
<th>Met / Not</th>
<th>2009 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial benefits (dollars in billions)</td>
<td>17.0</td>
<td>22.8</td>
<td>14.9</td>
<td>23.4</td>
<td>Met</td>
<td>15.9</td>
</tr>
<tr>
<td>Nonfinancial benefits</td>
<td>625</td>
<td>648</td>
<td>590</td>
<td>704</td>
<td>Met</td>
<td>625</td>
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<tr>
<td>Testimonies</td>
<td>73</td>
<td>74</td>
<td>67</td>
<td>77</td>
<td>Met</td>
<td>56</td>
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</tbody>
</table>

**Strategic Goal 4:** Maximize the value of GAO by being a model federal agency and a world-class professional services organization. (Fiscal year 2008 net cost: $22.6 million)

- GAO received an unqualified opinion from an international team of peer reviewers on GAO’s quality assurance system processes and began implementing the team’s suggested improvements.
- GAO fully implemented its new accounting system, Delphi, enhancing its ability to produce auditable financial statements, supporting A-123 compliance, and improving its financial management processes, reporting, and internal controls.
- GAO initiated an enterprise project to conceptualize, procure, and deploy a single, integrated, enterprise-wide automated system to capture, manage, store, preserve, protect, and deliver information consistent with its quality assurance framework throughout the life cycle of an engagement.
- GAO assisted in building the Iraqi Board of Supreme Audit’s capacity through a modified version of our International Auditor Fellowship program to help increase accountability for public funds spent in Iraq.

Budget, Performance, and Financial Snapshot
January 15, 2009

It is my pleasure to present GAO’s Citizens’ Report: Fiscal Year 2008 Summary of GAO’s Performance and Financial Results. This report provides highlights of information contained in our fiscal year 2008 performance and accountability report that discusses the outstanding achievements of the GAO team in serving the Congress and helping to improve government and the actions we have taken to address the challenges facing our organization. Once again we received an unqualified or “clean” opinion from independent auditors on our financial statements for fiscal year 2008. Also, two separate independent peer review teams gave us unqualified opinions on the quality assurance systems used to produce our products and testimonies that examine the performance and ensure the accountability of a broad range of federal programs, policies, and activities.

We experienced heavy demand from the Congress for our work during fiscal year 2008 and issued over 1,200 products on a variety of topics, including the progress on U.S. counterterrorism measures and efforts in Iraq, Afghanistan, and Pakistan; the need for stronger regulation over FannieMae and FreddieMac; aviation emissions and noise issues; health reassessments for veterans; federal actions needed to help some youth reconnect with education and employment; and disaster preparedness, response, and reconstruction. Our products also focused on federal programs and areas that we consider at high risk for fraud, waste, abuse, mismanagement, or transformation, such as the Department of Defense’s weapon systems acquisition processes and contract management, the Medicare and National Flood Insurance Programs, the federal government’s oversight of food safety, and the 2010 Census. GAO senior executives and I testified at over 300 hearings before the Congress—our second highest performance in over 25 years. Our clients who responded to our survey indicated that 95 percent of the products we prepared for them were received or delivered on time, allowing us to solidly achieve the timeliness target we set.

It has been my privilege to lead GAO since becoming Acting Comptroller General in March 2008 when former Comptroller General David M. Walker resigned. I want to express my pride in GAO’s many accomplishments and underscore the dedication and commitment of our workforce. We met or exceeded all of our agencywide mission-related targets. Specifically, in fiscal year 2008 we documented $58.1 billion in financial benefits—a return of $114 for every dollar we spent—and nearly 1,400 nonfinancial benefits. The work we did to produce these benefits helped to shape important legislation, such as the Housing and Economic Recovery Act of 2008 (Pub. L. No. 110-289) and the Medicare Improvements for Patients and Providers Act of 2008 (Pub.
L. No. 110-275), and increase the efficiency and effectiveness of various federal programs thus improving the lives of millions of Americans. Also, the rate at which our recommendations were implemented by federal agencies or the Congress rose to 83 percent in fiscal year 2008, and over two-thirds of the products we issued contained recommendations. These two “pipeline” measures are very important; when entities act on our recommendations their actions often lead to financial and nonfinancial benefits that change laws, improve services for citizens, save money, and promote better management throughout government.

In addition, we planned how we will support the 111th Congress and the next administration with their transition after the presidential election and assist the Congress with overseeing the new Troubled Asset Relief Program (TARP). While we have traditionally served as a resource for new Congresses by providing insight into the issues upon which we focused our work, amendments to the Presidential Transition Act specifically identified GAO as a source for information concerning key management challenges and risks to help new presidential appointees make the leap from campaigning to governing. We synthesized the hundreds of reports and testimonies we issue every year so we could help as new policymakers quickly zero in on critical issues during the first days of the new Congress and administration. Concerning our responsibilities related to TARP—the centerpiece of the Emergency Stabilization Act of 2008 enacted by the Congress in response to the ongoing financial and credit crisis—we began to plan how we will monitor its implementation in the coming months in accordance with the law.

To continue to achieve this level of performance and fulfill our mission of serving the Congress and the public, it is critical that we effectively recruit, retain, and invest in every one of our employees and provide the developmental and leadership experiences that they need to grow professionally. We measure how well we do this by using eight people measures—new hire rate, acceptance rate, retention rate with retirements, retention rate without retirements, staff development, staff utilization, leadership, and organizational climate. We exceeded the fiscal year 2008 targets we set for all but one of these measures, and the results for organizational climate, staff development, staff utilization, leadership, and organizational climate. We exceeded the fiscal year 2008 targets we set for all but one of these measures, and the results for organizational climate, staff development, staff utilization, leadership, and retention were the highest in the last 6 years. Because we lost more staff than expected for reasons other than retirement, we were slightly under the target we set for retention rate without retirements.

We also reached a tentative agreement on the first-ever interim collective bargaining agreement between GAO management and the new employees union—the GAO Employees Organization, International Federation of Professional and Technical Engineers (IFPTE). I am very pleased that we were able to quickly reach a good agreement that covers such matters as official time and grievance procedures. We will continue to work hard to build and maintain open, constructive union and management relations as we address other issues affecting our employees. We also reconstituted
the Employee Advisory Council to ensure that the views of nonbargaining unit employees are represented and took steps to implement several key recommendations resulting from an independent study of our employees’ performance appraisals over time that addressed the issues related to certain ratings disparities for African American analysts. These first steps included developing a Workforce Diversity Plan; convening an agencywide Diversity Committee, which includes representatives from the interim council of the IFPTE, other employee interest organizations, and management; and issuing interim guidelines for reviewing performance ratings to be used for the 2008 performance appraisal cycle. These actions are a good start, but I am committed to doing more to ensure that every person is treated fairly and equitably. In addition, the GAO Act of 2008 was signed into law on September 22, 2008. The law (Pub. L. No. 110-323) includes, among other things, provisions designed to benefit our employees’ pay; help continue to attract, retain, and reward a top-flight workforce; and replace our administrative Inspector General with a statutory one. We will implement this act expeditiously and continue to address other human capital challenges along with our physical and information security challenges consistent with our bargaining obligations with the IFPTE. In closing, the GAO team remains committed to achieving its mission to provide accurate, objective, nonpartisan, and constructive information to the Congress to help it confront difficult challenges facing our nation and to help improve government for the benefit of the American people.

Gene L. Dodaro
Acting Comptroller General
of the United States
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, GAO examines how taxpayer dollars are spent and advises lawmakers and agency heads on ways to make government work better. As a legislative branch agency, GAO is 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. Accordingly, this performance and accountability report for fiscal year 2008 provides what we consider to be information that is at least equivalent to that supplied by executive branch agencies in their annual performance and accountability reports.

We accomplish our mission by providing objective and 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. These are described on the inside front cover of this report.

To accomplish our mission, we use a strategic planning and management process that is based on a hierarchy of four elements—strategic goals, strategic objectives, performance goals, and key efforts. Our strategic plan framework, shown in figure 1, outlines our four strategic goals and 21 strategic objectives that guided our work in fiscal year 2008. Our mission 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. (See fig. 2.) The fourth goal is our only internal one and is aimed at enhancing our business and administrative processes to be a model federal agency. A complete description of the steps in our strategic planning and management process is included in our strategic plan for fiscal years 2004 through 2009, which is available on our Web site at http://www.gao.gov.
Figure 1: GAO’s Strategic Plan Framework

**SERVING THE CONGRESS AND THE NATION**
**GAO’S STRATEGIC PLAN FRAMEWORK**

**MISSION**

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

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**THEMES**

- Changing Security Threats
- Sustainability Concerns
- Economic Growth & Competitiveness
- Global Interdependency
- Societal Change
- Quality of Life
- Science & Technology

**GOALS & OBJECTIVES**

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


- Health care needs
- Lifelong learning
- Work benefits and protections
- Financial security
- Effective system of justice
- Viable communities
- Natural resources use and environmental protection
- Physical infrastructure


- Homeland security
- Military capabilities and readiness
- Advancement of U.S. interests
- Global market forces

Help Transform the Federal Government’s 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 2007-2012
## How GAO Assisted the Nation • Fiscal Year 2008

### 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

- identified shortcomings in processes for providing health care to servicemembers and veterans
- reduced food stamp payment errors
- highlighted challenges in the Food and Drug Administration’s inspection programs for drugs made overseas for the U.S. market
- strengthened higher education access and affordability
- identified information gaps for 401(k) participants related to their fund allocations and fees
- focused attention on challenges transportation systems face as demand and congestion grow
- outlined progress made as the nation transitions to digital television
- recommended ways to improve safety on U.S. highways and airport runways
- highlighted oversight deficiencies in the Small Business Administration’s Historically Underutilized Business Zone program

### 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

- assessed military readiness and operations in Iraq and Afghanistan
- oversaw U.S. efforts to fight terrorism in Pakistan and secure and rebuild Iraq and Afghanistan
- realigned funds for a U.S. program that helps Russia dispose of nuclear materials
- improved the monitoring and assessment of nonemergency food aid programs
- enhanced the Department of Defense’s (DOD) preparedness for homeland security missions
- identified ways to improve DOD’s acquisition management process
- identified implementation challenges with the U.S. Secure Border Initiative
- defined the federal role in sustaining centers that promote homeland security information sharing
- improved the National Flood Insurance Program’s data and analyses
- reformed the federal housing government-sponsored enterprises’ regulatory structure
- brought attention to the need for governmentwide action to better protect personally identifiable information

### Strategic Goal 3
Help transform the federal government’s role and how it does business to meet 21st century challenges

- identified the risks of relying on private contractors for defense and homeland security functions
- improved accountability for excess DOD parts and equipment that can be improperly sold to the public
- referred for prosecution individuals who fraudulently accepted federal disaster assistance payments
- identified border security vulnerabilities through undercover investigations
- strengthened DOD business systems modernization management
- improved the cost-effectiveness of filling the Strategic Petroleum Reserve
- identified incremental approaches for reducing the tax gap
- monitored the development of the 2010 Census
- improved federal human capital management practices
- enlightened the public about the nation’s long-term fiscal challenge

### Strategic Goal 4
Maximize the value of GAO by being a model federal agency and a world-class professional services organization

- increased understanding between the United States and the Iraqi Supreme Audit Institution (SAI) through our assistance with building the Iraqi Board of Supreme Audit’s capacity to improve accountability for Iraq’s expenditures
- enhanced communications with and service to our external clients through refinements to our external Web site
- strengthened public sector financial management and accountability at the global level through GAO’s partnership with the World Bank and the International Organization of Supreme Audit Institutions Development Initiative to design, develop, and deliver the SAI Transformation Seminar

Source: GAO.
Throughout GAO, we maintain a workforce of highly trained professionals with degrees in many academic disciplines, including accounting, law, engineering, public and business administration, economics, and the social and physical sciences. About three-quarters of our approximately 3,100 employees are based at our headquarters in Washington, D.C.; the rest are deployed in 11 field offices across the country (see fig. 3). Staff in these field offices are aligned with our research, audit, investigative, and evaluation teams and perform work in tandem with our headquarters staff.

**Figure 3: GAO’s Office Locations**

![Map of GAO’s Office Locations](image-source)

Source: See Image Sources.

**GAO’s Performance**

In fiscal year 2008, we monitored our performance using 16 annual performance measures, and they indicate that we had an impressive year—we met or exceeded our performance targets for all but one of our measures (see table 1). We accomplished real results for the nation, surpassing our financial benefits target for the year and exceeding our annual target for nonfinancial benefits. Our financial benefits of $58.1 billion represents a $114 return on every dollar invested in us, and nearly 1,400 benefits resulting from our work helped to improve the efficiency and effectiveness of federal government programs that serve the public. In addition, we also exceeded our targets for past recommendations implemented and new products with recommendations. In addition, we exceeded our target of 220 hearings at which we were asked to testify and met the target for delivering our products and testimonies to our clients in a timely manner.

We also met or exceeded our annual targets for seven of our eight people measures. Success in this area indicates that our efforts under goal 4 to attract, retain, and develop staff paid off. We did not meet our target for retention rate without retirements because we lost more staff than expected for reasons other than retirement. We discuss our human capital activities in appendix 2 of our full performance and accountability report for fiscal year 2008.
# Table 1: Agencywide Summary of Annual Measures and Targets

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<tr>
<td><strong>Results</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial benefits (dollars in billions)</td>
<td>$44.0</td>
<td>$39.6</td>
<td>$51.0</td>
<td>$45.9</td>
<td>$40.0</td>
<td>$58.1</td>
<td>Met</td>
<td>$42.0</td>
</tr>
<tr>
<td>Nonfinancial benefits</td>
<td>1,197</td>
<td>1,409</td>
<td>1,342</td>
<td>1,354</td>
<td>1,150</td>
<td>1,398</td>
<td>Met</td>
<td>1,200</td>
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<tr>
<td>Past recommendations implemented</td>
<td>83%</td>
<td>85%</td>
<td>82%</td>
<td>82%</td>
<td>80%</td>
<td>83%</td>
<td>Met</td>
<td>80%</td>
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<tr>
<td>New products with recommendations</td>
<td>63%</td>
<td>63%</td>
<td>65%</td>
<td>66%</td>
<td>60%</td>
<td>66%</td>
<td>Met</td>
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<tr>
<td><strong>Client</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Testimonies</td>
<td>217</td>
<td>179</td>
<td>240</td>
<td>276</td>
<td>220</td>
<td>304</td>
<td>Met</td>
<td>200</td>
</tr>
<tr>
<td>Timeliness&lt;sup&gt;a&lt;/sup&gt;</td>
<td>92%</td>
<td>92%</td>
<td>93%</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
<td>Met</td>
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<tr>
<td><strong>People</strong></td>
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<td></td>
<td></td>
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<tr>
<td>New hire rate</td>
<td>98%</td>
<td>94%</td>
<td>94%</td>
<td>96%</td>
<td>95%</td>
<td>96%</td>
<td>Met</td>
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<tr>
<td>Acceptance rate</td>
<td>72%</td>
<td>71%</td>
<td>70%</td>
<td>72%</td>
<td>72%</td>
<td>77%</td>
<td>Met</td>
<td>75%</td>
</tr>
<tr>
<td>Retention rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>With retirements</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>Met</td>
<td>90%</td>
</tr>
<tr>
<td>Without retirements</td>
<td>95%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>94%</td>
<td>93%</td>
<td>Not met</td>
<td>94%</td>
</tr>
<tr>
<td>Staff development&lt;sup&gt;c&lt;/sup&gt;</td>
<td>76%</td>
<td>76%</td>
<td>76%</td>
<td>77%</td>
<td>Met</td>
<td>76%</td>
<td></td>
<td></td>
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<tr>
<td>Staff utilization&lt;sup&gt;d&lt;/sup&gt;</td>
<td>72%</td>
<td>75%</td>
<td>75%</td>
<td>73%</td>
<td>75%</td>
<td>75%</td>
<td>Met</td>
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<td>Leadership</td>
<td>79%</td>
<td>80%</td>
<td>79%</td>
<td>79%</td>
<td>80%</td>
<td>81%</td>
<td>Met</td>
<td>80%</td>
</tr>
<tr>
<td>Organizational climate</td>
<td>74%</td>
<td>76%</td>
<td>73%</td>
<td>74%</td>
<td>75%</td>
<td>77%</td>
<td>Met</td>
<td>75%</td>
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<td><strong>Internal operations&lt;sup&gt;e&lt;/sup&gt;</strong></td>
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<td></td>
</tr>
<tr>
<td>Help get job done</td>
<td>4.01</td>
<td>4.10</td>
<td>4.10</td>
<td>4.05</td>
<td>4.00</td>
<td>N/A</td>
<td></td>
<td>N/A 4.00</td>
</tr>
<tr>
<td>Quality of work life</td>
<td>3.96</td>
<td>3.98</td>
<td>4.00</td>
<td>3.98</td>
<td>4.00</td>
<td>N/A</td>
<td></td>
<td>N/A 4.00</td>
</tr>
</tbody>
</table>

Source: GAO.

Note: Information explaining all of the measures included in this table appears in the Data Quality and Program Evaluations section in part II of our full performance and accountability report for fiscal year 2008.

<sup>a</sup>In our timeliness calculations for fiscal years 2004 through 2007, we inadvertently included nonresponses to the timeliness questions in our client feedback survey—the data source for our timeliness measure. We therefore recalculated the survey results for these fiscal years and fiscal year 2008. The numbers shown reflect the correct calculation.

<sup>b</sup>Considering the challenging hiring environment due to uncertain budgets and high competition for talent, measuring our acceptance rate is less meaningful to us. Therefore, we will eliminate this measure beginning in fiscal year 2009.

<sup>c</sup>Beginning in fiscal year 2006, we changed the way that the staff development people measure was calculated. Specifically, we dropped one question regarding computer-based training because we felt such training was a significant part of (and therefore included in) the other questions the survey asked regarding training. We also modified a question on internal training and changed the scale of possible responses to that question. We show the fiscal year 2004 and 2005 data on a separate line to indicate that those data are not comparable to the data beginning in fiscal year 2006.

<sup>d</sup>Our employee feedback survey asks staff how often the following occurred in the last 12 months: (1) my job made good use of my skills, (2) GAO provided me with opportunities to do challenging work, and (3) in general, I was utilized effectively.

<sup>e</sup>For our internal operations measures, we will report actual data for fiscal year 2008 once data from our November 2008 internal customer satisfaction survey have been analyzed. N/A indicates that the data are not available yet.
Concerning our two internal operations measures, we will assess our performance related to how well our internal administrative services (e.g., computer and Internet support, security, personnel benefits, and report production) help employees get their jobs done or improve employees’ quality of work life once data from our November 2008 annual customer satisfaction survey have been analyzed. These measures are directly related to our goal 4 strategic objectives of continuously enhancing our business and management processes and becoming a professional services employer of choice. There will always be a lag in reporting on this measure because our customer feedback survey results are not available until after we issue the performance and accountability report. In fiscal year 2007, we exceeded our target of 4.0 (a composite score based on employees’ responses from an internal survey) for our measure of services that help staff do their jobs and slightly missed the target for our measure of services that affect the quality of staff work life. These scores indicate that our employees were very satisfied with the internal administrative services they used during their workday. The survey asked staff to rank the importance of each service to them and indicate their satisfaction with it on a scale from 1 to 5.

RESULTS MEASURES

Focusing on outcomes and the efficiency of the processes needed to achieve them is fundamental to accomplishing our mission. The following four annual measures indicate that we have fulfilled our mission and delivered results that benefit the nation.

Financial Benefits and Nonfinancial Benefits

We describe many of the results produced by our work as either financial or nonfinancial benefits. Both types of benefits result from our efforts to provide information to the Congress that helped to (1) change laws and regulations, (2) improve services to the public, and (3) promote sound agency and governmentwide management. In many cases, the benefits we claimed in fiscal year 2008 are based on work we did in past years because it often takes the Congress and agencies time to implement our recommendations or to act on our findings.

Financial Benefits

Our findings and recommendations produce measurable financial benefits for the federal government after the Congress acts on or agencies implement them and the funds are made available to reduce government expenditures or are reallocated to other areas. The monetary effect realized can be the result of:

- changes in business operations and activities;
- the restructuring of federal programs; or
- modifications to entitlements, taxes, or user fees.

Financial benefits result if, for example, the Congress reduces the annual cost of operating a federal program or lessens the cost of a multiyear program or entitlement. Financial benefits could also result from increases in federal revenues—because of changes in laws, user fees, or asset sales—that our work helped to produce.
Financial benefits included in our performance measures are net benefits—that is, estimates of financial benefits that have been reduced by the estimated costs associated with taking the action that we recommended. We convert all estimates involving past and future years to their net present value and use actual dollars to represent estimates involving only the current year.

To document financial benefits, our staff members complete reports documenting accomplishments that are linked to specific recommendations or actions. Each accomplishment report for financial benefits is documented and reviewed by (1) another GAO staff member not involved in the work and (2) a senior executive in charge of the work. The GAO Inspector General (IG) also performed an independent review of all accomplishment reports claiming benefits of $500 million or more in fiscal year 2008.

Figure 4 briefly describes the types of financial benefits we documented in fiscal year 2008. Table 2 lists several of our major financial benefits for fiscal year 2008.

Table 2: GAO’s Selected Major Financial Benefits Reported in Fiscal Year 2008 (Dollars in Billions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved spectrum management by extending auction authority. We recommended that the Congress extend beyond the scheduled expiration date the Federal Trade Commission’s authority to conduct auctions to assign spectrum licenses to commercial users for mobile telephone services. In March 2008, the 700 megahertz auction generated about $19 billion, and a portion of the proceeds will be used to support public safety and the transition to digital television.</td>
<td>$8.6</td>
</tr>
<tr>
<td>Encouraged the Department of Defense (DOD) to reexamine cost estimates for a new military concept. The military services are either considering or actively pursuing the purchase of new ships and weapon systems to support joint seabasing—an evolving concept for projecting and sustaining forces for joint military operations without relying on nearby land bases. We recommended that the DOD evaluate the concept further and synchronize cost estimates to improve information for decision makers. DOD subsequently reduced the number of ships that it plans to procure in fiscal years 2009 through 2011 in support of this concept.</td>
<td>$2.0</td>
</tr>
</tbody>
</table>
Realized savings from suspending the royalty-in-kind oil program. We testified that since the Strategic Petroleum Reserve (SPR), operated by the Department of Energy (DOE), had reached sufficient size to address near-term supply disruptions, suspending the fill of the SPR would also have a dampening effect on gasoline prices because more supply would be available. At the time of our testimony, the SPR was being filled with oil from the Department of the Interior’s (Interior) royalty-in-kind program that allows Interior to receive oil as payments from companies that lease federal land for oil development. In May 2008, DOE subsequently suspended the fill and sold the royalty-in-kind oil for almost $2 billion.

Encouraged DOD to scale back a costly satellite program. We recommended that DOD reassess its investment in the Alternative Infrared Satellite System and alternative ways for reducing risk. DOD reexamined the system to clarify program objectives and in its 2009 budget request redirected system resources to pursue risk reduction, system definition, and ground tests resulting in a reduction in funding for this system from fiscal year 2008 to fiscal year 2012.

Analyzed the fiscal year 2008 appropriation for the Millennium Challenge Corporation (MCC). Our work showed that MCC had disbursed only about $68 million of the $2.1 billion obligated for foreign assistance compacts and could have significant undisbursed balances when compacts expire. As a result, the Congress reduced MCC’s fiscal year 2008 appropriation by $1.4 billion from the President’s $3 billion request.

Nonfinancial Benefits

Many of the benefits that result from our work cannot be measured in dollar terms. During fiscal year 2008, we recorded a total of 1,398 nonfinancial benefits, significantly exceeding our target by almost 22 percent because of actions taken as a result of our bid protest work and by agencies in response to our recommendations dealing with governmentwide information technology and accounting issues. Figure 5 briefly describes the types of nonfinancial benefits we documented in fiscal year 2008. Table 3 provides examples of some of nonfinancial benefits we claimed as accomplishments in fiscal year 2008.

Figure 5: Types of Nonfinancial Benefits Recorded in Fiscal Year 2008 from Our Work

The pie chart shows the distribution of nonfinancial benefits recorded in fiscal year 2008 from GAO’s work. The categories include:

- Agencies acted on GAO information to improve services to the public
- Information GAO provided to the Congress resulted in statutory or regulatory changes
- Core business processes improved at agencies and governmentwide management reforms advanced by GAO’s work

Source: GAO.
Table 3: GAO’s Selected Nonfinancial Benefits Reported in Fiscal Year 2008

... that helped to change laws

- Prohibited tax debtors from receiving large federal contracts.

- Increased penalties to deter food stamp fraud.

- Improved Medicare payment methods.

- Identified need for a single regulator for the federal housing finance system.

... that helped to improve services to the public

- Required fire-deterring sprinklers in nursing homes.
- Improved mail delivery standards.
- Encouraged the Environmental Protection Agency to clarify definition of mercury debris.
- Improved screening of the Army’s contract security guards.

... that helped to promote sound agency and governmentwide management

- Identified individuals who fraudulently accepted disaster assistance payments.
- Highlighted problems taxpayers can face when using tax preparation chains.
- Identified U.S. border security vulnerabilities.

Source: GAO.

Past Recommendations Implemented

One way we measure our effect on improving the government’s accountability, operations, and services is by tracking the percentage of recommendations that we made 4 years ago that have since been implemented. At the end of fiscal year 2008, 83 percent of the recommendations we made in fiscal year 2004 had been implemented, primarily by executive branch agencies. Putting these recommendations into practice generates tangible benefits for the nation.

New Products Containing Recommendations

In fiscal year 2008, about 66 percent of the 629 written products we issued (excluding testimonies) contained recommendations. We track the percentage of new products with recommendations because we want to encourage staff to develop recommendations that when implemented by the Congress and agencies, produce financial and nonfinancial benefits for the nation. We exceeded our target of 60 percent by 6 percentage points because our audit teams are better emphasizing the need to identify possible recommendations as they plan and carry out their work. Our informational reports have the same analytical rigor and meet the same quality standards as those with recommendations and, similarly, can help to bring about significant financial and nonfinancial benefits. Hence, this measure allows us ample leeway to respond to requests that result in reports without recommendations.

CLIENT MEASURES

To fulfill the Congress’s information needs, we strive to deliver the results of our work orally as well as in writing at a time agreed upon with our client.
Testimonies

Our clients often invite us to testify on our current and past work when it addresses issues that congressional committees are examining through the hearing process. During fiscal year 2008, experts from our staff testified at 304 congressional hearings covering a wide range of complex issues, and we significantly exceeded our target of 220 hearings at which we testify. (For a summary of issues we testified on by strategic goal in fiscal year 2008, see fig.17 in our full performance and accountability report.) Over 100 of our testimonies were related to high-risk areas and programs that we discuss on page 17.

In fiscal year 2008, we exceeded our target and surpassed our actual performance on this measure over the last 4 years. In fact, only one time in the last 25 fiscal years have we delivered testimonies at more hearings. The Congress was extremely interested in our past and current work on a variety of issues and asked us to testify at 84 more hearings than we anticipated. The Congress asked our executives to testify in fiscal year 2008 more than 40 times on homeland security issues, more than 10 times on the Iraq conflict and Afghanistan, and 8 times on military and veterans’ health care and disability benefits.

Timeliness

To be useful to the Congress, our products must be available when our clients need them. We used the results of our client feedback survey as the primary data source for our external timeliness measure because the responses come directly from our clients. Because our products usually have multiple requesters, we often survey more than one congressional staff person per testimony or product. Each survey asks the client whether the product was provided or delivered on time. In fiscal year 2008, we had a 25 percent response rate from the congressional staff surveyed, which provided us with feedback on 56 percent of the products for which we sent surveys.

In fiscal year 2008 we met our timeliness target of 95 percent. We have always set our target for timeliness high because it is important for us to meet congressional needs when they occur. Therefore, we will continue to emphasize to our audit teams the importance of communicating with the requesters of our work to determine when they will need testimony statements and products and delivering these statements and products when agreed to allow the requesters enough time to prepare for hearings and other congressional activities.

PEOPLE MEASURES

Our highly professional, multidisciplinary staff were critical to the level of performance we demonstrated in fiscal year 2008. Our ability to hire, develop, retain, and lead staff is a key factor to fulfilling our mission of serving the Congress and the American people.

In fiscal year 2008, we met or exceeded all but one of our eight people measure. All eight measures are directly linked to our goal 4 strategic objective of becoming a professional services employer of choice. For more information about our people measures, see Verifying and Validating Performance Data on page 76 of the full performance and accountability report.
New Hire Rate and Acceptance Rate

Our new hire rate is the ratio of the number of people hired to the number we planned to hire. Annually, we develop a workforce plan that takes into account strategic goals; projected workload changes; and other changes such as retirements, other attrition, promotions, and skill gaps. The workforce plan for the upcoming year specifies the number of planned hires. In fiscal year 2008, our adjusted plan was to hire 356 staff. We were able to bring on board 343 staff by year-end. Our acceptance rate measure is a proxy for our attractiveness as an employer and an indicator of our competitiveness in bringing in new talent. It is the ratio of the number of applicants accepting offers to the number of offers made.

Retention Rate

We continuously strive to make GAO a place where people want to work. Once we have made an investment in hiring and training people, we would like them to stay with us. This measure is one indicator of whether we are attaining this objective. We calculate this measure by taking 100 percent minus the attrition rate, where attrition rate is defined as the number of separations divided by the average onboard strength. We calculate this measure with and without retirements. We have consistently performed at the 90 percent level for retention rate with retirements for the last 5 fiscal years, but in fiscal year 2008 we missed our target for retention without retirements by 1 percentage point because we lost more employees for reasons other than retirements.

Staff Development and Utilization, Leadership, and Organizational Climate

One way that we measure how well we are supporting our staff and providing an environment for professional growth and improvement is through our annual employee feedback survey. Through the survey, we encourage our staff to indicate what they think about our overall operations, work environment, and organizational culture and how they rate their immediate supervisors on key aspects of their leadership styles. In fiscal year 2008, to better ensure confidentiality of individual responses, we used the same outside contractor that administered the survey to also analyze the data.

This fiscal year about 76 percent of our employees completed the survey—a 4 percentage point increase over last year’s response rate—and we met or exceeded all four targets.

INTERNAL OPERATIONS MEASURES

Our mission and people are supported by our internal administrative services, including information management, facility management, knowledge services, human capital, financial management, and other services. To assess our performance related to how well our internal administrative services help employees get their jobs done or improve employees’ quality of work life, we use information from our annual customer satisfaction survey to set targets and assess our performance for both of these measures, along with baseline data that we recorded for them in fiscal year 2004. Our internal operations measures are directly related to our goal 4 strategic objectives of continuously enhancing our business and management processes and becoming a professional services employer of choice.
GAO’s High-Risk Program

Since 1990, our high-risk program has highlighted long-standing challenges facing the federal government. Increasingly, the program has focused on those major programs and operations that are in urgent need of broad-based transformation and congressional as well as executive branch action, to ensure that our national government functions in the most economical, efficient, and effective manner possible. Our latest regular update, released in January 2007, highlights 27 troubled areas across government. Many of these areas involve critical public service providers, such as the Department of Agriculture; Internal Revenue Service; and Centers for Medicare and Medicaid Services (CMS), which provides services to Medicare and Medicaid recipients.

In March 2008 we added the 2010 Census to the high-risk list because of the census’s impact on everything from the apportionment of congressional seats to the distribution of billions of dollars of federal funds and because of a combination of long-standing deficiencies and emerging challenges, including shortcomings in the U.S. Census Bureau’s (Bureau) management of information technology, weak performances by technology that the Bureau plans to use for data collection, uncertainty of cost estimates, and the elimination of several dress rehearsals activities.

Issued to coincide with the start of each new Congress, our high-risk updates have helped sustain attention from members of the Congress who are responsible for oversight and from executive branch officials who are accountable for performance. Our focus on high-risk problems contributed to the Congress enacting a series of governmentwide reforms to address critical human capital challenges, strengthen financial management, improve information technology (IT) practices, and instill a more results-oriented government. Overall, our high-risk program has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical services to the public.

To learn more about our work on the high-risk areas or to download our latest high-risk update in full, go to http://www.gao.gov/docsearch/featured/highrisk.html.

Management Challenges and Mitigating External Factors That Could Affect Our Performance

Management Challenges

At GAO, management challenges are identified by the Comptroller General, the Executive Committee, and the agency’s senior executives through the agency’s strategic planning, management, and budgeting processes. Each year, we ask our IG
to examine management’s assessment of the challenges and the agency’s progress in addressing them.

For fiscal year 2008, we continued to address three management challenges—physical security, information security, and human capital. We anticipate that we will need to address all three challenges in future years because they are evolving and will require us to continually identify ways to adapt and improve.

**Physical Security Challenge**

To strengthen our ability to protect our people and our assets, we must constantly assess our physical security profile and continuity of operations programs vis-à-vis the domestic and international climate. For example, during fiscal year 2008, we

- strengthened our emergency readiness in headquarters through training, exercises, and drills and enhanced security in our field offices and
- conducted a security assessment (through an independent contractor) on a full range of security disciplines to examine the effectiveness of recent improvements and provide recommendations for future enhancements.

**Information Security Challenge**

Given the constantly evolving nature of threats to information and information system assets, information security will continue to be a management challenge for us and all government and private sector entities in the foreseeable future.

Our overall goal is to ensure that information protection requirements extend across the life cycle of documentation: from data collection, report production, and data transmission and storage to the eventual archiving and disposal of data. In fiscal year 2008, we strengthened our information security by

- establishing a dedicated Information Security Branch responsible for general information security support, security education, security inspections, and the newly certified Sensitive Compartmented Information Facility, and a formal agencywide Security Manager Program intended to focus and improve security education and awareness at the team level;
- improving our assessment of systems operated on behalf of GAO by third parties by developing guidance and testing our procedures for conducting site visits and validating the protection of GAO information based upon established standards from the Office of Management and Budget (OMB), the National Institute of Standards and Technology, and the Federal Information Security and Management Act; and
- implementing encryption in the images of our new workstations to protect data on our laptops and on mobile media, such as USB flash drives.

**Human Capital Challenge**

We strive to ensure that the design and implementation of our programs are consistent with four key elements we have identified as critical to human capital management—leadership; strategic human capital planning; acquiring, developing, and retaining talent; and a results-oriented organizational culture—and that we follow our own advice and guidance.
We depend on a talented and diverse, high-performing, knowledge-based workforce to accomplish our work and carry out our mission in support of the Congress. Attracting and retaining the best is a top priority and a key challenge as we look for opportunities to improve our strategies and leverage what works well during this period of steadily rising competition for talent among knowledge-based organizations. While we continue to be highly successful in attracting talent and our attrition rates remain steady, we are beginning to see that younger staff appear to be less likely to make a long-term workplace commitment, while at the same time mid- and senior-level staff with great institutional knowledge are becoming retirement eligible in greater numbers. We recognize that one of our current and future challenges is to continue to reexamine our recruitment and retention strategies and flexibilities.

In fiscal year 2008, we strengthened our human capital and related processes by taking the following actions:

- Contracting with the Ivy Planning Group to examine the differences in average performance appraisals between African American and Caucasian analysts. The Ivy Planning Group delivered its report in April 2008; the report included over 25 recommendations and many helpful insights. The Acting Comptroller General expressed his commitment to addressing each of the recommendations, with immediate attention to creating a more inclusive work environment for all staff, reassessing how we evaluate performance, and refining recruiting and hiring practices.

- Working in a labor relations environment with the GAO Employee Organization, International Federation of Professional and Technical Engineers. We successfully negotiated the first pay agreement affecting 2008 salaries with the union’s Interim Council and reached an interim collective bargaining agreement.

- Working closely with our congressional oversight committee on compensation issues and other agency management issues. For example, we worked with the Congress to implement the GAO Act of 2008, which contains important provisions that will help GAO with a variety of human capital and administrative matters, including establishing a floor guarantee for all staff (except those in the developmental pay plans and Senior Executive Service/Senior Level positions) that provides that staff will, at a minimum, receive the General Schedule pay increase for the locality in which their office is located and providing for certain of our employees to receive retroactive lump sum payments and pay adjustments if they did not receive at least 2.6 percent and 2.4 percent base pay increases in 2006 and 2007, respectively.

We have significant efforts planned for continuing to meet all three of our management challenges in fiscal year 2009. For further information about these efforts, see part I in our full performance and accountability report for fiscal year 2008.

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 unusual events, the mix of work we are asked to undertake may change, diverting our resources from some strategic objectives and performance goals. The total number of requests in fiscal year 2007 was up 14 percent from the preceding year, and this increase remained about the same from fiscal year 2007 through fiscal year 2008. As an indicator of future congressional demand, potential mandates for our work being included in proposed legislation as of September 30, 2008, totaled over 800, a 40 percent increase from a similar period in the 109th Congress. For example, the Emergency Economic Stabilization Act directs us to report to the Congress every 60 days findings from our oversight of the activities and performance of the Troubled Asset Relief Program and to conduct an annual financial audit of the program. The act also mandates a one-time report to the Congress on the role that leveraging and sudden deleveraging of financial institutions played in the nation's financial crisis spurred by subprime home loans.

Our staff members are stretched in striving to meet the Congress's increasing needs. Given the difficult federal budget decisions that lie ahead, 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 us. In addition, as we stated previously, almost 80 percent of our budget is composed of people-related costs, and 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.

Another external factor that affects our ability to serve the Congress is the extent to which we can obtain access to information that plays an essential role in our ability to report on issues of importance to the Congress and the American people. Most departments and agencies are very cooperative with our requests for information. However, our experience with some agencies, such as the Department of Homeland Security (DHS), CMS, and the Department of Justice, has proven more challenging. For instance, unlike our interactions with many other agencies, most of our interactions with DHS are layered and time-consuming. DHS's processes for working with us include extensive coordination among program officials, liaisons, and attorneys at the departmental and component levels and centralized control for all incoming GAO requests for information and outgoing documents. In response to a fiscal year 2008 appropriations restriction directing DHS to revise its departmental guidance to include expedited time frames, providing us timely and complete access to records and interviews, DHS revised its departmental guidance.

concerning relations with us in July 2008. While GAO does not view the revised procedures as constituting a “significant streamlining” of the process, we will closely monitor how the revised procedures are implemented. We appreciate the interest of the Congress in helping to ensure that we obtain access to information and the efforts by agencies to cooperate with our requests. We will continue to work to identify opportunities for strengthening our access to information as necessary and appropriate.

Overview of Resources, Financial Management, and Controls

Resources Used to Achieve Our Fiscal Year 2008 Goals

Our financial statements for fiscal year 2008 received an unqualified opinion from an independent auditor, Clifton Gunderson, LLP. The auditor found our internal controls to be effective—which means that no material weaknesses were identified—and the auditor reported substantial compliance with the requirements for financial systems in the Federal Financial Management Improvement Act of 1996. In addition, the auditor also found no instances of noncompliance with the laws or regulations in the areas tested. Table 4 summarizes key data. (To see our full financial statements and financial statement notes, see part III of our full performance and accountability report for fiscal year 2008.)

Table 4: GAO’s Financial Highlights: Resource Information (Dollars in Millions)

<table>
<thead>
<tr>
<th></th>
<th>Fiscal year 2008</th>
<th>Fiscal year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total budgetary resources</td>
<td>$519.0</td>
<td>$498.9</td>
</tr>
<tr>
<td>Total outlays</td>
<td>$500.4</td>
<td>$490.5</td>
</tr>
<tr>
<td>Net cost of operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 1: Well-being and financial security of the American people</td>
<td>$201.2</td>
<td>$177.4</td>
</tr>
<tr>
<td>Goal 2: Changing security threats and challenges of globalization</td>
<td>161.1</td>
<td>157.5</td>
</tr>
<tr>
<td>Goal 3: Transforming the federal government’s role</td>
<td>150.6</td>
<td>146.6</td>
</tr>
<tr>
<td>Goal 4: Maximizing the value of GAO</td>
<td>22.6</td>
<td>23.9</td>
</tr>
<tr>
<td>Less reimbursable services not attributable to goals</td>
<td>(5.9)</td>
<td>(5.7)</td>
</tr>
<tr>
<td><strong>Total net cost of operations</strong></td>
<td><strong>$529.6</strong></td>
<td><strong>$499.7</strong></td>
</tr>
<tr>
<td>Actual full-time equivalents</td>
<td>3,081</td>
<td>3,152</td>
</tr>
</tbody>
</table>

Source: GAO.

The net cost of operations figures include nonbudgetary items, such as imputed pension and depreciation costs, which are not included in the figures for total budgetary resources or total outlays.

We focus most of our financial activity on the execution of our congressionally approved budget with most of our resources devoted to the human capital needed for our mission of supporting the Congress with professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced information and analysis.
Our budget consists of an annual appropriation covering salaries and expenses and revenue from reimbursable audit work and rental income. Our total assets were $111.3 million, consisting mostly of property and equipment (including the headquarters building, land and improvements, and computer equipment and software) and funds with the U.S. Treasury. Our annual appropriation for fiscal year 2008 of $501 million was $15 million greater than that for fiscal year 2007. Total liabilities of $108.4 million were composed largely of employees’ accrued annual leave, amounts owed to other government agencies, accounts payable, and employees’ salaries and benefits. The greatest change in our liabilities is an increase of $5 million in intragovernmental accounts payable as a result of timing differences of billings from government entities. Also, our capital leases increased by $2.5 million due to new lease purchases, including updated laptop computers.

The net cost of operating GAO during fiscal year 2008 and fiscal year 2007 was approximately $530 million and $500 million, respectively. Expenses for salaries and related benefits accounted for 78 and 81 percent of our net cost of operations in fiscal years 2008 and 2007, respectively. Figure 6 shows how our fiscal year 2008 costs break down.

We report net cost of operations according to our four strategic goals, consistent with our strategic plan. Overall, our net costs of operations increased by $30 million, due primarily to increases in salaries and benefits as well as IT services and maintenance contract activity.

### Planned Resources to Achieve Our Fiscal Year 2009 Performance Goals

As we go to press on this report, the Congress has not completed action on our fiscal year 2009 budget request. We, as well as most of the federal government, are operating under a continuing resolution appropriation at fiscal year 2008 levels through March 6, 2009, pending enactment of the remaining fiscal year 2009 appropriations bills for the federal government. Our fiscal year 2009 budget request to the Congress for $546 million represents an increase of about 7.5 percent over our fiscal year 2008 funding level. Table 5 reflects our requested funding level and full-time equivalent (FTE) figures to support our strategic plan. We will update these data when the final appropriation has been approved by the Congress.
Table 5: Requested Fiscal Year 2009 Budgetary Resources by Strategic Goal

<table>
<thead>
<tr>
<th>Strategic goal</th>
<th>FTEs</th>
<th>Amount (dollars in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1: Address challenges to the well-being and financial security of all Americans</td>
<td>1,148</td>
<td>$195</td>
</tr>
<tr>
<td>Goal 2: Respond to changing security threats of globalization</td>
<td>1,073</td>
<td>162</td>
</tr>
<tr>
<td>Goal 3: Help transform the federal government’s role</td>
<td>898</td>
<td>139</td>
</tr>
<tr>
<td>Goal 4: Maximize the value of GAO</td>
<td>132</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,251</td>
<td><strong>$546</strong></td>
</tr>
</tbody>
</table>

Source: GAO.

Financial Systems and Internal Controls

We recognize the importance of strong financial systems and internal controls to ensure our accountability, integrity, and reliability. To achieve a high level of quality, management maintains a quality control program and seeks advice and evaluation from both internal and external sources.

We complied with the spirit and intent of Appendix A, OMB Circular No. A-123, *Management’s Responsibility for Internal Control*, which provides guidance for agencies’ assessments of internal control over financial reporting. We performed this assessment by identifying, analyzing, and testing internal controls for key business processes. Based on the results of the assessment, we have reasonable assurance that internal control over financial reporting, as of September 30, 2008, was operating effectively and that no material control weaknesses exist in the design or operation of the internal controls over financial reporting.

GAO’s IG also conducts audits and investigations that are internally focused, functions as an independent fact-gathering adviser to the Comptroller General, and reviews all accomplishment reports totaling $500 million or more. The IG independently tests our compliance with procedures related to our performance data on a rotating basis over a 3-year period; these actions are specifically identified in the table that begins on page 76 in our full fiscal year 2008 performance and accountability report. No material weaknesses were reported by the IG.

Our Audit Advisory Committee assists the Comptroller General in overseeing the effectiveness of our financial reporting and audit processes, internal controls over financial operations, and processes that ensure compliance with laws and regulations relevant to our financial operations. The committee’s report is presented on page 96 in our fiscal year 2008 performance and accountability report.
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Also linked to that page are our strategic plan and our past performance and accountability publications.

Other Web pages of possible interest

Presidential transition issues
Review 13 urgent issues needing attention during the transition and first year of the new administration and 111th Congress and information about major governmentwide cost-saving opportunities, management challenges, and the long-term fiscal outlook at www.gao.gov/transition_2009

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