

U.S. GOVERNMENT ACCOUNTABILITY OFFICE



Performance and Accountability Report

Fiscal Year 2016

SERVING CONGRESS AND THE NATION

S E R V I N G T H E C O N G R E S S

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.

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.

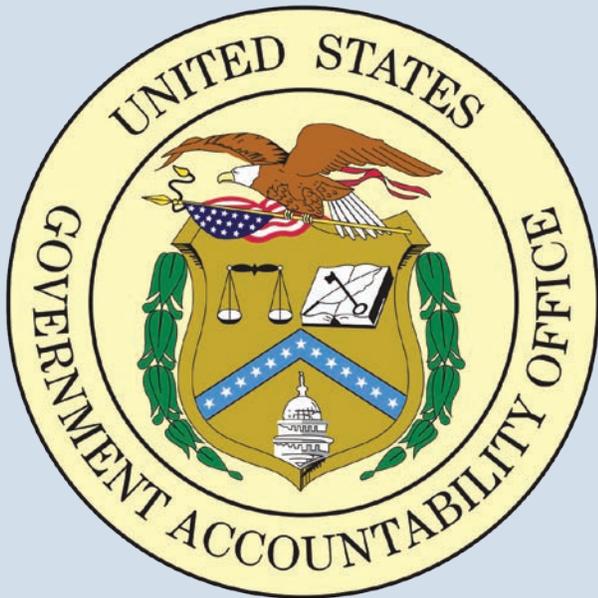
Reliability

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.

A Fiscal Year 2016 Performance and Financial Snapshot for the American Taxpayer



Government Accountability Office

Who We Are: GAO is an independent, nonpartisan professional services agency in the legislative branch of the federal government. It was created in 1921 to investigate how federal dollars are spent.

What We Do: Commonly known as the investigative arm of the Congress or the “congressional watchdog,” we examine how taxpayer dollars are spent and develop nonpartisan, objective, and reliable information to advise lawmakers and agency heads on ways to make government work better.

Our Results: Since 2003, GAO’s work has resulted in over half a trillion dollars in financial benefits and about 18,000 program and operational benefits that helped change laws, improved public services, and promoted sound management throughout the government.

Did you know?

In 2016:

–The Congress used GAO’s work extensively to identify legislative solutions to emerging problems, achieve cost savings, and enhance efficiencies in federal agencies and programs.

–GAO received requests for work from 95 percent of the standing committees of the Congress and 48 percent of their subcommittees.

–Senior GAO officials were asked to testify 119 times on a wide range of issues that touched virtually all major federal agencies.

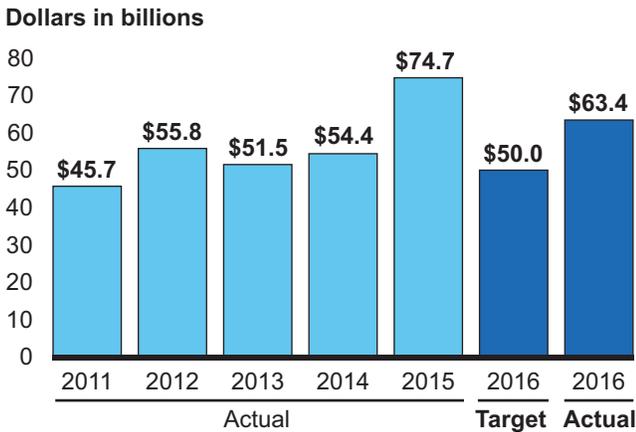
–GAO’s work yielded \$63.4 billion in financial benefits—a return of about \$112 for every dollar invested in GAO.

–GAO also identified 1,234 other benefits—those that cannot be measured in dollars, but lead to program and operational improvements across the government.

–GAO reported on 32 areas designated as high-risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement or because they face economy, efficiency, or effectiveness challenges. This work resulted in 163 reports, 48 testimonies, \$30.8 billion in financial benefits, and 477 other benefits.

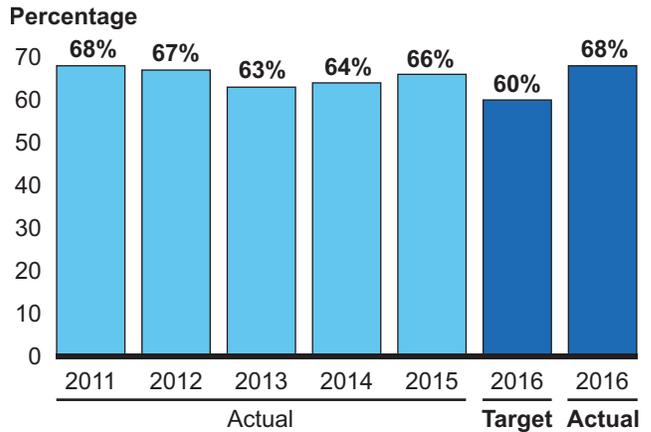
–GAO also remained an employer of choice. In December 2015, the Partnership for Public Service ranked GAO as third among mid-size federal agencies as one of the best places to work in the federal government, and first for its diversity efforts.

Figure 1: Financial Benefits GAO Recorded



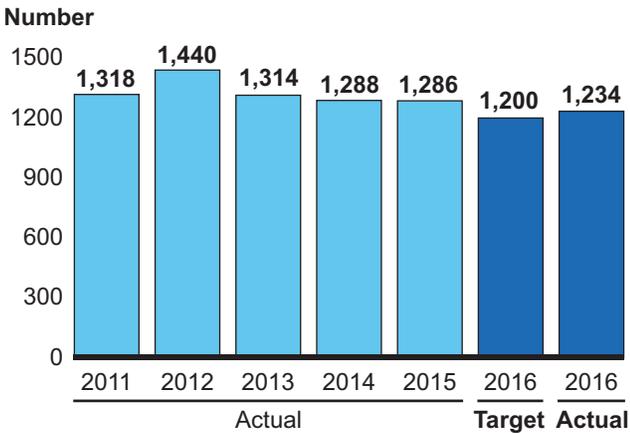
Source: GAO. | GAO-17-1SP

Figure 4: Percentage of New Products with Recommendations



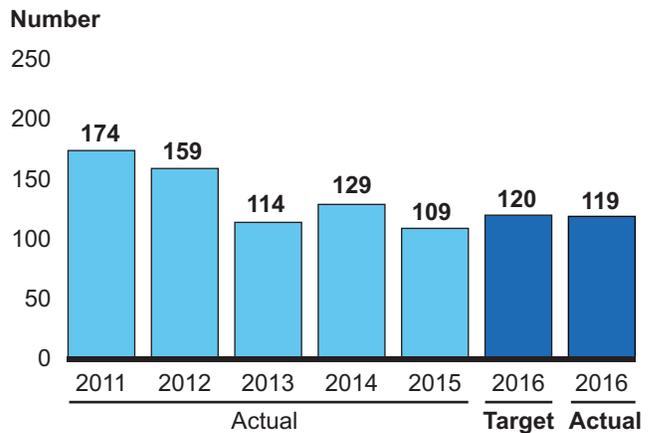
Source: GAO. | GAO-17-1SP

Figure 2: Other Benefits



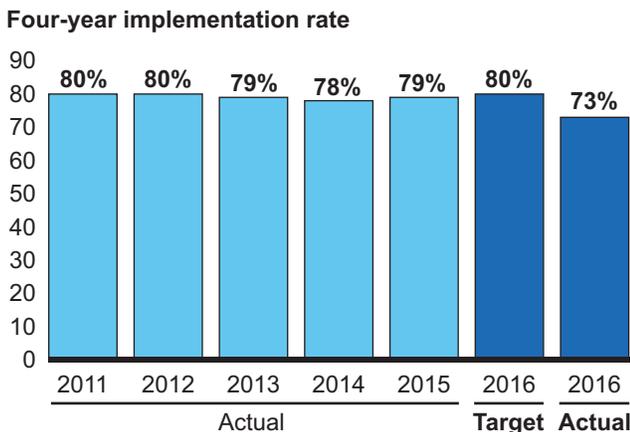
Source: GAO. | GAO-17-1SP

Figure 5: Testimonies



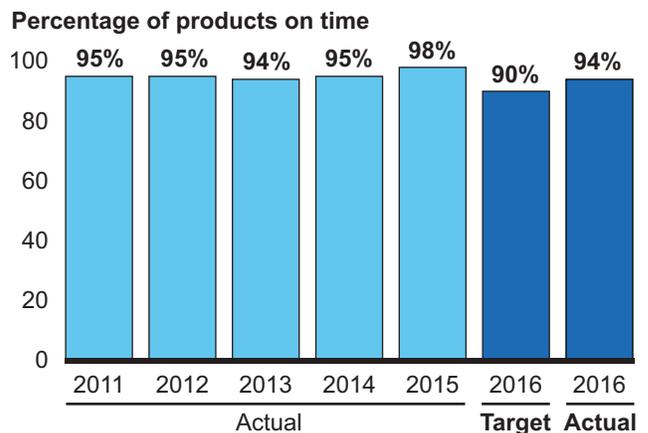
Source: GAO. | GAO-17-1SP

Figure 3: Percentage of Past Recommendations Implemented



Source: GAO. | GAO-17-1SP

Figure 6: Timeliness



Source: GAO. | GAO-17-1SP

**Figure 7: Financial Snapshot
(Dollars in millions)**

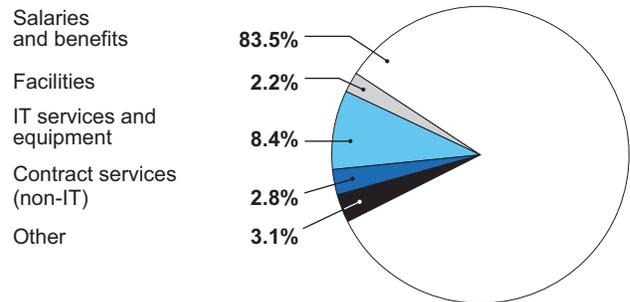
Fiscal year 2016

Clean opinion on financial statements	Yes
Clean opinion on internal control over financial reporting	Yes
Timely financial reporting	Yes
Material weaknesses	None
Total assets	\$103.8
Total liabilities	\$81.1

Source: GAO. | GAO-17-1SP

Figure 8: Use of Fiscal Year 2016 Funds by Category

Percentage of total net costs



Source: GAO. | GAO-17-1SP

Table 1: GAO's Financial Highlights: Resource Information (Dollars in millions)

	Fiscal Year 2016	Fiscal Year 2015
Total budgetary resources	\$594.1	\$588.3
Total outlays	\$557.8	\$549.9
Net Cost of Operations		
Goal 1: Well-being / Financial Security of American People	\$215.1	\$221.7
Goal 2: Changing Security Threats / Challenges of Global Interdependence	156.6	152.2
Goal 3: Transforming the Federal Government's Role	143.9	135.8
Goal 4: Maximize the Value of GAO	17.6	14.6
Other Costs in Support of the Congress	32.9	29.5
Reimbursable services not attributable to above cost by goal categories	(9.7)	(9.5)
Total Net Cost of Operations	\$556.4	\$544.3
Actual full-time equivalents (FTE)	2,983	2,989

Source: GAO. | GAO-17-1SP



Source: GAO. | GAO-17-1SP

What's Next? Future Challenges and Priorities

The new Congress and incoming Administration will face some significant challenges as they begin their work. GAO has extensive experience helping each new Congress, and the Presidential Transition Act points to GAO's work as a resource for incoming Administrations. To help facilitate this transition, we have developed a transition application for new leaders as they consider ways to enhance oversight, improve government performance, and achieve costs savings. This application includes GAO's:

—**Priority Recommendations:** A priority recommendation is one that warrants attention at the Secretary or agency-head level. GAO's application "Priorities for Policy Makers" enables users to search open recommendations by topic or agency.

—**Key Issues and the High Risk List:** Key issues webpages highlight a range of issues facing the nation and include links to related GAO reports. Our High Risk List and related work alerts new leaders to areas vulnerable to fraud, waste, abuse, and mismanagement or to those in need of transformation.

—**Management Agenda:** The Management Agenda is a streamlined tool for new leaders to quickly learn about critical management challenges facing the federal government and actions needed to address those challenges.

GAO also will provide a special publication on the fiscal health of the federal government, which the new Congress and incoming Administration can use as a reference for decision making.

Furthermore, in 2017, GAO will continue to focus its work in areas that improve services to the public, and enhance public safety and national security. This will include topics such as addressing health care reform, countering terrorist and cybersecurity threats, and protecting taxpayers' personally identifiable information. We will also issue our biannual High Risk Update, and continue to report annually on actions that executive branch agencies and the Congress can take to improve the efficiency and effectiveness of government programs by reducing fragmented, overlapping, or duplicative government programs and by identifying additional opportunities to achieve greater efficiency and effectiveness that result in cost savings or enhanced revenue collection.

In 2017 and beyond, GAO also looks forward to continuing its work to identify options for the Congress in addressing the nation's most important challenges, including meeting the government's short-term financing needs and placing the nation on a more sustainable long-term fiscal path, among other pressing matters.



Source: PhotoDisc. | GAO-17-1SP

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How to Use This Report

This report describes the U.S. Government Accountability Office's performance measures, results, and accountability processes for fiscal year 2016. In assessing our performance, we compared actual results against targets and goals that were set in our annual performance plan and performance budget and were developed to help carry out our strategic plan. Our complete set of strategic planning and performance and accountability reports is available on our website at <http://www.gao.gov/about/performanceaccountabilityreport/overview>.

This report has an introduction, four parts, and supplementary appendixes as follows:

Introduction

This section includes the letter from the Comptroller General and a statement attesting to the completeness and reliability of the performance and financial data in this report and the effectiveness of our internal control over financial reporting. This section also includes a summary discussion of our mission, strategic planning process, organizational structure, strategies we use to achieve our goals, and process for assessing our performance.

Management's Discussion and Analysis

This section discusses our agency-wide performance results and use of resources in fiscal year 2016. It also includes information on our internal controls and the management challenges and external factors that affect our performance.

Performance Information

This section includes details on our performance results by strategic goal in fiscal year 2016 and the targets we are aiming for in fiscal year 2017. It also includes a summary of our program evaluation for fiscal year 2016.

Financial Information

This section includes details on our finances in fiscal year 2016, including a letter from our Chief Financial Officer, audited financial statements and notes, and the reports from our external auditor and Audit Advisory Committee. This section also includes an explanation of the information each of our financial statements conveys.

Inspector General's View of GAO's Management Challenges

This section includes our Inspector General's perspective of our agency's management challenges.

Appendixes

This section provides the report's abbreviations and describes how we ensure the completeness and reliability of the data for each of our performance measures.

U.S. GOVERNMENT ACCOUNTABILITY OFFICE



Introduction

SERVING CONGRESS AND THE NATION



Source: GAO. | GAO-17-1SP

From the Comptroller General

November 15, 2016

I am pleased to present GAO's Performance and Accountability Report for fiscal year 2016. Our work continued to result in a wide range of financial and other benefits and to demonstrate a steadfast commitment to fulfilling our mission, to support the Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people.

Financial Benefits: In fiscal year 2016, we documented \$63.4 billion in financial benefits for the government—a return of about \$112 for every dollar invested in us. Key examples of our work that contributed to these benefits included (1) reducing improper payments in the Medicare Advantage Program (about \$21.4 billion), (2) increasing the use of strategic sourcing by the Department of Veterans Affairs (VA) to reduce procurement costs (about \$3.6 billion), and (3) improving cost estimates for the Department of Defense's (DOD) Bulk Fuel Operation and Maintenance budget (about \$2.3 billion).

Legislative Impacts: In fiscal year 2016, the Congress used GAO's work as the basis for a wide range of significant legislative decisions. Examples linked directly to GAO's work include:

- **The Bipartisan Budget Act of 2015:** The Congress used GAO's work to identify \$30 billion in offsets or revenue enhancements, including (1) making provider-based off-campus hospital outpatient departments ineligible for inpatient reimbursements, saving \$9.3 billion; (2) streamlining and simplifying audit procedures for certain partnerships—increasing tax revenue by an estimated \$9.3 billion; and (3) requiring agencies to increase civil monetary penalties annually reflecting the consumer price index, generating \$1.3 billion.

- The Cybersecurity Act of 2015: Reflected GAO’s work by including provisions that (1) allow the federal government and industry partners to share information about cybersecurity threats; authorize new measures to detect, analyze, and mitigate these threats; and provide liability protection when threat information is shared; (2) require the Department of Homeland Security (DHS) to report on cybersecurity for 10 U.S. ports determined to be at greatest risk, develop an intrusion and prevention system for federal agencies, and study the security of the government’s mobile devices; and (3) authorize the United States to consult with other countries to enhance cooperation for apprehending and prosecuting cyber criminals.
- The National Defense Authorization Act for Fiscal Year 2016: Reflected GAO’s past recommendations, by reducing authorized funding levels for DOD’s headquarters operations by more than \$1.7 billion. It also included key acquisition reforms, such as (1) providing DOD managers greater flexibility to focus on program management by streamlining requirements at key acquisition decision points and addressing programmatic risk, (2) requiring a DOD acquisition strategy, and (3) requiring changes to DOD managers’ tenure and accountability.
- The Fixing America’s Surface Transportation Act (December 2015): Included several provisions that reflect GAO’s work on transportation and other issues, such as (1) establishing the National Highway Freight Network and the National Multimodal Freight Network; (2) requiring the Department of Transportation (DOT) to assess the safety reviews of new freight trucking operators; (3) requiring DOT to publicize total estimated costs of funded projects over \$25 million; (4) authorizing, together with the Balanced Budget Act of 2015, the sale of 124 million barrels of Strategic Petroleum Reserve oil, under certain provisions that could potentially save \$8 billion from 2018 through 2025; and (5) requiring the Department of State to revoke or deny passports to individuals with certain unpaid taxes.
- The Consolidated Appropriations Act of 2016: Reflected GAO’s work, including requiring the Internal Revenue Service to accelerate W-2 filing deadlines for employers to January 31st—positioning the agency to match W-2s to tax returns before issuing refunds.
- The Fraud Reduction and Data Analytics Act of 2015: Requires the Office of Management and Budget (OMB) to establish guidelines based on GAO’s 2015 “Fraud Framework” to help prevent and respond to fraud and improper payments in federal programs.
- The Frank R. Lautenberg Chemical Safety for the 21st Century Act (June 2016): Provides EPA with greater authority to improve its processes for assessing and controlling toxic chemicals—an issue on our High Risk List since 2009.

Other Benefits: Many other benefits resulting from our work cannot be measured in dollars, but lead to program and operational improvements. In fiscal year 2016, we recorded 1,234 of these other benefits. For example, our work on public safety and security

- prompted DOT to enhance its oversight of roadside safety hardware (e.g., guardrails), including a new process to verify third-party crash-test results;
- led the Consumer Financial Protection Bureau (CFPB) to issue a comprehensive data privacy protection plan and develop procedures to mitigate privacy risks and remove personally identifiable information from the consumer data that it collects;

- prompted the Federal Bureau of Investigation (FBI) to (1) conduct audits to ensure that staff who submit face image searches comply with privacy laws, and (2) undertake an operational review of its face recognition technology to see if it is meeting law enforcement user needs; and
- led the Department of State to enhance its management of transportation-related security risks to better protect U.S. diplomatic personnel and their families when posted overseas.

Similarly, our work related to vulnerable populations

- prompted the Federal Trade Commission and CFPB to issue consumer advisories to reduce the exploitation of vulnerable people regarding pension advances;
- led U.S. Customs and Border Protection to require officers to maintain complete, automated records on the care of unaccompanied alien children in its custody;
- prompted VA to improve the accuracy of the data collected on veteran suicides across its medical centers to better inform suicide prevention efforts; and
- led the Department of Education to enhance assistance for homeless youth in planning for college, navigating the admissions process, and applying for federal student aid.

Furthermore, our work in the area of agency operations

- identified actions that OMB and Treasury can take to implement the DATA Act, to improve the quality and transparency of data on the federal government's spending;
- led the National Guard to improve its preparation for a domestic response to chemical, biological, radiological, nuclear, and high-yield explosives;
- identified steps that the U.S. Federal Air Marshal Service could take to better incorporate security risks into decisions about deploying air marshals; and
- led DOD to involve the National Oceanic and Atmospheric Administration (NOAA) in its future efforts to replace aging satellites and mitigate potential gaps in weather data.

Building Bodies of Knowledge: Through the products we issued in fiscal year 2016, we continued to build on bodies of work to address our three broad strategic goals to (1) address current and emerging challenges to the well-being and financial security of the American people, (2) help respond to changing security threats and global interdependence, and (3) help transform the federal government to address national challenges. Examples include:

- Protection of children. We reported on (1) safety and health issues at Indian school facilities, and the need for better federal coordination to assist K-12 schools with emergency preparedness; (2) the need for better use of data to help agencies identify disparities in K-12 education; and (3) the importance of further assisting states to keep foster children in family-based care.
- Veterans. We reported on delays in claims processing by the Veteran's Health Administration; the need to improve oversight of community care physicians' credentials, users' satisfaction with the Veterans Benefits Management System, and post-9/11 GI Bill On-the-Job Training and Apprenticeship Programs.

- Health care. We reported on the need for continued oversight of Medicare and Medicaid to address their vulnerability to fraud and improper payments, improved oversight of nursing home quality, and strengthened guidance to protect electronic health data.
- Science and technology. We reported on needed oversight of high-containment laboratories and how municipalities can use technology to improve the efficiency of their water distribution systems and tap nontraditional sources to address water scarcity.
- High-risk areas. We continued to monitor federal operations previously identified as “high risk” and continued our outreach with OMB and executive branch agencies to discuss how to make progress in these areas. This year, our high-risk work resulted in 163 reports, 48 testimonies, \$30.8 billion in financial benefits, and 477 other benefits.
- Fragmentation, overlap, and duplication. Our sixth annual report identified 92 new actions across 37 areas that could reduce fragmentation, overlap, and duplication, or provide other cost savings and revenue enhancement opportunities across the federal government. Actions taken by the Congress and executive branch agencies to address the 544 actions government-wide that we have identified to date have generated about \$56 billion in financial benefits, with at least \$69 billion more expected through 2025.

Serving Our Clients

In fiscal year 2016, we received requests for work from 95 percent of the standing committees of the Congress—supporting a broad range of congressional interests. We issued 697 reports and made 2,071 new recommendations. Our senior executives were asked to testify 119 times before 69 separate committees or subcommittees. Key topics included improving the government’s financial statements and fiscal outlook, addressing improper payments and the tax gap, improving the government’s efficiency and effectiveness, providing new veterans with timely access to health care, addressing federal agencies’ aging information technology systems, observations on the Zika virus outbreak, and securing the Southwest border.

I continued my regular meetings with the Chairs and Ranking Members of congressional committees and subcommittees to obtain their views on GAO’s work, including their priorities, and to discuss opportunities and challenges facing GAO. I also testified on how implementing GAO’s recommendations can help strengthen the government’s performance and collectively yield billions in financial benefits. In addition, I sent letters to the heads of most federal departments, commending those that had taken action to implement the priority recommendations that we had identified for them last year, and to draw their attention to new and unimplemented priority recommendations still requiring their attention. Of the 360 priority recommendations that we highlighted in the 2015 letters, 79 (22 percent) had been implemented when the 2016 letters were sent. These letters were also sent to the congressional committees of jurisdiction to inform their oversight.

Supporting Our People

The hard work and dedication of our professional, diverse, multidisciplinary staff positioned GAO to achieve a 94 percent on-time delivery of our products in 2016. Our fiscal year 2016 performance continues to indicate that we provide staff with the necessary support to produce high-quality work. We met our annual target for retention rate without retirements and exceeded our annual targets for the remaining six people measures—staff

development, staff utilization, effective leadership by supervisors, organizational climate, new hire rate, and retention rate with retirements. GAO also maintained its standing as one of the best places to work in the federal government per the Partnership for Public Service—ranking third among mid-sized federal agencies and first for support of diversity.

Managing Our Internal Operations

In fiscal year 2016, we continued efforts to support our fourth strategic goal—to maximize our value by enabling quality, timely service to the Congress and being a leading practices federal agency. We made progress addressing our four internal management challenges—human capital management, engagement efficiency, information security, and telework. To address our human capital challenge, we hired staff to fill 221 positions, and reached 2,983 full-time equivalents—nearing our optimal level of 3,250. For engagement efficiency, we continued to streamline engagement processes and systems and conduct outreach with users. For information security, we made upgrades to speed our detection of and response to malicious activity. With regard to telework, we provided staff and managers with thorough telework policies and guidance and mandatory training for managers.

This fiscal year, we continued to make significant contributions to the domestic and international auditing community. We opened our new Center for Audit Excellence to help domestic and international audit organizations build institutional auditing capacity by providing training and other services. In addition, our Office of General Counsel made progress toward establishing an electronic protest docketing system, handled about 2,700 bid protests, issued over 600 decisions on the merits, and released the first two chapters of the new fourth edition of Principles of Federal Appropriations Law (GAO’s Red Book)—the primary resource for appropriations law guidance in the federal community. Moreover, we developed a transition application to provide the new Congress and incoming Administration with quick access to our work, including our priority recommendations.

We again received from independent auditors an unmodified or “clean” opinion on our financial statements for fiscal year 2016 and on our internal control over financial reporting. The detailed performance and financial information in this report is complete and reliable, and meets our high standards for accuracy and transparency.

In fiscal year 2017 and beyond, we will continue to focus our attention on identifying options for the Congress as it tackles the nation’s most important challenges. We look forward to continuing to serve the Congress and the public on issues affecting the lives of all Americans.



Gene L. Dodaro
Comptroller General
of the United States



Source: GAO. | GAO-17-1SP

Management Assurance Statements

November 15, 2016

Assurance Statement on Internal Control over Operations, Reporting, and Compliance

GAO management is responsible for managing risks and maintaining effective internal control to meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). These are objectives that we set for ourselves even though, as part of the legislative branch of the federal government, GAO is not subject to the FMFIA. GAO conducted its assessment of risk and internal control consistent with Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, GAO can provide reasonable assurance that internal control over operations, reporting, and compliance as of September 30, 2016, was operating effectively and that no material weaknesses were found in the design or operation of internal controls.

Assurance Statement on Internal Control over Financial Reporting

GAO's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that transactions are (1) properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) executed in accordance with provisions of applicable laws (including laws governing the use of budget authority), regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

GAO conducted its assessment of the effectiveness of internal control over financial reporting consistent with Appendix A of OMB Circular No. A-123, *Internal Control Over Financial Reporting*. Based on the results of this evaluation, GAO can provide reasonable assurance that its internal control over financial reporting as of September 30, 2016, was operating effectively and that no material weaknesses were found in the design or operation of internal control over financial reporting.

Assurance Statement on Financial Management Systems

GAO conducted reviews of its financial management systems consistent with Appendix D of OMB Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996* (FFMIA). We conduct these reviews even though, as part of the legislative branch of the federal government, GAO is not subject to the FFMIA. Based on the results of these reviews, GAO can provide reasonable assurance that it has implemented and maintained financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level consistent with the requirements of the FFMIA.



Gene L. Dodaro
Comptroller General
of the United States



Karl J. Maschino
Chief Administrative Officer/
Chief Financial Officer



Patricia A. Dalton
Chief Operating Officer



William L. Anderson
Controller



Susan A. Poling
General Counsel



Source: GAO. | GAO-17-1SP

About GAO

GAO is an independent, nonpartisan professional services agency in the legislative branch of the federal government. Commonly known as the investigative arm of the Congress or the “congressional watchdog,” we examine how taxpayer dollars are spent and advise lawmakers and agency heads on ways to make government work better. As a legislative branch agency, we are exempt from many laws that apply to the executive branch agencies; however, we

generally hold ourselves to the spirit of many of the laws, including the Federal Managers’ Financial Integrity Act (FMFIA); the Government Performance and Results Act (GPRA), as amended; and the Federal Information Security Management Act (FISMA). Accordingly, this performance and accountability report for fiscal year 2016 provides what we consider to be information comparable to that reported by executive branch agencies in their annual performance and accountability reports. This report also

GAO’s History

The Budget and Accounting Act of 1921 required the President to issue an annual federal budget and established GAO as an independent agency to investigate how federal dollars are spent. In the early years, we mainly audited vouchers, but after World War II, we started to perform more comprehensive audits that examined the economy and efficiency of government operations. By the 1960s, GAO had also begun to perform the type of work we are noted for today—performance audits—which include

- evaluations of federal policies, programs, and the performance of agencies;
- oversight of government operations to determine whether public funds are spent efficiently, effectively, and in accordance with applicable laws; and
- policy analyses to assess needed actions and the implications of proposed actions.

fulfills our requirement to report annually on the work of the Comptroller General under 31 U.S.C. 719.¹

Mission

Our mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. The strategies and means that we use to accomplish this mission are described in the following pages. In short, we provide objective and reliable information and analysis to the Congress, to federal agencies, and to the public, and we recommend improvements 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.

Organizational Structure

As the Comptroller General of the United States, Gene L. Dodaro is the head of GAO. On December 22, 2010, he was confirmed as Comptroller General after serving as the Acting Comptroller General since March 2008. Prior to that, Mr. Dodaro served as GAO's Chief Operating Officer for 9 years. Three other executives join Comptroller General Dodaro to form our Executive

Committee: Chief Operating Officer Patricia A. Dalton, Chief Administrative Officer/ Chief Financial Officer Karl J. Maschino, and General Counsel Susan A. Poling (see [fig. 9](#)).

To achieve our mission, our staff is organized primarily into 14 evaluation, audit, research, and investigative teams that support our three external strategic goals—with several of the teams supporting more than one strategic goal. For example, our Forensic Audits and Investigative Service team (FAIS) follows up on engagements and referrals from our other teams when its special services are required for specific fraud allegations or for assistance in evaluating security matters. FAIS also manages FraudNet, which is our online system created for the public to report to GAO allegations of fraud, waste, abuse, or mismanagement of federal funds. FAIS is an integrated unit composed of investigators, analysts, and auditors who have experience with forensic auditing and data mining; they are assisted by staff in our Office of General Counsel.

Senior executives in the teams manage a portfolio of engagements to ensure that we quickly meet the Congress's need for independent and unbiased information on emerging issues, while continuing longer-term work that flows from our strategic plan. To serve the Congress effectively with a finite set of resources, senior managers consult with our congressional clients and determine the timing and priority of engagements for which they are responsible.

As described in greater detail below, our General Counsel's office supports the work of all of our teams. In addition, the Applied Research and Methods team assists the other teams on matters requiring expertise in areas such as economics, research design, statistical analysis, and science and technology. Staff in many offices, such as Strategic Planning and External Liaison, Congressional Relations, Opportunity and Inclusiveness, Audit Policy and Quality

¹FMFIA was enacted to strengthen internal controls and accounting systems in the federal government and requires the Comptroller General to issue standards for internal control in the federal government. Pub. L. No. 97-255, 96 Stat. 814 (Sept. 8, 1982), codified at 31 U.S.C. § 3512. GPRA seeks to improve public confidence in federal agency performance by requiring that federally funded agencies develop and implement accountability systems based on performance measurement that include goals and objectives and measure progress toward them. Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993). The GPRA Modernization Act of 2010 incorporates additional requirements for reporting and transparency. Pub. L. No. 111-352, 124 Stat. 3866 (Jan. 4, 2011). FISMA requires federal agencies to implement policies and procedures to cost-effectively reduce information technology risks. Pub. L. No. 107-347, title III, 116 Stat. 2899, 2946 (Dec. 17, 2002).

Assurance, Public Affairs, and the Chief Administrative Office, support the efforts of the teams. This matrixed structure increases

our effectiveness, flexibility, and efficiency in using our expertise and resources to meet congressional needs on complex issues.

Figure 9: Organizational Structure

GAO's Organization Chart



Legend:

The Executive Committee

----- Indicates support or advisory relationship with the teams/units rather than a direct reporting relationship.

Note: Everyone listed on this table, other than the Comptroller General, is an SES-level manager. Also, with the following exceptions, the SES managers are titled "Managing Director" or "Managing Associate Director"—the Chief Operating Officer, the Chief Administrative Officer, the Deputy Chief Administrative Officer, the Inspector General, the General Counsel, the Deputy General Counsel, the Chief Quality Officer, the Chief Information Officer, and the Chief Human Capital Officer.



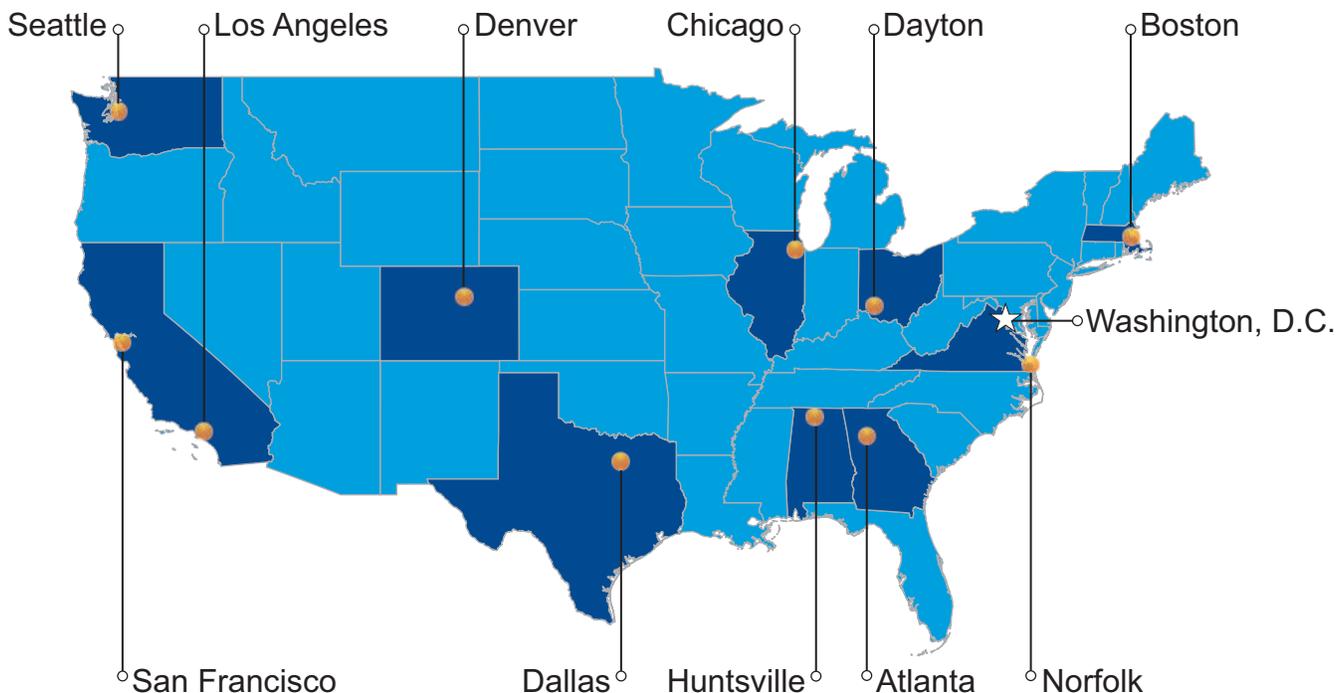
The Office of General Counsel is structured to facilitate the delivery of legal services to the teams and staff offices that support our four strategic goals (three external and one internal). This structure allows the Office of General Counsel to (1) provide legal support to our staff offices and audit teams concerning all matters related to their work, including fulfilling our responsibility to ensure the legal sufficiency of all GAO products; and (2) produce legal decisions and opinions on behalf of the Comptroller General. Specifically, the legal groups that support our three external goals are organized to provide each of the audit teams with a corresponding team of attorneys dedicated to supporting each team's needs for legal services. In addition, these groups prepare advisory opinions for committees and members of the Congress on agency adherence to laws applicable to their programs and activities. The Legal Services group provides inhouse support to our management on a wide array of human capital matters and initiatives and on information management and acquisition matters, and defends the agency in administrative and judicial forums. Finally, attorneys in the Procurement Law and the Budget and Appropriations Law groups prepare administrative decisions and opinions adjudicating protests to the award of government contracts or opining on the availability and use of appropriated funds.

For our one internal strategic goal, staff in our Chief Administrative Office take the lead. Our Office of Continuous Process Improvement, established in fiscal year 2012, leads the agency's efforts to improve efficiency and effectiveness of the work conducted by our mission and mission support operations. Other teams and offices across GAO including the Applied Research

and Methods team, the Office of Strategic Planning and External Liaison, Congressional Relations, Opportunity and Inclusiveness, Audit Policy and Quality Assurance, and Public Affairs assist in achieving specific key efforts. As previously mentioned, attorneys in the General Counsel's office, primarily in the Legal Services group, provide legal support for Goal 4.

In September 2008, the Government Accountability Office Act of 2008 established the Office of the Inspector General (IG) of GAO as a statutory office within the agency. The IG is appointed by, and reports to, the Comptroller General. The IG is responsible for conducting audits and investigations relating to the administration of GAO programs and operations and for making recommendations to promote its economy, efficiency, and effectiveness. The IG also keeps the Comptroller General and the Congress fully informed through semiannual reports that summarize the IG's findings. In addition, the IG investigates allegations concerning activities within GAO that may constitute the violation of any law, rule, or regulation; mismanagement; or a gross waste of funds or other wrongdoing.

We maintain a workforce with training in many disciplines, including accounting, law, engineering, public and business administration, economics, and the social and physical sciences. Seventy-one percent of our approximately 3,000 employees are based at our headquarters in Washington, D.C.; the rest are deployed in 11 field offices across the country (see [fig. 10](#)). Staff in these field offices are aligned with our research, audit, investigative, and evaluation teams and perform work in tandem with our headquarters staff in support of our external strategic goals.

Figure 10: GAO's Office Locations

Source: Map Resources (map). | GAO-17-1SP

Our Strategic Plan

In February 2014, we issued our strategic plan for fiscal years 2014 through 2019—describing our proposed goals and strategies for supporting the Congress and the nation and identifying seven broad trends that provide context for the plan. These seven trends are discussed in greater detail in our strategic plan on our website (<http://www.gao.gov/about/strategic.html>). We identified these trends based on a review of external literature, discussions with outside advisors and selected experts, and input from our mission teams based on their discussions with congressional clients and their institutional knowledge. See [figure 11](#) for the seven trends shaping the United States and its place in the world.

Our strategic plan is based on a four-tiered hierarchy—four strategic goals (the highest tier) followed by strategic objectives, performance goals, and key efforts. Each

strategic goal is comprised of strategic objectives, for which there are specific strategies taking the form of performance goals (each of which has a set of key efforts). The text box below provides an example from one of our strategic goals.

Our audit and investigative work is aligned primarily under the first three strategic goals in our plan, which span domestic and international issues affecting the lives of all Americans. Our fourth strategic goal is focused on improving our internal operations. See [figure 11](#) for our strategic plan framework. Our strategic plan is the blueprint that lays out the areas in which we expect to conduct research, audits, analyses, and evaluations to meet our clients' needs and allocate our resources. Any revisions to our strategic plan or resource allocations are disclosed in our annual performance plans, which are available—along with our strategic plan—on our website.

An Example of Our Four-Tiered Strategic Planning Process

Strategic Goal 1: Address Current and Emerging Challenges to the Well-being and Financial Security of the American People

Strategic Objective 1.5: A Responsive, Fair, and Effective System of Justice

Performance Goal 1.5.1: Assess federal efforts to prevent deter, investigate, and prosecute terrorism, violent crime, and cyber crime.

Key Efforts:

- Assess DOJ's efforts to address terrorism, including efforts to collaborate and share information with other law enforcement and intelligence agencies.
- Assess DOJ's efforts to assist communities with addressing violent crime, particularly crime that involves the use of firearms.
- Assess the effectiveness of federal efforts to control the supply and demand for illicit drugs and the diversion of legal drugs for illicit purposes.
- Assess DOJ's efforts to combat emerging crimes (such as cyber crime), including building the technical expertise to effectively investigate and prosecute these types of crime.

Strategies for Achieving Our Goals

GPRA directs agencies to articulate not just goals, but also strategies for achieving those goals. As detailed in [Part I](#) of this report, we emphasize two overarching strategies for achieving our goals: (1) providing information from our work to the Congress and the public in a variety of forms, and (2) continuing to strengthen our human capital and internal operations. Specifically, our strategies emphasize the importance of working with other organizations on cross-cutting issues and effectively addressing the challenges to achieving our agency's goals and recognizing the internal and external factors that could impair our performance. Through these strategies, which have proved successful for us for a number of years, we plan to achieve the level of performance that is needed to meet our performance measures and goals and to achieve our four broad strategic goals.

Attaining our three externally focused strategic goals (1, 2, and 3) and their related objectives rests, for the most part, on providing accurate, professional, objective, fact-based, nonpartisan, nonideological, fair,

and balanced information to support the Congress in carrying out its constitutional responsibilities. To implement these performance goals and key efforts related to these three goals, we develop and present information in a number of ways, including

- evaluations of federal policies, programs, and the performance of agencies;
- oversight of government operations through financial and other management audits to determine whether public funds are spent efficiently, effectively, and in accordance with applicable laws;
- investigations to assess whether illegal or improper activities are occurring;
- analyses of the financing for government activities;
- constructive engagements in which we work proactively with agencies, when appropriate, to provide advice that may assist their efforts toward positive results;
- legal opinions that determine whether agencies are in compliance with applicable laws and regulations;

Figure 11: 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.

Trends Shaping the United States and Its Place in the World

National Security Trends	Fiscal Sustainability and Debt Challenges	Global Interdependence	Science and Technology Trends	Communication Networks and Information Technologies	Shifts in Governance and Government	Demographic and Societal Changes
--------------------------	---	------------------------	-------------------------------	---	-------------------------------------	----------------------------------

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 ■ Challenges facing an aging population ■ Effective system of justice ■ Housing finance and viable communities 	<ul style="list-style-type: none"> ■ Stable financial system and sufficient consumer protection ■ Natural resources and the environment ■ National infrastructure ■ Benefits and protections for workers, families, and children
<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"> ■ Foreign policy and international economic interests
<p>Help Transform the Federal Government to Address National Challenges by assessing...</p>	<ul style="list-style-type: none"> ■ Government's fiscal position and approaches to address current and projected fiscal gaps ■ Federal government audit and internal control standards 	<ul style="list-style-type: none"> ■ Major management challenges and program risks ■ Fraud, waste, and abuse, and improvements in internal controls
<p>Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency by focusing on...</p>	<ul style="list-style-type: none"> ■ Efficiency, effectiveness, and quality ■ Diverse workforce and inclusive work environment 	<ul style="list-style-type: none"> ■ Networks, collaborations, and partnerships ■ Human, information, fiscal, technological, and physical resources

CORE VALUES

Accountability	Integrity	Reliability
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Source: GAO. | GAO-17-1SP

- policy analyses to assess needed actions and the implications of proposed actions; and
- additional assistance to the Congress in support of its oversight and decision-making responsibilities.

We conduct specific engagements as a result of requests from congressional committees and mandates written into legislation, resolutions, and committee reports. In fiscal year 2016, we devoted 97 percent of our engagement resources to work requested or mandated by the Congress. We devoted the remaining 3 percent of engagement resources to work initiated under the Comptroller General's authority. Much of this work addressed various challenges that are of broad-based interest to the Congress, such as Social Security's future, preparing for climate-related risks; our reviews of agencies' budget requests, data and analytics innovation; and the federal, state, and local government fiscal outlook.²

Our reviews of government programs and operations have identified those programs that are at high risk for fraud, waste, abuse, and mismanagement. These reviews help support our biennial high-risk report, which will be updated in 2017. By making recommendations to improve the accountability, operations, and services of government agencies, we contribute to increasing the effectiveness of federal spending and enhancing the taxpayers' trust and confidence in their government.

Our staff are responsible for following high standards for gathering, documenting, and supporting the information we collect and analyze. The U.S. Government Auditing Standards, developed by the Comptroller General of the United States, together with the GAO policies that we apply in conducting our audits are consistent with

the Fundamental Auditing Principles of the International Standards of Supreme Audit Institutions. This is especially important given the increased focus in recent years on the development and adoption of international accounting and auditing standards. The information developed during our reviews is usually presented in products that are made available to the public. Over the past 5 years, we have issued, on average, about 800 products annually, primarily in an electronic format. In addition, we publish about 400 legal decisions and opinions annually. In some cases, we develop products that contain classified or sensitive information that cannot be made available publicly. Our products include:

- reports and written correspondence;
- testimonies and statements for the record, where the former are delivered orally by one or more of our senior executives at a congressional hearing and the latter are provided for inclusion in the congressional record;
- briefings, which are usually given directly to congressional staff members; and
- legal decisions and opinions resolving bid protests and addressing issues of appropriations law, as well as opinions on the scope and exercise of authority of federal officers.

We also produce special publications on specific issues of general interest to many Americans, such as our reports on the fiscal future of the United States and our decisions on federal bid protests.³ Our publication, *Principles of Federal Appropriations Law*, is viewed both within and outside of the government as the primary resource on federal case law related to the availability, use, and control

²GAO, State and Local Governments' Fiscal Outlook: 2015 Update, [GAO-16-260SP](#) (Washington, D.C.: Dec. 16, 2015).

³GAO, Bid Protest Annual Report to the Congress for Fiscal Year 2015, [GAO-16-270SP](#) (Washington, D.C.: Dec. 10, 2015).

of federal funds.⁴ In addition, we maintain the government’s repository of reports on Antideficiency Act violations and make available on our website information extracted from those reports. Such special publications are valuable planning tools because they help us identify areas of focus on important policy and management issues facing the nation. Collectively, our products contain information and often conclusions and recommendations that allow us to achieve our external strategic goals.

Another means of ensuring that we are achieving our goals is by examining the impact of our past work and using that information to shape our future work. Consequently, we evaluate actions taken by federal agencies and the Congress in response to our past recommendations. The results are reported in terms of financial benefits and other benefits. We actively monitor the status of our open recommendations—those that remain valid but have not yet been implemented—and post our findings to a recommendations database, which is updated regularly and publicly available (<http://www.gao.gov/recommendations/>).

To attain our fourth strategic goal—an internal goal—and its four related objectives, we implement projects to address the key efforts in our strategic plan. We conduct surveys of our congressional clients and internal customers to obtain feedback on our products, processes, and services and identify ways to improve them. We also perform internal management studies and evaluations.

⁴ *Principles of Appropriations Law*, also known as the Red Book, is a multi-volume treatise concerning federal fiscal law available at <http://www.gao.gov/legal/red-book/overview>. GAO-16-463SP (Washington, D.C.: Mar. 10, 2016), GAO-16-464SP (Washington, D.C.: Mar. 10, 2016), GAO-15-303SP (Washington, D.C.: Mar. 12, 2015), GAO-08-978SP (Washington, D.C.: Sept. 1, 2008), GAO-06-382SP (Washington, D.C.: Feb. 1, 2006), GAO-04-261SP (Washington, D.C.: Jan. 1, 2004).

Because achieving our strategic goals and objectives also requires strategies for coordinating with other organizations with similar or complementary missions, we use advisory panels and other bodies to inform our strategic and annual work planning, and maintain strategic working relationships with other national and international government accountability and professional organizations, including the federal inspectors general, state and local audit organizations, and the national audit offices of other countries.

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

How We Measure Our Performance

To help us determine how well we are meeting the needs of the Congress and maximizing our value as a leading practices federal agency, we assess our performance annually using a balanced set of quantitative performance measures that focus on four key areas—results, client, people, and internal operations. These categories of measures are briefly described below.

- **Results.** Focusing on results and the effectiveness of the processes needed to achieve them is fundamental to accomplishing our mission. To assess our results, we measure financial benefits, other benefits, recommendations implemented, and percentage of new products with recommendations.

Financial benefits and other benefits provide quantitative and qualitative information, respectively, on the outcomes or results that have been achieved from our work. They often represent outcomes that occurred or are expected to occur over a period of several years. For financial benefits and other benefits, we first set targets for the agency as a whole, and then we set targets for each of the external goals (1, 2, and 3) to reach the agency-wide targets. For past recommendations implemented and percentage of products with recommendations, we set targets and report performance for the agency as a whole because we want to encourage consistent performance across goals. Internally, we track our performance by strategic goal in order to understand why we meet or do not meet the agency-wide target. We also use this information to provide feedback to our teams on the extent to which they are contributing to the overall target and to help them identify areas for improvement.

- **Client.** To measure how well we are serving our client, we capture our timeliness in delivering products to the Congress and the number of times that our senior executives were asked to present expert testimony. We use an electronic client feedback form to collect quantitative and qualitative data and information on the services we are providing to our congressional clients. We also set a target at the agency-wide level for the number of testimonies and then assign a portion of these testimonies as a target for each of the external goals (1, 2, and 3) based on that goal's expected contribution to the agency-wide total. We base this target on our assessment of the congressional calendar and hearing trend data. As in measuring the results of our work, we track our progress on this measure at

the goal level in order to understand where we met or did not meet the agency-wide target. We set an agency-wide target for timeliness because we want our performance on this measure to be consistent across goals.

- **People.** As our most important asset, our people define our character and capacity to perform our work. A variety of data sources, including an internal survey, provide information to help us measure how well we are attracting and retaining high-quality staff and how well we are developing, supporting, using, and leading staff. We set targets for these measures at the agency-wide level.
- **Internal operations.** GAO's ability to carry out its mission and retain a skilled and talented workforce is supported by our administrative services, including information management, infrastructure operations, human capital, and financial management. Through an internal customer satisfaction survey, we gather information on three areas of interest: (1) how well our internal operations help employees get their jobs done, (2) how our internal operations improve employees' quality of work life, and (3) how satisfied employees are with our IT tools. Examples of surveyed services include information security, pay and benefits, building security and maintenance, and telework/mobility tools. We set targets for these measures at the agency-wide level.

Setting Performance Targets

To establish targets for all of our measures, we consider our past performance, including recent patterns and 4-year rolling averages, as well as known upcoming events for most of our results measures (see [p. 133](#)) and the external factors that influence our work. Some external

factors are not in our control, such as the pace at which agencies implement our recommendations and the number of hearings at which we are asked to testify (see p. 61). Based on this information, the teams and offices that are directly engaged in the work discuss with our top executives their views of what we have planned to accomplish in the strategic plan and what they believe they can accomplish in the upcoming fiscal year. Our Executive Committee then establishes targets for the performance measures.

Once approved by the Comptroller General, the targets become final and are presented in our annual performance plan and budget.⁵ We may adjust these targets after they are initially published when our

expected future work or level of funding warrants doing so. If we make changes, we include the changed targets in later documents, such as this performance and accountability report, and indicate that we have changed them and why this was done. In Part V, we include detailed information on data sources that we use to assess each of these measures, as well as the steps we take to verify and validate the data.

On the pages that follow, we assess our performance for fiscal year 2016 against our previously established performance targets. We also present our financial statements, our Audit Advisory Committee's report, the independent auditor's report, and a statement from GAO's Inspector General.

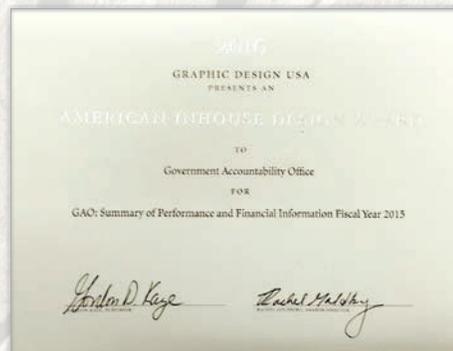
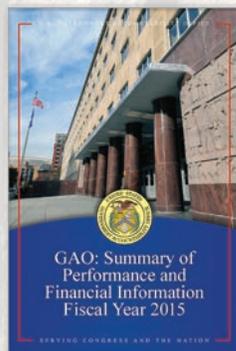
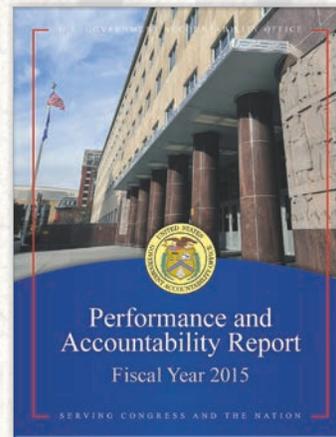
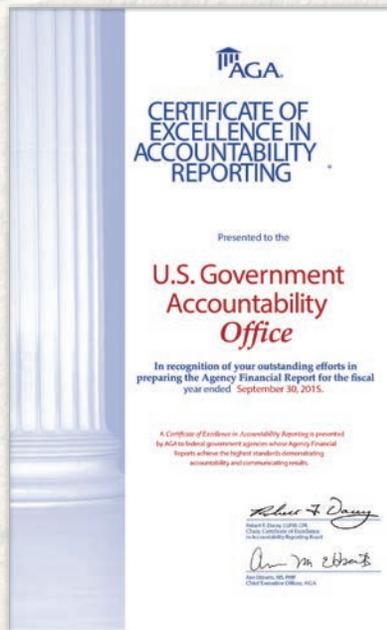
⁵Our most current plan is available at <http://www.gao.gov/products/GAO-16-293SP>.

Figure 12: GAO's Performance and Accountability Report Awards

Awards

2015 CEAR and 2016 Inhouse Graphic Design Awards

Last year, the Association of Government Accountants awarded GAO (for the 15th consecutive year) its Certificate of Excellence in Accountability Reporting for our Performance and Accountability Report for fiscal year 2015. In fiscal year 2016, we also received the American Inhouse Design Award for our Summary Performance and Accountability Report from Graphic Design USA.



Source: GAO | GAO-17-1SP

Part I

Management's Discussion and Analysis



Source: GAO. | GAO-17-1SP

Assisting the Congress and Benefiting the Nation during Challenging Times

In fiscal year 2016, demand for our work was high with 851 congressional requests and new mandates. Our work in key areas helped inform the Congress and the Administration on issues relevant to all Americans. This section contains information on

Overall Performance toward Our Goals

- Our results goals
- Our client goals
- Our people goals
- Our internal operations

Other Ways GAO Served the Congress and the American People

- GAO's High-Risk Program

- Opportunities to Reduce Fragmentation, Overlap, and Duplication, Achieve Savings, and Enhance Revenue
- Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
- General Counsel Decisions and Other Legal Work

Strategic Planning and Partnerships

Managing Our Resources

Management Challenges

Overall Performance toward Our Goals

The results of our efforts are reflected in our solid performance in fiscal year 2016 (see [table 2](#)).

Results

We exceeded our target of \$50.0 billion in financial benefits by \$13.4 billion—reaching \$63.4 billion. This represents a \$112 return on every dollar the Congress invested in us. We also exceeded our target of 1,200 other benefits by 34 benefits, accomplishing 1,234 other benefits. We fell short of meeting our target of 80 percent for past recommendations implemented by 7 percentage points—finishing the fiscal year at 73 percent. Although our average implementation rate for the past 4 years has been 77 percent, we are analyzing this decline to identify contributing factors and will take appropriate actions in 2017. We exceeded our target of 60 percent for new products with recommendations by 8 percentage points, with 68 percent of new products containing recommendations.

Client

We exceeded our target of 90 percent for delivering our products and testimonies in a timely manner by 4 percentage points—reaching 94 percent on-time delivery for fiscal year 2016. Our senior executives were asked to testify 119 times, falling 1 testimony short of our fiscal year 2016 target of 120. This was due to fewer than anticipated hearings being held, which is a factor not in our control. We were asked to testify before 69 separate committees or subcommittees on topics spanning most federal agencies.

People

We met our annual target of 96 percent for retention rate without retirements and exceeded our target of 92 percent for retention rate with retirements by

1 percentage point. We also exceeded our target of 80 percent for staff development by 3 percentage points—reaching 83 percent. For staff utilization, we exceeded our target of 76 percent by 3 percentage points, ending the year at 79 percent. For effective leadership by supervisors, we exceeded our target of 82 percent by 3 percentage points—reaching 85 percent. For organizational climate, we reached 81 percent—exceeding our target of 76 percent by 5 percentage points. We fell short of our hiring target of 272, yet we recruited for and filled 221 critical positions; reached a new hire rate of 81 percent; and made important strides toward meeting our optimal full-time equivalent (FTE) staffing level of 3,250.

Internal Operations

We assessed staff satisfaction with our three internal operations measures for fiscal year 2015 through our internal customer satisfaction (CSAT) survey, conducted in January 2016. In this survey, we assessed how well our administrative services (e.g., travel support, counseling, building security, etc.) help employees get their jobs done, improve quality of work life, and how satisfied employees are with IT tools. In 2016, we continued our efforts to maintain staff satisfaction with our internal measures for “helping staff get the job done” (80 percent) and to improve the other two services that did not meet our goal of 80 percent in 2015—“improve quality of work life” (78 percent) and “IT Tools” (67 percent). We plan to conduct our next CSAT in January 2017.

Overall Performance toward Our Goals

Table 2: Agency-wide Summary of Annual Measures and Targets

Performance measure	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual	2016 target	2016 actual	Met/ not met	2017 target
Results									
Financial benefits (dollars in billions)	\$45.7	\$55.8	\$51.5	\$54.4	\$74.7	\$50	\$63.4	Met	\$50.0
Other benefits	1,318	1,440	1,314	1,288	1,286	1,200	1,234	Met	1,200
Past recommendations implemented	80%	80%	79%	78%	79%	80%	73%	Not met	80%
New products with recommendations	68%	67%	63%	64%	66%	60%	68%	Met	60%
Client									
Testimonies	174	159	114	129	109	120	119	Not met	120
Timeliness	95%	95%	94%	95%	98%	90%	94%	Met	90%
People									
New hire rate	84%	76%	66%	88%	83%	80%	81%	Met	80%
Retention rate									
With retirements	92%	93%	93%	94%	94%	92%	93%	Met	92%
Without retirements	96%	96%	96%	97%	96%	96%	96%	Met	96%
Staff development	79%	80%	80%	83%	84%	80%	83%	Met	80%
Staff utilization	78%	76%	75%	77%	79%	76%	79%	Met	76%
Effective leadership by supervisors	83%	82%	83%	83%	83%	82%	85%	Met	82%
Organizational climate	80%	78%	77%	79%	80%	76%	81%	Met	76%
Internal operations									
Help get job done	80% (3.98)	N/A ^a	82%	82%	80% ^{b,c}	80%	N/A ^b	N/A ^b	80%
Quality of work life	80% (3.99)	N/A ^a	78%	78%	78% ^{b,c}	80%	N/A ^b	N/A ^b	80%
IT tools	N/A ^d	N/A ^{a,d}	68% ^d	65%	67% ^{b,c}	80%	N/A ^b	N/A ^b	80%

Source: GAO. | GAO-17-1SP

Note: Information explaining all of the measures included in this table appears in the [Appendix on Data Quality](#).

^aNo survey was conducted in calendar year 2012 (denoted by N/A).

^bThe most recent survey was conducted in January 2016 for calendar year 2015 (denoted by N/A).

^cThe targets for all three categories in 2015 were 80 percent.

^dIn 2013, we added the IT performance measure to better gauge and track satisfaction with GAO's IT services. In prior survey years, IT services were covered under one of the other performance measures (years prior to addition of performance measure are denoted by N/A).

Overall Performance toward Our Goals

Our fiscal year 2017 targets for all 16 of our performance measures are the same as the targets we reported in our fiscal year 2017 performance plan (issued in May 2016).

We use 4-year rolling averages for key performance measures to help us examine trends over time, including financial benefits, other benefits, new products with recommendations, and testimonies. We use 4-year rolling averages for these measures because this calculation minimizes the effect of an atypical result in any given year. We consider this calculation, along with other factors, when we set our performance targets. [Table 3](#) shows that our averages for financial benefits decreased from 2011 to 2012, increased slightly from 2013 to 2014, increased sharply in 2015, and increased slightly in 2016. The average number of other benefits we recorded increased from 2011 to 2012, remained steady in 2013, declined in 2014 and 2015, and decreased sharply in 2016. New products with recommendations have been very stable from 2011 through 2016. The average number of times our senior executives were asked to testify declined steadily from 2011 through 2016.

We use several factors to set our annual testimonies target—the number of times we expect our senior executives to be asked to testify. These factors include the cyclical nature of the congressional calendar, our 4-year rolling averages, and our past performance. Our experience has shown that during the fiscal year in which an election occurs, the Congress generally holds fewer hearings and, accordingly, we receive fewer requests for our senior executives to testify. In the months after an election, the members usually only meet for a short session, and then they reorganize in the following months, providing fewer opportunities for us to testify. We reduced our target to 120 testimonies for 2016, but fell short of this target by 1 testimony. The general decline in the number of requests for GAO’s senior executives to testify in recent years mirrors the general decline in the number of oversight hearings held by the Congress. Therefore, it reflects a reduced opportunity for GAO senior executives to deliver testimony. For 2017, we have maintained our target of 120 testimonies, which we consider a stretch goal, given the level of testimony requests in recent years and the fact that 2017 is the start of a new Congress and Administration.

Table 3: Four-Year Rolling Averages for Selected GAO Measures

Performance measure	2011	2012	2013	2014	2015	2016
Results						
Financial benefits (billions)	\$49.2	\$48.6	\$50.7	\$51.9	\$59.1	\$61.0
Other benefits	1,348	1,359	1,358	1,340	1,332	1,281
New products with recommendations	66%	66%	65%	66%	65%	65%
Client						
Testimonies	217	182	160	144	128	118

Source: GAO. | GAO-17-1SP



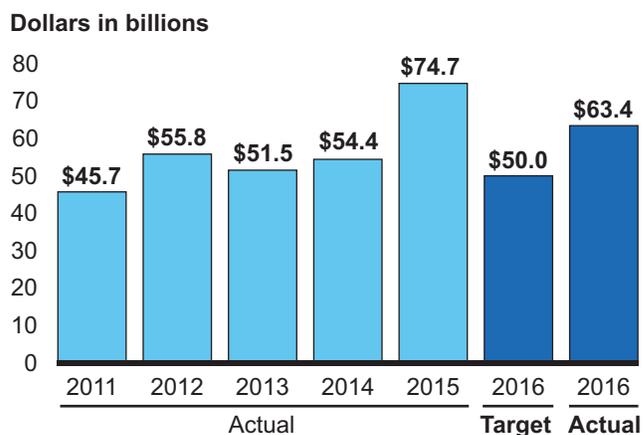
Source: Comstock. | GAO-17-1SP

Financial Benefits

Our findings and recommendations produce measurable financial benefits for the federal government after the Congress or agencies act on them and government expenditures are reduced or funds are reallocated to other areas. For example, a financial benefit can be the result of changes in business operations and activities; the restructuring of federal programs, or modifications to entitlements, taxes, or user fees.

In fiscal year 2016, our work generated about \$63.4 billion in financial benefits (see [fig. 13](#)). We exceeded our target by about 27 percent, primarily because of one unexpectedly large accomplishment of \$21.4 billion. In light of our performance in fiscal year 2016 and expected future financial benefits based on our past, ongoing, and expected work, we have set our 2017 target for financial benefits at \$50 billion. This is \$13.4 billion below our fiscal year 2016 performance because of the uncertainty associated with the number of recommendations that may be implemented by the new Administration in 2017.

Figure 13: Financial Benefits GAO Recorded



Source: GAO. | GAO-17-1SP

The financial benefits that we report 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. Financial benefit amounts vary depending on the nature of the benefit, and we can claim financial benefits over multiple years based on a

single agency or congressional action. We limit the period over which benefits from an accomplishment can accrue to no more than 5 years. For example, fiscal year 2016 was our second year of savings from increases in the security fee that airlines charge passengers. The revenue this generated was used to further offset federal spending for the Transportation Security Administration’s aviation security programs and activities—resulting in \$1.2

billion in tax expenditure savings. See [figure 14](#) for examples of new financial savings for fiscal year 2016.

To calculate our financial benefits, we rely on estimates from non-GAO sources. These sources are typically the agency that acted on our work, a congressional committee, or the Congressional Budget Office. Additional examples of financial benefits can be found by each goal in [Part II](#) of this report.

Figure 14: Examples of GAO’s Major New Financial Benefits Reported in Fiscal Year 2016

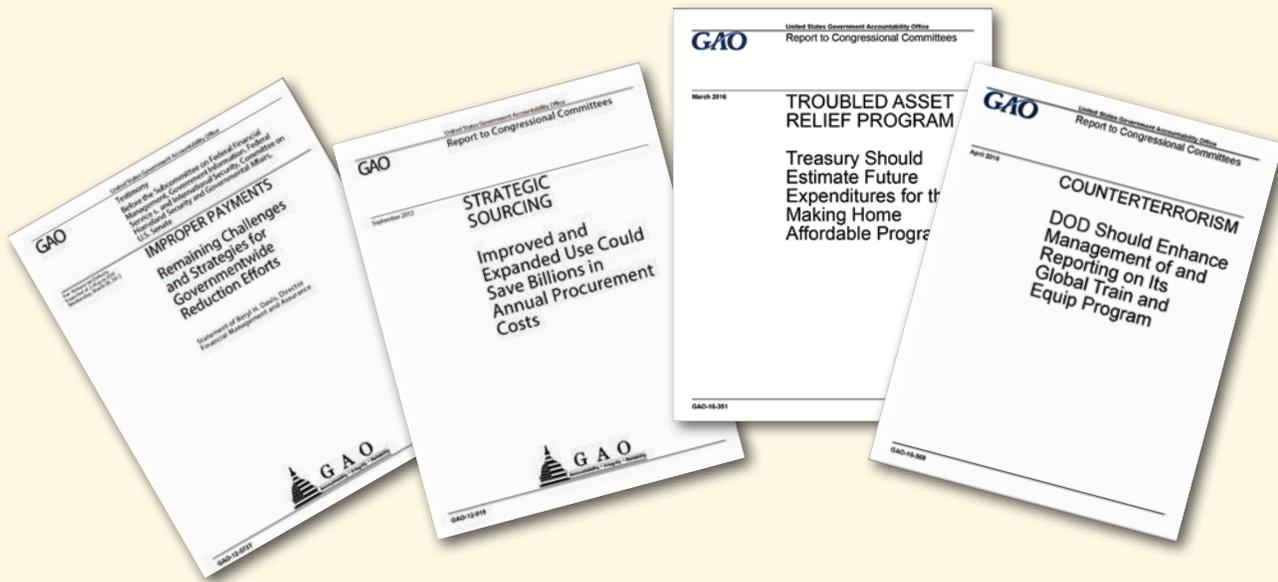
Description of New Financial Benefits	Amount (Dollars in billions)
<p>Reducing Medicare Advantage Improper Payments. Our work has raised the level of attention given to improper payments – both government-wide and at specific agencies. This work has resulted in recommendations aimed at reducing improper payments. The Department of Health and Human Services (HHS) has taken a number of actions to reduce improper payments in the Medicare Advantage program since 2010 attributable to unsupported or inadequately documented risk scores for program beneficiaries. Risk scores are used to determine the monthly payments HHS must make on behalf of covered beneficiaries to Medicare Advantage plan sponsors. When these risk scores are not supported by adequate medical records (such as physician diagnosis), improper payments can result. Sustained efforts by the agency resulted in reductions in the estimated improper payment rates for the Medicare Advantage program between fiscal years 2010 and 2014 by an estimated \$21.4 billion. (GAO-16-76, GAO-12-573T, GAO-12-405T, GAO-11-575T, GAO-09-628T)</p>	\$21.4
<p>Increasing Use of Strategic Sourcing by the Department of Veterans Affairs (VA). In 2012, we reported that VA had saved only \$56 million in 2011 from its use of strategic sourcing. In light of the significant potential savings and performance improvements, we recommended that VA’s strategic sourcing efforts further expand leading practices by (1) evaluating the best way to strategically source its highest spending categories of products and services, (2) setting goals for spending through strategic sourcing vehicles, and (3) tracking utilization of these vehicles. VA concurred with our recommendations and took steps to implement them—avoiding costs of about \$3.6 billion from fiscal years 2013 through 2015. (GAO-12-919)</p>	\$3.6
<p>Department of the Treasury (Treasury) Reduced Program Balances for the Making Homes Affordable Program. In our March 2016 report on the Troubled Asset Relief Program (TARP), we found that Treasury had not reviewed the extent to which it would use the full available program balance (\$7.7 billion as of October 16, 2015) for the TARP-funded Making Homes Affordable Program. Our analysis found that this program’s balances would range from using all of these funds to a surplus of \$2.5 billion. We recommended that Treasury (1) estimate future expenditures for this program and any unexpended balances, (2) de-obligate funds that it found would not likely be expended, and (3) obligate up to \$2.0 billion of such funds to the TARP’s Hardest Hit Fund. Treasury updated its estimate of future expenditures for the Making Home Affordable program, de-obligated \$2.0 billion from this program, and reprogrammed it to the Hardest Hit Fund—avoiding costs of about \$2.0 billion associated with Treasury’s de-obligation of funds. (GAO-16-351)</p>	\$2.0

Improving Management of DOD’s Funds for Combatting Terrorism. The U.S. government has invested billions to build up the capacity of foreign partners to fight terrorist groups such as the Islamic State, al Qaeda, and Boko Haram. In fiscal year 2016, we reviewed two Department of Defense (DOD) programs intended to build the capacity of our partners to conduct counterterrorism operations in countries including Iraq, Syria, and Nigeria. We found that DOD was requesting more funds than it needed. In response, the Congress chose to appropriate \$1.6 billion less than DOD requested in fiscal year 2016 for the Counterterrorism Partnerships Fund and the Syria Train and Equip Program. ([GAO-16-368](#))

\$1.6

Source: GAO. | GAO-17-1SP

Note: Additional examples of fiscal year 2016 financial benefits can be found in [Part II](#) of this report.

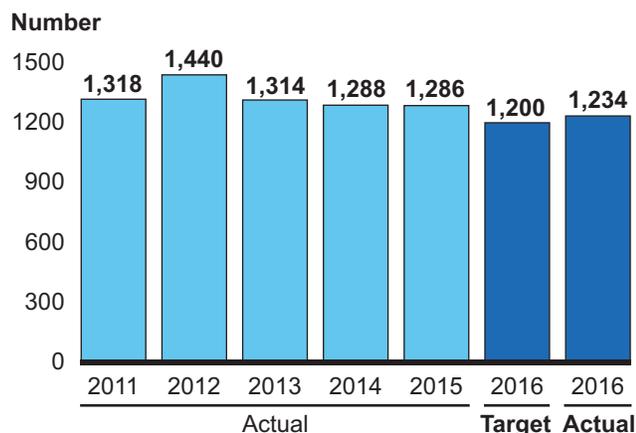


Source: GAO. | GAO-17-1SP

Other Benefits

Many of the benefits that result from our work cannot be measured in dollar terms, so we refer to them as other benefits. During fiscal year 2016, we recorded a total of 1,234 other benefits (see [fig. 15](#)). We exceeded our target by about 3 percent largely because of a number of accomplishments we documented for public safety and security and business process and management. We have set our 2017 target for these other benefits at 1,200 again given our past, ongoing, and expected work.

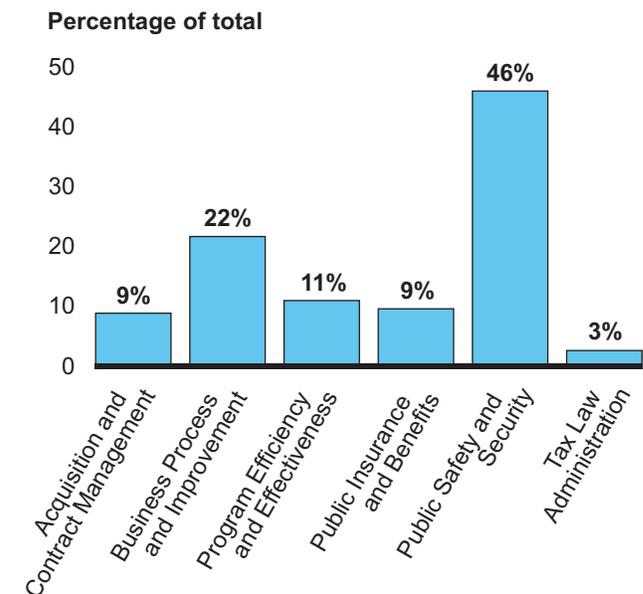
Figure 15: Other Benefits



Source: GAO. | GAO-17-1SP

We categorize our other benefits into six areas—similar to those on our High Risk List (see [fig. 16](#)). This year, most of our other benefits were in public safety and security (46 percent) and business process and management (22 percent). See [Figure 17](#) and [Part II](#) of this report for specific examples.

Figure 16: Types of Fiscal Year 2016 Other Benefits



Source: GAO. | GAO-17-1SP

Examples of programs included in categories in [figure 17](#) are:

- **Public insurance and benefits.** Medicare, Medicaid, Department of Veterans Affairs and DOD health care, disability programs, food assistance, education programs, national flood insurance, federal deposit insurance, and other insurance programs.
- **Public safety and security.** Homeland security and justice programs; critical infrastructure, including information security; critical technologies; food safety; transportation safety; telecommunications safety; international food assistance; public health; consumer protection; environmental issues; national defense; foreign policy; and international trade.
- **Acquisition and contract management.** DOD weapon system acquisition, National Aeronautics and Space Administration acquisition management, and all federal agency and interagency contract management.
- **Tax law administration.** Internal Revenue Service (IRS) business systems modernization, tax policy, and enforcement of tax laws.
- **Program efficiency and effectiveness.** Fraud, waste, and abuse; U.S. financial regulatory system; federal oil and gas resources; U.S. Postal Service; transportation funding; and telecommunications funding.
- **Business process and management.** Federal financial reporting, federal information systems, federal real property, human capital management, DOD business transformation, business systems modernization, financial management, support infrastructure management, and supply chain management.

Figure 17: Examples of GAO's Other Benefits Reported in Fiscal Year 2016

Program	Description
Public Insurance and Benefits	Improving the Oversight of Benefits for Children with Disabilities. The Social Security Administration (SSA) provided over \$9 billion to eligible low-income children with disabilities in 2011. To ensure that these funds are being spent appropriately, SSA must conduct continuing disability reviews (CDRs) for the children with impairments that are likely to improve. We found in 2012, however, that CDRs fell by 70 percent between FY00 and FY11, and more than 400,000 CDRs were overdue—some by 13 years or longer. We recommended that SSA conduct more childhood CDRs. SSA increased these reviews from 25,166 in FY11 to 224,000 in FY15, which we expect will also save over \$450 million in future years based on FY13 data. (GAO-12-497)
Public Safety and Security	Preventing and Addressing Fraud in Applications for Asylum. Over 100,000 people applied for asylum in the United States in FY14, which provides refuge to those who have been persecuted or fear persecution for certain reasons. In December 2015, we reported that the Department of Homeland Security (DHS) and the Department of Justice (DOJ) had limited abilities to detect fraud in asylum applications. We recommended that both agencies conduct regular fraud risk assessments, and that DHS implement new tools for detecting patterns of fraud. DHS and DOJ plan to address our recommendations, which should help address fraud in asylum applications. (GAO-16-50)

Acquisition and Contract Management	Improving the Navy’s Shipbuilding Contracts. In 2016, we reported that five of the six Navy and Coast Guard shipbuilding contracts we reviewed used a guaranty, which, depending on contract type and terms, resulted in the government paying the same shipbuilder twice—once to build the ship and again to repair defects after delivery. For four of these contracts with a guaranty, the government paid 89 percent of the costs to repair shipbuilder-responsible defects, compared to 41 percent in the case of the one contract that used a warranty. Based on our recommendation, DOD is studying options for using warranties, and clarifying guidance to limit government liability for certain defects. (GAO-16-71)
Tax Law Administration	Increasing Compliance with Tax Laws. In March 2011, we reported that more than 200,000 people who obtained passports in 2008 owed over \$5.8 billion in unpaid federal taxes. We recommended that the Congress consider requiring the Department of State (State) to prevent people who owe federal taxes from receiving passports. As a result, the Congress enacted the “FAST” Act in December 2015, which requires State to deny passports to individuals with unpaid tax debt that meets specific criteria. Linking federal tax debt collection to passport issuance will help State and the Internal Revenue Service reduce the federal deficit and increase compliance with tax laws. (GAO-11-272)
Program Efficiency and Effectiveness	Improving Contingency Plans for Key Financial Institutions. Systematically important financial institutions (SIFI) must prepare and maintain contingency plans to reorganize or liquidate in case they fail—known as resolution plans. In 2016, we found that the Federal Deposit Insurance Corporation and the Federal Reserve had made progress assessing the credibility of these plans but had disclosed limited information on how they reviewed them. We recommended that these agencies disclose this information. They responded by releasing their assessment frameworks, which will help SIFIs evaluate and improve their plans and strengthen the transparency and accountability of the financial regulation process. (GAO-16-341)
Business and Process Management	Improving Federal Financial Reporting. Our audits of key agencies’ annual financial statements in 2015 and 2016 yielded meaningful improvements in federal financial reporting. In response to our work, the Bureau of Consumer Financial Protection addressed a material weakness in internal control over how it reports certain liabilities—improving its year-end reporting process. Also, the Securities and Exchange Commission decreased its risk of errors, and Treasury improved its ability to identify the extent of audit coverage over the data in the U.S. government’s financial statements—increasing the transparency and accountability of federal financial reporting. (GAO-16-357R , GAO-16-145R , GAO-16-96R)

Source: GAO. | GAO-17-1SP

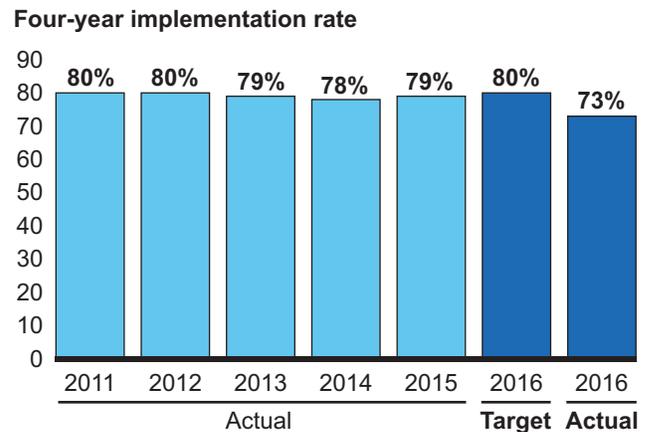
Note: Additional examples of other benefits for the fiscal year can be found in [Part II](#) of this report.

Other Measures of Our Results

Past Recommendations Implemented

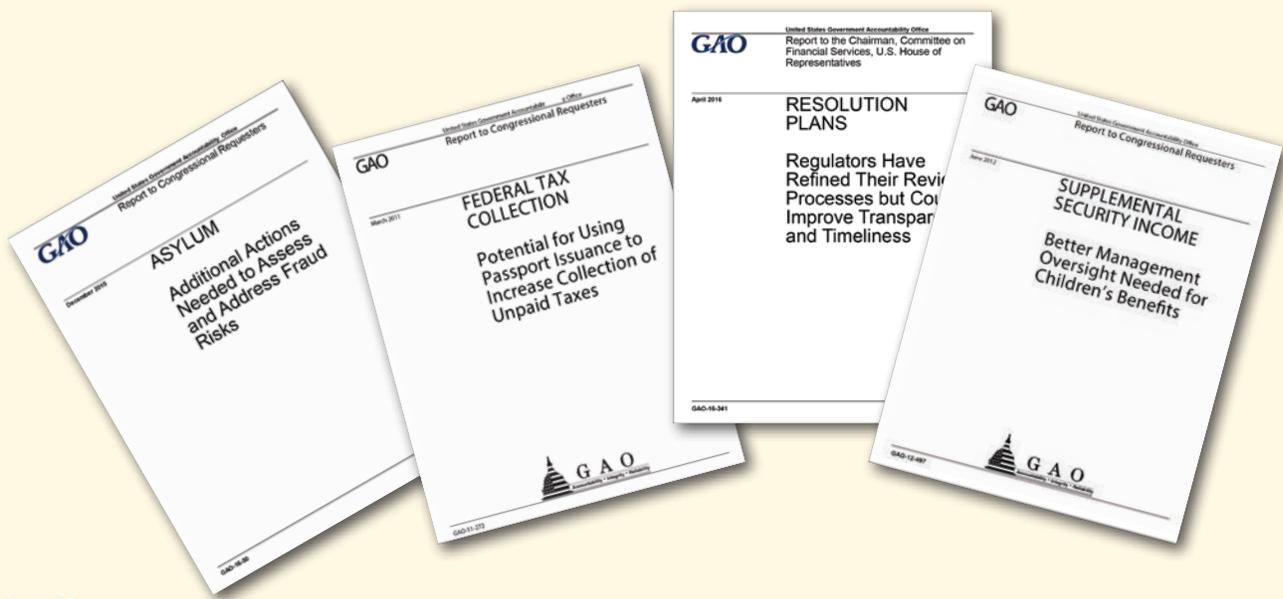
One way we measure our effect on improving the government’s accountability, operations, and services is by tracking the percentage of recommendations that we made 4 years ago that have since been implemented. We use a 4-year reporting window because it generally takes 4 full years to implement some of our recommendations. The 73 percent implementation rate for fiscal year 2016 fell 7 percentage points below our target of 80 percent for the year (see [fig. 18](#)). Our 4-year average implementation rate for past recommendations has been 77 percent.

Figure 18: Percentage of Past Recommendations Implemented



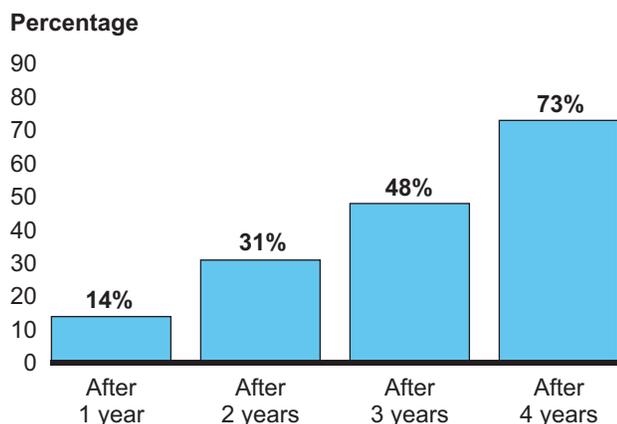
Source: GAO. | GAO-17-1SP

Putting these recommendations into practice generates tangible benefits for the nation. As [figure 19](#) indicates, agencies need time to act on our recommendations. We assess recommendations implemented after 4 years based on our experience that recommendations remaining open after that period of time are generally not implemented in subsequent years.



Source: GAO. | GAO-17-1SP

Figure 19: Cumulative Implementation Rate for Recommendations Made in Fiscal Year 2012



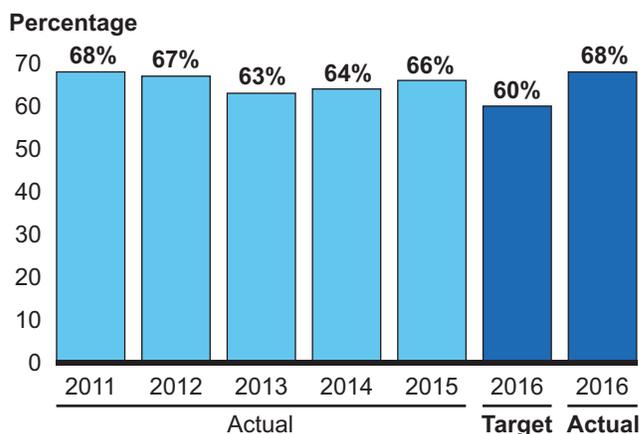
Source: GAO. | GAO-17-1SP

New Products Containing Recommendations

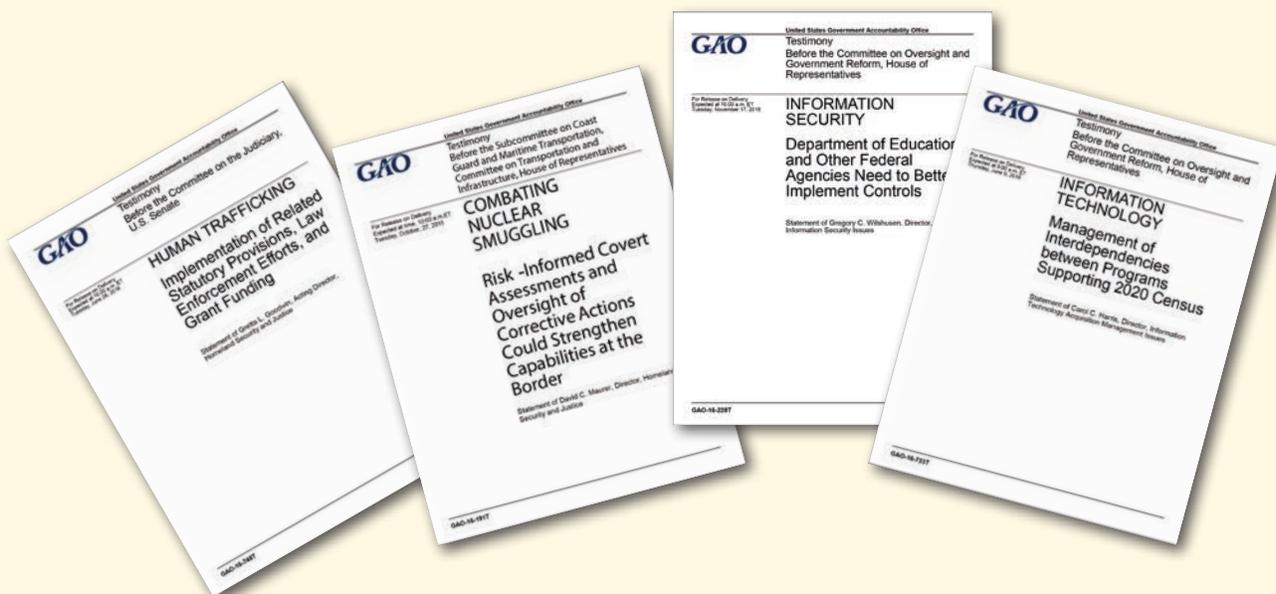
In fiscal year 2016, about 68 percent of the 549 written products we issued contained recommendations (see [fig. 20](#)). We track the percentage of new products with recommendations because we want to focus on developing recommendations that, when implemented, produce financial and other benefits for the nation. We exceeded our target of 60 percent by 8 percentage points. However, we are maintaining the 60 percent target for 2017 because we

recognize that including recommendations in our products is not always warranted, and the Congress and agencies often find informational reports as useful as those that contain recommendations. 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 substantial financial and other key benefits. Hence, this measure allows us some flexibility in responding to requests that result in reports without recommendations.

Figure 20: Percentage of New Products with Recommendations



Source: GAO. | GAO-17-1SP



Source: GAO. | GAO-17-1SP

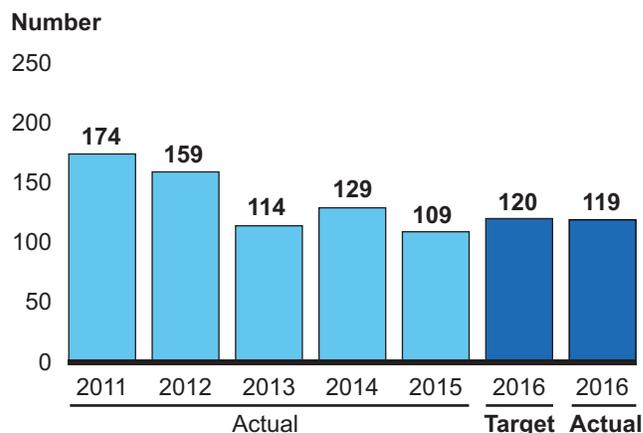
Focusing on Our Client

To fulfill the informational needs of the Congress, we plan to deliver the results of our work orally, as well as in writing, at a time agreed upon with our client. Our performance this year indicates that we assisted the Congress well. In fiscal year 2016, we received requests for work from 95 percent of the standing committees of the Congress and 48 percent of the subcommittees. Our 4-year average for these requests is 95 percent and 61 percent, respectively. We strive to respond to all congressional requests for testimony and deliver almost all of our products when promised, based on the feedback from our clients. We issued 749 total products and completed work for 128 committees or subcommittees in fiscal year 2016.

Testimonies

Our clients often invite us to testify on our current and past work as it relates to issues that committees are examining through the congressional hearing process. During fiscal year 2016, our senior executives were asked to testify 119 times and we fell 1 testimony short of our target (see [fig. 21](#)). Although we did not meet our target, we were asked to testify before 69 separate committees or subcommittees—on topics spanning most federal agencies (see [fig. 22](#)). This measure is client-driven based on invitations to testify; therefore, we cannot always anticipate clients' specific subject area interests. The 119 testimonies that our senior executives delivered in fiscal year 2016 covered the scope of our mission areas. Forty percent of the testimonies that our senior executives delivered were related to high-risk areas and programs, which are listed on [page 43](#) of this report.

Figure 21: Testimonies



Source: GAO. | GAO-17-1SP

For 2017, we have maintained our target of 120 testimonies, which we consider a stretch goal, given the level of testimony requests in recent years and the fact that 2017 is the start of a new Congress and Administration.

Timeliness

To be useful to the Congress, our products must be available when our clients need them. In fiscal year 2016, we exceeded our timeliness target of 90 percent by 4 percentage points (see [fig. 23](#)). We outreach directly to our clients through several means, including an electronic feedback form. We use the results of our client feedback form as a primary source and barometer for whether we are getting our products to our congressional clients when they need the information. To calculate this result, we tally responses from the client survey form we send to key congressional staff working for the requesters of our testimony statements and more significant written products (e.g., engagements assigned an interest level of “high” by our senior management and those expected to reach 500 staff days or more), which represented about 60 percent of the congressionally requested written products we issued in fiscal year 2016.

Figure 22: Selected Testimony Topics • Fiscal Year 2016

Goal 1: *Address Current and Emerging Challenges to the Well-being and Financial Security of the American People*

- Ensuring Safety and Health at Indian Schools
- Addressing Improper Payments in the Supplemental Nutrition Assistance Program
- Improving Oversight of the Small Business Administration's HUBZone Program
- Timely Handling of Veterans' Health Care Claims
- Controls for Preventing Human Trafficking
- Reforming Regulation of Scientific Research
- Safeguarding Transport of Spent Nuclear Fuel
- Overseeing the Nuclear Security Enterprise
- U.S. Postal Service Management Challenges
- Commercial Space Industry Developments and FAA Challenges
- Improving Medicaid's Allocations to States
- Managing Leasing of Federal Real Property
- Managing Federal Agencies' Vehicle Fleets

Goal 2: *Respond to Changing Security Threats and the Challenges of Global Interdependence*

- Future Access and Capabilities Challenges for Trusted Defense Microelectronics
- Meeting Pilot Workforce Needs for Unmanned Aerial Systems
- Addressing Acquisition Shortfalls with the Ford Class Aircraft Carrier
- Addressing NASA's Management Challenges for Major Acquisition Projects
- Assessing Southwest Border Security
- Reducing Migration of Unaccompanied Children from Central America
- Improving DOD's Whistleblower Protections
- Implementing the Securities and Exchange Commission's Conflict Minerals Rule
- Combatting Nuclear Smuggling
- Addressing IT Security and Identity Theft
- Enhancing National Biodefense and Biosurveillance Capacity
- Providing Data on Proposed U.S. Assistance to Palau
- Oversight of Humanitarian Aid to Syria

Goal 3: *Help Transform the Federal Government to Address National Challenges*

- Observations on the Zika Virus Outbreak
- Improving Enrollment Controls for Medicare Providers and Suppliers
- Addressing Cyber-Based Risks to Federal Systems
- Addressing DATA Act Implementation Challenges
- Addressing Government-Wide Improper Payments and the Tax Gap
- Reducing Fragmentation, Overlap, and Duplication in Federal Programs
- Modernizing Federal IT Systems
- Improving Integration of VA and DOD Electronic Health Records
- Improving Federal Financial Management
- Oversight at High-Containment Laboratories
- Addressing Numerous IT Challenges at the Veterans Administration
- Improving Oversight of the Department of Homeland Security's Human Resources IT
- Recruiting and Retaining Millennial Employees in the Federal Workforce
- Improving IRS' Efforts to Protect Taxpayer Data and Combat Identify Theft Refund Fraud
- Improving Management of Information Technology for the 2020 Census

Source: GAO. | GAO-17-1SP

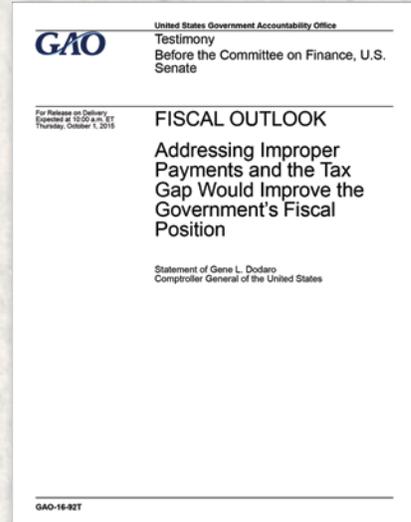
Note: Additional information on selected testimonies can be found in [Part II](#) of this report.

Comptroller General Testifying



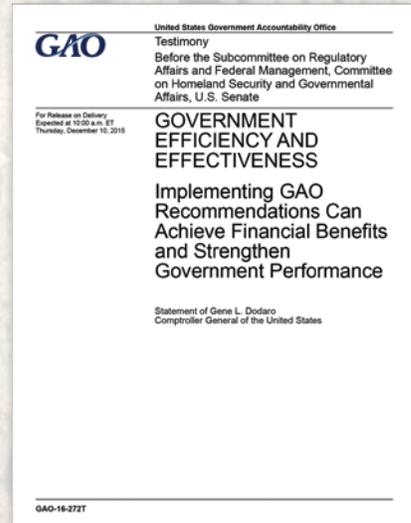
Oct. 1, 2015

Comptroller General Testifies before U.S. Senate on Improper Payments and the Tax Gap



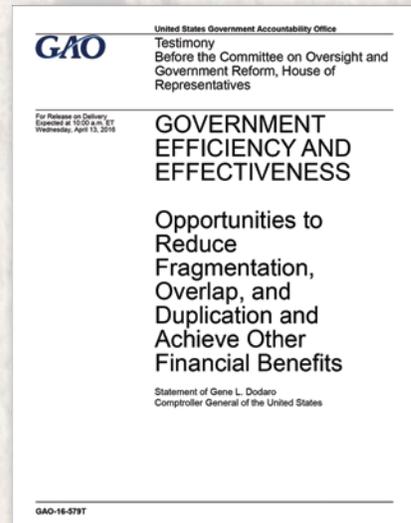
Dec. 10, 2015

Comptroller General Testifies before U.S. Senate on GAO's Open Recommendations



Apr. 13, 2016

Comptroller General Testifies before U.S. House of Representatives on GAO's 2016 Duplication Report



GAO Senior Executives Testifying before Congress...



...and leading GAO Engagement Teams in the Field



Senior Executive conducting a file review.



Comptroller General and Senior Executives receive a briefing at a Cold-War era nuclear facility at Hanford.

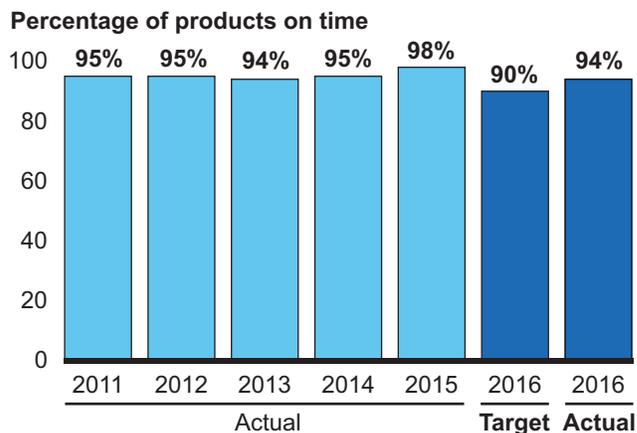


Senior Executive inspecting roof of Degetau Federal Building in Puerto Rico.

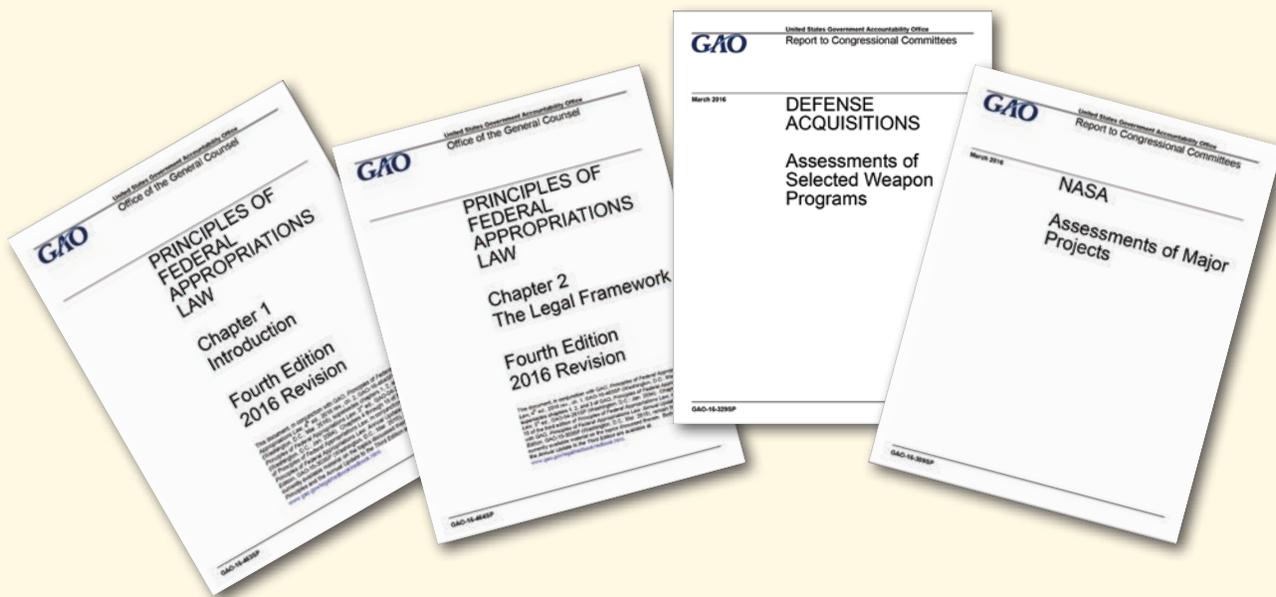
Because our products usually have multiple requesters, we often send forms to more than one congressional staff person per testimony or product. One of the questions on each form asks the client whether the product was provided or delivered on time. In fiscal year 2016, of the congressional staff that responded to the questions on timeliness, 94 percent said our products were on time. Overall, the response rate to our entire form was 26 percent and we received feedback on 59 percent of the products for which we sent forms.

We have consistently set a high target for timeliness because it is important for us to meet congressional needs when they occur. We have again set our fiscal year 2017 target at 90 percent because we believe that this is realistic given current staffing levels and workload demands.

Figure 23: Timeliness



Source: GAO. | GAO-17-1SP



Source: GAO. | GAO-17-1SP

Focusing on Our People

Our highly professional, multidisciplinary, and diverse staff were critical to the level of performance we demonstrated in fiscal year 2016. 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. Over the last 9 fiscal years, we have refined our processes for measuring how well we manage our human capital. In fiscal year 2016, we met one of our people measures and exceeded the targets for our other six measures. These measures are directly linked to our Goal 4 strategic objective of being a leading practices federal agency. For more information about our [people measures](#), see [Table 20](#), which begins on [page 133](#) of this report.

New Hire Rate

Our new hire rate is the ratio of the number of people hired to the number we planned to hire. GAO’s annual workforce

planning process helps to identify the human capital resource requirements needed to accomplish its mission. It is the key tool to put strategic goals into human capital actions that are needed to respond to changing work environments. The workforce plan takes into account strategic goals, projected workload requirements, and other changes, such as retirements, attrition, promotions, and skill gaps. It specifies the number of planned hires for the upcoming year. Adjustments to the plan are made throughout the year, if necessary, to respond immediately on the most pressing issues for congressional oversight and decision making. [Table 4](#) shows that in fiscal year 2016, our new hire rate was 81 percent. We planned to hire 272 new staff, and filled 221 positions (81 percent of our target) by the end of the year.

Table 4: Actual Performance and Targets Related to Our New Hire Rate Measure

Performance measure	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual	2016 target	2016 actual
People							
New hire rate	84%	76%	66%	88%	83%	80%	81%

Source: GAO. | GAO-17-1SP

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. [Table 5](#) shows that in fiscal year 2016, we exceeded our target rate of 92 percent for retention with retirements by 1 percentage point at 93 percent. We met our retention rate target without retirements at 96 percent.

Table 5: Actual Performance and Targets Related to Our Retention Rate Measures, Including and Excluding Retirements

Performance measures	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual	2016 target	2016 actual
People							
Retention rate							
With retirements	92%	93%	93%	94%	94%	92%	93%
Without retirements	96%	96%	96%	97%	96%	96%	96%

Source: GAO. | GAO-17-1SP

Staff Development and Utilization, Effective Leadership by Supervisors, and Organizational Climate

One way that we measure how well we are supporting our staff and providing an environment for professional growth is through our annual employee feedback survey. This web-based survey is administered to all of our employees once a year. 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. (See [Part V](#) of

this report on [pp. 133-141](#) for additional information about these measures.) This fiscal year, 60 percent of our employees completed the survey, and we exceeded all four targets (see [Table 6](#)). Our performance on staff development exceeded our target of 80 percent by 3 percentage points. Staff utilization exceeded our target of 76 percent by 3 percentage points, organizational climate exceeded our target of 76 percent by 5 percentage points, and leadership exceeded our target of 82 percent by 3 percentage points. Given our performance on these measures in recent years, we have decided to keep these targets for fiscal year 2017.

Table 6: Actual Performance and Targets Related to Our Measures of Employee Satisfaction with Staff Development, Staff Utilization, Effective Leadership by Supervisors, and Organizational Climate

Performance measures ^a	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual	2016 target	2016 actual	2017 Target
People								
Staff development	79%	80%	80%	83%	84%	80%	83%	80%
Staff utilization	78%	76%	75%	77%	79%	76%	79%	76%
Effective leadership by supervisors	83%	82%	83%	83%	83%	82%	85%	82%
Organizational climate	80%	78%	77%	79%	80%	76%	81%	76%

Source: GAO. | GAO-17-1SP

^aCertain portions of our web-based survey are used to develop these four measures.

Focusing on Our Internal Operations

Our mission and people are supported by our administrative services, including information management, infrastructure operations, human capital, and financial management. To assess our performance and set targets related to how well our administrative services help employees get their jobs done and improve quality of work life, and employee satisfaction with IT tools, we use information from our annual customer satisfaction survey (see [Table 7](#)). We ask staff to rate internal services available to them, indicating their satisfaction with each service from “very dissatisfied” to “very satisfied,” or to indicate that they did not use the service. Our internal operations measures are directly related to our efforts under Goal 4 of our strategic plan to enable quality, timely service to the Congress and be a leading practices federal agency. We

measured staff satisfaction with our three internal operations for fiscal year 2015 through our internal customer satisfaction survey, conducted in January 2016.

The first measure encompasses services that help employees get their jobs done, such as hiring, IT support, internal communications, and report production. The second measure encompasses services that affect quality of work life, such as assistance related to pay and benefits, building security and maintenance, and reasonable accommodations. The third measure encompasses IT tools, such as our internal engagement management system, telework tools, and the intranet. Using survey responses, we calculate a composite score for each service category.

Table 7: Actual Performance and Targets Related to Our Internal Operations Measures

Performance measures	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual	2016 target	2016 actual	Met/ not Met	2017 target
Internal operations									
Help get job done	80% 3.98	N/A ^a	82%	82%	80% ^{b,c}	80%	N/A ^b	N/A ^b	80%
Quality of work life	80% 3.99	N/A ^a	78%	78%	78% ^{b,c}	80%	N/A ^b	N/A ^b	80%
IT tools	N/A ^c	N/A ^a	68% ^{c,d}	65%	67% ^{b,c}	80%	N/A ^b	N/A ^b	80%

Source: GAO. | GAO-17-1SP

Notes: Information explaining the measures included in this table appears in the [Appendix on Data Quality](#).

^aNo survey was conducted in calendar year 2012 (denoted by N/A).

^bThe most recent survey was conducted in January 2016 for calendar year 2015 (denoted by N/A).

^cThe targets for all three categories in 2015 were 80 percent.

^dIn 2013, we added the IT performance measure to better gauge and track satisfaction with GAO’s IT services. In prior survey years, IT services were covered under one of the other performance measures (denoted by N/A).

Other Ways GAO Serves the Congress and the American People

GAO's High-Risk Program

Every 2 years at the start of a new Congress, we issue a biennial update of our High-Risk report. This report focuses attention on government operations that are at high risk of fraud, waste, abuse, and mismanagement, or need transformation to address economy, efficiency, or effectiveness challenges. This report, which was last issued in 2015 and will be updated in 2017, offers solutions to 32 identified high-risk problems and the potential to save billions of dollars, improve service to the public, and strengthen the performance and accountability of the U.S. government.

The major cross-cutting High-Risk program areas range from transforming DOD business operations and managing federal contracting more effectively, to assessing the efficiency and effectiveness of tax law administration, to modernizing and safeguarding insurance and benefit programs. Our 2016 high-risk work produced 163 reports, 48 testimonies, \$30.8 billion in financial benefits, and 477 program and operational benefits. The high-risk areas with the largest amount of financial benefits were DOD Weapon Systems Acquisitions, Tax Law Administration, and Medicaid. The 2017 update will report on progress made and what remains to be done to address each of the high-risk areas.

Our experience for more than 25 years has shown that the key elements needed to make progress in high-risk areas are congressional action, high-level Administration initiatives, and agency efforts targeted to address the risk. In 2016, we met with top Office of Management and Budget (OMB) and agency leaders in a series of regular meetings to discuss progress and actions needed for removal from the High Risk List. For example, the Comptroller General and

senior executives from our IT Team had a very productive meeting with officials regarding OMB's actions to date and future plans to address two areas on GAO's High Risk List—IT acquisitions and operations and cyber security. A complete list of high-risk areas is shown in [Table 8](#). Details on each high-risk area can be found at <http://www.gao.gov/highrisk/overview>.

Our 2016 high-risk work:

- 163 reports
- 48 testimonies
- \$30.8 billion in financial benefits
- 477 other benefits

Opportunities to Reduce Fragmentation, Overlap, and Duplication; Achieve Savings; and Enhance Revenue

In April 2016, we issued our sixth report ([GAO-16-375SP](#)) to the Congress in response to a statutory provision that calls for us to identify federal programs, agencies, offices, and initiatives that have duplicative goals or activities and report annually to the Congress on our findings, as well as actions to reduce such duplication. Given the current fiscal condition, we also identify additional opportunities to achieve greater efficiency and effectiveness by means of cost savings or enhanced revenue collection.

Our 2016 duplication report identified 92 actions that executive branch agencies or the Congress could take to improve the efficiency and effectiveness across 37 areas of government. We suggested 33 actions to address evidence of fragmentation, overlap, or duplication in 12 new areas across the government missions such as

Table 8: GAO's High-Risk List as of September 30, 2016

High-risk area	Year designated
Strengthening the Foundation for Efficiency and Effectiveness	
▪ Improving the Management of IT Acquisitions and Operations	2015
▪ Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks	2013
▪ Management of Federal Oil and Gas Resources	2011
▪ Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance	2009
▪ Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability	2009
▪ Funding the Nation's Surface Transportation System	2007
▪ Managing Federal Real Property	2003
▪ Strategic Human Capital Management	2001
Transforming DOD Program Management	
▪ DOD Approach to Business Transformation	2005
▪ DOD Support Infrastructure Management	1997
▪ DOD Business Systems Modernization	1995
▪ DOD Financial Management	1995
▪ DOD Supply Chain Management	1990
▪ DOD Weapon Systems Acquisition	1990
Ensuring Public Safety and Security	
▪ Mitigating Gaps in Weather Satellite Data	2013
▪ Protecting Public Health through Enhanced Oversight of Medical Products	2009
▪ Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals	2009
▪ Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests	2007
▪ Improving Federal Oversight of Food Safety	2007
▪ Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland	2005
▪ Strengthening Department of Homeland Security Management Functions	2003
▪ Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information	1997
Managing Federal Contracting More Effectively	
▪ DOD Contract Management	1992
▪ DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management	1990
▪ NASA Acquisition Management	1990
Assessing the Efficiency and Effectiveness of Tax Law Administration	
▪ Enforcement of Tax Laws	1990
Modernizing and Safeguarding Insurance and Benefit Programs	
▪ Managing Risks and Improving VA Health Care	2015
▪ National Flood Insurance Program	2006
▪ Improving and Modernizing Federal Disability Programs	2003
▪ Pension Benefit Guaranty Corporation Insurance Programs	2003
▪ Medicaid Program	2003
▪ Medicare Program	1990

Source: GAO. | GAO-17-1SP

defense, economic development, health, homeland security, and information technology. For example, GAO suggested that the Congress consider changes to the financial regulatory structure, and the Board of Governors of the Federal Reserve System and the Office of Financial Research take steps to improve collaboration in monitoring systemic risk, to reduce or better manage fragmentation and overlap.

We also presented 59 opportunities for executive branch agencies or the Congress to take actions to reduce the cost of government operations or enhance revenue collections for the Treasury across 25 areas of government. For example, we suggested that the National Park Service could potentially increase revenues from the recreation fees it collects by millions of dollars annually if the Congress were to amend the authorizing legislation for this program and if the agency required park units to periodically review these fees.

In addition to identifying new areas, we continued to monitor the progress the Congress and executive branch agencies have made in addressing the 544 actions government-wide that we identified in our past annual fragmentation, overlap, and duplication reports. As of March 2, 2016, 41 percent of these actions were addressed, 34 percent were partially addressed, and 20 percent were not addressed. Congressional and executive branch efforts to address these actions over the past 5 years have resulted in roughly \$56 billion in financial benefits, with at least an additional \$69 billion in estimated benefits projected to be accrued through 2025.

Policymakers and the public can track the status of congressional and executive branch efforts to address the issues we have previously identified on GAO's Action Tracker, located on our website under the "Duplication and Cost Savings" collection http://www.gao.gov/duplication/action_tracker/all_areas.

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

The Dodd-Frank Wall Street Reform and Consumer Protection Act, passed in 2010, was intended to address regulatory gaps and oversight failures in the U.S. mortgage, securities, and financial markets. We have completed the almost 30 one-time studies mandated by the act and continue to conduct work on the recurring studies. In fiscal year 2016, we reported on the recurring audits of the financial statements of the Securities and Exchange Commission ([GAO-16-145R](#)), the Consumer Financial Protection Bureau ([GAO-16-96R](#)), and the Securities and Exchange Commission's Conflict Minerals Rule ([GAO-16-805](#)).

In addition to work mandated by the act, we also responded to requests from the Congress on topics related to the act. For example, we studied the impact of Dodd-Frank regulations on community banks, credit unions, and systemically important institutions ([GAO-16-169](#)), and the regulators' processes for reviewing financial institutions' resolution plans that were required by the act ([GAO-16-341](#)). We also conducted work at three entities that were established by the act. We analyzed the authorities and actions of the Financial Stability Oversight Council and Office of Financial Stability as part of our review of the current financial regulatory structure ([GAO-16-175](#)), and reviewed personnel management and organizational culture at the Consumer Financial Protection Bureau ([GAO-16-62](#)).

Overall, our work provided the Congress with information that helped it oversee the financial markets and regulators and understand the effects of new regulations.



Oct 27, 2015

03:09

How Can We Fix Social Security?

An overview of Social Security's financial challenges and options to address them.



Source: GAO. | GAO-17-1SP

Other Ways GAO Serves the Congress and the American People

General Counsel Decisions

In addition to benefiting from our audit and evaluation work, which reflects considerable legal input, the Congress and the public also benefited from the legal products and activities undertaken by our Office of General Counsel in fiscal year 2016. The following exemplify some of our key contributions.

The Office of General Counsel handled over 2,700 bid protests during the course of fiscal year 2016.⁶ The bid protest process was authorized by the Congress, as part of the Competition in Contracting Act of 1984, to provide companies with an administrative forum to challenge the award, or solicitation for the award, of a federal contract. The statute requires that GAO resolve protest disputes in no more than 100 calendar days, and, in most cases, requires agencies to stop work on a contract until the protest is resolved. The Congress adopted this stop work approach to preserve the possibility for meaningful relief upon completion of the protest.

In fiscal year 2016, we issued over 600 decisions on the merits, which are accessible on GAO's Bid Protest Decisions web page at <http://www.gao.gov/legal/bid-protests/search>. These decisions addressed a wide range of issues involving compliance with, and the interpretation of, procurement statutes and regulations. Certain of these protests involved highly visible government programs and received extensive media coverage. Many of our fiscal year 2016 protests were resolved without a written decision on the merits because the federal agency involved voluntarily took corrective action to

address the protest, in some cases after GAO used Alternative Dispute Resolution techniques. The remaining protests were decided on the merits, dismissed for procedural deficiencies, or withdrawn by the protester. As required by the Competition in Contracting Act of 1984, 31 U.S.C. § 3554(e)(2), the Comptroller General reports annually to the Congress on federal agencies that do not fully implement a recommendation made by GAO in connection with a bid protest decided in the prior fiscal year.

The Consolidated Appropriations Act, 2014,⁷ included a provision for GAO to develop an electronic filing and document dissemination system for bid protests. The statute also authorized GAO to collect and use fees to offset the costs of that system. In addition, we issued a notice of proposed rule-making with respect to updates to GAO's bid protest regulations. Our notice indicated that it is our intent to establish a protest filing fee of \$350 to cover the cost of developing and operating the new electronic protest docketing system.

Within the Office of General Counsel, five attorneys appointed by the General Counsel also serve on our Contract Appeals Board, established by the Congress in 2007 to hear and decide the appeals of contracting officer decisions with respect to contract disputes involving all legislative branch agencies. In addition to using alternative dispute resolution procedures, the GAO Contract Appeals Board also issues formal decisions as necessary to adjudicate contract appeals. These appear on our website at <http://www.gao.gov/legal/contract/decisions.html>.

⁶The number of protests in the last 4 years are as follows: 2,639 filings in fiscal year 2015, 2,561 filings in fiscal year 2014, and 2,429 filings in fiscal year 2013.

⁷Pub. L. No. 113-76, div. I, title I, § 1501, 128 Stat. 5, 433-34 (Jan. 17, 2014).

During fiscal year 2016, the GAO Contract Appeals Board opened 2 new appeals and closed 5 appeals. Most of the closed appeals involved settlements between the parties based on varying degrees of GAO Contract Appeals Board input. At the end of fiscal year 2016, the board had 4 pending appeals on its docket, as compared with 8 appeals pending at the end of fiscal year 2015.

In fiscal year 2016, we published 14 appropriations law products, which included 13 appropriations decisions and opinions and 1 testimony. These are available on our Appropriations Law Decisions webpage at <http://www.gao.gov/legal/appropriations-law-decisions/search>. We testified before the House Committee on Oversight and Government Reform, Subcommittee on Government Operations, on the continued application of the Antideficiency Act and Budget and Accounting Act, 1921, to the District of Columbia in the context of budget autonomy (GAO-16-663T).

One of our most highly visible opinions, issued in December 2015, concerned the Environmental Protection Agency (EPA) and the prohibitions on the use of appropriated funds for publicity or propaganda and grassroots lobbying.⁸ We concluded EPA violated the publicity or propaganda prohibition when EPA prepared a message for users of a social media platform to disseminate but did not identify the message as coming from EPA. We also concluded that EPA violated the grassroots lobbying prohibition, which occurs when an agency appeals to the public to contact the Congress in support or opposition to pending legislation, by hyperlinking to external webpages that contained link buttons to contact Members of Congress in support of a proposed rule while several bills were pending that would have prevented implementation of the

rule. Further, we concluded EPA violated the Antideficiency Act when it used appropriated funds in violation of these prohibitions.

In February 2016, we issued another highly visible opinion finding that the Commodity Futures Trading Commission (CFTC) failed to record an obligation equal to the government's total liability when it entered into multiple-year leases.⁹ We concluded that CFTC violated the recording statute and should determine whether its failure also resulted in the obligation of funds in excess of its available appropriations in violation of the Antideficiency Act.

Other Legal Work

Attorneys from the Office of General Counsel also provided ongoing appropriations law assistance to various congressional committees and federal agencies on a number of topics. We helped committees and agencies understand the application of the Antideficiency Act, the bona fide needs statute, and the miscellaneous receipts statute. We also informally assisted the Congress on a number of other matters, including user fees, continuing resolutions, legislative drafting, and transfer authority.

GAO's Principles of Federal Appropriations Law, commonly known as the Red Book, continued to be the primary resource for appropriations law guidance in the federal community. In fiscal year 2016, the Red Book averaged thousands of downloads as attorneys, budget analysts, financial managers, project managers, contracting officers, and accountable officers from all three branches of government accessed it to research questions about budget and appropriations law. In 2016, we released the first two chapters of the fourth edition of the Red Book.¹⁰

⁹B-327242, Feb. 4, 2016.

¹⁰GAO-16-463SP and GAO-16-464SP, Mar. 10, 2016.

⁸B-326944, Dec. 14, 2015.

Attorneys from the Office of General Counsel continued to teach a 2 ½ day course on appropriations law. Presenting a framework for understanding and properly applying provisions of appropriations law, the course helps ensure that agencies use public money as the Congress directs. We held 24 classes across 17 agencies, including the Executive Office of the President and the Council of the Inspectors General on Integrity and Efficiency. We also taught a specialized seminar for the Office of the Speaker of the House of Representatives. In addition, appropriations lawyers spoke on our appropriations law work at conferences and trainings hosted by 6 agencies and professional organizations. To enhance communication within the appropriations law community across all agencies and within the three branches of government, we hosted our eleventh annual Appropriations Law Forum in March 2016, at which 195 attorneys from 90 government agencies and 20 Inspectors General offices participated.

For fiscal year 2016, we received 14 Antideficiency Act reports and made selected information from these reports available on our website. Since the Congress amended the Antideficiency Act in 2004 requiring agencies to send us a copy of any report of an Antideficiency Act violation, we have received 209 reports and maintain an official repository of Antideficiency Act reports.

We continued to report under the Congressional Review Act on major rules proposed by federal agencies to the

standing committees of jurisdiction of both Houses of the Congress. We issued 107 reports for rules received in fiscal year 2016.

We also continued to fulfill our responsibilities under the Federal Vacancies Reform Act (FVRA). FVRA requires executive departments and agencies to immediately report to the Congress and the Comptroller General certain vacancies that require presidential appointment and Senate confirmation. It requires the Comptroller General to report to the Congress, the President, and the Office of Personnel Management if the Comptroller General determines that an acting official is serving longer than the 210-day period (including applicable extensions) established by the act.

The Office of General Counsel was involved in the analysis of a wide range of labor relations and federal employment issues, as well as privacy and document disclosure matters, during the course of the year. The Office of General Counsel attorneys represented GAO and its officials in various ongoing civil litigation matters pending before federal courts and administrative boards. Attorneys also continued to provide training for managers on employment and other human capital responsibilities. The Office of General Counsel was an active stakeholder in ensuring that GAO's acquisition practices and procedures comply with best practices.

Strategic Planning and Partnerships

GAO's 2014-2019 Strategic Plan provides a comprehensive road map for how GAO's audit work will support the most important priorities of the Congress and the American people. To effectively assist the Congress, GAO must not only perform oversight and insight work, but also foresight work to identify and explore the emerging issues that present both opportunities and significant risks for our nation. Building further foresight capabilities—including the ability to understand evolving trends and plan in a complex and rapidly changing external environment—is an essential component to GAO's support of the Congress.

By leveraging its domestic and international partnerships, GAO builds collaborative capacity-building and knowledge-sharing networks that enhance our ability to do audits, strengthen government auditing standards, avoid duplication of effort, and share best practices with the wider audit and accountability communities, both in the United States and around the world.

Networks, Collaborations, and Partnerships

GAO builds expertise and leverages its resources by collaborating with domestic and global networks in many areas, such as public sector foresight, audit and accountability, and standard setting.

With GAO's authority to "follow the federal dollar," there are unique challenges in assuring accountability for grants and other federal funds flowing to nonfederal recipients in states and localities. We provide domestic audit and accountability offices with guidance, expertise, and technical assistance in implementing professional standards. We also play an important role in coordinating professional audit standards, setting audit standards

for federally funded programs, and representing U.S. views and interests in the international community.

Through networks, such as the federal inspectors general and state and local auditors—including the National Association of State Auditors, Controllers, and Treasurers (NASACT) and Association of Local Government Auditors (ALGA)—we further enhance our ability to do quality work auditing programs involving U.S. funds and to set standards for the broader audit and accountability community.

Each year, GAO receives hundreds of requests for international visitors to come to the agency to learn more about its mission and work. GAO values these visits as an important opportunity to build professional networks, share knowledge, and strengthen the capacity of our counterparts, including other Supreme Audit Institutions.

Federal, State, and Local Collaboration

In fiscal year 2016, we continued to support the domestic audit and accountability community at the federal, state, and local levels. At the federal level, we coordinated with our federal partners, including a coordination meeting with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) in which 51 inspectors general offices were represented.

Our collaboration with the federal, state, and local audit community is also an important element of our standard-setting responsibilities, such as those for government internal controls. During fiscal year 2016, we presented frameworks, standards, and best practice guides to hundreds of federal, state, and local government auditors at intergovernmental audit forum meetings. One regional audit forum highlighted the update of

Standards for Internal Controls for the Federal Government (commonly known as the “Green Book”). The Biennial Forum of Government Auditors—which brings together state, local, and federal government auditors from around the country—featured GAO best practice guides on cost estimating, scheduling, and technology readiness.

We supported and provided leadership to 2 national audit forums and 12 regional audit forums with more than 1,200 attendees overall. Audit forums enhance information sharing and collaboration between accountability organizations at the federal, state, and local levels of government through improved communication, coordination, and cooperation. Key topics discussed at forums included cybersecurity; improper payments and fraud; risk assessment; trends in data analytics, smart cities, and the Internet of Things; communicating audit results; and emerging challenges, such as water safety and flooding, relevant to the auditing community.

International Coordination and Capacity Building

We have been a member of the International Organization of Supreme Audit Institutions (INTOSAI) for more than four decades. INTOSAI, an umbrella organization for the external auditing community, currently has 192 full members that represent our counterparts around the world. This international network provides GAO the opportunity to collaborate with Supreme Audit Institutions (SAIs) to address issues that affect the audit community on a global scale.

GAO staff contribute to a number of INTOSAI bodies that require varying subject matter expertise as INTOSAI stakeholders. This fiscal year, we contributed to the drafting of numerous

guidelines and governance documents, some new and some updated, as part of INTOSAI’s Framework of Professional Pronouncements. Specifically, we expressed comments on more than a dozen draft INTOSAI documents through a coordinated response team to ensure consistency and quality on standards, tools, and projects.

Through the management of briefings for more than 270 international visitors from over 50 countries, we have helped to promote international good governance, build SAI capacity, share knowledge and support educational visits by foreign leaders (current and future) who have a focus on accountability, audit, and oversight.

GAO served as chair of the task force to draft a new 2017-2022 strategic plan for INTOSAI. The plan sets INTOSAI’s priorities and strategic direction for the coming years. We also coordinated the translation of the draft plan into INTOSAI’s five official working languages.

As part of our management of the INTOSAI Journal, we completed a major redesign of the publication to improve readability. The INTOSAI Journal also expanded its social media presence by launching an Instagram feed, while continuing to grow its reach on Facebook and Twitter.

In support of the federal government’s interest in promoting good governance and ensuring that federal funds for programs abroad are spent effectively and efficiently, we continued to advance SAI capacity-building efforts and the INTOSAI-Donor Cooperation initiative. The initiative provides a common approach of increased strategic focus and coordination for donors and the SAI community in strengthening SAIs in developing countries. GAO actively co-chaired or participated in working groups to plan the way forward for the initiative in key areas. These areas include communications; the

Capacity Development Database for SAIs; the Global Call for Proposals, which is a demand-based approach to matching SAIs development needs with donor funding; a results framework with performance indicators to track overall progress; and the SAI Performance Measurement Framework, which tracks individual SAI performance.

To further support capacity building abroad, 16 participants from 12 countries completed our 4-month International Auditor Fellowship Program for mid- to senior-level staff from Supreme Audit Institutions in fiscal year 2016. Since the program began in 1979, over 570 officials from the SAIs of 106 countries have graduated from this program. Graduates in many cases advance to senior positions; some have become auditors general, and others have reached ministerial positions in their government. GAO staff, who serve as instructors, mentors, and sponsors, have the unique opportunity to become part of a growing international community and network of good government professionals and experts through their participation in this program. In addition, this collaborative program supports our partnership with the international audit community and our efforts to continue building a collaborative network in support of good governance and accountability.

Center for Audit Excellence

Legislation enacted at the end of 2014 authorized GAO to establish a Center for Audit Excellence to provide fee-based training, technical assistance, and other products and services to domestic and international accountability organizations. The Center, which officially opened on October 1, 2015, has the goal of fostering the capacity of accountability organizations

that can help improve government performance and transparency, in addition to ensuring the sound use of public funds. To ensure high-quality services while providing independence from GAO units doing routine audit and oversight work, the Center is staffed primarily by former senior-level GAO auditors and managers.

During its first year of operation, the Center provided fee-based training classes and technical assistance services to six federal, state, and local audit organizations; two accountability community professional associations; and one federal program office. The Center helped to enhance the capacity of these organizations by providing training on topics such as internal control, performance auditing, audit planning, report writing, and statistical sampling and analysis. For example, by providing training to several federal and state audit organizations on internal control, the Center helped to enhance knowledge and understanding of the Standards for Internal Control in the Federal Government (Green Book). The Center also negotiated agreements to provide additional training courses to international, federal, and state audit organizations during fiscal year 2017.

In April 2016, the Center entered into a Memorandum of Agreement with the U.S. Agency for International Development (USAID) that provides a framework for collaborative efforts to strengthen the capacity of international accountability organizations in developing countries that receive U.S. development assistance. The Center is now working with USAID officials to implement the Memorandum of Agreement and identify specific projects to improve audit quality and transparency in developing countries.

Managing Our Resources

Resources Used to Achieve Our Fiscal Year 2016 Performance Goals

Our financial statements for the fiscal year ending September 30, 2016, were audited by an independent auditor, CliftonLarsonAllen, LLP, and received an unmodified opinion. The auditor found our internal controls over financial reporting to be effective—which means that no material weaknesses or significant deficiencies were identified—and reported that we substantially complied with the applicable

requirements for financial systems in FFMIA. In addition, the auditor found no instances of noncompliance with the laws or regulations in the areas tested. In the opinion of the independent auditor, our financial statements are presented fairly in all material respects and are in accordance with accounting principles generally accepted in the United States. The [auditor's report](#), along with the [statements](#) and their accompanying [notes](#), begins on [page 102](#) in this report.

[Table 9](#) summarizes key data.

Table 9: GAO's Financial Highlights: Resource Information (Dollars in Millions)

	Fiscal year 2016	Fiscal year 2015
Total budgetary resources	\$594.1	\$588.3
Gross outlays	\$557.8	\$549.9
Net Cost of Operations		
Goal 1: Well-being / Financial Security of American People	\$215.1	\$221.7
Goal 2: Changing Security Threats / Challenges of Global Interdependence	156.6	152.2
Goal 3: Transforming the Federal Government's Role	143.9	135.8
Goal 4: Maximize the Value of GAO	17.6	14.6
Other costs in support of the Congress	32.9	29.5
Reimbursable services not attributable to above cost by goal categories	(9.7)	(9.5)
Total net cost of operations	\$556.4	\$544.3
Actual full-time equivalents (FTE)	2,983	2,989

Source: GAO. | GAO-17-1SP

Compared with the statements of large and complex departments in the executive branch, our statements present a relatively simple picture of a small yet very important agency in the legislative branch. We focus most of our financial activity on the execution of our congressionally approved budget with most of our resources devoted to the people needed for our mission.

In fiscal year 2016, our budgetary resources included new direct appropriations of \$531.1 million, and \$24.2 million in spending authority from offsetting collections, primarily from the lease of space in our headquarters building and certain audits of agency financial statements. Our total budgetary resources in fiscal year 2016 were \$594.1 million.

Total assets were \$103.8 million, consisting mostly of funds with the U.S. Treasury and property and equipment (including the headquarters building, land and improvements, and computer equipment and software), and was substantially the same as total assets at the end of fiscal 2015.

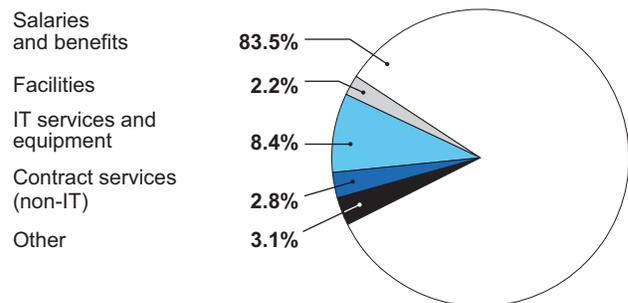
Total liabilities were \$81.1 million, composed largely of employees’ accrued annual leave, employees’ salaries and benefits, amounts owed to other government agencies, and nongovernmental accounts payable. The balance of total liabilities at the end of fiscal year 2016 remains substantially the same as total liabilities at the end of fiscal 2015.

Overall, our net cost of operations in fiscal year 2016 is approximately \$12.1 million greater than in fiscal year 2015. This increase is consistent with the increase in budgetary resources and primarily was used to fund salaries and benefits. The largest change in goal costs can be seen in a \$8.1 million increase in Goal 3 due to engagements led by Financial Management and Assurance, Acquisition Sourcing and Management, and Homeland Security and Justice. The cost category “Other costs in support of the Congress” increased \$3.4 million and represents costs of work which directly supports the Congress and which represents GAO’s fulfillment of its statutory responsibilities but which is not engagement specific. Examples of this work include support of the Federal Accounting Standards Advisory Board, General Counsel statutory bid protest decision writing function, recommendation follow-up work, and other direct support to the Congress.

Figure 24 shows how our fiscal year 2016 costs break down by category.

Figure 24: Use of Fiscal Year 2016 Funds by Category:

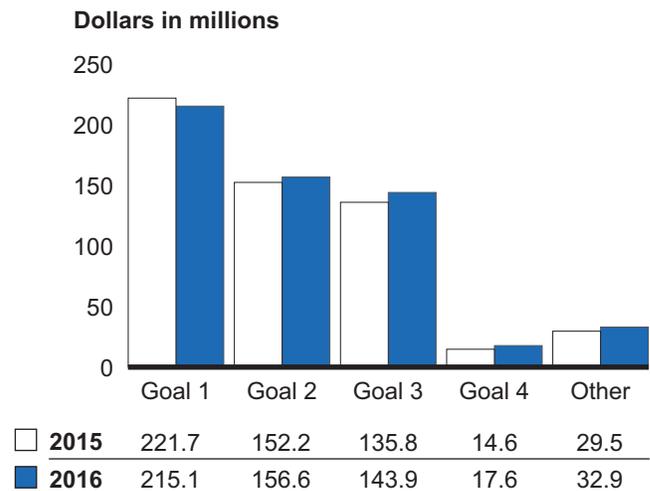
Percentage of total net costs



Source: GAO. | GAO-17-1SP

Figure 25 shows our net costs by goal for fiscal years 2015 and 2016.

Figure 25: Net Cost by Goal



Source: GAO. | GAO-17-1SP

Note: Totals are not adjusted for inflation.

Summary of Financial Systems Strategies and Framework

Our financial management system is an off-the-shelf system that meets OMB’s Office of Federal Financial Management’s Federal Financial Management System Requirements and is hosted by an OMB-designated shared service provider—the Department of Transportation, Enterprise Services Center (ESC). The major financial system in use at ESC is Delphi/Oracle Federal Financials (Delphi), supplemented by a number of supporting systems

including: Compusearch's PRISM, a contract and procurement system; U.S. Bank's purchase card system for small purchases; CWTSato's E2 Solutions system for travel; and Kofax's Markview, a document workflow system to process vendor invoices.

These commercial-off-the-shelf systems are continuously updated by the respective system developers and by periodically upgrading to new versions; therefore, our systems remain current. Additionally, these systems ensure that we can produce timely, useful, and reliable financial information and maintain strong internal controls. In fiscal year 2016, GAO decided to migrate its financial management systems and operation to the Legislative Branch Financial Management System (LBFMS). GAO will execute the migration and implementation through fiscal year 2017, and will be operational in LBFMS commencing fiscal year 2018.

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 of OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, which includes guidance for agencies' assessments of internal control over financial reporting. We performed a risk-based 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, 2016, was operating effectively and that no material control weaknesses were

found in the design or operation of the internal control over financial reporting. Additionally, our independent auditor found that we maintained effective internal control over financial reporting and compliance with laws and regulations. Consistent with our assessment, the auditor found no material internal control weaknesses.

We are also committed to fulfilling the internal control objectives of FMFIA. Although we are not subject to the act, we comply voluntarily with its requirements. Our internal controls are designed to provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of financial statements and that assets are safeguarded against loss from unauthorized acquisition, use, or disposition. Further, they are designed to ensure that transactions are executed in accordance with the laws governing the use of budget authority, other laws, and regulations that could have a direct and material effect on the financial statements.

In addition, we are committed to fulfilling the objectives of FFMIA. We believe that we have implemented and maintained financial systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level as of September 30, 2016. We made this assessment based on criteria established under FFMIA and guidance issued by OMB.

While not subject to the Improper Payments Elimination and Recovery Act of 2012, we complied with the spirit of it which requires that agencies periodically review activities susceptible to significant improper payments, estimate the amount of improper payments, and implement a plan to reduce and report estimated improper payments. We have implemented and maintained internal control procedures

to monitor disbursement of federal funds for valid obligations. These controls are tested annually. Based on the results of our tests, we found no improper payments in fiscal year 2016. In addition, our shared service provider performs the following additional controls related to payments: 1) for pre-payment processes, a verification is performed against both General Services Administration's (GSA) System for Award Management (SAM) and the IRS Taxpayer Identification Number (TIN) Match Program before establishing new vendors in the core financial system, and 2) payments are subject to verification against online portal matching from Treasury's Do Not Pay Business Center (DNP) database.

Our Inspector General (IG) independently conducts audits and investigations of GAO programs and operations. During fiscal year 2016, the IG issued four audit reports. One report assessed the extent to which GAO identified and collected student loan repayment debts from former employees who did not fulfill their 3-year service agreements. (<http://www.gao.gov/products/OIG-16-1>) Two IG reports provided information on GAO's information security policies and processes and assessed GAO's compliance with key federal information security requirements. (<http://www.gao.gov/products/OIG-16-2> and <http://www.gao.gov/products/OIG-16-4>) Finally, the IG also reported on the extent to which GAO had established an effective contract management framework of policy and procedures to guide its contract management process. (<http://www.gao.gov/products/OIG-16-3>)

In addition, the IG operated a hotline for use by employees, contractors, and the public. The hotline is the primary source of complaints or information for identifying suspected fraud and other problems, abuses, and deficiencies relating to the administration of GAO's programs and operations. Complaints are converted to IG investigations when the

complaint contains credible allegations involving GAO operations or its employees, and the possible violation of law or regulation. Investigations can substantiate an allegation, find the allegation to be unsubstantiated, or conclude that insufficient evidence exists for criminal and/or administrative action. In fiscal year 2016, the IG initiated 7 investigations and closed 13 investigations.

The results of the IG's work, and actions taken by us to address IG recommendations, are highlighted in the IG's semiannual reports to the Congress. (http://www.gao.gov/about/workforce/ig_semiannual.html)

Furthermore, our Audit Advisory Committee assists the Comptroller General in overseeing the effectiveness of our financial reporting and audit processes, internal control over financial reporting, and processes that ensure compliance with laws and regulations relevant to our financial operations. The committee is composed of individuals who are independent of GAO and have outstanding reputations in public service or business with financial or legal expertise. For fiscal year 2016, the members of the committee were:

- Michael A. Nemeroff (Chair), a partner in Sidley Austin LLP, and head of its Government Contracting Practice, and a former member of the GAO Legal Advisory Committee.
- Robert H. Attmore, CPA, CGFM-Retired, previously served as the Chairman of the Governmental Accounting Standards Board, New York Deputy State Comptroller, President of the National State Auditors Association, and a Trustee of the Academy for Government Accountability.
- Michael S. Helfer, former Vice Chairman of Citigroup Inc. Prior positions include partner and Chairman of the

Management Committee of the law firm Wilmer, Cutler & Pickering. He is a member of the Council on Foreign Relations and the American Law Institute, and serves on the Boards of EP Energy, Banco Nacional de Mexico, and Shakespeare & Company.

The [committee's report](#) appears in [Part III](#) of this report on [page 101](#).

Limitation on Financial Statements

Responsibility for the integrity and objectivity of the financial information presented in the financial statements in this report rests with our managers. The statements were prepared to report our financial position and results of operations, consistent with the requirements of the Chief Financial Officers Act, as amended (31 U.S.C. 3515). The statements were prepared from our financial records in accordance with the formats prescribed in OMB Circular No. A-136, *Financial Reporting Requirements*. These financial statements differ from the financial reports used to monitor and control our budgetary resources. However, both were prepared from the same financial records.

Our financial statements should be read with the understanding that as an agency of a sovereign entity, the U.S. government, we cannot liquidate our liabilities (i.e., pay our bills) without legislation that provides resources to do so. Although future appropriations to fund these liabilities are likely and anticipated, they are not certain.

Planned Resources to Achieve Our Fiscal Year 2017 Performance Goals

For fiscal year 2017, GAO requested an appropriation of \$567.8 million, an increase of \$36.7 million or 6.9 percent over the fiscal year 2016 appropriation of \$531.1 million. Final decisions on our fiscal year 2017 appropriation are expected in the fall. In the interim, GAO is operating under a

Continuing Resolution through December 9, 2016. The House has passed a fiscal year 2017 budget at \$533.1 million, a \$2 million increase over the fiscal year 2016 enacted level. The Senate has proposed a fiscal year 2017 appropriation of \$542.4 million, an \$11.3 million increase over the fiscal year 2016 enacted level.

GAO continues to actively look for ways to increase efficiencies and reduce infrastructure expenses in order to preserve the agency's FTE capacity as much as possible. To put this in perspective, over the past 6 plus years, GAO has reduced infrastructure expenses by almost \$20 million, or 17 percent. In fiscal year 2010, infrastructure expenses accounted for almost 20 percent of all budgetary resources. In fiscal year 2017, this percentage drops to just 16.5 percent. GAO has also streamlined headquarters office space and rented this space to a new tenant, which has brought in about \$2 million in annual rental income.

While GAO is proud of these cost-saving and streamlining achievements over the past 6 plus years, we continue to strive for additional opportunities for cost-savings and rental income. We are currently looking at expanding our telework program to our headquarters building, which will free additional office space that could be rented to a new tenant.

GAO is also undertaking a full scale review of its building and security offices to see if additional efficiencies are available that may further reduce infrastructure costs. While we are hopeful these current and future efforts will bear fruit, it must be noted that most of the low-hanging, big-ticket cost savings and revenue generators have already been implemented. Any future benefits garnered from new cost-savings, efficiency improvements, or streamlining efforts will be minimal in comparison to GAO's past achievements in these areas.

We are confident our past and current efforts to reduce costs and bring in additional revenues will help counter our near-term fiscal challenges and allow GAO to continue to provide accurate, objective, and constructive analyses and information to the Congress. Over the long-term, however, it must be stressed that GAO has all but exhausted opportunities to significantly

reduce costs, increase operational efficiencies, and streamline headquarters building office space. In light of this, future reductions to GAO's appropriation or inadequate annual increases will have a direct impact on our staff capacity and ability to deliver results for the Congress and the American people.

Management Challenges

Internal Management Challenges

The Comptroller General, the Executive Committee, and other senior executives identify management challenges through the agency's strategic planning, management, internal controls, and budgetary processes. We monitor our progress in addressing these challenges through our annual performance and accountability process, and ask our IG each year to comment on management's assessment of these challenges. For fiscal year 2017, we will continue to focus senior management attention on the following four challenges, which are summarized below:

- Human capital
- Improving the efficiency of our engagements
- Information security
- Telework

Additional information on progress made and actions planned for the future can be found in [Part II](#).

CHALLENGE: Human Capital

As the number and complexity of issues facing our country expand, so too must the breadth of disciplines and experience of GAO professionals. Ensuring that GAO has the appropriate number of professional staff with the skills needed to identify, analyze, and propose solutions to current and emerging issues is our singular human capital challenge. To address this challenge, we are focusing our efforts in three areas: hiring and retention, diversity and inclusion, and human capital management systems, processes, and metrics.

- **Hiring and retention:** Retirements and the potential loss of leadership and institutional knowledge, coupled with fiscal pressures, underscore the importance of a strategic approach to

acquiring and retaining individuals with needed critical skills. We continuously monitor and adjust our workforce planning efforts to ensure we are hiring and placing employees at the right levels and in the right parts of the organization. Hiring candidates with the specialized experience and skills to meet GAO's changing needs requires dedicated, informed recruiting efforts at colleges, universities, and professional organizations. We also recognize that training, mentoring, and professional growth opportunities must be provided to retain our expert, seasoned workforce. To this end, we continuously invest resources in augmenting and offering top-of-the-line training courses, providing promotion opportunities and support to staff in new positions, offering various employee programs such as telework and student loan repayment, and fostering an environment where employee feedback is acknowledged and encouraged.

- **Diversity and inclusion:** We are committed to creating and maintaining an organization where every employee feels valued, respected, treated fairly, and is given opportunities to develop to his or her full potential. Through ongoing dialogue and institutional feedback mechanisms such as surveys, listening sessions, and dedicated email groups, employees continuously help us identify what our strengths and challenges are in terms of valuing our diverse and vibrant workforce. Recognizing that each person's skills, talents, experiences, and characteristics broaden the range of perspectives in and approaches to GAO's work, thus making us a better place to work, we strive to provide opportunities for employees to contribute to the

diversity and inclusion conversation through their stories and perspectives. Through expert speakers, in-house trainings, and facilitated discussions on timely topics such as police community relations and transgender identity, we seek to ensure that the significance and relevance of diversity and inclusion are valued across all levels and positions within the agency. We continue to focus on the integration of diversity and inclusion efforts into our everyday work practices, recognizing that more will always need to be done.

- **Human capital management systems, processes, and metrics:** Effective and efficient strategic human capital management requires reliable human capital data and relevant performance metrics for informed decision making. GAO continues to refine the development and expanded use of human resources systems functionality to bring greater integrity and consistency to the various human capital lines of business. In addition, we are developing and implementing human capital metrics that will increase the efficiency, effectiveness, and value of human resources systems, processes, procedures, and practices.

CHALLENGE: Improving the Efficiency of Our Engagements

In light of ongoing budget constraints, we continue to recognize the need to look for ways to produce our products and analyses more quickly and efficiently without sacrificing quality. While much work has been done to achieve our goals in this area, last year we reported that two main challenges remain in our efforts to further streamline and improve the efficiency of our engagement processes:

- **Technology:** We have made good progress modernizing some of the systems that support engagement management, enabling us to begin

retiring outdated legacy systems. The challenge remains in ensuring we meet the highest priority requirements in an efficient manner in order to continue to replace outdated and standalone systems in a constrained budget environment. To do so most effectively, we will work with staff and management to identify the highest priority needs and opportunities to reduce burden, operating costs, and system complexity.

- **Change management:** As planned, in 2016, we continued extensive outreach and communication throughout the agency to ensure staff and managers were prepared and able to implement the changes being asked of them related to our updated engagement management process and system. We also increased our interactions with managers, acknowledging that they play a critical role in motivating staff and driving specific behaviors. Organizational changes of this magnitude take time and sustained attention to ensure the desired process, procedural, and behavioral changes occur and become a part of the normal, day-to-day operating mindset. In addition, we expanded analyst participation in the development of our content creation system and expanded communication to staff about this system.

CHALLENGE: Information Security

Information security continues to be a challenge since it only takes a single malicious act to create a devastating impact on an individual or organization. The availability of malicious code and the ease with which those codes can be delivered to unsuspecting users create an environment of constant threat, requiring constant vigilance. Given the persistent, evolving nature of these threats, information security will continue to be a management challenge

for GAO and all government and private sector entities for the foreseeable future.

GAO's current practices are evolving to improve management and oversight of our information security systems and processes. Areas of opportunity to reduce the risk of operating in today's electronic environment include:

- **Detecting and responding to inappropriate access to computer resources.** Due to the dynamic nature of threats, it is important to establish a layered approach to information security. Since it is impossible to block all malicious activity, creating shortened detection and remediation capabilities is imperative. GAO has established a layered solution, and our focus continues to be on integrating our security tools suite and on improving our security monitoring capabilities to ensure that the enterprise infrastructure effectively protects our information resources.
- **Managing software and hardware configuration.** Because business processes of an organization rarely remain static, the technology supporting those processes must evolve to support them. Over the years, GAO has significantly changed its IT infrastructure supporting the business. However, as technology has changed, the need for standard configurations and effective software management has increased in importance. GAO continues to optimize the overall protection of its information systems and reduce its exposure to security risks through our change management process.
- **Planning for continuity of operations.** The fast pace of technology changes, evolving business requirements, reduced budgets, and staffing limitations continue to be factors affecting continuity operations at GAO. Melding implemented technologies with business

practices (e.g., telework, mobility, and data sharing) challenges infrastructure capabilities to meet desired demands. With many agencies moving to a more "cloud-like" support mechanism, GAO has defined a direction in which these types of technologies will become a cornerstone of its continuity capabilities.

- **Implementing agency-wide enterprise risk management.** The implementation of an enterprise risk program is essential for establishing priorities, improving business processes, and increasing the probability that GAO will continue to operate without interruption. GAO continues to improve its risk management program and processes by involving senior and mid-tier managers. As part of GAO's FISMA support, we have established a continuous monitoring process to evaluate IT security controls, which contributes to the enterprise risk process and reviews. Our risk management process continues to support decisions on malicious threats, cloud-based services, and mobility and telework requirements.

CHALLENGE: Telework

In last year's report, we added telework as a separate management challenge. We recognized the increased attention government-wide to effectively implementing, monitoring, and maintaining agency telework programs, as well as our own expanded efforts in telework, as a viable management tool that allows greater work-life balance for our employees. Last year, we reported that we had completed a comprehensive analysis of GAO's telework program. While we found that our program was sound and meeting its goals, we identified four areas of opportunity for improved management and oversight of GAO's telework program.

- **Guidance and training for staff and managers.** GAO has taken, and will continue to take, steps to ensure that all staff and managers have ready access to clear, accurate, and thorough telework policies and guidance. These efforts range from ongoing training development and deployment, routine compliance reviews, and timely updates to our intranet.
- **Cost-benefit monitoring.** A recent GAO report ([GAO-16-551](#)) emphasized that agencies continue to face challenges in quantifying the impact of telework, identifying costs incurred, and translating benefits into quantifiable cost savings. The report further emphasized that assessments that include information on benefits, net cost savings, and costs can help decision makers in determining the overall effects of their telework programs and progress achieved. To continue our efforts of monitoring and analyzing the costs associated with telework, we completed a cost-benefit assessment. We identified significant financial benefits for the 2012 to 2015 period, during which we expanded our telework program in our field offices and avoided significant costs for field leases and security. We anticipate additional financial benefits when we roll out an expanded telework program in our headquarters building.
- **Informal employee interaction and collaboration.** The impact of expanded telework on informal interaction and spirit of community and collaboration continues to be of concern for some GAO staff. These connectedness issues tend to be less prominent in employees' day-to-day project teams than they are in their larger team, unit, or field office structures. To help mitigate the impact of expanded telework on these issues, we are developing tip sheets and best practices for managers to consider

employing. In addition, we created an internal project team that is exploring these connectedness and organizational culture issues. Our Telework Management Advisory Board, which has operated for over a year, will work through recommendations to continue to improve our telework program.

- **Telework tools and management systems.** Recognizing that we needed to make improvements for managers to more easily monitor telework, we continue to focus on integrating the various systems we use to track and administer our telework program. Managers now have improved access to their employees' work schedules and telework agreements, enabling them to more easily review timesheets. We will continue to refine these processes as new technology options become available.

Mitigating External Factors

In addition to the resource constraints and budget uncertainty, which directly affect our internal management challenges, other external factors that could affect our performance and progress toward our goals include:

- Shifts in congressional interest.
- Modifications or repeals of outdated statutory requirements.
- Access to agency information.

Demand for our work is very high as demonstrated by the 851 congressional requests and new mandates in fiscal year 2016. The Comptroller General and other senior officials maintain frequent communication with our congressional clients in order to ensure that our work supports the highest congressional legislative and oversight priorities while recognizing that changing international and domestic events may affect priorities.

We continue to collaborate with the Congress to revise or repeal mandated reporting requirements which have, over time, lost relevance or usefulness. Specifically, we worked with the defense committees to have six mandates repealed or revised in the 2016 National Defense Authorization Act (PL 114-92). We identified additional statutory reporting requirements for repeal or revision that would help free up our resources for higher congressional priorities. The GAO Mandates Revision Act of 2016 passed the House of Representatives on September 20, 2016 and is awaiting consideration in the Senate. We plan to continue collaboration with congressional leaders during the closing days of the 114th Congress to see this measure through to enactment.

Another external factor that affects our ability to serve the Congress is the extent to which we have access to information. This access to information plays an essential role in our ability to report on issues of importance to the Congress and the American people. Executive departments and agencies are generally very cooperative in providing us access to the information we need. It is fairly rare for an agency to deny us access to information, and rarer still for an agency to refuse to work toward an accommodation that will allow us to do our work.

While we generally receive very good cooperation, over time we have experienced access issues at certain departments and agencies. We actively pursue access issues as they arise, and we are engaged in discussions and efforts with the executive branch to enhance our access to information. As we reported in fiscal year 2015, GAO's discussions with the State Department and the U.S. Agency for International Development (USAID) led both to change their practices that were making it difficult for GAO to obtain copies of documents deemed to contain Controlled Unclassified Information (CUI).

In fiscal year 2016, in order to ensure both agencies were implementing their new practices effectively, GAO monitored how they responded to our document requests. As a result of these changes, GAO has experienced a significant improvement in our ability to obtain copies of CUI documents, which has greatly enhanced our ability to effectively and efficiently carry out our mission. These changes have also brought the State Department and USAID practices more in line with those of the other executive branch agencies, which routinely provide copies of documents containing CUI to GAO. We will continue to monitor how both agencies respond to GAO document requests to ensure continued effective implementation of these new practices.

Another issue relating to our access to information is in the context of the Intelligence Community. As we have reported for the past several years, the Director of National Intelligence, in consultation with the Comptroller General, issued a written directive in 2011 governing our access to information in the possession of an element of the Intelligence Community, Intelligence Community Directive (ICD) 114. The directive was designed to address the historic challenges that we have experienced in gaining access to information in the Intelligence Community, and it contains a number of provisions promoting constructive interaction between us and elements of the Intelligence Community, such as establishing a presumption of cooperation with us. However, we continue to have concerns with how several key terms in the directive could be interpreted, since they are framed as areas where information would generally not be available to us for certain audits or reviews. As GAO's work reviewing activities of the Intelligence Community continues to grow, it will be important that these terms and the overall directive be carefully implemented and monitored to ensure that we are

able to obtain the information we need to assist the Congress in its oversight responsibilities. In fiscal year 2016, we successfully worked through a number of issues with various elements of the Intelligence Community related to obtaining information we requested. However, the process often took a significant amount of time and resulted in delays in our work. We will continue to monitor the implementation of ICD 114 moving forward, and remain committed to engaging with the Intelligence Community.

For one important information source—the Department of Health and Human Services’ National Directory of New Hires (NDNH)

—GAO has not been successful in gaining access as a result of the agency’s view that access must be expressly provided for in the authorizing statute. We disagree with this interpretation given GAO’s broad and longstanding statutory right of access to agency records. The GAO Access and Oversight Act of 2016, which passed the House of Representatives on September 20, 2016, and is awaiting Senate consideration, explicitly confirms GAO’s right of access to the NDNH. We support this legislative change and will continue to collaborate with congressional leaders to encourage its enactment.

Part II

Performance Information



Source: Comstock. | GAO-17-1SP

Performance Information by Strategic Goal

In the following sections, we discuss how each of our four strategic goals contributed to our fiscal year 2016 performance results. For goals 1, 2, and 3—our external goals—we present performance results for the three annual measures that we assess at the goal level, as well as accomplishments under the strategic objectives for these goals. Most teams and units also

contributed toward meeting the targets for the agency-wide measures that were discussed in [Part I](#) of this report. For goal 4—our internal goal—we present selected work and accomplishments for that goal’s strategic objectives. There were no changes in our strategic goals or measures during fiscal year 2016.



Source: GAO | GAO-17-1SP

Strategic Goal 1

Address Current and Emerging Challenges to the Well-being and Financial Security of the American People

Our first strategic goal upholds our mission to support the Congress in carrying out its constitutional responsibilities by focusing on work that helps address the current and emerging challenges affecting the well-being and financial security of the American people and American communities. Our multiyear (fiscal years 2014-2019) strategic objectives under this goal are to provide information that will help address

- financing and programs to serve the health needs of an aging and diverse population;
- lifelong learning to enhance U.S. competitiveness;
- benefits and protections for workers, families, and children;
- financial security and well-being of an aging population;
- a responsive, fair, and effective system of justice;
- housing finance and viable communities;
- a stable financial system and sufficient consumer protection;
- responsible stewardship of natural resources and the environment; and
- a viable, safe, secure, and accessible national physical infrastructure.

Example of Work under Goal 1

After the recent Ebola epidemic, we reported in 2015 that the United States lacks a national aviation-preparedness plan to respond to communicable disease threats from abroad, though airlines and airports do have plans to respond to such threats. International treaty obligates the United States to develop a plan that would coordinate an emergency response across the aviation sector. We recommended that the Department of Transportation (DOT) work with the Department of Health and Human Services (HHS) to develop a plan that provides coordination between the aviation and public health sectors. DOT agreed to support HHS efforts to develop such a plan. ([GAO-16-127](#))

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

To accomplish our work under these strategic objectives in fiscal year 2016, we conducted engagements, audits, analyses, and evaluations of programs at major federal agencies. As shown in [table 10](#), we met the target set for financial and other benefits for Goal 1, but we did not meet the target for testimonies.

Table 10: Strategic Goal 1's Annual Performance Results and Targets

Performance measure	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual ^a	2016 target ^b	2016 actual ^a	Met/not met	2017 target
Financial benefits (dollars in billions)	\$12.6	\$25.7	\$22	\$15.5	\$51.4	\$15.0	\$19.6	Met	\$11.0
Other benefits	243	275	271	240	255	235	284	Met	241
Testimonies	84	61	60	57	57	62	38	Not met	54

Source: GAO. | GAO-17-1SP

Financial benefits for goals 1 through 3 do not sum to the total agency-wide target for 2017 as we have left a portion of the financial benefits target unassigned. Experience leads us to believe that we can meet the agency-wide target but we cannot always accurately predict which goals we will meet it under.

^aIn fiscal years 2015 and 2016, we exceeded our targets for financial benefits, but do not expect this level of results in fiscal year 2017.

^bOur fiscal year 2016 targets for all three performance measures differ from those we reported in our fiscal year 2016 performance plan in March 2015. Specifically, we decreased the financial benefits target from \$15.5 billion to \$15.0 billion, increased the other benefits target from 230 to 235, and decreased the testimony target from 63 to 62 (see [Setting Performance Targets](#)).

To help us examine trends for these measures over time, we look at their 4-year averages, which minimize the effect of an unusual level of performance in any single year. These averages are shown below in [table 11](#). This table indicates that the 4-year average for Goal 1 financial benefits increased steadily from 2011 to 2013, decreased slightly in 2014, increased sharply in 2015, and decreased slightly in 2016. Goal 1's average other benefits increased gradually from 2011 through 2016. The average number of times our senior executives were asked to testify has declined steadily since fiscal year 2011.

Table 11: Four-Year Rolling Averages for Strategic Goal 1

Performance measure	2011	2012	2013	2014	2015	2016
Financial benefits (dollars in billions)	\$15.5	\$17.1	\$19.5	\$19.0	\$28.7	\$27.1
Other benefits	232	244	256	257	260	263
Testimonies	95	79	73	66	59	53

Source: GAO. | GAO-17-1SP

The following sections describe our performance under Goal 1 for each of these three quantitative performance measures, and describe the targets for fiscal year 2017.

Financial Benefits

The financial benefits reported for this goal in fiscal year 2016 totaled \$19.6 billion, exceeding the target we set by \$4.6 billion, due to several financial accomplishments. These included Treasury deobligating funds from the Making Homes Affordable Program and the Pension Benefit Guaranty Corporation increasing premium fees. Other financial benefits contributing to this total included savings from our work that resulted in eliminating the ethanol tax credit for corn, the elimination of direct payments to farmers, and the return of unobligated balances from the Department of Agriculture to Treasury. We set the target for fiscal year 2017 at \$11.0 billion based on our recent performance and discussions with the Goal 1 teams about the level of benefits they believe they can achieve.

Example of Goal 1's Financial Benefits

In 2015, we found that three hospitals in New York received excessive supplemental payments in 2011, resulting in total Medicaid payments that greatly exceeded the cost of providing Medicaid services. Two of the hospitals received payments that exceeded their inpatient costs by nearly \$400 million. We recommended that the Centers for Medicare & Medicaid Services (CMS) expedite its review of these payments and ensure that future payments are consistent with Medicaid requirements. CMS, in response, required New York to retroactively reduce supplemental payments to the hospitals, saving the federal government about \$771 million over 4 years. ([GAO-15-322](#))

Other Benefits

Other benefits reported for Goal 1 in fiscal year 2016 totaled 284, exceeding our target of 235 by 49 benefits. The majority of Goal 1's other benefits were in the areas of public safety and security and program efficiency and effectiveness. For fiscal year 2017, we set our target at 241 for these other benefits based on our recent experience.

Example of Goal 1's Other Benefits

In reports and testimonies over the last decade, we identified challenges in federal agencies' wildland fire management efforts, which now cost over \$3 billion each year. We reported deficiencies in the way agencies assessed their effectiveness in responding to wildland fires, as well as in their efforts to modernize the nation's firefighting aviation fleet. We recommended that these agencies establish specific criteria for reviewing wildland fire effectiveness and they agreed. In 2015, we testified on these two issues before the Senate Committee on Energy and Natural Resources, which will help inform debate on strategies for wildland fire management. ([GAO-16-217T](#), [GAO-15-772](#), [GAO-13-684](#))

Testimonies

Our senior executives testified 38 times on our Goal 1 work, which fell short of the fiscal year 2016 target of 62 by 24 testimonies. Among the topics on which we testified were recipient fraud in the Supplemental Nutrition Assistance Program, improving oversight of federal student loans, continuing financial challenges for the U.S. Postal Service and need for postal reform, improving eligibility determinations under Medicaid, and actions taken by the Environmental Protection Agency to implement GAO's recommendations. (See [fig. 22](#) for selected testimony topics by goal.) We set our fiscal year 2017 target at 54 testimonies on Goal 1 issues based on our experience over the past few years.

Example of Goal 1's Testimonies

The Small Business Administration (SBA) has provided billions of dollars in loans and guarantees to small businesses. In 2016, we testified on our September 2015 review of SBA, which found that the agency had not resolved many of the long-standing management challenges that we and the SBA Office of Inspector General had identified. We also made eight recommendations designed to improve SBA's program evaluations, strategic and workforce planning, training, organizational structure, enterprise risk management, procedural guidance, and oversight of IT investments. SBA generally agreed with these recommendations and is taking some steps to address them. (GAO-16-134T, GAO-15-347)

Below are photographs of Goal 1 analysts conducting fieldwork. Table 12 contains examples of Goal 1 accomplishments and contributions, which includes both financial and other benefits.



GAO analyst conducts file review of the Low-Income Tax Credit Program in Michigan.



GAO analysts interview agency officials during a review of wildland fire management practices in the Rocky Mountain National Park, Colorado.



GAO analysts discuss federal grant funding with transit providers in New York City.



GAO analyst takes notes in Shanghai, China, for a review of U.S. universities with locations overseas.

Source: GAO. | GAO-17-1SP

Table 12: Goal 1 Accomplishments and Contributions

Health Care Needs and Financing	
Capping Indian Health Service Payment Rates	In 2013, we reported that the Indian Health Service’s contract health services (CHS) program was paying physicians two times as much as Medicare and about one and a quarter times as much as what private insurers would have paid for the same services in 2010. We recommended that the Congress consider imposing a cap on these payments to make them consistent with the rates paid by other federal agencies. In response, the Department of Health and Human Services issued a final rule on March 21, 2016 to apply Medicare payment rates to all physicians and other nonhospital services provided through CHS—saving the federal government over \$18 million. (GAO-13-272)
Adding Independent Peer Review to the World Trade Center Health Program	The World Trade Center Health Program (WTCHP) provides health benefits to eligible responders and survivors of the September 11, 2001 attacks. In 2014, we reviewed the WTCHP’s approach to adding cancers to its list of covered conditions. We recommended that the Secretary of Health and Human Services (HHS) direct the WTCHP to consider the results of independent peer reviews when considering additions to its list of covered conditions. In response, HHS used an independent peer review when it added two new conditions to the list and noted it would continue to do so in the future—helping ensure that its decisions are credible and equitable. (GAO-14-606)
Increasing the Consistency of Data on Veteran Suicides	In November 2014, we reviewed data that the Department of Veterans Affairs (VA) collects on veteran suicides. We found that the data were not always complete, accurate, or consistent because the VA medical centers (VAMC) we reviewed differed in how they interpreted and used templates for collecting the data. We recommended that VA clarify guidance on how to complete these templates and ensure that VAMCs have a process to review them. In response, VA added more specific guidance and required VAMC leadership to review these templates—positioning VA to collect consistent data to better inform its suicide prevention efforts. (GAO-15-55)
Collecting Data about Unsafe Injection Practices	Outbreaks of blood-borne pathogens—such as hepatitis B and C—have been linked to unsafe injection practices at health care facilities. In 2012, we found that data on these practices were limited because the Centers for Medicare and Medicaid Services (CMS) had stopped collecting these data after fiscal year 2011. We recommended that the agency resume collecting data on injection practices. As a result, CMS collected a random sample of these data in fiscal years 2013 and 2016 to monitor compliance with safety standards and to assist the Centers for Disease Control and Prevention in determining the extent of unsafe injection practices. (GAO-12-712)
Comparing Public and Private Health Plan Options for Children	In 2015, we compared coverage and costs between Children’s Health Insurance Programs (CHIP)—a joint federal-state program for certain low-income children—and private health plans in five states. We found that services under these plans were generally comparable, but CHIP plans were almost always less expensive for consumers, even after federal subsidies reduced private plan costs. As a result, HHS used a methodology similar to ours to conclude that no private plans were comparable to CHIP in terms of cost. Our work helped HHS meet a Patient Protection and Affordable Care Act requirement to compare these health plans. (GAO-15-323).

Lifelong Learning

Strengthening Oversight of Higher Education

In 2014, we identified challenges that the Department of Education (Education) faces in ensuring oversight of higher education institutions—which spent over \$136 billion in federal student aid in fiscal year 2013. In particular, we questioned Education’s oversight of independent accrediting agencies that assess academic quality because we found weaknesses in how these accreditors oversee schools. Education implemented our recommendations to better assess how accreditors are evaluating academic quality, and to improve its own oversight of schools receiving federal funds, resulting in strengthened oversight of both accreditors and schools. ([GAO-15-59](#))

Helping Homeless Youth Plan for College

In 2016, we found that homeless youth face significant challenges in pursuing college and recommended that Education make it easier for these youth to navigate the college admissions process, apply for federal student aid, and get help with college planning. In response, Education issued guidance to (1) clarify how school homelessness liaisons can verify that a youth is homeless when applying for federal student aid, and (2) require that all homeless students receive individual counseling on college planning and financial aid—which could help homeless youth obtain federal assistance for college. ([GAO-16-343](#))

Benefits and Protection for Workers, Families, and Children

Reducing Workplace Violence in Health Care Facilities

In 2016, we reported that the nation’s 15 million health care workers experience much higher rates of injuries due to workplace violence than other workers. While the Department of Labor has issued voluntary guidelines on preventing workplace violence in health care facilities, we identified shortcomings in its efforts to take action against employers who fail to protect their workers. Citing our report findings, five members of the Congress sent a bicameral letter to the Secretary of Labor urging a national workplace violence prevention standard in order to protect America’s health care workers. ([GAO-16-11](#))

Improving the Welfare of Unaccompanied Minors

HHS is responsible for providing care and placement for unaccompanied children, and faced an unprecedented increase in the number of unaccompanied children entering the country in fiscal year 2014. In 2016, we recommended that HHS improve its overall planning and monitoring to better care for these children. In response to our work, HHS implemented a process to increase bed capacity as needed, improved its plans for monitoring the grantees that provide housing and care for the children, and is developing procedures to more closely oversee which children are referred to child advocates. ([GAO-16-429T](#), [GAO-16-367](#), [GAO-16-180](#))

Supporting the Financial Security and Well-being of an Aging Population

Improving the Oversight of 401(k) Plans

Our work from 2008 to 2013 found that 401(k) plan sponsors—usually employers sponsoring plans for workers—faced challenges in managing these plans. Sponsors did not always understand the fees they and their participants were being charged by service providers. We recommended that the Department of Labor (DOL) clearly define the obligations of sponsors and service providers, and that providers disclose their financial interests. In 2016, DOL issued regulations clarifying criteria to be designated a fiduciary, helping ensure that participants receive impartial retirement advice and potentially saving IRA investors \$33-\$36 billion over 10 years. ([GAO-13-30](#), [GAO-12-325](#), [GAO-11-119](#), [GAO-08-774](#))

A Responsive, Fair, and Effective System of Justice

Ensuring Privacy and Accuracy of Face Recognition Technology

We reported in May 2016 that the Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) should better ensure that the FBI's face recognition technology is accurate, and that it protects the privacy of individuals during use. We recommended that DOJ take actions to ensure compliance with privacy laws, and that the FBI conduct tests to verify that this technology is accurate. DOJ generally agreed to take steps to ensure compliance with its policies and privacy laws, but the FBI did not agree to conduct tests to verify the accuracy of the technology, which we believe are critical to provide the public greater assurance that any risks to privacy have been evaluated. ([GAO-16-267](#))

Housing Finance and Viable Communities

Improving FHA's Assessments of Financial Risks

The Federal Housing Administration (FHA) helps millions of people buy homes by insuring private lenders against mortgage defaults, so it must ensure that it is effectively managing its financial risks. We reported in 2011 that while FHA had taken steps to identify risks posed by defaults on the loans it insures, it lacked tools to anticipate risks from changing conditions, such as rapid growth. Per our recommendations, FHA developed an annual risk assessment process and is working to address emerging risks to its loan portfolio and operations—helping to ensure that the agency can continue to meet the needs of potential homebuyers. ([GAO-12-15](#))

Improving Oversight of HUD's Foreclosed Homes

The Department of Housing and Urban Development's (HUD) inventory of foreclosed homes increased to more than 65,000 in 2011. The agency takes possession of foreclosed homes when borrowers default on mortgages that it has insured. In 2013, we found that HUD would likely be able to sell these homes at higher prices if it conducted additional on-site inspections. In response to our recommendations, HUD's property inspections increased from 2 percent to 9 percent. This improved oversight will help ensure proper maintenance of these homes and should increase HUD's proceeds from selling them. ([GAO-13-542](#))

Stable Financial System and Sufficient Consumer Protection

Protecting Consumers that Purchase Debt Protection

In 2009, consumers paid about \$2.4 billion for credit card debt protection, which can cancel or suspend this debt when cardholders die or are in financial distress. Our 2011 report on these products found that consumers only received 21 cents in tangible financial benefits for every dollar they spent. We recommended that the Consumer Financial Protection Bureau factor the financial benefits and costs to consumers into its oversight of these products. This triggered an agency review of debt protection products and resulted in lawsuits that required four large financial institutions to change their practices and compensate affected consumers. ([GAO-11-311](#))

Improving Protection of Consumer Financial Data

The Consumer Financial Protection Bureau (CFPB) collects large amounts of consumer data on credit card accounts, mortgage loans, and other financial products. In 2014, we found that CFPB needed to take additional steps to reduce the risk of improper collection, use, or release of consumer financial data. Since then, CFPB has issued a comprehensive data privacy protection plan and developed procedures to mitigate privacy risks and remove personally identifiable information from these data. CFPB also improved how it assesses the security of its information systems. These steps will help them protect the security and privacy of consumer data. ([GAO-14-758](#))

Ensuring Fee-Free ATM Access for Students with College Debit Cards	Many colleges have agreements with financial firms to provide college debit and prepaid cards to students, through which some schools disburse financial aid. Education requires these schools to provide students with convenient access to fee-free ATMs on campus. However, in 2014, we found that the availability of these ATMs varied, and recommended that Education define convenient access. In response, Education released new regulations for college debit cards in October 2015 to ensure that students have convenient access to ATMs that do not charge fees. (GAO-14-91)
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Stewardship of Natural Resources and the Environment

Protecting the Nation's Food and Agriculture Resources	In 2011, we found that the U.S. Department of Agriculture (USDA) did not have a department-wide strategy to ensure that it was meeting its responsibilities under the nation's food and agriculture defense policy. We recommended that USDA develop such a strategy. In response, USDA developed a document in July 2015 to track its agencies' efforts to implement these responsibilities, and officials told us that USDA has a process in place to monitor implementation. As a result, USDA will now have greater assurance that it is effectively prioritizing and allocating resources to protect the nation's food and agriculture. (GAO-11-652)
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Addressing Obstacles to Energy Development on Indian Lands	Indian lands hold significant potential for energy resource development but remain largely undeveloped. In October 2015, we testified before the Senate's Indian Affairs Committee that the Bureau of Indian Affairs (BIA) had management shortcomings that hindered this development. We also found that tribes had not entered into energy resource agreements—which would allow them to enter into energy leases without needing approval from the Department of the Interior—due to factors such as regulatory uncertainty and costs. The committee used the results of our work to inform legislation concerning tribal control of energy development. (GAO-16-171T, GAO-15-502)
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Helping EPA Control Toxic Chemicals	Since 1994, we have found that the Environmental Protection Agency (EPA) faces challenges in its ability to assess and control toxic chemicals under the Toxic Substances Control Act (TSCA) of 1976—largely due to issues of statutory choice, regulatory control, data, confidentiality, workload, and resources. In response to our work and the work of others, the Congress passed the Lautenberg Act in 2016, giving EPA greater authority to implement several of our outstanding recommendations related to these six areas—positioning the agency to better protect public health and the environment from the risks posed by toxic chemicals. (GAO-15-290, GAO-13-696T, GAO-13-249, GAO-05-458, GAO-94-103)
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Improving DOE's Project Management Process	In 2014, we reported problems with the Department of Energy's (DOE) project management—specifically in how it identifies, analyzes, and selects preferred alternatives for facility construction projects. We recommended that DOE revise its process to incorporate our best practices in choosing these preferred alternatives—and DOE made this a requirement in May 2016. This new requirement will help minimize the risk of incurring major cost increases and schedule delays on these projects, some of which cost billions of dollars. (GAO-15-37)
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Viable National Infrastructure

Making Data on Mail Delivery Performance More Complete, Useful, and Transparent	In 2015, we reported that the U.S. Postal Service's (USPS) reports on delivery performance were not effective for oversight because they provided only national-level data. District-level data for USPS's 67 districts were unavailable, making it difficult to hold USPS accountable for its performance. Moreover, delivery performance data were not readily available on USPS's website. Per our recommendation, USPS updated its website to include trend data on delivery performance for all postal districts—positioning the public to monitor trends and hold USPS accountable. (GAO-15-756)
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Improving Management of Federal Real Property	In 2016, we reported that the Office of Management and Budget (OMB) had issued a national strategy for the efficient use of real property, and that federal agencies' had taken steps to improve real property data. Despite progress, agencies still face challenges with excess and underutilized property, maintenance and repair backlogs due to a complex disposal process, competing stakeholder interests, limited funding, and inconsistent collection and reporting of key data. Our recommendations to OMB and the General Services Administration (GSA) to address these issues prompted a bipartisan Senate letter to GSA calling for corrective actions. (GAO-16-275)
Collecting Better Data to Assess the Transition from Telephone to Internet Networks	Communication networks are vital to public safety. However, we reported in 2015 that the Federal Communications Commission (FCC) had little information on how the transition from legacy telephone networks to Internet-based networks will affect communications during a crisis because its data collection efforts did not include key consumer services or critical national security and public safety locations. We recommended that the FCC strengthen its data collection to assess the transition's effects on public safety and consumer services. (GAO-16-167)
Increasing Accountability and Oversight of Federal Facilities	GSA leases space for many federal entities and maintains a comprehensive inventory of these federal facilities. However, we reported in 2016 that GSA does not track federal entities with independent leasing authority—reducing accountability and oversight of federal property. These entities are also not part of OMB's council that coordinates and shares leading practices in property management. We recommended and OMB agreed to establish methods to include federal entities with independent leasing authority in the inventory and increase their collaboration with its council. (GAO-16-648)

Source: GAO. | GAO-17-1SP

Note: One way we measure our effect on improving the government's accountability, operations, and services is by tracking recommendations that we made 4 years ago that have since been implemented. We assess recommendations implemented after 4 years based on our experience that recommendations remaining open after that period of time are generally not implemented in subsequent years.

Strategic Goal 2

Respond to Changing Security Threats and the Challenges of Global Interdependence

The federal government is working to promote foreign policy goals, sound trade policies, and other strategies to advance the interests of the United States and its allies. The complex and rapidly evolving security environment facing the United States includes cyber attacks, terrorist activities, and instability in key regions of the world. Given the importance of these issues, our second strategic goal focuses on helping the Congress and the federal government in their responses to changing security threats and the challenges of global interdependence. Our multiyear (fiscal years 2014-2019) strategic objectives

under this goal are to support congressional and agency efforts to

- protect and secure the homeland from threats and disasters;
- ensure military capabilities and readiness; and
- advance and protect U.S. foreign policy and international economic interests.

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our website at <http://www.gao.gov/sp.html>.

Example of Work under Goal 2

Annually over the past several years, we have provided detailed, classified briefings to congressional defense committees on the Air Force's long-range strike bomber program, called the B-21. Our briefings provided an evaluation of the program acquisition strategy compared to a knowledge-based acquisition approach. Specifically, we highlighted risks with the timing of a key development event and the program's technology and manufacturing readiness. As a result, the Congress required, and the Air Force completed, activities addressing these risks.

The work supporting these objectives is performed primarily by headquarters and field staff in the following teams: Acquisition and Sourcing Management, Defense Capabilities and Management, Homeland Security and Justice, and International Affairs and Trade. In addition, the work supporting some performance goals and key efforts is performed by headquarters and field staff from the Financial Markets and Community Investment, Information Technology, Financial Management and Assurance, and Natural Resources and Environment teams.

To accomplish our work in fiscal year 2016 under these strategic objectives, we conducted engagements and audits that involved fieldwork related to international and domestic programs that took us across multiple continents.

As shown in [table 13](#), we exceeded our fiscal year 2016 performance targets for financial benefits, other benefits, and testimonies for Goal 2.

Table 13: Strategic Goal 2's Annual Performance Results and Targets

Performance measure	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual	2016 target ^a	2016 actual	Met/not met	2017 target
Financial benefits (dollars in billions)	\$25.9	\$13.4	\$21.4	\$25.7	\$13.1	\$11.1	\$13.0	Met	\$12.7
Other benefits	447	513	488	535	505	358	502	Met	334
Testimonies	48	54	30	40	23	35	43	Met	32

Source: GAO. | GAO-17-1SP

Note: Financial benefits for Goals 1 through 3 do not sum to the total agency-wide target for 2017 as we have left a portion of the financial benefits target unassigned. Experience leads us to believe that we can meet the agency-wide target but we cannot always accurately predict which goals we will meet it under.

^aOur fiscal year 2016 targets for all three of the performance measures differ from those we reported in our fiscal year 2016 performance plan in March 2015. Specifically, we decreased our financial benefits target from \$13 billion to \$11.1 billion, increased our other benefits target from 340 to 358 benefits, and decreased our testimonies target from 38 to 35.

To help us examine trends for these measures over time, we look at their 4-year averages, which minimize the effect of an unusual level of performance in any single year and are shown below in [table 14](#). This table indicates that the 4-year average for Goal 2 financial benefits decreased between fiscal years 2011 and 2012, increased in 2013 and 2014, declined in 2015, and held steady in 2016. Goal 2's average other benefits increased steadily from fiscal years 2011 through 2015, and held relatively steady in 2016. The average number of testimonies for Goal 2 has declined steadily since 2011.

Table 14: Four-Year Rolling Averages for Strategic Goal 2

Performance measure	2011	2012	2013	2014	2015	2016
Financial benefits (dollars in billions)	\$18.6	\$18.1	\$20.3	\$21.6	\$18.4	\$18.3
Other benefits	454	465	473	496	510	508
Testimonies	67	57	48	43	37	34

Source: GAO. | GAO-17-1SP

The following sections describe our performance under Goal 2 for each of our quantitative performance measures and describe the targets for fiscal year 2017.

Financial Benefits

The financial benefits reported for this goal in fiscal year 2016 totaled \$13 billion, which was over our target of \$11.1 billion. The financial benefits that contributed to Goal 2 included improvements in cost estimates for the Department of Defense’s Bulk Fuel Operation and Maintenance budget, reductions in the cost for DOD’s headquarters, and increases in airline passenger security fees. We set our fiscal year 2017 target at \$12.7 billion based on what our Goal 2 teams believe they can achieve based on past, ongoing, and expected work.

Example of Goal 2’s Financial Benefits

Our analysis of the Department of Defense’s (DOD) operation and maintenance budget request for fiscal year 2016 projected that the agency overstated its request for fuel by about \$2.3 billion—due to lower-than-projected fuel costs. Due partly to the analysis we provided of these fuel costs, the Congress reduced DOD’s fiscal year 2016 appropriations by about \$2.6 billion.

Other Benefits

The other benefits reported for Goal 2 in fiscal year 2016 totaled 502 and exceeded our target of 358 by 144 benefits, or about 40 percent. The majority of Goal 2’s other benefits were in the areas of public safety and security, acquisition and contract management, and business process and improvement. We set our fiscal year 2017 target at 334, which is well below our fiscal year 2016 actual performance and fiscal year 2016 target of 358, but what our Goal 2 teams expect to achieve based on past, ongoing, and expected work.

Example of Goal 2’s Other Benefits

The World Food Program (WFP) provided \$3.7 billion in food aid to beneficiaries in 2011, including \$1.2 billion from the United States. In 2012, we reported that the State Department (State) needed to help WFP strengthen controls over the delivery of food aid in high-risk areas where WFP staff have limited access to monitor programs. In response to our recommendations, State worked with WFP to develop new guidance on identifying and responding to security risks and using third-party monitoring. Additionally, WFP improved the oversight role of its Audit Committee and its inventory management systems—thereby strengthening its management and reporting. ([GAO-12-790](#))

Testimonies

Our senior executives were asked to testify 43 times on our Goal 2 work in fiscal year 2016, which exceeded our target of 35 testimonies by 8, or about 23 percent. Goal 2 testimony topics included management challenges for NASA’s major acquisitions, addressing the Air Force and Army workforce needs for unmanned aerial systems, and additional actions needed to assess Southwest border security. (See [fig. 22](#) for selected testimony topics by goal.) We have set our fiscal year 2017 testimony target at 32 based on our recent experience.

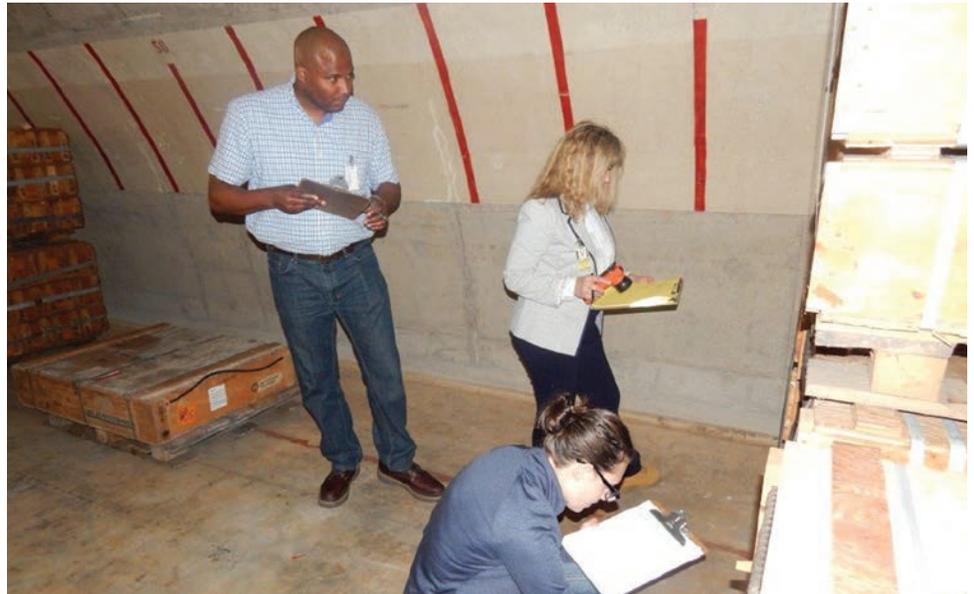
Example of Goal 2's Testimonies

The U.S. Coast Guard plays a significant role in U.S. Arctic policy and issued its Arctic Strategy in 2013. In July 2016, we testified that while the U.S. Coast Guard, within the Department of Homeland Security (DHS), had assessed its Arctic capabilities and worked with its Arctic partners to mitigate these gaps, it had not systematically assessed the impact of its actions on these gaps. We recommended that the U.S. Coast Guard take steps to assess the effectiveness of its actions to address Arctic capability gaps. DHS concurred and the U.S. Coast Guard plans to assess the impact of its actions on those gaps for which it is the lead agency. (GAO-16-738T, GAO-16-453)

Below are photographs of Goal 2 analysts conducting fieldwork. Table 15 provides examples of Goal 2 accomplishments and contributions, which includes both financial and other benefits.



Analyst examining equipment used by the U.S. Navy/Coast Guard.



Analysts inventorying missiles at the ammunition depot in Okinawa, Japan.



Analysts meeting with officials at the Anti-Tribalism Movement House in London, England.



Analyst measuring fence post on the U.S.-Mexican border.

Source: GAO. | GAO-17-1SP

Table 15: Goal 2 Accomplishments and Contributions

Protect and Secure the Homeland	
Improving Care for Unaccompanied Alien Children	The Department of Homeland Security (DHS) apprehended over 200,000 unaccompanied alien children from fiscal years 2009 through 2014. U.S. Customs and Border Protection (CBP), within DHS, is required to care for these children, such as by providing meals and medical care. In 2015, we reported that CBP officers did not have complete and reliable data on the care they provided, or record their actions in an automated manner. In response to our recommendation, CBP required officers to record this information in its automated system—helping to ensure proper care for the unaccompanied alien children in its custody. (GAO-15-521)
Reducing FEMA’s Administrative Costs for Responding to Major Disasters	The Federal Emergency Management Agency (FEMA) obligated \$12.7 billion for administrative costs for responding to major disasters for fiscal years 2004-2013. In 2014, we reviewed these costs and found that FEMA lacked an integrated plan to lower them. We recommended that FEMA develop an integrated plan with time frames and milestones to control its administrative costs. FEMA issued this plan in 2015 and, in 2016, the President signed into law the Directing Dollars to Disaster Relief Act of 2015—requiring FEMA to implement an integrated plan to control its costs and report on its progress. (GAO-15-65)
Improving the Risk-Based Deployment of U.S. Federal Air Marshals	There are many more U.S. air carrier flights each day than can be covered by federal air marshals, so it is important that the U.S. Federal Air Marshal Service (FAMS) determine which flights represent the greatest security risk. In May 2016, we found that FAMS could take further steps to incorporate security risks into its air marshal deployment strategy, particularly when it comes to choosing between domestic and international flights. Implementing our recommendations will provide greater assurance that FAMS is effectively targeting its resources to protect U.S. air carriers, airports, passengers, and crews. (GAO-16-582)
The Office of Management and Budget Established a Federal Cybersecurity Strategy	In 2013, we reported that the government did not have an overarching strategy to strengthen federal cybersecurity that included priority actions, responsibilities, and time frames and recommended that the White House develop a comprehensive strategy that addresses identified cybersecurity challenges. In October 2015, the Office of Management and Budget issued a cybersecurity strategy and implementation plan with key actions, milestones, and responsibilities for improving cybersecurity and addressing challenges. This strategy provides a framework for more effective implementation of cybersecurity activities across the government. (GAO-13-187)
Military Capabilities and Readiness	
Improving DOD’s Cost Estimates for Relocating to Guam	Since 2011, we have noted problems with the Department of Defense’s (DOD) plans to relocate the U.S. Marines from Japan to Guam—specifically, that DOD’s \$1.3-billion cost estimate for improvements to Guam’s water and wastewater systems was unreliable. We recommended that DOD fully incorporate our best practices for developing high-quality cost estimates. In response to our recommendations, DOD followed the standards set forth in our Cost Estimating and Assessment Guide and reduced its cost estimates for public infrastructure on Guam several times—most recently by \$830.7 million, funds that can be used elsewhere in the federal budget. (GAO-14-82 , GAO-13-360 , GAO-11-316)

Reducing the Cost for DOD's Headquarters	Since 2012, we have issued several reports identifying challenges DOD faces in accounting for the resources it uses for its headquarters. Partly as a result of our work, the Congress required DOD, in the National Defense Authorization Act for Fiscal Year 2016, to implement a plan to achieve not less than \$10 billion in cost savings from its headquarters, administrative, and support activities for fiscal years 2015-2019. The Congress also reduced DOD's fiscal year 2016 operation and maintenance appropriation in the Consolidated Appropriations Act, 2016, by approximately \$609.4 million. (GAO-15-10 , GAO-14-439 , GAO-13-293 , GAO-12-345)
Improving the National Guard's Preparation for a Domestic Response	The National Guard saves lives through its chemical, biological, radiological, nuclear, and high-yield explosive (CBRNE) enhanced response forces. In 2011, we found that existing guidance is imprecise on coordination activities and may be limited on command and control, among other issues. The National Guard has implemented our 11 recommendations by, for example, updating its Concept of Operation guidance and inspection program, and using interstate agreements to improve coordination—which will help it, if called upon, provide a more effective response to CBRNE incidents in the United States. (GAO-12-114)
Assessing Potential Risks of Reducing Army Forces	The Army plans to have 132,000 fewer active Army, Army National Guard, and Army Reserve soldiers by fiscal year 2018—a reduction of almost 12 percent from 2011. In April 2016, we reported that the Army prioritized retaining combat forces but did not assess the risk of mission failure from planned reductions to its support units. We recommended that the Army conduct a mission risk assessment for its support units, and assess options to minimize these risks. The Army concurred, completed a risk assessment, and evaluated options for its support forces—leading to a better understanding of the risks of and options for reducing Army forces. (GAO-16-327)
Improving Cost Estimates for Selected DOD Accounts	In our reviews of DOD's fiscal year 2016 budget requests, we found that some cost estimates were overstated. Specifically, our analysis showed that DOD consistently spent fewer dollars for certain Defense Health Program activities than the budgeted amounts. We also identified potential savings by analyzing more current foreign exchange rates than the ones available to DOD when it developed its budget estimate. As a result of our work, the Congress reduced DOD's appropriations for fiscal year 2016 by about \$2.1 billion.
Addressing Data Gaps in Weather Satellites	DOD's weather satellites have provided data to support both military and civilian operations for over 50 years. As these weather satellites age, DOD faces potential gaps in its ability to monitor the weather. In 2016, we found that DOD had thoroughly analyzed options to address some of these gaps but did not effectively collaborate with the National Oceanic and Atmospheric Administration (NOAA) to assess the availability of data for some of its highest priorities. We recommended that DOD establish formal mechanisms to work with NOAA. DOD agreed and plans to better involve NOAA in future efforts. (GAO-16-769T , GAO-16-252R)
Ensuring the Supply of DOD's Critical Microelectronics	In 2015 and 2016, we reported that DOD is dependent on a single trusted supplier for its critical microelectronics. Continued access to this supplier became uncertain in 2015, and DOD now faces potentially significant cost and schedule impacts to programs that rely on these technologies. In response to our work, DOD is evaluating options to identify potential alternative suppliers for these microelectronics, which will help with the national security implications of reduced access to this essential technology. (GAO-16-185T , GAO-16-440RSU , GAO-15-422RSU)

Slowing Procurement of Littoral Combat Ships to Address Key Issues

Between July 2013 and December 2015, we reported on the Navy's Littoral Combat Ship (LCS)—a type of ship with interchangeable mission packages. We recommended that DOD and the Congress reduce or slow LCS procurements until key issues with its combat effectiveness could be resolved. Consistent with our recommendations, the Secretary of Defense in December 2015, citing concerns with the composition and capability of the Navy's surface ship fleet, reduced LCS procurement from 52 to 40 ships—potentially saving over \$6 billion in total. Our work also helped inform legislation on planning for a modified version of LCS. ([GAO-16-201](#), [GAO-14-749](#), [GAO-13-530](#))

U.S. Foreign Policy Interests

Enhancing Security for U.S. Diplomatic Personnel Overseas

U.S. diplomatic personnel and their families posted overseas face threats to their security, particularly when traveling outside of diplomatic work facilities or residences. Our 2016 report found that the Department of State (State) could augment training and improve policies and communications, and made recommendations to enhance State's management of transportation-related security risks to these personnel and their families. In response, State plans to update guidance, clarify standards, and enhance communication related to transportation security. These actions will help State better protect U.S. personnel and their families overseas. ([GAO-16-615SU](#))

Improving the Data Published on ForeignAssistance.gov

Our 2016 report found that U.S. agency data published by State on ForeignAssistance.gov did not include over \$10 billion in disbursements reported by other verified public sources. The Office of Management and Budget, State, and the U.S. Agency for International Development agreed with our recommendations to improve the quality and consistency of this website's data. State also took steps to address some other issues we found regarding this website, including correcting some data to ensure accuracy, which will help enhance public knowledge and accountability of U.S. foreign assistance. ([GAO-16-768](#))

Monitoring Imports of E-cigarettes

While most e-cigarettes sold in the United States are thought to be imported, we found in 2015 that the federal government did not have specific data on either the volume of e-cigarette imports or on the amount of tariff revenue it was collecting from them. Our report led the Ranking Member of the Senate Committee on Finance to request that the interagency committee in charge of classifying imports and exports create specific product-type numbers for e-cigarette imports. The committee did so, effective January 1, 2016, which could help the federal government monitor e-cigarette use and its potential public health and revenue impacts. ([GAO-15-771](#), [GAO-15-491R](#))

Improving the Identification and Collection of Unpaid Customs Duties

As of mid-May 2015, we estimated \$2.3 billion in unpaid customs duties owed to the U.S. government on products imported at unfairly low prices or subsidized by foreign governments. CBP does not expect to collect most of this debt. However, our July 2016 report demonstrated that a more comprehensive analysis of CBP's data could better predict specific shipments with a high risk that these customs duties might remain unpaid. CBP agreed with our recommendations and is planning to develop a predictive risk model that can help it identify and mitigate unpaid customs duties. ([GAO-16-542](#))

Source: GAO. | GAO-17-1SP

Note: One way we measure our effect on improving the government's accountability, operations, and services is by tracking recommendations that we made 4 years ago that have since been implemented. We assess recommendations implemented after 4 years based on our experience that recommendations remaining open after that period of time are generally not implemented in subsequent years.



Source: GAO | GAO-17-1SP

Strategic Goal 3

Help Transform the Federal Government to Address National Challenges

Our third strategic goal focuses on the collaborative and integrated elements needed for the federal government to achieve results. The work under this goal highlights the intergovernmental relationships that are necessary to achieve national goals. Our multiyear (fiscal years 2014-2019) strategic objectives under this goal are to

- analyze the government’s fiscal position and opportunities to strengthen approaches to address the current and projected fiscal gap;
- identify fraud, waste, and abuse; and
- support congressional oversight of major management challenges and program risks.

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our website at <http://www.gao.gov/sp.html>.

The work supporting these objectives is performed primarily by headquarters and field staff from the Applied Research and Methods, Financial Management and Assurance, Forensic Audits and Investigative Service, Information Technology, and Strategic Issues teams. In addition, the work supporting some performance goals and key efforts is performed by headquarters and field staff from the Acquisition and Sourcing Management, Physical Infrastructure, and Natural Resources and Environment teams. This goal also includes our bid protest and appropriations law work, which is performed by staff in the Office of General Counsel.

To accomplish work under these objectives, we also perform foresight work (for example, examining the nation’s long-term fiscal and management challenges) and insight work focusing on federal programs at high risk for fraud, waste, abuse, and mismanagement.

Example of Work under Goal 3

In 1998, we recommended that the Census Bureau evaluate the quality of its statistics on foreign-born residents, and assess its coverage of this population. The Census Bureau responded in 2015 by publishing a report evaluating its data quality and coverage of foreign-born residents in the 2010 American Community Survey. We reviewed the Census Bureau's report and determined that it was sufficient to address our concerns—helping to ensure that the federal government has the statistical information that it needs to inform policy decisions, such as those related to immigration. ([GGD-98-164](#))

As shown in [table 16](#), we exceeded our fiscal year 2016 performance targets for Goal 3's financial benefits, other benefits, and testimonies.

Table 16: Strategic Goal 3's Annual Performance Results and Targets

Performance measure	2011 actual	2012 actual	2013 actual	2014 actual	2015 actual	2016 target ^a	2016 actual ^b	Met/not met	2017 target
Financial benefits (dollars in billions)	\$7.2	\$16.7	\$8.1	\$13.30	\$10.1	\$8.85	\$30.8	Met	\$5.7
Other benefits	628	652	555	513	526	362	448	Met	370
Testimonies	39	41	22	30	26	23	37	Met	23

Source: GAO. | GAO-17-1SP

Note: Financial benefits for Goals 1 through 3 do not sum to the total agency-wide target for 2017 as we have left a portion of the financial benefits target unassigned. Experience leads us to believe that we can meet the agency-wide target but we cannot always accurately predict which goals it will fall under.

^aOur fiscal year 2016 targets for two of our performance measures differ from those we reported in our fiscal year 2016 performance plan in March 2015. Specifically, we decreased our financial benefits target from \$8.9 billion to \$8.85 billion and decreased our other benefits target from 425 to 362 benefits (see [Setting Performance Targets](#)).

^bIn fiscal year 2016, we achieved some unexpectedly large financial benefits; however, we did not expect this level of results in fiscal 2017.

To help us examine trends for these measures over time, we look at their 4-year averages—shown in [table 17](#)—which minimize the effect of an unusual level of performance in any single year. [Table 17](#) indicates that the 4-year average for Goal 3 financial benefits declined steadily from 2011 through 2013 and increased from 2014 through 2016. Average other benefits for Goal 3 have decreased steadily since 2011. The trend in the average number of testimonies on Goal 3 issues has steadily declined since 2011.

Table 17: Four-Year Rolling Averages for Strategic Goal 3

Performance measure	2011	2012	2013	2014	2015	2016
Financial benefits (dollars in billions)	\$15.2	\$13.5	\$10.9	\$11.3	\$12.1	\$15.6
Other benefits	663	650	630	587	562	511
Testimonies	52	44	37	33	30	29

Source: GAO. | GAO-17-1SP

The following sections describe our performance under Goal 3 for each of our quantitative performance measures and describe the targets for fiscal year 2017.

Financial Benefits

The financial benefits reported for Goal 3 in fiscal 2016 totaled \$30.8 billion, exceeding our target of \$8.85 billion by \$21.95 billion, due primarily to one large financial benefit of \$21.4 billion for reduced improper payments in the Medicare Advantage Program. Other financial benefits under this goal include reductions in procurement costs by the Department of Veterans Affairs through strategic sourcing, federal data center consolidation, and increased capital gains tax revenue. We have set our 2017 target at \$5.7 billion based on what our Goal 3 teams believe they can achieve based on past, ongoing, and expected work.

Example of Goal 3's Financial Benefits

The United States Citizenship and Immigration Services (USCIS) charges a premium processing fee, in addition to the regular application fees, for a guaranteed 15-day review of employment-based applications. In 2009, we recommended that USCIS align its premium processing fee with the consumer price index, as authorized by the Congress. USCIS responded by increasing its premium processing fee, which resulted in an additional \$93 million in funds collected between October 2013 and September 2015. ([GAO-09-180](#))

Other Benefits

Other benefits reported for Goal 3 in fiscal year 2016 totaled 448, exceeding our target of 362 benefits by 86, which is about 24 percent. The majority of Goal 3's benefits were in the areas of public safety and security, program efficiency and effectiveness, business process and improvement, and tax law administration. We have set our fiscal year 2017 target at 370 other benefits based on past, ongoing, and expected work.

Example of Goal 3's Other Benefits

In 2014 and 2015, safety lapses at federal high-containment labs—which work with hazardous biological agents—raised concerns about oversight at these labs. In March 2016, we found that most of the 8 departments and 15 agencies with high-containment research labs that we reviewed did not have comprehensive policies for managing these agents, and some lacked up-to-date policies. We made 33 recommendations to these agencies to address these oversight gaps. In response, the Centers for Disease Control and Prevention is developing comprehensive policies for reporting lab incidents, conducting risk assessments, and transporting specimens safely. ([GAO-16-566T](#), [GAO-16-305](#))

Testimonies

Our senior executives were asked to testify 37 times on topics related to this strategic goal in fiscal year 2016, exceeding the target of 23 testimonies by 14, or about 61 percent. Among the Goal 3 testimony topics covered were fragmentation, overlap, and duplication of federal programs and activities; government-wide improper payments; government-wide efficiency and effectiveness challenges; observations on the Zika virus outbreak; and addressing federal agencies' aging legacy IT systems. (See [fig. 22](#) for selected testimony topics by goal.) For fiscal year 2017, we have set the testimony target at 23, based on our experience in recent years.

Example of Goal 3's Testimonies

In July 2016, we testified that the National Oceanic and Atmospheric Administration (NOAA) faces challenges and uncertainties that could affect the availability of critical weather data. Specifically, we found that while NOAA's Joint Polar Satellite System (JPSS) program had made progress in developing the JPSS-1 satellite for a March 2017 launch, it had experienced technical challenges and delays. NOAA also faces the potential for a near-term gap in satellite coverage of 8 months before this satellite is launched and testing completed. We recommended that NOAA assess the costs and benefits of different launch decisions based on updated satellite life expectancies, and address deficiencies in its information security program. NOAA concurred with our recommendations. (GAO-16-773T, GAO-16-359)

Below are photographs of Goal 3 analysts conducting fieldwork. [Table 18](#) provides examples of Goal 3 accomplishments and contributions, which include both financial and other benefits.



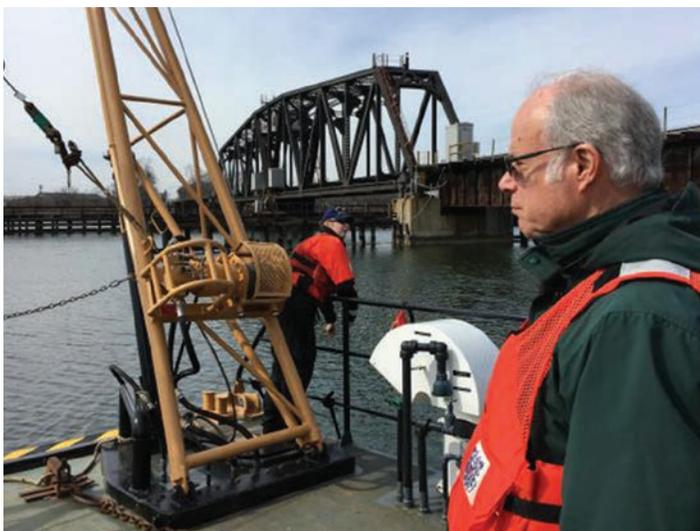
Analysts conducting the audit of U.S. Consolidated Financial Statements.



Analysts observing physical inventory at the Securities and Exchange Commission.



Analyst documents locations of medical service providers.



Economist and analyst observe abandoned and derelict vessels in Baltimore, Maryland.



Scientist and analysts at the Hanford Nuclear Waste Facility.

Source: GAO. | GAO-17-1SP

Table 18: Goal 3 Accomplishments and Contributions

Analyze Government's Fiscal Position	
Improving the Quality of the Federal Government's Financial Data	Our 2015 audit of the U.S. government's consolidated financial statements, which includes the Statement of Long-Term Fiscal Projections, found areas where the methodology, presentation, and disclosures relating to the long-term fiscal projections could be improved. We recommended that the Office of Management and Budget (OMB) and the Department of the Treasury (Treasury) improve the methodology, presentation, and disclosures relating to these projections. Our recommendations were implemented—improving the quality of the financial data decisionmakers can use to assess the magnitude of reforms needed to place the nation on a more sustainable fiscal path. (GAO-16-357R)
Improving the Implementation of the DATA Act	The Congress passed the DATA Act of 2014 to improve the transparency and quality of the data on the more than \$3.7 trillion that the federal government spends annually—and mandated that we monitor its implementation. In 2016, we made numerous observations and recommendations to OMB and Treasury on the need to improve the quality of standard data definitions, the timing and content of implementation guidance, pilot program design, and monitoring agency implementation. Our work on the implementation of the DATA Act will help increase the transparency of online federal spending information. (GAO-16-824R , GAO-16-698 , GAO-16-556T , GAO-16-438 , GAO-16-261)
Using Employer Wage Data to Prevent Identity Theft Fraud	The Internal Revenue Service (IRS) estimated it paid \$3.1 billion in fraudulent identity theft refunds in 2014. In 2014, we found that fraudsters take advantage of the IRS's "look back" compliance model, where the agency issues refunds before completing all compliance checks. Earlier matching of employer wage data to tax returns before issuing refunds could help prevent fraud. We recommended that IRS assess the costs and benefits of accelerating W-2 data and provide this information to the Congress. In response, the Congress accelerated W-2 filing deadlines to January 31 as part of the 2016 Consolidated Appropriations Act. (GAO-14-633)
Improving Tax Reporting on the Sale of Securities	In 2006, we found that many taxpayers misreported their capital gains or losses from the sale of securities. This often happened because taxpayers failed to accurately report the cost of the securities they sold. We suggested that the Congress require brokers to report to both taxpayers and IRS the adjusted cost of the securities sold by taxpayers. In response, the Congress enacted this requirement, which is expected to raise about \$1.4 billion in 2016—the fifth fiscal year after the legislation's effective date. (GAO-06-603)
Increasing Tax Compliance Through Third-Party Reporting	Our work from 2006 and 2008 found that data reported to the IRS by third parties about taxpayers' income is a powerful tool to improve taxpayer compliance. In response, the Congress passed legislation in 2008, effective in 2011, which required banks and others to report income that merchants received through certain payment methods, such as credit cards or third-party networks like PayPal. IRS compares this information to the merchants' tax returns to help verify taxpayer compliance. This yielded an estimated net tax revenue increase of \$405.7 million in the first quarter of 2016—the end of our reporting period for this financial benefit. (GAO-08-266 , GAO-07-488T , GAO-07-391T , GAO-06-1000T , GAO-06-453T)

Prevent Fraud, Waste, and Abuse

Reducing Fraud, Waste, and Abuse of Government Charge Cards

In March 2008, we reported that weaknesses in agency purchase card programs exposed the federal government to fraud, waste, and abuse. Based partly on our recommendations, the Congress enacted the Government Charge Card Abuse Prevention Act in October 2012, which established additional audit requirements to help avoid these improper payments. In turn, OMB directed executive agencies to start submitting semi-annual purchase card violation reports in 2013. More than 30 agencies began submitting these reports to OMB as of fiscal year 2016, which should help reduce improper uses of government charge cards. ([GAO-08-333](#))

Reducing Fraud in Federal Programs

In 2015, we published a Fraud Risk Management Framework to guide federal managers in taking a strategic, risk-based approach to combating fraud in federal programs. This framework included activities to prevent, detect, and respond to fraud, and emphasized the need to monitor and incorporate feedback. In response, the Congress enacted the Fraud Reduction and Data Analytics Act of 2015. This act requires OMB, in consultation with GAO, to establish guidelines that incorporate leading practices from our framework to help prevent and respond to fraud and improper payments in federal programs. ([GAO-15-593SP](#))

Addressing Noncompliance with Federal Law on Improper Payments

Federal improper payments for fiscal year 2015 were an estimated \$136.7 billion—\$12 billion higher than in fiscal year 2014. Drawing on the work of federal inspectors general, we reported to the Congress in 2016 that only 9 of the largest 24 federal agencies complied with the Improper Payments Elimination and Recovery Act of 2010 for fiscal year 2014—the lowest number since the law was implemented. We identified two major reasons for noncompliance—agencies did not report payment error rates below 10 percent or failed to meet improper payment reduction targets. Our work helped the Congress monitor compliance with this law. ([GAO-16-554](#))

Reducing Exploitation of Consumers Seeking Pension Advances

In 2014, we used undercover phone calls to identify companies that offered lump-sum payments to individuals in exchange for part or all of their pensions. We found that some of these companies targeted financially vulnerable consumers with poor or bad credit. We also identified some questionable elements of these pension advance transactions, such as interest rates that were higher than the legal limits. In response to our recommendations, the Federal Trade Commission and the Bureau of Consumer Financial Protection issued consumer advisories that could help decrease the exploitation of people seeking pension advances. ([GAO-14-420](#))

Improving DOD's Management of its Working Capital Funds

The Department of Defense (DOD) manages working capital funds that finance over \$100 billion of work each year to support combat readiness. However, in 2015, we determined that some DOD working capital funds had amounts that exceeded their maximum cash requirements. In response to our findings, the Congress reduced the Defense Working Capital Fund by \$1 billion, and reduced the Army and Air Force operation and maintenance funds by \$389 million in fiscal year 2016. Our work on DOD's working capital funds has helped improve congressional oversight of these accounts. ([GAO-14-480](#), [GAO-10-480](#))

Accurately Accounting for VA's Federal Land-Use Agreements	In August 2014, we reported that the Department of Veterans Affairs (VA) did not maintain reliable data on their land-use agreements or associated revenues. We recommended that VA develop mechanisms to verify the accuracy, validity, and completeness of land-use agreement data in the VA's Capital Asset Inventory (CAI) database. In response, VA upgraded this database in February 2016 to provide notices of expiring agreements, and updated its policy guidance to require that it receive periodic monitoring and validation. These efforts could help VA more reliably account for its land-use agreements and the revenues they generate. (GAO-14-501)
Reducing Medicare's Vulnerability to Fraud and Improper Payments	In June 2015, we reported that screening procedures used by the Centers for Medicare & Medicaid Services (CMS) did not effectively prevent ineligible providers and suppliers from enrolling in and billing Medicare—contributing to the billions of dollars made in Medicare improper payments. Per our recommendations, CMS enhanced its screening process by using new software and databases to verify medical practice addresses and medical license information. We also referred hundreds of ineligible providers and suppliers to CMS, and it took steps to remove them from the program. (GAO-16-703T , GAO-16-365R , GAO-15-448)
Major Management Challenges and Program Risks	
Improving Transparency in Government Performance	The Government Performance and Results Act Modernization Act of 2010 requires federal agencies to publicly report their performance information. Our work on the implementation of this act found, in 2016, that many agencies did not properly report their management challenges or develop indicators to measure progress in addressing them. Due to our recommendations, OMB revised guidance to help agencies report on their challenges and develop performance measures in their performance plans. Several agencies, including NASA and Department of Homeland Security (DHS), also improved the transparency of the quality of performance information they report to the public. (GAO-16-510 , GAO-15-788 , GAO-15-84 , GAO-14-526)
Deobligating Federal Funds From Expired Grant Accounts	Our work in 2008, 2012, and 2016 found that expired grant accounts held \$1 billion, \$794 million, and \$994 million, respectively, worth of undisbursed funds—money that the federal government's grantees had not spent by the end of their grant performance periods. We recommended that agencies report on these balances, and implement strategies to quickly and efficiently take action to close out these grants. Consequently, the National Science Foundation reported deobligating nearly \$133 million from expired grant accounts, which were then returned to the Treasury, retained to make new obligations, or used for adjustments on existing obligations. (GAO-16-362 , GAO-12-360 , GAO-08-432)
OMB Issued Software Licensing Guidance	Effective management of software licenses can help agencies avoid purchasing too many licenses that result in unused software. In May 2014, we reported that OMB had addressed software licenses as part of an IT management initiative but did not have comprehensive guidance specific to software licenses. Accordingly, we recommended that OMB issue guidance that includes seven key elements. In June 2016, OMB issued guidance that, among other things, includes the seven recommended elements. This guidance can help agencies more effectively manage their software licenses and allow them to identify opportunities for significant cost savings. (GAO-14-413)

Consolidating Federal Data Centers Produced \$2.8 Billion in Savings	Since we began work on the Federal Data Center Consolidation Initiative's efforts in 2010, federal agencies have generally complied with our recommendations to consolidate or close duplicative or unused data centers, resulting in plans for a collective total of \$8.2 billion in savings through fiscal year 2019. As of November 2015, agencies reported closing 3,125 data centers (out of 10,584) through fiscal year 2015 and have plans to close an additional 2,078 by the end of fiscal year 2019, for an estimated \$2.8 billion in cost savings and avoidances from fiscal years 2011 to 2015. (GAO-16-323 , GAO-14-713 , GAO-13-378 , GAO-12-742 , GAO-11-565)
Integrating Its Fraud Prevention System Allowed CMS to Achieve Financial Benefits	In October 2012, we reported that CMS had not integrated its Fraud Prevention System (FPS) with its claims processing and payment systems to automate the prevention of potential fraudulent payments. We recommended that CMS develop schedules for completing the integration. CMS subsequently integrated the systems, which allowed FPS to stop payment of certain claims and consequently achieved \$26.2 million in financial benefits during 2014 and 2015. As a result of its actions, the agency is better positioned to prevent payments of fraudulent Medicare claims, which will lead to increased savings of millions of dollars in future years. (GAO-13-104)
Improving Readiness for Geostationary Weather Satellite Launch	In response to recommendations we made in 2012 and 2013, NOAA's Geostationary Operational Environmental Satellite-R Series (GOES-R) program has taken steps to improve its schedule management practices, its outreach to key external satellite data users, and its satellite gap mitigation plan. In combination, these actions have improved NOAA's ability to meet its scheduled November 2016 launch date, increased the likelihood that key data users are ready for the new satellite technologies, and improved NOAA's mitigation plans so that it is ready should something go wrong during the launch. (GAO-15-60 , GAO-13-597 , GAO-12-576)
Portfolio Initiative Leads to Millions of Dollars of Reductions in Fiscal Year 2015	Since we began highlighting potentially duplicative and wasteful IT investments in 2011, OMB and federal agencies have taken steps to address this issue, resulting in significant cost savings and avoidance. In April 2015, we reported that agencies were expecting over 200 initiatives to yield approximately \$2 billion in savings between fiscal years 2013 and 2015. Further, OMB implemented our recommendation to identify IT duplication and overlap, and as a result, agencies reported achieving approximately \$449 million in cost savings or avoidance in fiscal year 2015. (GAO-15-256 , GAO-11-826)
DHS Achieved Cost Savings through Use of Its Enterprise Architecture	In 2011, we highlighted the usefulness of enterprise architectures (EA) to identify potentially duplicative investments. In 2012, we recommended that the DHS establish an approach for measuring EA outcomes and periodically measure and report them to agency officials. DHS subsequently implemented our recommendations. We have also made recommendations aimed at OMB's PortfolioStat initiative to help identify potential duplication. As a result of these efforts, DHS is better positioned to identify potential duplication and measure outcomes. (GAO-12-791 , GAO-11-318SP)

Improving Management of “Bridge” Contracts	<p>In 2015, we issued the first comprehensive review of “bridge” contracts—which include extensions to existing contracts and short-term noncompetitive contracts used by federal agencies to avoid gaps in service—and found that agencies had little insight into their use. This is problematic because bridge contracts are generally awarded without competition, and some bridge contracts span multiple years, so agencies may potentially be paying too much for them. In response to our recommendations, the Office of Federal Procurement Policy is working to define bridge contracts and develop guidance for federal agencies on managing their use. (GAO-16-15)</p>
Improving the Management of DOD’s Service Contracts	<p>In 2016, we reported that DOD spent over \$156 billion on contractors that provided services in 2014—and missed opportunities to strategically manage these funds. Specifically, DOD leadership lacked insight into spending on service contracts beyond the next fiscal year, even though program offices had data for 5 years of expected spending. We recommended that the Congress amend reporting requirements to include estimated spending on services beyond the budget year. In February 2016, the Army implemented a new initiative to collect 5 years of future service-contract spending data. (GAO-16-119)</p>

Source: GAO. | GAO-17-1SP

Note: One way we measure our effect on improving the government’s accountability, operations, and services is by tracking recommendations that we made 4 years ago that have since been implemented. We assess recommendations implemented after 4 years based on our experience that recommendations remaining open after that period of time are generally not implemented in subsequent years.



Source: GAO. | GAO-17-1SP

Strategic Goal 4

Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and by Being a Leading Practices Federal Agency

Our fourth strategic goal embraces the spirit of continuous and focused improvement in order to sustain high-quality, timely service to the Congress, while also implementing leading practices in our internal operations. Activities carried out under this goal also address our four internal management challenges. The multiyear (fiscal years 2014-2019) strategic objectives under this goal are to

- improve efficiency and effectiveness in performing our mission and delivering quality products and services to the Congress and the American people;
- maintain and enhance a diverse workforce and inclusive work environment through strategically targeted recruiting, hiring, reward, and retention programs;

- expand networks, collaborations, and partnerships that promote professional standards and enhance our knowledge, agility, and response time; and
- be a responsible steward of our human, information, fiscal, technological, and physical resources.

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our strategic plan, which is available on our website at <http://www.gao.gov/sp.html>. The work supporting these objectives is performed under the direction of the Chief Administrative Officer through the following offices: the Controller and Financial Management and Business Operations, Human Capital, Information Systems and Technology Services, Infrastructure Operations, the Learning Center, the Professional Development Program, and

Field Operations. Assistance on specific key efforts is provided by the Applied Research and Methods team and other offices, including Strategic Planning and External Liaison, Congressional Relations, Opportunity and Inclusiveness, Audit Policy and Quality Assurance, Public Affairs, and General Counsel. To accomplish our work under these four objectives, we performed internal studies and completed projects that further the strategic goal. As shown in [table 7](#) on [page 41](#), our internal operations

for services and functions that help employees get their jobs done, improve the quality of their work life, and the IT tools they use to accomplish their work were rated by our staff with scores of 80 percent, 78 percent, and 67 percent, respectively. Below are photographs of Goal 4 staff and managers conducting internal operations in headquarters and the field. [Table 19](#) provides examples of Goal 4 accomplishments and contributions.

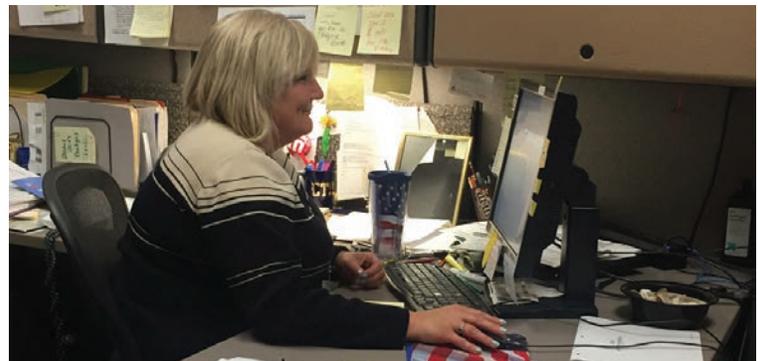
Examples of Work under Goal 4

Financial system migration. Pursuant to long-standing legislative guidance, we began the migration of our financial management systems and operation to the Legislative Branch Financial Management System (LBFMS). Migration and implementation will continue through fiscal year 2017, with full operation in fiscal year 2018; significant immediate and ongoing cost savings will be realized as a result of this transition.

Fast Facts. To continuously improve how GAO communicates with online readers, we launched a pilot of Fast Facts—a short, bottom-line introduction to a report and a related visual element, such as a photo. The pilot, launched on August 1, 2016, with five teams, quickly connects readers with a report’s primary take-aways. The online Highlights, recommendations, and full report PDFs are still available.



GAO’s Records Officer discusses work with a records and privacy staff member.



Human Capital Office staff member works on GAO’s budget.



Chicago Field Office Manager and Administrative Officer assemble an elevated desk.



Financial Management and Budget Office staff members discuss transit benefits.

Source: GAO. | GAO-17-1SP

Table 19: Goal 4 Accomplishments and Contributions

Improve Efficiency and Effectiveness	
<p>Improving How We Manage Our Work and Ensuring Client Satisfaction</p>	<p>Streamlining our engagement-related processes. As mentioned in our internal management challenges section, making our engagement process more efficient has been an ongoing effort since 2011. We continued to make strides in fiscal year 2016 in implementing new systems, processes, and tools to better manage the way we do our work, and improving elements of methods already in place to introduce efficiencies. We continued the GAO-wide transition, started in fiscal year 2015, to our new Engagement Management System (EMS), GAO’s primary system for maintaining and managing information on GAO reports, testimonies, and other products. Implementing EMS has significantly reduced duplicative data entry and will allow us to retire several legacy systems. About 94 percent of all active engagements are using EMS, and we are on track to meet our goal of all engagements in the new system early in the new calendar year. In tandem with EMS’s roll out, we continued to transition to our Updated Engagement Process (UEP), which helps managers and analysts better identify a job’s scope, resources, and stakeholder roles and responsibilities; about 94 percent of engagements are now running through UEP, with full transition expected by early in the new calendar year. We cataloged over 70 courses for our analysts and auditors and aligned 52 of these courses to the phases of UEP, which include topics such as the concepts, standards, and policies that are part of GAO’s engagement process; project planning; methodological approaches; message development and report writing; and briefing skills.</p> <p>To further support our analysts in understanding how to comply with policy requirements while conducting an engagement, and to eliminate inefficiencies at major engagement milestones, we completed development of an online intranet site that provides supplemental policy-related procedures that clarify what to do and when. We also rolled out project management training, which gives analysts tools, techniques, and job aids for planning and conducting their engagements, and about 25 percent of analysts had completed this course by May 2016. Our dedicated change management efforts targeting key aspects of EMS and UEP included nearly 100 training and information-sharing sessions with analysts at all levels.</p> <p>In 2015, we awarded a contract for New Blue, a software solution that will modernize how we create, review, approve, validate, distribute, and post our content electronically. In 2016, we developed a New Blue prototype that provides the basic functionality to meet GAO’s technical requirements; we also began to expand the prototype to encompass the full software system end-state for pilot testing in fiscal year 2017.</p> <p>Facilitating access to our work. Our key audiences—the Congress, congressional staff, and the American people—increasingly engage with social and digital media platforms to access our work. To make our work available to audiences where they are, on the sites they regularly use, we actively post our findings on half a dozen social media sites. Since its launch in 2014, the GAO WatchBlog has featured more than 400 blog posts on a wide range of topics, and has been viewed more than 150,000 times. WatchBlog posts are regularly cited or linked to by online news media, increasing the reach of our work. In other digital outreach, we crossed 12,000 Facebook “page likes,” a more than 30-percent increase from last year. We also have 39,000 Twitter and 40,000 LinkedIn followers; 190,000 YouTube video views; and more than 2.5 million lifetime views of our Flickr images. This year saw a significant increase in interest in our podcasts, and to meet that demand, we produced more than 50 podcasts in fiscal year 2016. In the same time frame, podcasts were downloaded more than 500,000 times from our total collection of 284 episodes.</p> <p>Managing our work. During the 114th Congress, there was a significant increase in legislation calling for GAO to address a variety of congressional concerns. If the legislation were to become law, these statutory mandates would have a significant</p>

effect on GAO's ability to respond to the already high demand for our work. To mitigate this we identify—early in the process—legislation with provisions for GAO and work with congressional committees to ensure that any statutory requirement is of highest value and consistent with congressional priorities.

In fiscal year 2016, we collaborated with the Congress to revise or repeal statutory reporting requirements which have, over time, lost relevance or usefulness. On November 25, 2015, the President signed the National Defense Authorization Act for fiscal year 2016, which included six revisions to statutory requirements. These changes will allow resources that would have been devoted to these reports to be allocated to other congressional priorities.

On September 20, 2016, the GAO Mandates Revision Act of 2016 passed the House of Representatives and the companion Senate proposal is awaiting consideration. An example of an outdated mandate that would be repealed is a provision requiring GAO to review the effectiveness of a terminated FEMA pilot program. Among other things, this legislation would reduce the frequency with which GAO reports on the Troubled Asset Relief Program from every 60 days to once a year, and would reduce the frequency of reporting and eventually sunset a requirement to report on the effectiveness of SEC's rule regarding corporate disclosure of the use of conflict minerals.

On September 26, 2016, the House passed the Coast Guard and Maritime Transportation Amendments Act of 2016, which repealed a requirement for GAO to audit the Oil Spill Liability Trust Fund and required the Coast Guard to report on the Fund instead. Additional provisions to modify or repeal statutory requirements can be found in the Senate and House National Defense Authorization Acts for fiscal year 2017. While the final outcome of DOD authorization legislation for the coming fiscal year is yet to be determined, we plan to continue collaboration with the defense committees and our oversight committees on this important effort to redirect our resources to higher congressional priorities.

On September 20, 2016, the House passed the GAO Access and Oversight Act of 2016, which would enhance our ability to serve the Congress by confirming GAO's right of access to the National Directory of New Hires, data important to our work. We support this legislation and will continue to collaborate with the Senate to encourage its enactment before the end of the 114th Congress.

Working with the Congress. Our Office of Congressional Relations developed new curricula to provide guidance to GAO staff on managing relationships with congressional clients. These courses are tailored to staff with different levels of responsibility—from those in the professional development program to senior management—and focus on recognizing our clients' needs and conducting our work responsive to those needs while maintaining independence.

Maintain and Enhance a Diverse Workforce and Inclusive Work Environment through Recruitment, Development, Retention, and Rewards

Strengthening strategies for hiring and retention, developing the workforce, managing and monitoring performance, and promoting an inclusive work environment

Hiring. Our recruitment and outreach efforts focused on hiring talented staff at all levels, with a special emphasis on recruiting a robust cadre of summer interns to ensure a diverse pipeline for future entry-level positions; 152 interns participated in this summer program. We also implemented the use of category ratings to bring increased efficiency to the hiring process, and leveraged the Comptroller General's Educators Advisory Panel to exchange insights and perspectives on issues affecting human capital management. For fiscal year 2016, we hired 197 interns located both in headquarters and in our field offices, and bolstered our entry-level analyst ranks by hiring 122 entry-level staff. Finally, we conducted a survey of all staff hired since October 2014, the first survey of new recruits in about 10 years, to improve our recruiting strategy in the years ahead.

Staff development, performance management, and retention. As articulated earlier in our human capital management challenge narrative, we know that effective and efficient strategic human capital management requires reliable

human capital data and relevant performance metrics for informed decision making. We reiterated our commitment to this activity through the identification of key controls in the human capital arena that support the principle that management should demonstrate a commitment to recruit, develop, and retain competent individuals. These key controls are aligned with GAO's Standards for Internal Control in the Federal Government (Green Book) and provide for an effective performance management system based on a defined set of competencies, a competitive examination process for the recruitment and selection of talent, and a set of retention activities (Student Loan Repayment Program, GAO Awards Program, Retention Payments, and a Telework Program). We also awarded a contract for, and began work on, a compensation study of GAO's existing salary structure and ranges to help ensure a competitive and equitable market-based compensation system aligned with the labor markets in which GAO competes for talent.

In the realm of staff development, we began piloting a "Continuous Leadership Journey" for managers and others interested in developing their leadership skills, which is delivered in the form of a monthly eNewsletter and provides participants with curated learning links to thousands of concise videos from best-selling authors, executives, and thought leaders. We awarded a contract to a vendor to reboot our mentoring program in a fresh, online, collaborative way.

Inclusive workplace. We continue to expand our diversity and inclusion efforts that enable GAO to be a recognized leader in support of diversity in the workplace. We provided diversity and inclusion training to more than 300 managers through the Leadership and Inclusion course, and sponsored several "Join the Conversation" facilitated agency-wide discussions on timely topics such as the shootings in Dallas, Baton Rouge, and St. Paul.

To commemorate GAO's 20th year of observing June as Diversity and Inclusion (D&I) Month, we collaborated and partnered with staff at headquarters and in the field to include groups and events not previously represented in D&I month celebrations, including performances and events commemorating Caribbean American Heritage Month, a keynote address by a leading participant in the protests during the 1960s civil rights movement, and a workshop on Deaf Gain—the reframing of "deaf" as a form of sensory and cognitive diversity. We also developed and launched training on Civility in the Workplace to enhance dialogue on maintaining a culture of respect at work.

Our Counseling Center hosted a variety of noon seminars and workshops on topics including rebuilding trust in relationships, perfectionism, stress management, effective communication in the workplace, and parenting. To support employees requiring reasonable accommodations, we handled 339 requests for accommodation in fiscal year 2016, and piloted American Sign Language training for managers and staff who work with deaf and hard-of-hearing colleagues.

Collaboration with internal employee organizations. In fiscal year 2016, we worked with the GAO Employees Organization, International Federation of Professional and Technical Engineers (IFPTE) Local 1921, to negotiate on a variety of initiatives, including the following: Annual Adjustment for FY 16, New Notebook Rollout, Electronic Transit Benefits System, and Upgrade to the Learning Management System. We also began and continued negotiations on several critical initiatives, including the Multi-Year Performance Based Compensation mechanism, several field office renovations and relocations, Headquarters Expanded Telework, Mandatory Telework eTraining, and the FAIS Case Investigative Management System. Together, we participated in a GSA/FMCS/FLRA space training in an effort to learn about the GSA process that will be relevant to several upcoming GAO renovations and relocations. To help ensure consistent collaboration between employee groups and IFPTE Local 1921, we provided written protocols that outline the steps needed for planning outreach efforts such as employee surveys, focus groups, and listening sessions.

Expand Networks, Collaborations, and Partnerships

Enhancing Professional Accounting and Auditing Standards

We significantly influenced the development and quality of newly established standards promulgated by the International Organization of Supreme Audit Institutions (INTOSAI). Used by over 190 countries, these standards articulate the proper conduct for government auditors worldwide and increase the audit quality, professionalism, and credibility of audit institutions. In the past year, our efforts have assisted in the development of new audit standards in areas such as corruption prevention and information technology. We also provided meaningful comments that improved the quality of numerous INTOSAI guidance, standards, and other documents.

Enhancing Information Sharing and Collaboration with Others to Expand Audit Knowledge

We supported and provided leadership to 2 national audit forums and 12 regional audit forums via 13 meetings, reaching more than 1,200 attendees overall, to improve communication, coordination, and cooperation among auditors at all levels of government—federal, state and local. Key learning areas at the forums relevant to the auditing community included: cybersecurity; improper payments and fraud; risk assessment; emerging trends in data including data analytics, smart cities and the Internet of Things; communicating audit results; and growing challenges, such as water safety and flooding. We presented GAO best practice guides on cost estimating, scheduling, and technology readiness at the 21st Biennial Forum of Government Auditors and one regional intergovernmental audit forum. We also provided information about updates to the Standards for Internal Controls for the Federal Government (Green Book) at another regional forum.

We provided briefings to more than 270 international visitors from over 50 countries to help promote good governance internationally and build capacity in SAls with a focus on accountability, audit, and oversight. In our role as vice-chair for INTOSAI's Supervisory Committee for Emerging Issues, we proposed the creation of an INTOSAI working group on data analytics to share best practices on tools and techniques for using advanced analytics to enhance the ability of GAO and other audit organizations to conduct audits and improve government accountability.

We enhanced the accountability community's knowledge of the Standards for Internal Control in the Federal Government by providing fee-based training to over 100 officials at federal Inspector General Offices, other federal offices, state audit organizations, and professional associations through the Center for Audit Excellence.

We provided organizational and thought leadership to the public sector foresight community by presenting to more than 280 officials in the public sector and academia in 6 separate forums on the use of foresight in government, further positioning GAO as a leader in this area and expanding our networks and partnerships to further grow our foresight capability.

We launched cross-team initiatives that use foresight to help our staff explore ways to enhance our work in three areas: natural disaster resilience, aging, and federal human capital management.

We also initiated a foresight speaker series that explored emerging issues like digital currency, artificial intelligence, and the future of warfare and cybersecurity to enhance our ability to conduct forward-looking work for the Congress.

Human, Information, Fiscal, Technological, and Physical Resources

Proactively Protecting Physical and Information Security

Physical security. We upgraded our Integrated Electronic Security System, which allows us to utilize the latest technology to monitor and ensure the security of GAO personnel, facilities, and equipment. We completed designs for optimizing and expanding the configuration of one of our Headquarters' secure rooms to provide improved workspace for employees, and provided specifications for the construction of secure rooms in three of our field offices. In coordination with the DC Metropolitan Police Department, we conducted four "active shooter" training seminars to increase security awareness of GAO employees and Headquarters' tenants.

Information security. As discussed earlier in our internal management challenges section, information security will continue to be a challenge for GAO and all government and private sector entities for the foreseeable future. Our current practices are evolving to improve management and oversight of our information security systems and processes. To heighten employees' awareness of threats to their personal information, and to GAO, we continued to enhance end-user awareness of privacy issues through five new records and privacy "Quick Guides," and conducted privacy breach response training for all directors on our Information Security Incident Response team. In addition, we issued regular GAO Notices agency-wide to remind staff of email-based threats such as phishing scams, and made easier the process by which employees alert us when they receive phishing and other potentially dangerous email messages.

Leveraging Technology to Achieve Business Process Improvement and Efficiency Gains

Managing physical infrastructure. We continued work on a space utilization study of our headquarters building, started in fiscal year 2015, to identify opportunities to better configure physical space, with the goal of creating additional workspace to lease as an additional revenue stream. We removed more than 4,600 physical assets, such as obsolete desks, chairs, and other office equipment, from our Headquarters building, further optimizing available physical space for other uses and projects. In fiscal year 2016, Wireless (WiFi) network access in our Headquarters building was made available in most conference and team rooms.

Enhancing key business tools. We continued to build additional business intelligence (BI) tool capabilities to support our Financial and Budget Office employees in obtaining timely and accurate data to support the management, review, and planning of GAO operations. To assist our travel charge card manager in auditing charge card compliance, we deployed a payment analytics online tool that monitors 100 percent of all transactions for potential card misuse, abuse, and violations. We realized cost and energy savings by consolidating our agency-wide voice mail system from 12 systems to 1 in headquarters, and removing 24 now-obsolete servers from our field offices. Finally, we upgraded our core infrastructure backbone to better support our virtual desktop infrastructure and server virtualization, replacing existing infrastructure that was approaching its end-of-support date.

Communicating internally with employees. We made great strides in streamlining and enhancing communication on telework policies and practices. Management performed another compliance review to ensure employees are teleworking under the correct telework agreements and meeting their official duty station requirements, and presented the results to managers, GAO's unions, and the Employee Advisory Council. In addition, all of GAO's Managing Directors were personally briefed on their employees' telework patterns and guided on ways to better monitor outcomes, and four new interactive webinars on leading in a virtual environment were rolled out for supervisory managers. We created a new telework intranet website that co-locates all telework-related information pertaining to guidance, policies, training, travel, reporting requirements, eligibility, applying for telework, and more, which will be launched shortly.

In its fourth year, our Financial Literacy program for employees remains strong, sponsoring or co-sponsoring over 20 seminars and workshops to help employees make informed financial decisions about topics such as paying off student loans, estate planning, and budgeting basics. We have also continued our efforts to raise financial literacy awareness among the general public. These efforts have included drafting guidance to assist engagement teams whose engagements include financial literacy topics, beginning the process of developing a web collection of financial literacy reports for the external GAO website, and forming a working group to oversee and assist in increasing GAO's public outreach on financial literacy issues.

Through our online employee feedback system, we received and responded to more than 250 employee suggestions and comments on a range of issues, ensuring a constructive and consistent dialogue between staff and management. Finally, we migrated to an improved software platform that hosted approximately 760 GAO Notices in fiscal year 2016; these Notices keep employees informed of upcoming events and training opportunities, updates to policies and procedures, time-critical deadlines, and more.

Improving Management of Key Administrative Processes

Improving business analytics. Our Business Process and Analytics Group (BPAG), established in fiscal year 2015 to better inform Chief Administrative Office (CAO) units with their understanding and management of GAO's resources, developed a framework to support a data-driven culture, including performance metrics and data analytic tools. This effort included instituting a CAO-wide change management effort, hosting workshops to help CAO business units link their activities to intended outcomes, and starting monthly data-driven reviews with the CAO Leadership Team to discuss performance against goals and objectives.

Managing business processes. We developed a Project Management training course for all CAO employees to help empower them in managing their everyday work. The Professional Development Program (PDP) strengthened its guidelines for the management of the student intern program to better delineate the role of the PDP managers in ensuring comprehensive and consistent implementation of the guidelines across GAO, and to clarify that decisions about which interns are eligible for non-competitive positions are to be made by managers using merit- and performance-based factors, as well other information, including agency staffing needs.

To support employees in the Washington, D.C., metropolitan area affected by the DC Metro Safe Track work, we stepped up our temporary parking permit processing procedures to meet increased demand.

Strengthening internal controls. We conducted an entity-wide assessment of risk and internal control to ensure the agency was in compliance with the 17 principles of the revised Standards for Internal Control in the Federal Government (Green Book). Based on the results of the assessment, we have reasonable assurance that internal controls over operations, reporting, and compliance for fiscal year 2016 were operating effectively and that no material weaknesses were found in the design or operations of internal control. Concurrent to this effort, our Program Analysis and Operations (PAO) office reviewed and documented standard operating procedures, developed test plans, conducted extensive testing, analyzed and summarized test results, and identified corrective action items for management consideration. PAO also worked with CAO staff to develop an Enterprise Risk Management Framework and Risk Assessment Plan for GAO.

We created a telework tracking database that pulls from various data sources, allowing us to more effectively oversee our Field Office telework program through periodic reports on workspace usage assignments and other analyses concerning telework. As part of our process for performing leave audits of our time and attendance system, we performed a root-cause analysis on leave audit errors, identified systemic issues, and revised our leave audit manual, reducing our audit leave backlog by 67 percent.

Source: GAO. | GAO-17-1SP

Part III

Financial Information



Source: PhotoDisc. | GAO-17-1SP

From the Chief Financial Officer

November 15, 2016

The Performance and Accountability Report (PAR) is the primary mechanism for GAO to report on our financial operations and provide transparency and accountability to the American people. The financial statements included in the PAR demonstrate our sound stewardship of the taxpayers' dollars entrusted to us.

I am pleased to report that we received an unmodified “clean” opinion on our fiscal year 2016 financial statements for the 30th consecutive year. Our independent auditors found that GAO maintained, in all material aspects, effective internal control over financial reporting, and our financial management systems substantially complied with the applicable requirements of the Federal Financial Management Improvement Act of 1996. The financial statements that follow were prepared, audited, and made publicly available as an integral part of this PAR 45 days after the end of the fiscal year. Our fiscal year 2015 PAR received a Certificate of Excellence in Accountability Reporting (CEAR) award from the Association of Government Accountants, an honor we have received each year since we first applied in fiscal year 2001.

With fiscal year 2016 funding, GAO was able to address succession planning concerns through a hiring program that focused on filling critical skills gaps, as well as bolstering entry-level and intern positions. Our fiscal year 2016 hiring strategy was a positive step in addressing the continued loss of institutional knowledge and leadership as a significant proportion of our supervisory analysts and key executives reach retirement eligibility. In addition to addressing succession planning concerns, GAO also made critical investments in infrastructure operations by modernizing GAO's aged Information Technology (IT) infrastructure in critical

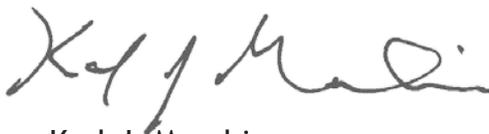
areas, such as telecommunications, security, information management systems, and software and hardware to help improve engagement efficiency, increase staff productivity, enhance access to information, and help reduce operating costs. In terms of security and building infrastructure, GAO updated its headquarters- and field-integrated electronic security system, made critical building investments and repairs, and conducted a space management study that will allow GAO to maximize the utilization of headquarters' office space and potentially bring in an additional tenant. Going forward, GAO will focus on addressing staffing concerns through a targeted hiring program and continue to make investments in IT and building infrastructure. GAO also made progress in using strategic data-driven reviews to better understand our operations, help manage our workload, effect intended outcomes, and drive maximum value in our business operations.

Our financial management system continues to be supported in Oracle Federal Financials and CompuSearch's PRISM Commercial Off-The-Shelf (COTS) products that are hosted, operated and managed by the Enterprise Services Center (ESC) at the Department of Transportation (DOT). ESC maintains the financial management systems and also performs a range of transaction processing services in support of our financial management and audit needs. In addition to ensuring financial reporting resulting in a clean audit opinion, we have also taken measures to further functional efficiencies, achieve cost containment, and improve customer service and experiences through the implementation and stabilization of an integrated travel management system, an automated transit benefit system, and an ingrained use of business intelligence and metrics tools. Also, pursuant to long-standing guidance from our appropriations committees, GAO will migrate its financial management systems and operation to the Legislative Branch Financial Management System (LBFMS). GAO will execute the migration and implementation throughout fiscal year 2017, and will be operational in LBFMS commencing fiscal year 2018. Finally, in close collaboration with partners and our financial management services provider, we have made significant investments of time and effort to develop capability and readiness in observing mandates on DATA Act reporting.

In the area of internal control, and consistent with the Federal Manager's Financial Integrity Act (FMFIA) and the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, the Program Analysis and Operations (PAO) office and staff from the Financial Management and Assurance team conducted an entity-wide assessment of risk and key controls of the agency's internal control system. This assessment was conducted to ensure that the agency was in compliance with the 5 components and 17 principles of the revised Standards for Internal Control in the Federal Government (Green Book). PAO continued to review and test key business cycles, such as human capital/payroll, procurement, and disbursements to validate compliance, effectiveness and efficiency, and the integrity of financial data. Additionally, we reviewed the independent auditors' reports of our service providers so we could proactively address any issues with the appropriate compensating controls. Based on these assessments, GAO has reasonable assurance that the internal control system over operations, reliability of financial reporting, and compliance with laws and regulations for fiscal year 2016 were operating effectively and that no material weaknesses were found in the design or operations of the system of internal control.

Consistent with OMB guidance to implement an enterprise risk management (ERM) capability in fiscal year 2017 and requirements identified in the Fraud Reduction and Data Analytics Act of 2015 to evaluate fraud risks and implement related controls, GAO designated Chief Risk Officers who are responsible for managing and assessing GAO's risks, including fraud risks. It also documented its comprehensive ERM program; developed an Enterprise Risk Profile which identifies strategies to address the significant risks which could potentially impact GAO's ability to achieve its strategic goals and operational objectives; and identified leading practices that GAO has in place that demonstrate adherence to GAO's *A Framework for Managing Fraud Risks in Federal Programs* (Fraud Risk Framework), as well as opportunities for improvement. As a legislative branch agency, GAO is not required by law to adhere to the FMFIA, Green Book, the Fraud Risk Framework, or related OMB directives. However, as a leading practices agency, GAO voluntarily adheres to these standards and guidance and is committed to their principles. In fiscal year 2017, we will continue to assess and enhance our risk management and internal control programs to comply with the requirements of the revised OMB Circular A-123.

To be an effective advocate for "good government," our internal operations must be efficient, transparent, and accountable. We will continue to look for efficiencies throughout the agency to improve our operations, tools, and information available for our managers and staff to do their important work and maintain accountability. These ongoing operational improvements will further our ability to meet the highest priority needs of the Congress and maintain the quality, timeliness, and usefulness of our reports, testimonies, briefings, and other products and services.



Karl J. Maschino
Chief Administrative Officer/
Chief Financial Officer

Audit Advisory Committee's Report

The Audit Advisory Committee (the Committee) assists the Comptroller General in overseeing the U.S. Government Accountability Office's (GAO) financial operations. As part of that responsibility, the Committee meets with agency management, its Inspector General, and its external auditors to review and discuss GAO's external financial audit coverage, the effectiveness of GAO's internal control over its financial reporting, and its compliance with certain laws and regulations that could materially impact GAO's financial statements. GAO's external auditors are responsible for expressing an opinion on the conformity of GAO's audited financial statements with accounting principles generally accepted in the United States of America. The Committee reviews the findings of the Inspector General and external auditors, and GAO's responses to those findings, to assure itself that GAO's plan for corrective action includes appropriate and timely follow-up measures. In addition, the Committee reviews the draft Performance and Accountability Report, including its financial statements, and provides comments to management who have primary responsibility for the Performance and Accountability Report. The Committee met three times with respect to its responsibilities as described above. During these sessions, the Committee met with the Inspector General and external auditors without GAO management being present and discussed with the external auditors the matters that are required to be discussed by generally accepted auditing standards. Based on procedures performed as outlined above, the Committee recommends that GAO's audited statements and footnotes be included in the 2016 Performance and Accountability Report.



Michael A. Nemeroff
Chair
Audit Advisory Committee

Independent Auditor's Report



CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Comptroller General of the United States

In our audits of the fiscal years (FY) 2016 and 2015 financial statements of the United States Government Accountability Office (GAO), we found:

- The financial statements as of and for the fiscal years ended September 30, 2016 and 2015, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S.);
- GAO maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016;
- GAO's financial management systems substantially complied with the applicable requirements of the Federal Financial Management Improvement Act (FFMIA) as of September 30, 2016; and
- No reportable noncompliance for fiscal year 2016 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements and on internal control over financial reporting, which includes required supplementary information (RSI) and other information included with the financial statements; (2) our report on systems' compliance with FFMIA; and (3) our report on compliance with laws, regulations, contracts and grant agreements.

Report on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying financial statements of GAO, which comprise the balance sheets as of September 30, 2016 and 2015, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements (financial statements). We have also audited GAO's internal control over financial reporting as of September 30, 2016.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

GAO management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the U.S.; (2) preparing, measuring, and presenting the RSI in accordance with U. S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of

INDEPENDENT AUDITORS' REPORT (Continued)

that information with the audited financial statements and the RSI; (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (5) evaluating the effectiveness of its internal control over financial reporting based on criteria established under 31 U.S.C. §3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (OMB Circular A-123), and (6) providing its assertion about the effectiveness of internal control over financial reporting, based on its evaluation as of September 30, 2016. Management's Statement of Assurance is included in the Introduction section of the Performance and Accountability Report (PAR).

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements and an opinion on GAO's internal control over financial reporting based on our audits. We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the U.S.; and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of internal control over financial reporting was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the attestation standards contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether effective internal control over financial reporting was maintained in all material respects. We are also responsible for applying certain limited procedures with respect to the RSI and all other information included with the financial statements. We also conducted our audits in accordance with OMB Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 15-02).

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk, and testing relevant internal control over financial reporting. Our audit of internal control also considered the entity's process for evaluating and reporting on internal control over financial reporting based on criteria established under FMFIA. Our audits also included performing such other procedures as we considered necessary in the circumstances.

We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Our internal control testing was for the purpose of expressing an opinion on whether effective internal control over financial reporting was maintained, in all material

INDEPENDENT AUDITORS' REPORT (Continued)

respects. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness¹.

Definitions and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority; regulations; contracts; and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error. We also caution that projecting any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GAO as of September 30, 2016 and 2015, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the U.S. In our opinion, GAO maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on criteria established under FMFIA and OMB Circular A-123.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the U.S. require that GAO's Management Discussion and Analysis (MD&A), also regarded as RSI, included as Part I of the PAR, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the U.S., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

INDEPENDENT AUDITORS' REPORT (Continued)

provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Other information included in the PAR, other than the basic financial statements, RSI, and the auditors' report, contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the basic financial statements or RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on GAO's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Systems' Compliance with FFMI Requirements

We have audited GAO's financial management systems' compliance with certain requirements as prescribed in the FFMI as of September 30, 2016. The objective of our audit was to express an opinion on whether GAO's financial management systems substantially complied with the requirements in section 803a of FFMI as outlined in the following areas: (1) federal financial management system requirements, (2) applicable federal accounting standards, and (3) the United States Government Standard General Ledger (USSGL) at the transaction level.

Management's Responsibility

Management is responsible for implementing and maintaining financial management systems that comply with FFMI requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on GAO's financial management systems' compliance with the three FFMI requirements based on our audit. We conducted our audit of GAO's compliance with FFMI requirements in accordance with attestation standards established by the AICPA and the attestation standards contained in *Government Auditing Standards*. Under those standards, we planned and performed the audit to obtain reasonable assurance about whether the financial management systems substantially complied with the three requirements of FFMI. A compliance audit includes examining, on a test basis, evidence about the entity's compliance with those requirements and performing such other procedures as we consider necessary in the circumstance. Our audit does not provide a legal determination of GAO's compliance.

We believe that our audit provides a reasonable basis for our opinion.

Opinion on Systems' Compliance with FFMI

In our opinion, GAO's financial management systems substantially complied with the applicable requirements of FFMI as of September 30, 2016. Our opinion is based on criteria established under FFMI for federal financial management systems.

INDEPENDENT AUDITORS' REPORT (Continued)**Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

In connection with our audit of GAO's financial statements, we tested GAO's compliance with certain provisions of laws, regulations, contracts, and grant agreements consistent with our professional responsibility discussed below. We caution that noncompliance with laws, regulations, contracts and grant agreements may occur and not be detected by these tests. We performed our tests of compliance in accordance with *Government Auditing Standards*.

Management's Responsibility for Compliance

Management is responsible for complying with applicable laws, regulations, contracts, and grant agreements.

Auditors' Responsibility

We are responsible for testing compliance with selected provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to GAO.

Results of Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for the year ended September 30, 2016, that are required to be reported in accordance with *Government Auditing Standards*. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to GAO, and accordingly, we do not express such an opinion.

Purpose of the Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of the Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts and grant agreements and the results of that testing, and not to provide an opinion on GAO's compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GAO's compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Calverton, Maryland
November 14, 2016

Purpose of Each Financial Statement

The financial statements on the next four pages present the following information:

- The balance sheet presents the combined amounts we had available to use (assets) versus the amounts we owed (liabilities) and the residual amounts after liabilities were subtracted from assets (net position).
- The statement of net cost presents the annual cost of our operations. The gross cost less any offsetting revenue earned from our activities is used to arrive at the net cost of work performed under our four strategic goals and other costs in support of the Congress.
- The statement of changes in net position presents the accounting items that caused the net position section of the balance sheet to change from the beginning to the end of the fiscal year.
- The statement of budgetary resources presents how budgetary resources were made available to us during the fiscal year and the status of those resources at the end of the fiscal year.

Financial Statements
U.S. Government Accountability Office
Balance Sheets

As of September 30, 2016 and 2015

(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Assets		
Intragovernmental		
Fund Balance with Treasury (Note 2)	\$74,456	\$73,074
Accounts receivable	2,640	2,819
Total Intragovernmental	<u>77,096</u>	<u>75,893</u>
Property and equipment, net (Note 3)	26,197	27,335
Other	533	714
Total Assets	<u>\$103,826</u>	<u>\$103,942</u>
Liabilities		
Intragovernmental		
Accounts payable	\$2,868	\$7,278
Federal employee benefits (Note 5)	3,784	2,646
FECA liability (Note 6)	2,459	2,532
Total Intragovernmental	<u>9,111</u>	<u>12,456</u>
Accounts payable and other	7,030	5,698
Salaries and benefits	18,131	13,629
Accrued annual leave (Note 4)	31,572	31,400
Actuarial FECA liabilities (Note 6)	15,259	15,796
Total Liabilities	<u>81,103</u>	<u>78,979</u>
Net Position		
Unexpended appropriations	29,706	25,225
Cumulative results of operations	(6,983)	(262)
Total Net Position (Note 13)	<u>22,723</u>	<u>24,963</u>
Total Liabilities and Net Position	<u>\$103,826</u>	<u>\$103,942</u>

The accompanying notes are an integral part of these financial statements.

Financial Statements
U.S. Government Accountability Office
Statements of Net Cost
For the Fiscal Years Ended September 30, 2016 and 2015
(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Net Costs by Goal (Note 10)		
Goal 1: Well-being / Financial Security of American People		
Gross Costs	\$216,467	\$222,321
Less: reimbursable services	<u>(1,390)</u>	<u>(591)</u>
Net goal costs	215,077	221,730
Goal 2: Changing Security Threats / Challenges of Global Interdependence		
Gross Costs	156,617	152,180
Less: reimbursable services	<u>-</u>	<u>-</u>
Net goal costs	156,617	152,180
Goal 3: Transforming the Federal Government's Role		
Gross Costs	157,861	150,486
Less: reimbursable services	<u>(13,893)</u>	<u>(14,658)</u>
Net goal costs	143,968	135,828
Goal 4: Maximize the Value of GAO		
Gross Costs	17,627	14,588
Less: reimbursable services	<u>(44)</u>	<u>-</u>
Net goal costs	17,583	14,588
Other Costs in Support of the Congress		
Gross Costs	34,105	30,732
Less: reimbursable services	<u>(1,219)</u>	<u>(1,226)</u>
Net costs	32,886	29,506
Less: Reimbursable services not attributable to above cost categories (Note 7)	<u>(9,732)</u>	<u>(9,536)</u>
Net Cost of Operations (Note 9)	<u>\$556,399</u>	<u>\$544,296</u>

The accompanying notes are an integral part of these financial statements.

Financial Statements
U.S. Government Accountability Office
Statements of Changes in Net Position
For the Fiscal Years Ended September 30, 2016 and 2015
(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Cumulative Results of Operations, beginning of fiscal year	\$(262)	\$(1,244)
Budgetary Financing Sources - Appropriations used	527,113	522,924
Other Financing Sources		
Federal employee retirement benefit costs paid by OPM and imputed to GAO (Note 5)	22,607	22,363
Transfers In/Out	<u>(42)</u>	<u>(9)</u>
Total Financing Sources	549,678	545,278
Net Cost of Operations	<u>556,399</u>	<u>544,296</u>
Net Change	<u>(6,721)</u>	<u>982</u>
Cumulative Results of Operations, end of fiscal year	<u>\$(6,983)</u>	<u>\$(262)</u>
Unexpended Appropriations, beginning of fiscal year	\$25,225	\$26,151
Budgetary Financing Sources and Uses		
Appropriations received	531,000	522,000
Appropriations transferred in (Note 11)	600	-
Appropriations permanently not available	(6)	(2)
Appropriations used	<u>(527,113)</u>	<u>(522,924)</u>
Total Budgetary Financing Sources and Uses	4,481	(926)
Total Unexpended Appropriations, end of fiscal year	<u>\$29,706</u>	<u>\$25,225</u>
Net Position	<u>\$22,723</u>	<u>\$24,963</u>

The accompanying notes are an integral part of these financial statements.

Financial Statements
U.S. Government Accountability Office
Statements of Budgetary Resources
for the Fiscal Years Ended September 30, 2016 and 2015
(Dollars in thousands)

	<u>2016</u>	<u>2015</u>
Budgetary Resources (Note 11)		
Unobligated balance, brought forward, October 1	\$32,882	\$28,227
Recoveries of prior year unpaid obligations	4,293	7,339
Other changes in unobligated balances (+ or -)	1,672	3,681
Unobligated balance from prior year budget authority, net	38,847	39,247
Appropriations	531,100	522,000
Spending authority from offsetting collections	24,184	27,023
Total Budgetary Resources	<u>\$594,131</u>	<u>\$588,270</u>
Status of Budgetary Resources		
New Obligations and upward adjustments	\$567,222	\$555,388
Unobligated balance, end of year:		
Apportioned, unexpired accounts	3,721	6,887
Unapportioned, unexpired accounts	20,288	23,225
Unexpired unobligated balance, end of year	24,009	30,112
Expired unobligated balance, end of year	2,900	2,770
Total unobligated balance, end of year	26,909	32,882
Total budgetary resources	<u>\$594,131</u>	<u>\$588,270</u>
Change in Obligated Balances		
Unpaid Obligations:		
Unpaid obligations, brought forward, October 1	\$51,389	\$53,223
New Obligations and upward adjustments	567,222	555,388
Gross outlays (-)	(557,846)	(549,883)
Recoveries of prior year unpaid obligations (-)	(4,293)	(7,339)
Unpaid obligations, end of year	<u>\$56,472</u>	<u>\$51,389</u>
Uncollected Payments:		
Uncollected customer payments from Federal sources, brought forward, October 1 (-)	\$(11,197)	\$(9,139)
Change in uncollected customer payments from Federal sources (+ or -)	2,272	(2,058)
Uncollected customer payments from Federal sources (-)	<u>\$(8,925)</u>	<u>\$(11,197)</u>
Obligated balance, start of year (+ or -)	\$40,192	\$44,084
Obligated balance, end of year (+ or -)	<u>\$47,547</u>	<u>\$40,192</u>
Budget authority and outlays, net		
Budget authority, gross	\$555,284	\$549,023
Actual offsetting collections	(27,633)	(28,648)
Change in uncollected customer payments from Federal sources (+ or -)	2,272	(2,058)
Recoveries of prior year paid obligations	1,177	3,683
Budget authority, net	<u>\$531,100</u>	<u>\$522,000</u>
Outlays, gross	\$557,846	\$549,883
Actual offsetting collections (-)	(27,633)	(28,648)
Outlays, net	<u>\$530,213</u>	<u>\$521,235</u>
Distributed offsetting receipts (-)	(39)	(21)
Agency outlays, net	<u>\$530,174</u>	<u>\$521,214</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The accompanying financial statements present the financial position, net cost of operations, changes in net position, and budgetary resources of the United States Government Accountability Office (GAO). GAO, an agency in the legislative branch of the federal government, supports the Congress in carrying out its constitutional responsibilities. GAO carries out its mission primarily by conducting audits, evaluations, analyses, research, and investigations and providing the information from that work to the Congress and the public in a variety of forms. The financial activity presented relates primarily to the execution of GAO's congressionally approved budget. GAO's budget consists of an annual appropriation covering salaries and expenses, as well as revenue from reimbursable audit services and rental income. The revenue from audit services and rental income is presented on the statements of net cost as "reimbursable services" and included as part of "spending authority from offsetting collections" on the statements of budgetary resources. The financial statements, except for federal employee benefit costs paid by the Office of Personnel Management (OPM) and imputed to GAO, do not include the effects of centrally administered assets and liabilities related to the federal government as a whole, such as interest on the federal debt, which may in part be attributable to GAO.

Basis of Accounting

GAO's financial statements have been prepared on the accrual basis and the budgetary basis of accounting in conformity with generally accepted accounting principles for the federal government. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. These principles differ from budgetary reporting principles used to prepare the Statement of Budgetary Resources. The differences relate primarily to the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities. The statements were also prepared in accordance with OMB Circular A-136, *Financial Reporting Requirements, Revised*.

Intragovernmental Assets

Intragovernmental assets are those assets that arise from transactions with other federal entities. Funds with the U.S. Department of Treasury (Treasury) comprise the majority of intragovernmental assets on GAO's balance sheets.

Fund Balance with Treasury

The Treasury processes GAO's receipts and disbursements. Fund Balance with Treasury represents appropriated funds from which GAO is authorized to make expenditures and pay liabilities.

Accounts Receivable

GAO's accounts receivable are due principally from federal agencies for reimbursable services; therefore, GAO has not established an allowance for doubtful accounts.

Property and Equipment, Net

The GAO headquarters building qualifies as a multiuse heritage asset, is GAO's only heritage asset, and is reported with property and equipment on the balance sheets. The building's designation as a multiuse heritage asset is a result of both being listed in the National Register of Historic Places and being used in general government operations. Statement of Federal Financial Accounting Standards No. 29 requires accounting for multiuse heritage assets as general property, plant, and equipment to be included in the balance sheet and depreciated. Maintenance of the building has been kept on a current basis. The building was depreciated on a straight-line basis over 25 years and is fully depreciated.

Generally, property and equipment individually costing more than \$15,000 are capitalized at cost. Building improvements and leasehold improvements are capitalized when the cost is \$25,000 or greater. Bulk purchases of lesser-value items that aggregate more than \$150,000 are also capitalized at cost. Assets are depreciated on a straight-line basis over the estimated useful life of the property as follows: building improvements, 10 years; computer equipment, software, and capital lease assets, ranging from 3 to 6 years; leasehold improvements, 5 years; and other equipment, ranging from 5 to 20 years. GAO's property and equipment have no restrictions as to use or convertibility except for the restrictions related to the GAO building's classification as a multiuse heritage asset.

With regards to policies surrounding maintenance and repairs, GAO has a fully funded technology maintenance contract and Commercial Facilities Management contract that performs activities directed towards keeping fixed assets in an acceptable condition. These activities include preventive maintenance, replacement of parts, systems, or components, and other actions needed to preserve or maintain these assets. GAO ranks and prioritizes maintenance and repair activities by using our current asset management plan for fixed assets (which is based on a detailed condition assessment survey), which helps GAO program major repair and replacement projects. For information technology (IT) assets, we manage our maintenance requirements annually through the budget process, reviewing all maintenance requirements, old and new, to ensure all assets are covered for the new fiscal year. The factors considered in determining an acceptable asset condition include meeting established maintenance standards, operating efficiently, and having a normal life expectancy. For IT assets, an acceptable asset condition is met by a vendor-supported version, which is no more than two versions behind, with no identified security risks. Scheduled maintenance is generally sufficient to maintain assets in their current condition. GAO has no deferred maintenance and repairs as of September 30, 2016.

Liabilities

Liabilities represent amounts that are likely to be paid by GAO as a result of transactions that have already occurred. Intragovernmental liabilities are those liabilities that arise from transactions with other federal entities.

Accounts Payable

Accounts Payable consists of amounts owed to federal agencies and commercial vendors for goods and services received. The balance presented includes accounts payable recorded through normal business activities, as well as an estimate of unbilled payables based on historical data.

Federal Employee Benefits

GAO recognizes its share of the cost of providing future pension benefits to eligible employees over the period of time that they render services to GAO. The pension expense recognized in the financial statements equals the current service cost for GAO's employees for the accounting period less the amount contributed by the employees. OPM, the administrator of the plan, supplies GAO with factors to apply in the calculation of the service cost. These factors are derived through actuarial cost methods and assumptions. The excess of the recognized pension expense over the amount contributed by GAO and employees represents the amount being financed directly through the Civil Service Retirement and Disability Fund administered by OPM. This amount is considered imputed financing to GAO (see [Note 5](#)).

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose deaths are attributable to job-related injury or occupational disease. Claims incurred for benefits for GAO employees under FECA are administered by the Department of Labor (DOL) and are paid, ultimately, by GAO (see [Note 6](#)).

GAO recognizes a current-period expense for the future cost of postretirement health benefits and life insurance for its employees while they are still working. GAO accounts for and reports this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and GAO do not make current contributions to fund these future benefits.

Federal employee benefit costs paid by OPM and imputed to GAO are reported as a financing source on the Statements of Changes in Net Position and are also included as a component of net cost by goal on the Statements of Net Cost.

Annual, Sick, and Other Leave

Annual leave is recognized as an expense and a liability as it is earned; the liability is reduced as leave is taken. The accrued leave liability is principally long term in nature. Sick leave and other types of leave are expensed as leave is taken. All leave is funded when taken.

Contingencies

GAO has certain claims and lawsuits pending against it. GAO's policy is to recognize a contingent liability in the financial statements for any losses considered probable and estimable. Management believes that the likelihood of losses from certain other claims and lawsuits is remote and, therefore, no provision for losses is included in the financial statements.

Estimates

Management has made certain estimates and assumptions when reporting assets, liabilities, revenue, expenses, and in the note disclosures. Actual results could differ from these estimates.

Reclassifications

Certain prior year amounts in the financial statements and footnotes have been reclassified to conform to the current year presentation.

Note 2. Fund Balance with Treasury

GAO's funds with the Treasury consist of only appropriated funds. The status of these funds as of September 30, 2016, and September 30, 2015, is as follows:

Dollars in thousands

	2016	2015
Fund Balance with Treasury	<u>\$74,456</u>	<u>\$73,074</u>
Status of Fund Balance with Treasury		
Unobligated Balance		
Available		
Unapportioned authority	\$20,288	\$23,225
Apportioned authority	3,721	6,887
Uncollected from Federal Sources	<u>(8,925)</u>	<u>(11,197)</u>
Total Available	15,084	18,915
Unavailable	2,900	2,770
Obligated balance not yet disbursed	<u>56,472</u>	<u>51,389</u>
Total status of Fund Balance with Treasury	<u>\$74,456</u>	<u>\$73,074</u>

Note 3. Property and Equipment, Net

The composition of property and equipment as of September 30, 2016, is as follows:

Dollars in thousands

Classes of property and equipment	Acquisition value	Accumulated depreciation	Book value
Land	\$1,191	–	\$1,191
Building and improvements	130,153	\$116,120	14,033
Computer and other equipment and software	60,058	49,291	10,767
Leasehold improvements	<u>2,760</u>	<u>2,554</u>	<u>206</u>
Total property and equipment	<u>\$194,162</u>	<u>\$167,965</u>	<u>\$26,197</u>

Depreciation expense for property and equipment for fiscal year 2016: \$6,461,000.

The composition of property and equipment as of September 30, 2015 is as follows:

Dollars in thousands

Classes of property and equipment	Acquisition value	Accumulated depreciation	Book value
Land	\$1,191	–	\$1,191
Building and improvements	129,576	\$112,557	17,019
Computer and other equipment and software	63,183	54,186	8,997
Leasehold improvements	3,165	3,037	128
Total property and equipment	\$197,115	\$169,780	\$27,335

Depreciation expense for property and equipment for fiscal year 2015: \$5,927,000.

Note 4. Liabilities Not Covered by Budgetary Resources

The liabilities on GAO's balance sheets include liabilities not covered by budgetary resources. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. The composition of liabilities not covered by budgetary resources as of September 30, 2016, and September 30, 2015, is as follows:

Dollars in thousands

	2016	2015
Intragovernmental liabilities—FECA liability	\$2,459	\$2,532
Salaries and benefits—Comptrollers' General retirement plan*	1,104	1,177
Accrued annual leave	31,572	31,400
Actuarial FECA liabilities**	15,259	15,796
Other	83	–
Liabilities not covered by budgetary resources	50,477	50,905
Liabilities covered by budgetary resources	30,626	28,074
Total liabilities	\$81,103	\$78,979

* See [Note 5](#) for further discussion of the Comptrollers' General retirement plan.

** See [Note 6](#) for further discussion of FECA liability.

Note 5. Federal Employee Benefits

All permanent employees participate in either the contributory Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Temporary employees and employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA). To the extent that employees are covered by FICA, the taxes they pay to the program and the benefits they will eventually receive are not recognized in GAO's financial statements. GAO makes contributions to CSRS, FERS, and FICA and matches certain employee contributions to the thrift savings component of FERS. All of these payments are recognized as operating expenses.

In addition, all permanent employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance (FEGLI) Program and may continue to participate after retirement. GAO makes contributions through OPM to FEHBP and FEGLI for active employees to pay for their current benefits. GAO's contributions for active employees are recognized as operating expenses. Using the cost factors supplied by OPM, GAO has also recognized an expense in its financial statements for the estimated future cost of postretirement health benefits and life insurance for its employees. These costs are financed by OPM and imputed to GAO.

Amounts owed to OPM and Treasury as of September 30, 2016, and September 30, 2015, are \$3,784,000 and \$2,646,000, respectively, for FEHBP, FEGLI, FICA, FERS, and CSRS contributions and are shown on the balance sheets as Federal employee benefits.

Details of the major components of GAO's federal employee benefit costs for the periods ended September 30, 2016, and September 30, 2015, are as follows:

Dollars in thousands

Federal employee benefits costs	2016	2015
Federal employee retirement benefit costs paid by OPM and imputed to GAO:		
Estimated future pension costs (CSRS/FERS)	\$6,376	\$8,099
Estimated future postretirement health and life insurance (FEHBP/FEGLI)	16,231	14,264
Total	<u>\$22,607</u>	<u>\$22,363</u>
Pension expenses (CSRS/FERS)	\$44,256	\$41,661
Health and life insurance expenses (FEHBP/FEGLI)	\$23,683	\$22,212
FICA and Medicare payments made by GAO	\$22,564	\$21,754
Thrift Savings Plan – matching contribution by GAO	\$14,733	\$14,150

Comptrollers general and their surviving beneficiaries who qualify and elect to participate are paid retirement benefits by GAO under a separate retirement plan. These benefits are paid from current year appropriations. Because GAO is responsible for future payments under this plan, the estimated present value of accumulated plan benefits of \$1,104,000 as of September 30, 2016, and \$1,177,000 as of September 30, 2015, is included as a component of salary and benefit liabilities on GAO's balance sheets. The following summarizes the changes in the actuarial liability for current plan year:

Dollars in thousands

Actuarial liability as of September 30, 2015	\$1,177
Expense:	
Interest on the liability balance	35
Actuarial loss:	
From experience	63
From assumption changes	-
Total expense	98
Less benefits paid	(171)
Actuarial liability as of September 30, 2016	<u>\$1,104</u>

Note 6. FECA Liability

GAO utilizes the services of an independent actuarial firm to calculate its FECA liability. GAO recorded an estimated liability for claims incurred but not reported as of September 30, 2016, and September 30, 2015, which is expected to be paid in future periods. This estimated liability of \$15,259,000 and \$15,796,000 as of September 30, 2016, and September 30, 2015, respectively, is reported on GAO's balance sheets as Actuarial FECA liabilities. GAO also recorded a liability for amounts paid to claimants by DOL as of September 30, 2016, and September 30, 2015, of \$2,459,000 and \$2,532,000, respectively, but not yet reimbursed to DOL by GAO. The amount owed to DOL is reported on GAO's balance sheets as an intragovernmental liability titled, FECA liability.

Note 7. Building Lease Revenue

In fiscal year 2011, GAO entered into a 10-year lease agreement with U.S. Army Corps of Engineers (USACE) to lease the entire third floor, and part of the sixth floor, of the GAO headquarters building. The period of this agreement began in fiscal year 2011, with an option to renew each year through fiscal year 2020. Total rental revenue to GAO includes a fixed base rent plus operating expense reimbursements, with escalation clauses each year, if the option years are exercised.

In fiscal year 2012, GAO entered into a 10-year lease with the Department of Justice (DOJ) to lease part of the first and sixth floors of the GAO headquarters building. The period of this lease began in fiscal year 2012, with an option to renew each year through fiscal year 2022.

Rental revenue from space leased at GAO headquarters building for fiscal years 2016 and 2015 was \$9,426,000 and \$9,286,000, respectively. These amounts are included on the statements of net cost as a major component of "Reimbursable services not attributable to above cost categories." Total rental revenue for the future periods from both USACE and DOJ is as follows:

Dollars in thousands

Fiscal year ending September 30	Total projected rental revenue*
2017	9,509
2018	9,626
2019	9,747
2020	9,873
2021	2,190
2022	2,209
Total	<u>\$43,154</u>

*If options to renew are exercised.

Note 8. Leases

Operating Leases

GAO leases office space, predominately for field offices, from the General Services Administration and has entered into various other operating leases for office communication and computer equipment. Lease costs for office space and equipment for fiscal years 2016 and 2015 amounted to approximately \$5,552,000 and \$5,935,000, respectively. Leases for equipment under operating leases are generally for less than 1 year; therefore, there are no associated future minimum lease payments. Annual lease costs under the operating leases are included as components of net cost in the statements of net cost. Estimated future minimum lease payments for field office space under the current terms of the leases, which range from 1 to 10 years, are presented in the [table below](#).

Dollars in thousands

Fiscal year ending September 30	Total
2017	\$6,229
2018	5,517
2019	5,592
2020	4,136
2021	3,645
2022 and thereafter	14,747
Total estimated future lease payments	\$39,866

Note 9. Net Cost of Operations

Expenses for salaries and related benefits, net of reimbursable collections, for fiscal year 2016 and fiscal year 2015 amounted to \$464,534,000 and \$453,431,000, respectively—which was about 83.5 percent and 83.0 percent of GAO’s net cost of operations for both fiscal years (which totaled \$556,399,000 and \$544,296,000 for 2016 and 2015, respectively). Included in the net cost of operations are federal employee benefit costs paid by OPM and imputed to GAO of \$22,607,000 in fiscal year 2016 and \$22,363,000 in fiscal year 2015.

Revenues from reimbursable services are shown as an offset against the full cost to arrive at net cost. Earned revenues that are insignificant or cannot be associated with a major goal or other cost category are shown in total, the largest component of which is rental revenue from the lease of space in the GAO building. Revenues from reimbursable services for fiscal year 2016 and fiscal year 2015 amounted to \$26,278,000 and \$26,011,000, respectively. Further details of the intragovernmental components are provided in [Note 10](#).

The net cost of operations represents GAO’s operating costs that must be funded by financing sources other than revenues earned from reimbursable services. These financing sources are presented in the statements of changes in net position.

“Other Costs in Support of the Congress” represents costs of work which directly supports Congress and which represents GAO’s fulfillment of its statutory responsibilities but which is not engagement specific. Examples of this work include support of the Federal Accounting Standards Advisory Board, General Counsel statutory bid protest decision writing function, recommendation follow-up work, and other direct support to Congress.

Note 10. Intragovernmental and Public Costs and Revenue

Intragovernmental transactions arise from transactions made between two reporting entities within the federal government in contrast with public transactions, which arise from transactions made with a nonfederal entity. Intragovernmental and public costs and earned revenue for the fiscal years ended September 30, 2016, and September 30, 2015, are as follows:

Dollars in thousands

	2016	2015
Goal 1: Well-Being/Financial Security of American People		
Intragovernmental costs	\$46,921	\$49,012
Public costs	169,546	173,309
Total Goal 1 costs	<u>216,467</u>	<u>222,321</u>
Intragovernmental earned revenue	<u>(1,390)</u>	<u>(591)</u>
Net Goal 1 costs	<u>215,077</u>	<u>221,730</u>
Goal 2: Changing Security Threats/Challenges of Global Interdependence		
Intragovernmental costs	34,242	34,285
Public costs	122,375	117,895
Total Goal 2 costs	<u>156,617</u>	<u>152,180</u>
Goal 3: Transforming the Federal Government’s Role		
Intragovernmental costs	33,194	32,617
Public costs	124,667	117,869
Total Goal 3 costs	<u>157,861</u>	<u>150,486</u>
Intragovernmental earned revenue	<u>(13,893)</u>	<u>(14,658)</u>
Net Goal 3 costs	<u>143,968</u>	<u>135,828</u>
Goal 4: Maximize the Value of GAO		
Intragovernmental costs	3,831	3,697
Public costs	13,796	10,891
Total Goal 4 costs	<u>17,627</u>	<u>14,588</u>
Intragovernmental earned revenue	<u>(44)</u>	<u>(–)</u>
Net Goal 4 costs	<u>17,583</u>	<u>14,588</u>
Other costs in support of the Congress		
Intragovernmental costs	12,715	12,107
Public costs	21,390	18,625
Total other costs	<u>34,105</u>	<u>30,732</u>
Intragovernmental earned revenue	<u>(1,219)</u>	<u>(1,226)</u>
Net other costs	<u>32,886</u>	<u>29,506</u>
Earned revenue not attributable to above cost categories		
Intragovernmental	(9,596)	(9,405)
Public	<u>(136)</u>	<u>(131)</u>
Total earned revenue not attributable to goals	<u>(\$9,732)</u>	<u>(\$9,536)</u>

Goal 2 has no associated intragovernmental revenues. GAO tracks direct costs (payroll and contracts) to each Goal or Other Costs as assigned through a designated part of the accounting code. Costs which are not considered direct costs of a Goal or Other Costs are accumulated as Indirect and Overhead costs, which are then allocated across the Goals or Other Costs on a rational pro-rata basis.

Note 11. Budgetary Resources

Budgetary resources available to GAO during fiscal year 2016 include current year appropriations, prior years' unobligated balances, reimbursements earned by GAO from providing goods and services to other federal entities for a price (reimbursable services), and cost-sharing arrangements with other federal entities.

Earned reimbursements consist primarily of rent collected from USACE and DOJ for lease of space and related services in the GAO headquarters building, as well as certain program and financial audits of federal entities, including components of the Department of the Treasury, Securities and Exchange Commission, Federal Deposit Insurance Corporation, Consumer Financial Protection Bureau, and Federal Housing Finance Agency. Earned revenue from rent is available indefinitely, subject to annual obligation ceilings, and must be used to offset the cost of operating and maintaining the GAO headquarters building. Reimbursements from program and financial audits are available without limitations on their use and may be subject to annual obligation ceilings. GAO's pricing policy for reimbursable services is to seek reimbursement for actual costs incurred, including overhead costs where allowed by law.

Fiscal year 2016 budgetary resources include \$500,000 of budget authority transferred to GAO to oversee activities supported, and reimbursements made, related to the State Department's Ebola Response and Preparedness efforts and \$100,000 for GAO to initiate an assessment of democracy programs in Burma conducted by the Department of State and U.S. Agency for International Development.

A comparison of GAO's fiscal year 2015 statement of budgetary resources, with the corresponding information presented in the 2017 President's Budget, is as follows:

Dollars in thousands		
	Budgetary resources	Obligations incurred
Fiscal year 2015 Statement of Budgetary Resources	\$588,270	\$555,388
Unobligated balances, beginning of year – (funds activity, expired accounts)	(452)	–
Recovery of prior year unpaid obligations	(7,026)	–
Permanently not available –(funds activity, expired accounts)	2	–
Spending authority from offsetting collections – (funds activity, expired accounts)	(1,139)	–
Other – rounding in President's Budget	345	612
2017 President's Budget – fiscal year 2015, actual	\$580,000	\$556,000

As the fiscal year 2018 President's Budget will not be published until February 2017, a comparison between the fiscal year 2016 data reflected on the statement of budgetary resources and fiscal year 2016 data in the President's Budget cannot be performed, though we expect similar differences will exist. The fiscal year 2018 President's Budget will be available on the OMB's website and directly from the Government Printing Office.

Budgetary resources obligated for undelivered orders at the end of fiscal year 2016 and fiscal year 2015 totaled \$25,940,000 and \$23,538,000, respectively. GAO's apportionments fall under Category A, quarterly apportionment. Apportionment categories of obligations incurred for fiscal years 2016 and 2015 are as follows:

Dollars in thousands

Fiscal year ending September 30	2016	2015
Direct – Category A	\$536,149	\$527,375
Reimbursable – Category A	31,073	28,013
Total obligations incurred	<u>\$567,222</u>	<u>\$555,388</u>

Note 12. Reconciliation of Net Costs of Operations to Budget

Details of the relationship between budgetary resources obligated and the net costs of operations for the fiscal years ending September 30, 2016 and 2015 are as follows:

Dollars in thousands

Fiscal year ending September 30	2016	2015
Resources used to finance activities		
Budgetary resources obligated		
Obligations incurred	\$567,222	\$555,388
Less: spending authority from offsetting collections, recoveries, and other changes	(30,155)	(38,045)
Obligations net of offsetting collections, recoveries, and other changes	<u>537,067</u>	<u>517,343</u>
Other resources		
Transfers out without reimbursement	(42)	(9)
Federal employee retirement benefit costs paid by OPM imputed to GAO	22,607	22,363
Net other resources used to finance activities	<u>22,565</u>	<u>22,354</u>
Total resources used to finance activities	<u>559,632</u>	<u>539,697</u>
Resources used to finance items not part of the net cost of operations		
Change in undelivered orders and unfilled customer orders	(4,495)	4,713
Net decrease in lease liability and other	83	–
Assets capitalized	(5,255)	(5,232)
Net decrease in receivables not generating resources until collected and other adjustments	(14)	(62)
Total resources used to fund items not part of the net cost of operations	<u>(9,681)</u>	<u>(581)</u>
Total resources used to finance net cost of operations	<u>549,951</u>	<u>539,116</u>
Components of net costs that will not require or generate resources in the current period		
Decrease in FECA liability	(610)	(774)
Increase in accrued annual leave	172	93
Change in other liabilities	425	(66)
Total components of net costs that will not generate resources in the current period	<u>(13)</u>	<u>(747)</u>
Costs that do not require resources		
Depreciation and other	<u>6,461</u>	<u>5,927</u>
Net cost of operations	<u><u>\$556,399</u></u>	<u><u>\$544,296</u></u>

Note 13. Net Position

Net position on the balance sheets comprises unexpended appropriations and cumulative results of operations. Unexpended appropriations are the sum of the total unobligated appropriations and undelivered goods and services for funds directly appropriated to GAO. Cumulative results of operations represent the difference between financing sources and expenses since inception. Details of the components of GAO's cumulative results of operations for the fiscal years ended September 30, 2016, and 2015, are as follows:

Dollars in thousands

	2016	2015
Investment in property and equipment, net	\$26,197	\$27,335
Net reimbursable funds activity	16,764	22,594
Other (supplies inventory, prepayments, and accounts receivable from public)	533	714
Liabilities not covered by budgetary resources*	<u>(50,477)</u>	<u>(50,905)</u>
Cumulative results of operations	<u>(\$6,983)</u>	<u>(\$262)</u>

*See [Note 4](#) for components.

Other Information

Consistent with OMB Circular No. A-136 requirements, we are including an unaudited, comparative [Schedule of Spending](#) (Schedule) in Other Information for the years ended September 30, 2016 and September 30, 2015, following our audited financial statements and notes. The [Schedule](#) presents an overview of how we are spending money on a budgetary basis and is not meant to agree to the cost information on the [Statement of Net Cost](#), which presents accrual-based proprietary information. The data used to populate the Schedule is the same underlying data used to populate the [Statement of Budgetary Resources](#). The amounts in the [Schedule](#) agree with the budgetary resources and obligations incurred reported in the [Statement of Budgetary Resources](#). Specifically, the Total Resources, Amount Available but Not Agreed to be Spent, and Amount Agreed to be Spent balances reported tie to the Total Budgetary Resources, Apportioned - unexpired accounts, and New Obligations and upward adjustments lines, respectively, on the Statements of Budgetary Resources.

U.S. Government Accountability Office
Schedules of Spending
for the Fiscal Years Ended September 30, 2016 and 2015
(Dollars in thousands)

UNAUDITED

	<u>2016</u>	<u>2015</u>
What Money is Available to Spend?		
Appropriations	\$531,100	\$522,000
Spending Authority from Offsetting Collections	24,184	27,023
Recoveries and Other Changes in Prior Year Unobligated Balances	38,847	39,247
Total Resources	<u>594,131</u>	<u>588,270</u>
Less Amount Available but Not Agreed to be Spent	(3,721)	(6,887)
Less Amount Not Available to be Spent	<u>(23,188)</u>	<u>(25,995)</u>
Total Amounts Agreed to be Spent	<u>\$567,222</u>	<u>\$555,388</u>
How was the Money Spent?		
Direct Funds		
Personnel		
Salaries and Benefits	\$440,541	\$436,648
Training	3,146	3,383
Operations		
IT Services and Equipment	54,047	52,063
Buildings and Equipment	14,217	16,545
Travel	7,472	8,179
Contractual Services (non-IT)	16,727	10,557
Total Direct Funds Spending	<u>\$536,150</u>	<u>\$527,375</u>
Reimbursable Funds		
Personnel		
Salaries and Benefits	\$19,768	\$14,250
Operations		
Buildings and Equipment	6,960	5,142
Travel	15	8
Contractual Services (non-IT)	4,329	8,613
Total Reimbursable Funds Spending	<u>\$31,072</u>	<u>\$28,013</u>
Total Amounts Agreed to be Spent	<u>\$567,222</u>	<u>\$555,388</u>

U.S. GOVERNMENT ACCOUNTABILITY OFFICE



Part IV

Inspector General's View of GAO's Management Challenges

SERVING CONGRESS AND THE NATION

Inspector General's Statement



Office of Inspector General

United States Government Accountability Office

Memorandum

Date: October 3, 2016

To: Comptroller General Gene L. Dodaro

From: Inspector General Adam R. Trzeciak *Ad-R. Trz*

Subject: GAO Management Challenges

Based on our work and institutional knowledge, we agree that in addition to external factors, GAO faces internal management challenges in the four areas (human capital, engagement efficiency, information security, and telework) identified in its Fiscal Year 2016 Performance and Accountability Report (PAR). A clear understanding of each challenge area and the risk it poses to GAO's ability to support Congress is a first step to implementing effective strategies for sustaining quality while increasing work performance.

OIG audits and investigations validate the relevance of GAO's reported challenges and the risk to its mission reflected in each challenge area. For example, in March 2016, we reported that weaknesses identified within GAO's information security program and practices, such as continued use of unsupported system components and limitations at its alternate computing facility, increase risks to GAO's ability to support its mission. Our audit of GAO's student loan repayment program found that improved controls were needed to identify and collect student loan debt that resulted when employees failed to fulfill their service agreements in exchange for repayment benefits GAO made on their behalf. As a result of weak program controls, years of unpaid student loan repayment debts, estimated at \$874,000, were not identified or collected at the time of our review. GAO uses financial incentives, such as student loan repayments and recruitment and retention bonuses, to attract and retain skilled employees. However, as our audits of these programs have shown, effective monitoring is critical to ensuring that the funds are well spent and the effectiveness of financial incentives in hiring and retaining employees are measured to ensure that they achieve their purpose.

GAO has on-going efforts intended to mitigate the mission risk posed by both internal and external management challenges. Due to the changing nature of its operating environment, these efforts must continue to evolve in tandem with the risks GAO's management challenges have on its ability to efficiently and effectively perform its mission.

U.S. GOVERNMENT ACCOUNTABILITY OFFICE



Part V

Appendixes

SERVING CONGRESS AND THE NATION

Appendix I: Abbreviations

AICPA	American Institute of Certified Public Accountants
ALGA	Association of Local Government Auditors
APQA	Audit Policy and Quality Assurance
ARM	Applied Research and Methods
ATM	Automated teller machine
BI	Business intelligence
BIA	Bureau of Indian Affairs
BPAG	Business Process and Analytics Group
B-21	Long range strike bomber (Air Force)
CAI	Capital Asset Inventory
CAO	Chief Administrative Office(r)
CBRNE	Chemical, biological, radiological, nuclear, and high-yield explosive
CDR	Continuing Disability Review
CEAR	Certificate of Excellence in Accountability Reporting
CFM	Commercial Facilities Management
CFPB	Consumer Financial Protection Bureau
CFTC	Commodity Futures Trading Commission
CHIP	State Children's Health Insurance Program
CHS	Contract Health Services
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMS	Centers for Medicare & Medicaid Services
COTS	Commercial Off-The-Shelf
CSAT	Customer Satisfaction Survey
CSRS	Civil Service Retirement System
CUI	Controlled Unclassified Information
DHS	Department of Homeland Security
D&I	Diversity and Inclusion
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOL	Department of Labor
DOT	Department of Transportation
EA	Enterprise Architecture
ECS	Enterprise Services Center
Education	Department of Education
EMS	Engagement Management System
EPA	Environmental Protection Agency
ERS	Engagement Reporting System
ESC	Enterprise Services Center
FAA	Federal Aviation Administration

FAIS	Forensic Audits and Investigative Service
FAMS	Federal Air Marshal Service
FASAB	Federal Accounting Standards Advisory Board
FAST Act	Fixing America's Surface Transportation Act
FBI	Federal Bureau of Investigation
FCC	Federal Communications Commission
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees' Group Life Insurance Program
FEHBP	Federal Employees Health Benefit Program
FEMA	Federal Emergency Management Agency
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FHA	Federal Housing Administration
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act
FLRA	Federal Labor Relations Authority
FMCS	Federal Mediation & Conciliation Service
FMFIA	Federal Managers' Financial Integrity Act
FPS	Fraud Prevention System
FTE	full-time equivalent
FVRA	Federal Vacancies Reform Act
FY	Fiscal Year
GAO	Government Accountability Office
GOES-R	Geostationary Operational Environment Satellite-R Series
GPRA	Government Performance and Results Act as amended
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
ICD	Intelligence Community Directive
IFPTE	International Federation of Professional and Technical Engineers
IG	Inspector General
INTOSAI	International Organization of Supreme Audit Institutions
IRS	Internal Revenue Service
IT	information technology
JPSS	Joint Polar Satellite System
LBFMS	Legislative Branch Financial Management System
LCS	Littoral Combat Ship
MD&A	Management Discussion and Analysis
MI	Mission Intelligence
MO	Missouri
NASA	National Aeronautics and Space Administration
NASACT	National Association of State Auditors, Controllers, and Treasurers

NDNH	National Directory of New Hires
NFC	National Finance Center
NOAA	National Oceanic and Atmospheric Administration
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAO	Program Analysis and Operations
PAR	Performance and Accountability Report
PBGC	Pension Benefit Guaranty Corporation
PDP	Professional Development Program
Post-9/11 GI Bill	Post-9/11 Veterans Educational Assistance Act of 2008
RSI	Required supplement information
SAI	Supreme Audit Institution
SBA	Small Business Administration
SES	Senior Executive Service
SIFI	Systematically important financial institutions
SPR	Strategic Petroleum Reserve
SSA	Social Security Administration
State	Department of State
TARP	Troubled Asset Relief Program
Treasury	Department of the Treasury
TSA	Transportation Security Administration
UEP	Updated Engagement Process
U.S.	United States
U.S.C.	United States Code
CBP	U.S. Customs and Border Protection
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USDA	Department of Agriculture
USPS	U.S. Postal Service
VA	Department of Veterans Affairs
WFP	World Food Program
WTCHP	World Trade Center Health Program
W-2	Form W-2, Wage and Tax Statement

Appendix II: Data Quality

Verifying and Validating Performance Data

Each year, we measure our performance with indicators of the results of our work, client service, people management, and internal operations. To assess our performance, we use actual, rather than projected, data for almost all of our performance measures. We believe the data are complete and reliable based on our verification and validation procedures to ensure quality. The specific sources of the data for our annual performance measures, procedures for independently verifying and validating these data, and the limitations of these data are described in [table 20](#).

Table 20: How We Ensure Data Quality for Our Annual Performance Measures

Results measures	
Financial benefits	
Definition and background	<p>Our work—including our findings and recommendations—may produce benefits to the federal government that can be estimated in dollar terms. These benefits can result in better services to the public, changes to statutes or regulations, or improved government business operations. A financial benefit is an estimate of the federal cost reduction of agency or congressional actions. These financial benefits generally result from work that we completed over the past several years. The estimated benefit is based on actions taken in response to our work, such as reducing government expenditures, increasing revenues, or reallocating funds to other areas. Financial benefits included in our performance measures are net benefits—that is, estimates of financial benefits that have been reduced by the 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. In some cases, we can claim financial benefits over multiple years based on a single agency or congressional action.</p> <p>Financial benefits are linked to specific recommendations or other work. To claim that financial benefits have been achieved, our staff must file an accomplishment report documenting that (1) the actions taken as a result of our work have been completed or substantially completed, (2) the actions generally were taken within 2 fiscal years prior to the filing of the accomplishment report, (3) a cause-and-effect relationship exists between the benefits reported and our recommendation or work performed, and (4) estimates of financial benefits were based on information obtained from non-GAO sources. To help ensure conservative estimates of net financial benefits, reductions in operating cost are typically limited to 2 years of accrued reductions, but up to 5 fiscal years of financial benefits can be claimed if the reductions are sustained over a period longer than 2 years. Multiyear reductions in long-term projects, changes in tax laws, program terminations, or sales of government assets are limited to 5 years. Financial benefits can be claimed for past or future years. For financial benefits involving events that occur on a regular but infrequent basis—such as the decennial census—we may extend the measurement period until the event occurs in order to compute the associated financial benefits using our present value calculator.</p> <p>Managing directors decide when their staff can claim financial benefits. A managing director may choose to claim a financial benefit all in 1 year or over several years, if the benefit spans future years and the managing director wants greater precision as to the amount of the benefit.</p>
Data sources	<p>Our Accomplishment Reporting System provides the data for this measure. Teams use this web-based data system to prepare, review, and approve accomplishments and forward them to our Audit Policy and Quality Assurance (APQA) office for review. Once accomplishment reports are approved, they are entered into our Engagement Reporting System (ERS), which is the official reporting database.</p>

Verification and Validation	<p>Our policies and procedures require us to use the Accomplishment Reporting System to record the financial benefits that result from our work. They also provide guidance on estimating those financial benefits. The team identifies when a financial benefit has occurred as a result of our work. The team develops estimates based on non-GAO sources, such as the agency that acted on our work, a congressional committee, or the Congressional Budget Office, and files accomplishment reports based on those estimates. When non-GAO estimates are not readily available, GAO estimates—developed in consultation with our experts, such as the Chief Economist, Chief Actuary or Director for the Center for Economics, and corroborated with a knowledgeable program official from the executive agency involved. The estimates are reduced by significant identifiable offsetting costs. The team develops documentation to support accomplishments with evidence that meets our evidence standard, supervisors review the documentation, and an independent person within GAO reviews the accomplishment report. For all financial accomplishment reports, the managing director prepares a memorandum addressed to the Chief Quality Officer attesting that the accomplishment report meets our standards for accomplishment reporting. The memorandum specifically (1) addresses how linkage to GAO is established and (2) attests that the financial benefits are claimed in accordance with our procedures. Beginning in fiscal year 2010, teams are also required to consult with our Center for Economics on the calculation for financial benefits of \$500 million or more. For each of the financial accomplishment reports, an economist reviews and approves the methodology for calculating the proposed financial benefit. The assessment results are documented in the accomplishment’s supporting documentation and provided to the second reviewers.</p> <p>The team’s managing director is authorized to approve financial accomplishment reports with benefits of less than \$100 million. The team forwards the report to APQA, which reviews all accomplishment reports and approves accomplishment reports claiming benefits of \$100 million or more. In fiscal year 2016, APQA approved accomplishment reports covering almost 98 percent of the dollar value of financial benefits we reported.</p> <p>In fiscal year 2016, accomplishments of \$500 million or more were also reviewed by independent second and third reviewers (reemployed GAO annuitants), who have substantial experience and knowledge of our accomplishment reporting policies and procedures. Our total fiscal year 2016 reported financial benefits reflect the views of the independent reviewers.</p>
Data limitations	<p>Not every financial benefit from our work can be readily estimated or documented as attributable to our work. As a result, the amount of financial benefits is a conservative estimate. Estimates are based on information from non-GAO sources and are based on both objective and subjective data, and as a result, professional judgment is required in reviewing accomplishment reports. We feel that the verification and validation steps that we take minimize any adverse impact from this limitation.</p>
Other Benefits	
Definition and background	<p>Our work—including our findings and recommendations—may produce benefits to the government that cannot be estimated in dollar terms. These other benefits can result in better services to the public, changes to statutes or regulations, or improved government business operations.</p> <p>Other benefits generally result from past work that we completed. Other benefits are linked to specific recommendations or other work that we completed over several years. To claim that other benefits have been achieved, staff must file an accomplishment report that documents that (1) the actions taken as a result of our work have been completed or substantially completed, (2) the actions generally were taken within the past 2 fiscal years of filing the accomplishment report, and (3) a cause-and-effect relationship exists between the benefits reported and our recommendation or work performed.</p>
Data sources	<p>Our Accomplishment Reporting System provides the data for this measure. Teams use this automated system to prepare, review, and approve accomplishments and forward them to APQA for its review. Once accomplishment reports are approved, they are entered into ERS, which is the official reporting system.</p>

Verification and validation	<p>We use the Accomplishment Reporting System to record the other benefits that result from our findings and recommendations. Staff in the team file accomplishment reports to claim benefits resulting from our work. The team develops documentation to support accomplishments with evidence that meets our standards. Supervisors review the documentation; an independent staff person checks the facts of the accomplishment report; and the team’s managing director, director, or both approve the accomplishment report to ensure its appropriateness, including attribution to our work.</p> <p>The team forwards the report to APQA, where it is reviewed for appropriateness. APQA provides summary data on other benefits to team managers, who check the data on a regular basis to make sure that approved accomplishments from their staff have been accurately recorded.</p>
Data limitations	<p>The data may be underreported because we cannot always document a direct cause-and-effect relationship between our work and the resulting benefits. Therefore, the data represent a conservative measure of our overall contribution toward improving government.</p>
Percentage of products with recommendations	
Definition and background	<p>We measure the percentage of our written reports and numbered correspondence issued in the fiscal year that included at least one recommendation. We make recommendations that specify actions that can be taken to improve federal operations or programs. We strive to ensure that recommendations are directed at resolving the cause of identified problems; that they are addressed to parties who have the authority to act; and are specific, feasible, and cost-effective. Some of our products are informational and do not contain recommendations.</p> <p>We track the percentage of our written products that are issued during the fiscal year and contain recommendations. This indicator recognizes that our products do not always include recommendations. Beginning in fiscal year 2015, GAO’s Performance and Accountability Report no longer includes in its calculation of percentage of products with recommendations those products that include Matters for Congressional Consideration, but no recommendations to federal agencies.</p>
Data sources	<p>Our Publications Database incorporates recommendations from products as they are issued. The database is updated daily.</p>
Verification and validation	<p>Our Information Management team enters data on recommendations into a “staging” system where they are reviewed for accuracy and completeness. Once reviewed, the data are posted to the Publications Database. We provide our managers with reports on the recommendations being tracked to help ensure that all recommendations have been captured and that each recommendation has been completely and accurately stated.</p>
Data limitations	<p>This measure is a conservative estimate of the extent to which we assist the Congress and federal agencies because not all products and services we provide lead to recommendations. For example, the Congress may request information on federal programs that is purely descriptive or analytical and does not lend itself to recommendations.</p>
Past recommendations implemented	
Definition and background	<p>We make recommendations designed to improve the operations of the federal government. For our work to produce financial or other benefits, federal agencies must implement these recommendations. As part of our audit responsibilities under generally accepted government auditing standards, we follow up on recommendations we have made and report to the Congress on their status. Experience has shown that it takes time for some recommendations to be implemented. For this reason, this measure is the percentage rate of implementation of recommendations made 4 years prior to a given fiscal year (e.g., the fiscal year 2016 implementation rate is the percentage of recommendations made in fiscal year 2012 products that were implemented by the end of fiscal year 2016). Our experience has shown that if a recommendation has not been implemented within 4 years, it is not likely to be implemented.</p> <p>Beginning in fiscal year 2015, GAO’s Performance and Accountability Report no longer includes actions taken by the Congress based on GAO’s Matters for Congressional Consideration in calculating past recommendations implemented.</p>
Data sources	<p>Our Publications Database incorporates recommendations as products are issued. The database is updated daily. As our staff monitor implementation of recommendations, they submit updated information to the database.</p>

Verification and validation	<p>Our policies and procedures specify that our staff must verify and document that an agency’s reported actions are adequately being implemented. Staff update the status of the recommendations on a periodic basis. To accomplish this, our staff may interview agency officials, obtain agency documents, access agency databases, or obtain information from an agency’s IG. Recommendations that are reported as implemented are reviewed by a senior executive in the team and by APQA.</p> <p>Summary data are provided to the teams that issued the recommendations. The teams check the data regularly to make sure that the recommendations they have reported as implemented have been accurately recorded. We also provide to the Congress a database with the status of recommendations that have not been implemented, and we maintain a publicly available database of open recommendations that is updated daily.</p>
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Data limitations	<p>The data may be underreported because, in some cases, a recommendation may require more than 4 years to implement. We also may not count cases in which a recommendation is partially implemented. Therefore, the data represent a conservative measure of our overall contribution toward improving government.</p>
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Client measures

Testimonies

Definition and background	<p>The Congress asks GAO’s senior executives to provide expert testimony at hearings on various issues, and these testimonies are the basis for this measure. Delivering testimonies is one of our most important forms of communication with the Congress, and the number of testimonies that we are asked to deliver reflect the importance and value of our institutional knowledge in assisting congressional decision making. Historically, when we have had multiple witnesses deliver separate testimony statements at a single hearing, we have counted these as a “single” testimony—effectively equating the number of hearings at which GAO testified with the number of testimonies we have delivered. In 2016, we modified this methodology to more fully account for the number of discrete testimonies that GAO’s senior executives are asked to deliver in a given fiscal year. Specifically, when multiple senior executives are asked to testify on different aspects of GAO’s work and deliver their own separate testimony statements at a single hearing, we will count each testimony in the total count for the fiscal year. We will continue our practice of (1) not counting statements as separate when two GAO teams provide a joint statement and (2) not counting statements for the record when our witness does not appear.</p>
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Data sources	<p>The data on testimonies are compiled in our Congressional Hearing System managed by staff in our Office of Congressional Relations (Congressional Relations).</p>
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Verification and validation	<p>The teams responding to requests for testimony are responsible for entering data into the Congressional Hearing System. After we have testified at a hearing, Congressional Relations verifies that the data in the system are correct and records that the hearing took place and that the testimony was delivered. Congressional Relations provides weekly status reports to unit managers, who check to make sure that the data are complete and accurate.</p>
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Data limitations	<p>This measure does not include statements for the record that we prepare for congressional hearings. Also, this measure may be influenced by factors other than the quality of our performance in any specific year. The number of times that our senior executives are asked to testify at congressional hearings each year depends on the Congress’s agenda, and the number of times we are asked to testify may reflect congressional interest in work in progress as well as work completed that year or the previous year. To mitigate this limitation, we try to adjust our target to reflect cyclical changes in the congressional schedule. We also outreach to our clients on a continuing basis to increase their awareness of our readiness to testify at congressional hearings.</p>
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Timeliness	
Definition and background	The likelihood that our products will be used is enhanced if they are delivered when needed to support congressional and agency decision making. To determine whether our products are timely, we solicit feedback from the client using an electronic form. We compute the proportion of favorable responses to a question related to timeliness. Because our products often have multiple congressional clients, we often outreach to more than one congressional staff person per product. We send a form to key staff working for requesters of our testimony statements and to clients of our more significant written products—specifically, engagements assigned an interest level of “high” by our senior management and those requiring an expected investment of 500 staff days or more. One question asks the respondent whether the product was delivered on time. When a product that meets our criteria is released to the public, we electronically send relevant congressional staff an e-mail message containing a link to the form. When this link is accessed, the form recipient is asked to respond to the timeliness question using a five-point scale—“strongly agree,” “generally agree,” “neither agree nor disagree,” “generally disagree,” or “strongly disagree”—or to choose “not applicable/no answer.” For this measure, favorable responses are “strongly agree” and “generally agree.”
Data sources	To identify the products that meet our criteria (testimonies and other products that are high interest or expected to reach 500 staff days or more), we run a query against our Publications Database, which is maintained by a contractor. To identify appropriate recipients of the form for products meeting our criteria, we ask the engagement teams to provide in our Product Numbering Database e-mail addresses for congressional staff serving as contacts on a product. Relevant information from both of these databases is fed into another database that is managed by APQA. This database then combines product, form recipient, and data from our Congressional Relations staff and creates an e-mail message with a web link to the form. (Congressional Relations staff serve as the contacts for form recipients.) The e-mail message also contains an embedded client password and unique client identifier to ensure that a recipient is linked with the appropriate form. Our Client Feedback Database creates a record with the product title and number and captures the responses to every form sent back to us electronically.
Verification and validation	APQA staff review released GAO products to check the accuracy of the addressee information in the APQA database. APQA staff also check the congressional staff directory to ensure that form recipients listed in the APQA database appear there. In addition, our Congressional Relations staff review the list of form recipients entered by the engagement teams and identify the most appropriate congressional staff person to receive a form for each client. E-mail messages that are inadvertently sent with incorrect e-mail addresses automatically reappear in the form approval system. When this happens, APQA staff correct the errors and resend the e-mail message.
Data limitations	Testimonies and written products that met our criteria for this measure were sent a client survey form, representing about 60 percent of the congressionally requested written products we issued during fiscal year 2016. We exclude from our timeliness measure low and medium-interest reports expected to take fewer than 500 staff days when completed, reports addressed to agency heads or commissions, some reports mandated by the Congress, classified reports, and reports completed under the Comptroller General’s authority. Also, if a requester indicates that he or she does not want to complete a form, we will not send one to this person again, even though a product subsequently requested meets our criteria. The response rate for the form is 26 percent, and 98 percent of those who responded answered the timeliness question. We received responses from one or more people for about 59 percent of the products for which we sent a form in fiscal year 2016.

People measures

New hire rate	
Definition and background	This performance measure 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 our 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. The Chief Operating Officer, Chief Administrative Officer, Deputy Chief Administrative Officer, Chief Human Capital Officer, and Controller meet monthly to monitor progress toward achieving the workforce plan. Adjustments to the workforce plan are made throughout the year, if necessary, to reflect changing needs and conditions.

Data sources	The Executive Committee approves the workforce plan. The workforce plan is coordinated and maintained by the Chief Administrative Officer. Data on accessions—that is, new hires coming on board—is taken from a database that contains employee data from the Department of Agriculture’s National Finance Center (NFC) database, which handles payroll and personnel data for us and other agencies.
Verification and validation	The Chief Administrative Officer (CAO) maintains a database that monitors and tracks all our hiring offers, declinations, and accessions. In coordination with our Human Capital Office, our CAO staff enter workforce information supporting this measure into the CAO database. While the database is updated on a daily basis, CAO staff provide monthly reports to the Chief Operating Officer and the CAO that allow them to monitor progress by unit in achieving workforce plan hiring targets. The CAO continually monitors and reviews accessions maintained in the NFC database against its database to ensure consistency and to resolve discrepancies.
Data limitations	There is a lag of one to two pay periods (up to 4 weeks) before the NFC database reflects actual data. We generally allow sufficient time before requesting data for this measure to ensure that we get accurate results.
Retention rate	
Definition and background	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 to retain them. This measure is one indicator that we are attaining that objective and is the complement of attrition. 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.
Data sources	Data on retention—that is, people who are on board at the beginning of the fiscal year and people on board at the end of the fiscal year—are taken from a CAO database that contains some data from the NFC database, which handles payroll and personnel data for us and other agencies.
Verification and validation	CAO staff continually monitor and review accessions and attritions against their database that contains NFC data and follow up on any discrepancies. In fiscal year 2009, we developed standard operating procedures, which are still in effect, to document how we calculate and ensure quality control over data relevant to this measure.
Data limitations	See New hire rate , Data limitations .
Staff development	
Definition and background	<p>One way that we measure how well we are doing and identify areas for improvement is through our annual employee feedback survey. This web-based survey, which is conducted by an outside contractor to ensure the confidentiality of every respondent, is administered to all of our employees once a year. Through the survey, we encourage our staff to indicate what they think about GAO’s overall operations, work environment, and organizational culture and how they rate our managers—from the immediate supervisor to the Executive Committee—on key aspects of their leadership styles. The survey consists of over 100 questions. To further ensure confidentiality, in fiscal year 2016 the contractor also analyzed the data.</p> <p>This measure is based on staff’s favorable responses to four of the six questions related to staff development on our annual employee survey. We correlated each of the questions with job satisfaction and selected those questions with the highest correlation. Staff were asked to respond to three questions on a five-point scale or choose “no basis to judge/not applicable” or “no answer.”</p>

Data sources	The four survey questions we used for this measure ask staff how much positive or negative impact (1) external training and conferences and (2) on-the-job training had on their ability to do their jobs during the last 12 months. From the staff who expressed an opinion, we calculated the percentage of staff selecting the two categories that indicate satisfaction with or a favorable response to the question. For this measure, the favorable responses were either “very positive impact” or “generally positive impact.” In addition, the survey question asked how useful and relevant to your work did you find internal (Learning Center) training courses as well as team-led training and knowledge sharing events. From staff who expressed an opinion, we calculated the percentage of staff selecting the three categories that indicate satisfaction with or a favorable response to the question. For this measure, the favorable responses were “very greatly useful and relevant,” “greatly useful and relevant,” and “moderately useful and relevant.” Responses of “no basis to judge/not applicable” or “no answer” were excluded from the calculation. While including “no basis to judge/not applicable” or “no answer” in the calculation would result in a different percentage, our method of calculation is an acceptable survey practice, and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions.
Verification and validation	The employee feedback survey gathers staff opinions on a variety of topics. The survey is password protected, and only the outside contractor has access to passwords. In addition, when the survey instrument was developed, extensive focus groups and pretests were undertaken to refine the questions and provide definitions as needed. In fiscal year 2016, our response rate to this survey was about 60 percent, which indicates that its results are largely representative of the GAO population. In addition, many teams and work units conduct follow-on work to gain a better understanding of the information from the survey.
Data limitations	The information contained in the survey is the self-reported opinions of staff expressed under conditions of confidentiality. Accordingly, there is no way to further validate those expressions of opinion.
	The practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. These errors could result from, for example, respondents misinterpreting a question or data entry staff incorrectly entering data into a database used to analyze the survey responses. Such errors can introduce unwanted variability into the survey results. We took steps in the development of the survey to minimize nonsampling errors. Specifically, when we developed the survey instrument we held extensive focus groups and pretests to refine the questions and define terms used to decrease the chances that respondents would misunderstand the questions. We also limited the chances of introducing nonsampling errors by creating a web-based survey for which respondents entered their answers directly into an electronic questionnaire rather than entering the data into a database, thus eliminating a potential source of error.
Staff utilization	
Definition and background	This measure is based on staff’s favorable responses to three of the six questions related to staff utilization on our annual employee survey. We correlated each question with job satisfaction and selected those questions with the highest correlation. Staff were asked to respond to these three questions on a five-point scale or choose “no basis to judge/not applicable” or “no answer.” (For background information about our entire employee feedback survey, see Staff development .)
Data sources	These data come from our staff’s responses to an annual web-based survey. The survey questions we used for this measure ask 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. See also Staff development , Data sources .
Verification and validation	See Staff development , Verification and validation .
Data limitations	See Staff development , Data limitations .

Effective leadership by supervisors	
Definition and background	This measure is based on staff's favorable responses to 10 of 20 questions related to six areas of supervisory leadership on our annual employee survey. We correlated each of the questions with job satisfaction and selected those questions with the highest correlation. Specifically, our calculation included responses to 1 of 4 questions related to empowerment, 2 of 4 questions related to trust, all 3 questions related to recognition, 1 of 3 questions related to decisiveness, 2 of 3 questions related to leading by example, and 1 of 3 questions related to work life. Staff were asked to respond to these 10 questions on a five-point scale or choose "no basis to judge/not applicable" or "no answer." In fiscal year 2009, we changed the name of this measure from "Leadership" to its current nomenclature to clarify that the measure reflects employee satisfaction with the immediate supervisor's leadership.
Data sources	These data come from our staff's responses to an annual web-based survey. The survey questions we used for this measure ask staff about empowerment, trust, recognition, decisiveness, leading by example, and work life as they pertain to the respondent's immediate supervisor. Specifically, the survey asked staff the following questions about their immediate supervisor during the last 12 months: (1) gave me the opportunity to do what I do best; (2) treated me fairly; (3) acted with honesty and integrity toward me; (4) ensured that there was a clear link between my performance and recognition of it; (5) gave me the sense that my work is valued; (6) provided me meaningful incentives for high performance; (7) made decisions in a timely manner; (8) demonstrated GAO's core values of accountability, integrity, and reliability; (9) implemented change effectively; and (10) dealt effectively with equal employment opportunity and discrimination issues. See also Staff development , Data sources .
Verification and validation	See Staff development , Verification and validation .
Data limitations	See Staff development , Data limitations .
Organizational climate	
Definition and background	This measure is based on staff's favorable responses to 5 of the 13 questions related to organizational climate on our annual employee survey. We correlated each of the questions with job satisfaction and selected those questions with the highest correlation. Staff were asked to respond to these 5 questions on a five-point scale or choose "no basis to judge" or "no answer."
Data sources	These data come from our staff's responses to an annual web-based survey. The survey questions we used for this measure ask staff to think back over the last 12 months and indicate how strongly they agree or disagree with each of the following statements: (1) a spirit of cooperation and teamwork exists in my work unit; (2) I am treated fairly and with respect in my work unit; (3) my morale is good; (4) sufficient effort is made in my work unit to get the opinions and thinking of people who work here; and (5) overall, I am satisfied with my job. See also Staff development , Data sources .
Verification and validation	See Staff development , Verification and validation .
Data limitations	See Staff development , Data limitations .

Internal operations measures

Help get job done and quality of work life

Definition and background

To measure how well we are doing at delivering internal administrative services to our employees and identify areas for improvement, we conduct a web-based customer satisfaction survey on administrative services annually. All employees were administered this survey and encouraged to indicate how satisfied they are with services that help them get their jobs done, services that affect their quality of work life and IT tools.

We asked staff to rate the internal services available to them, indicating on a scale from “very dissatisfied” to “very satisfied”—or to indicate if they did not use a service in the past year—and to provide suggestions for improving the service, if desired. Based on employees’ responses to these questions, we calculate a composite score.

In prior years our measure was the average score on the 5-point scale, so that the calculation would range from 1 to 5. To be consistent with how we report our People Measures from our employee feedback survey, in 2011 we began calculating our satisfaction with internal administrative surveys using the percentage satisfied, thus the calculation would range from 0 to 100%. We also feel a percentage would more easily be interpreted.

Data sources

These data come from our staff’s responses to an annual web-based survey. To determine how satisfied our employees are with internal administrative services, we calculate composite scores for three measures. This calculation is made by adding all of the generally and very satisfied ratings across all of the relevant services and dividing it by the number of respondents who provided any satisfaction rating. Of the three composite scores that we calculate, one measure reflects the satisfaction with the services that help employees get their jobs done, such as records management, information technology customer support, mail services, and travel support services. The second measure reflects satisfaction with services that affect quality of work life. These services include assistance related to pay and benefits, building maintenance and security, and internal communications. The third measure is for IT tools, such as our internal engagement management system, telework tools and the intranet. Employees were asked to rate only their satisfaction with services used during the past year, or to indicate if they did not use a service.

Verification and validation

The survey was administered by GAO’s Web Product Development Group in the Applied Research and Methods (ARM) team. While the two managers of this unit can access individual responses, they complied with the privacy statement that was posted on the website to only provide aggregated data to GAO management that could not be used to identify responses of any individual. We do not yet have data to report for fiscal year 2016. We analyzed responses by self-reported demographic data such as unit, tenure, and location. Each unit responsible for administrative services will conduct follow-on work, including analyzing written comments to gain a better understanding of the information from the survey and developing action plans to address problem areas.

Data limitations

The information contained in the survey is the self-reported opinions of staff expressed under conditions of confidentiality. We do not plan any actions to remedy this limitation because we feel it would violate the pledge of confidentiality that we make to our staff regarding the survey responses.

The practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. These errors could result, for example, from respondents misinterpreting a question or entering their data incorrectly. Such errors can introduce unwanted variability into the survey results. We limit the chances of introducing nonsampling errors by using a web-based survey for which respondents enter their answers directly into an electronic questionnaire. This eliminates the need to have the data entered into a database by someone other than the respondent, thus minimizing a potential source of error.

While we asked respondents to indicate whether or not they used a service and then for the services they used to provide their satisfaction rating, we found that some respondents did not follow this logic and did not indicate whether or not they used a service. Consequently, we did not calculate how many people used a service. We only analyzed the level of satisfaction from those reporting a response on the satisfaction question.

Source: GAO. | GAO-17-1SP

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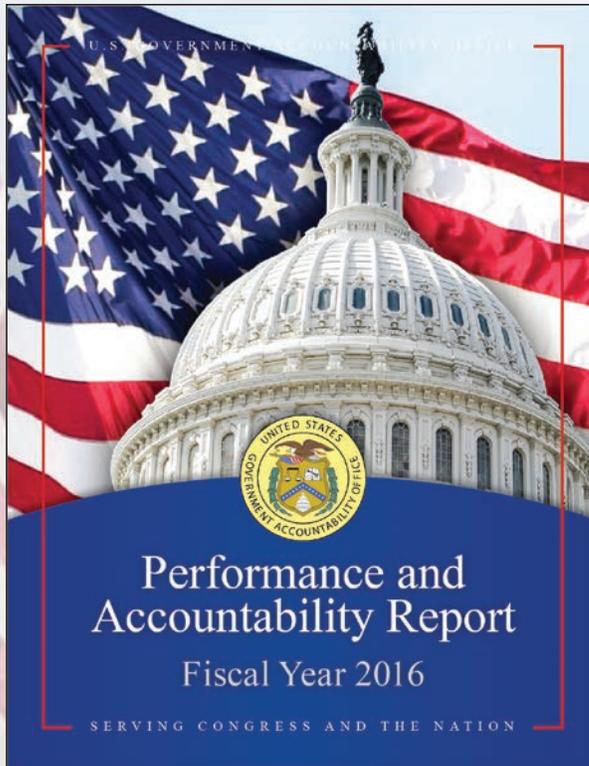
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