



Meeting Accountability Challenges in a Dynamic Environment

**Alabama Examiners of Public Accounts Annual Meeting
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Comptroller General
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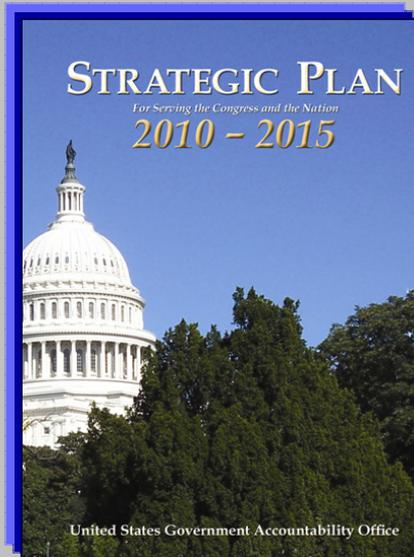
Overview

- GAO's Strategic Plan
- Trends Affecting Government and the U.S.
- GAO's Related Work

GAO's Planning & Performance Documents

www.gao.gov/sp.html

Strategic Plan



Performance Plan

**UNITED STATES
GOVERNMENT ACCOUNTABILITY OFFICE
FISCAL YEAR 2010 PERFORMANCE PLAN**

GAO's Mission

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 the Congress and federal agencies on ways to make government work better.

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 this mission by providing objective and reliable information and informed analysis to the Congress, federal agencies, and the public, and recommending 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.

As a legislative branch agency, we are exempt from many laws that apply to executive branch agencies. However, we generally hold ourselves accountable to the spirit of many of these laws, including the Government Performance and Results Act of 1993 (GPRA). Among other things, GPRA requires "each agency to prepare an annual performance plan covering each program activity set forth in the budget of such agency." This section of our budget submission constitutes our performance plan for fiscal year 2010.

Summary of GAO's Fiscal Year 2010 Budget Request

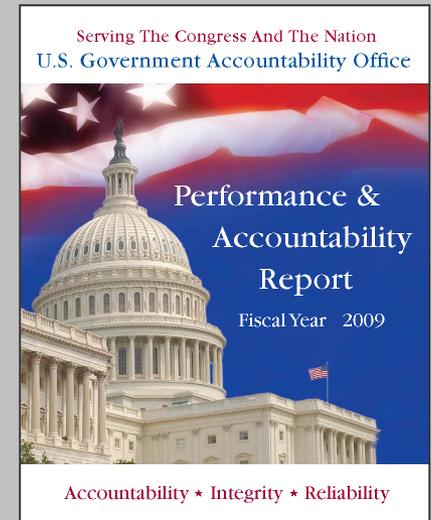
GAO is requesting an appropriation of \$507.5 million in fiscal year 2010 to support a full-time equivalent (FTE) staff level of 3,250 FTEs to provide the staff capacity and infrastructure to support the continuing high congressional demand for GAO services. This request represents an increase of about \$35.5 million, or 8.8 percent, over our fiscal year 2009 appropriation, and a 3.5 percent increase over our fiscal year 2009 staffing level of 3,141 FTEs. This request represents a prudent increase that will strengthen our capacity to provide timely support to the Congress in confronting the difficult array of challenges facing the nation.

Funding source	FY 2008 actual		FY 2009 revised estimate		FY 2010 budget request	
	FTEs	Amount	FTEs	Amount	FTEs	Amount
Appropriation		\$458,543		\$511,000		\$567,497
Offsetting collections		548		1,055		16,122
Total budgetary resources	3,081	\$459,091	3,141	\$512,055	3,250	\$583,619

Source: GAO.

GAO-09-304SP GAO's Fiscal Year 2010 Performance Plan 1

Performance & Accountability Report



Strategic Planning Framework

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

Trend 1: Threats Confronting U.S. National Security Interests

- Regional instability (Middle East, Central Asia, Africa)
- Longstanding threats (extremism, terrorism, proliferation of weapons, cybersecurity)
- Emerging threats (energy security, climate change, global recession)
- Need for new capabilities alongside increasingly constrained resources

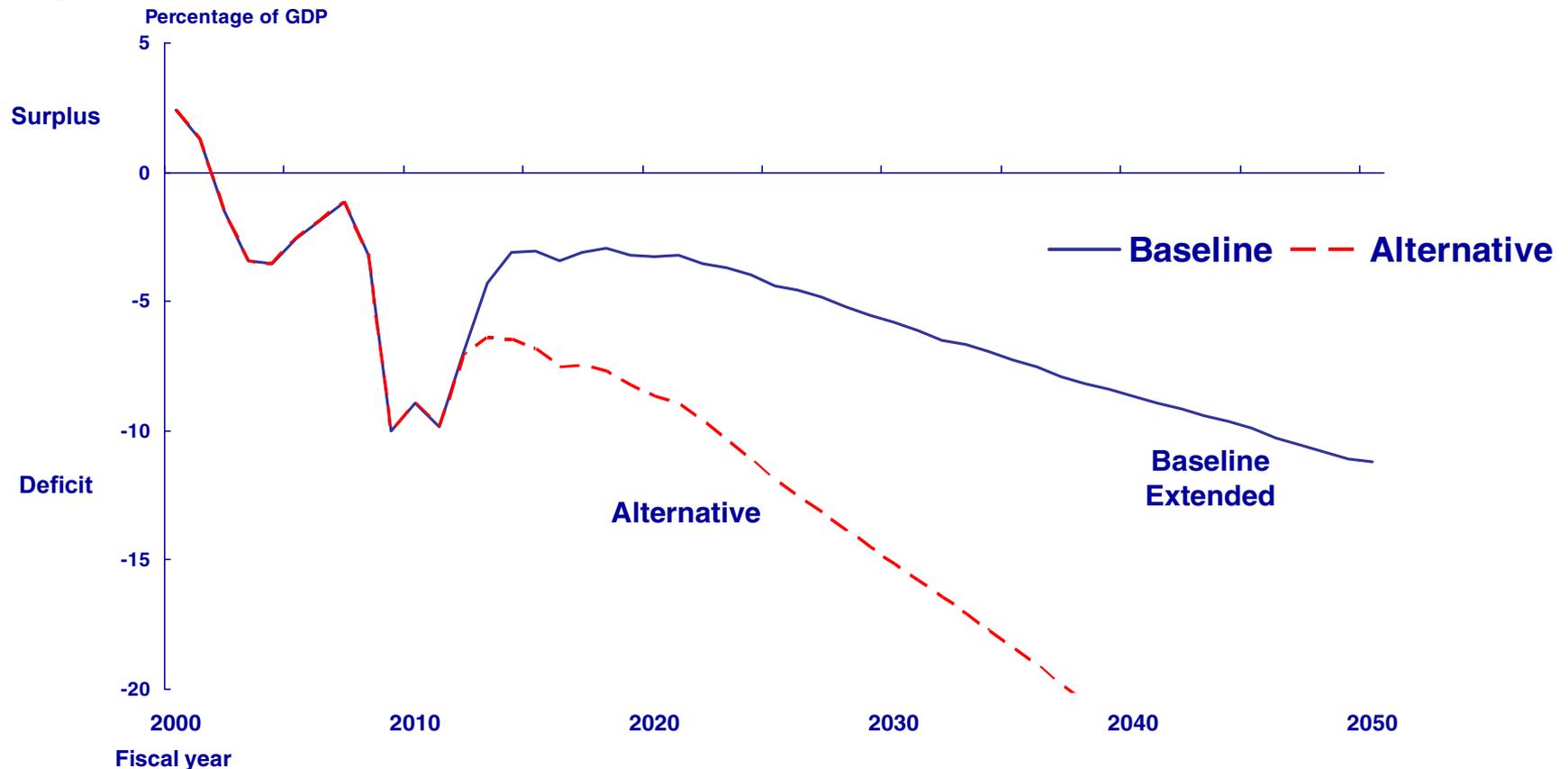
Trend 1: Threats Confronting U.S. National Security Interests

Related GAO work

- Reviewing U.S. security and reconstruction efforts related to **Afghanistan, Iraq** and other regions in conflict, including reviewing the effect of drawing down military resources in Iraq, and countering terrorism and nuclear supplier networks in **Pakistan**.
- Assessing U.S. efforts to combat **terrorism** abroad.
- Reviewing the government's efforts to identify and act on credible **threats to homeland and border security**, as well as those involving biological, chemical, and nuclear dimensions.
- Analyzing the **funding and costs of military operations** and programs given the fiscal pressures facing the nation.
- Evaluate efforts to ensure the reliability, security, and affordability of **energy supply infrastructure** and assess the implications of **climate change** for the federal government.

Trend 2: Fiscal Sustainability and Debt Challenges

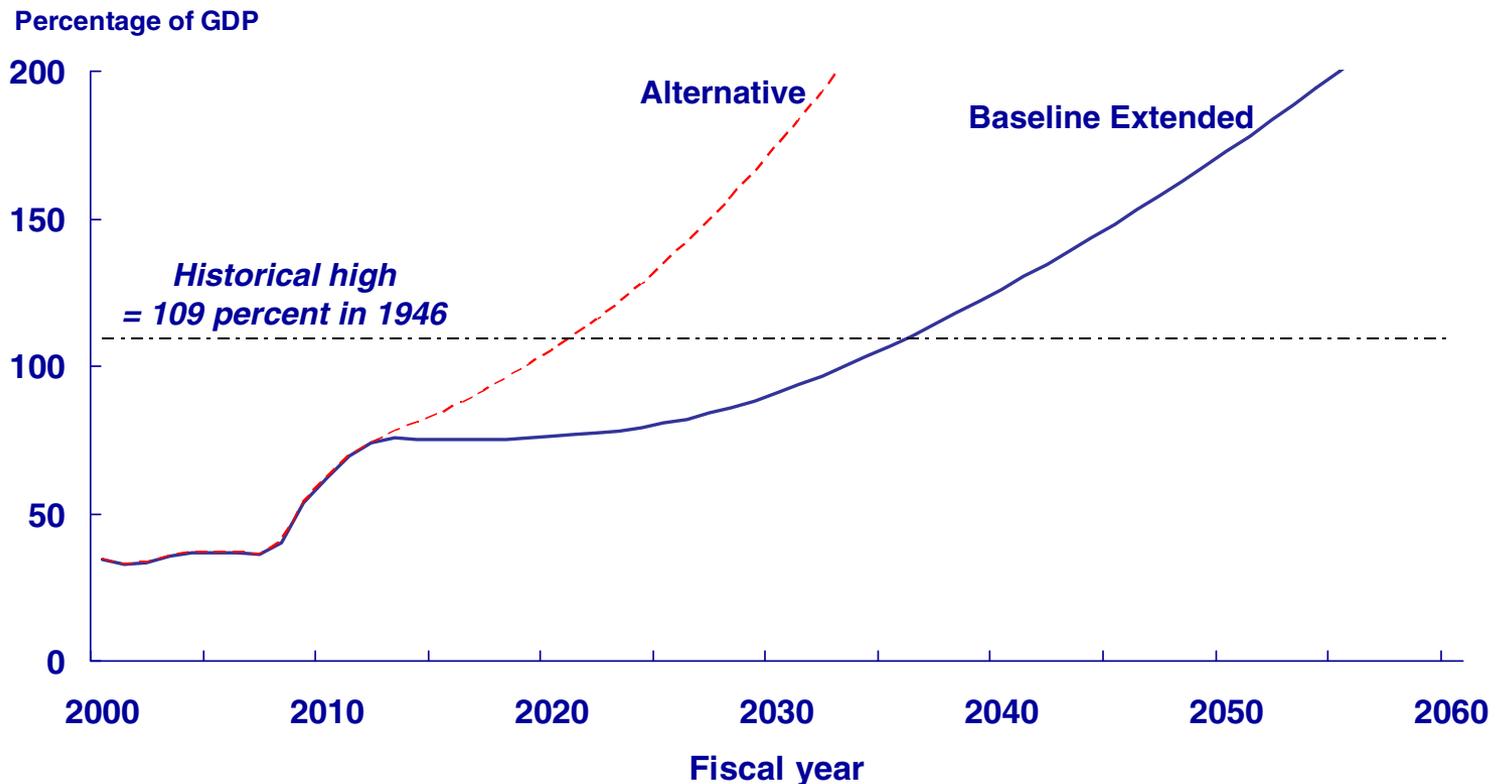
Federal Budget Surpluses and Deficits under Different Fiscal Policy Simulations



Source: GAO. Note: Data are from GAO's January 2011 simulations based on the Trustees' assumptions for Social Security and the Trustees' and CMS Actuary's assumptions for Medicare.

Trend 2: Fiscal Sustainability and Debt Challenges

Debt Held by the Public Under Two Fiscal Policy Simulations



Source: GAO.

Note: Data are from GAO's January 2011 simulations based on the Trustees' assumptions for Social Security and the Trustees' and CMS Actuary's alternative assumptions for Medicare.

Trend 2: Fiscal Sustainability and Debt Challenges

Challenges Affecting the Federal Budget in the Near Term

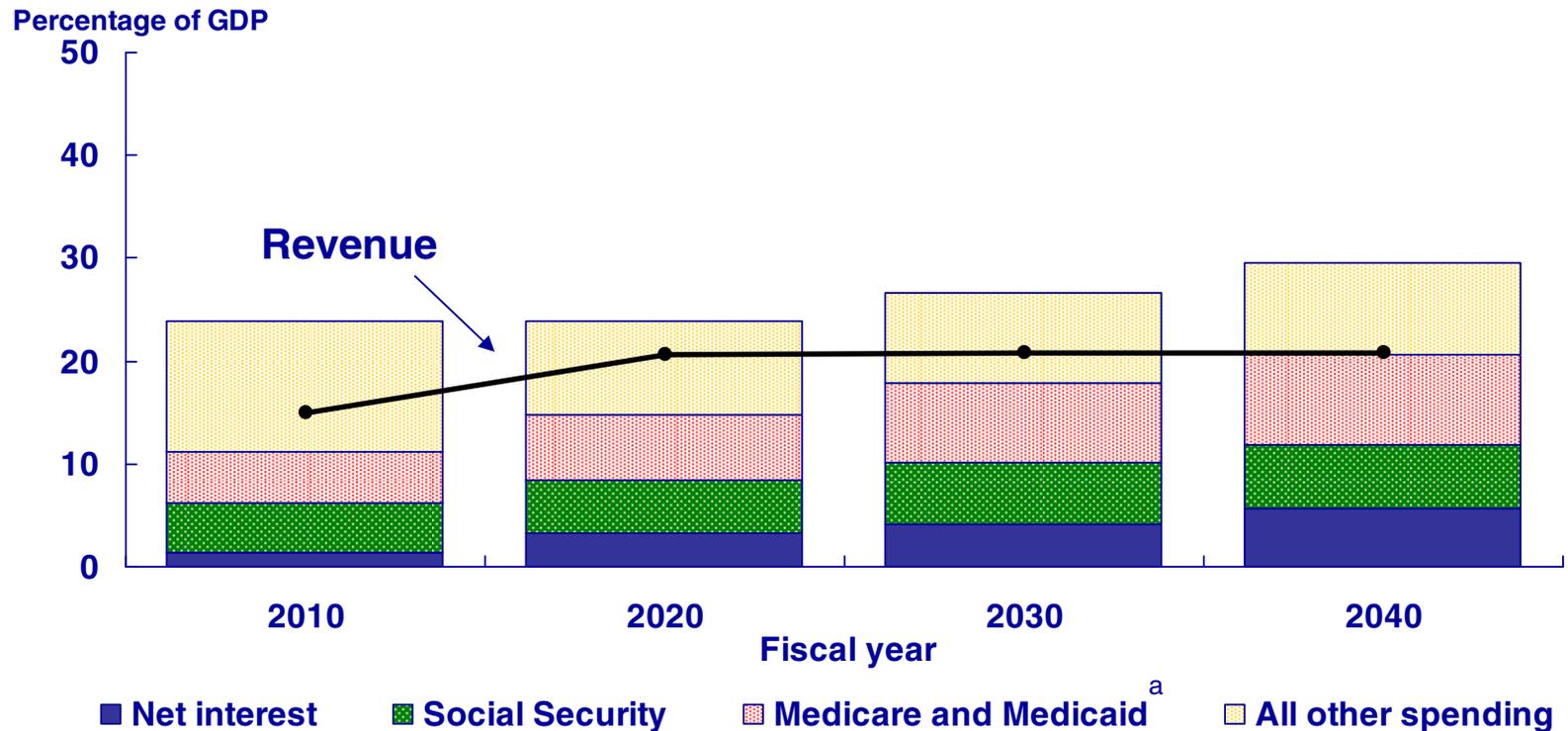
2008	Oldest members of the baby-boom generation became eligible for early Social Security retirement benefits.
2008	Medicare Hospital Insurance (HI) outlays exceeded cash income.
2010	Social Security runs first cash deficit in more than 25 years.
2011	Oldest members of the baby-boom generation become eligible for Medicare.
2021	Debt held by the public under GAO's Alternative simulation exceeds the historical high reached in the aftermath of World War II.

Source: GAO.

See *The Federal Government's Long-Term Fiscal Outlook: January 2011 Update*, GAO-11-451SP (Mar. 17, 2011).

Trend 2: Fiscal Sustainability and Debt Challenges

Potential Fiscal Outcomes: Revenues and Composition of Spending under Baseline Extended Simulation



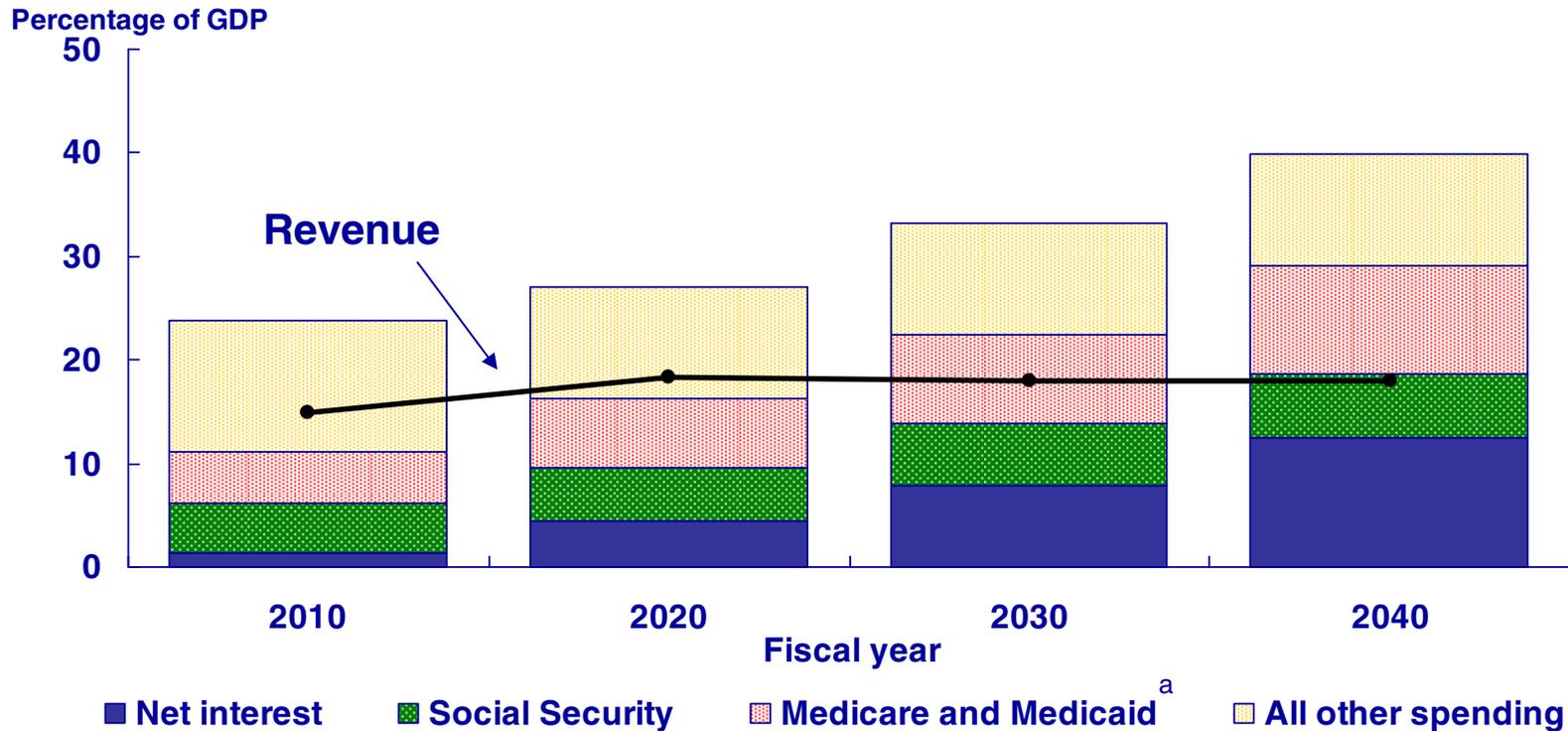
Source: GAO.

Note: Data are from GAO's January 2011 simulations based on the Trustees' assumptions for Social Security and Medicare.

^aThis also includes spending for insurance exchange subsidies and CHIP.

Trend 2: Fiscal Sustainability and Debt Challenges

Potential Fiscal Outcomes: Revenues and Composition of Spending under Alternative Simulation



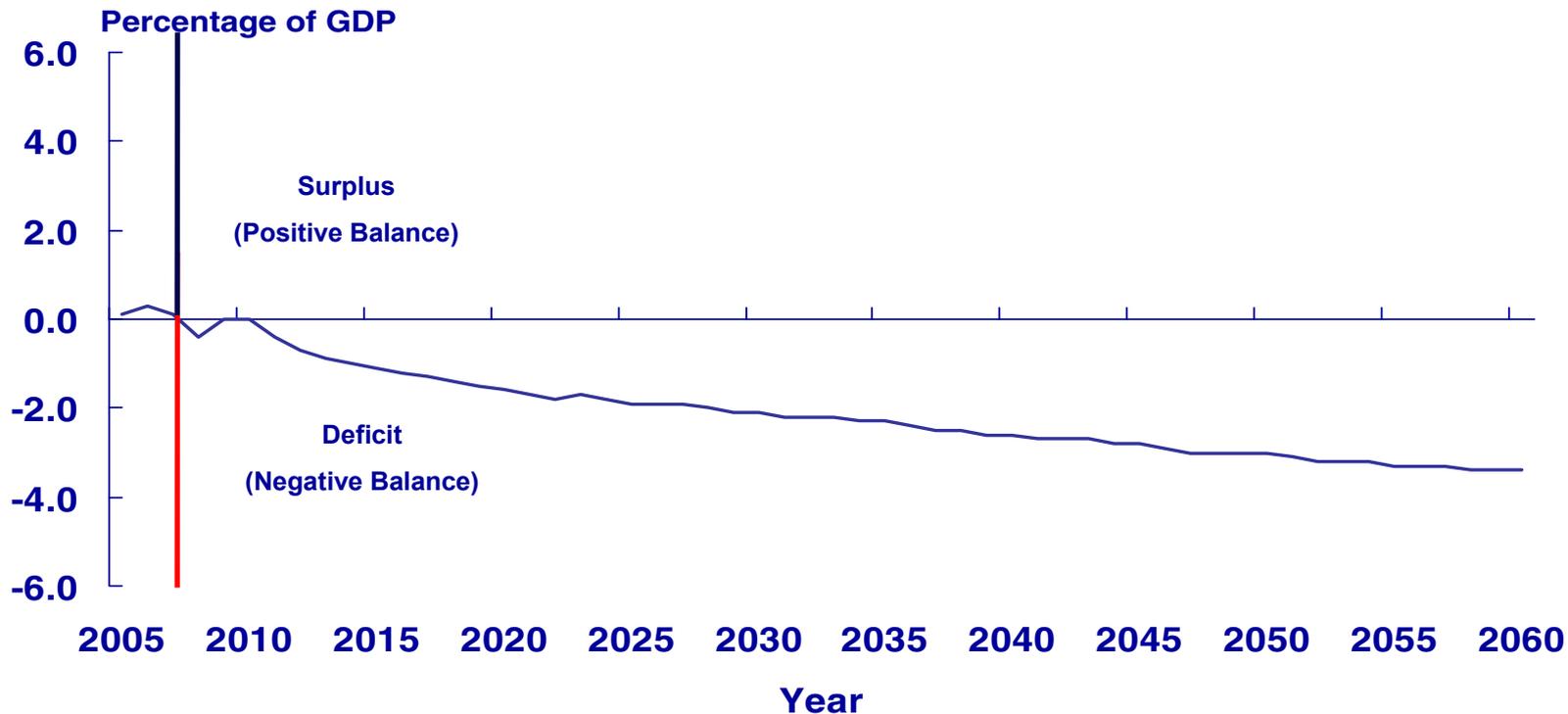
Source: GAO.

Note: Data are from GAO's January 2011 simulations based on the Trustees' assumptions for Social Security and CMS Actuary's alternative assumption for Medicare.

^aThis also includes spending for insurance exchange subsidies and CHIP.

Trend 2: Fiscal Sustainability and Debt Challenges

State and Local Operating Balance Measure, as a Percentage of Gross Domestic Product



Source: GAO simulations, updated April 2011.

Note: Historical data are from the Bureau of Economic Analysis's National Income and Product Accounts from 1980 to 2009. Data in 2010 are GAO estimates aligned with published data where available. GAO simulations are from 2011 to 2060, using many Congressional Budget Office projections and assumptions, particularly for the next 10 years. Simulations are based on current policy.

Trend 2: Fiscal Sustainability and Debt Challenges

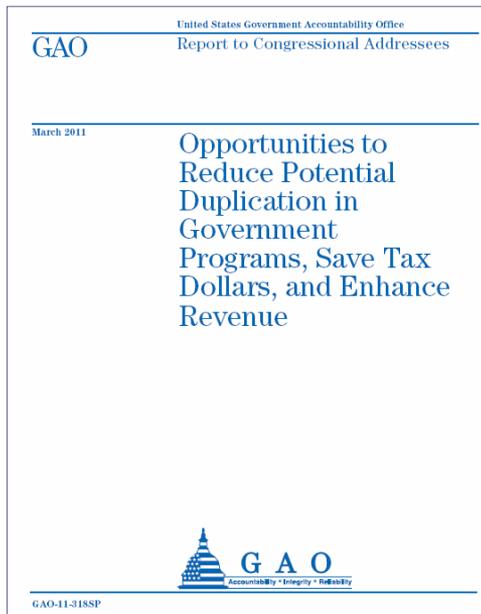
Related GAO work

- Conducting work to assess **duplication and overlap** among federal programs and agencies.
- Identifying elements to help address the nation's **financial challenges** including Social Security, tax reform, retirement, and disability programs; opportunities to reduce spending; and reducing the gap between taxes owed and taxes collected.
- Performing **financial statement audits** (IRS, Schedule of Federal Debt, FDIC, FHA, Consolidated Financial Statements, SEC).
- Performing long-term **fiscal simulations** and analyses of federal **deficits**, federal **debt levels**, and the **state and local sector**.
- Identifying and recommending solutions to reduce the risk of **waste, fraud, and abuse** and **improper payments**.

GAO Reporting on Overlap, Fragmentation and Duplication in Federal Programs

- Section 21 of P.L. 111-139, enacted in February 2010, required that the Comptroller General:
 - conduct routine investigations to identify programs, agencies, offices, and initiatives with duplicative goals and activities within Departments and government-wide, and
 - report annually to Congress on the findings, including the cost of such duplication and with recommendations for consolidation and elimination to reduce duplication.

Summary of 2011 report (GAO-11-318SP)



- 34 areas where agencies, offices, or initiatives have similar or overlapping objectives or provide similar services to the same populations; or where government missions are fragmented across multiple agencies or programs.
- 47 additional areas describing other opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury.
- Depending on the extent of actions taken, these savings and revenues could collectively result in tens of billions of dollars in annual savings.

Examples of GAO duplication and cost saving or revenue enhancement issues

Duplication, Overlap, or Fragmentation	Cost Saving or Revenue Enhancement
<ul style="list-style-type: none"> • DOD’s military medical command structures. • Fragmented food safety system. • Multiple employment and training programs. • Fragmented economic development programs. • Fragmented federal approach to surface transportation. • Federal data centers. • Ethanol. 	<ul style="list-style-type: none"> • Promoting competition in federal contracts. • Better targeting of Medicaid and Medicare improper payments. • Multiple opportunities to address tax expenditures and tax gap

Results of the FY 2010 Financial Audits

- 20 of 24 CFO Act Agencies received unqualified audit opinions on their accrual-based financial statements. (Only 6 did in 1996.)
- Three major impediments continue to prevent GAO from rendering an opinion on the U.S. government's accrual-based consolidated financial statements:
 - Financial management problems at the Department of Defense (DOD)
 - Inability to adequately account for and reconcile intragovernmental activity and balances between federal entities
 - Ineffective process for preparing the consolidated financial statements

U.S. Government's Consolidated Financial Statements - Getting to a Clean Opinion

Department of Defense (DOD)

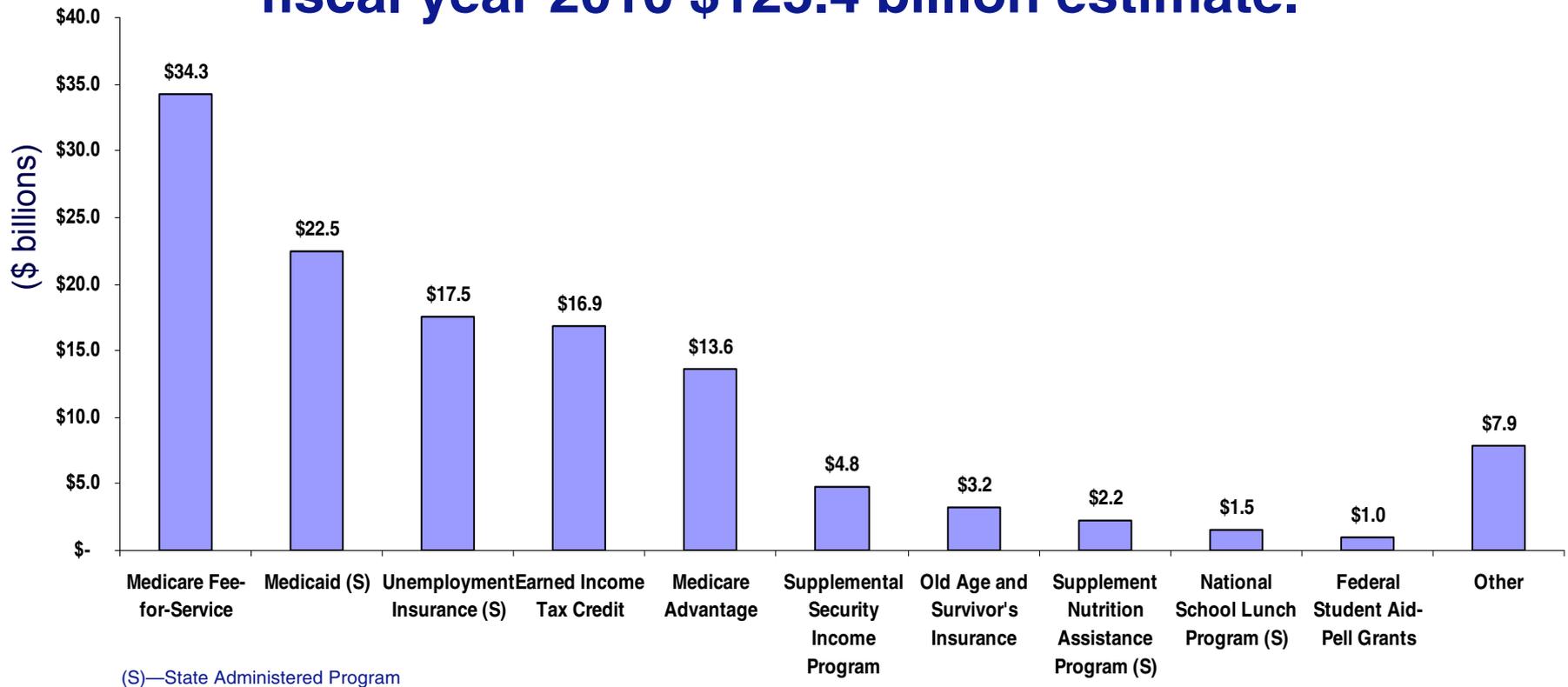
- Several entities have received a clean opinion:
 - U.S. Army Corp of Engineers, Defense Finance and Accounting Service, Defense Commissary Agency, Defense Contract Audit Agency, Military Retirement Fund
- U.S. Marine Corps working toward an auditable Statement of Budgetary Resources as a first step. Lessons learned may pave the way for other military services.
- DOD focus on improving business systems, ensuring reliability of budget information, and existence and completeness of all mission-critical assets
- Financial Improvement and Audit Readiness plan defines path for DOD's plans to achieve auditability by 2017

Increases in Improper Payment Estimates

- Improper payment estimated amounts have been steadily rising over the years, primarily due to expansion in the number of programs being measured.
- However, the fiscal year 2010 increase in the estimates was primarily related to an increase in reported outlays and, for the Unemployment Insurance and Earned Income Tax Credit programs, increases in reported error rates.
- The fiscal year 2010 \$125.4 billion improper payment estimate rose \$16.2 billion from the prior year estimate of \$109.2 billion.

Fiscal Year 2010 Improper Payment Estimates by Program

10 programs account for 94 percent of the fiscal year 2010 \$125.4 billion estimate.



Source: GAO analysis.

Improper Payments Elimination and Recovery Act of 2010

- In July 2010, the President set goals under the Accountable Government Initiative which include (1) reducing overall improper payments by \$50 billion by fiscal year 2012 and (2) recapturing at least \$2 billion in actual improper payments by fiscal year 2012.
- On July 22, 2010, the Improper Payments Elimination and Recovery Act (IPERA) was enacted.
- IPERA establishes additional requirements related to (1) manager accountability, (2) recovery auditing, (3) compliance and noncompliance determinations and reporting, and (4) an opinion on internal controls over improper payments.
- IPERA requirements related to agencies' improper payment estimating and reporting, manager accountability, recovery auditing, and compliance determinations and reporting, became effective for fiscal year 2011 under OMB's April 14, 2011, implementing guidance.
- OMB expects to issue guidance related to providing an opinion on internal controls over improper payments in the future.

Challenges to a More Comprehensive Picture of Improper Payments

- Full extent of improper payments is still unknown because some agencies have not yet reported estimates for all risk-susceptible programs.
- Categories of improper payments and the root causes are not consistently identified in programs' improper payment estimates or included in aggregate estimates.
- Corrective actions are unique to specific entities and programs across the federal government.
- Need to increase the use of technology and tools to prevent, reduce, and recover improper payments.

Trend 3: Economic Recovery and Restored Growth

- Different scenarios for economic recovery
- Replacement of lost jobs
- Role of consumers
- Housing and commercial real estate
- The timing of fiscal & monetary support
- Managing concerns about inflation

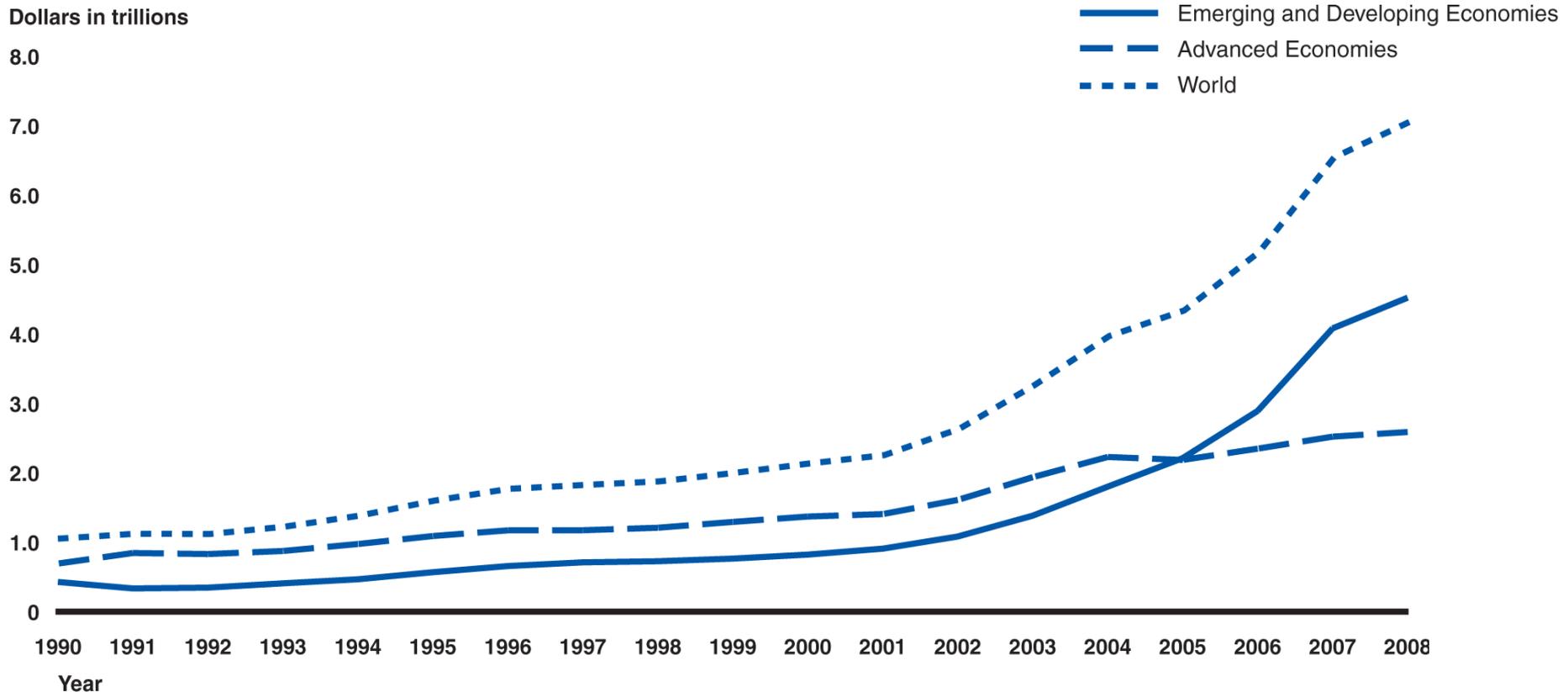
Trend 3: Economic Recovery and Restored Growth

Related GAO work

- Assessing the effectiveness of **financial and regulatory reform** efforts and plans to ensure the stability of the overall banking, housing, and financial markets.
- Monitoring and evaluating various **federal assistance programs** designed **stabilize U.S. financial markets** and **boost the economy**, including investments in infrastructure and job expansion.
- Continuing to perform our responsibilities under the **Recovery Act**.
- Providing analysis on the functioning of the mortgage market and the ultimate disposition of **Fannie Mae** and **Freddie Mac**.
- Monitoring services to assist **job seekers** and supports for **low-income families**.

Trend 4: The Changing Dynamics of Global Interdependence

International Reserves in Developing & Emerging Economies Have Increased More Than Twelfold



Source: GAO analysis of International Monetary Fund data.

Trend 4: The Changing Dynamics of Global Interdependence

Related GAO work

- Understanding the effects of a **global supplier base** on U.S. national security interests and evaluating the effectiveness of programs to **protect critical technologies**.
- Evaluating efforts to ensure a **safe food supply**.
- Evaluating the effectiveness of federal programs to prevent, prepare for, and respond to **public health emergencies**.
- Evaluating the effectiveness of international food security and food aid delivery.
- Assessing U.S. **export promotion** programs and other **trade-related jobs** creation efforts.
- Analyzing **energy** market regulation, competition, and information.

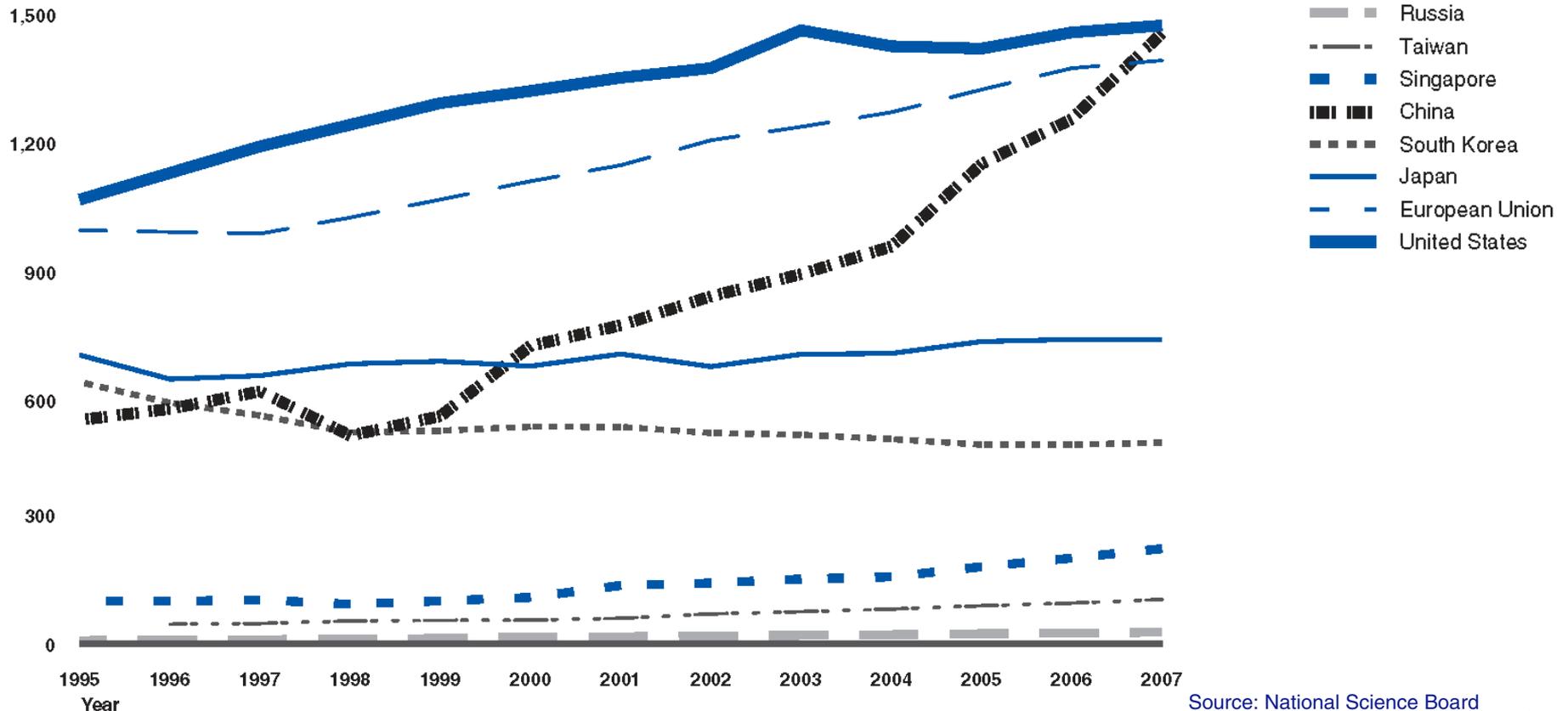
Trend 5: Advances in Science and Technology

- Nanotechnology
- Biomedical technology
- Information technology
 - Quantum computing
 - Cloud computing
 - Virtualization technologies
 - Health IT

Trend 5: Advances in Science and Technology

China Has Caught Up to the United States in Terms of the Number of Scientific Researchers

Full-time equivalents (in thousands)



Source: National Science Board

Note: 2007 data for United States are estimated based on annual growth rate between 1995 and 2006.

Trend 5: Advances in Science and Technology

Related GAO work

- Performing specialized studies and **technology assessments** of a wide range of science and technology issues, such as **climate change**, biotechnology, border security, the challenges of developing **sophisticated space and defense systems**, and **renewable and sustainable energy**.
- Reviewing the effectiveness of **computer and network security** at federal agencies to better ensure the protection of government and personal information.
- Assessing the government's planning, implementation, and use of **IT**.
- Assessing the management and results of the **federal investment in science and technology** and the effectiveness of efforts to protect **intellectual property**.
- Reviewing federal efforts to turn around **low-performing schools** and serve special populations.

Trend 6: Increasing Impact of Networks and Virtualization

- Less-expensive technology that is increasingly more powerful
- Greater prevalence of wireless networks
- More powerful portable devices
- Increased collaboration and sharing at home, in school, and at work
- Consumers are becoming content creators
- Location and time independence (telework, virtual meetings)

Trend 6: Increasing Impact of Networks and Virtualization

Related GAO work

- Assessing federal efforts to promote affordable access to **telephone** and **broadband Internet** services, including **cloud computing**.
- Reviewing the management of **government telecommunications** and **interconnected systems** and federal agencies' effectiveness in providing secure, reliable, and fast Internet and Web connections.
- Assessing DOD and DHS's efforts to enhance the resiliency of **critical national assets, networks, and systems**.
- Analyzing and supporting efforts to improve the **federal workforce** infrastructure.

Trend 7: Shifting Roles in Government and Governance

- Evolving roles for the public, private, and NGO sectors
- Contracting
- State and local government
- Non-profit and non-governmental organizations

Trend 7: Shifting Roles in Government and Governance

Related GAO work

- Focusing on major areas that are at **high-risk**, including the **U.S. Postal Service's financial condition**, and on implementation of Government Performance and Results Act (GPRA) Modernization Act of 2010.
- Assessing the government's strategy for managing its **reliance on contractors** to ensure that agencies determine the right mix of as well as proper roles and responsibilities for government and contractor employees.
- Identifying ways to **improve the acquisition of goods and services** by federal agencies.
- Identifying opportunities to improve the coordination, collaboration, and governance of **networks of governmental and nongovernmental organizations** to address complex national issues.

GPRA Modernization Act Goals

- Adopting a more coordinated and crosscutting approach to achieving common goals
- Addressing weaknesses in major management functions
- Ensuring performance information is both useful and used in decision making
- Instilling sustained leadership commitment and accountability for achieving results
- Engaging Congress in identifying management and performance issues to address

Coordinated and Crosscutting Approaches to Achieve Common Goals

- The act requires OMB, in coordination with agencies, to:
 - Develop long-term, outcome-oriented goals for a limited number of crosscutting policy areas
 - Provide information annually on how these crosscutting goals will be achieved
- Effective implementation of these requirements could help inform reexamination or restructuring efforts.

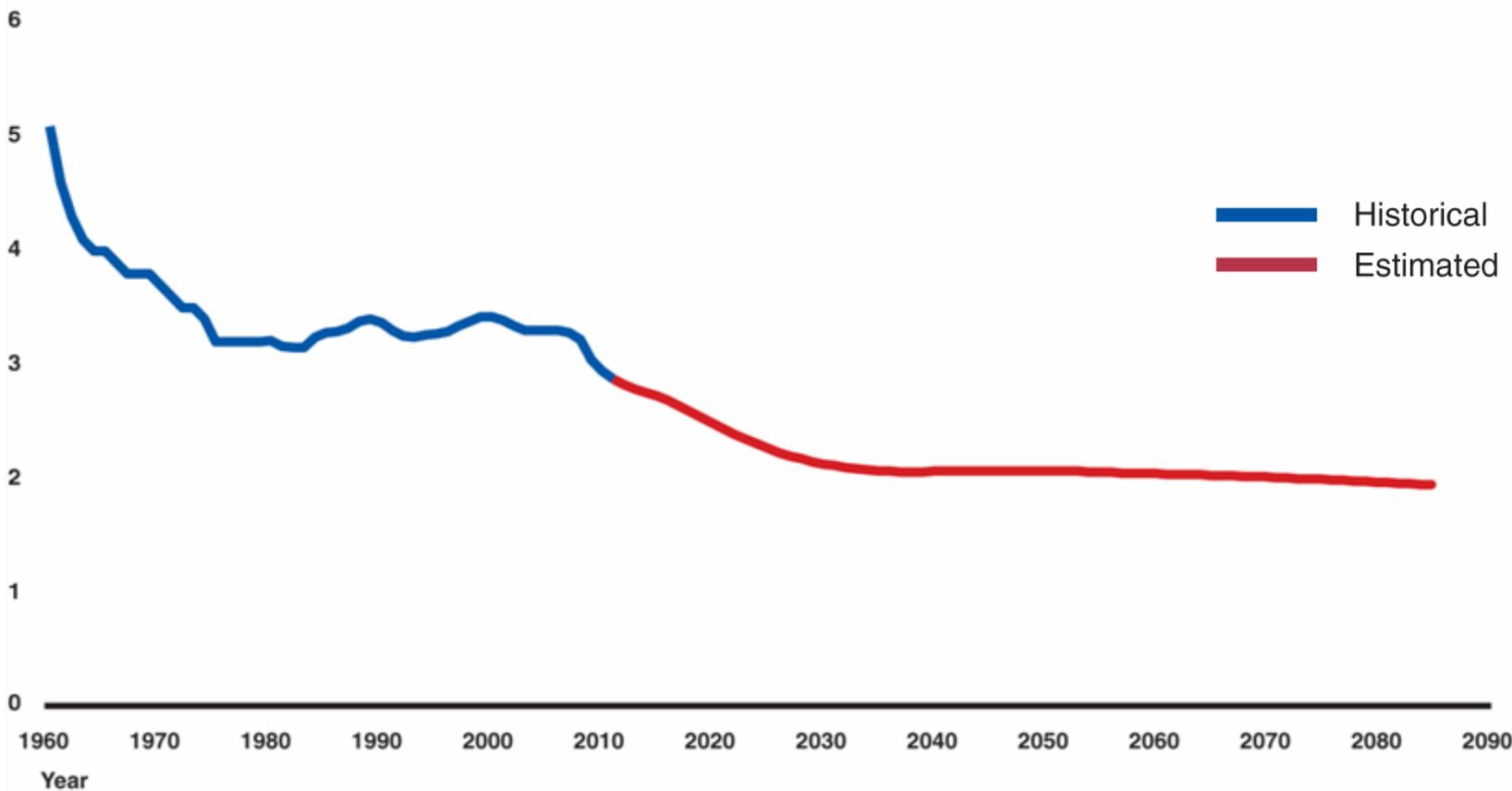
Addressing Weaknesses in Major Management Functions

- Agencies need more effective management capabilities to better implement programs and policies.
- GPRA Modernization Act requires OMB to develop goals to improve management functions across the government, including in the following areas:
 - Financial management
 - Human capital
 - Information technology
 - Procurement and acquisition
 - Real property

Trend 8: Demographic and Societal Changes Confronting Young and Old

Fewer Workers Will Be Supporting Each Retiree

Covered workers per OASDI beneficiary (percentage)



Trend 8: Demographic and Societal Changes Confronting Young and Old

Related GAO work

- Supporting **health care financing and reform efforts** through analyses of Medicare, Medicaid, and other health programs.
- Assessing policy and administrative challenges to the federal government in providing for **Americans' financial security in retirement**, as well as options and strategies to help individuals ensure **retirement security** for themselves and their families.
- Assessing financial and administrative challenges to providing **employer-sponsored pensions** and retaining older Americans in the workforce, and their implications for retirement security.
- Evaluating the federal government's efforts to assist communities with **combating crime** and to safely and effectively manage a **growing federal prison population**.

On the Web

Web site: <http://www.gao.gov/>

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