

U.S. GOVERNMENT ACCOUNTABILITY OFFICE



# Performance and Accountability Report

## Fiscal Year 2015

Accessible Version

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 2015 Performance and Financial Snapshot for the American Taxpayer



## Government Accountability Office

**Who We Are:** GAO is an independent, non-partisan professional services agency in the legislative branch of the federal government 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 1/2 trillion dollars in financial benefits and about 17,000 program and operational benefits that helped change laws, improved public services, and promoted sound management throughout the government.

## Did you know?

In 2015

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

—GAO received requests for work from 97 percent of the standing committees of the Congress and 66 percent of their subcommittees.

—Senior GAO officials testified 109 times on a wide range of issues that touched virtually all major federal agencies.

—GAO’s work yielded a record high of \$74.7 billion in financial benefits—a return of about \$134 for every dollar invested in GAO.

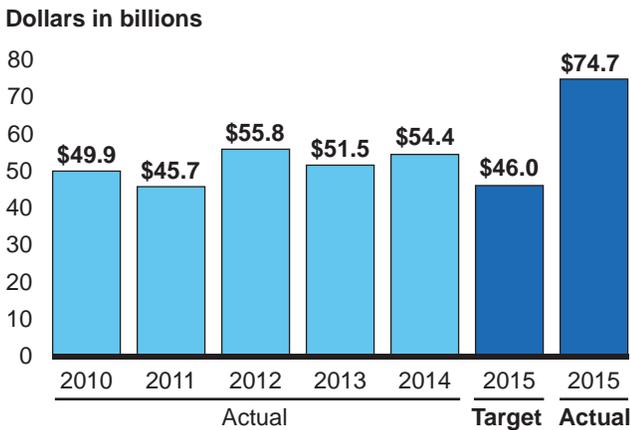
—GAO also identified 1,286 other benefits—those that cannot be measured in dollars, but lead to program and operational improvements across the government.

—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, and effectiveness challenges. This work resulted in 162 reports, 32 testimonies, \$17 billion in financial benefits, and 435 other benefits.

—GAO also remained an employer of choice. In December 2014, the Partnership for Public Service ranked GAO as second among mid-size federal agencies as one of the best places to work in the federal government and first for its diversity and inclusion efforts.

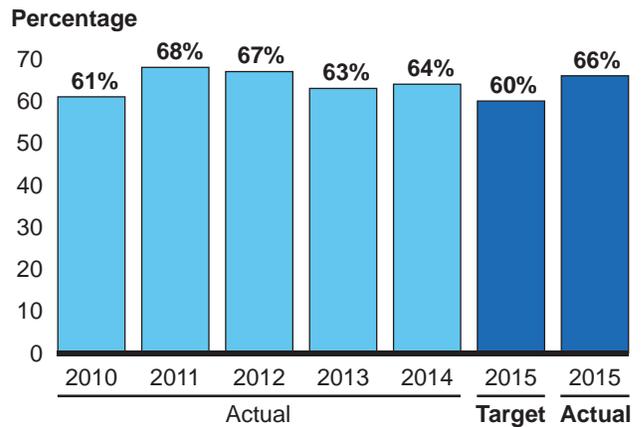
**Accountability ★ Integrity ★ Reliability**

## Figure 1: Financial Benefits GAO Recorded



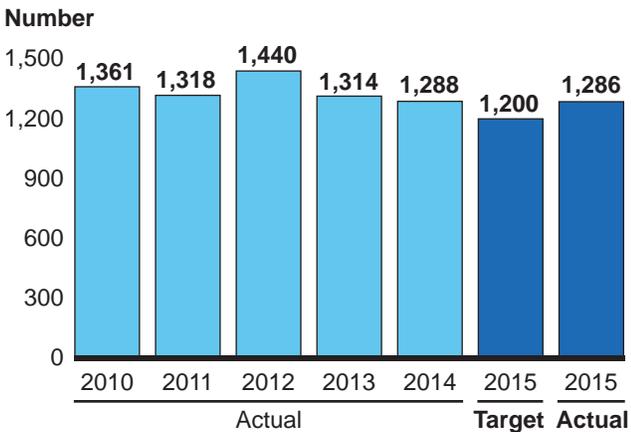
Source: GAO | GAO-16-3SP

## Figure 4: Percentage of New Products with Recommendations



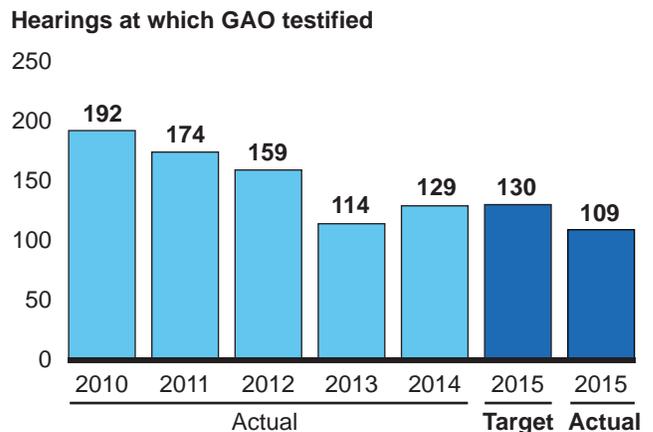
Source: GAO | GAO-16-3SP

## Figure 2: Other Benefits



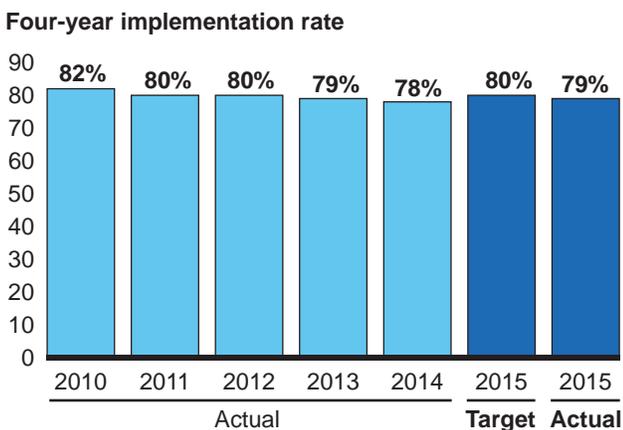
Source: GAO | GAO-16-3SP

## Figure 5: Testimonies



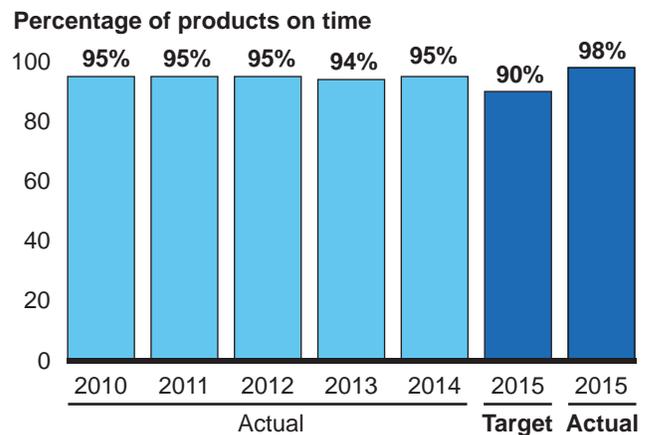
Source: GAO | GAO-16-3SP

## Figure 3: Percentage of Past Recommendations Implemented



Source: GAO | GAO-16-3SP

## Figure 6: Timeliness



Source: GAO | GAO-16-3SP

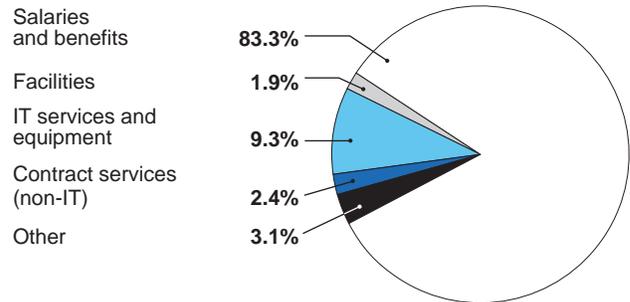
Figure 7: Financial Snapshot (Dollars in millions)

Fiscal year 2015	
Clean opinion on financial statements	Yes
Clean opinion on internal control over financial reporting	Yes
Timely financial reporting	Yes
Material weaknesses	None
Total assets	\$103.9
Total liabilities	\$79.0

Source: GAO | GAO-16-3SP

Figure 8: Use of Fiscal Year 2015 Funds by Category

Percentage of total net costs



Source: GAO | GAO-16-3SP

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

	Fiscal Year 2015	Fiscal Year 2014
Total budgetary resources	\$588.3	\$562.5
Total outlays	\$549.9	\$529.3
Net cost of operations		
Goal 1: Well-being / Financial Security of American People	\$221.7	\$218.0
Goal 2: Changing Security Threats / Challenges of Global Interdependence	152.2	141.6
Goal 3: Transforming the Federal Government's Role	135.8	135.2
Goal 4: Maximize the Value of GAO	14.6	14.9
Other Costs in Support of the Congress	29.5	26.9
Reimbursable services not attributable to above cost by goal categories	(9.5)	(9.3)
<b>Total Net Cost of Operations</b>	<b>\$544.3</b>	<b>\$527.3</b>
Actual full-time equivalentents (FTE)	2,989	2,891

Source: GAO | GAO-16-3SP



Source: GAO | GAO-16-3SP

### What's Next? Future Challenges and Priorities

The federal government continues to face an unsustainable long-term fiscal path. Changing this path will require difficult fiscal policy decisions to alter both long-term federal spending and revenue. In the near term, executive branch agencies and the Congress can take action to improve the government's fiscal position by addressing two long-standing issues—improper payments and the tax gap. Improper payments are defined by statute as payments that should not have been made or that were made in an incorrect amount. The tax gap is the difference between taxes owed and those paid on time, as a result of taxpayers underreporting their tax liability, underpaying taxes, or not filing tax returns. Over time, improper payments and the tax gap issues involve amounts near or exceeding \$1 trillion.

To further assist with near-term needs, per statute, GAO will continue to report annually on actions that executive branch agencies and the Congress can take to improve the efficiency and effectiveness of government programs and activities that are fragmented, overlapping, or duplicative. GAO will also identify additional opportunities to achieve greater efficiency and effectiveness that result in cost savings or enhanced revenue collection through its reviews across the federal government.

In 2016, 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.

GAO will also continue its work on 32 areas across the federal government that it has identified as high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges. Solutions that we have identified to these high-risk problems offer the potential to save billions of dollars, improve service to the public, and strengthen government performance and accountability.

In 2016 and beyond, GAO looks forward to continuing its work to identify options for the Congress in addressing important challenges, including addressing the debt limit; reducing improper payments; closing the tax gap; 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: GAO | GAO-16-3SP

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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 2015. 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 2015. 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 2015 and the targets we are aiming for in fiscal year 2016. It also includes a summary of our program evaluation for fiscal year 2015.

## Financial Information

This section includes details on our finances in fiscal year 2015, 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-16-3SP

## From the Comptroller General

November 16, 2015

I am pleased to present GAO's Performance and Accountability Report for fiscal year 2015. Our results demonstrate that GAO continues to effectively fulfill its 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. The examples that follow illustrate the wide range of financial and other benefits that GAO achieved.

**Financial Benefits:** During the past fiscal year, we documented a record high of \$74.7 billion in financial benefits for the government—a return of about \$134 for every dollar invested in us. Examples of key financial benefits that resulted from GAO's recommendations included (1) auctioning of the commercial spectrum by the Federal Communications Commission (\$32.8 billion in revenue), (2) ending the direct payment program for farmers (\$4.9 billion in cost avoidance), and (3) canceling of the BioWatch Generation-3 acquisition by the Department of Homeland Security (\$2.1 billion in financial benefits).

**Legislative Impacts:** In fiscal year 2015, the Congress used GAO's work extensively to inform its decisions on important legislation, which also resulted in financial and other benefits for the government. Examples linked to GAO's work included:

- *The Consolidated and Further Continuing Appropriations Act, 2015:* which among other provisions, rescinded or reduced Administration proposals for weapon systems (e.g., an estimated total of \$500 million for the Amphibious Combat Vehicle, Joint Tactical Radio System, and the Kiowa Warrior helicopter program); directed the Department of Defense (DOD) to improve cemetery and burial operations and provide better service to rural veterans; addressed the severe financial difficulties of multiemployer pension

plans and the Pension Benefit Guaranty Corporation's Multiemployer Insurance Program; and withheld funds from agencies (e.g., DOD and the Department of Energy), until problems identified by GAO are addressed.

- *The Medicare Access and Children's Health Insurance Program (CHIP) Reauthorization Act of 2015*: reauthorized CHIP and mandated the removal of Social Security numbers from Medicare cards, relying on GAO's findings.
- *The Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015*: directed DOD to periodically reassess its headquarters requirements to keep growth in check and identify alternative data sources to verify that mandated reductions in contracted services are achieved, reflecting GAO's recommendations.
- *Federal Information Security Modernization Act of 2014 and Cybersecurity Enhancement Act of 2014* (December 2014): included requirements to clarify oversight and improve agencies' responses to data breaches, as recommended by GAO.
- *Federal Information Technology Acquisition Reform Act*: improved several aspects of federal IT management, including additional scrutiny and transparency of high-risk IT investments, certification that agencies are implementing incremental system development, and improved management of agencies' IT portfolios, as recommended by GAO.
- *Transportation Security Acquisition Reform Act of 2014* (December 2014): required the Transportation Security Agency (TSA) and the Department of Homeland Security (DHS) to reform their approach to identifying technology investments and monitoring performance, as recommended by GAO.
- *Protecting and Securing Chemical Facilities from Terrorist Attacks Act of 2014* (December 2014): improved risk assessment procedures for regulated chemical facilities, reflecting GAO's recommendations.

**Other Benefits:** Many other benefits resulting from our work cannot be measured in dollars, but lead to program and operational improvements across the government. During fiscal year 2015, we recorded 1,286 of these other benefits. Our work led to improvements in numerous areas affecting public safety and security and the efficient and effective functioning of government programs. For example, our work

- strengthened the ability of states' Adult Protective Services to oversee a growing elder abuse caseload by prompting the Department of Health and Human Services to create a nationwide database and resource center for oversight,
- prompted the Federal Aviation Administration to develop a comprehensive model to assess cybersecurity threats to the NextGen air traffic control system,
- led to better management of information technology risks by participants in financial securities markets to help protect consumers' financial information,
- led the State Department to take action to enhance security and mitigate against threats to diplomatic residences, U.S. employees, and other soft targets overseas,
- led DOD to share lessons learned and best practices from implementing the fiscal year 2013 sequestration to better plan for possible future events, and

- referred over 1,000 cases to the Social Security Administration for investigation that we identified of potential overpayments to beneficiaries receiving concurrent payments from disability insurance and the Federal Workers Compensation Act.

Building Bodies of Knowledge: Through the products we issued in fiscal year 2015, we continued to build on bodies of work under 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. Work completed in fiscal year 2015 in these areas included

- Protection of children. We reported on children's health insurance, unregulated custody transfers of adopted children, oversight challenges for the Bureau of Indian Education, and care for unaccompanied alien children in U.S. custody.
- Veterans. We reported on the availability of qualified nursing staff at the Department of Veterans Affairs (VA) medical centers, inconsistencies in processing veterans' disability benefits, improvements needed to support eligibility decisions for veterans' disability benefits, and the need to improve monitoring of veterans' antidepressant use and the accuracy of veterans' suicide data.
- Health care. We reported on the need to address improper payments in the Medicare and Medicaid programs, coordinate federal efforts to address serious mental illness, reduce antipsychotic drug use among older adults in nursing homes, improve the transparency of health care cost and quality information for consumers, and improve oversight of tax provisions for individuals under the Patient Protection and Affordable Care Act.
- Science and Technology. We reported on the need to enhance the nation's biosurveillance capabilities, address safety lapses at high-containment laboratories, address potential gaps in environmental satellite coverage, and minimize long-term federal exposure to climate-related risks. Our technical assessments included 3D printing (additive manufacturing) and reducing freshwater use in hydraulic fracturing and thermoelectric power plant cooling.
- Fragmentation, overlap, and duplication. We issued our fifth annual report identifying 66 actions across 24 areas that could reduce fragmentation, overlap, and duplication, as well as other cost savings and revenue enhancement opportunities across the federal government. Executive branch and congressional efforts to address approximately 440 recommendations from our first four reports have resulted in over \$20 billion in financial benefits, with about \$80 billion more anticipated in future years.
- High-risk areas. We issued the biennial update of our high-risk report that focuses attention on government operations that are high risk due to their greater vulnerabilities to fraud, waste, abuse, and mismanagement or due to economy, efficiency, or effectiveness challenges. This report offers solutions to 32 identified high-risk problems. This year, our high-risk work resulted in 162 reports, 32 testimonies, \$17 billion in financial benefits, and 435 other benefits. In 2015, we identified two new high-risk areas—managing risks and improving VA health care and improving the management of information technology (IT) acquisitions and operations. We also expanded the tax law enforcement area to focus on the prevention of identity theft related to tax refunds

and the federal cybersecurity area to include the better protection of personally identifiable information.

### Serving Our Clients

In fiscal year 2015, we received requests for work from 97 percent of the standing committees of the Congress and 66 percent of their subcommittees—supporting a broad range of congressional interests. We issued 688 reports and made 1,680 new recommendations. Of the recommendations that we made in 2011, 79 percent were implemented—we use a 4-year reporting cycle because it generally takes four full years to implement some of our recommendations. Our senior executives testified at 109 hearings before 63 separate committees or subcommittees—on topics spanning most federal agencies. Key testimony topics included information security risks facing federal agencies, the timeliness of disaster assistance for small businesses, major challenges for the Medicaid program, electromagnetic threats to the electric grid, improper payments government-wide, and integration of unmanned aerial systems into the National Airspace System. I also continued my regular meetings with Chairs and Ranking Members of congressional committees and subcommittees to obtain their views on GAO's work, including their priorities, and to discuss challenges and opportunities facing GAO. In addition, I sent letters to the heads of 19 federal departments to call their attention to unimplemented GAO recommendations that we believe warrant priority attention by these departments. We are also sending these letters to the congressional committees of jurisdiction to inform their oversight.

### Supporting Our People

The hard work and dedication of our professional, diverse, and multidisciplinary staff positioned GAO to achieve a 98 percent on-time delivery of our products in 2015. Our fiscal year 2015 performance continues to indicate that we provide staff with the necessary support to produce high-quality work. We exceeded the annual targets for all of our people measures—staff development, staff utilization, effective leadership by supervisors, organizational climate, new hire rate, and retention rates (with and without retirements). Further, GAO maintained its status as an employer of choice—ranking second among mid-sized federal agencies after the Federal Deposit Insurance Corporation on the Partnership for Public Service's "best places to work" list and first for our diversity and inclusion efforts.

### Managing Our Internal Operations

In fiscal year 2015, 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. Specifically, we made progress addressing our three internal management challenges—human capital management, engagement efficiency, and information security—and added telework as a fourth challenge. For human capital management, we filled critical positions—primarily building our cadre of new analysts to meet current work demands and future leadership needs—a pressing concern as 35 percent of our executives are eligible to retire. We filled 195 positions and reached 2,989 full-time equivalents—bringing us closer to our optimal level of 3,250. To improve engagement efficiency, we completed the pilot of our streamlined engagement process and companion new engagement management system and began agency-wide implementation. For information

security, we took steps to better protect against inappropriate access to computer resources, including enhanced authentication and updated encryption on mobile devices.

We again received from independent auditors an unmodified or “clean” opinion on our financial statements for fiscal year 2015 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.

This fiscal year, we continued to make significant contributions to the domestic and international auditing community, including standards setting and capacity building for our accountability counterparts in other nations; developed a new tool to assist federal program managers in combatting fraud; and delivered presentations to more than 7,500 participants to help strengthen implementation of revised internal control standards for the federal government (GAO’s Green Book). In addition, our Office of General Counsel made progress in establishing an electronic protest docking system, handled about 2,600 bid protests, issued over 500 decisions on the merits, and released an update of the third edition of *Principles of Federal Appropriations Law* (GAO’s Red Book)—the primary resource for appropriations law guidance in the federal community. We also positioned ourselves to open a new Center for Audit Excellence in October 2015 to build institutional auditing capacity by providing training and other services to domestic and international audit organizations.

In fiscal year 2016, we will continue to focus our attention on identifying options for the Congress in addressing the debt limit; closing the tax gap; reducing improper payments across the government; meeting the government’s short term financing needs; and placing the nation on a more sustainable, long-term fiscal path, among other pressing matters. We look forward to continuing to serve the Congress and the public in the coming years on issues affecting the lives of all Americans.

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is fluid and cursive, with a large, stylized "D" at the end.

Gene L. Dodaro  
Comptroller General  
of the United States



Source: See Image Sources

## Financial Reporting Assurance Statements

November 16, 2015

We, as GAO's executive committee, are responsible for preparing and presenting the financial statements and other information included in this performance and accountability report. The financial statements included herein are presented in accordance with U.S. generally accepted accounting principles, incorporate management's reasonable estimates and judgments, where applicable; and contain appropriate and adequate disclosures. Based on our knowledge, the financial statements are presented fairly in all material respects, and other financial information included in this report is consistent with the financial statements.

We are also responsible for 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. Our internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with U.S. generally accepted accounting principles.

We evaluated the effectiveness of our internal control over financial reporting as of September 30, 2015, consistent with the criteria in 31 U.S.C. 3512 (c), (d), commonly referred to as the Federal Managers' Financial Integrity Act (FMFIA) and in Appendix A of Office of Management and Budget (OMB) Circular No A-123, *Management's Responsibility for Internal Control*. Based on that evaluation, we conclude that, as of September 30, 2015, our internal control over financial reporting was effective and that no material weaknesses exist in the design or operation of internal control over financial reporting.

On the basis of our comprehensive management control program, we are pleased to certify, with reasonable assurance, the following:

- Our financial reporting is reliable and complete. 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 laws governing the use of budgetary authority and with other applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on the financial statements.
- Our performance reporting is reliable and complete. Transactions and other data that support reported performance measures are properly recorded, processed, and summarized to permit the preparation of performance information consistent with the criteria set forth in the Government Performance and Results Act, as amended, (GPRA) and related OMB guidance.

We also believe that (1) these same systems of accounting and internal control provide reasonable assurance that we are in compliance with FMFIA and (2) we have implemented and maintained financial systems that substantially comply 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 in the Federal Financial Management Improvement Act (FFMIA) and OMB guidance. These are objectives that we set for ourselves even though, as part of the legislative branch of the federal government, we are not legally required to do so.



Gene L. Dodaro  
Comptroller General  
of the United States



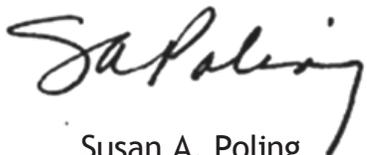
Karl J. Maschino  
Chief Administrative Officer/  
Chief Financial Officer



Patricia A. Dalton  
Chief Operating Officer



William L. Anderson  
Controller



Susan A. Poling  
General Counsel



Source: GAO | GAO-16-3SP

## 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) also referred to as FIA; 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 2015 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 also had 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.<sup>1</sup>

## 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.

<sup>1</sup>FMFIA 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. 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. The GPRA Modernization Act of 2010 incorporates additional requirements for reporting and transparency. FISMA requires federal agencies to implement policies and procedures to cost-effectively reduce information technology risks.

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. 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 assisted by staff in our Office of General Counsel.

Senior executives in the teams manage a portfolio of engagements to ensure that we meet the Congress's need for independent and unbiased information quickly on emerging issues as we also continue 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 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.



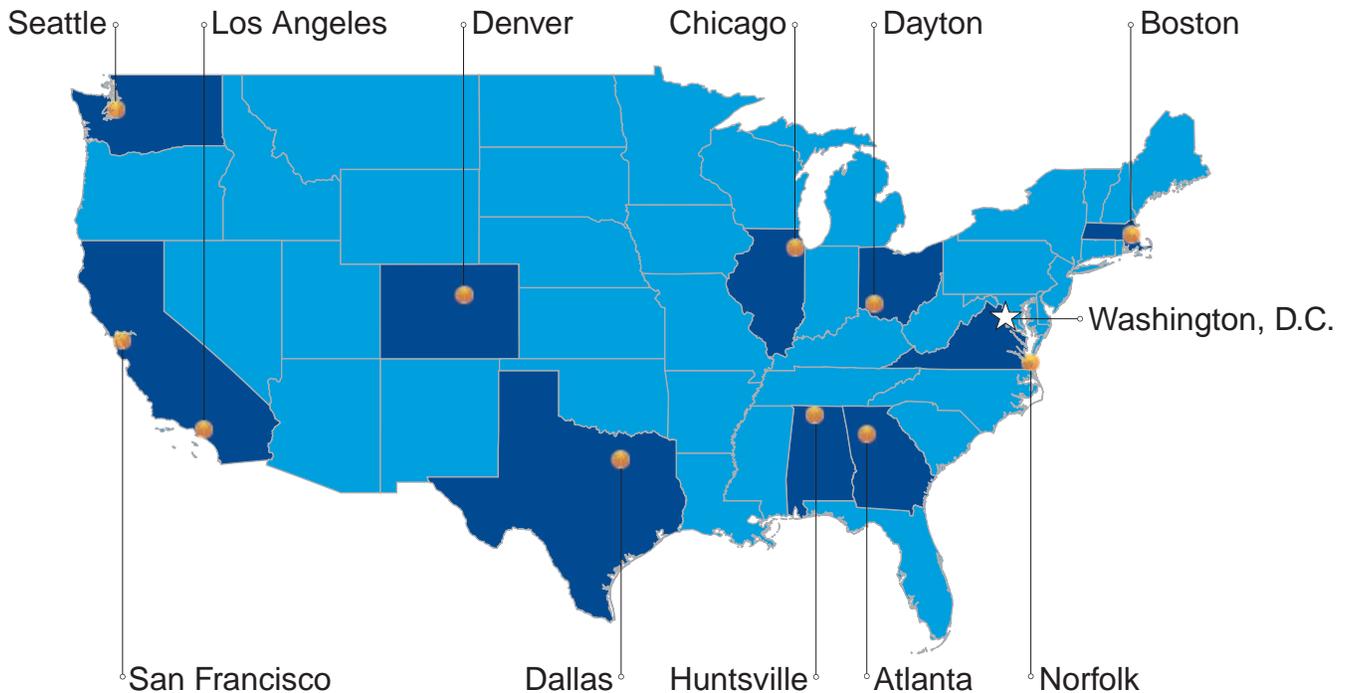
The Office of General Counsel is structured to facilitate the delivery of legal services to the teams and staff offices that support our four strategic goals (three external and one internal). This structure allows General Counsel to (1) provide legal support to our staff offices and audit teams concerning all matters related to their work 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 in-house 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 and 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 was enacted establishing 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 our 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 describe the IG's findings. In addition, the IG investigates allegations from our employees and other interested parties 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. About 71 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: See Image Sources

## 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. 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 (<http://www.gao.gov/about/strategic.html>)

## An Example of Our Four-tiered Strategic Planning Process

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

Strategic Objective: Analyze the Government's Fiscal Condition and Opportunities to Strengthen Approaches to Address the Current and Projected Fiscal Gaps

Performance Goal: Identify specific opportunities to reduce the tax gap by improving taxpayer voluntary compliance and IRS's ability to pursue noncompliance

Key Efforts:

- Identify potential improvements to the Internal Revenue Service's (IRS) taxpayer service, such as easier tax return filing; faster refund processing; and more informative telephone, website, and written communications.
- Identify opportunities to improve IRS's enforcement programs in light of a changing U.S. and international economy, evolving technology, and the tax gap.
- Identify opportunities to leverage paid preparers, tax preparation software companies, and information return reporters to ensure timely, accurate filing of tax returns.
- Evaluate IRS's efforts to modernize its expenditure plans and its information systems.
- Assess IRS's efforts to improve planning, resource allocations, and evaluation of operations, including using research and data to enhance compliance programs.

## 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;

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><b>Provide Timely, Quality Service to the Congress and the Federal Government to...</b></p> <p style="padding-left: 20px;"><b>Address Current and Emerging Challenges to the Well-being and Financial Security of the American People related to...</b></p>	<ul style="list-style-type: none"> <li>■ Health care needs</li> <li>■ Lifelong learning</li> <li>■ Challenges facing an aging population</li> <li>■ Effective system of justice</li> <li>■ Housing finance and viable communities</li> </ul>	<ul style="list-style-type: none"> <li>■ Stable financial system and sufficient consumer protection</li> <li>■ Natural resources and the environment</li> <li>■ National infrastructure</li> <li>■ Benefits and protections for workers, families, and children</li> </ul>
<p><b>Respond to Changing Security Threats and the Challenges of Global Interdependence involving...</b></p>	<ul style="list-style-type: none"> <li>■ Homeland security</li> <li>■ Military capabilities and readiness</li> </ul>	<ul style="list-style-type: none"> <li>■ Foreign policy and international economic interests</li> </ul>
<p><b>Help Transform the Federal Government to Address National Challenges by assessing...</b></p>	<ul style="list-style-type: none"> <li>■ Government's fiscal position and approaches to address current and projected fiscal gaps</li> <li>■ Federal government audit and internal control standards</li> </ul>	<ul style="list-style-type: none"> <li>■ Major management challenges and program risks</li> <li>■ Fraud, waste, and abuse, and improvements in internal controls</li> </ul>
<p><b>Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency by focusing on...</b></p>	<ul style="list-style-type: none"> <li>■ Efficiency, effectiveness, and quality</li> <li>■ Diverse workforce and inclusive work environment</li> </ul>	<ul style="list-style-type: none"> <li>■ Networks, collaborations, and partnerships</li> <li>■ Human, information, fiscal, technological, and physical resources</li> </ul>

### CORE VALUES

Accountability	Integrity	Reliability
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Source: GAO | GAO-16-3SP

- legal opinions that determine whether agencies are in compliance with applicable laws and regulations;
- 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 2015, we devoted 95 percent of our engagement resources to work requested or mandated by the Congress. We devoted the remaining 5 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 disaster assistance; our 2015 fragmentation, overlap, and duplication report; and the federal, state, and local government fiscal outlook.<sup>2</sup> Our reviews of government programs and operations have identified those programs that are at high risk for fraud, waste, abuse, and mismanagement. These reviews helped support our biennial high-risk report, which was updated in 2015. 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 reviews of agencies' budget requests also help us support congressional decision making.

Our staff are responsible for following high standards for gathering, documenting, and supporting the information we collect and analyze. This information is usually

<sup>2</sup>GAO, *State and Local Governments' Fiscal Outlook: 2014 Update*, GAO-15-224SP (Washington, D.C.: Dec. 17, 2014).

presented in products that are made available to the public. Over the past 5 years, we have issued, on average, 833 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.<sup>3</sup> 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 of federal funds. 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

<sup>3</sup>GAO, *Bid Protest Annual Report to the Congress for Fiscal Year 2014*, GAO-15-256SP (Washington, D.C.: Nov. 18, 2014); and GAO, *Principles of Federal Appropriations Law: Annual Update of the Third Edition*, GAO-15-303SP (Washington, D.C.: Mar. 12, 2015).

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.

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 in turn improve our service to the Congress and the American people. Our Strategic Planning and External Liaison office takes the lead and provides strategic focus for the work with external partner organizations, while our research, audit, and evaluation teams lead the work with most of the issue-specific organizations.

## 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 organization, 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 the number of congressional hearings where we are asked to present expert testimony and our timeliness in delivering products to the Congress. 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 hearings and then assign a portion of these hearings 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. 126](#)) 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. 60](#)). 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.<sup>4</sup> 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 2015 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.

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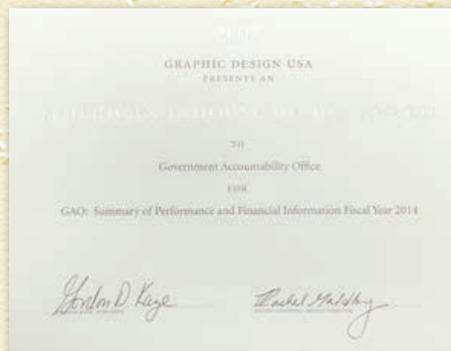
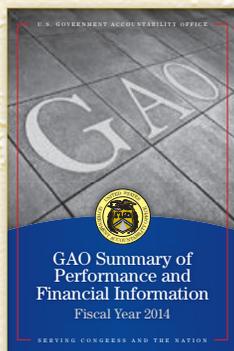
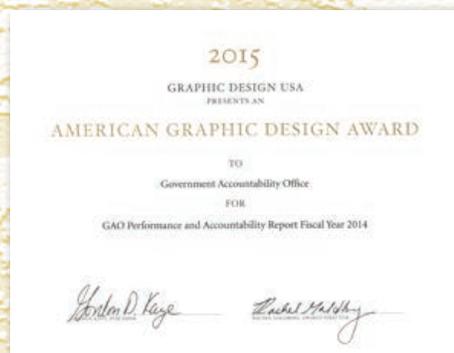
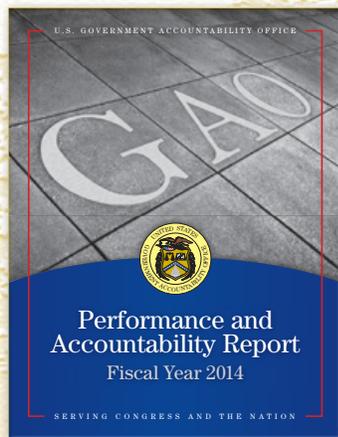
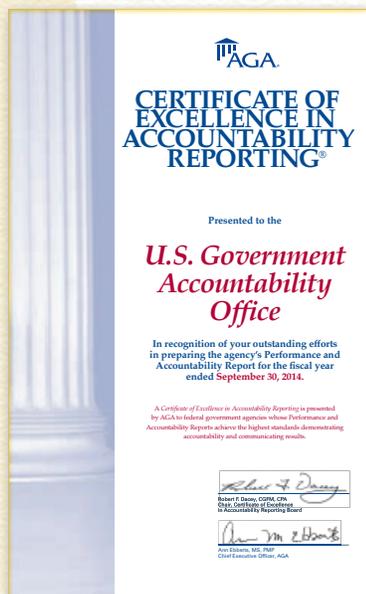
<sup>4</sup>Our most current plan is available at <http://www.gao.gov/products/GAO-15-309SP>

Figure 12: GAO's Performance and Accountability Report Awards

# Awards

## 2014 CEAR, 2015 American Graphic Design, and 2015 Inhouse Graphic Design Awards

Last year, the Association of Government Accountants awarded GAO for the 14th consecutive year its Certificate of Excellence in Accountability Reporting for our Performance and Accountability Report for fiscal year 2014. In fiscal year 2015, we also received the American Graphic Design Award for our Performance and Accountability Report for fiscal year 2014 and the American Inhouse Design Award for our Summary Performance and Accountability Report from Graphic Design USA.



Source: GAO | GAO-16-3SP

# Part I

## Management's Discussion and Analysis



Source: GAO | GAO-16-3SP

## Assisting the Congress and Benefiting the Nation during Challenging Times

In fiscal year 2015, demand for our work was high with 813 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
- The Troubled Asset Relief Program
- The Patient Protection and Affordable Care Act
- 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 2015 (see [table 2](#)).

### Results:

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We exceeded our target of \$46 billion in financial benefits by \$28.7 billion—reaching a record high of \$74.7 billion. This represents a \$134 return on every dollar the Congress invested in us. We also exceeded our target of 1,200 other benefits by 86 benefits, accomplishing 1,286 other benefits. We fell short of meeting our target of 80 percent for past recommendations implemented by 1 percentage point—finishing the fiscal year at 79 percent. We exceeded our target of 60 percent for new products with recommendations by 6 percentage points, with 66 percent of new products containing recommendations.

### Client:

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We exceeded our target of 90 percent for delivering our products and testimonies in a timely manner by 8 percentage points—reaching 98 percent on time delivery for fiscal year 2015. We were asked to testify at 109 hearings, falling 21 hearings short of our fiscal year 2015 target of 130 hearings. This was due to fewer than anticipated hearings being held, which is a factor not in our control. We were asked to testify before 63 separate committees and subcommittees on topics spanning most federal agencies.

### People:

---

We exceeded our annual targets for our people measures, including staff development, staff utilization, effective leadership by supervisors, organizational climate, and retention rates (with and without retirements). In addition, we exceeded our new hire rate target by 3

percentage points—reaching 83 percent. We fell short of our hiring target of 236, yet we recruited for and filled 195 critical positions and made important strides toward meeting our optimal full-time equivalent (FTE) staffing level of 3,250.

### Internal Operations:

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We will be measuring staff satisfaction with our three internal operations for fiscal year 2015 through our internal customer satisfaction (CSAT) survey, scheduled for January 2016. In this survey, we will assess how well our administrative services (e.g., computer support, student loan repayment program, building maintenance, etc.) help employees get their jobs done and improve quality of work life, and how satisfied employees are with IT tools. We continued our efforts to maintain staff satisfaction with our internal measure for “helping staff get the job done” (82 percent in fiscal year 2014) and are working to improve the other two services that did not meet our goal of 80 percent in fiscal year 2014—“Improve the quality of work life” (78 percent) and “IT Tools” (65 percent).

## Overall Performance toward Our Goals

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

Performance measure	2010 actual	2011 actual	2012 actual	2013 actual	2014 actual	2015 target	2015 actual	Met/ not met	2016 target
<b>Results</b>									
Financial benefits (dollars in billions)	\$49.9	\$45.7	\$55.8	\$51.5	\$54.40	\$46.0	\$74.7	Met	\$50.0
Other benefits	1,361	1,318	1,440	1,314	1,288	1,200	1,286	Met	1,200
Past recommendations implemented	82%	80%	80%	79%	78%	80%	79%	Not Met	80%
New products with recommendations	61%	68%	67%	63%	64%	60%	66%	Met	60%
<b>Client</b>									
Testimonies	192	174	159	114	129	130	109	Not Met	120
Timeliness	95%	95%	95%	94%	95%	90%	98%	Met	90%
<b>People</b>									
New hire rate	95%	84%	76%	66%	88%	80%	83%	Met	80%
Retention rate									
With retirements	94%	92%	93%	93%	94%	90%	94%	Met	92%
Without retirements	96%	96%	96%	96%	97%	94%	96%	Met	96%
Staff development	79%	79%	80%	80%	83%	80%	84%	Met	80%
Staff utilization	77%	78%	76%	75%	77%	76%	79%	Met	76%
Effective leadership by supervisors	83%	83%	82%	83%	83%	82%	83%	Met	82%
Organizational climate	79%	80%	78%	77%	79%	76%	80%	Met	76%
<b>Internal operations</b>									
Help get job done	3.94	80% (3.98)	N/A <sup>a</sup>	82%	82%	80%	N/A <sup>b</sup>	N/A <sup>b</sup>	80%
Quality of work life	3.94	80% (3.99)	N/A <sup>a</sup>	78%	78%	80%	N/A <sup>b</sup>	N/A <sup>b</sup>	80%
IT tools	N/A	N/A	N/A <sup>a</sup>	68% <sup>c</sup>	65%	80%	N/A <sup>b</sup>	N/A <sup>b</sup>	80%

Source: GAO | GAO-16-3SP

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

<sup>a</sup>No survey was conducted in calendar year 2012 (denoted by N/A).

<sup>b</sup>The survey will be conducted in January 2016 (denoted by N/A).

<sup>c</sup>In 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 2016 targets for 12 of 16 of our performance measures are the same as those targets we reported in our fiscal year 2016 performance plan issued in March 2015. Three of the remaining 4 targets (financial benefits, retention rate with retirements, and retention rate without retirements) have been increased and one (testimonies) has been decreased to what we believe are challenging yet realistic targets for fiscal year 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 remained the same from 2010 to 2011, decreased in 2012, rose slightly from 2013 to 2014 and increased sharply in 2015. The average number of other benefits we recorded decreased slightly from 2010 to 2011, increased slightly in 2012, remained steady in 2013, and declined in 2014 and 2015. New products with recommendations have been very stable from 2010 through 2015.

We use several factors to set our annual testimonies target—the number of hearings at which we expect our senior executives 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. 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 maintained our target of 130 testimonies for 2015, but fell short of this target by 21 testimonies. The general decline in the number of hearings that GAO testified at over the past 6 years mirrors the general decline in the number of oversight hearings held by the Congress. Therefore, it reflects a reduced opportunity for GAO to participate in congressional hearings. For 2016, we have lowered our target to 120 testimonies, which we consider a stretch goal, given the level of testimony requests over the past 6 years and the fact that 2016 is an election year.

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

Performance measure	2010	2011	2012	2013	2014	2015
<b>Results</b>						
Financial benefits (billions)	\$49.2	\$49.2	\$48.6	\$50.7	\$51.9	\$59.1
Other benefits	1,357	1,348	1,359	1,358	1,340	1,332
New products with recommendations	65%	66%	66%	65%	66%	65%
<b>Client</b>						
Testimonies	242	217	182	160	144	128

Source: GAO | GAO-16-3SP



Source: See Image Sources

## 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 2015, our work generated about \$74.7 billion in financial benefits (see [fig. 13](#)). We exceeded our target by about 62 percent, primarily because of one unexpectedly large accomplishment of \$32.8 billion. In light of our performance in fiscal year 2015 and expected future financial benefits based on our past, ongoing, and expected work, we have set our 2016 target for financial benefits at \$50 billion. This is \$4 billion above the fiscal year 2015 target, but lower than our actual performance in fiscal year 2015, because we do not anticipate a similarly high level of financial benefits in fiscal year 2016.

**Figure 13: Financial Benefits GAO Recorded**

Dollars in billions



Source: GAO | GAO-16-3SP

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 2015 was our fifth year of financial benefits resulting from improved tax reporting by banks and others to the IRS on merchant income from credit and other payment cards or third-party networks such as PayPal—about \$1.5 billion in financial benefits in fiscal year 2015. Similarly, fiscal year 2015 was our fourth year of savings from the elimination of the ethanol tax

credit for corn, which had duplicated a fuel standard—resulting in a \$6.09 billion in tax expenditure savings. See [figure 14](#) for examples of new financial savings for fiscal year 2015.

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.

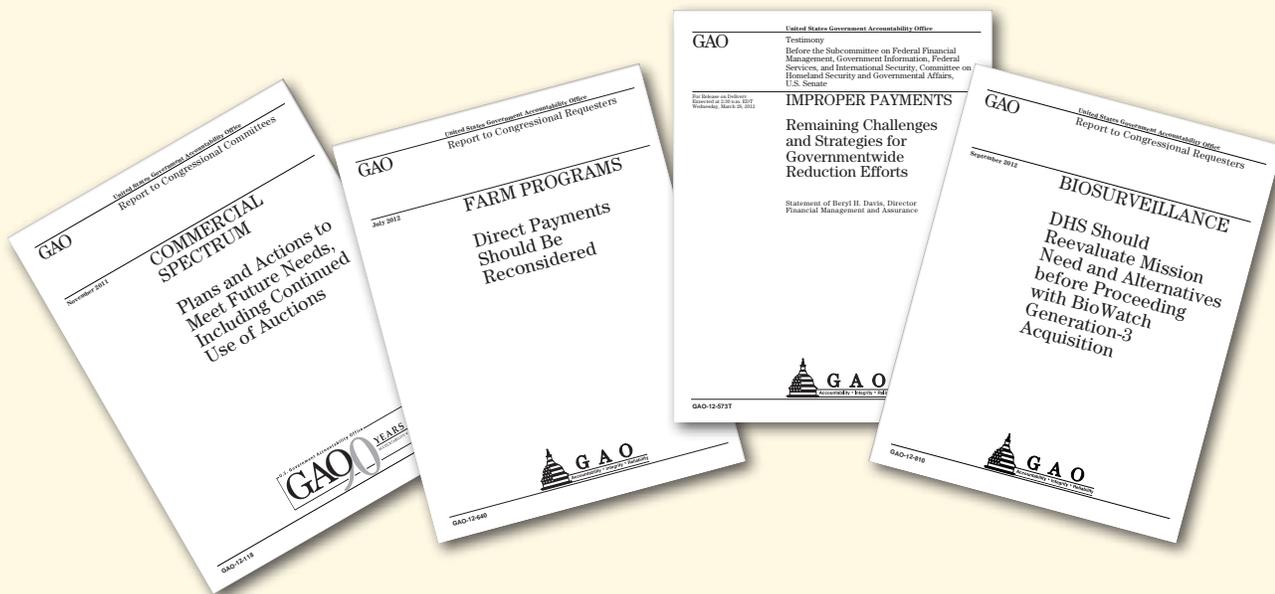
**Figure 14: Examples of GAO's Major Financial Benefits Reported in Fiscal Year 2015**

Description of New Financial Benefits	Amount (Dollars in billions)
<p><b>Federal Communications Commission Auction Proceeds.</b> In 2011, we recommended that the Congress extend the expiration date of the Federal Communications Commission's (FCC) authority to conduct auctions to assign spectrum licenses, which companies use to provide services such as mobile broadband. We found that experts and stakeholders, by large margins, supported such an extension. In 2012, the Congress and the President extended the FCC's auction authority. In January 2015, the FCC completed the AWS-3 auction, which generated over \$41 billion; after accounting for costs, such as relocating existing federal agencies using the spectrum, this auction will net revenues for the federal government exceeding \$32.8 billion. (<a href="#">GAO-12-118</a>)</p>	<b>\$32.8</b>
<p><b>Elimination of Direct Payments to Farmers.</b> From 2009 to 2012 GAO completed a body of work on direct payments to farmers—fixed annual payments based on a farm's history of crop production—received regardless of whether farmers grew crops and even in years of record income. GAO suggested that the Congress consider reducing or eliminating these payments to achieve savings of up to \$5 billion annually—concluding that these payments did not align with principles significant to the integrity, effectiveness, and efficiency in farm bill programs. In 2014, the Congress passed the Agricultural Act of 2014 without reauthorizing these payments—reducing costs by about \$4.9 annually from fiscal years 2015-2019. (<a href="#">GAO-12-640</a>, <a href="#">GAO-12-338SP</a>, <a href="#">GAO-11-714T</a>, <a href="#">GAO-11-635T</a>, <a href="#">GAO-11-441T</a>, <a href="#">GAO-11-318SP</a>)</p>	<b>\$4.9</b>
<p><b>HHS Reduces Improper Payments.</b> Since 2000, GAO has issued multiple reports and testimonies to focus attention on government-wide and agency-specific improper payments issues, identified deficiencies in agencies' estimation methodologies and actions taken to prevent, detect, and correct improper payments, including those at the Department of Health and Human Services (HHS). The role of GAO's work in the passage of the Improper Payment Act of 2002, and our continued oversight of HHS' efforts to meet the requirements of the act, has resulted in a total cost reduction of \$3.3 billion (present value) in fiscal year 2015. (<a href="#">GAO-12-573T</a>, <a href="#">GAO-12-405T</a>, <a href="#">GAO-11-575T</a>, <a href="#">GAO-09-628T</a>, <a href="#">GAO-08-438T</a>, <a href="#">GAO-07-92</a>, <a href="#">GAO-02-749</a>, <a href="#">GAO/AIMD-00-10</a>)</p>	<b>\$3.3</b>

<p><b>Cancellation of the BioWatch Generation-3 Acquisition.</b> In September 2012, we reported that the Department of Homeland Security (DHS) did not fully justify or pursue optimal solutions for its Generation-3 acquisition for BioWatch, a program for detecting an aerosolized biological attack. We recommended that DHS reevaluate the need and alternatives for the program in accordance with guidance and good acquisition practices. DHS concurred and, after analyzing alternatives, cancelled the acquisition. This resulted in financial benefits for the government of about \$2.1 billion, based on present value calculations. (<a href="#">GAO-12-810</a>)</p>	<p><b>\$2.1</b></p>
<p><b>Standard Missile Block IIB Program Cancelled.</b> In 2012, GAO found that the Missile Defense Agency’s Standard Missile-3 Block IIB Program included high levels of concurrency and other acquisition risks (e.g., we found that the program planned to enter product development prior to holding a preliminary design review). In 2013, we reported that the lack of an analysis of alternatives contributed to the risk of cost growth and schedule delays. Following our 2013 report, the Department of Defense (DOD) restructured the program—effectively canceling it—citing schedule and technical concerns. This resulted in a net financial benefit of about \$1.68 billion in fiscal year 2015 from this restructuring/cancellation. (<a href="#">GAO-13-382R</a>, <a href="#">GAO-12-486</a>)</p>	<p><b>\$1.7</b></p>

Source: GAO | GAO-16-3SP

Note: Additional examples of fiscal year 2015 financial benefits can be found in [Part II](#) of this report.



Source: GAO | GAO-16-3SP

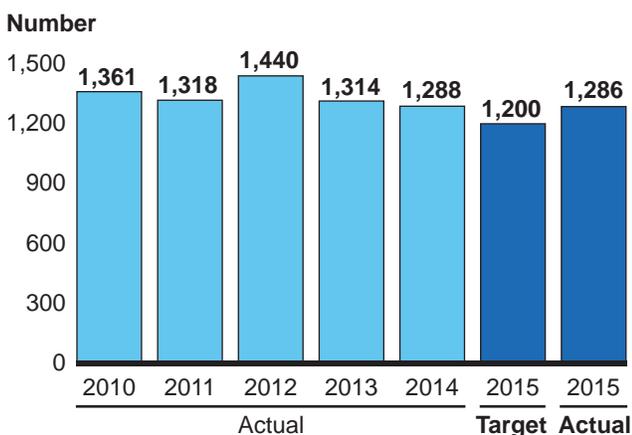


Source: See Image Sources

## Other Benefits

Many of the benefits that result from our work cannot be measured in dollar terms, which we refer to as other benefits. During fiscal year 2015, we recorded a total of 1,286 other benefits (see [fig. 15](#)). We exceeded our target by about 7 percent largely because of a number of accomplishments we documented for public safety and security and business process and management. We have set our 2016 target for these other benefits at 1,200 again given our past, ongoing, and expected work.

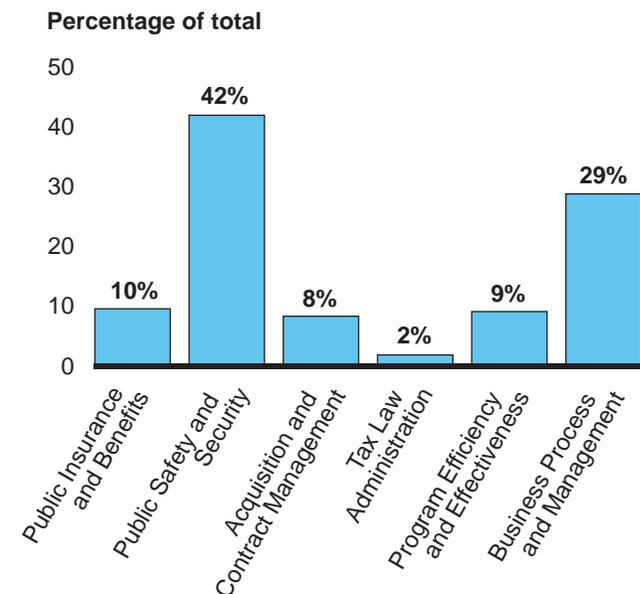
**Figure 15: Other Benefits**



Source: GAO | GAO-16-3SP

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 (42 percent) and business process and management (29 percent). See [Figure 17](#) and [Part II](#) of this report for specific examples.

**Figure 16: Types of Fiscal Year 2015 Other Benefits**



Source: GAO | GAO-16-3SP

Examples of programs included in categories in [figure 16](#) are:

- **Public insurance and benefits.** Medicare, Medicaid, Department of Veterans Affairs and DOD health care, disability 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.

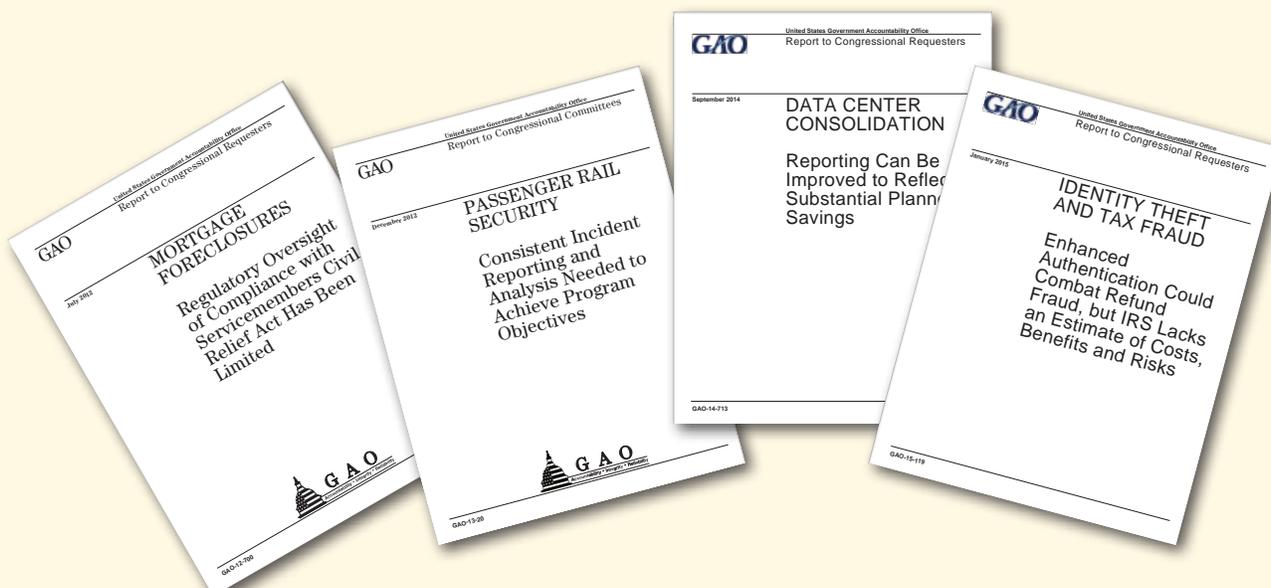
**Figure 17: Examples of GAO's Other Benefits Reported in Fiscal Year 2015**

Program	Description
<b>Public Insurance and Benefits</b>	<b>Ensuring Foreclosure Protections for Servicemembers.</b> In 2012, we reported that some servicemembers were not receiving the foreclosure protections due to them under the Servicemembers Civil Relief Act. Among other deficiencies, we found that regulators responsible for overseeing mortgage protections for servicemembers were not sharing information that could improve their oversight of these problems. In response to our recommendations, several banking regulators have begun sharing this information. This will help ensure that servicemembers receive their mortgage-related benefits—and help them keep their homes. ( <a href="#">GAO-12-700</a> )
<b>Public Safety and Security</b>	<b>Improving TSA's Rail Security Incident Data.</b> In 2012, we reported that weaknesses hampered the Transportation Security Administration's (TSA) ability to extract information from its rail security incident data system, causing TSA to miss chances to identify important trends or patterns. Per our recommendations, TSA established a process and provided guidance to ensure the completeness of incident data and minimize errors. TSA also developed the Surface Compliance Trend Analysis Network, which in part provides stakeholders with analyses of rail security trends and potential threats. These actions will help TSA develop recommended security measures for rail agencies, as appropriate. ( <a href="#">GAO-13-20</a> )

<p><b>Acquisition and Contract Management</b></p>	<p><b>Federal IT Acquisition Reform Act.</b> Drawing on a large body of our work and scores of recommendations across multiple areas, the Congress passed legislation in 2014 to improve several aspects of federal IT management. Specifically, the Federal IT Acquisition Reform Act requires additional scrutiny of high-risk IT investments, enhanced transparency of these investments, certification that agencies are implementing incremental system development, improved management of agencies' IT portfolios, strengthening the authority of agency chief information officers, continued efforts to consolidate federal data centers, and improved management of software licenses. (<a href="#">GAO-14-713</a>, <a href="#">GAO-14-413</a>, <a href="#">GAO-14-361</a>, <a href="#">GAO-14-237</a>, <a href="#">GAO-14-64</a>, <a href="#">GAO-13-524</a>)</p>
<p><b>Program Efficiency and Effectiveness</b></p>	<p><b>Enhancing Accountability over Discretionary Surface Transportation Grants.</b> In 2014, we reported that the Department of Transportation (DOT) could not assess the performance of the \$4 billion Transportation Investment Generating Economic Recovery (TIGER) grants program for surface transportation projects. Because many project performance measures did not connect with the overall program's long-term outcomes, we recommended that DOT clearly link those measures with program goals. DOT agreed to implement our recommendation by 2016, which will allow it to better measure and report on the program's performance, in turn helping the Congress make more informed funding decisions. (<a href="#">GAO-14-766</a>)</p>
<p><b>Business and Process Management</b></p>	<p><b>Improving Estimates of Identity Theft Refund Fraud.</b> The Internal Revenue Service (IRS) estimated it stopped over \$24 billion in attempted identity theft (IDT) refund fraud but paid about \$4.8 billion in fraudulent IDT refunds in filing season 2013. We found in May 2014 that IRS's methodology for counting returns was missing two categories of fraudulent returns. In response, in August 2014, IRS changed its methodology for counting IDT refunds paid, which increased the estimate by about \$1 billion (to \$5.8 billion). The methodology IRS used to develop IDT estimates helps the agency better understand how IDT refund fraud is bypassing agency defenses, which in turn helps IRS improve IDT filters. (<a href="#">GAO-15-119</a>, <a href="#">GAO-14-633</a>)</p>

Source: GAO | GAO-16-3SP

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



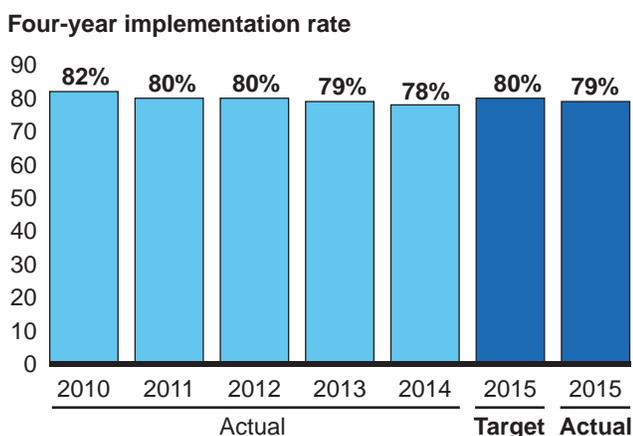
Source: GAO | GAO-16-3SP

## 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 four full years to implement our cycle for recommendations. The 79 percent implementation rate for fiscal year 2015 fell just short of our target of 80 percent for the year (see [fig. 18](#)).

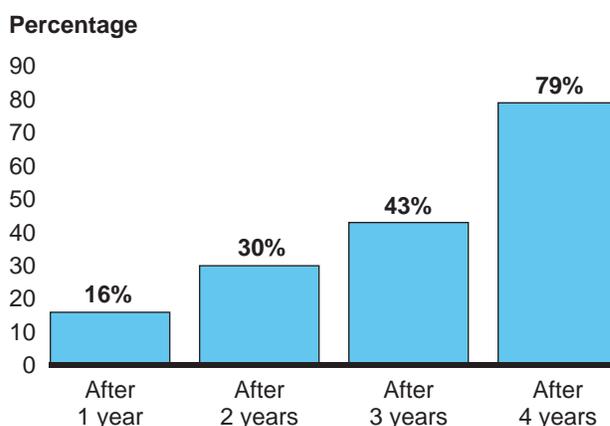
Figure 18: Percentage of Past Recommendations Implemented



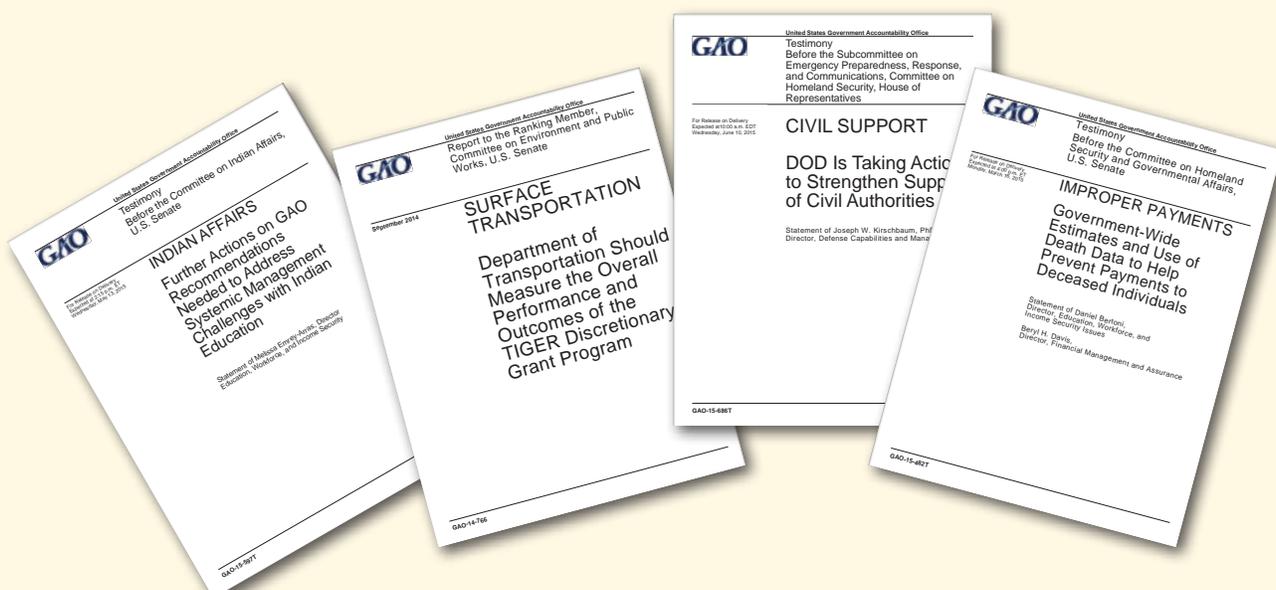
Source: GAO | GAO-16-3SP

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.

Figure 19: Cumulative Implementation Rate for Recommendations Made in Fiscal Year 2011



Source: GAO | GAO-16-3SP



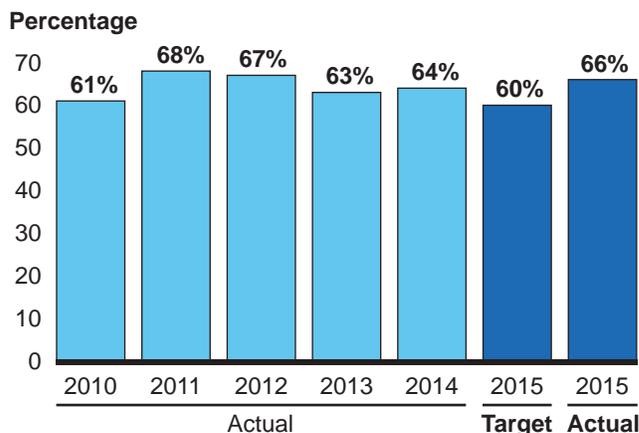
Source: GAO | GAO-16-3SP

## New Products Containing Recommendations

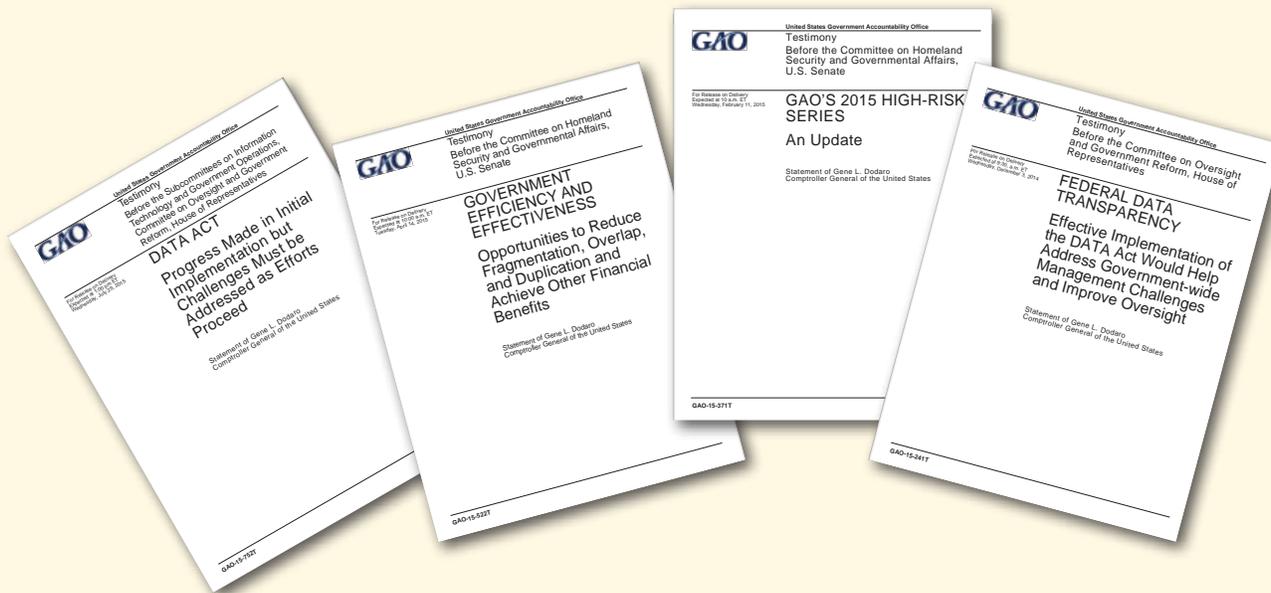
In fiscal year 2015, about 66 percent of the 556 written products we issued contained recommendations (see [fig. 20](#)). We track the percentage of new products with recommendations because we want to focus on developing recommendations that, when implemented by the Congress and agencies, produce financial and other benefits for the nation. We exceeded our target of 60 percent by 6 percentage points. However, we are maintaining the 60 percent target for 2016 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-16-3SP



Source: GAO | GAO-16-3SP

## Focusing on Our Client

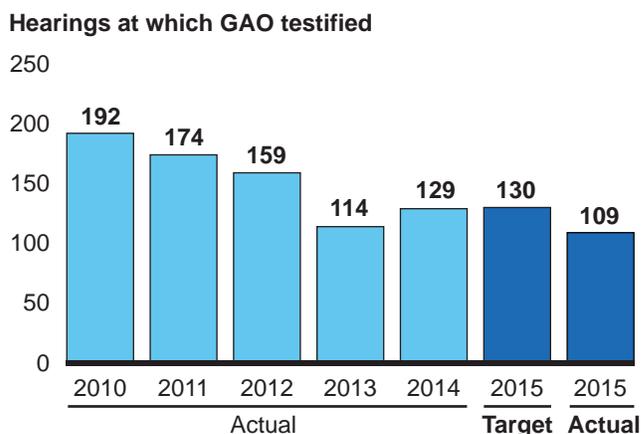
To fulfill the informational needs of the Congress, we plan to deliver the results of our work orally as well as in writing at a time agreed upon with our client. Our performance this year indicates that we assisted the Congress well, by striving to respond to all congressional requests for testimony and delivering almost all of our products when promised based on the feedback from our clients. We issued 754 total products and completed work for 150 clients in fiscal year 2015.

### 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 2015, our senior executives testified at 109 congressional hearings and fell 21 hearings short of our target (see [fig. 21](#)). Although we did not meet our target, we were asked to testify before 63 separate committees and 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 109 hearings at which the Congress asked our executives to testify in fiscal year 2015 covered the

scope of our mission areas. Twenty-nine percent of the hearings at which our senior executives testified were related to high-risk areas and programs, which are listed on [page 35](#) of this report.

Figure 21: Testimonies



Source: GAO | GAO-16-3SP

We have set our fiscal year 2016 target for testimonies at 120 hearings and believe this should be a reasonable estimate given recent trends and the Congress’s continuing interest in such matters as national and homeland security, health care, information security, public safety, and natural resources. Our experience has also shown that during the fiscal year in which an election occurs, such as 2016, the Congress generally holds fewer hearings.



Source: GAO | GAO-16-3SP

Comptroller General of the United States Gene Dodaro testifying (2015 High-Risk testimony).

Figure 22: Selected Testimony Topics • Fiscal Year 2015

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

- Indian Education Management Challenges
- Railroad Retirement Board: Reducing Fraud and Improper Payments
- VA Health Care: Monitoring of Antidepressant Use and Accuracy of Suicide Data
- Management Challenges Facing the National Nuclear Security Administration
- Improving Oversight of Motor Carrier Safety
- Rural Housing Service: Managing Loan Risks
- Sustaining Indian Irrigation Projects
- Managing Federal Real Property
- Public Safety Communications: Establishing a Nationwide Broadband Network
- Improving Oversight of HUD Public and Indian Housing Programs
- Extending Federal Funding for Children's Health Insurance

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

- Observations on the State Department's Bureau of Counterterrorism
- DOD Strengthens Support of Civil Authorities
- Nuclear Nonproliferation: Minimizing Reporting Delays That May Affect Trade Sanctions
- Defense Acquisitions: F-35 Joint Strike Fighter Program Progress
- Afghanistan: Embassy Construction Faces Cost Increases and Schedule Delays
- Addressing IT Cyber Threats and Security Breaches at Federal Agencies
- Strengthening Oversight for International Cash-Based Food Assistance
- International Space Station: Utilization and Cost-effectiveness
- Improving Oversight of IT Acquisitions
- Improving Oversight of VA Contracting
- Border Security: Monitoring High-Risk Travelers and Maritime Cargo
- Enhancing National Capacity for Biosurveillance

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

- DATA Act Implementation Challenges
- Monitoring Government-wide Improper Payments
- Reducing Fragmentation, Overlap, and Duplication in Federal Programs
- Patient Protection and Affordable Care Act Enrollment Controls
- Improving Medicaid's Fraud Controls
- High-Risk Update: Fiscal Year 2015
- Federal Retirement System IT Modernization
- Homeland Security Acquisitions: Gaps in Oversight and Information
- Using Security Clearances Process to Aid Federal Tax-Debt Collection
- Addressing Biosafety Lapses in High Containment Laboratories
- Environmental Satellites: Addressing Potential Gaps
- Cybersecurity Challenges Facing Federal Systems

Source: GAO | GAO-16-3SP

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

**Table 4: GAO's High-Risk List as of September 30, 2015**

<b>High-risk area</b>	<b>Year designated</b>
<b>Strengthening the Foundation for Efficiency and Effectiveness</b>	
▫ Improving the Management of IT Acquisitions and Operations (new)	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
<b>Transforming DOD Program Management</b>	
▫ 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
<b>Ensuring Public Safety and Security</b>	
▫ 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
<b>Managing Federal Contracting More Effectively</b>	
▫ DOD Contract Management	1992
▫ DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management	1990
▫ NASA Acquisition Management	1990
<b>Assessing the Efficiency and Effectiveness of Tax Law Administration</b>	
▫ Enforcement of Tax Laws	1990
<b>Modernizing and Safeguarding Insurance and Benefit Programs</b>	
▫ Managing Risks and Improving VA Health Care (new)	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-16-3SP

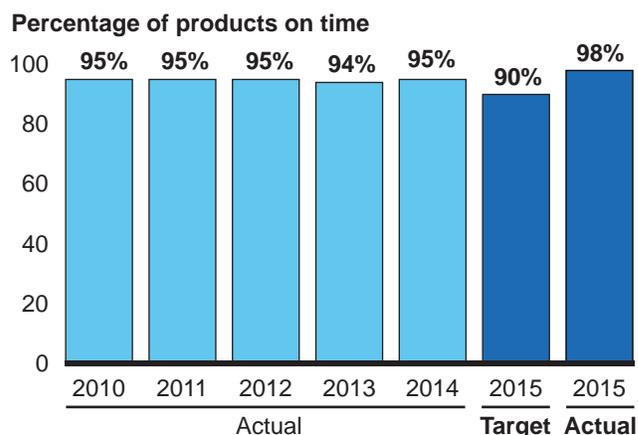
## Timeliness

To be useful to the Congress, our products must be available when our clients need them. In fiscal year 2015, we exceeded our timeliness target of 90 percent by 8 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 56 percent of the congressionally requested written products we issued in fiscal year 2015. 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 2015, of the forms returned to us, 99 percent of the congressional staff responding answered the question on timeliness. Overall, the response rate to our entire form was 25 percent and we received feedback on 58 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 2016 target at 90 percent because we believe that this is realistic given current staffing levels and workload demands.

Figure 23: Timeliness



Source: GAO | GAO-16-3SP



Source: GAO | GAO-16-3SP

## Focusing on Our People

Our highly professional, multidisciplinary, and diverse staff were critical to the level of performance we demonstrated in fiscal year 2015. 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 8 fiscal years, we have refined our processes for measuring how well we manage our human capital. In fiscal year 2015, we exceeded all seven of our people 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 126](#) 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 5](#) shows that in fiscal year 2015, our new hire rate was 83 percent. We exceeded our target by 3 percentage points. We planned to hire 236 new staff, but filled 195 positions (83 percent of our target) by year-end.

**Table 5: Actual Performance and Targets Related to Our New Hire Rate Measure**

Performance measure	2010 actual	2011 actual	2012 actual	2013 actual	2014 actual	2015 target	2015 actual
<b>People</b>							
New hire rate	95%	84%	76%	66%	88%	80%	83%

Source: GAO | GAO-16-3SP

### 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 6](#) shows that in fiscal year 2015, we exceeded our target rate of 90 percent for retention with retirements by 4 percentage points at 94 percent. We also exceeded our retention rate target of 94 percent without retirements by 2 percentage points at 96 percent.

**Table 6: Actual Performance and Targets Related to Our Retention Rate Measures, Including and Excluding Retirements**

Performance measures	2010 actual	2011 actual	2012 actual	2013 actual	2014 actual	2015 target	2015 actual
<b>People</b>							
Retention rate							
With retirements	94%	92%	93%	93%	94%	90%	94%
Without retirements	96%	96%	96%	96%	97%	94%	96%

Source: GAO | GAO-16-3SP

### 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. 126-134](#) for additional information about these measures.) This fiscal year, 68 percent of our employees completed the survey, and we exceeded all four targets (see [Table 7](#)). Our performance on staff development exceeded our target of 80 percent by 4 percentage points. Staff utilization exceeded our target of 76 percent by 3 percentage points, organizational climate exceeded our target of 76 percent by 4 percentage points, and leadership exceeded our target of 82 percent by 1 percentage point. Given our performance on these measures in recent years, we have decided to keep these targets for fiscal year 2016.

**Table 7: 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 <sup>a</sup>	2010 actual	2011 actual	2012 actual	2013 actual	2014 actual	2015 target	2015 actual
<b>People</b>							
Staff development	79%	79%	80%	80%	83%	80%	84%
Staff utilization	77%	78%	76%	75%	77%	76%	79%
Effective leadership by supervisors <sup>b</sup>	83%	83%	82%	83%	83%	82%	83%
Organizational climate	79%	80%	78%	77%	79%	76%	80%

Source: GAO | GAO-16-3SP

<sup>a</sup>Certain portions of our web-based survey are used to develop these four measures.

<sup>b</sup>In fiscal year 2009, we changed the name of this measure from “Leadership” to its current nomenclature to clarify that the measure reflects employees’ satisfaction with their immediate supervisors’ leadership. In fiscal year 2010, we changed one of the questions for this measure.

## 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 8](#)). 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

will be measuring staff satisfaction with our three internal operations for fiscal year 2015 through our internal customer satisfaction survey, scheduled for January 2016.

The first measure encompasses services that help employees get their jobs done, such as information security, desktop computer equipment, travel services, 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 internal communications. 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 8: Actual Performance and Targets Related to Our Internal Operations Measures**

Performance measures	2010 actual	2011 actual	2012 actual	2013 actual	2014 actual	2015 target	2015 actual	Met/ not Met	2016 target
<b>Internal operations</b>									
Help get job done	3.94	80% 3.98	N/A <sup>a</sup>	82%	82%	80%	N/A <sup>b</sup>	N/A <sup>b</sup>	80%
Quality of work life	3.94	80% 3.99	N/A <sup>a</sup>	78%	78%	80%	N/A <sup>b</sup>	N/A <sup>b</sup>	80%
IT tools	N/A	N/A	N/A <sup>a</sup>	68% <sup>c</sup>	65%	80%	N/A <sup>b</sup>	N/A <sup>b</sup>	80%

Source: GAO | GAO-16-3SP

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

<sup>a</sup>No survey was conducted in calendar year 2012 (denoted by N/A).

<sup>b</sup>The survey will be conducted in January 2016 (denoted by N/A).

<sup>c</sup>In 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 two 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 updated in 2015, 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. In 2015, we identified two new high-risk areas—managing risks and improving VA health care and improving the management of information technology (IT) acquisitions and operations. We also expanded the tax law enforcement area to focus on the prevention of identity theft related to tax refunds and the federal cybersecurity area to include the better protection of the privacy of personally identifiable information.

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 and modernizing and safeguarding insurance and benefit programs. Our 2015 High-Risk work produced 162 reports, 32 testimonies, \$17 billion in financial benefits, and 435 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 over the past 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 2015, 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. A complete list of high-risk areas is shown in [Table 4](#). Details on each high-risk area can be found at <http://www.gao.gov/highrisk/overview>.

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

In April 2015, we issued our fifth report ([GAO-15-404SP](#)) 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 2015 annual duplication report identifies 66 new actions that executive branch agencies and the Congress could

#### Our 2015 High-Risk work:

- 162 reports
- 32 testimonies
- \$17 billion in financial benefits
- 435 other benefits

take to improve the efficiency and effectiveness of 24 areas of government. GAO identifies 12 new areas in which there is evidence of fragmentation, overlap, or duplication. For example, GAO suggests that the Congress repeal the statutorily required US Family Health Plan—a decades-old component of the Department of Defense’s (DOD) Military Health System—because it duplicates the efforts of DOD’s managed care support contractors by providing the same benefit to military beneficiaries. GAO also identifies 12 areas where opportunities exist either to reduce the cost of government operations or enhance revenue collections. For example, GAO suggests that the Congress update the way Medicare has paid certain cancer hospitals since 1983, which could save about \$500 million per year.

In addition to identifying new areas, we continued to monitor the progress the Congress and executive branch agencies have made in addressing issues we previously identified. As we reported in April 2015, the Congress and executive branch agencies have addressed or partially addressed 76 percent of approximately 440 areas we identified in our first four reports. We estimate that congressional and executive branch efforts to address these nearly 440 actions government-wide over the past four years have resulted in over \$20 billion in cost savings, with \$80 billion more in cost savings anticipated in future years from these actions. 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.

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was intended to address regulatory gaps and oversight failures in the U.S. mortgage, securities, and financial markets. In fiscal year 2015, we issued six reports (with one recommendation) on issues the act mandates GAO to review. The reports covered:

- legislative proposals and international coordination related to financial company bankruptcies ([GAO-15-299](#));
- the Securities and Exchange Commission’s oversight activities of the operations of the Financial Industry Regulatory Authority (FINRA) ([GAO-15-376](#));
- views on the merits of a professional organization for credit rating analysts of nationally recognized statistical rating organizations and the challenges of creating such an organization ([GAO-15-591](#));
- information from company filings in response to the Securities and Exchange Commission conflict minerals disclosure rule and actions taken by agencies to implement the U.S. conflict minerals strategy ([GAO-15-561](#)); and
- audits of the financial statements of the Securities and Exchange Commission ([GAO-15-166R](#)) and the Consumer Financial Protection Bureau ([GAO-15-146R](#)).

In addition to work mandated by the act, GAO also responded to requests from the Congress on topics such as the impact of the Dodd-Frank Act on community banks and credit unions and the effects of new regulations related to mortgage reform.

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

## The Troubled Asset Relief Program

The Troubled Asset Relief Program (TARP) began in October 2008 to help restore liquidity and stability to the U.S. financial system. The act that established TARP also included a provision for GAO to oversee TARP and report on our oversight. In fiscal year 2015, we completed several reports that culminated the large body of work we have undertaken over the last seven years in response to this mandate. In the future, we expect that our efforts in this area will be significantly reduced given the current status of the program ([GAO-15-5](#), [GAO-15-197](#), [GAO-15-367R](#), [GAO-15-542](#), [GAO-15-670](#), [GAO-15-813](#), [GAO-15-132R](#)).

## The Patient Protection and Affordable Care Act

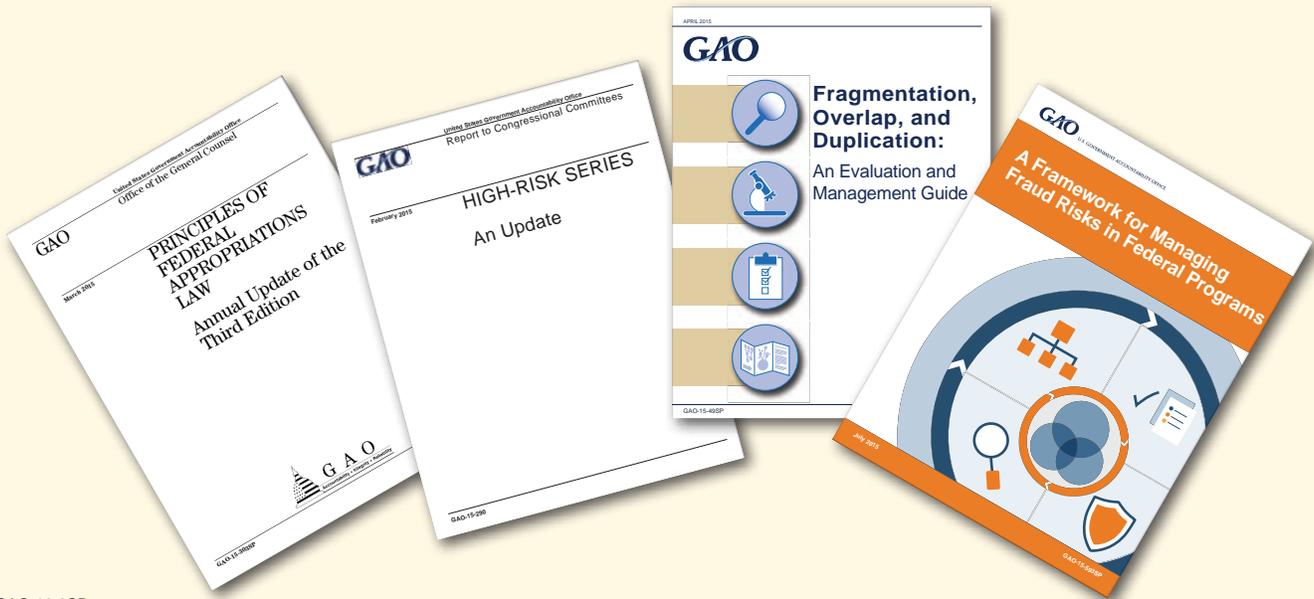
The Congress passed the Patient Protection and Affordable Care Act (PPACA) in 2010 to increase the accessibility and affordability of health coverage for Americans. Key provisions of PPACA were implemented starting in 2014, including the establishment of health insurance exchanges—new marketplaces for individuals and small employers to purchase qualified health plans—and requirements affecting insurers' premium rates and benefits. In fiscal year 2015, we issued 6 products to assist the Congress in monitoring the implementation of PPACA, including

- the need for the Internal Revenue Service to strengthen oversight of tax provisions for individuals ([GAO-15-540](#)),

- observations on 18 undercover tests of enrollment controls for health care coverage and consumer subsidies under PPACA ([GAO-15-702T](#)),
- progress made, despite delays, by the Centers for Medicare & Medicaid Services (CMS) programs to limit health insurer risk, ([GAO-15-447](#)),
- trends in reported net sales and profits for medical device companies before and after implementation of PPACA ([GAO-15-635R](#)),
- the range of private health insurance premiums and plan availability for individuals in 2014 and 2015 ([GAO-15-687](#)), and
- the need for CMS to improve oversight of states' information technology projects used to support their health insurance marketplaces ([GAO-15-527](#)).

We also studied several issues related to CMS' website, [Healthcare.gov](#), and its underlying systems. Specifically, we found that CMS has taken steps to address problems with initial deployment of [Healthcare.gov](#) and its supporting systems that led to consumers encountering widespread performance issues when trying to create accounts and enroll in health plans. Since the initial launch, CMS has taken steps to address inadequate capacity planning, software coding errors, and lack of functionality, which significantly reduced performance issues affecting [Healthcare.gov](#). The initial launch of [Healthcare.gov](#) and its supporting systems also experienced problems because CMS did not apply recognized best practices for system development—requirements were not effectively managed, systems testing was inconsistent, and project oversight was not effective. As it has undertaken further development, CMS has made improvements in some of these areas, by, for example, establishing new requirements management processes and

improving test documentation. However, weaknesses remain in its application of requirements, testing, and oversight practices (GAO-15-238).



Source: GAO | GAO-16-3SP



Mar 27, 2015  
**AskGAOLive Chat on Tax Filing and Tax Fraud**  
 Online video chat with Jim White, Director, Strategic Issues.

Source: GAO | GAO-16-3SP



Jun 24, 2015  
**AskGAOLive Chat on Retirement Savings**  
 Online video chat with Charles Jeszeck, Director, Education, Workforce, and Income

29:25

## 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 2015. The following exemplify some of our key contributions.

The Office of General Counsel handled over 2,600 bid protests during the course of fiscal year 2015.<sup>5</sup> 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 2015, we issued over 500 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 2015 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,<sup>6</sup> 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. GAO is making progress in establishing the electronic protest docketing system. We have engaged the Enterprise Applications Services group of the Department of Agriculture's Office of the Chief Information Officer to assist us in developing and hosting the system. In addition, we have conducted outreach with the Congress, and with small business groups identified by congressional stakeholders, on their thoughts about approaches to using a filing fee to offset the costs of the system. We are also regularly providing updates to the House and Senate Committees on Appropriations on our progress.

Within the Office of General Counsel, seven 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

<sup>5</sup>The number of protests in the last 4 years has been relatively stable: There were 2,561 filings in fiscal year 2014; 2,429 filings in fiscal year 2013; and 2,475 filings in fiscal year 2012.

<sup>6</sup>Pub. L. No. 113-76, div. I, title I, § 1501, 128 Stat. 5, 433-34 (Jan. 17, 2014).

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-appeals-board/about>. During fiscal year 2015, the GAO Contract Appeals Board opened 14 new appeals and closed 9 appeals. Most of the closed appeals involved settlements between the parties based on varying degrees of GAO Contract Appeals Board input, and the board issued one formal decision in fiscal year 2015. At the end of fiscal year 2015, the board had 8 pending appeals on its docket, as compared with 3 appeals pending at the end of fiscal year 2014.

In fiscal year 2015, we published 9 appropriations law products, which included 8 appropriations decisions and letters, and 1 testimony. We addressed issues such as the use of appropriations for the personal expenses of an agency's employees and the inapplicability of the *bona fide* needs statute to no-year funds. We testified before the House Committee on Financial Services, Subcommittee on Oversight and Investigations on an agency's contravention of a prohibition on the use of appropriations for lobbying activities and the resulting Antideficiency Act violation.<sup>7</sup> These are available on our Appropriations Law Decisions webpage at <http://www.gao.gov/legal/appropriations-law-decisions/search>.

One of our most highly visible decisions, issued in December 2014 to the Department of Commerce (Commerce), involved the prohibition on the use of appropriated funds for the personal expenses of employees.<sup>8</sup> Commerce asked whether its appropriations were available for the purchase of disposable cups, plates, and cutlery pursuant to an agreement reached with the National Weather

Service Employees Organization (NWSEO). Because Commerce did not have specific statutory authority or any other basis to pay for these expenses, we concluded that Commerce's appropriation was not available for this purpose. In August 2015, NWSEO asked us to reconsider our decision, asserting that GAO lacked jurisdiction because the matter was subject to arbitration and to resolution by the Federal Labor Relations Authority (FLRA). In our reconsideration decision, we rejected NWSEO's argument and emphasized the Comptroller General's longstanding statutory responsibility to settle matters regarding the use of appropriated funds—a responsibility integral to the Congress's exercise of its constitutional power of the purse.<sup>9</sup> We noted that the collective bargaining process gives Commerce no mechanism to circumvent the Congress's prerogatives to decide when to make public money available for personal expenses of public employees.

In September 2015, we issued a decision to the General Services Administration, which asked whether it properly accepted no-year appropriations to fund increased costs to customer orders, even though the amounts were appropriated after the customer agency incurred the original liability. We explained that the *bona fide* needs statute does not apply to no-year appropriations and thus, those amounts are available for any needs, whether past, present, or future.<sup>10</sup>

## Other Legal Work

Attorneys from 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

<sup>7</sup>GAO-15-360T, Feb. 4, 2015.

<sup>8</sup>B-326021, Dec. 23, 2014.

<sup>9</sup>B-327146, Aug. 6, 2015.

<sup>10</sup>B-326945, Sept. 28, 2015.

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 the impact of expiration of authorizations.

The third edition of *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 2015, 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. We also issued our *Annual Update of the Third Edition of the Red Book* ([GAO-15-303SP](#)).

Attorneys from General Counsel continued to teach a 2½ day course on appropriations law. Presenting a framework for understanding and properly applying provisions of appropriations law for agencies across the federal government, the course helps ensure that agencies use public money as the Congress directed. We held 18 classes across 10 agencies. We also taught specialized seminars for the Senate and House Committees on Appropriations, the House Committee on the Budget, and the Executive Office of the President. In addition, appropriations lawyers spoke on our appropriations law work at conferences and trainings hosted by six 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 11th annual Appropriations Law Forum in March 2015, at which 215 attorneys from 90 government agencies and 30 Inspector General offices participated.

For fiscal year 2015, 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 195 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 70 reports for rules received in fiscal year 2015.

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.

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. General Counsel 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. 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 in the coming years. To effectively assist the Congress, GAO must not only perform oversight and insight work, but it must also conduct foresight work to better position itself to identify the emerging issues that present both opportunities and significant risks to our nation and our well-being.

Building further foresight capabilities will be essential to preparing GAO and the Congress for these future challenges. For more than 90 years, GAO has stood at the vanguard of the U.S. government's efforts to ensure government accountability and effectiveness. Key to this role is foresight and the ability to understand evolving trends and evaluate emerging issues.

GAO's strategic plan also underscores how collaboration and partnership among the auditing and accountability community are essential to meet the calls of citizens and taxpayers for greater oversight, efficiency, and effectiveness of government operations and spending in the face of fiscal constraints and tighter government budgets.

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.

Moreover, achieving our strategic goals and objectives requires us to coordinate and collaborate with international and intergovernmental organizations with similar or complementary missions. In particular, we use advisory panels and other bodies

to inform our strategic and annual work planning and maintain strategic working relationships with other domestic and international government accountability and professional organizations, including the federal inspectors general, state and local audit organizations, and other countries' national audit offices. Advisory boards and panels helped us to identify key trends, opportunities and challenges, and lessons learned that we should factor into our planning, audit work, and operations.

During fiscal year 2015, we strengthened our collaboration with our domestic and international counterparts in the audit and accountability community to, among other things, develop standards, share knowledge and build audit capacity through ongoing communication and collaboration.

### Networks, Collaborations, and Partnerships

With GAO's authority to "follow the federal dollar," there are unique challenges in assuring accountability for grants and other federal funds flowing to subfederal recipients in states and localities. 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. Each year, GAO receives hundreds of requests for international visitors to come to the agency to learn more about its mission, organization, and work. GAO values these visits as an important opportunity to build professional networks, share knowledge, and strengthen the capacity of Supreme Audit Institutions (GAO's direct counterpart in other countries). We also provide domestic audit and accountability offices with guidance, expertise, and technical assistance in implementing professional standards.

We have leveraged our resources by collaborating with our domestic and global networks. Through these networks, such as the federal inspectors general and state and local auditors—notably the National Association of State Auditors, Controllers, and Treasurers and Association of Local Government Auditors—we are building capacity within our agency and among our partners to do quality work auditing programs involving U.S. funds and to set standards for the audit and accountability community.

### ***Federal, State, and Local Collaboration***

In fiscal year 2015, we supported 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). We also held a coordination meeting with our counterparts at the Congressional Research Service and Congressional Budget Office to share best practices on effective agency operations to assure high levels of service to the Congress and effective management of administrative programs.

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 this fiscal year, we presented the update of GAO's *Standards for Internal Controls for the Federal Government (Green Book)* to hundreds of state and local auditors across the country through 5 regional intergovernmental audit forums and 1 joint forum. We also introduced GAO's new Fraud Risk Management Framework to federal, state, and local government auditors at 5 regional intergovernmental audit forum meetings. This new framework is a comprehensive set of leading practices

for developing or enhancing a robust anti-fraud program.

We supported and provided leadership to a combined 16 regional intergovernmental audit forums via 12 meetings during the fiscal year, with more than 1,200 attendees overall. These regional 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 the Digital Accountability and Transparency Act; data analytics; cybersecurity; the Affordable Care Act; professional standards; updates on standards for internal control in the federal government, government auditing standards, and principles of federal appropriations law; the Uniform Guidance and Single Audit Process; forensic accounting; and risk management.

### ***INTOSAI***

For over 4 decades, we have been a member of the International Organization of Supreme Audit Institutions (INTOSAI), an association of over 190 national audit offices—our counterparts around the world. Our participation in INTOSAI has positioned us well to address a more interdependent world where domestic challenges (e.g., regulation of financial markets, prescription drugs, and consumer products; homeland security; and rebuilding our infrastructure) often have global dimensions. GAO contributed knowledge and assistance to 26 different committees, subcommittees, and working groups in INTOSAI during this fiscal year.

We provided leadership for a number of important INTOSAI bodies, including chairing the Working Group on Financial Modernization and Regulatory Reform and the Task Force for Strategic Planning,

leading the International Journal of Government Auditing, serving as vice-chair of the Finance and Administration Committee, serving as vice-chair of the Supervisory Committee on Emerging Issues, and serving as a member of the Governing Board.

We helped strengthen INTOSAI's strategic planning capacity by leading a task force to update the INTOSAI strategic plan and assisting with the development of a mechanism for INTOSAI to monitor emerging issues. Serving as chair of the INTOSAI Task Force on Strategic Planning, GAO completed and analyzed the results of a survey of the group's 192 members and 5 associate members to understand the strengths, opportunities, and challenges facing INTOSAI. GAO also worked with the task force to interview 30 external stakeholder organizations to understand the policy issues faced by international organizations and opportunities for INTOSAI to play a role in responding to these issues.

Through our active participation in INTOSAI's Professional Standards Committee and subcommittees, we stayed abreast of changes in international accounting, auditing, and reporting standards and shared the U.S. perspective in shaping the standards. The U.S. Government Auditing Standards developed by the Comptroller General of the United States and 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.

By participating in INTOSAI knowledge-sharing working groups and task forces (e.g., Public Debt, Information Technology, Environmental Auditing, Program Evaluation, Fight Against International Money Laundering and Corruption, Value

and Benefits of Supreme Audit Institutions (SAI), Key National Indicators, Procurement, Extractive Industries, and Financial Modernization and Regulatory Reform), we acquire knowledge and networks with experts in other countries in subject areas relevant to our audit work.

We modernized the *INTOSAI Journal* by launching a new social media presence and converted the publication to a solely electronic platform to reduce costs, while continuing to provide leadership for this important knowledge-sharing tool for our international SAI partners.

### Capacity Building

To promote good governance and help ensure 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. During this fiscal year we worked with INTOSAI-Donor Cooperation to facilitate funding to SAIs in need through the SAI Capacity Development Fund (SAI CDF), a multidonor trust fund that approved 6 projects totaling more than \$2 million in developing countries. We also supported efforts to plan and execute the first outside evaluation of the INTOSAI-Donor Cooperation examining the impact of the initiative since its inception in 2009.

We further promoted SAI capacity-building efforts by leading efforts to improve mutual cooperation in audit and accountability. We helped plan an international seminar on financial regulatory reform in October 2014 to contribute to good governance on a broader scale.

In fiscal year 2015, 14 participants from 11 countries completed our 4-month International Auditor Fellowship Program for mid- to senior-level staff from other countries. They brought the total number of participants during the program's 36-year history to more than 550. Through this program, our instructors, mentors, and sponsors become part of a growing international community and network of good government professionals and experts. Graduates of the program in many cases advance to senior positions; some have become auditors general, and others have reached ministerial positions in their government. The goodwill engendered supports our country's image abroad and facilitates our staff's access to foreign officials, which is often essential to our international audit work.

### **Center for Audit Excellence**

An important component of GAO's efforts to build the capacity of other accountability organizations is the establishment of the Center for Audit Excellence. Legislation enacted at the end of 2014 authorized GAO to establish the center to provide training and assistance to qualified personnel and entities, such as federal, state, local and foreign governments. The center's mission is to promote good governance and build the capacity of domestic and international accountability organizations.

During fiscal year 2015, we obtained approval for the business plan to launch the center, which will provide customized training, technical assistance, and other products and services. 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 will be staffed primarily by former senior-level GAO auditors and managers.

The center's programs will be primarily demand-driven and offer fee-based products and services tailored to the needs of accountability organizations, such as state and local auditors in the United States and audit offices in other countries. Training, technical assistance, and other services, such as needs assessments and mentoring, will be offered in areas like conducting performance and financial audits, institutional capacity building, internal controls, and leadership and supervision in effectively overseeing audits. Fees collected will be used to support operations of the center.



Source: GAO | GAO-16-3SP

Center for Audit Excellence brochure cover.

## Managing Our Resources

### Resources Used to Achieve Our Fiscal Year 2015 Performance Goals

Our financial statements for the fiscal year ending September 30, 2015, were audited by an independent auditor, CliftonLarsonAllen, LLP, and received an unmodified opinion. The auditor found our internal controls 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 FFIA. 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 97](#) in this report.

[Table 9](#) summarizes key data.

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

	Fiscal Year 2015	Fiscal year 2014
Total budgetary resources	\$588.3	\$562.5
Gross outlays	\$549.9	\$529.3
Net cost of operations		
Goal 1: Well-being / Financial Security of American People	\$221.7	\$218.0
Goal 2: Changing Security Threats / Challenges of Global Interdependence	152.2	141.6
Goal 3: Transforming the Federal Government's Role	135.8	135.2
Goal 4: Maximize the Value of GAO	14.6	14.9
Other Costs in Support of the Congress	29.5	26.9
Reimbursable services not attributable to above cost by goal categories	(9.5)	(9.3)
<b>Total Net Cost of Operations</b>	<b>\$544.3</b>	<b>\$527.3</b>
Actual full-time equivalents (FTE)	2,989	2,891

Source: GAO | GAO-16-3SP

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 2015, our budgetary resources included new direct appropriations of \$522.0 million, and \$30.7 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 2015 were \$588.3 million.

Total assets were \$103.9 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 substantially the same as total assets at the end of fiscal 2014.

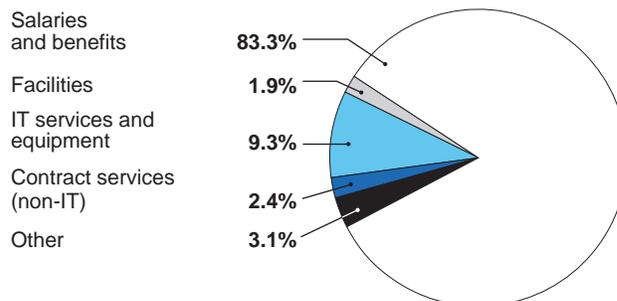
Total liabilities were \$79.0 million, composed largely of employees' accrued annual leave, employees' salaries and benefits, amounts owed to other government agencies, and nongovernmental accounts payable. The balance of total liabilities at the end of fiscal year 2015 remains substantially the same as total liabilities at the end of fiscal 2014.

Overall, our net cost of operations in fiscal year 2015 is approximately \$17.0 million greater than in fiscal year 2014. This increase is consistent with the increase in budgetary resources and primarily was used to fund the increase in personnel. Costs for Goal 2, which deals with security threats and the challenges of global interdependence, increased by \$10.6 million due to increased efforts by several engagement teams including: Defense Capabilities and Management, Acquisition and Sourcing Management, Homeland Security and Justice, and International Affairs and Trade. The cost category "Other costs in support of the Congress" 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 2015 costs break down by category.

Figure 24: Use of Fiscal Year 2015 Funds by Category:

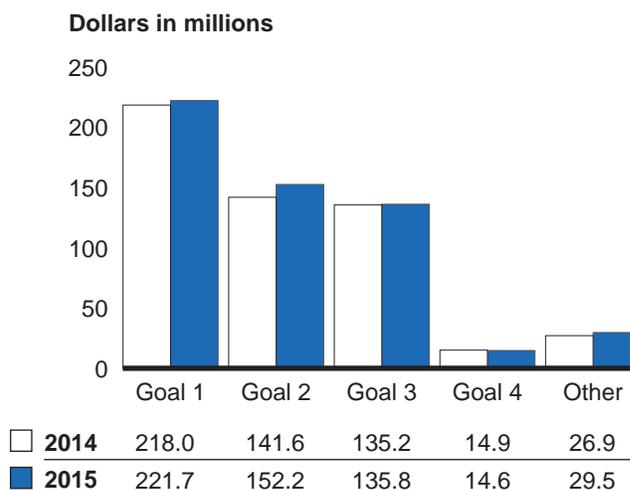
Percentage of total net costs



Source: GAO | GAO-16-3SP

Figure 25 shows our net costs by goal for fiscal years 2014 and 2015.

Figure 25: Net Cost by Goal



Source: GAO | GAO-16-3SP

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.

## 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 Internal Control*, which provides 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, 2015, was operating effectively and that no material control weaknesses exist 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, 2015. We made this assessment based on criteria established under FFMIA and guidance issued by OMB.

The Improper Payments Elimination and Recovery Act of 2012 requires that agencies (1) periodically review activities susceptible to significant improper payments; (2) estimate the amount of improper payments; (3) implement a plan to reduce improper payments; and (4) report the estimated amount of improper payments and the progress to reduce them. We have implemented and maintained internal control procedures that help 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 2015. 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 2015, the IG issued three audit and evaluation reports. The first report evaluated how well our privacy program managed and protected personally identifiable information. [<http://www.gao.gov/products/OIG-15-1>] The second report assessed GAO internal controls over preventing, detecting, and responding to potential misuse, waste, and abuse of GAO purchase cards. [<http://www.gao.gov/products/OIG-15-2>] Finally, the third report assessed the extent to which our Forensic Audits and Investigative Service had effective controls for ensuring compliance with the Law Enforcement Availability Pay (LEAP) Act requirements for receiving LEAP. [<http://www.gao.gov/products/OIG-15-3>]

In addition, the IG operated a hotline for use by employees, contractors, and the public. The hotline is a primary source of complaints or information related to suspected fraud and other problems, abuses, and deficiencies pertaining to the administration of GAO programs and operations.

Hotline complaints are converted to OIG 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 2015, the IG initiated 22 investigations and closed 20 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](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 operations, 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 2015 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.
- Lawrence B. Gibbs, a practicing attorney and member of Miller & Chevalier, Chartered, and a former Commissioner of IRS.
- 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.

The [committee's report](#) appears in [Part III](#) of this report on [page 96](#).

## 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 2016 Performance Goals

For fiscal year 2016, GAO requested an appropriation of \$553.1 million, an increase of \$31.1 million or 5.9 percent over the fiscal year 2015 appropriation of \$522 million. Though no final decisions have been made on our fiscal year 2016 appropriation, initial indications are that funding levels will remain largely flat at around \$522 million plus \$35.4 million in receipts from rental income, reimbursements from program and financial audits, and bid protest user fees. At this funding level there are significant, unavoidable mission related impacts related to an expected decrease in FTEs from 2,989 at the end of fiscal year 2015 to 2,944 at the close of fiscal year 2016.

At this FTE level, GAO will not be able to sustain the number of audits, reviews, testimonies, or deliver on the number of financial and non-financial benefits planned for fiscal year 2016. Although the implementation of New Blue and other process improvements will help mitigate some of the mission related challenges, a gap in capability and staff capacity will still exist and persist in the future without adequate funding. Because about 80 percent of our funding goes toward salaries and benefits, flat funding is not a sustainable scenario for GAO going forward and will result in continued staff reductions

and reduced capabilities, not to mention postponing much needed building and information technology improvements.

GAO has been actively working to reduce costs for more than 5 years, and we are continuing to explore opportunities to enhance workforce and budget flexibilities, increase our effectiveness and efficiency, and further reduce our operating costs. For example, our ongoing enhanced office sharing and hoteling pilot is projected to continue to reduce infrastructure costs in fiscal year 2016. Additionally, 49,000 square feet of headquarters office space has been renovated and rented, which has generated about \$2 million in annual rental income. Plans are also underway to explore the possibility of renovating and renting out additional headquarters office beginning in fiscal year 2017. Additionally, we are undertaking a full scale review of our information technology and building and security offices to see if additional efficiencies are available that will further reduce infrastructure and operating costs.

Collectively, these actions will help ensure that we have the capacity in the near term to provide accurate, objective, nonpartisan, and constructive information to the Congress to help it conduct effective oversight, produce results for the American people, and help enable us to meet the performance goals outlined in our strategic plan through fiscal year 2016. With that said, it must be noted that there is a real risk that continued flat or reduced funding will result in a tangible degradation in GAO's ability to perform its mission, achieve results, and support the Congress. This will become an ever increasing possibility as we exhaust operations efficiencies and revenue generating opportunities and must make real cuts to our number one asset—our 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 2016, we will focus high-level management attention on the following four challenges, which are summarized below:

- Human capital
- Improving the efficiency of our engagements
- Information security
- Telework (new this year)

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

#### ■ **CHALLENGE: Human Capital**

GAO relies on a high-performing, results-oriented workforce to deliver innovative and effective products to the Congress and the American people. The diverse skill sets and expertise required to provide timely, high-quality, reliable products and recommendations, and to perform followup actions to our work, present three human capital challenges that we need to strategically manage in a budget-conscious environment:

- **Succession planning:** Retirements and the potential loss of leadership and institutional knowledge, coupled with fiscal pressures, underscore the

importance of a strategic and efficient approach to acquiring and retaining individuals with needed critical skills. While we met our recruiting and hiring goals this year, we know that investing in our staff throughout their careers is essential to maintaining our pipeline now and moving forward. Providing the right training, mentoring, and opportunities to entry- and mid-level employees in particular to help them grow professionally is the most efficient way we can foster and retain an expert, seasoned workforce, leveraging their experience, knowledge, and skills in the future.

- **Human capital management systems and processes:** The development, expanded use of system functionality, and integration of systems are essential for effective and efficient strategic human capital management. For the past few years, GAO has pursued fuller use of the federal government's primary human resource processing system, HR Connect, in order to bring enhanced accountability, integrity, and consistency to the various human capital lines of business and to make better use of human capital data for informed decision making. In addition, we are continuously reviewing and assessing the ongoing efficiency of our other human capital management systems to identify those that may benefit from updates.
- **Diversity and inclusion:** GAO's Diversity and Inclusion Strategic Plan guides our efforts to create, support, and promote a highly diverse and inclusive work environment. The plan identifies three primary workforce goals: (1) diversity, (2) inclusion, and (3) sustainability. Our diversity and inclusion efforts are becoming integrated into our everyday work practices, but there is more to

be done. We must continue to increase the representation of minorities and staff with disabilities in leadership positions; increase the representation of Hispanics, people with disabilities, and veterans in our workplace; and maintain a work environment that is respectful and inclusive of all segments of our society.

### ***CHALLENGE: Improving the Efficiency of Our Engagements***

In 2011, we identified improving the efficiency of our engagements as a new management challenge. With the many complex challenges facing the Congress and the nation, and in light of ongoing budget constraints, we recognized the need to look for ways to produce our reports and analyses more quickly and efficiently without sacrificing quality. Since 2011, we have made great strides in identifying ways we can gain efficiencies in the engagement process, and have implemented a number of recommendations. We have focused significant resources on developing a suite of efficiency improvements such as revised procedures, job aids, and tools. The Continuous Process Improvement Office (CPIO) and an executive-level leadership board were created in 2012 to guide and carry out the assessments, projects, and change management necessary to implement needed efficiency solutions. Several agency-wide project teams have been working to develop and implement such solutions. While much work has been done to achieve our goals in this area, two main challenges remain in our efforts to further streamline and improve the efficiency of our engagement processes:

- **Technology:** While we have successfully implemented a number of efficiency measures agency-wide, our ongoing challenge is identifying, acquiring, and/or configuring available technology to match our work-flow-process needs

to introduce greater efficiencies into the way we do our work. For example, identifying available technology to improve product development and distribution has been challenging because of several unique aspects of our product-writing process.

- **Change management:** Change takes time and must be rolled out according to the greatest needs and priorities of the agency. To ensure that we achieve our intended efficiency gains, we need to focus on managing the people side of change and expanding outreach with staff to understand and address opportunities for improvement and areas of resistance. A key component of this is listening to employee feedback and making revisions along the way as needed.

### ***CHALLENGE: Information Security***

Information security continues to be a challenge due to ongoing shifts in security threats, a changing security landscape, and evolving security guidance. As a result, information security has been one of GAO's management challenges for 10 of the past 12 years. Risks to information and communication systems include insider threats from employees, escalating and emerging threats from around the globe, the ease of obtaining and using hacking tools, the steady advance in the sophistication of attack technology, and the emergence of new and more destructive attacks. Deployed malware in the form of advanced, persistent threats and "zero-day" attacks comprise the most significant threat to our information and information system assets. Given the constantly 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 has identified five areas of opportunity for improved management and oversight of our information security systems and processes.

- **Detecting and responding to inappropriate access to computer resources:** Attacks on some federal agencies' networks, including GAO's, over this last year identified the relentlessness of the security threats we face. These breaches have heightened our awareness of, and responsiveness to, such threats. Our focus has been 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:** Over the years, major technology changes within GAO have advanced our ability to effectively perform our work, but have challenged our ability to keep up with the implementation of security configuration standards across legacy and new technology. However, as business practices have evolved through technology, GAO has focused on improved project management to manage continuous technology and deployment schedules in a way that ensures risk mitigation as well as meets business requirements. Further, GAO has selected and configured technology to optimize the overall protection of our information systems and reduce our exposure to security risks. For example, GAO's migration to a virtual environment for both desktops and servers has enabled a more consistent configuration and reduced the instances of specialized systems deployments.
- **Ensuring appropriate account privileges:** GAO is focused on ensuring appropriate controls are in place to manage accounts with elevated privileges. In an effort to protect the "keys to the kingdom," GAO is implementing a privileged account management solution to enhance our oversight of staff account privileges. Further, we will make changes to control and manage the operational requirements for system administrators within our network directory structure.
- **Planning for continuity of operations:** The continued operation of GAO information systems, especially in times of a significant crisis, requires effective IT planning, coordination, and training in continuity operations. Managing our human and fiscal resources efficiently and effectively plays a significant part in our efforts to upgrade our current IT infrastructure and address evolving business practices (e.g., telework, mobility, and data sharing), and we recognize that continuity of operations must be a critical part of our planning processes.
- **Implementing agency-wide enterprise risk management:** GAO has embraced FISMA as the foundation of our information security program and has integrated this concept with the support from business and system owners. GAO recognizes the need for an overarching enterprise risk management perspective; the continuous monitoring of security controls provides a foundation for this process. GAO continues to review its agency-wide enterprise security perspective and prioritize remediation efforts to address any system deficiencies, as well as monitor and respond to internal security risks such as the potential for insider threats, and vulnerabilities associated with cloud-based services and data on mobile devices.

## CHALLENGE: Telework

In last year's report, we identified managing a mobile workforce as one of several human capital challenges. We described the challenge of implementing, monitoring, and maintaining accountability of policies and programs that support the work-life balance needs of a diverse, mobile workforce, while attaining cost efficiencies and ensuring quality and efficiency in GAO's work products. Due to increased attention government-wide to the effective implementation of agency telework programs and GAO's ongoing efforts to manage its field office enhanced telework pilot and expand that pilot to headquarters, we are electing this year to add telework as a separate management challenge.

GAO has a comprehensive telework program that provides employees with work-life flexibilities. Our telework program is a valuable recruitment and retention tool; reduces energy consumption, traffic congestion, and pollution; provides operational cost-efficiencies; affords employees flexibility in maintaining work-life balance; and allows the agency to continue to operate even when there are emergency building closures. The current telework policy allows eligible employees to telework up to 49 percent of their scheduled work hours and more in the field offices as part of the enhanced telework pilot. As we reported last year, between February 2012 and March 2014, GAO rolled out an enhanced telework pilot in its field offices. The pilot permitted eligible field office employees to telework up to 66 hours per pay period (or 82.5 percent of the time), and required them to report to their official duty station for at least 14 hours during the pay period over at least 2 work days. The goals of the pilot were to

- Enhance flexibility for employees by allowing them to spend more of their time working from home or an alternative worksite.

- Help reduce infrastructure and other costs during a period of tight budgets.
- Maintain the underlying principle that GAO must preserve its historic levels of quality, timeliness, and productivity.

During 2015, GAO completed a comprehensive analysis of its telework program. The evaluation focused on (1) evaluating whether the enhanced telework pilot met its goals; (2) identifying lessons learned from GAO's overall telework program; and (3) providing recommendations for improvement. We found that while overall the telework program is sound — meeting its goals of reducing agency operational costs, enhancing employee work-life balance, and not negatively impacting the quality, timeliness, and productivity of GAO engagements — there are some areas that require additional attention to ensure GAO has the right tools, policies, and oversight in place.

We have identified four areas of opportunity for improved management and oversight of GAO's telework program.

- **Guidance and training for staff and managers:** GAO needs to ensure that all staff and managers have ready access to clear, accurate, and thorough telework policies and guidance. Our evaluation revealed that telework guidance exists, but it is spread across many official documents that were prepared by various sources and at different times, and that our telework training had not been updated in many years. Additional guidance and clarification about telework policy and procedures will help managers and staff better understand and meet their telework responsibilities.
- **Cost-benefit monitoring:** Telework provides many positive benefits. However, there are both quantitative and qualitative costs associated with running a telework program, from the cost of providing employees telework tools and

technology to the potential impact of telework on the quality and timeliness of our products. While our evaluation found that our enhanced telework pilots provided financial cost savings with no evidence of any impact on engagement quality, timeliness, or productivity, we recognize the importance of continuing to analyze and monitor these areas to ensure that the resources we commit to telework provide an ongoing return on investment.

- **Informal employee interaction and collaboration:** While our evaluation results indicated a high level of satisfaction with telework across GAO, we did identify a few areas with a higher level of negative responses that warrant additional attention. For example, about one-third of respondents to GAO's agency-wide telework survey reported that telework negatively affected their informal interaction with coworkers, collaboration, and the ability to share knowledge and experiences. There were also a few areas where GAO managers expressed stronger negative reactions such as the ability to mentor and coach employees. GAO needs to better understand and find new ways to address the concerns of its managers and staff in these areas.
- **Telework tools and management systems:** While GAO has made continuous improvements to its IT tools and infrastructure, more needs to be done to improve the systems and collaboration tools that support the efficiency of working remotely. We recognize that improvements are needed to integrate systems to make it easier for managers to monitor and review staff schedules and related time and attendance data, and for telework program administrators to perform overall program monitoring of reporting requirements.

## Mitigating External Factors

In addition to the resource constraints and uncertainty of the budget for fiscal year 2016, which directly affect our internal management challenges, other external factors that could affect our performance and progress toward our goals include shifts in congressional interests, the ability of other agencies to make improvements needed to implement our recommendations in a constrained budget environment, and access to agency information. We mitigate these factors in several ways.

Demand for our work is very high as demonstrated by the 813 congressional requests and new mandates in fiscal year 2015. The Comptroller General and other senior officials maintain frequent communication with our congressional clients to keep informed of their interests as unanticipated shifts in congressional priorities can change the mix of work we are asked to perform. In addition, we reserve a limited portion of our resources for work initiated under the Comptroller General's authority to address priority issues we identify. We strive to maintain flexibility in deploying our resources in response to shifting priorities and have successfully redirected our resources when appropriate and maintained broad-based staff expertise.

One way in which we manage the high demand for our work is to conduct bipartisan work. In fiscal year 2015, 58 percent of the work we completed was based on bipartisan requests and mandates. The 4-year average for our bipartisan work is almost 60 percent.

Because 33 percent of our audit resources were devoted to addressing mandates in fiscal year 2015, we have used multidisciplinary teams composed of staff from across the agency to address cross-cutting mandates. In addition, we continue to work with the Congress to modify or repeal recurring statutory requirements

which have already been fully analyzed, thereby freeing up resources for higher congressional priorities.

Again this year the Rules of the House of Representatives for the 114th Congress require each standing committee or subcommittee to hold at least one hearing focusing attention on government operations under their jurisdiction that were identified by GAO as high risk due to vulnerabilities to fraud, waste, abuse, and mismanagement (see [p. 40](#) for more information about our high-risk areas).

Another external factor that affects our ability to serve the Congress is the extent to which we can obtain access to agency 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 2014, as a result of the difficulty GAO was having in obtaining copies of documents deemed to be Sensitive But Unclassified (SBU) from the State Department and U.S. Agency for International Development (USAID), GAO had engaged in ongoing discussions with senior officials from both agencies to seek changes to this practice. As a result of these discussions, which continued well into fiscal year 2015, both the State

Department and USAID modified their practices in ways that should significantly improve GAO's ability to obtain copies of SBU documents going forward. These changes should also bring the State Department and USAID practices more in line with those of the other executive branch agencies, which routinely provide copies of SBU documents to GAO, and greatly enhance our ability to effectively and efficiently carry out our mission. We will be monitoring how both agencies respond to GAO access requests to ensure they are effectively implementing 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. It is crucial 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 2015, we successfully worked through a number of issues with various elements of the Intelligence Community

related to obtaining information we requested. We will continue to monitor the implementation of ICD 114 moving forward.

We devote a high level of attention to monitoring and aggressively pursuing access issues as they arise. We appreciate the interest of the Congress in helping to ensure that we obtain access to information and the efforts by agencies to cooperate with our requests.



Source: GAO | GAO-16-3SP

Top row left to right: CG Townhall meeting, new employees being sworn in; bottom row: GAO staff working on projects.

# Part II

## Performance Information



Source: GAO | GAO-16-3SP

### Performance Information by Strategic Goal

In the following sections, we discuss how each of our four strategic goals contributed to our fiscal year 2015 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 2015.



Source: See Image Sources

## 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

In preparing to consider reauthorizing funding for the State Children's Health Insurance Program (CHIP) beyond fiscal year 2015, the Congress asked us to report on the program's outcomes and other issues. We found that the percentage of uninsured children nationwide decreased by half since CHIP began. We also found that CHIP children had better access to care and use of services compared with uninsured children, and access and use of services comparable to that of privately insured children. As a result, the Congress reauthorized funding for CHIP through fiscal year 2017, helping to ensure access to health care for millions of children. ([GAO-15-348](#))

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 2015, 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	2010 actual	2011 actual	2012 actual <sup>a</sup>	2013 actual <sup>a</sup>	2014 actual	2015 target <sup>b</sup>	2015 actual	Met/not met	2016 target
Financial benefits (dollars in billions)	\$17.8	\$12.6	\$25.7	\$22	\$15.5	\$15.5	51.4	 Met	\$15.0
Other benefits	233	243	275	271	240	230	255	 Met	235
Testimonies	86	84	61	60	57	63	57	Not Met	62

Source: GAO | GAO-16-3SP

<sup>a</sup>In fiscal years 2012 and 2013, we achieved some unexpectedly large financial benefits; however, we did not expect this level of results in fiscal years 2014 or 2015, when we set our targets.

<sup>b</sup>Our fiscal year 2015 targets for all three performance measures differ from those we reported in our fiscal year 2015 performance plan in April 2014. Specifically, we increased the financial benefits target from \$13 billion to \$15.5 billion, decreased other benefits target from 231 to 230, and decreased the testimony target from 64 to 63 (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 remained stable from fiscal year 2010 to 2011, increased in 2012 and 2013, and declined slightly in 2014. In 2015, our financial benefits rose sharply due primarily to one unexpectedly large benefit. Goal 1's average other benefits were stable from fiscal year 2010 to 2011, and increased each year thereafter through 2015. The average number of hearings at which we testified for goal 1 has declined steadily since fiscal year 2010.

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

Performance measure	2010	2011	2012	2013	2014	2015
Financial benefits (dollars in billions)	\$15.5	\$15.5	\$17.1	\$19.5	\$19.0	\$28.7
Other benefits	230	232	244	256	257	260
Testimonies	105	95	79	73	66	59

Source: GAO | GAO-16-3SP

The following sections describe our performance under goal 1 for each of these three quantitative performance measures and describe the targets for fiscal year 2016.

## Financial Benefits

The financial benefits reported for this goal in fiscal year 2015 totaled \$51.4 billion, exceeding the target we set by \$35.9 billion, due primarily to one large financial accomplishment for the auctioning of the commercial spectrum by the Federal Communications Commission in January 2015 (\$32.8 billion). 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 the Department of the Treasury. We set the target for fiscal year 2016 at \$15.0 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

The Department of Housing and Urban Development (HUD) takes possession of thousands of homes resulting from foreclosures on borrowers who defaulted on mortgages insured by its Federal Housing Administration—an inventory that reached over 65,000 in 2011. In 2013, GAO reported that HUD generally disposes of these properties by taking them into inventory and then marketing them for sale to others—occasionally using alternative means of disposition (e.g., selling the properties to other organizations at a discount or selling the mortgages). GAO also found that HUD's performance in selling these properties lagged behind other government-sponsored enterprises with similar responsibilities—recommending that HUD improve its disposition practices for these properties. HUD's subsequent actions led to financial benefits of \$1.7 billion (net present value). ([GAO-13-542](#))

## Other Benefits

Other benefits reported for goal 1 in fiscal year 2015 totaled 255, exceeding our target of 230 by 25 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 2016, we set our target at 235 for these other benefits based on our recent experience.

### Example of Goal 1's Other Benefits

The Veterans Health Administration (VHA) spent \$563 million on surgical implants, such as stents and bone and skin grafts, in fiscal year 2012. In 2013, we found that VHA's purchase requirements were not always followed at selected medical centers and that its oversight of purchases needed improvement. As a result, VHA evaluated opportunities for additional VHA-wide supply and surgical implant contracts and began monitoring compliance with these contracts and other purchasing requirements. These steps should help ensure more cost-effective use of VHA resources and improve care for veterans. ([GAO-14-146](#))

## Testimonies

Our senior executives testified at 57 congressional hearings related to goal 1, which fell short of the fiscal year 2015 target of 63 by 6 testimonies. Among the topics on which we testified were veterans' use of antidepressants and the accuracy of veteran's suicide data; overseeing management challenges facing the National Nuclear Security Administration; improving oversight of motor carrier safety; extending federal funding for children's health insurance; sustaining Indian irrigation projects; reducing the Railroad Retirement Board's improper payments; and creating a national broadband network for public safety communications (See [fig. 22](#) for selected testimony topics by goal.) We set our fiscal year 2016 target at 62 testimonies on goal 1 issues based on our experience over the past few years.

### Example of Goal 1's Testimonies

In 2015, we testified three times on challenges facing the Bureau of Indian Education's oversight of 185 schools. The bureau's information on the physical state of the schools was incomplete due to bad data, among other problems. We also found communication problems between the bureau and its schools. In fact, the bureau still used a 2011 directory of schools. After we noted it was outdated, a new directory was soon issued. Further, a year after requesting funding, one school was still waiting to restore hot water. We raised the issue to bureau officials, who were unaware of the request, and a new water heater was finally purchased. ([GAO-15-389T](#), [GAO-15-539T](#), [GAO-15-597T](#), [GAO-15-121](#))

Table 12 provides examples of goal 1 accomplishments and contributions, which includes both financial and other benefits.

**Table 12: Goal 1 Accomplishments and Contributions**

Health Needs—Aging and Diverse Population	
Reducing Medicare Payments for Non-emergency Ambulance Transports	In 2012, we found that basic life support non-emergency ambulance services in super-rural areas increased by 82 percent from 2004 to 2010. We also found that the Department of Health and Human Services Office of Inspector General had cited Medicare improper payments as one potential cause for increases in ambulance utilization and stated that supplemental Medicare payments for ambulance transports were highly vulnerable to abuse. As a result, the Congress reduced payment rates for certain basic life support non-emergency ambulance services by 10 percent, which will save an estimated \$138.5 million dollars in 2014 and 2015. ( <a href="#">GAO-15-110</a> )
Reducing Information Security Risks to Medical Devices	With wireless technology leading to more complex medical devices, we reported in 2012 that it also raised vulnerabilities that could risk their safety and effectiveness. For example, the settings of a pacemaker with inadequate access controls could be adjusted by someone with unauthorized access. We recommended that the Food and Drug Administration develop and implement a plan to enhance its review and surveillance of such devices. The agency took several steps to do so, including raising awareness about potential vulnerabilities and reporting suspected problems, which should help limit risks to the information security of these devices. ( <a href="#">GAO-12-816</a> )
Addressing Vulnerabilities to Medicare Improper Payments	In 2010, we reported that the Centers for Medicare & Medicaid Services (CMS) lacked an adequate process to address vulnerabilities to improper payments identified by recovery audit contractors. Per our recommendation, CMS has taken steps to develop an adequate process, including monitoring for issues that need correction and creating a protocol to determine the effectiveness of corrective actions. By taking these steps, CMS is better equipped to reduce improper payments in the Medicare program. ( <a href="#">GAO-10-143</a> )
Improving Recovery of Medicaid Overpayments	Medicaid has the second-highest estimated improper payments of any federal program that reports such data. Yet in 2012 and 2013, we found gaps and errors in state reports of overpayment recoveries, which could prevent the federal government from recovering its full share. After we recommended that CMS resolve these issues, it provided additional training and guidance to states. These efforts will help CMS determine whether states are returning the federal share of recovered overpayments. ( <a href="#">GAO-14-25</a> , <a href="#">GAO-13-50</a> )

## Lifelong Learning

### Fighting Back Against School Bullying

Bullying causes millions of students to suffer serious problems. Yet in 2012, we found that the prevalence of bullying in certain groups was unknown, making it difficult to track national trends. After we recommended that agencies collect more information, the Department of Health and Human Services added a sexual orientation category to one of its youth surveys. Our work helped increase protections for victims when the Department of Education implemented our recommendation to inform complainants about their state-level legal options. ([GAO-12-349](#))

## Benefits and Protection for Workers, Families, and Children

### Making Medicare Cards More Secure

We have frequently reported that displaying Social Security numbers (SSNs) on government identity cards increases the risk of identity theft. After finding that CMS had no plans to remove SSNs from 48 million Medicare cards, we recommended that it do so in a way that both protects beneficiaries and minimizes burdens for providers and other parties. The Congress then enacted the Medicare Access and CHIP Reauthorization Act (P.L. 114-10), requiring that cost-effective means be established to ensure that SSNs are not displayed or coded on Medicare cards. ([GAO-12-831](#), [GAO-06-586T](#), [GAO-06-238](#), [GAO-05-1016](#), [GAO-05-59](#))

### Protecting Elderly Americans

Our reports on elder abuse identified challenges state Adult Protective Services (APS) had in addressing growing caseloads. These stemmed from difficulty collecting and using data to track outcomes and assess APS program effectiveness, leaving states with limited information for resolving cases of abuse. Per our recommendations, the Department of Health and Human Services worked with other agencies to develop a nationwide APS data system and established the National Adult Protective Services Resource Center to provide information and technical assistance to APS. ([GAO-13-110](#), [GAO-11-208](#))

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

### Helping Secure the Finances of Working and Retired Americans

Our work has helped strengthen multiemployer pension plans that more than 10 million workers and retirees rely on for their financial future. With the Pension Benefit Guaranty Corporation's (PBGC) insurance trust fund in critical financial condition, we identified congressional actions needed to allow severely distressed plans to reduce accrued pension benefits, expand PBGC's ability to assist financially distressed plans, and raise insurance premiums to provide more resources. The Congress enacted these provisions with the Multiemployer Pension Reform Act of 2014. ([GAO-13-240](#))

### Facilitating IRA Rollovers in TSP

In 2010, over 60 million workers held more than \$3.1 trillion in 401(k) plans. In 2013, we reported that difficulties rolling over savings from one 401(k) to another encouraged participants to choose an IRA rollover instead of potentially lower fee plans, such as the defined-contribution Thrift Savings Plan (TSP). Our findings prompted the TSP Investment Board to implement policies to simplify and encourage rollovers. As a result, TSP's 4.73 million participants can more easily consolidate their retirement savings into this well-regarded plan. TSP received \$1 billion in rollovers in 2014—a record in December 2014 for rollovers in a month. ([GAO-13-30](#))

Improving Quality Assurance for Veterans' Disability Claims	The Veterans Benefits Administration pays billions of dollars to millions of disabled veterans, but we found problems with its ability to ensure that backlogged claims were processed accurately and consistently by its 57 regional offices. After we recommended improvements, the agency made plans to revise its sampling methodology, make guidance more accessible, and incorporate all types of quality reviews in a new database. After we found that the agency excluded claims processed during overtime from staff performance reviews, limiting its ability to address quality concerns, it issued guidance to include those claims in reviews. ( <a href="#">GAO-15-50</a> )
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### A Responsive, Fair, and Effective System of Justice

Improving the Handling of FBI Whistleblower Retaliation Complaints	We reported that, unlike at other agencies, Federal Bureau of Investigation (FBI) employees generally have no recourse if retaliated against for reporting wrongdoing to their supervisors or others in management. In fact, the Department of Justice has denied 17 such complaints over 5 years. Dismissing potentially legitimate complaints could deny whistleblowers protection, permit retaliatory activity, and discourage future whistleblowers. We recommended that the Congress consider whether FBI whistleblowers should have means to seek corrective action if retaliated against for such disclosures. The Congress considered this concern during a 2015 hearing. ( <a href="#">GAO-15-112</a> )
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### Housing Finance and Viable Communities

Making the Manufactured Housing Program More Financially Sustainable	We reported in 2014 that the Department of Housing and Urban Development's (HUD) program for certifying the factory-built homes it regulates faced unstable revenue because HUD had not implemented the fee increase that it had proposed in budget justifications dating back to fiscal year 2009. We recommended that HUD raise the fees it charges to manufacturers for certification labels instead of relying on supplemental federal funding. HUD agreed to implement our recommendation, which will save an estimated \$6.1 million each year from general fund appropriations starting in fiscal year 2015. ( <a href="#">GAO-14-410</a> )
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### Stable Financial System and Sufficient Consumer Protection

Reducing Technology Threats to Financial Markets	We highlighted in a series of reports the challenges that the Securities and Exchange Commission faced in protecting financial securities markets from information technology outages and cyberattacks, including a limited ability to ensure compliance with its voluntary guidance. In response to our work, the commission issued a final rule in 2014 that mandates market participants better manage their information technology risks. As a result, markets should be more resilient to problems arising from both internal failures and external threats. ( <a href="#">GAO-04-984</a> , <a href="#">GAO-01-863</a> )
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Securing Consumer Financial Data	In 2014, we identified ways for the Consumer Financial Protection Bureau (CFPB) to better secure the data it collects on consumer credit card accounts, mortgage loans, and other products. Per our recommendations, the CFPB conducted additional privacy training for its staff and obtained assurance from the Office of Management and Budget that its collection of credit card data complied with federal requirements. These steps should help ensure CFPB collects and protects consumer financial data in accordance with federal requirements. ( <a href="#">GAO-14-758</a> )
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**Reducing Funding for the Underperforming Short Refinance Program** After finding that fewer-than-expected people with underwater mortgages participated in the Federal Housing Administration's Short Refinance Program, we recommended in 2012 that the Department of the Treasury reassess the terms of its \$8 billion letter of credit for financing the program. Treasury did so after receiving updated participation estimates. Since fiscal year 2013, it has deobligated \$7.9 billion, \$900 million of which was deobligated in fiscal year 2015. ([GAO-12-296](#))

## Stewardship of Natural Resources and the Environment

**Improving Regulation and Oversight of Indian Gaming** As the National Indian Gaming Commission considered guidance for Indian casino gaming, part of the \$28 billion Indian gaming industry, we reported in 2015 that the commission had no clear plan to get input from any of the 24 affected states. We also found that the effectiveness of some of the commission's approaches to encourage tribes to comply with its regulations was unclear. The commission agreed with our recommendations to obtain input from states and to take steps to better demonstrate the effectiveness of its oversight activities. The input will help the commission be better informed about how its actions may affect gaming compacts. ([GAO-15-355](#), [GAO-15-743T](#))

**Clarifying Eligibility Requirements for Farming Payments** In 2013, we reported that broad, subjective criteria hindered the Department of Agriculture's (USDA) ability to determine whether farm program payment recipients met requirements for being actively engaged in farming. To reduce the risk that individuals with little involvement in farming qualify for payments, we suggested that the Congress consider making the criteria clearer and more objective. The Congress cited our findings numerous times in its debate of the 2014 Farm Bill, and in the final bill directed USDA to revise the criteria. USDA issued a rule clarifying these criteria and projects the rule will save about \$50 million by 2018. ([GAO-13-781](#))

**Reporting the Potential Implications of Removing Crude Oil Export Restrictions** In 2014, we examined the potential effects of removing restrictions on crude oil exports, the subject of proposed legislation. We reported that removing the restrictions would likely increase domestic crude oil prices, production, investment in production, and employment; decrease consumer fuel prices; and may affect the environment. In 2015, we testified about these effects before the House Committee on Agriculture. Our work will help inform the debate on this important issue. ([GAO-15-745T](#), [GAO-14-807](#))

**Improving Contract and Project Management at the Department of Energy** In 2014 and 2015, we reported deficiencies in the Department of Energy's (DOE) contract and project management practices, including those related to a multibillion dollar nuclear security program on our High Risk List for cost overruns and other challenges. We recommended that DOE revise its cost-estimating procedures to reflect best practices and require root cause analyses for projects that experience cost increases or schedule delays. In June 2015, DOE took action to implement both of these recommendations. Doing so will help it address long-standing difficulties in completing projects within cost and on schedule. ([GAO-15-29](#), [GAO-14-231](#))

## Viable National Infrastructure

**Freezing the Federal Footprint** In the 2015 update to our High Risk List, we identified issues with the results of the administration's Freeze the Footprint policy—directing agencies not to increase their domestic office and warehouse inventory. While we noted that the policy demonstrates a leadership commitment to improving real property management, we found that the first year results—a 10.2 million square foot reduction in inventory between 2012 and 2013—were overstated. In response, the Office of Management and Budget and General Services Administration have taken steps to improve data quality and issued a national strategy for managing real property. ([GAO-15-290](#))

<b>Improving Management of Rural Water Infrastructure</b>	Rural and small communities could require \$190 billion over 20 years for water and wastewater infrastructure. We have reported how improved coordination and funding could enhance federal efforts to help meet their needs. Per our recommendation, the Environmental Protection Agency and the Department of Agriculture issued guidance to reduce the effort to apply for funding and worked with states to use it. We also testified on communities' funding challenges and how technical assistance helps them make better use of funds, which will assist the Congress as it considers legislation to continue technical assistance funding through 2020. ( <a href="#">GAO-15-450T</a> , <a href="#">GAO-13-111</a> , <a href="#">GAO-10-126</a> , <a href="#">GAO-07-1094</a> )
<b>Recalculating USPS Shipping Contract Costs</b>	Despite the growing importance of parcel services to the financially struggling U.S. Postal Service (USPS), we reported in 2015 that it had not studied key factors in delivery costs for Parcel Select contracts. A \$2.5 billion product, Parcel Select allows mailers to enter negotiated service agreements to lower their shipping prices for meeting volume and other requirements. However, USPS did not study the impact of weight or dimensions on its delivery costs for individual contracts. USPS agreed with our recommendation to identify and study such information and develop contract-specific cost estimates, which could help improve USPS's bottom line. ( <a href="#">GAO-15-408</a> )
<b>Assessing Risks in the Public Safety Broadband Network</b>	In 2015, we reported that an interoperable public safety broadband network, which will supplement the existing patchwork of incompatible systems used by public safety officials, could cost as much as \$47 billion to construct and operate. We also reported that the First Responder Network Authority (FirstNet), mandated to establish the new network, faces a multitude of risks and challenges, including funding the network's ongoing costs. We recommended that FirstNet fully assess these risks and develop more robust plans to help it achieve its complex objectives and maximize resources. ( <a href="#">GAO-15-407</a> )
<b>Strengthening Cybersecurity at Federal Facilities</b>	As access and control to critical federal facilities increasingly goes online, they become more vulnerable to cyberattacks. Yet our 2015 report found that the Department of Homeland Security had no strategy to address these risks for the thousands of facilities it protects. In response to our work, the department issued guidance that will help strengthen cybersecurity at federal facilities. ( <a href="#">GAO-15-6</a> )
<b>Realizing Benefits from Surplus Federal Property</b>	In 2014, we reported that a lack of criteria could have caused the General Services Administration (GSA) to miss opportunities for its "swap-construct" program, through which the government can provide unneeded property to developers in exchange for improving federal buildings on other properties. We also found that GSA provided too few details about construction needs to get meaningful input from interested parties. Per our recommendations, GSA issued new guidance addressing these concerns, which will help the government address long-standing challenges with disposing of surplus real property and modernizing outdated buildings. ( <a href="#">GAO-14-586</a> )
<b>Promoting Public Interest in Broadband Pricing</b>	With access to broadband services increasingly critical for daily life and economic growth, in 2014 we examined the effects of usage-based pricing on consumers—that is, when service providers charge by data consumed instead of offering unlimited plans. In our focus groups, in-home Internet consumers were concerned that usage-based pricing could cost more or limit their Internet use. The Federal Communications Commission agreed with our recommendation to use existing data to extensively analyze the effects of this type of pricing on in-home consumers, which will help fulfill its mission of promoting the public interest. ( <a href="#">GAO-15-108</a> )

### Securing the Skies with Stronger Aviation Cybersecurity

In 2015, we reported that the Federal Aviation Administration (FAA) lacked a comprehensive model for identifying cybersecurity threats to the NextGen air traffic control system replacing the older radar-based system. We found that the move to the new networked, satellite-based navigation system introduced cybersecurity risks to air-traffic control and operational and guidance avionics systems that the FAA had not fully addressed. Drawing congressional, media, and public attention to these potential threats, our work spurred the agency to develop such a cybersecurity model. ([GAO-15-370](#))

### Improving Processes for Aviation Product Approvals

In 2015, we reported that the FAA still had challenges to overcome to address inconsistencies in interpreting and applying its regulations for certifying new aviation products for domestic use, which can lead to variation in approval decisions, and helping U.S. companies obtain foreign approvals. Our work prompted the FAA to consult with experts to develop performance metrics to ensure its efforts achieve intended outcomes, which will help inform the Congress for the next FAA reauthorization act. Such efforts should also support the nation's ability to stay competitive and ensure safety in the aviation industry. ([GAO-15-550T](#), [GAO-15-327T](#))

Source: GAO | GAO-16-3SP

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: See Image Sources

## 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 federal government is also working to balance national security demands overseas and at home with demands related to an evolving national security environment. Given the importance of these efforts, 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

In addition to directly combating terrorist groups overseas, the U.S. government has invested billions to build up foreign partners' capacity to fight terrorist groups such as the Islamic State, al Qaeda, and Boko Haram. In fiscal year 2015, we completed several reviews resulting in numerous recommendations to improve operations and save costs related to these efforts. For example, the State Department agreed with our recommendation to set specific time frames for completing a required evaluation of its security assistance program for Egypt, which is supported by an average of about \$1.3 billion a year. ([GAO-15-685R](#), [GAO-15-493](#), [GAO-15-279](#), [GAO-15-259](#), [GAO-15-75](#))

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 2015 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 2015 performance targets for financial and other benefits, but fell short of our testimonies target for goal 2.

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

Performance measure	2010 actual	2011 actual	2012 actual	2013 actual <sup>a</sup>	2014 actual <sup>a</sup>	2015 target <sup>b</sup>	2015 actual	Met/not met	2016 target
Financial benefits (dollars in billions)	\$20.5	\$25.9	\$13.4	\$21.4	\$25.7	\$13	\$13.1	 Met	\$11.1
Other benefits	444	447	513	488	535	340	505	 Met	358
Testimonies	58	48	54	30	40	38	23	Not Met	35

Source: GAO | GAO-16-3SP

<sup>a</sup>In fiscal years 2013 and 2014, we achieved some unexpectedly large financial benefits; however, we did not expect this level of results in fiscal year 2015.

<sup>b</sup>Our fiscal year 2015 targets for two of the three performance measures differ from those we reported in our fiscal year 2015 performance plan in April 2014. Specifically, we increased our financial benefits target from \$12.8 billion to \$13 billion and reduced our other benefits target from 343 to 340 benefits (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 and are shown below in [table 14](#). This table indicates that the 4-year average for goal 2 financial benefits increased between fiscal year 2010 through 2011, decreased in fiscal year 2012, increased in fiscal year 2013 through 2014, and decreased in 2015. Goal 2's average other benefits decreased slightly from fiscal year 2010 through 2011, and increased from 2012 through 2015. The average number of hearings at which we testified for goal 2 has declined steadily since 2010.

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

Performance measure	2010	2011	2012	2013	2014	2015
Financial benefits (dollars in billions)	\$14.7	\$18.6	\$18.1	\$20.3	\$21.6	\$18.4
Other benefits	459	454	465	473	496	510
Testimonies	73	67	57	48	43	37

Source: GAO | GAO-16-3SP

The following sections describe our performance under goal 2 for each of our quantitative performance measures and describe the targets for fiscal year 2016.

## Financial Benefits

The financial benefits reported for this goal in fiscal year 2015 totaled \$13.1 billion, which was just over our target of \$13 billion. The financial benefits that contributed to goal 2, included termination of the precision tracking space system, cancellation of the BioWatch Gen-3 Program, as well as cancellation of the Standard Missile Block IIB Program. We set our fiscal year 2016 target at \$11.1 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

In our reviews of the Department of Defense's (DOD) fiscal year 2015 budget requests for the Defense Health Program and foreign currency fluctuations, we identified potential reductions from unobligated balances in the Defense Health Program and our analysis of more current foreign exchange rates than what DOD used to develop its budget estimate. As a result of our work, the Congress reduced DOD's appropriations for that year by about \$1.3 billion.

## Other Benefits

The other benefits reported for goal 2 in fiscal year 2015 totaled 505 and exceeded our target by 165 benefits, or about 49 percent. The majority of goal 2's other accomplishments were in the areas of public safety and security for programs including homeland security acquisitions, international trade, national defense and foreign policy, acquisition and contract management, DOD weapon system acquisition, and National Aeronautics and Space Administration operations. We set our fiscal year 2016 target at 358, which is well below our fiscal year 2015 actual performance, but above our fiscal year 2015 target of 340—based what our goal 2 teams expect to achieve based on past, ongoing, and expected work.

### Example of Goal 2's Other Benefits

Our July 2015 report on diplomatic security made several recommendations to the State Department (State) to enhance security at residences, schools, and other overseas facilities used by U.S. diplomatic personnel and their families. State concurred with all our recommendations and described steps it is taking to develop new procedures, clarify standards, and raise awareness of guidance and tools for securing these soft targets. State also has taken steps to address several other issues we reported, including requesting cost estimates from posts for newly required residential security upgrades. These actions will help State better protect U.S. personnel and their families overseas. ([GAO-15-700](#))

## Testimonies

Our senior executives testified at 23 congressional hearings related to goal 2 in fiscal year 2015, falling short of our target of 38 hearings by 15, or about 39 percent. Goal 2 testimony topics included monitoring high-risk travelers and maritime cargo, nuclear nonproliferation, the F-35 Joint Strike Fighter Program, VA contracting, international food assistance, and counterterrorism. (See [fig. 22](#) for selected testimony topics by goal.) We have set our fiscal year 2016 testimony target at 35 based on our recent experience.

Table 15 provides examples of goal 2 accomplishments and contributions, which includes both financial and other benefits.

**Table 15: Goal 2 Accomplishments and Contributions**

<b>Protect and Secure the Homeland</b>	
<b>Improving Screening and Care for Unaccompanied Alien Children</b>	In recent years, apprehensions of unaccompanied alien children—minors under 18 with no lawful immigration status and no parent in the United States available to provide custody—have significantly increased. Responding to a mandate in 2015, we reported problems with the Department of Homeland Security’s (DHS) screening and care of these children. To address inconsistent screening decisions, we recommended that DHS provide guidance for applying screening criteria. We also recommended that it record reliable data on care provided to these children. DHS plans to address our recommendations, which should help it better comply with screening and care requirements. ( <a href="#">GAO-15-521</a> )
<b>Fighting Duplication in Emergency Preparedness Grants</b>	In 2011 and 2012, we reported that the Federal Emergency Management Agency (FEMA) did not compare or coordinate grant applications across its preparedness programs to identify potential duplication. We also reported that it had not yet completed a national preparedness assessment of capability gaps based on tiered, capability-specific performance objectives. The Congress concurred with our suggestion to limit preparedness grant funding until FEMA identifies capability gaps and prioritizes grant funding. In 2013, the Congress reduced FEMA’s requested funding, saving about \$416 million based on present-value calculations. ( <a href="#">GAO-12-453SP</a> , <a href="#">GAO-12-342SP</a> , <a href="#">GAO-11-318SP</a> )
<b>Collecting Better Data for the Terrorism Risk Insurance Program</b>	The Terrorism Risk Insurance Program is meant in part to help reduce the economic impact of terrorist attacks, but we found that comprehensive data about the market were not readily available. Without such data, the government cannot fully understand the market or analyze the risk of potential financial losses. Following our recommendations, the Congress required the Department of the Treasury to collect data to help better understand the terrorism risk insurance market and ensure the availability and affordability of coverage. This could help make the program more effective and inform analysis of potential program changes to limit the government’s fiscal exposure. ( <a href="#">GAO-14-445</a> )

## Military Capabilities and Readiness

<p><b>Identifying Weaknesses in the Ford-Class Aircraft Carrier Program</b></p>	<p>Since 2007, we have reported on acquisition struggles related to the technology, cost, construction, and capabilities of the Ford-class aircraft carrier and recommended actions to improve the program's business case. In 2013 and 2014, we reported that the lead ship would be more expensive and less capable than planned. In 2014, we stated that the Navy's strategy for the follow-on ship relies on unprecedented efficiency gains, shifting work until after delivery, and delivering the ship with the same baseline capability as the lead. As a result of our work, the Congress has launched independent inquiries and asked us to testify on these issues. (<a href="#">GAO-15-22</a>, <a href="#">GAO-13-22</a>, <a href="#">GAO-07-943</a>, <a href="#">GAO-07-866</a>)</p>
<p><b>Overseeing DOD's Implementation of the Defense Health Agency</b></p>	<p>With the nearly \$50 billion Military Health System expected to double in cost by 2030, the Congress required the Department of Defense (DOD) to make reforms in fiscal year 2013. We analyzed DOD's plans for doing so through its Defense Health Agency. While we found that DOD mostly met its reporting requirements, its submissions were missing key details. We recommended it develop performance measures, interim time frames, and staffing baselines, and refine cost estimates. DOD agreed, and while it has yet to develop staffing baseline assessments, it has made significant progress in developing performance measures and refining cost estimates. (<a href="#">GAO-14-49</a>)</p>
<p><b>Avoiding Costs by Sharing Ammunition</b></p>	<p>The Department of Defense (DOD) manages inventories of conventional ammunition valued at nearly \$70 billion. While excess ammunition can be redistributed among the services to offset new procurements, we found that the Army's annual inventory reports did not have data on certain missiles. Per our recommendations, the Army began to include missile data in its annual reports. As a result, it transferred missiles to the Marine Corps, which, according to officials, will lead to about \$248 million in cost avoidance for fiscal year 2015. (<a href="#">GAO-14-182</a>)</p>
<p><b>Helping Sustain DOD's GPS Capability</b></p>	<p>Global Positioning System (GPS) satellites cannot deliver advanced capabilities for weapon systems not equipped with updated ground control software and receivers. Yet in 2015, we reported that software development was taking about \$1 billion more and 4 years longer than planned, while development issues remained unresolved. We also reported shortcomings with DOD's strategy for timely delivery of new military GPS receivers. We concluded that these issues posed significant risks to sustaining GPS capability. Our recommendations to identify and fix root causes in software development should help DOD correct these problems. (<a href="#">GAO-15-657</a>)</p>
<p><b>Improving Pacific Realignment Cost Estimates</b></p>	<p>We reported that the Department of Defense (DOD) lacked important information for estimating costs associated with the largest transformation of its military posture in the Pacific since World War II. Specifically, DOD did not conduct a comprehensive cost analysis of alternatives for facilities and infrastructure, including those associated with realigning forces from Japan to Guam. We recommended that DOD develop comprehensive cost estimates of its posture within the Pacific Command. As a result, the Congress limited funding for public infrastructure projects in Guam by \$153.9 million in DOD's fiscal year 2014 budget request.</p>

Improving the Security Force Assistance Guide	As the United States and coalition members have transitioned from leading operations to assisting Afghanistan security forces, we reported that DOD's broad goals were not always clearly linked to its advisor activities. We recommended that commanders work with advisors to identify end states, objectives, and milestones for developing Afghanistan security forces. Following our work, U.S. and coalition members released a security force assistance guide, which outlines 8 essential functions for advisors to achieve stability within Afghanistan security forces. ( <a href="#">GAO-13-381</a> )
<b>U.S. Foreign Policy Interests</b>	
Ensuring Greater Accountability for Billions in Foreign Affairs Grants	In 2014, we found that the State Department lacked adequate risk analyses and documentation to ensure that nearly \$2 billion a year in foreign affairs grants were used as intended. Responding to our recommendations to develop processes to address these challenges, State has begun to overhaul grants management. For example, it is developing new training courses, information systems, and steps to follow up on recommendations from internal reviews. When completed, these actions will provide greater assurance that State's grant funds are used as intended to achieve foreign policy goals. ( <a href="#">GAO-14-635</a> )
Improving U.S. Enforcement of Labor and Environmental Provisions in Trade Agreements	In two 2014 reports on free trade agreements (FTA), we recommended that the U.S. Trade Representative (USTR) and the Department of Labor coordinate a strategic approach to monitor and enforce FTA labor provisions and that USTR enhance compliance monitoring of environmental provisions by setting time frames and performance indicators. USTR stated that it has begun working with its partners to address these issues. Better enforcement of FTA labor and environmental provisions will help ensure that U.S. companies are not at a competitive disadvantage with companies that operate in countries with weaker standards. ( <a href="#">GAO-15-161</a> , <a href="#">GAO-15-160</a> )
Strengthening Efforts to Counter Overseas Threats	In several 2015 reports and testimony to the Congress, we highlighted challenges to the State Department's efforts to designate foreign terrorist organizations, mitigate threats to locally hired staff overseas, and help partner countries around the globe counter violent extremism. State concurred with our recommendations and reported some immediate steps to address them. For example, it took action to better protect locally hired personnel working at critical high-threat posts overseas and began to track efforts to address recommendations from program evaluations, which will help State take more timely action aimed at improving those programs. ( <a href="#">GAO-15-684</a> , <a href="#">GAO-15-655T</a> , <a href="#">GAO-15-629</a> )
Improving Global HIV/AIDS Relief Efforts	Based on our 2012 recommendations, the State Department recently established evaluation standards for the President's Emergency Plan for AIDS Relief (PEPFAR) that adhere more fully to best practices. The new standards, which cite our report, require agencies to better plan PEPFAR evaluations, ensure that evaluators are qualified and independent, and publish results, among other improvements. By following these standards, agencies will generate more systematic, reliable, and accessible information for program decisions. This will make PEPFAR more effective at preventing HIV, treating the millions infected, and caring for AIDS patients. ( <a href="#">GAO-12-673</a> )

Source: GAO | GAO-16-3SP

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: See Image Sources

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 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.

As shown in [table 16](#), we exceeded our fiscal year 2015 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	2010 actual	2011 actual	2012 actual	2013 actual	2014 actual <sup>a</sup>	2015 target <sup>b</sup>	2015 actual	Met/not met	2016 target
Financial benefits (dollars in billions)	\$11.6	\$7.2	\$16.7	\$8.1	\$13.30	\$8.85	\$10.1	 Met	\$8.85
Other benefits	684	628	652	555	513	425	526	 Met	362
Testimonies	45	39	41	22	30	23	26	 Met	23

Source: GAO | GAO-16-3SP

<sup>a</sup>In fiscal year 2014, we achieved some unexpectedly large financial benefits; however, we did not expect this level of results in fiscal 2015.

<sup>b</sup>Our fiscal year 2015 targets for all three performance measures differ from those we reported in our fiscal year 2015 performance plan in April 2014. Specifically, we increased our financial benefits target from \$5.6 billion to \$8.85 billion, decreased our other benefits target from 455 to 425 benefits, and increased our testimonies target from 22 to 23 (see [Setting Performance Targets](#)).

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 2010 through 2013 and increased in 2014 and 2015. Average other benefits for goal 3 have decreased steadily since 2010. The trend in the average number of hearings on goal 3 issues held steady from 2010 to 2011, and then declined from 2012 through 2015.

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

Performance measure	2010	2011	2012	2013	2014	2015
Financial benefits (dollars in billions)	\$19.1	\$15.2	\$13.5	\$10.9	\$11.3	\$12.1
Other benefits	668	663	650	630	587	562
Testimonies	52	52	44	37	33	30

Source: GAO | GAO-16-3SP

The following sections describe our performance under goal 3 for each of our quantitative performance measures and describe the targets for fiscal year 2016.

## Financial Benefits

The financial benefits reported for goal 3 in fiscal 2015 totaled \$10.1 billion, exceeding our target of \$8.85 billion by \$1.25 billion. Financial benefits under goal 3 included a reduction in improper payments at five agencies, increased capital gains tax revenue, improvements to the federal government's IT portfolio, and elimination of duplicative programs at the Census Bureau. We have set our 2016 target at \$8.85 billion again, 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

In September 2012, we reported that the Census Bureau needed to fully implement its new process for managing IT investments across the organization. This led the bureau to develop an implementation plan, including establishing directorate-level investment review boards for ensuring investments are aligned with strategic goals, eliminating redundancy, and reducing operating costs. In April 2014, one of these boards approved a single, bureau-wide program for data collection and processing to replace multiple existing efforts. This elimination of duplicative efforts at the bureau is estimated to save at least \$520 million from 2015 to 2019. ([GAO-12-915](#))

## Other Benefits

Other benefits reported for goal 3 in fiscal year 2015 totaled 526, exceeding our target of 425 benefits, by 101, which is about 24 percent. The majority of goal 3's benefits were in the areas of public safety and security; tax law administration; program efficiency and effectiveness; business process and improvement, including financial reporting; federal information technology; business systems modernization; and human capital. We have set our fiscal year 2016 target at 362 other benefits based on past, ongoing, and expected work.

### Example of Goal 3's Other Benefits

In ongoing work in federal cybersecurity, which has been on GAO's high-risk list since 1997, we have identified areas where federal cybersecurity could be improved, including clarifying oversight, streamlining security reporting requirements to reduce duplication, improving the consistency and effectiveness of agencies' response to a data breach, strengthening cybersecurity research and development, and implementing and securing cloud computing solutions. Our work assisted the Congress in enacting legislation to address these areas, including the Federal Information Security Modernization Act of 2014 and the Cybersecurity Enhancement Act of 2014. ([GAO-14-34](#), [GAO-13-187](#), [GAO-10-512](#), [GAO-10-466](#))

## Testimonies

Our senior executives testified at 26 congressional hearings related to this strategic goal in fiscal year 2015, exceeding the target of 23 hearings by 3, or about 13 percent. Among the goal 3 testimony topics covered were fragmentation, overlap, and duplication of federal programs and activities; improper payments government-wide; government-wide efficiency and effectiveness challenges; and. (See [fig. 22](#) for selected testimony topics by goal.) For fiscal year 2016, we have set the testimony target at 23, based on our recent experience.

Table 18 provides examples of goal 3 accomplishments and contributions, which include both financial and other benefits.

**Table 18: Goal 3 Accomplishments and Contributions**

<b>Analyze Government's Fiscal Position</b>	
Improving Federal Financial Reporting	Through the 25th anniversary of the Chief Financial Officers Act of 1990, our financial audits continued to yield recent benefits. The Securities and Exchange Commission automated updates for several key accounts, improving the accuracy of information needed to better manage investments. The Department of the Treasury improved information system controls relevant to the federal debt. Finally, our audit of the U.S. Government's Consolidated Financial Statements helped improve government-wide financial reporting, which will now clearly describe the agencies included in the financial statements. ( <a href="#">GAO-15-387R</a> , <a href="#">GAO-15-341R</a> , <a href="#">GAO-15-157</a> )
Increasing Revenue through Improved Tax Reporting on Securities Sales	In our 2006 report on capital gains tax compliance, we found that many taxpayers misreported their gains or losses from securities sales. This often happened because taxpayers failed to accurately report the cost, or basis, of the securities they sold. We suggested that the Congress require brokers to report to both taxpayers and IRS the adjusted basis of securities that taxpayers sell. The Congress enacted this requirement, which is expected to raise about \$983 million in revenue in 2015, the fourth fiscal year after the legislation's effective date. ( <a href="#">GAO-06-603</a> )
<b>Prevent Fraud, Waste, and Abuse</b>	
Reducing Federal Improper Payments	Since fiscal year 2000, we have issued several reports and testimonies to focus attention on government-wide and agency-specific improper payment issues. These reports identified deficiencies in how agencies estimate and report improper payments and recommended actions to prevent, detect, and correct improper payments. For fiscal year 2014, despite an overall government-wide increase in improper payments, 13 programs at five agencies reported reduced improper payment rates. Based on these programs' fiscal year 2014 outlays, the lower error rates resulted in a \$4.9 billion reduction in these programs' improper payments. ( <a href="#">GAO-15-482T</a> , <a href="#">GAO-15-341R</a> , <a href="#">GAO-14-737T</a> , <a href="#">GAO-13-229</a> , <a href="#">GAO-13-227</a> )
Highlighting Noncompliance with Key Improper Payment Legislation	Drawing on the work of federal inspectors general, in 2014 we reported to the Congress that only 13 of the largest 24 federal agencies complied with the Improper Payments Elimination and Recovery Act of 2010 for fiscal year 2013. Two areas—reporting error rates below 10 percent and meeting improper payment reduction targets—continue to be the most frequently cited reasons for agency noncompliance. Our work helped the Congress monitor the implementation of federal legislation intended to help reduce the federal government's improper payments, which in fiscal year 2014 were estimated to be \$124.7 billion. ( <a href="#">GAO-15-87R</a> )

<p><b>Providing a Framework to Combat Fraud in Federal Programs</b></p>	<p>In 2015, we published a revised Fraud Risk Management Framework that includes a comprehensive set of leading practices that serve as a guide for managers to use when developing or enhancing efforts to combat fraud in a strategic, risk-based manner. We developed the framework through a deliberative process that involved antifraud experts from state and local governments, private companies, other national audit institutions, and nongovernmental organizations. The framework is designed to help manage fraud risks across the federal government. (<a href="#">GAO-15-593SP</a>)</p>
<p><b>Preventing Ineligible Providers and Suppliers from Enrolling in Medicare</b></p>	<p>In 2015, we reported on weaknesses in the Medicare enrollment screening procedures that the Centers for Medicare &amp; Medicaid Services (CMS) use to detect ineligible providers and suppliers. We found thousands of questionable practice location addresses, such as UPS stores and fast-food franchises, listed as providers' practice locations. The agency agreed to our recommendations to use software to flag questionable locations and collect additional license information, which will help prevent ineligible providers from enrolling. However, it did not agree to revise its verification guidance, which we believe continues to put the program at risk. (<a href="#">GAO-15-762T</a>, <a href="#">GAO-15-448</a>)</p>
<p><b>Preventing Prescription Drug Fraud in Medicaid</b></p>	<p>In 2015, we reported on potential prescription medication fraud and abuse among Medicaid beneficiaries and prescribers during fiscal year 2011. For example, we found more than 16,000 beneficiaries potentially engaged in "doctor shopping" by visiting five or more doctors to receive prescriptions for antipsychotics and other medications valued at about \$33 million. We recommended that CMS require states to report on specific drug-utilization review controls to determine whether additional guidance is needed. Doing so could help the agency reduce abuse of prescription drugs in Medicaid. (<a href="#">GAO-15-66</a>, <a href="#">GAO-15-390</a>)</p>
<p><b>Detecting Disability Insurance Overpayments Due to Workers' Compensation</b></p>	<p>In 2015, we reported that the Social Security Administration (SSA) had not detected potential Disability Insurance overpayments to beneficiaries who also received federal workers' compensation payments. For example, 7 of 20 nongeneralizable case study individuals we reviewed received potential overpayments of more than \$100,000 each that SSA had not detected at the time of our review. SSA agreed with our recommendations to review the potential overpayments we found and to strengthen its internal controls in this area. These steps will help the agency to ensure that payments go only to eligible beneficiaries. (<a href="#">GAO-15-531</a>)</p>
<p><b>Identifying Disability Insurance Overpayments to Beneficiaries Who Returned to Work</b></p>	<p>In 2013, we estimated that SSA made \$1.29 billion in Disability Insurance benefit payments that were potentially improper to about 36,000 individuals who worked beyond program limits. At SSA's request, we provided the agency a list of individuals who we identified as working beyond program limits. As of July 2015, SSA's investigation of these cases confirmed overpayments to 9 individuals. SSA established overpayments receivable for these individuals, thus enforcing the agency's rules on working while receiving Disability Insurance payments. (<a href="#">GAO-13-635</a>)</p>
<p><b>Major Management Challenges and Program Risks</b></p>	
<p><b>Identifying Accountability Issues with Major DHS Acquisition Programs</b></p>	<p>In 2015, we testified on the need for the Department of Homeland Security (DHS) to improve the outcomes of key acquisitions to increase its accountability for the billions of dollars it spends annually on these programs. Specifically, only 2 of the 22 programs we assessed were on track to meet DHS's cost and schedule parameters. We made three recommendations to DHS to address gaps in oversight and improve the quality of information available to decision makers across all major acquisition programs. DHS concurred with our recommendations and provided estimated completion dates for each. (<a href="#">GAO-15-541T</a>, <a href="#">GAO-15-171SP</a>)</p>

Addressing Cyberthreats and Data Breaches at Federal Agencies	In 2015, GAO testified on the need for stronger controls to address cyberthreats and data breaches across federal agencies. Effective cybersecurity for federal information systems is essential to preventing the loss of resources, the compromise of sensitive information, and the disruption of government operations. Specifically, our testimony addressed (1) cyberthreats to federal systems, (2) challenges facing federal agencies in securing their systems and information, and (3) government-wide initiatives aimed at improving cybersecurity—drawing on GAO’s large body of work in this area and hundreds of recommendations made by GAO and agency inspectors general. ( <a href="#">GAO-15-758T</a> )
Shaping Congressional and DOD Weapon System Acquisition Reforms	In 2015, the Congress and the Department of Defense (DOD) made a major push to increase the efficiency and effectiveness of DOD’s weapon system acquisition process—an area on our High Risk List. Our reports this year highlighted inefficiencies and non-value-added requirements in the acquisition process, explored the role of senior military leaders in acquisition decision-making, and raised concerns about the lack of reliable data on hundreds of acquisition programs. These reports and the associated recommendations shaped legislative reform proposals, which passed the House and Senate, as well as agency initiatives to address these challenges. ( <a href="#">GAO-15-469</a> , <a href="#">GAO-15-192</a> , <a href="#">GAO-15-188</a> )
Improving Transparency and Accountability in Government Performance Management	Our work on the implementation of the Government Performance and Results Act Modernization Act of 2010 led the Office of Management and Budget (OMB) to strengthen its guidance to agencies in several areas. OMB improved its guidance to cross-agency priority goal teams to report on goal performance, progress, trends, risks, and plans for improvements. It also revised its guidance requiring agencies to improve accountability and transparency for agency priority goals, by identifying a senior career leader to support agency priority goal implementation and discussing the quality of the performance information to assess goal progress on the Performance.gov website. ( <a href="#">GAO-15-788</a> , <a href="#">GAO-14-747</a> , <a href="#">GAO-14-639</a> , <a href="#">GAO-14-526</a> )
Improving Federal Employee Engagement	Higher levels of employee engagement can lead to better organizational performance. However, government-wide levels of employee engagement declined from 67 percent in 2011 to 63 percent in 2014, as measured by the Office of Personnel Management’s Employee Engagement Index. We identified six key drivers associated with higher engagement index scores. These drivers were consistent when we analyzed the data government-wide, by agency and by employee subgroup (e.g. agency tenure and supervisory status), and therefore provide a starting point for agencies embarking on efforts to improve engagement. ( <a href="#">GAO-15-585</a> , <a href="#">GAO-15-529T</a> )
Improving Management of Department of Defense Working Capital Funds	Our body of work on DOD’s working capital funds has helped improve congressional oversight. DOD manages working capital funds to perform over \$100 billion of work each year to support combat readiness. In 2013, we found that excessive funds for work budgeted but not yet performed were carried over from year to year, leading to inaccurate budget estimates. Our work resulted in the Congress reducing the Army fiscal year 2015 operation and maintenance appropriation by \$186 million and the Army issuing guidance on the acceptance of orders that affect carryover. ( <a href="#">GAO-13-499</a> )

<b>Improving Department of Defense Financial Management and Audit Readiness</b>	In 2015, we reviewed DOD's actions toward implementing 29 congressional panel recommendations to address long-standing financial management weaknesses and attain financial statement auditability. We concluded that DOD's actions had met 6 recommendations and partially met the other 23. However, we recommended that DOD reconsider the status of 3 of the 9 recommendations that it concluded were met. Although implementing these 29 recommendations may not include all actions needed to become audit ready, DOD will be closer to achieving its financial statement auditability goals. ( <a href="#">GAO-15-463</a> )
<b>Monitoring DOD and VA Efforts to Develop an Interoperable Health Records System</b>	In testimonies and reports spanning nearly two decades, we have provided the Congress with key analysis of efforts by the Departments of Defense and Veterans Affairs to develop an interoperable electronic health records system. Their efforts have been plagued with planning and management challenges, missed deadlines, and lack of performance goals and measures needed to provide a comprehensive picture by which to manage progress. In a recent report, we advised the Congress to restrict Department of Defense procurement appropriations, which the Congress implemented, resulting in a reduction of about \$300 million for fiscal year 2014. ( <a href="#">GAO-15-530</a> , <a href="#">GAO-14-609</a> , <a href="#">GAO-14-302</a> , <a href="#">GAO-14-237</a> )
<b>Portfolio Initiative Saves Millions of Dollars in Fiscal Years 2013 and 2014</b>	The Office of Management and Budget and federal agencies have taken steps to address potentially duplicative and wasteful IT investments since we began highlighting it in 2011, 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, the Office of Management and Budget implemented our recommendation to identify IT duplication and overlap, and as a result, agencies reported achieving approximately \$808.24 million in cost savings or avoidance in fiscal years 2013 and 2014. ( <a href="#">GAO-15-296</a> , <a href="#">GAO-14-753</a> , <a href="#">GAO-11-826</a> )
<b>Improving IT Services Spending through Strategic Sourcing</b>	We have reported that leading companies strategically manage about 90 percent of their procurement spending, helping them save 4 to 15 percent a year on IT and other services. In 2015, we found that selected agencies managed only 10 to 44 percent of their IT services spending through strategic sourcing contracts, and recommended that DOD, the National Aeronautics and Space Administration, and the Department of Homeland Security adopt leading commercial practices to increase insights and better manage spending to achieve savings. As a result of implementing our recommendations, these agencies will more effectively leverage their IT services spending and will have improved insights to prices paid for similar services. ( <a href="#">GAO-15-549</a> )
<b>Helping DOD Manage Contracted Services Reductions</b>	In 2012, the Congress mandated that DOD reduce funding for contract staff who may risk inappropriately influencing government decisions. In 2014, we found that DOD relied on incomplete data to demonstrate that it reduced funding. We recommended that DOD identify alternative data sources to verify that mandated reductions were achieved, and as a result the Congress instructed DOD to do so. In 2015, DOD updated its budget submission guidance to collect the data necessary to fulfill the intent of required funding reductions. ( <a href="#">GAO-15-115</a> )

Source: GAO | GAO-16-3SP

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-16-3SP

## 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 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 6](#) on [page 38](#), 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 82 percent, and 78 percent, 65 percent, respectively. [Table 19](#) provides examples of goal 4 accomplishments and contributions.

## Examples of Work under Goal 4

**Technology.** We successfully deployed a virtual desktop infrastructure (VDI) agency-wide, enabling employees to securely access their “virtual desktop” on a variety of personal devices, from any location, further enhancing our ability to support a mobile, agile workforce.

**Telework.** We completed a comprehensive internal review of our telework program to identify strengths and weaknesses, recommend improvements, and inform decision making for implementation of expanded telework in headquarters.

**Leadership training.** To provide our leaders the training necessary to ensure their success in managing and developing staff, we made great strides in implementing enhancements to our training for this cohort in fiscal year 2015. To elevate the visibility and importance of leadership at GAO, we revised our 3-day senior leader transition promotion seminar, designed a 2-day course for new leaders that focuses on GAO’s six dimensions of leadership, created and began piloting a 2-year leadership training curriculum, and identified outside and online training opportunities on our intranet.



Source: GAO | GAO-16-3SP

GAO staff working on a project.

Table 19: Goal 4 Accomplishments and Contributions

Improve Efficiency and Effectiveness	
<p>Enhancing Support for Conducting, Managing, and Reporting on Our Work</p>	<p>Facilitating access to our work. GAO's key audiences—the Congress, congressional staff, and the American people—increasingly engage with our work via social and digital media platforms. In publishing to half a dozen social media sites, and tailoring our information to those platforms, we reach our audiences where they are, on the platforms they regularly use. Since its launch in 2014, the GAO WatchBlog has featured more than 250 blog posts on a wide range of topics. It has been viewed nearly 95,000 times and was named one of the five most unforgettable government agency blogs by GovLoop. In addition, we exceeded 9,000 Facebook "page likes," a 45-percent increase from last year, and produced 45 podcasts for a total podcast library of 230. To create the wide variety of high-quality content we provided to the public in fiscal year 2015—including video webchats, report-related videos and animations, infographics, and web-based interactive graphics—we leveraged resources from across the agency. Staff from every mission team contributed tweets, blog posts, and other content, and more than 90 GAO staff completed our Writing for Social Media course, which helps them generate timely, relevant web and social media content to facilitate access to GAO's work and promote understanding of the issues facing the Congress and the nation. We also continued to evaluate and improve our website to ensure users can easily search, find, and access our work. This year, we redesigned the legal sections of GAO.gov to improve functionality and streamline content based on user feedback, and continued to work to revise reports' product summary pages to improve users' ability to engage with our content.</p> <p><b>Strengthening our relationship with the Congress.</b> We continue to support the Congress by offering training courses for congressional staff on GAO's mission and services through the Senate Office of Education and the House of Representatives Learning Center. The curriculum is designed to help congressional staff understand how GAO does its work, how to access our products, and how to request the various services we offer. Training was provided on 22 occasions in fiscal year 2015. During orientation for newly-elected Members of the 114th Congress, the Comptroller General spoke on GAO's mission and our role in assisting congressional decision making, providing specific examples of how GAO serves Members and congressional committees.</p> <p><b>Managing our work.</b> During fiscal year 2015, GAO collaborated with the Congress to revise or repeal statutory reporting requirements which have, over time, lost relevance or usefulness. On November 26, 2014, the President signed H.R. 4194, the Government Reports Elimination Act, which modified or repealed 11 statutory mandates, including outdated and recurring requirements related to the American Reinvestment and Recovery Act, and annual audits of the Congressional Award Foundation. The Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for fiscal year 2015, also enacted in November 2014, included an additional 4 revisions to statutory requirements. These changes will allow resources that would have been devoted to these reports to be allocated to other congressional priorities.</p> <p>On May 15, 2015, the House of Representatives passed H.R. 1735, the National Defense Authorization Act (NDAA) for fiscal year 2016, which contained provisions to repeal or modify four mandates for GAO work. On June 18, 2015, the Senate passed its version of the NDAA for fiscal year 2016, which also contained provisions to revise or repeal two mandates for GAO work.</p>

While the final outcome of DOD authorization legislation for the coming fiscal year is uncertain, GAO plans to continue collaboration with our congressional oversight committees to modify or repeal an additional 16 statutory requirements in the second session of the 114th Congress.

**Streamlining our engagement-related processes.** We continued to make strides in fiscal year 2015 in identifying and 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 successfully transitioned from piloting to implementing agency-wide the Updated Engagement Process (UEP) and the Engagement Management System (EMS). UEP facilitates improved decision making about resources and engagement scope and objectives by ensuring earlier stakeholder, team management, and senior manager-level involvement, and reduces management and oversight engagement costs by reducing the number of engagement review meetings from two to one. Further, UEP continues the prior year's efforts to clarify roles and responsibilities on engagements to ensure that the right stakeholders are involved at the right time. EMS reduces duplicative data entry and provides enhanced functionality for monitoring and tracking engagement progress. 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. The Executive Committee and managing directors received training in fiscal year 2015 on change management and GAO hired a change management expert to join the Continuous Process Improvement Office—all to better assure our success in achieving the desired outcomes of the changes we have implemented, as well as those still in the pipeline.

## Maintain and Enhance 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 attracted thousands of interested candidates for our job openings, and we again were able to hire talented staff at all levels. Our successful hiring cycle was the result of seeking the input of subject matter experts to assess candidates' qualifications, leveraging our intern program with 162 paid interns located both in headquarters and in our field offices, and fortifying our entry-level analyst ranks by hiring 117 entry-level staff.

**Staff development, performance management, and retention.** As discussed earlier in our human capital management challenge narrative, we know that investing in our staff through all career stages is instrumental in maintaining and retaining our expert workforce. To this end, we actively focused on providing leadership training opportunities to staff at all levels via virtual leadership courses, several offsite trainings, our leadership speaker series, workshops on giving and receiving performance feedback, and updated leadership training curricula. We also selected a new class of 13 candidates for the Senior Executive Service (SES) Executive Candidate Assessment and Development Program, placed the 13 graduates from the prior class into SES positions, and promoted 26 employees into management positions. For the entry-level employees currently in our Professional Development Program (PDP), we sponsored a variety of information-sharing initiatives to keep them and their managers informed of topics of interest and policies, thus promoting collaboration and team building. For our field office administrative support staff, we developed and delivered a week-long training that included courses in critical thinking, MS Outlook program skills, and various GAO administrative processes.

**Inclusive workplace.** For all managers, a new required course—Leadership and Inclusion—was delivered to increase awareness, knowledge, and skills in the areas of leadership, diversity, and inclusion. To further enhance all employees’ understanding of diversity and inclusion issues, the GAO-wide Diversity and Inclusion Community of Practice launched a Wiki page that provides a list of resources, articles, and videos on topics such as race, hidden biases, gender equality, and more. We also issued our sixth update to GAO’s Workforce Diversity Plan, certified 63 additional staff for a total of 114 Diversity Facilitators through our in-house certification program, and added Women’s Equality Day to the list of diversity and inclusion events our agency recognizes annually. To support employees requiring reasonable accommodations, we handled 390 requests for accommodation in fiscal year 2015—70 more requests than in the prior fiscal year—and improved our outreach to employees with reasonable accommodations to proactively address issues and concerns through the creation of user guides for assistive technologies and a comprehensive intranet page to facilitate access to reasonable accommodation services, as well as the institution of monthly meetings with the Advisory Council for Persons with Disabilities.

**Financial literacy.** In its third year, our Financial Literacy Program for employees remains strong, sponsoring nearly 20 seminars and trainings to help employees make informed financial decisions. At the Comptroller General Financial Literacy Forum, leaders from across government and the private sector collaborated on ways organizations can help improve employee financial decision making and wellness, and made its recommendations public. Finally, we began an effort to identify, tag, and track our financial literacy-related engagements to further raise awareness of this topic publicly via a variety of social media platforms.

**Collaboration with internal employee organizations.** In fiscal year 2015, we worked with the GAO Employees Organization, International Federation of Professional and Technical Engineers (IFPTE) Local 1921, to establish memoranda of agreements for the following initiatives: Electronic Travel System, Engagement Management System, several chapters of the Forensic Audits and Investigative Service Policy and Procedures, Virtual Desktop Initiative, Implementation of Business Travel Tool, Continuation Process Improvement Business Rules for Final Processing of Products, GAO Cafeteria Renovation, Smoking Memorandum, Centralized Voice Mail System, and the Performance Based Compensation. We also began negotiations on several critical initiatives, including expanded telework pilot in headquarters, additional field office renovations, new computer notebooks, field office parking, stand-alone printers, and automation of the transit benefit system. Together we participated in a Pre-Decisional Involvement Training in an effort to provide an opportunity for the union to obtain information and provide input before initial decisions are made.

## 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 the audit institutions. We also made notable contributions toward identifying potential improvements in the standard-setting process. In the past year, our efforts have assisted in the development of guidance for audits of public debt and the related systems throughout the world.

To promote understanding of the revised Green Book (*GAO’s Standards for Internal Controls for the Federal Government*), we presented on this topic to hundreds of state and local auditors through one joint and five regional audit forums.

<p><b>Enhancing Information Sharing and Collaboration with Others to Expand Audit Knowledge</b></p>	<p>We worked with the INTOSAI-Donor Cooperation to facilitate funding to SAIs in need through the SAI Capacity Development Fund (SAI CDF), a multidonor trust fund that approved 6 projects totaling nearly \$2.3 million in developing countries.</p> <p>We also led or participated in 26 different INTOSAI committees and working groups, including serving as chair of the INTOSAI Task Force on Strategic Planning, where we analyzed the results of a survey of the group's 192 members and 5 associate members to understand the strengths, opportunities, and challenges facing INTOSAI.</p> <p>We provided briefings for more than 500 international visitors to help promote good governance globally and build capacity in SAIs with a focus on accountability, audit, and oversight.</p> <p>We provided organizational and thought leadership to the public sector foresight community by organizing and moderating three panels with more than 50 participants, and made presentations at five events with more than 120 participants, further positioning GAO as a leader in this realm and expanding our networks and partnerships for building a foresight capability from within. We also served as vice-chair for INTOSAI's Supervisory Committee for Emerging Issues and laid the groundwork for launching a Foresight Speaker Series to bring knowledge of emerging issues and trends to employees to enhance internal operations and help inform forward-looking audit work for the Congress.</p>
<p><b>Human, Information, Fiscal, Technological, and Physical Resources</b></p>	
<p><b>Proactively Protecting Physical and Information Security</b></p>	<p><b>Physical security.</b> We completed necessary facility upgrades to maintain our high levels of security in our headquarters building. We visited and briefed staff in all 11 field offices to continue to ensure employees are aware of how to react and respond in a variety of safety situations.</p> <p><b>Information security.</b> We completed the redesign and upgrade of the network we use to access classified data and emails, reducing its footprint, which cuts operational costs and enhances overall information security. We continued to enhance our communications on protecting privacy through targeted monthly tips published in GAO's weekly agency-wide email, revisions to our privacy glossary on GAO's intranet with more comprehensive definitions and guidance, and five new podcasts to educate employees on GAO's privacy program.</p>
<p><b>Leveraging Technology to Achieve Business Process Improvement and Efficiency Gains</b></p>	<p><b>Managing physical infrastructure.</b> In our field offices, we continued to experience savings related to our footprint reduction and enhanced telework pilot. We began a space utilization study of our headquarters building which, in conjunction with quarterly report data from our field offices' hoteling reservation system to track telework against workspace and conference room usage, will help identify possible scenarios for reconfiguring our headquarters footprint to both support enhanced telework and free up unneeded workspace to lease as an additional revenue stream. Also in headquarters, we improved building efficiency by replacing and updating old and failing HVAC components for increased cost savings.</p> <p><b>Automating key business tools.</b> We continued to leverage our business intelligence (BI) tool to support our Travel Dashboard, and promoted enhanced system features among all of our mission teams. To more efficiently manage the hundreds of reasonable accommodation requests we receive annually, we developed business requirements for a database tracking system to be developed in fiscal year 2016.</p> <p><b>Improving communications.</b> We expanded our efforts to ensure that employees understand how to use and navigate our intranet's search engine to quickly locate the information they need to do their jobs through briefings at approximately 18 team and staff office "all hands" meetings, reaching the majority of employees agency-wide. Through our online employee feedback system, we received</p>

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. To further inform employees of our telework program's requirements and their responsibilities under the program, we hosted a hallway fair, developed and disseminated a one-page matrix outlining the program's features, and developed content for an online training video. Finally, we issued approximately 800 GAO "Notices" that 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.** We stood up a new unit—the Business Process Analytics Group—to develop and maintain a data-driven operational culture whereby performance data and analysis better inform the Chief Administrative Officer (CAO) units' understanding and management of GAO's resources by increasing quality, driving value, finding efficiencies, and reducing the cost of business.

**Managing business processes.** We initiated an effort—the Bridge to Best Practices—to determine the extent to which our internal operations reflect established, government-wide best practices in performing our work. Our CAO units identified more than 200 practices, a majority of which have been fully or partially adopted. We will follow up this effort in fiscal year 2016 to monitor our progress in adopting the remaining practices. To expedite the way we process security clearances for our Professional Development Program employees, we implemented a system for identifying and prioritizing the order in which employees were processed and granted clearances based on their engagements' security needs. To realize efficiencies in our travel management system, we migrated the entire agency to a new system with direct interface to the Delphi financial system, resulting in cost savings and an improved user experience. To ensure the appropriate oversight of short-term telework agreements, we implemented more rigorous monitoring procedures, in addition to launching an improved telework data retrieval and delivery process for overall telework program monitoring.

**Strengthening internal controls.** To more proactively manage agency cost and resources related to fulfilling employee compensation claims, we implemented ECOMP—the Employees' Compensation Operations and Management Portal—which allows us to better track and report on claims. We developed a comprehensive approach to document GAO's compliance with the 17 principles of the revised Green Book; this three-phase approach, to be completed by July 2016, will identify, document, and test key controls, ensuring we meet the Green Book's rigorous standards for internal controls of our operations. To help program managers more efficiently and accurately monitor workers' compensation claims, we implemented a workers' compensation case-processing system.

Source: GAO | GAO-16-3SP



Source: GAO | GAO-16-3SP

November 16, 2015

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 for the taxpayers' dollars entrusted to us.

I am pleased to report that we received an unmodified “clean” opinion on our fiscal year 2015 financial statements for the 29th 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 2014 PAR received a certificate of excellence in accountability reporting from the Association of Government Accountants, an honor we have received each year since we first applied in fiscal year 2001.

With increased funding in fiscal year 2015, GAO was able to continue to rebuild staff capacity through a targeted recruiting strategy to address critical skills gaps. This was a positive step forward in rebuilding staff capacity, which in recent years had fallen to its lowest level since 1935. The additional staff will help ensure GAO has the resources to assist Congress in improving government performance, effectiveness, and accountability, as well as support our commitment to customer focus and quality. In addition to staffing gains in fiscal year 2015, GAO also made critical investments in IT and building infrastructure that will allow GAO

to further streamline business operations, increase staff productivity, improve access to information, and ensure efficient building and security operations. However, uncertainty in future funding levels will impact GAO's ability to add staff capacity in fiscal year 2016 and will limit further investments in IT and building infrastructure. Given the near-term funding outlook, GAO will continue to focus attention on reducing costs where possible and look to leverage efficiencies across its infrastructure.

Our financial management system continues to be centered on Oracle Federal Financials, hosted, operated and supported by the Enterprise Services Center (ESC) at the Department of Transportation (DOT). ESC maintains the accounting system and performs our daily transaction processing. We continue to look at other processes to streamline in support of GAO financial and travel operations in an effort to continue to reduce overhead costs and allow staff to shift their focus to analytics. We also improved the efficiency of the information technology available to all our staff by implementing a Virtual Desktop Infrastructure (VDI) this year. VDI is a flexible way of providing staff with secure access to their network account and the tools needed to do their important work. Using an internet connection from any location, staff have access to their "virtual desktop" where all their daily applications are available on the network instead of locally on their GAO notebook and can access them from a wide variety of personal devices.

Additionally, GAO implemented the next generation of eGov Travel System. CWTSato's e2Solutions was selected and went live in April with a two team Pilot followed by a full agency roll out in June. The new travel system provides for enhanced on-line reservations capability and stricter adherence to the Federal Travel Regulation. The use of the Mission Intelligence (MI) Tool in GAO operations for enhanced travel and other reporting needs continued with encouraging results through 2015. The Travel Module served its intended purpose of providing analytics and metrics to GAO's mission teams on the financial aspects of travel transactions, and was a key instrument of support in the migration to the new travel management system. We also launched a MI-based Budgetary Status of Funds capability. The MI Status of Funds capability provides a comprehensive view and drill-down capability on the budgetary status of each mission and support team's budgeted activities.

In the area of internal control, we continued to review and test key business cycles, such as human capital/payroll, procurement and disbursements, which are consistent with the Federal Manager's Financial Integrity Act and Office of Management and Budget Circular A-123, *Management's Responsibility for Internal Control*. To ensure the integrity of financial data and the appropriate levels of authorization, we used an end-to-end transactional testing approach to validate compliance, effectiveness and efficiency, and proper financial reporting. We also reviewed the independent auditors' reports of our service providers to ensure that we are able to proactively address any issues with appropriate compensating controls. In fiscal year 2016, we will continue to assess and enhance our internal control program to comply with the recently revised *Standards for Internal Control for the Federal Government* ("Green Book").

All of these efforts contributed to our independent auditors providing a favorable opinion on the effectiveness of our internal control again this year. 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. 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.

A handwritten signature in black ink, appearing to read 'Karl J. Maschino'.

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 operations, 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 the U.S. generally accepted accounting principles. 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 2015 Performance and Accountability Report.



Chair  
Audit Advisory Committee

# Independent Auditor's Report



CliftonLarsonAllen

CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

Comptroller General of the United States

In our audits of the fiscal years (FY) 2015 and 2014 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, 2015 and 2014, 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, 2015;
- GAO's financial management systems substantially complied with the applicable requirements of the Federal Financial Management Improvement Act (FFMIA) as of September 30, 2015; and
- No reportable noncompliance for fiscal year 2015 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, 2015 and 2014, 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, 2015.

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 Internal Control*, as amended (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, 2015. 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 weakness<sup>1</sup>.

### ***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, 2015 and 2014, 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, 2015, based on criteria established under FMFIA and OMB Circular A-123.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the U.S. issued by the Federal Accounting Standards Advisory Board (FASAB) 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 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

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<sup>1</sup> 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)

express an opinion or 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 FFMIA Requirements**

We have audited GAO's financial management systems' compliance with certain requirements as prescribed in the FFMIA as of September 30, 2015. 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 FFMIA as outlined in the following areas: (1) federal financial management systems requirements, (2) 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 FFMIA requirements.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on GAO's financial management systems' compliance with the three FFMIA requirements based on our audit. We conducted our audit of GAO's compliance with FFMIA 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 FFMIA. 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 FFMIA***

In our opinion, GAO's financial management systems substantially complied with the applicable requirements of FFMIA as of September 30, 2015. Our opinion is based on criteria established under FFMIA 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.

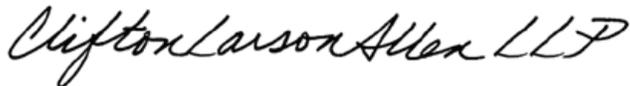
***Results of Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements***

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, 2015, 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 13, 2015

## 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, 2015 and 2014

(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
<b>Intragovernmental</b>		
Funds with the U.S. Treasury (Note 2)	\$73,074	\$72,311
Accounts receivable	2,819	1,772
<b>Total Intragovernmental</b>	<u>75,893</u>	<u>74,083</u>
Property and equipment, net (Note 3)	27,335	27,961
Other	714	513
<b>Total Assets</b>	<u>\$103,942</u>	<u>\$102,557</u>
<b>Liabilities</b>		
<b>Intragovernmental</b>		
Accounts payable	\$7,278	\$3,193
Employee benefits payable (Note 5)	2,646	2,149
Workers' compensation (Note 6)	2,532	2,511
<b>Total Intragovernmental</b>	<u>12,456</u>	<u>7,853</u>
Accounts payable and other	5,698	9,618
Salaries and benefits	13,629	12,281
Accrued annual leave (Note 4)	31,400	31,307
Actuarial FECA liability (Note 6)	15,796	16,591
<b>Total Liabilities</b>	<u>78,979</u>	<u>77,650</u>
<b>Net Position</b>		
Unexpended appropriations	25,225	26,151
Cumulative results of operations	(262)	(1,244)
<b>Total Net Position (Note 13)</b>	<u>24,963</u>	<u>24,907</u>
<b>Total Liabilities and Net Position</b>	<u>\$103,942</u>	<u>\$102,557</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, 2015 and 2014**  
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
<b>Net Costs by Goal (Note 10)</b>		
<b>Goal 1: Well-being/Financial Security of American People</b>		
Gross Costs	\$222,321	\$218,768
Less: reimbursable services	<u>(591)</u>	<u>(799)</u>
Net goal costs	221,730	217,969
<b>Goal 2: Changing Security Threats/Challenges of Global Interdependence</b>		
Gross Costs	152,180	141,594
Less: reimbursable services	<u>-</u>	<u>-</u>
Net goal costs	152,180	141,594
<b>Goal 3: Transforming the Federal Government's Role</b>		
Gross Costs	150,486	152,051
Less: reimbursable services	<u>(14,658)</u>	<u>(16,802)</u>
Net goal costs	135,828	135,249
<b>Goal 4: Maximize the Value of GAO</b>		
Gross Costs	14,588	14,917
Less: reimbursable services	<u>-</u>	<u>-</u>
Net goal costs	14,588	14,917
<b>Other Costs in Support of the Congress</b>		
Gross Costs	30,732	28,171
Less: reimbursable services	<u>(1,226)</u>	<u>(1,295)</u>
Net costs	29,506	26,876
Less: reimbursable services not attributable to above cost by goal categories (Note 7)	<u>(9,536)</u>	<u>(9,307)</u>
<b>Net Cost of Operations (Note 9)</b>	<u>\$544,296</u>	<u>\$527,298</u>

The accompanying notes are an integral part of these statements.

**Financial Statements**  
**U.S. Government Accountability Office**  
**Statements of Changes in Net Position**  
**For the Fiscal Years Ended September 30, 2015 and 2014**  
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
<b>Cumulative Results of Operations, beginning of year</b>	(\$1,244)	(\$9,688)
<b>Budgetary Financing Sources - Appropriations used</b>	522,924	505,844
<b>Other Financing Sources</b>		
Federal employee retirement benefit costs paid by OPM and imputed to GAO ( <a href="#">Note 5</a> )	22,363	29,898
Transfers Out	(9)	-
<b>Total Financing Sources</b>	545,278	535,742
<b>Net Cost of Operations</b>	544,296	527,298
<b>Net Change</b>	982	8,444
<b>Cumulative Results of Operations, end of year</b>	(\$262)	(\$1,244)
<b>Unexpended Appropriations, beginning of year</b>	\$26,151	\$26,616
<b>Budgetary Financing Sources and Uses</b>		
Appropriations received	522,000	505,383
Appropriations transferred out, net	-	(4)
Appropriations permanently not available	(2)	-
Appropriations used	(522,924)	(505,844)
<b>Total Unexpended Appropriations, end of year</b>	\$25,225	\$26,151
<b>Net Position</b>	\$24,963	\$24,907

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, 2015 and 2014**  
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
<b>Budgetary Resources (Note 11)</b>		
Unobligated balance, beginning of year	\$28,227	\$22,105
Recoveries of prior year unpaid obligations	7,339	5,007
Other changes in unobligated balances	(2)	(74)
Unobligated balance from prior year budget authority, net	35,564	27,038
Appropriations	522,000	505,453
Spending authority from offsetting collections	30,706	29,995
<b>Total Budgetary Resources</b>	<u>\$588,270</u>	<u>\$562,486</u>
<b>Status of Budgetary Resources</b>		
Obligations Incurred	\$555,388	\$534,259
Unobligated balance, end of year:		
Apportioned	6,887	11,888
Unapportioned	25,995	16,339
Total unobligated balance, end of year	32,882	28,227
<b>Total budgetary resources</b>	<u>\$588,270</u>	<u>\$562,486</u>
<b>Change in Obligated Balances</b>		
Unpaid Obligations:		
Unpaid obligations, beginning of year	\$53,223	\$53,246
Adjustment to unpaid obligations:		
Obligations incurred	555,388	534,259
Gross outlays	(549,883)	(529,275)
Recoveries of prior year unpaid obligations	(7,339)	(5,007)
<b>Unpaid obligations, end of year</b>	<u>\$51,389</u>	<u>\$53,223</u>
Uncollected Payments:		
Uncollected customer payments from Federal sources, brought forward, beginning of year	(\$9,139)	(\$8,082)
Change in uncollected customer payments from Federal sources	(2,058)	(1,057)
<b>Uncollected customer payments from Federal sources</b>	<u>(\$11,197)</u>	<u>(\$9,139)</u>
Obligated balance, beginning of year	\$44,084	\$45,164
Obligated balance, end of year	\$40,192	\$44,084
<b>Budget Authority and Outlays, Net</b>		
Budget authority, gross	\$552,706	\$535,448
Actual offsetting collections	(28,648)	(28,938)
Change in uncollected customer payments from Federal sources	(2,058)	(1,057)
<b>Budget authority, net</b>	<u>\$522,000</u>	<u>\$505,453</u>
Outlays, gross	\$549,883	\$529,275
Actual offsetting collections	(28,648)	(28,938)
<b>Outlays, net</b>	\$521,235	\$500,337
Distributed offsetting receipts	(21)	(10)
<b>Outlays, net</b>	<u>\$521,214</u>	<u>\$500,327</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. Treasury comprise the majority of intragovernmental assets on GAO's balance sheets.

### *Funds with the U.S. Treasury*

The U.S. Treasury processes GAO's receipts and disbursements. Funds with the U.S. Treasury represent 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. 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 Commercial Facilities Management (CFM) 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 which is based on a detailed condition assessment survey, which helps GAO program major repair and replacement projects. The factors considered in determining an acceptable asset condition include meeting established maintenance standards, operating efficiently, and having a normal life expectancy. Scheduled maintenance is generally sufficient to maintain assets in their current condition. GAO has no deferred maintenance and repairs as of September 30, 2015.

## ***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.

## ***Federal Employee Benefits Payable***

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.

## Note 2. Funds with the U.S. Treasury

GAO's funds with the U.S. Treasury consist of only appropriated funds. The status of these funds as of September 30, 2015, and September 30, 2014, is as follows:

### Dollars in thousands

	2015	2014
Unobligated balance		
Available	\$6,887	\$11,888
Unavailable Resources		
Total unavailable resources	25,995	16,339
Less uncollected payments from Federal sources	<u>(11,197)</u>	<u>(9,139)</u>
Unavailable funds with U.S. Treasury	<u>14,798</u>	<u>7,200</u>
Unobligated funds with U.S. Treasury	21,685	19,088
Obligated balance		
Obligated balance end of year, net	40,192	44,084
Plus uncollected payments from Federal sources	<u>11,197</u>	<u>9,139</u>
Unpaid obligations, end of year	51,389	53,223
Total funds with U.S. Treasury	<u>\$73,074</u>	<u>\$72,311</u>

This table has been expanded to make the relationships to the lines on the statements of budgetary resources more intuitive for the reader.

## Note 3. Property and Equipment, Net

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	<u>3,165</u>	<u>3,037</u>	<u>128</u>
Total property and equipment	<u>\$197,115</u>	<u>\$169,780</u>	<u>\$27,335</u>

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

The composition of property and equipment as of September 30, 2014 is as follows:

**Dollars in thousands**

<b>Classes of property and equipment</b>	<b>Acquisition value</b>	<b>Accumulated depreciation</b>	<b>Book value</b>
Land	\$1,191	–	\$1,191
Building and improvements	128,810	\$110,379	18,431
Computer and other equipment and software	61,691	53,552	8,139
Leasehold improvements	3,531	3,331	200
<b>Total property and equipment</b>	<b>\$195,223</b>	<b>\$167,262</b>	<b>\$27,961</b>

Depreciation expense for property and equipment for fiscal year 2014: \$6,007,000.

## Note 4. Liabilities Not Covered by Budgetary Resources

The liabilities on GAO's balance sheets include liabilities not covered by budgetary resources, which are liabilities for which congressional action is needed before budgetary resources can be provided. 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, 2015, and September 30, 2014, is as follows:

**Dollars in thousands**

	<b>2015</b>	<b>2014</b>
Intragovernmental liabilities—Workers' compensation	\$2,532	\$2,511
Salaries and benefits—Comptrollers' General retirement plan*	1,177	1,246
Accrued annual leave	31,400	31,307
Workers' compensation (Actuarial FECA liability)**	15,796	16,591
Liabilities not covered by budgetary resources	50,905	51,655
Liabilities covered by budgetary resources	28,074	25,995
<b>Total liabilities</b>	<b>\$78,979</b>	<b>\$77,650</b>

\* See Note 5 for further discussion of the Comptrollers' General retirement plan.

\*\* See Note 6 for further discussion of workers' compensation.

## 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. In fiscal year 2015, OPM's cost factors were lower resulting in a reduction of GAO's imputed pension costs.

Amounts owed to OPM and Treasury as of September 30, 2015, and September 30, 2014, are \$2,646,000 and \$2,149,000, respectively, for FEHBP, FEGLI, FICA, FERS, and CSRS contributions and are shown on the balance sheets as an employee benefits liability.

Details of the major components of GAO's federal employee benefit costs for the periods ended September 30, 2015, and September 30, 2014, are as follows:

**Dollars in thousands**

<b>Federal employee benefits costs</b>	<b>2015</b>	<b>2014</b>
Federal employee retirement benefit costs paid by OPM and imputed to GAO:		
Estimated future pension costs (CSRS/FERS)	\$8,099	\$16,746
Estimated future postretirement health and life insurance (FEHBP/FEGLI)	14,264	13,152
Total	<u>\$22,363</u>	<u>\$29,898</u>
Pension expenses (CSRS/FERS)	\$41,661	\$36,318
Health and life insurance expenses (FEHBP/FEGLI)	\$22,212	\$21,206
FICA and Medicare payments made by GAO	\$21,754	\$20,745
Thrift Savings Plan – matching contribution by GAO	\$14,150	\$13,337

Comptrollers general and their surviving beneficiaries who qualify and so 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 \$1,177,000 as of September 30, 2015, and \$1,246,000 as of September 30, 2014, 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 the current plan year:

**Dollars in thousands**

Actuarial liability as of September 30, 2014	\$1,246
Expense:	
Interest on the liability balance	41
Actuarial loss:	
From experience	58
From assumption changes	3
Total expense	102
Less benefits paid	(171)
Actuarial liability as of September 30, 2015	<u>\$1,177</u>

## Note 6. Workers' Compensation

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, 2015, and September 30, 2014, which is expected to be paid in future periods. This estimated liability of \$15,796,000 and \$16,591,000 as of September 30, 2015, and September 30, 2014, respectively, is reported on GAO's balance sheets. GAO also recorded a liability for amounts paid to claimants by DOL as of September 30, 2015, and September 30, 2014, of \$2,532,000 and \$2,511,000, 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.

## 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 continue to lease the entire third floor, and part of the sixth floor, of the GAO 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 for fiscal years 2015 and 2014 was \$9,286,000 and \$9,178,000, respectively. These amounts are included on the Statements of Net Cost as a major component of "Reimbursable services not attributable to above cost by goal 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 receipts*
2016	\$9,395
2017	9,509
2018	9,626
2019	9,747
2020	9,873
2021 - 2022	4,399
Total	<u>\$52,549</u>

\*If option years 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 2015 and 2014 amounted to approximately \$5,935,000 and \$7,118,000, 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
2016	\$5,571
2017	5,549
2018	4,020
2019	2,547
2020	2,123
2021 and thereafter	8,989
Total estimated future lease payments	\$28,799

## Note 9. Net Cost of Operations

Expenses for salaries and related benefits, net of reimbursable collections, for fiscal year 2015 and fiscal year 2014 amounted to \$453,431,000 and \$438,185,000, respectively, about 83 percent of GAO's net cost of operations for both fiscal years which totaled \$544,296,000 and \$527,298,000 for 2015 and 2014, respectively. Included in the net cost of operations are federal employee benefit costs paid by OPM and imputed to GAO of \$22,363,000 in fiscal year 2015 and \$29,898,000 in fiscal year 2014.

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 2015 and fiscal year 2014 amounted to \$26,011,000 and \$28,203,000, 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, 2015, and September 30, 2014, are as follows:

### Dollars in thousands

	2015	2014
<b>Goal 1: Well-Being/Financial Security of American People</b>		
Intragovernmental costs	\$49,012	\$55,740
Public costs	173,309	163,028
Total Goal 1 costs	<u>222,321</u>	<u>218,768</u>
Intragovernmental earned revenue	(591)	(799)
Net Goal 1 costs	<u>221,730</u>	<u>217,969</u>
<b>Goal 2: Changing Security Threats/Challenges of Global Interdependence</b>		
Intragovernmental costs	34,285	36,665
Public costs	117,895	104,929
Total Goal 2 costs	<u>152,180</u>	<u>141,594</u>
<b>Goal 3: Transforming the Federal Government's Role</b>		
Intragovernmental costs	32,617	36,702
Public costs	117,869	115,349
Total Goal 3 costs	<u>150,486</u>	<u>152,051</u>
Intragovernmental earned revenue	(14,658)	(16,802)
Net Goal 3 costs	<u>135,828</u>	<u>135,249</u>
<b>Goal 4: Maximize the Value of GAO</b>		
Intragovernmental costs	3,697	3,392
Public costs	10,891	11,525
Total Goal 4 costs	<u>14,588</u>	<u>14,917</u>
<b>Other costs in support of the Congress</b>		
Intragovernmental costs	12,107	11,584
Public costs	18,625	16,587
Total other costs	<u>30,732</u>	<u>28,171</u>
Intragovernmental earned revenue	(1,226)	(1,295)
Net other costs	<u>29,506</u>	<u>26,876</u>
<b>Earned revenue not attributable to above cost categories</b>		
Intragovernmental	(9,405)	(9,183)
Public	(131)	(124)
Total earned revenue not attributable to goals	<u>(\$9,536)</u>	<u>(\$9,307)</u>

Goals 2 and 4 have 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 2015 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.

A comparison of GAO's fiscal year 2014 statement of budgetary resources with the corresponding information presented in the 2016 President's Budget is as follows:

Dollars in thousands		
	Budgetary resources	Obligations incurred
<b>Fiscal year 2014 Statement of Budgetary Resources</b>	<b>\$562,486</b>	<b>\$534,259</b>
Unobligated balances, beginning of year – (funds activity, expired accounts)	(325)	-
Unobligated balance transferred to other accounts	74	-
Recovery of prior year unpaid obligations	(4,954)	-
Spending authority from offsetting collections – (funds activity, expired accounts)	(823)	-
Other – rounding in President's Budget	(458)	741
<b>2016 President's Budget – fiscal year 2014, actual</b>	<b><u>\$556,000</u></b>	<b><u>\$535,000</u></b>

As the fiscal year 2017 President's Budget will not be published until February 2016, a comparison between the fiscal year 2015 data reflected on the statement of budgetary resources and fiscal year 2015 data in the President's Budget cannot be performed, though we expect similar differences will exist. The fiscal year 2017 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 2015 and fiscal year 2014 totaled \$23,538,000 and \$27,239,000, respectively. GAO's apportionments fall under Category A, quarterly apportionment. Apportionment categories of obligations incurred for fiscal years 2015 and 2014 are as follows:

**Dollars in thousands**

<b>Fiscal year ending September 30</b>	<b>2015</b>	<b>2014</b>
Direct – Category A	\$527,375	\$511,124
Reimbursable – Category A	28,013	23,135
Total obligations incurred	<u>\$555,388</u>	<u>\$534,259</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, 2015 and 2014 are as follows:

**Dollars in thousands**

<b>Fiscal year ending September 30</b>	<b>2015</b>	<b>2014</b>
<b>Resources used to finance activities</b>		
Budgetary resources obligated		
Obligations incurred	\$555,388	\$534,259
Less: spending authority from offsetting collections and recoveries	(38,045)	(35,002)
Obligations net of offsetting collections and recoveries	<u>517,343</u>	<u>499,257</u>
Other resources		
Transfers out without reimbursement	(9)	-
Federal employee retirement benefit costs paid by OPM imputed to GAO	22,363	29,898
Net other resources used to finance activities	<u>22,354</u>	<u>29,898</u>
Total resources used to finance activities	<u>539,697</u>	<u>529,155</u>
<b>Resources used to finance items not part of the net cost of operations</b>		
Change in undelivered orders and unfilled customer orders	4,713	(232)
Assets capitalized	(5,232)	(7,223)
Net decrease in receivables not generating resources until collected and other adjustments	(62)	(144)
Total resources used to fund items not part of the net cost of operations	<u>(581)</u>	<u>(7,599)</u>
Total resources used to finance net cost of operations	<u>539,116</u>	<u>521,556</u>
<b>Components of net costs that will not require or generate resources in the current period</b>		
Decrease in workers' compensation	(774)	(207)
Increase in accrued annual leave	93	23
Change in other liabilities	(66)	(81)
Total components of net costs that will not generate resources in the current period	<u>(747)</u>	<u>(265)</u>
<b>Costs that do not require resources</b>		
Depreciation and other	<u>5,927</u>	<u>6,007</u>
<b>Net cost of operations</b>	<u>\$544,296</u>	<u>\$527,298</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 appropriated funds. 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, 2015, and 2014, are as follows:

### Dollars in thousands

	2015	2014
Investment in property and equipment, net	\$27,335	\$27,961
Net reimbursable funds activity	22,594	21,937
Other (supplies inventory, prepayments, and accounts receivable from public)	714	513
Liabilities not covered by budgetary resources	<u>(50,905)</u>	<u>(51,655)</u>
Cumulative results of operations	<u>(\$262)</u>	<u>(\$1,244)</u>

Liabilities not covered by budgetary resources are liabilities for which congressional action is needed before budgetary resources can be provided. 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, 2015 and September 30, 2014 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](#).

**U.S. Government Accountability Office**  
**Schedules of Spending**  
**For the Fiscal Years Ended September 30, 2015 and 2014**  
(Dollars in thousands)

**UNAUDITED**

	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>What Money is Available to Spend?</b>		
Appropriations	\$522,000	\$505,453
Spending Authority from Offsetting Collections	30,706	29,995
Recoveries and Other Changes in Prior Year Unobligated Balances	<u>35,564</u>	<u>27,038</u>
<b>Total Resources</b>	588,270	562,486
Less Amount Available but Not Agreed to be Spent	(6,887)	(11,888)
Less Amount Not Available to be Spent	<u>(25,995)</u>	<u>(16,339)</u>
<b>Total Amounts Agreed to be Spent</b>	<u>\$555,388</u>	<u>\$534,259</u>
<b>How was the Money Spent?</b>		
<b>Direct Funds</b>		
Personnel		
Salaries and Benefits	\$436,648	\$417,775
Training	3,383	2,990
Operations		
IT Services and Equipment	52,063	52,436
Buildings and Equipment	16,545	17,948
Travel	8,179	7,128
Contractual Services (non-IT)	<u>10,557</u>	<u>12,847</u>
<b>Total Direct Funds Spending</b>	<u>\$527,375</u>	<u>\$511,124</u>
<b>Reimbursable Funds</b>		
Personnel		
Salaries and Benefits	\$14,250	\$11,263
Operations		
Buildings and Equipment	5,142	6,604
Travel	8	481
Contractual Services (non-IT)	<u>8,613</u>	<u>4,787</u>
<b>Total Reimbursable Funds Spending</b>	<u>\$28,013</u>	<u>\$23,135</u>
<b>Total Amounts Agreed to be Spent</b>	<u>\$555,388</u>	<u>\$534,259</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



United States Government Accountability Office

## Memorandum

**Date:** October 2, 2015  
**To:** Comptroller General Gene L. Dodaro  
**From:** Inspector General Adam R. Trzeciak *Ad-R. Trzeciak*  
**Subject:** GAO Management Challenges

We considered management's assessment of GAO's internal management challenges. Based on our work and institutional knowledge, we agree that GAO faces human capital, engagement efficiency, and information security challenges. This year, GAO added telework as a fourth challenge. The OIG believes it is prudent for GAO to recognize telework as a challenge based on the need for available and effective guidance and tools for supervisors and managers to use in monitoring, assessing, and appropriately responding to any adverse impact to GAO's mission resulting from expanded telework.

OIG audits, evaluations, and investigations, completed in fiscal year 2015 and in prior years, validate the relevance of GAO's reported challenges. For example, our evaluation of GAO's privacy program found that opportunities exist to further protect personally identifiable information (PII), including minimizing the collection and retention of PII. Our audit of GAO's compliance with Law Enforcement and Availability Pay Act requirements found that GAO lacked the guidance and other controls needed to effectively ensure compliance with this premium pay statute. Further, prior and ongoing OIG audits have found that improved process and monitoring controls are needed within key human capital management programs intended to support GAO recruitment and retention goals.

As illustrated in its management challenges discussion, GAO has on-going efforts intended to mitigate the risks to the agency presented by each challenge and to improve its operating controls and efficiency. Due to the ever-changing nature of its operating environment, including its possible move to agency-wide enhanced telework, GAO must maintain flexibility. The four challenges and corresponding initiatives must continue to evolve in tandem with the potential risks to GAO's ability to efficiently and effectively perform its mission.

U.S. GOVERNMENT ACCOUNTABILITY OFFICE



# Part V

## Appendixes

SERVING CONGRESS AND THE NATION

## Appendix I: Abbreviations

APS	Adult Protective Services
APQA	Audit Policy and Quality Assurance
ARM	Applied Research and Methods
BI	business intelligence
CAO	Chief Administrative Officer
CEAR	Certificate of Excellence in Accountability Reporting
CFPB	Bureau of Consumer Financial Protection
CHIP	State Children's Health Insurance Program
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMS	Centers for Medicare & Medicaid Services
Commerce	Department of Commerce
CPIO	Continuous Process Improvement Office
CSAT	Customer Satisfaction Survey
CSRS	Civil Service Retirement System
DHS	Department of Homeland Security
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOL	Department of Labor
DOT	Department of Transportation
ECOMP	Employees' Compensation Operations and Management Portal
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
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
FIA	Financial Integrity Act
FICA	Federal Insurance Contributions Act
FINRA	Financial Industry Regulatory Authority
FirstNet	First Responder Network Authority
FISMA	Federal Information Security Management Act
FLRA	Federal Labor Relations Authority
FMFIA	Federal Managers' Financial Integrity Act
FTA	free trade agreements
FTE	full-time equivalent
FVRA	Federal Vacancies Reform Act
GAO	Government Accountability Office

GPRA	Government Performance and Results Act as amended
GPS	Global Positioning System
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
ICD	Intelligence Community Directive
IDT	identity theft
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
MI	Mission Intelligence
NASA	National Aeronautics and Space Administration
NDAA	National Defense Authorization Act
NFC	National Finance Center
NWSEO	National Weather Service Employees Organization
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
PBGC	Pension Benefit Guaranty Corporation
PDP	Professional Development Program
PEPFAR	President's Emergency Plan for AIDS Relief
PII	personally identifiable information
PPACA	Patient Protection and Affordable Care Act
SAI	supreme audit institution
SAI CAD	Supreme Audit Institution Capacity Development Fund
SBU	Sensitive But Unclassified
SES	Senior Executive Service
SSA	Social Security Administration
SSN	Social Security number
State	Department of State
TARP	Troubled Asset Relief Program
TIGER	Transportation Investment Generating Economic Recovery
TSA	Transportation Security Administration
TSP	Thrift Savings Plan
UEP	Updated Engagement Process
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USDA	Department of Agriculture
USPS	U.S. Postal Service
USTR	United States Trade Representative
VA	Department of Veterans Affairs
VDI	Virtual Desktop Infrastructure
VHA	Veterans Health Administration

# 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	
<b>Financial benefits</b>	
<b>Definition and background</b>	<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>
<b>Data sources</b>	<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>

<b>Verification and Validation</b>	<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 2015, APQA approved accomplishment reports covering almost 98 percent of the dollar value of financial benefits we reported.</p> <p>In fiscal year 2015, 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 2015 reported financial benefits reflect the views of the independent reviewers.</p>
<b>Data limitations</b>	<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>
<b>Other Benefits</b>	
<b>Definition and background</b>	<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>
<b>Data sources</b>	<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>

<b>Verification and validation</b>	<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>
<b>Data limitations</b>	<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>
<b>Percentage of products with recommendations</b>	
<b>Definition and background</b>	<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 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 will no longer include in its calculation of percentage of products with recommendations those products that include Matters for Congressional Consideration, but no recommendations to federal agencies.</p>
<b>Data sources</b>	<p>Our Publications Database incorporates recommendations from products as they are issued. The database is updated daily.</p>
<b>Verification and validation</b>	<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>
<b>Data limitations</b>	<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>
<b>Past recommendations implemented</b>	
<b>Definition and background</b>	<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 2015 implementation rate is the percentage of recommendations made in fiscal year 2011 products that were implemented by the end of fiscal year 2015). 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 will no longer include actions taken by the Congress based on GAO's Matters for Congressional Consideration in calculating past recommendations implemented.</p>
<b>Data sources</b>	<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>

<p><b>Verification and validation</b></p>	<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>
<p><b>Data limitations</b></p>	<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>
<p>Client measures</p>	
<p>Testimonies</p>	
<p><b>Definition and background</b></p>	<p>The Congress asks us to testify at hearings on various issues, and these hearings are the basis for this measure. Participation in hearings is one of our most important forms of communication with the Congress, and the hearings at which we testify reflect the importance and value of our institutional knowledge in assisting congressional decision making. When we have multiple witnesses with separate testimonies at a single hearing, we count this as a single testimony. We do not count statements submitted for the record when our witness does not appear.</p>
<p><b>Data sources</b></p>	<p>The data on hearings at which we testified are compiled in our Congressional Hearing System managed by staff in our Office of Congressional Relations (Congressional Relations).</p>
<p><b>Verification and validation</b></p>	<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 the hearing as one at which we testified. Congressional Relations provides weekly status reports to unit managers, who check to make sure that the data are complete and accurate.</p>
<p><b>Data limitations</b></p>	<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 hearings held 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 participate in hearings.</p>
<p>Timeliness</p>	
<p><b>Definition and background</b></p>	<p>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.”</p>

<b>Data sources</b>	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.
<b>Verification and validation</b>	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.
<b>Data limitations</b>	Testimonies and written products that met our criteria for this measure were sent a client survey form, representing about 56 percent of the congressionally requested written products we issued during fiscal year 2015. 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 25 percent, and 99 percent of those who responded answered the timeliness question. We received responses from one or more people for about 58 percent of the products for which we sent a form in fiscal year 2015.

**People measures**

**New hire rate**

<b>Definition and background</b>	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.
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<b>Data sources</b>	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.
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<b>Verification and validation</b>	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.
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<b>Data limitations</b>	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.
<b>Retention rate</b>	
<b>Definition and background</b>	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.
<b>Data sources</b>	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.
<b>Verification and validation</b>	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.
<b>Data limitations</b>	See <a href="#">New hire rate</a> , <a href="#">Data limitations</a> .
<b>Staff development</b>	
<b>Definition and background</b>	<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 2015 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>
<b>Data sources</b>	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.

<b>Verification and validation</b>	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 2015, our response rate to this survey was about 68 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.
<b>Data limitations</b>	<p>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.</p> <p>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.</p>
<b>Staff utilization</b>	
<b>Definition and background</b>	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 <a href="#">Staff development</a> .)
<b>Data sources</b>	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 <a href="#">Staff development</a> , <a href="#">Data sources</a> .
<b>Verification and validation</b>	See <a href="#">Staff development</a> , <a href="#">Verification and validation</a> .
<b>Data limitations</b>	See <a href="#">Staff development</a> , <a href="#">Data limitations</a> .
<b>Effective leadership by supervisors</b>	
<b>Definition and background</b>	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.

<b>Data sources</b>	<p>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.</p>
<b>Verification and validation</b>	<p>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 2015. 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.</p>
<b>Data limitations</b>	<p>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.</p> <p>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.</p> <p>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.</p>

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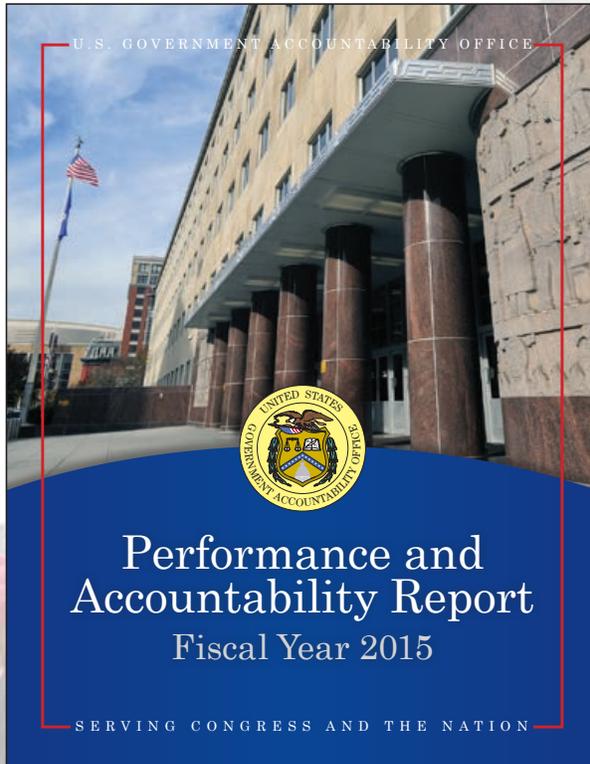
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