

Performance and Accountability Report Fiscal Year 2018

U.S. Government and Accountability Office

GAO-19-1SP

Accessible Version

About GAO

SERVING THE CONGRESS

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.

Core Values

MISSION VALUES:

Accountability

Enhance the economy, efficiency, effectiveness, and credibility of the federal government

Integrity

Conduct professional, objective, fact-based, non-partisan, non-ideological, fair, and balanced work

Reliability

Produce timely, accurate, useful, clear, and candid products

PEOPLE VALUES:

Valued

Seek out and appreciate each person's perspectives

Respected

Treat everyone with dignity

Treated Fairly

Foster a work environment that provides opportunities for all

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.

GAO's Fiscal Year 2018 Snapshot

A Fiscal Year 2018 Performance and Financial Snapshot for the American Taxpayer Government Accountability Office

Who We Are:

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

What We Do:

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

Our Results:

Since 2002, GAO's work has resulted in over \$895 billion in financial benefits and more than 21,600 program and operational benefits that helped change laws, improved public safety and other services, and promoted better management throughout the government.

Did you know?

In fiscal year 2018:

- The Congress used GAO's work extensively to identify legislative solutions to emerging problems, achieve cost savings, and enhance efficiencies in federal agencies and programs.
- GAO's work yielded a record \$75.1 billion in financial benefits—a return of about \$124 for every dollar invested in GAO.
- GAO also identified 1,294 other benefits—those that cannot be measured in dollars, but led to program and operational improvements across the government.
- GAO reported on 35 areas designated as high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement or because they face economy, efficiency, or effectiveness challenges. This work resulted in 166 reports, 49 testimonies, \$46.8 billion in financial benefits, and 526 other benefits.
- GAO received requests for work from 90 percent of the standing committees of the Congress and 43 percent of their subcommittees.
- Senior GAO officials were asked to testify 98 times on a wide range of issues that touched virtually all major federal agencies.
- GAO also remained an employer of choice. In December 2017, 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 efforts.

Figure 1: Financial Benefits GAO Recorded

Dollars in billions



Source: GAO. | GAO-19-1SP

Note: See [Part V](#) for 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.

Data Table for Figure 1: Financial Benefits GAO Recorded

Year	Benefits (billions of dollars)
2013	51.5
2014	54.4
2015	74.7
2016	63.4
2017	73.9
2018 Target	50
2018 Actual	75.1

Figure 2: Other Benefits



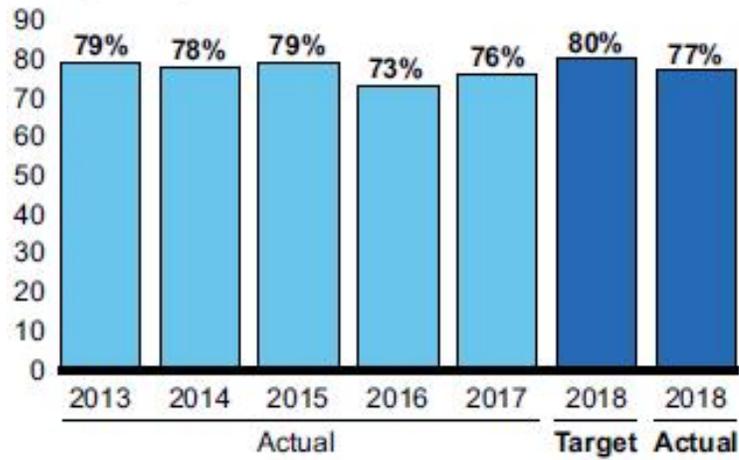
Source: GAO. | GAO-19-1SP

Data Table for Figure 2: Other Benefits

Year	Number
2013	1314
2014	1288
2015	1286
2016	1234
2017	1280
2018 Target	1200
2018 Actual	1294

Figure 3: Percentage of Past Recommendations Implemented

4 year implementation rate

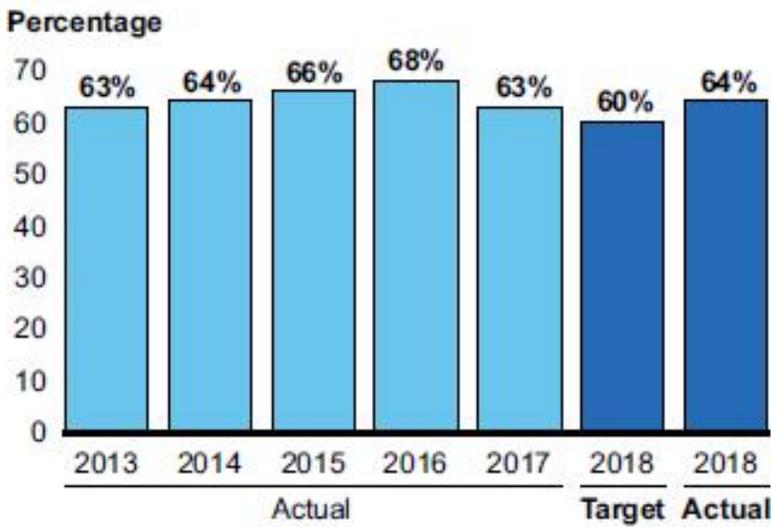


Source: GAO. | GAO-19-1SP

Data Table for Figure 3: Percentage of Past Recommendations Implemented

Year	Percentage of recommendations implemented
2013	79
2014	78
2015	79
2016	73
2017	76
2018 Target	80
2018 Actual	77

Figure 4: Percentage of New Products with Recommendations



Source: GAO. | GAO-19-1SP

Data Table for Figure 4: Percentage of New Products with Recommendations

Year	Percentage of reports with recommendations
2013	63
2014	64
2015	66
2016	68
2017	63
2018 Target	60
2018 Actual	64

Figure 5: Testimonies

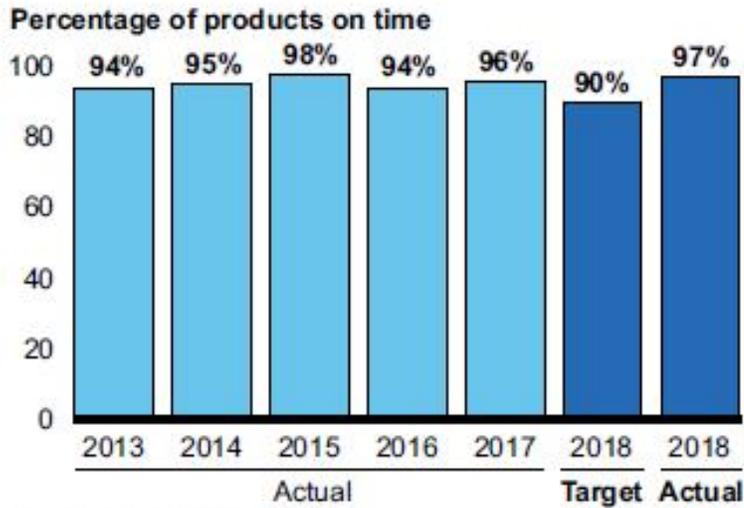


Source: GAO. | GAO-19-1SP

Data Table for Figure 5: Testimonies

Year	Number of Testimonies
2013	114
2014	129
2015	109
2016	119
2017	99
2018 Target	120
2018 Actual	98

Figure 6: Timeliness



Source: GAO. | GAO-19-1SP

Data Table for Figure 6: Timeliness

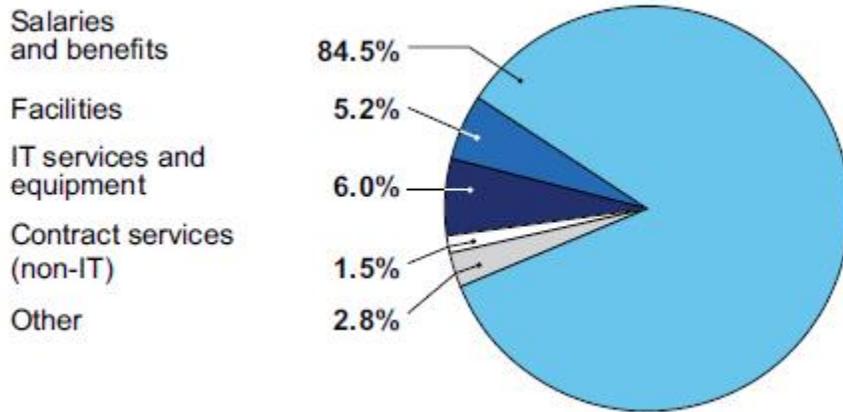
Year	Percentage of reports on time
2013	94
2014	95
2015	98
2016	94
2017	96
2018 Target	90
2018 Actual	97

Figure 7: GAO Reporting Summary

	Fiscal Year 2018	Fiscal Year 2017
Clean opinion on financial statements	Yes	Yes
Clean opinion on internal control over financial reporting	Yes	Yes
Timely and accurate GTAS reporting	Yes	Yes
Material weaknesses in internal control	None	None
Significant internal control deficiencies	None	None

Figure 8: Use of Fiscal Year 2018 Funds by Category

Percentage of total costs



Source: GAO. | GAO-19-1SP

Data Table for Figure 8: Use of Fiscal Year 2018 Funds by Category (percentage of total costs)

Salaries and benefits	Other	Contract services (non-IT)	IT services & equipment	Facilities
84.5%	2.8%	1.5%	6%	5.2%

Table 1: GAO's Financial Summary (Dollars in millions)

	Fiscal Year 2018	Fiscal Year 2017
Total Assets	\$160.9	\$106.1
Total Liabilities	\$81.7	\$78.7
Total Net Position	\$79.2	\$27.4
Net Cost of Operations by Goal		
Goal 1: Well-being / Financial Security of American People	\$222.8	\$215.5
Goal 2: Changing Security Threats / Challenges of Global Interdependence	151.8	148.4
Goal 3: Help Transform the Federal Government to Address National Challenges	144.1	144.2
Goal 4: Maximize the Value of GAO	14.9	15.7
Other Costs in Support of the Congress	49.4	45.7
Reimbursable services not attributable to above cost categories	(14.0)	(10.3)
Total Net Cost of Operations	\$569.0	\$559.2
Actual full-time equivalents (FTE)	3,015	2,994

More information on GAO's performance is included in [Part I](#) and [Part II](#) of this report. Detailed information on GAO's financials are included in [Part III](#). [Part V](#) provides details on how we set and calculate our performance measures.

What's Next? Future Challenges and Priorities

Absent policy changes, the federal government is on an unsustainable long-term fiscal path caused by a structural imbalance between revenue and spending. As such, decisions in the near term to enhance economic growth and address national priorities need to be accompanied by a long-term fiscal plan to address this imbalance.

We will continue to provide the Congress with near-term options for improving the nation's fiscal condition and opportunities to help bring revenue more in line with spending over the long term. Given congressional interest, we also plan to focus our work on several pressing national issues.

Cyber-based Threats to the Nation's Systems and Critical Infrastructure:

The cyberattacks suffered by the Office of Personnel Management, Equifax, and others in recent years highlight the criticality of effective cybersecurity.

Our work will include (1) the security of federal information systems and cyber critical infrastructure; (2) key agency capabilities for preventing and addressing security incidents; (3) the cybersecurity of specific sectors, such as the electricity grid; and (4) efforts to strengthen the nation's consumer privacy framework to reflect the increasing market for personal information.

Impact of Scientific and Technological Advances:

Rapid advances in science and technology hold the potential to improve our nation's well-being through advancements in areas such as artificial intelligence, medical care, disease prevention, and cybersecurity.

Our work will also include technology readiness assessments of complex acquisitions, such as the Columbia class ballistic missile submarine and a modernized nuclear arsenal.

Assisting the Congress in Overseeing and Transforming the Department of Defense (DOD):

DOD faces significant challenges in responding to a complex and rapidly evolving national security environment. Our work will include five key challenges and DOD's efforts to (1) rebalance forces, rebuild readiness, and modernize for the future; (2) address cyber threats and build cyber capabilities; (3) control program costs; (4) address human capital management challenges, and (5) improve business operations.

Assisting the Congress in Addressing Health Care Challenges:

Americans' health needs are growing in volume and complexity and increasing the challenge of federal oversight.

Our work will include the following areas on our High Risk List: (1) the Indian Health Service, Medicare, (3) Medicaid, (4) the Food and Drug Administration, and (5) Veterans Health Care. We will also continue to examine the cost of health care and the federal response to the nation's opioid epidemic.

In 2019 and beyond, GAO looks forward to assisting the Congress with addressing the nation's most important challenges.

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How to Use This Report

This report describes for the Congress and the American taxpayer the U.S. Government Accountability Office's performance measures, results, and accountability processes for fiscal year 2018 (October 1, 2017 through September 30, 2018). 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 <https://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 2018. 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 2018 and the targets we are aiming for in fiscal year 2019. It also includes a summary of our program evaluation for fiscal year 2018.

Financial Information

This section includes details on our finances in fiscal year 2018, 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.

Introduction

From the Comptroller General

November 15, 2018

I am pleased to present GAO's Performance and Accountability Report for fiscal year 2018. GAO's 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. Our results for fiscal year 2018 demonstrate the strength of our commitment to this mission.

Financial Benefits:

In fiscal year 2018, we documented a record \$75.1 billion in financial benefits for the government—a return of about \$124 for every dollar invested in us.

Examples of our work that contributed to these benefits included (1) revising spending limits for Medicaid demonstration projects (\$36.8 billion); (2) helping the Centers for Medicare & Medicaid Services (CMS) achieve and measure the benefits of its fraud prevention system (\$1.3 billion); and (3) identifying unexpended and unobligated balances in DOD's Military Personnel accounts (\$849 million).

Legislative Impacts:

In fiscal year 2018, the Congress used GAO's work to make important legislative decisions. Examples linked directly to GAO's work include:

- The 2018 Omnibus Appropriations Act: Based on GAO's work, the Congress directed
 - the Veterans Health Administration (VHA) to research the overmedication of veterans that led to deaths, suicides, and mental health disorders;
 - DOD to align its (1) structure, (2) statutory parameters, and (3) regulatory guidance across federal prescription drug buying programs to increase its buying power and reduce costs;
 - the Department of Homeland Security (DHS) to (1) develop performance metrics for all deployed border security, (2) evaluate the individual and collective effect of deployed technologies, and (3) assess progress;
 - DHS to regularly assess advanced protective technologies for cybersecurity; and
 - federal agencies, such as DOD, National Cybersecurity and Communications Center, and Bureau of Indian Affairs, to report on how they plan to implement GAO recommendations.
- The National Defense Authorization Act for Fiscal Year 2018 (December 2017): Reflecting our past work, the Congress directed DOD to
 - improve its budget guidelines, cost savings, leadership of business operations, military readiness goals and implementation strategies, and reduce vulnerabilities in military aircraft and risks to military installations from climate change;
 - increase reporting on the Columbia class submarine to keep the program on track;
 - change its space leadership structure;

- reinstate annual reports on the time required to conduct investigations, adjudicate
- cases, and grant security clearances; and
- establish new ways for agencies to modernize their legacy information technology.
- The National Defense Authorization Act for Fiscal Year 2019: Reflecting our past work, the Congress directed DOD to
 - provide military servicemembers with training to enhance their employability within one year prior to their separation, and improve related performance reporting and monitoring;
 - require the Navy to provide detailed budget information for aircraft carrier dismantlement and disposal activities; and
 - require the Secretary of Defense to designate a component responsible for coordinating efforts to acquire a modernized Global Positioning System (GPS) receiver.

In addition, a House report accompanying the act directed DOD to (1) use policy and technological solutions to manage risk and secure classified information and systems to counter insider threats, and (2) urge the Secretary of the Air Force and Secretary of the Navy, in concert with the F-35 Joint Program Office, to reduce F-35 sustainment costs.

- The Supreme Court of the United States cited our November 2017 analysis of state sales taxes in its June 21, 2018 opinion—allowing states to require sellers to collect sales taxes from relevant Internet and other remote sales, regardless of whether the seller has a physical presence in the state.

Other Benefits:

Many other benefits resulting from our work cannot be measured in dollars but lead to program and operational improvements. In fiscal year 2018, we recorded 1,294 of these other benefits. For example, our work on **public safety and security**

- positioned U.S. Customs and Border Protection to better protect U.S. manufacturers from economic harm and U.S. consumers from potential risks posed by counterfeit products sold online;
- led the Transportation Security Administration (TSA) to begin updating and improving the risk assessment and strategy it uses to (1) secure airport perimeters, and (2) control access to restricted areas to better assess security issues at airports nationwide; and
- prompted the Department of Justice (DOJ) and the Office of National Drug Control Policy to begin developing results-oriented measures, such as reductions in overdose deaths, to help them assess progress made in combatting the nation's opioid epidemic.

Similarly, our work related to **vulnerable populations**

- led the Congress to pass legislation to strengthen the nation's data on elder abuse by requiring annual data collection and reporting to support national prevention policy;
- prompted the Indian Health Service to publish wait-time standards for primary care and urgent care visits to help it monitor patient access to care; and

- led the Federal Communications Commission (FCC) to begin measuring the effectiveness of industry efforts to prevent wireless network outages—helping to ensure that Americans who rely solely on them have access during emergencies.

Furthermore, our work in the area of **agency operations**

- led the Federal Emergency Management Agency (FEMA) to (1) pilot a data-sharing process with states to allow it to identify potentially duplicative disaster assistance payments, and (2) make plans to create a similar process to manage future disasters;
- prompted the Office of the Director of National Intelligence (ODNI) to issue formal guidance and implementation guidelines to help federal agencies continually assess their employees' eligibility to hold security clearances and to do so uniformly; and
- led the Congress to require federal agencies to inform active-duty military servicemembers of their eligibility to receive student loans at a 6 percent interest rate to better ensure timely access to these loans and prevent overpayments.

Building Bodies of Knowledge:

Through the products we issued in fiscal year 2018, we continued to build on bodies of work related to our three broad strategic goals to

address current and emerging challenges to the well-being and financial security of the American people, (2) help the Congress respond to changing security threats and the challenges of global interdependence, and (3) help transform the federal government to address national challenges.

Examples include:

- Protection of children. We reported on the need to (1) improve federal support to help states recruit and retain foster care families to meet demand; (2) develop guidance for states to help them better apply protections for substance-affected infants; (3) consider discipline disparities for Black students, boys, and students with disabilities in K-12 public schools; and (4) update guidance to better monitor lead in school drinking water.
- Veterans. We reported on the need for (1) DOD to improve its monitoring of and reporting on its transitioning veterans program; (2) the Department of Veterans Affairs (VA) to further assess its performance and progress toward meeting its opioid safety goals for veterans; and (3) VHA to collect better data and evaluate its strategies for improving physician staffing, recruitment, and retention.
- Health care. We reported on the need to (1) better secure the electronic health information of Medicare beneficiaries; (2) improve federal oversight of the health and welfare of beneficiaries receiving Medicaid assisted-living services; and (3) improve assessments of individuals' needs for home- and community-based services.
- Technology and science. We reported on (1) Artificial Intelligence applications in four areas—cybersecurity, automated vehicles, criminal justice, and financial services;
- chemical innovation—technologies that improve the chemistry behind medicines, personal care products, and other everyday items to reduce environmental impacts;

- electromagnetic risks to the U.S. electric grid from extreme solar storms and high-altitude nuclear blasts; and (4) quantum computing, synthetic biology, and other potentially transformational research and considerations for U.S. competitiveness.
- High risk areas. We continued to monitor federal operations previously identified as “high risk” and our outreach with executive branch agencies to discuss how to make progress in these areas. We also added the government-wide personnel security clearance process to our High Risk List and updated our cybersecurity area. This year, our high-risk work resulted in 166 reports, 49 testimonies, \$46.8 billion in financial benefits, and 526 other benefits.
- Fragmentation, overlap, and duplication. Our annual report identified 68 new actions across 23 new program areas that could reduce fragmentation, overlap, and duplication, or provide other cost savings and revenue enhancement opportunities across the federal government. Actions taken by the Congress and executive branch agencies to address the 724 actions government-wide we identified from 2011 to 2017 led to about \$178 billion in financial benefits—\$125 billion through 2017, with \$53 billion more expected.

Expanding our Focus on Technology and Science

The Committee report accompanying our fiscal year 2019 appropriation called for us to reorganize our technology and science function to create a new office within GAO that will provide high-quality, independent science and technological expertise. We are on pace to stand up a new Technology and Science team in January 2019.

Serving Our Clients

In fiscal year 2018, we received 786 requests for work from 90 percent of the standing committees of the Congress—supporting a broad range of congressional interests. We issued 633 reports and made 1,650 new recommendations. Our senior executives were asked to testify 98 times before 48 separate committees or subcommittees on topics including key risks for the 2020 Census, improper payments under Medicaid, national defense, border security, and the nation’s cybersecurity challenges.

I continued my regular meetings with the Chairs and Ranking Members of congressional committees to obtain their views on GAO’s work, including their priorities, and to discuss opportunities and challenges facing GAO. I also continued to send letters to the heads

of most federal departments, recognizing their progress in implementing our priority recommendations and calling attention to those still requiring action. These letters were also sent to congressional committees of jurisdiction to inform their oversight. In addition, we continued to highlight the status of key recommendations in our annual duplication, fragmentation, and overlap report—citing progress made and the benefits of full implementation. In fiscal year 2018, agencies implemented 77 percent of our recommendations against a target of 80 percent.

Supporting Our People

The hard work and dedication of our diverse and professional multidisciplinary staff positioned GAO to achieve a 97 percent on-time delivery of our products in fiscal year 2018. Our performance this year also indicates that staff received the support needed to produce high-quality work. We exceeded the targets for our seven people measures— new hire rate, retention rates with and without retirements, staff development, staff utilization, effective leadership by supervisors, and organizational climate. GAO also continued its distinction as an employer of choice, ranking second among mid-size federal agencies and first for supporting diversity by the Partnership for Public Service.

Managing Our Internal Operations

In fiscal year 2018, we continued efforts to support our fourth strategic goal—to maximize our value by enabling quality, timely service to the Congress and being a leading practices federal agency. We made progress addressing our three internal management challenges— managing a quality workforce, engagement efficiency, and information technology services. To enhance our workforce, we hired staff to fill 222 positions and reached 3,015 full-time equivalents. To improve engagement efficiency, we issued our first web-based, mobile- friendly report using the New Blue system—designed to modernize product development and distribution. To enhance information technology services, we continued to strengthen monitoring and detection of malicious activity to counter escalating cybersecurity threats.

This fiscal year, we also made significant contributions to the domestic and international auditing community. Our Center for Audit Excellence helped 15 domestic and international audit organizations build their audit capacity through training and other services and we are working to expand our engagement with these organizations. Our Office of General Counsel (OGC) handled about 2,600 bid protests, issued more than 600 decisions on the merits, and carried out GAO’s responsibilities under the Impoundment Control Act regarding the President’s special message of May 2018.

We again received from independent auditors an unmodified or “clean” opinion on our financial statements for fiscal year 2018 and our internal control over financial reporting. There was no reportable noncompliance for fiscal year 2018 with provisions of applicable laws, regulations, contracts, and grant agreements tested. We have demonstrated that the detailed performance and financial information in this report is complete and reliable and meets our high standards for accuracy and transparency.

In fiscal year 2019 and beyond, we look forward to continuing to serve the Congress and the public on issues affecting the lives of all Americans.

Gene L. Dodaro Comptroller General of the United States

Management Assurance Statements

November 15, 2018

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

GAO management is responsible for managing risks and maintaining effective internal control to meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). These are objectives that we set for ourselves even though, as part of the legislative branch of the federal government, GAO is not subject to the FMFIA. GAO conducted its assessment of risk and internal control consistent with Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results of the assessment, GAO can provide reasonable

assurance that internal control over operations, reporting, and compliance as of September 30, 2018, was operating effectively and that no material weaknesses were found in the design or operation of internal controls.

Assurance Statement on Internal Control over Financial Reporting

GAO's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that transactions are (1) properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with

U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (2) executed in accordance with provisions of applicable laws (including laws governing the use of budget authority); regulations; contracts; and grant agreements, noncompliance with which could have a material effect on the financial statements.

GAO management is responsible for designing, implementing, and maintaining effective internal control over financial reporting. GAO conducted its assessment of the effectiveness of internal control over financial reporting according to the criteria established under FMFIA and OMB Circular No. A-123. Based on the results of the assessment, GAO can provide reasonable assurance that its internal control over financial reporting as of September 30, 2018, was operating effectively and that no material weaknesses were found in the design or operation of internal control over financial reporting.

Assurance Statement on Financial Management Systems

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

Gene L. Dodaro Comptroller General of the United States

Katherine A. Siggerud Chief Operating Officer

Management Assurance Statements

Karl J. Maschino Chief Administrative Officer/ Chief Financial Officer

William L. Anderson Controller

Thomas H. Armstrong General Counsel

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 executive branch agencies; however, we generally hold ourselves to the spirit of many such laws, including the Federal Managers’ Financial Integrity Act of 1982 (FMFIA); the GPRA Modernization Act of 2010 (GPRAMA); and the Federal Information Security Modernization Act of 2014 (FISMA).

Accordingly, this performance and accountability report for fiscal year 2018 provides what we consider to be information comparable to that reported by executive branch agencies in their annual

GAO’s History

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

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

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

Mission

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

¹ FMFIA requires executive agencies to establish systems of internal accounting and administrative controls consistent with standards for internal control in the federal government issued by the Comptroller General and to evaluate such systems annually. Pub. L. No. 97-255, 96 Stat. 814 (Sept. 8, 1982), codified at 31 U.S.C. § 3512 (c)-(d).

GPRAMA Pub. L. No. 111-352, 124 Stat. 3866 (Jan. 4, 2011) updated the Government Performance and Results Act of 1993 (GPRA), Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993), and, among other things, requires executive branch agencies to prepare strategic plans, annual performance plans, and annual performance reports. FISMA, Pub. L. No. 113-283, 128 Stat. 3073 (Dec. 18, 2014), codified at 44 U.S.C. §§ 3551-3558, largely superseded the very similar Federal Information Security Management Act of 2002, Pub. L. No. 107-347, title III, 116 Stat. 2899, 2946 (Dec. 17, 2002), setting requirements for federal agencies to implement policies and procedures to cost-effectively reduce information technology risks.

Core Values

Our three mission core values— accountability, integrity, and reliability— form the basis for all of our work, regardless of its origin. These core mission values work in concert with our three core people values—valued, respected, and treated fairly—to create a synergy, which is essential for us to achieve our mission. (See the inside front cover of this report for more detail, along with our scope of work.)

Strategic Goals

GAO has three externally focused goals and one internally focused goal. These include:

- Goal 1: Address Current and Emerging Challenges to the Well-being and Financial Security of the American People
- Goal 2: Respond to Changing Security Threats and the Challenges of Global Interdependence
- Goal 3: Help Transform the Federal Government to Address National Challenges
- Goal 4: Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and by Being a Leading Practices Federal Agency

For additional information see [Part II](#) of this report and [GAO's Strategic Plan](#).

Organizational Structure

Figure 9: Organizational Structure



Legend:

The Executive Committee

Note: Everyone listed on this table, other than the Comptroller General, is a Senior Executive Service (SES) level manager. Also, with the exception of the Comptroller General of the United States, the Chief Operating Officer, the Chief Administrative Officer, the Deputy Chief Administrative Officer, the Inspector General, the General Counsel, the Deputy General Counsel, and the Chief Quality Officer, the SES managers are titled "Managing Director." GAO has six technical chiefs under the Managing Director for Applied Research and Methods. These include the Chief Accountant, Chief Actuary, Chief Economist, Chief Scientist, Chief Statistician, and Chief Technologist.

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 Katherine Siggerud, Chief Administrative Officer/Chief Financial Officer Karl J. Maschino, and General Counsel Thomas H. Armstrong (see [fig. 9](#)).

To achieve our mission, our have experience with forensic auditing and data mining; they are assisted by staff in our Office of General Counsel. Senior executives in the teams manage a portfolio of engagements to ensure that we quickly meet the Congress's need for independent and unbiased information on emerging issues, while continuing longer-term work that flows from our [strategic plan](#). To serve the Congress effectively with a finite set of resources, senior managers consult with our congressional clients and determine the timing and priority of engagements for which they are responsible.

As described in greater detail below, our General Counsel's office provides legal counsel to 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 (APQA), 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.

The Office of the General Counsel is structured to facilitate the delivery of legal services to the teams and staff offices that support our four strategic goals. This structure allows the Office of the General Counsel to (1) provide legal support to our staff offices and serve as engagement counsel to audit teams concerning all matters related to their work, including fulfilling our responsibility to ensure the legal sufficiency of all GAO products; and (2) produce legal decisions and opinions on behalf of the Comptroller General. Specifically, the legal groups that support our three external goals are organized to provide each of the audit teams with a corresponding team of attorneys dedicated to acting as engagement counsel for each team.

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. The Opportunity and Inclusiveness team provides legal advice and assistance to GAO's Office of Opportunity and Inclusiveness (OO&I), GAO management, and others on issues related to GAO's Equal Employment Opportunity and OO&I

program. Attorneys in the Procurement Law group prepare administrative decisions and opinions adjudicating protests to the award of government contracts. Attorneys in the Budget and Appropriations Law group opine on the availability and use of appropriated funds and publish products related to GAO's statutory responsibilities under the Impoundment Control Act of 1974. Finally, GAO also issues opinions related to issues arising under the Congressional Review Act.

For our one internal strategic goal (Goal 4), staff in our Chief Administrative Office take the lead. Our Office of Continuous Process Improvement leads the agency's efforts to improve efficiency and effectiveness of the work conducted by our mission and mission support operations. Other teams and offices across GAO including the Applied Research and Methods team, the Office of Strategic Planning and External Liaison, Congressional Relations, OO&I, APQA, 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 and the OO&I team, provide legal support for Goal 4.

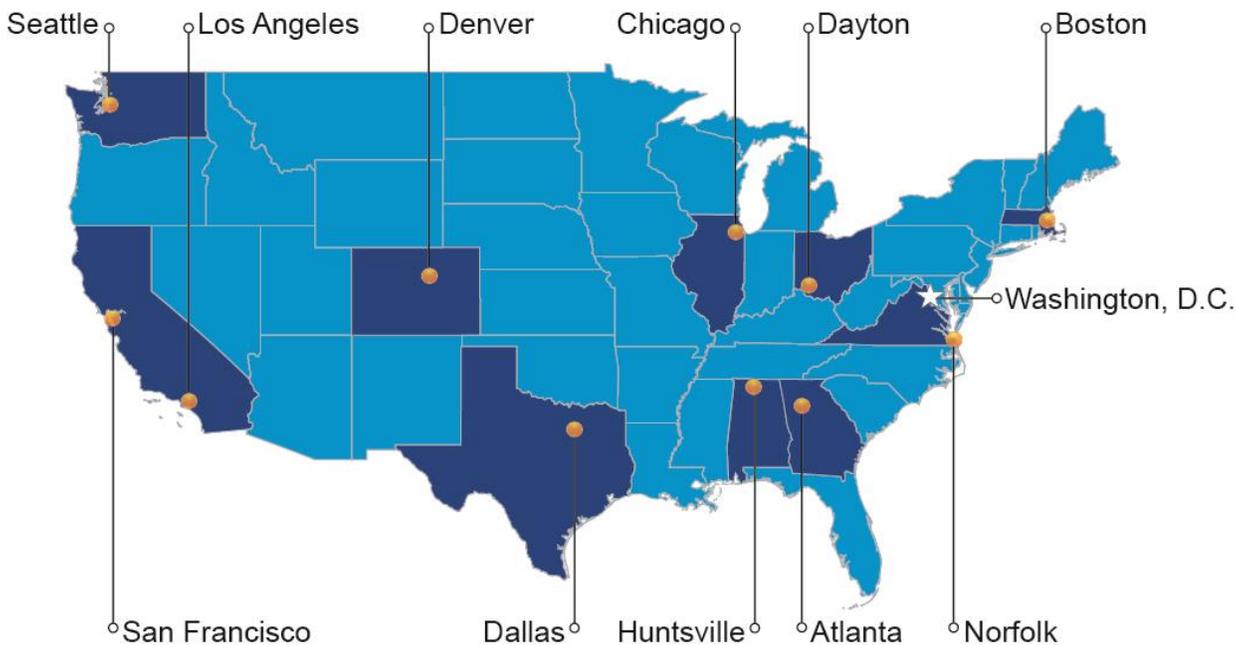
The Government Accountability Office Act of 2008 established GAO’s Office of Inspector General (OIG) as a statutory office within the agency. The Inspector General (IG) is appointed by, and reports to, the Comptroller General. The IG is responsible for conducting audits and

investigations relating to the administration of GAO programs and operations and for making recommendations to promote its economy, efficiency, and effectiveness.

The IG also keeps the Comptroller General and the Congress fully informed through semiannual reports that summarize the IG’s findings. In addition, the IG investigates allegations concerning activities within GAO that may constitute the violation of any law, rule, or regulation; mismanagement; a gross waste of funds; or other wrongdoing.

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

Figure 10: GAO’s Office Locations



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

Strategic Planning and Foresight

In February 2018, we issued our strategic plan for fiscal years 2018 through 2023, which describes our goals and strategies for supporting the Congress and the nation.²

This plan reflects the full scope of the federal government’s operations, as well as emerging and future trends that may affect government and society.

² <https://www.gao.gov/products/GAO-18-1SP>

As part of our strategic planning process, we emphasize foresight, continuous environmental scanning, and trend analysis as essential to helping inform our decision

making and long-term planning. Our continuous scanning of trends helps to ensure GAO remains an agile and responsive organization. The plan outlines the areas

in which we expect to conduct research, audits, analyses, and evaluations to meet our clients' needs and allocate resources.

We developed this plan based on a review of external literature, discussions with outside advisors and selected experts, input from our mission teams based on their discussions with congressional clients, our staff's subject matter expertise, and our foresight work.

GAO's strategic plan consists of three parts:

1. Goals and Objectives ([GAO-18-1SP](#));
2. Key Efforts ([GAO-18-395SP](#)); and
3. Trends Affecting Government and Society ([GAO-18-396SP](#)).

We engage in a range of ongoing foresight activities to explore the implications of emerging issues that pose both risks and opportunities for the federal government. Our strategic plan identified eight broad trends shaping the United States and its place in the world (see [fig. 11](#)). These eight trends are discussed in greater detail in our strategic plan on our website.³

We will periodically update our trends and key efforts, as appropriate, to reflect shifts in congressional priorities and GAO's expected areas of work based on our foresight work. Any revisions to our strategic plan or resource allocations are disclosed in our annual performance plans, available on our website.

Our work is aligned under our four strategic goals (see [fig. 11](#)). Specifically, our audit and investigative work is conducted 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 our internal operations.

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 comprises 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.

An Example of Our Four-tiered Strategic Planning Process

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

Strategic Objective 1.4: Financial Security and Well-being of an Aging Population

Performance Goal 1.4.2: Assess the policies and administration of programs that could enable older adults to maintain their independence and ties to the community.

³<https://www.gao.gov/products/GAO-18-1SP>

Key Efforts:

- Examine federal efforts to develop a comprehensive system of home- and community-based services to enable older adults to age in place.
- Examine federal efforts to work with state and area agencies on aging to establish and sustain various models of aging-friendly communities.
- Compare the availability, accessibility, and use of home- and community- based services by older adults with facility-based long-term care.

Figure 11: GAO's Strategic Plan Framework (text below)

GAO'S STRATEGIC FRAMEWORK

Strategies for Achieving Our Goals

GPRA directs agencies to articulate not just goals, but also strategies for achieving those goals. GAO's strategic plan provides a detailed roadmap of our goals and strategies. As detailed in [Part I](#) of this report, we emphasize two areas of focus in achieving our goals: (1) providing information from our work to the Congress and the public in a variety of forms, and continuing to strengthen our human capital and internal operations.

Additionally, we emphasize the importance of working with other organizations on cross-cutting issues, effectively addressing the challenges to achieving our agency's goals, and recognizing the internal and external factors that could impair our performance. With this approach, which has proven 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 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 deliver 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;
- 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 2018, we devoted 97 percent of

our engagement resources to work requested or mandated by the Congress. We devoted the remaining 3 percent of engagement resources to work initiated under the Comptroller General's authority. Much of this work addressed various challenges that are of broad-based interest to the Congress, such as the federal response to 2017 hurricanes and wildfires, the cybersecurity high-risk update, child well-being in the United States, CMS fraud risk management, older adult housing needs, security clearance reform efforts, and the federal, state, and local government fiscal outlooks.⁴

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

Our staff are responsible for following high standards for gathering, documenting, and supporting the information we collect and analyze. The U.S. Government Auditing Standards, developed by the Comptroller General of the United States, together with the GAO policies that we apply in conducting our audits are consistent with the Fundamental Auditing Principles of the International Standards of Supreme Audit Institutions. This is especially important given the increased focus in recent years on the development and adoption of international accounting and auditing standards.

Information developed during our reviews is usually presented in products that are made available to the public. Over the past 5 years, we have issued, on average, about 730 products annually, primarily in an electronic format. In addition, we publish about 500 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 the 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.⁵ 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.⁶ 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.

⁴https://www.gao.gov/americas_fiscal_future.

⁵GAO, Bid Protest Annual Report to Congress for Fiscal Year 2017, GAO-18-237SP (Washington, D.C.: Nov. 13, 2017).

⁶Principles of Appropriations Law, also known as the Red Book, is a multi-volume treatise concerning federal fiscal law available at <https://www.gao.gov/legal/red-book/overview>. GAO-17-797SP (Washington, D.C.: Sept. 14, 2017), GAO-16-463SP (Washington, D.C.: Mar. 10, 2016), GAO-16-464SP (Washington, D.C.: Mar. 10, 2016), GAO-15-303SP (Washington, D.C.: Mar. 12, 2015), GAO-08-978SP (Washington, D.C.: Sept. 1, 2008), GAO-06-382SP (Washington, D.C.: Feb. 1, 2006), GAO-04-261SP (Washington, D.C.: Jan. 1, 2004). our congressional clients and internal customers

Such special publications are valuable because they help us highlight 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 (<https://www.gao.gov/recommendations/>).

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

Achieving our strategic goals and objectives also requires coordination with other organizations with similar or complementary missions. To this end, we use advisory panels and other bodies to inform our strategic and annual work planning, coordinate as appropriate with other legislative branch agencies, and maintain collaborative working relationships with 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 networks allow us to extend our institutional knowledge and experience, leverage our resources, and improve our service to the Congress and the American people. Our Strategic Planning and External Liaison office takes the lead and provides strategic focus overall for the work with external partner organizations. Our research, audit, and evaluation teams lead the work with most of the issue-specific external organizations as they conduct their work.

How We Measure Our Performance

To help us determine how well we are meeting the needs of the Congress and maximizing our value as a leading

practices federal agency, we assess our performance annually using a balanced set of quantitative performance measures that focus on four key areas—results, client, people, and internal operations.

These categories of measures are briefly described next.

- **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 met or did not meet the agency-wide target. We also use this information to provide feedback to our teams on the extent to which they are contributing to the overall target and to help them identify areas for improvement.

- **Client.** To measure how well we are serving our client, we capture our timeliness in delivering products to the Congress and the number of times that our senior executives were asked to present expert testimony. We use an electronic client feedback form to collect quantitative and qualitative data and information on the services we are providing to our congressional clients. We also set a target at the agency-wide level for the number of testimonies and then assign a portion of these testimonies as a target for each of the external goals (1, 2, and 3) based on that goal's expected contribution to the agency-wide total. We base this target on our assessment of the congressional calendar and hearing trend data. As for 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 technology, 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
 2. help employees get their jobs done,
 3. how our internal operations improve employees' quality of work life, and
 4. how satisfied employees are with our IT tools. Examples of surveyed services include information security, pay and leave, 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 and external factors that influence our work (see [p. 119](#)). 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. 59](#)). 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.⁷ 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 2018 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.

Figure 12: GAO's Performance and Accountability Report Awards

- 2017 CEAR Award
- CEAR Best in Class Award
- 2018 American inhouse design award

Last year, the Association of Government Accountants awarded GAO (for the 17th consecutive year) its Certificate of Excellence in Accountability Reporting (CEAR) for our Performance and Accountability Report for fiscal year 2017. We also received a CEAR Best-In-Class-Award for this report as having the best process to ensure the quality of the agency's performance data. In fiscal year 2018, we also received the American Inhouse Design Award for our Performance and Accountability Report for fiscal year 2017 from Graphic Design USA.

⁷ Our most current performance plan is available at <https://www.gao.gov/products/GAO-18-308SP> and our most current budget is available at <https://www.gao.gov/products/GAO-18-426T>.

Part I Management's Discussion and Analysis

Assisting the Congress and Benefiting the Nation During Challenging Times

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 ways we accomplished 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 recommend improvements on a wide variety of issues.

In fiscal year 2018, demand for our work was high with 786 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

- Results
- Client
- People
- Internal Operations

Other Ways GAO Served the Congress and the American People

- GAO's High Risk Program
- Opportunities to Reduce Fragmentation, Overlap, and Duplication, and Achieve Other Financial Benefits
- Financial Regulatory Reform in the Aftermath of the Global Financial Crisis
- General Counsel Decisions and Other

Legal Work

Strategic 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 2018 (see [table 2](#)).

Results

We exceeded our target of \$50.0 billion in financial benefits by \$25 billion—reaching \$75.1 billion. This represents a \$124 return on every dollar the Congress invested in us. We also exceeded our target of 1,200 other benefits by 94 benefits, accomplishing 1,294 other benefits. (See [pp. 25-30](#))

We fell short of our target of 80 percent for past recommendations implemented by 3 percentage points, at 77 percent; however, this percentage has increased from 73 percent in fiscal year 2016. We will continue to take actions in 2019 to facilitate implementation of our recommendations. (See [pp. 31-32](#))

We exceeded our target of 60 percent for new products with recommendations by 4 percentage points, with 64 percent of new products containing recommendations. (See [p. 32](#))

Client

Based on our congressional client survey, we exceeded our target of 90 percent for delivering our products and testimonies in a timely manner by 7 percentage points—reaching 97 percent on-time delivery for fiscal year 2018. Our senior executives were asked to testify 98 times, falling 22 testimonies short of our fiscal year 2018 target of 120. This was due, in part, to fewer-than-anticipated hearings being held, which is a factor not in our control. We were asked to testify before 48 separate committees or subcommittees on topics spanning most federal agencies. (See [pp. 34-37](#))

People

We exceeded our new hire rate target of development, staff utilization, effective leadership by supervisors, and organizational climate. (See [pp. 38-39](#)) 80 percent by 5 percentage points at 85 percent—filling 222 critical positions, against a target of 260. For retention rate with retirements, we exceeded the 92 percent target by 2 percentage points, at 94 percent. For retention rate without retirements, we exceeded the 96 percent target by 1 percentage point, at 97 percent. We also exceeded our target of 80 percent for staff development by 3 percentage points, at 83 percent. For staff utilization, we exceeded our target of 76 percent by 2 percentage points, at 78 percent. For effective leadership by supervisors, we exceeded our target of 82 percent by 3 percentage points, at 85 percent. For organizational climate, we reached 81 percent—exceeding our target of 76 percent by 5 percentage points. (See [pp. 38-39](#))

Internal Operations

We assessed staff satisfaction with our three internal operations measures for fiscal year 2018 through our internal customer satisfaction (CSAT) survey. In this survey, we measured how well our administrative services (e.g., travel support, counseling, building security, etc.) (1) help employees get their job done—we exceeded our target of 80 percent by 5 percentage points, at 85 percent, and (2) improve quality of work life—we exceeded our target of 80 percent by 2 percentage points, at 82 percent. The survey also assesses how satisfied employees are with Information Technology (IT) Tools. We fell short of our goal of 80 percent by 7 percentage points, at 73 percent. We have multiple efforts underway to improve staff satisfaction with this measure, which include We exceeded the targets for all of our people measures—new hire rate, retention rate with and without retirements, staff updating our virtual desktop infrastructure. (See [p. 40](#))

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

	Performance measure	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual	Met/not met	2019 target
Results	Financial benefits (dollars in billions)	\$51.5	\$54.4	\$74.7	\$63.4	\$73.9	\$50.0	\$75.1	Met	\$50.0
	Other benefits	1,314	1,288	1,286	1,234	1,280	1,200	1,294	Met	1,200
	Past recommendations implemented	79%	78%	79% ^d	73%	76%	80%	77%	Not met	80%
	New products with recommendations	63%	64%	66% ^d	68%	63%	60%	64%	Met	60%
Client	Testimonies	114	129	109	119 ^e	99	120	98	Not met	120
	Timeliness	94%	95%	98%	94%	96%	90%	97%	Met	90%
People	New hire rate	66%	88%	83%	81%	83%	80%	85%	Met	80%
	Retention rate With retirements	93%	94%	94%	93%	94%	92%	94%	Met	92%
	Retention rate Without retirements	96%	97%	96%	96%	97%	96%	97%	Met	96%
	Staff development	80%	83%	84%	83%	84%	80%	83%	Met	80%
	Staff utilization	75%	77%	79%	79%	80%	76%	78%	Met	76%
	Effective leadership by supervisors	83%	83%	83%	85%	84%	82%	85%	Met	82%
	Organizational climate	77%	79%	80%	81%	83%	76%	81%	Met	76%
Internal operations	Help get job done	82%	82%	80%	N/A ^{a,b}	84%	80%	85%	Met	80%
	Quality of work life	78%	78%	78%	N/A ^{a,b}	82%	80%	82%	Met	80%
	IT tools	68% ^c	65%	67%	N/A	74%	80%	73%	Not met	80%

Source: GAO. | GAO-19-1SP

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

^aWe conducted the survey for these measures on a calendar year basis in 2016, and, therefore, do not have fiscal year-end results to report—denoted by N/A. For fiscal years 2017 and 2018, the survey was conducted on a fiscal year basis.

^bThe targets for all three categories in 2016 were 80 percent.

^cIn 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 under another performance measure (years prior are

denoted by N/A).

^dIn 2015, we modified our methodology for past recommendations implemented and new products with recommendations to exclude Matters for Congressional Consideration (see [Appendix on Data Quality](#)).

^eIn 2016, we modified our methodology for counting testimonies to include hearings where two separate statements are delivered on different aspects of GAO’s work (see [Appendix on Data Quality](#)).

Our fiscal year 2018 targets for all 16 of our performance measures are the same as the targets we reported in our fiscal year 2018 [performance plan](#) (issued in July 2017).

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 increased from 2013 to 2014, increased sharply in 2015, increased slightly in 2016, and increased sharply in 2017 and 2018. The average number of other benefits we recorded decreased steadily from 2013 through 2015, decreased sharply in 2016, decreased slightly in 2017 and held steady in 2018. New products with recommendations have been very stable from 2013 through 2018. The average number of times our senior executives were asked to testify declined steadily from 2013 through 2016 and declined slightly in 2017 and 2018.

We use several factors to set our annual testimonies target—the number of times we expect our senior executives to be asked to testify. These factors include the cyclical nature of the congressional calendar, our 4-year rolling averages, and

our past performance. We set our target at 120 testimonies for 2018, but fell short of this target by 22 testimonies. The general decline in the number of requests for GAO’s senior executives to testify in recent years mirrors the general decline in the number of oversight hearings held by the Congress. For 2019, we have maintained our target of 120 testimonies, which we consider a stretch goal, given the level of testimony requests in recent years.

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

Performance measure	2013	2014	2015	2016	2017	2018
Results Financial benefits (billions)	\$50.7	\$51.9	\$59.1	\$61.0	\$66.6	\$71.8
Results Other benefits	1,358	1,340	1,332	1,281	1,272	1,274
Results New products with recommendations	65%	66%	65%	65%	65%	65%
Client Testimonies	160	144	128	118	114	106

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 2018, our work generated about \$75.1 billion in financial benefits (see [fig. 13](#)). We exceeded our target by about \$25 billion, primarily because of one unexpectedly large accomplishment of \$36.8 billion for revising spending limits for Medicaid demonstration projects. In light of our (1) performance in fiscal year 2018; (2) expected future financial benefits based on our past, ongoing, and expected work; and uncertainty about the exact amount of financial benefits our recommendations will yield in 2019; we have set our 2019 target for financial benefits at \$50 billion.

Figure 13: Financial Benefits GAO Recorded



Source: GAO. | GAO-19-1SP

Note: See [Part V](#) for 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.

Data Table for Figure 13: Financial Benefits GAO Recorded

Year	Benefits (billions of dollars)
2013	51.5
2014	54.4
2015	74.7
2016	63.4
2017	73.9
2018 Target	50
2018 Actual	75.1

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 of 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 2018 was our fourth year of savings from expanding the risk-based element of the Pension Benefit Guaranty Corporation’s premium rate structure. The revenue this generated will offset direct federal spending by about \$1.09 billion for fiscal year 2018.

See [figure 14](#) for examples of new financial savings for fiscal year 2018.

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.

Figure 14: Examples of GAO’s Major New Financial Benefits Reported in Fiscal Year 2018

Description of New Financial Benefits	Amount (Dollars in billions)
<p>Ensuring that Medicaid Demonstrations are Budget Neutral. Many states conduct Medicaid demonstrations to test new ways to deliver services, and the Secretary of the Department of Health and Human Services (HHS) may allow costs for these projects that Medicaid would not usually cover. However, HHS policy requires that these projects be budget neutral. We have reported since 2002 that HHS used questionable methods to set spending limits for such projects, improperly increasing the federal government’s fiscal liability for Medicaid. In 2016, HHS revised its policy for setting spending limits, and estimated in 2018 that this reduced the federal government’s fiscal liability by \$36.8 billion in FYs 2016-2017. (GAO-08-87, GAO-13-384, GAO-14-689R, GAO-15-239, GAO-17-312)</p>	\$36.8
<p>Achieving and Measuring Fraud Prevention at CMS. Medicare has been on our list of high risk programs since 1990, partly because its complexity makes it vulnerable to fraud. CMS must conduct program integrity activities intended to reduce fraud. In October 2012, we found that, while CMS had implemented its Fraud Prevention System to evaluate potentially fraudulent claims, it had not determined whether the system was effective. By implementing our recommendations, CMS achieved, measured, and reported benefits in August 2017 of about \$1.3 billion from preventing fraud and improper payments from the first 4 years of using this system. (GAO-13-104)</p>	\$1.3
<p>Reducing Military Personnel Budget Due to Excess Balances. Our review of DOD’s FY18 Military Personnel (MILPERS) budget request identified millions in potential reductions. These potential reductions were based on the reported balances of expired unobligated amounts from FYs 2012-2015. We provided our analysis to the House and Senate Appropriations Committees, and the Congress reduced DOD’s FY18 MILPERS budget by approximately \$849 million in the Consolidated Appropriations Act for 2018.</p>	\$0.85

Description of New Financial Benefits	Amount (Dollars in billions)
<p>Reducing Fragmentation and Overlap in Teacher Quality Programs. We have found that a number of federal education programs all have similar goals, beneficiaries, and activities. For example, we identified 82 federal programs in 2011 that all support teacher quality. Having this many programs with similar goals can frustrate agency efforts to manage these portfolios. It also increases costs for the government, and makes it difficult to identify the most cost- effective programs. We recommended that the Congress consider consolidating or eliminating some of these programs. In response, the Congress did not authorize funding for 4 of these programs—yielding \$678 million in financial benefits for FY17. (GAO-11-510T)</p>	<p>\$0.68</p>

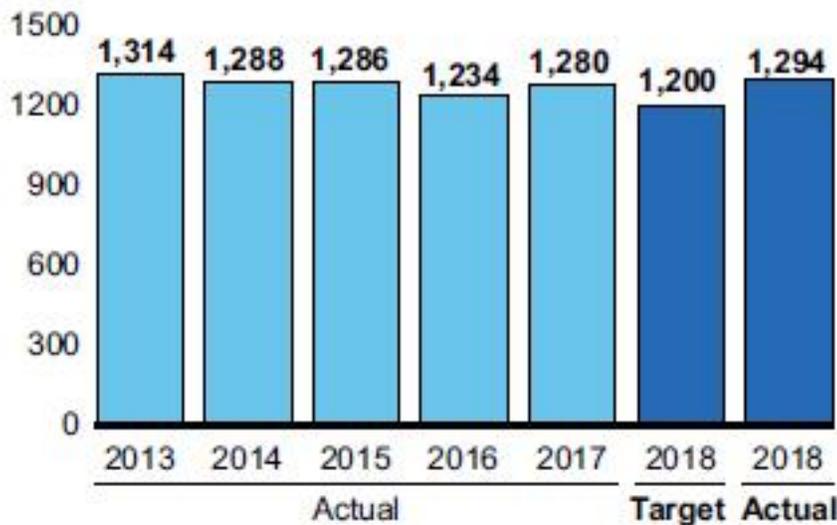
Source: GAO. | GAO-19-1SP

Note: Additional examples of fiscal year 2018 financial benefits can be found in Part II of this report.

Other Benefits

Many of the benefits that result from our work cannot be measured in dollar terms, so we refer to them as “other benefits.” During fiscal year 2018, we recorded a total of 1,294 other benefits (see fig. 15). We exceeded our target by about 8 percentage points largely because of a number of accomplishments we documented for public safety and security and business process and management. We have set our 2019 target for these other benefits at 1,200 again given our past, ongoing, and expected work.

Figure 15: Other Benefits



Source: GAO. | GAO-19-1SP

Data Table for Figure 152: Other Benefits

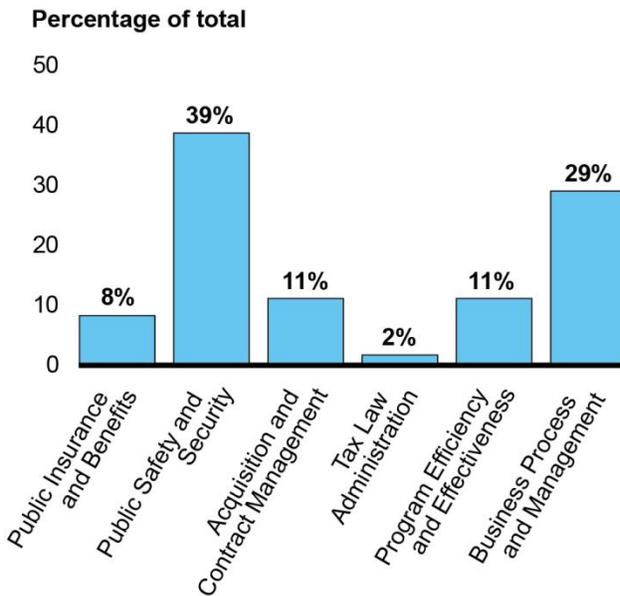
Year	Number
2013	1314

Year	Number
2014	1288
2015	1286
2016	1234
2017	1280
2018 Target	1200
2018 Actual	1294

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 (39 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 2018 Other Benefits



Source: GAO. | GAO-19-1SP

Benefit type	Percentage of total
Acquisition and Contract Management	8.27
Business Process and Improvement	38.72
Program Efficiency and Effectiveness	11.13

Benefit type	Percentage of total
Public Insurance and Benefits	1.7
Public Safety and Security	11.13
Tax Law Administration	29.06

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

- Public insurance and benefits. Medicare, Medicaid, VA, and DOD health care, disability programs, food assistance, education programs, national flood insurance, federal deposit insurance, and other insurance programs.
- Public safety and security. Homeland security and justice programs; critical infrastructure, including information security; critical technologies; food safety; transportation safety; telecommunications safety; international food assistance; public health; consumer protection; environmental issues; national defense; foreign policy; and international trade.
- Acquisition and contract management. DOD weapon systems acquisitions, National Aeronautics and Space Administration (NASA) 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 (USPS); transportation funding; and telecommunications funding.
- Business process and management. Federal financial reporting; federal information systems; federal real property; human capital management; and 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 2018

Category	Description
Public Insurance and Benefits	Minimizing Duplicate Enrollment in Medicaid and Federally-subsidized Health Coverage. Many low-income individuals may transition between Medicaid and federally-subsidized health coverage purchased from exchanges. In 2015, we found that such individuals may become simultaneously enrolled in both types of coverage, which is generally not allowed. We also found that CMS did not have adequate controls to prevent and detect this duplicate coverage. In response, CMS began implementing procedures to better detect duplicate coverage from 2015 through 2017—minimizing the risk of the federal government paying twice for an individual’s health coverage. (GAO-16-73)

Category	Description
<p>Public Safety and Security</p>	<p>Improving the Reliability of Data on Asylum Fraud Investigations. People who have been persecuted or fear persecution in their own countries can seek refuge in the United States by applying for asylum. We reported in December 2015 that DHS had a limited ability to detect fraud in asylum applications. For example, U.S. Citizenship and Immigration Services (USCIS) did not have complete data on fraud investigations. We recommended that USCIS collect reliable data about such efforts. In response, USCIS improved its tracking database and updated its training materials, which should help USCIS better detect and prevent fraud. (GAO-16-50)</p>
<p>Acquisition and Contract Management</p>	<p>Addressing F-35 Aircraft Deficiencies and Modernization Plans. In 2018, we found that DOD planned to begin full-scale production of the F-35 aircraft without fixing nearly 200 critical deficiencies—which could add to the program’s estimated costs of over \$406 billion if aircraft need to be retrofitted later. We recommended and DOD agreed to resolve these deficiencies before it moved to full-scale production. Although DOD has plans to modernize the F-35—an initial estimated cost of \$3.9 billion—we asked the Congress to consider delaying funding for this until DOD provides a sound business case. As a result, the Congress limited modernization funding pending a cost and schedule estimate from DOD. (GAO-18-321)</p>
<p>Program Efficiency and Effectiveness</p>	<p>Improving Regulators’ Supervision of Banks’ Ability to Withstand Financial Stress. Large banks must test their ability to withstand financial hardships. In 2016, we found that federal regulators that oversee this requirement implemented it differently, which could cause uneven oversight. The Federal Reserve also assesses the processes that banks use to ensure they hold enough capital to absorb unexpected losses—but it did not disclose enough information to banks and the public about how it conducts these assessments and what it found. Our recommendations led regulators to improve coordination and the Federal Reserve to provide more information to banks and the public, which should improve regulatory oversight. (GAO-17-48)</p>
<p>Business Process and Management</p>	<p>Improving Improper Payment Risk Assessment and Estimation Processes. The federal government remains unable to tell how many improper payments it is making, or to ensure that actions are being taken to reduce them. In FY 2018, we found that the improper payment risk assessment process at certain agencies was not complete. We also found that some agencies were not producing reliable estimates of their improper payments. We made several recommendations to help them better identify programs at high risk for improper payments and better estimate the amount of improper payments. The agencies either agreed or partially agreed, but we continue to believe the recommendations all warrant action. (GAO-18-316R, GAO-18-36, GAO-18-377)</p>

Source: GAO. | GAO-19-1SP

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

Other Measures of Our Results

Past Recommendations Implemented

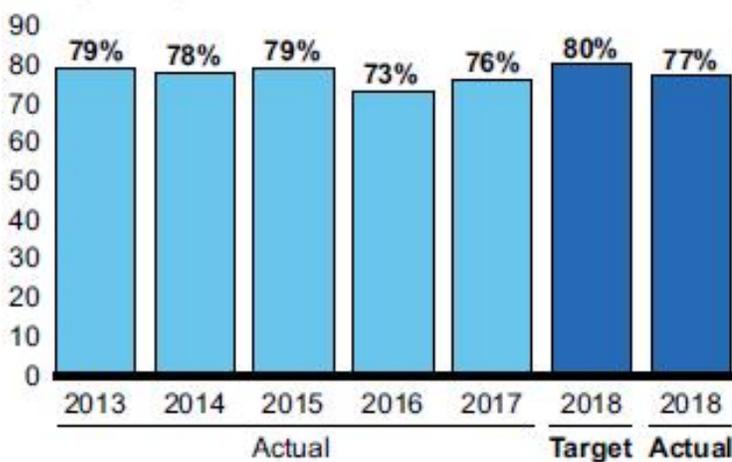
One way we measure our effect on improving the government’s accountability, operations, and services is tracking the percentage of recommendations that we made 4 years ago that have since been implemented. Putting these recommendations into practice generates tangible benefits for the nation.

We use a 4-year reporting window because it generally takes that much time to fully implement some of our recommendations.

The 77 percent implementation rate for fiscal year 2018 increased by 1 percentage point from 2017, but fell below our target of 80 percent for the year (see [fig. 18](#)). However, we have made steady progress toward this goal since fiscal year 2016, when we achieved a 73 percent implementation rate. To help continue this upward trend, we (1) sent letters to the heads of most federal departments to acknowledge progress made toward implementing our priority recommendations and to draw their attention to those still warranting action; (2) highlighted the status of key recommendations in our annual duplication, fragmentation, and overlap work—including progress made and the benefits of full implementation; and received support from the Congress, which included provisions in the 2018 Ominbus Appropriations Act requiring federal agencies, such as DOD, DHS, and VHA, to report on how they plan to implement our recommendations.

Our 4-year average implementation rate for past recommendations has been 76 percent. We are retaining our target of 80 percent for fiscal year 2019 and will continue to take appropriate actions to reach this target. (See [Setting Performance Targets](#)) when implemented, produce financial and other benefits for the nation. We exceeded our target of 60 percent by 4 percentage points. We are maintaining the 60 percent target for 2019 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

Figure 18: Percentage of Past



Source: GAO. | GAO-19-1SP

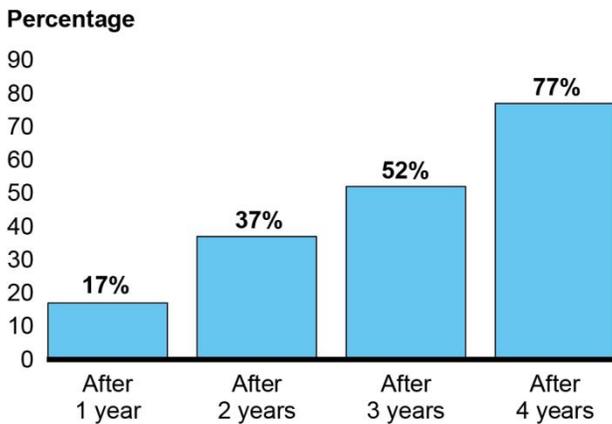
Data Table for Figure 18: Percentage of Past Recommendations Implemented

Year	Percentage of recommendations implemented
2013	79
2014	78

Year	Percentage of recommendations implemented
2015	79
2016	73
2017	76
2018 Target	80
2018 Actual	77

As figure 19 shows, agencies need time to act on our recommendations. Our experience indicates that recommendations remaining open after a four-year period are generally not implemented in subsequent financial and other key benefits. Hence, this measure allows us some flexibility in responding to requests that result in reports without recommendations.

Figure 19: Cumulative Implementation Rate for Recommendations Made in Fiscal Year 2014



Source: GAO. | GAO-19-1SP

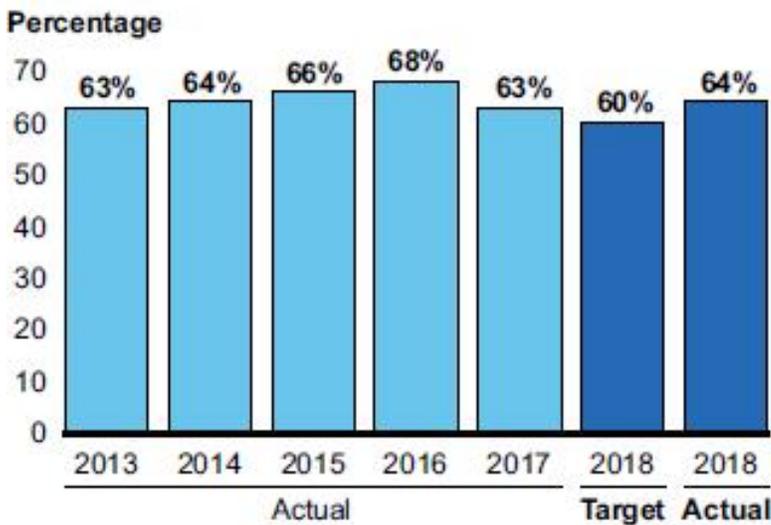
	Percentage implementation
After 1 year	17
After 2 years	37
After 3 years	52
After 4 years	77

New Products Containing Recommendations

In fiscal year 2018, about 64 percent of the 512 written products we issued contained recommendations (see fig. 20). We track the percentage of new products with recommendations because we want to focus on developing recommendations that, when implemented, produce financial and other benefits for the nation. We exceeded our target of 60 percent by 4 percentage points. We are maintaining the 60 percent target for 2019 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-19-1SP

Data Table for Figure 20: Percentage of New Products with Recommendations

Year	Percentage of reports with recommendations
2013	63
2014	64
2015	66
2016	68
2017	63
2018 Target	60
2018 Actual	64

Focusing on Our Client

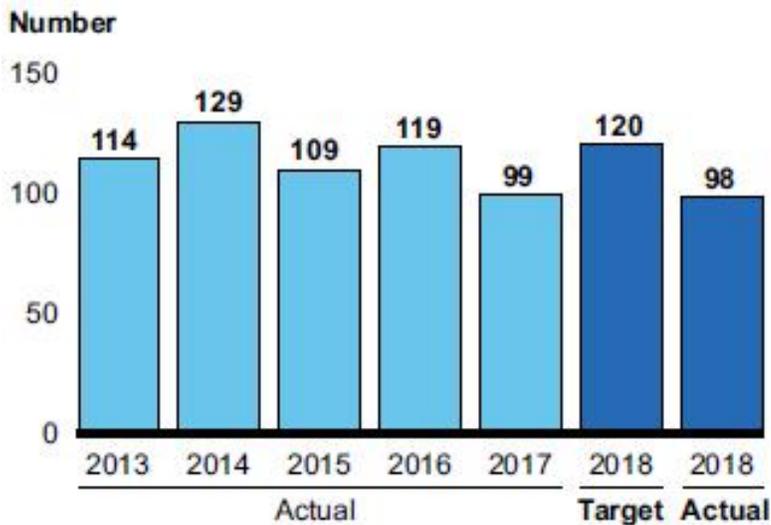
To fulfill the informational needs of the Congress, we plan to deliver the results of our work orally, as well as in writing, at a time agreed upon with our client. Our performance this year indicates that we assisted the Congress well. In fiscal year 2018, we received requests for work from 90 percent of the standing committees of the Congress and 43 percent of the subcommittees. Our 4-year average for

these requests is 94 percent and 49 percent, respectively. We strive to respond to all congressional requests for testimony and deliver almost all of our products when promised, based on our clients’ needs. We issued 679 total products and completed work for 114 committees or subcommittees in fiscal year 2018.

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 2018, our senior executives were asked to testify 98 times and we fell 22 testimonies short of our target (see [fig. 21](#)). Although we did not meet our target, we were asked to testify before 48 separate committees or subcommittees— on topics spanning most federal agencies (see [fig. 22](#)). This measure is client-driven based on invitations to testify; therefore, we cannot always anticipate clients’ specific subject area interests. The 98 testimonies that our senior executives delivered in fiscal year 2018 covered the the testimonies that our senior executives delivered were related to our high risk areas and programs, which are listed on page 42 of this report.

Figure 21: Testimonies



Source: GAO. | GAO-19-1SP

Data Table for Figure 21: Testimonies

Year	Number of Testimonies
2013	114
2014	129
2015	109
2016	119
2017	99

Year	Number of Testimonies
2018 Target	120
2018 Actual	98

Our senior executives also participated in 7 roundtables sponsored by congressional committees, subcommittees, or working groups. The topics covered by these roundtables included reforming the veterans appeals process, Indian school infrastructure needs, VA procurement, anti- terrorism standards program for chemical facilities, and reauthorizing DHS (see text box below). We were also asked to submit three Statements for the Record in lieu of testifying.

For 2019, we have maintained our target of 120 testimonies, which we consider a stretch goal, given the level of testimony requests in recent years. (See [p. 24](#) and [Setting Performance targets.](#))

Informing the Debate on DHS Reauthorization: In February 2018, GAO served as an expert witness at a roundtable on draft legislation to reauthorize DHS. As of September 30, 2018, the DHS Authorization Act passed the House and was being considered in the Senate. If enacted, the act would reinforce GAO recommendations to strengthen DHS's management. For example, it would codify steps DHS has taken to strengthen acquisitions (GAO-17-171, GAO-12-833), codify aspects of its Office of International Affairs

(GAO-13-681), require a review of DHS's research and development policies (GAO-12-837), and require states to better report on emergency preparedness grants (GAO-12-303, GAO-12-342SP).

Figure 22: Selected Testimony Topics • Fiscal Year 2018

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

- Observations on DOJ's Grantees' Capacity to Process DNA Evidence
- Observations on the Supplemental Nutrition Assistance Program
- Improving DOD's Oversight of its Program for Transitioning Veterans
- Observations on the Strategic Petroleum Reserve's Emergency Stockpile
- Improving Retrospective Reviews Under the Regulatory Flexibility Act
- Addressing DOE Management Challenges
- Implementing Positive Train Control
- Addressing Native American Youth in the Justice System
- Reducing Risk of Harm to Medicare Beneficiaries from Prescription Opioids
- Improving the Transfer and Monitoring of Unaccompanied Children
- Improving Federal Management of Indian Programs
- Improving Oversight of VA Health Care Providers

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

- Addressing Longstanding Management Challenges for Immigration Courts
- Using TSA Data to Monitor Airport Operations Including Passenger Wait Times
- Improving Management of the Coast Guard's Acquisition Portfolio
- Preliminary Observations on Reported Injuries to U.S. Personnel in Cuba
- Securing the Southwest Border—Progress and Challenges
- Monitoring Inter-American Assistance Agreements and U.S. Contributions
- Improving Navy and Marine Corps Plans to Train for Amphibious Operations
- Improving Management of DHS' Chemical Facility Security Program
- Enhancing Information Sharing with Private Sector on Counterfeits Market
- Improving VA's Medical and Surgical Supply Contracts to Reduce Costs
- Improving Oversight of the Antiterrorism Assistance Program

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

- Addressing Physical Security Challenges at NIST and Commerce
- Implementing High-Risk Recommendations for IT Acquisitions, Operations, and Cybersecurity
- Mitigating Key Risks for 2020 Census
- Improving Federal Regulatory Guidance Practices
- Addressing DHS' Urgent Cybersecurity Workforce Needs
- Observations on Challenges and Opportunities for Grants Management
- Addressing Cost Growth and Schedule Delays in NASA's Major Projects
- Addressing Management Challenges Presented by Budget Uncertainty
- Preparing for VA's Transition to a New Electronic Health Record System
- Improving Government Efficiency and Effectiveness to Reduce Federal Costs
- Observations on USPTO's Covered Business Method Patent Review Program
- Improving Management of Medicare's Fraud Risks
- Addressing Delays in NASA's Commercial Crew Program

Source: GAO. | GAO-19-1SP

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

Timeliness

To be useful to the Congress, our products must be available when our clients need them. In fiscal year 2018, we exceeded our timeliness target of 90 percent by 7 percentage points (see fig. 23). We reach out directly to our

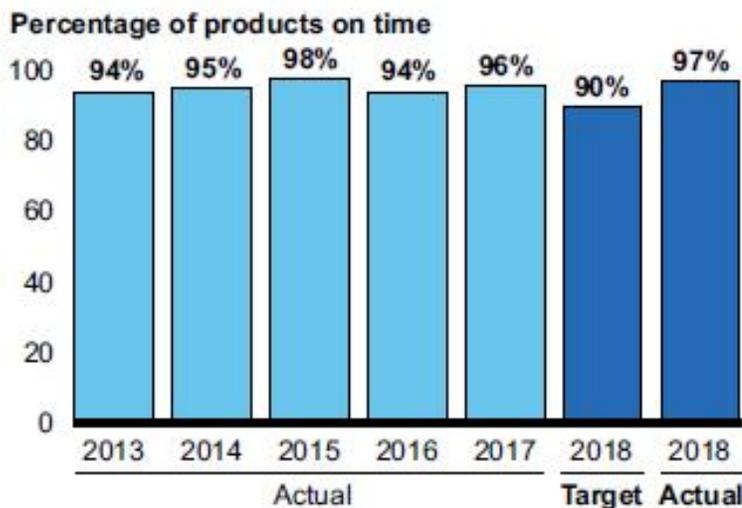
clients through several means, including an electronic feedback form. We use the results of our client feedback form as a primary source and barometer for whether we are getting our products to our congressional clients when they need the information. To calculate this result, we tally responses from 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 64 percent of the congressionally requested written products we issued in fiscal year 2018.

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 2018, of the congressional staff that responded to the question on timeliness, 97 percent said our products were on time. Overall, the response rate to our entire form was about 23 percent. We received feedback on 52 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 2019 target at 90 percent because we believe that this is realistic given current staffing levels and workload demands.

Figure 23: Timeliness



Source: GAO. | GAO-19-1SP

Data Table for Figure 23: Timeliness

Year	Percentage of reports on time
2013	94
2014	95
2015	98
2016	94

Year	Percentage of reports on time
2017	96
2018 Target	90
2018 Actual	97

Note: See [Part V](#) for detailed information on data sources that we use to assess each performance measures, as well as the steps we take to verify and validate the data.

Focusing on Our People

Our highly diverse and professional multidisciplinary staff were critical to our fiscal year 2018 performance. Our ability to hire, develop, retain, and lead staff is key to fulfilling our mission of serving the Congress and the American people. Over the last 11 fiscal years, we have refined our processes for measuring how well we manage our human capital. In fiscal year

2018, we exceeded the targets for 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 [pages 123-128](#) 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 to the most pressing issues for congressional oversight and decision making. [Table 4](#) shows that in fiscal year 2018, our new hire rate was 85 percent. We planned to hire 260 new staff, and filled 222 positions (85 percent of our target) by the end of the year.

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

Performance measure	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual
People New hire rate	66%	88%	83%	81%	83%	80%	85%

Source: GAO. | GAO-19-1SP

Retention Rate

We continuously strive to make GAO a place where people want to work. Once we have made an investment in hiring and training people, we would like them to stay with us. This measure is one indicator of whether we are attaining this objective.

We calculate this measure by taking 100 percent minus the attrition rate, where attrition rate is defined as the number of separations divided by the average onboard strength. We calculate this measure with and without retirements. [Table 5](#) shows that in fiscal year 2018, we exceeded our target rate of 92 percent for retention with retirements by 2 percentage points at 94 percent. We also exceeded our retention rate target without retirements by one percentage point at 97 percent.

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

Performance measures	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual
People Retention rate With retirements	93%	94%	94%	93%	94%	92%	94%
People Retention rate Without retirements	96%	97%	96%	96%	97%	96%	97%

Source: GAO. | GAO-19-1SP

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

One way that we measure how well we are supporting our staff and providing an environment for professional growth is through our annual employee feedback survey. This anonymous, 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. 119-129](#) for additional information about these measures.) This fiscal year, 67 percent of our employees completed the survey, and we exceeded all four targets (see [table 6](#)). Our performance on staff development exceeded our target of 80 percent by 3 percentage points.

Staff utilization exceeded our target of 76 percent by 2 percentage points, leadership exceeded our target of 82 percent by 3 percentage points, and organizational climate exceeded our target of 76 percent by 5 percentage points. Given our performance on these measures in recent years, we have decided to keep these targets for fiscal year 2019.

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

Performance measures ^a	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual	2019 target
People Staff development	80%	83%	84%	83%	84%	80%	83%	80%
People Staff utilization	75%	77%	79%	79%	80%	76%	78%	76%

Performance measures ^a	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual	2019 target
People Effective leadership by supervisors	83%	83%	83%	85%	84%	82%	85%	82%
People Organizational climate	77%	79%	80%	81%	83%	76%	81%	76%

Source: GAO. | GAO-19-1SP

^aCertain portions of our web-based survey are used to develop these four measures (see [Appendix on Data Quality](#)).

Focusing on Our Internal Operations

Our mission and people are supported by our administrative services, including information management, infrastructure operations, human capital, and financial management. To assess our performance and set targets related to how well our administrative services help employees get their jobs done and improve quality of work life, and employee satisfaction with IT tools, we use information from our annual customer satisfaction survey (see [table 7](#)). We ask staff to rate internal services available to them, indicating their satisfaction with each service from “very dissatisfied” to “very satisfied,” or to indicate that they did not use the service. Our internal operations measures are directly related to our efforts under Goal 4 of our [strategic plan](#) to enable quality, timely service to the Congress and be a leading practices federal agency. We measured staff satisfaction with our three internal operations for fiscal year 2018 through our internal customer satisfaction survey, conducted in two parts—half of the GAO staff in February 2018 and the second half in August 2018, to allow us to identify and respond to issues more quickly.

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

[Table 7](#) shows that in fiscal year 2018, we exceeded our target rate of 80 percent for “help get job done” by 5 percentage points at 85 percent. We also exceeded our target of 80 percent for quality of work life by 2 percentage points at 82 percent. We fell short of our target of 80

percent for IT tools by 7 percentage points at 73 percent. In fiscal year 2019, we will continue our efforts to improve employee satisfaction with IT tools, including updates to our virtual desktop infrastructure and online collaboration tools. Given our recent performance, we have decided to keep these targets for fiscal year 2019 (see [Setting Performance Targets](#)).

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

Performance measures	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual	2019 target
Internal operations Help	82%	82%	80%	N/A ^a	84%	80%	85%	80%

Performance measures	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual	2019 target
get job done								
Internal operations Quality of work life	78%	78%	78%	N/A ^a	82%	80%	82%	80%
Internal operations IT tools	68% ^b	65%	67%	N/A ^a	74%	80%	73%	80%

Source: GAO. | GAO-19-1SP

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

^aWe did not have data to report for fiscal year 2016 because the survey was conducted on a calendar year basis (denoted by N/A).

^bIn 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 another performance measure (denoted by N/A).

Other Ways GAO Served the Congress and the American People

GAO’s High Risk Program

At the start of each 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 transformative change. Our 2017 edition offered solutions to 34 high risk programs with the potential to save billions of dollars, improve service to the public, and strengthen the performance and accountability of the U.S. government. Our next update will be issued in early 2019.

The major cross-cutting high risk program areas include transforming DOD business operations, and ensuring the nation’s cybersecurity, managing federal contracting more effectively, assessing the efficiency and effectiveness of tax law administration, and modernizing and safeguarding insurance and benefit programs. Our 2018 high-risk work produced 166 reports, 49 testimonies,

\$46.8 billion in financial benefits, and 526 program and operational benefits. The high risk areas with the largest financial benefits were Medicaid, Medicare, DOD Weapon Systems Acquisition, Federal Disability Programs, and Pension Benefit Guaranty Corporation Insurance Programs.

Our 2018 high-risk work produced:

- 166 reports
- 49 testimonies
- \$46.8 billion in financial benefits
- 526 other benefits

While our next High Risk Report will not be issued until 2019, we did add one new area to our High Risk List in fiscal year 2018—bringing the total number of areas to 35. Specifically, we added the government-wide personnel security process to this list in January 2018. The Comptroller General determined that it was important to call policymakers’ attention to this area then, based on (1) the importance of a high quality and timely personnel security clearance process to national security, and (2) the results of two

reports ([GAO-18-117](#) and [GAO-18-29](#)), which found that executive branch agencies were unable to investigate and process personnel security clearances in a timely manner. This had contributed to a backlog of background investigations, totaling over 700,000 cases as of September 2017. We also updated the cybersecurity area on our High Risk List.

The Program Management Improvement Accountability Act of 2017, which seeks to improve program and project management in federal agencies, included provisions for (1) the Deputy Director of OMB to address programs on GAO's High Risk List, and (2) GAO to review the effectiveness of key efforts under the act.

Our experience for more than 26 years has shown that the key elements needed to make progress in high risk areas are (1) congressional action, (2) high-level Administration initiatives, and/or (3) agency efforts targeted to address the risk.

In 2018, we continued to meet with agency leaders in a series of regular meetings to discuss progress and actions needed for removal from our High Risk List. A complete list of these areas is shown in table 8 and details can be found at <https://www.gao.gov/highrisk/overview>.

Opportunities to Reduce Fragmentation, Overlap, and Duplication; and Achieve Other Financial Benefits

In April 2018, we issued our eighth annual report to the Congress on federal programs, agencies, offices, and initiatives

Table 8: GAO’s High Risk List as of September 30, 2018

	High risk area	Year designated
Strengthening the Foundation for Efficiency and Effectiveness	▪ Improving Federal Programs that Serve Tribes and Their Members ^a	2017
	▪ 2020 Decennial Census	2017
	▪ U.S. Government’s Environmental Liabilities ^a	2017
	▪ Improving the Management of IT Acquisitions and Operations	2015
	▪ Limiting the Federal Government’s Fiscal Exposure by Better Managing Climate Change Risks	2013
	▪ Management of Federal Oil and Gas Resources	2011
	▪ Modernizing the U.S. Financial Regulatory System and the Federal Role in Housing Finance ^a	2009
	▪ Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability ^a	2009
	▪ Funding the Nation’s Surface Transportation System ^a	2007
	▪ Managing Federal Real Property	2003
	▪ Strategic Human Capital Management ^a	2001
Transforming DOD Program Management	▪ DOD Approach to Business Transformation	2005
	▪ DOD Support Infrastructure Management ^a	1997
	▪ DOD Business Systems Modernization	1995
	▪ DOD Financial Management	1995
	▪ DOD Supply Chain Management	1990
	▪ DOD Weapon Systems Acquisition	1990
Ensuring Public Safety and Security	▪ Government-wide Personnel Security Clearance Process (new)	2018
	▪ 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 ^a	2007
	▪ Improving Federal Oversight of Food Safety ^a	2007
	▪ Strengthening Department of Homeland Security Management Functions	2003
	▪ Ensuring the Cybersecurity of the Nation ^a	1997
Managing Federal Contracting More Effectively	▪ DOD Contract Management ^a	1992
	▪ DOE’s Contract Management for the National Nuclear Security Administration and Office of Environmental Management	1990
	▪ NASA Acquisition Management	1990

	High risk area	Year designated
Assessing the Efficiency and Effectiveness of Tax Law Administration	▪ Enforcement of Tax Laws ^a	1990
Modernizing and Safeguarding Insurance and Benefit Programs	▪ Managing Risks and Improving VA Health Care ^a	2015
	▪ National Flood Insurance Program ^a	2006
	▪ Improving and Modernizing Federal Disability Programs	2003
	▪ Pension Benefit Guaranty Corporation Insurance Programs ^a	2003
	▪ Medicaid Program ^a	2003
	▪ Medicare Program ^a	1990

Source: GAO. | GAO-19-1SP

^aLegislation is likely to be necessary in order to effectively address this area.

that have duplicative goals or activities, as well as opportunities to achieve greater efficiency and effectiveness that result in cost savings or enhanced revenue collection ([GAO-18-371SP](#)).

Our 2018 report identified 68 new actions that executive branch agencies or the Congress could take to improve the efficiency and effectiveness of government across 23 new program areas. We found evidence of fragmentation, overlap, or duplication in 13 of these areas. For example, DOD could potentially save approximately \$527 million over 5 years by minimizing unnecessary overlap and duplication in its U.S. distribution centers for troop support goods.

We also highlighted 10 new areas to reduce the cost of government operations or enhance revenues. For example, the Congress and the IRS could realize hundreds of millions of dollars in savings and increased revenues by enhancing online services and improving efforts to prevent identity theft refund fraud.

In addition to identifying new areas, we continued to monitor the progress the Congress and executive branch agencies have made in addressing the 724 actions that we identified government-wide from 2011 to 2017. Congressional and executive branch efforts to address these actions over the past 7 years have resulted in roughly \$178 billion in financial benefits—\$125 billion had accrued through 2017 and at least an additional \$53 billion in estimated benefits is projected to accrue in future years.

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 https://www.gao.gov/duplication/action_tracker/all_areas.

Financial Regulatory Reform in the Aftermath of the Global Financial Crisis

Since the global financial crisis, which resulted in the collapse of financial firms around the world, the Congress and regulators have worked to improve oversight of the financial markets. A

significant impetus for many reforms was the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010)—intended to address regulatory gaps and oversight failures in the U.S. mortgage, securities, and financial markets. We have completed almost 30 one-time studies, mandated by this act, and continue to work on several recurring studies. We have also identified several ways that financial regulators could better oversee markets and reduce risks to financial stability, market participants, investors, and consumers.

To improve financial regulation and assist the Congress with financial reforms, we issued reports in fiscal year 2018 on how financial regulators could better assess the implementation of regulations and potentially reduce the burden of compliance ([GAO-18-213](#), [GAO-18-256](#)). We also reported on bank regulators' efforts to oversee risks in banks' commercial real estate lending activities. For example, we found that, while loan delinquencies are now lower than during the crisis, the level of risk in bank loan portfolios has been increasing ([GAO-18-245](#)).

Since much of the financial crisis was due to problems with housing markets, we continued to examine improvements in the oversight of these markets, including identifying additional actions the Congress and housing regulators could take to strengthen capital requirements and stress testing practices. These actions could help ensure that the fund backing federally-insured mortgages is able to withstand future economic downturns ([GAO-18-92](#)).

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 the General Counsel in fiscal year 2018. The following exemplify some of our key contributions.

Office of the General Counsel handled about 2,600 bid protests during the course of fiscal year 2018.⁸ 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 2018, we issued more than 600 decisions on the merits, which are accessible on GAO's Bid Protest Decisions web page at <https://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 2018 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, 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, 2014,⁹ 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. On May 1, 2018, GAO successfully launched its new electronic bid protest filing system known as the Electronic Protest Docking System (EPDS) and the system has been working as fully expected. With the launch of the system, GAO began charging protesters a \$350 filing fee for new protests. Prior to going live with the system, GAO thoroughly tested the system with active protests during a 3-month pilot program from February through April of 2018.

⁸ The number of protests in the last 3 years are as follows: 2,596 filings in fiscal year 2017; 2,789 filings in fiscal year 2016; and 2,639 filings in fiscal year 2015.

⁹ Pub. L. No. 113-76, div. I, title I, § 1501, 128 Stat. 5, 433-34 (Jan. 17, 2014).

Within the Office of the 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 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 <https://www.gao.gov/legal/contract/decisions.html>.

During fiscal year 2018, the GAO Contract Appeals Board opened eight new appeals and closed seven appeals. One appeal was dismissed for failure to prosecute the appeal, in accordance with our Board

Rules; one appeal was withdrawn by the appellant; and five appeals were closed based on settlements by the parties based on varying degrees of GAO Contract Appeals Board input. There were also a number of instances involving the submission of appeals over which the GAO Contract Appeals Board did not have jurisdiction, and for which no appeal was opened. At the end of fiscal year 2018, the GAO Contract Appeals Board had seven pending appeals on its docket, as compared with six appeals pending at the end of fiscal year 2017.

In fiscal year 2018, we published 15 appropriations law products. These are available on our Appropriations Law Decisions web page at <https://www.gao.gov/legal/appropriations-law-decisions/search>. Five of these products were issued pursuant to our duties under the Impoundment Control Act of 1974. On May 8, 2018, the President transmitted to the Congress a special message proposing rescissions for 38 appropriation accounts. GAO mission teams identified prior work concerning the subject matter of the proposals and contacted officials at affected agencies for additional information. Our Office of the General Counsel reviewed the message and concluded that two of the proposed rescissions were not consistent with one of the requirements of the Impoundment

Control Act of 1974 and, consequently, that the affected amounts could not be withheld from obligation.¹⁰ Subsequently, the Office of Management and Budget instructed the affected agency to release the amounts for obligation.¹¹ We also reviewed the President's supplementary special message of June 5, 2018, to confirm technical corrections and the proper withholding or release of amounts.¹² Finally, after the Congress did not enact the proposals within

the period specified by law, we verified with the affected agencies that, as required by law, that they released the affected amounts for obligation.¹³ In addition, in December 2017, we issued an opinion noting an improper impoundment at the Advanced Research Projects Agency-Energy resulting from legislative proposals in the President's budget request for fiscal year 2018.¹⁴ As a result of our work, the Department of Energy (DOE) immediately released \$91 million for obligation.

Other appropriations law decisions and opinions issued this fiscal year spanned a variety of topics. For example, we concluded that the Environmental Protection Agency violated the Antideficiency Act when it obligated more than \$5,000 for the installation of a soundproof privacy booth without making a statutorily-required notification to the committees on appropriations.¹⁵ In another opinion, we concluded

¹⁰ B-330045, May 22, 2018.

¹¹ B-330045.1, May 24, 2018.

¹² 2B-330045.2, June 18, 2018.

¹³ B-330045.3, July 3, 2018.

¹⁴ B-329092, Dec. 12, 2017.

¹⁵ B-329603, Apr. 16, 2018.

that the Department of Transportation violated both the Antideficiency Act and an anti-lobbying statutory provision when it “retweeted” and “liked” a tweet urging followers to tell the Congress to pass pending legislation.¹⁶ In an opinion that has important ramifications for agency obligational and funds-control practices, we discussed legal liabilities arising from the Commodity Futures Trading Commission’s leases for real property.¹⁷

GAO is also sometimes asked to provide opinions on Congressional Review Act (CRA)–related issues, primarily with regard to whether an agency action other than promulgation of a rule (e.g., issuing guidance or a memorandum) constitutes a “rule” as defined by the CRA. We issued seven opinions in fiscal year 2018.

Other Legal Work

Attorneys from the Office of the General Counsel also provided ongoing appropriations law assistance to various congressional committees and federal

agencies on a number of topics, including the application of the Antideficiency Act and the Impoundment Control Act of 1974. We also informally assisted the Congress on a number of other matters, including agency reorganizations, continuing resolutions, legislative drafting, and transfer authority.

GAO’s *Principles of Federal Appropriations Law*, commonly known as the Red Book, continued to be the primary resource for appropriations law guidance in the federal community. In fiscal year 2018, 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.¹⁸

Attorneys from the Office of the General Counsel continued to teach a 2½-day course on appropriations law. They presented a framework for understanding and properly applying provisions of appropriations law— helping to ensure that agencies use public money as the Congress directs. We held 15 classes across 10 agencies, including classes for the Senate and the House of Representatives.

We also provided briefings for the staff of the appropriations committees and for both the Senate and the House of Representatives. In addition, attorneys spoke on our appropriations law work at conferences and trainings hosted by 6 agencies and professional organizations. To enhance communication within the appropriations law community across all agencies and within the three branches of government, we hosted our fourteenth annual Appropriations Law Forum in March 2018, in which 240 attorneys from 93 government agencies and 26 Inspectors General offices participated.

For fiscal year 2018, we received 8 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 233 reports and maintain an official repository of Antideficiency Act reports.

¹⁶ B-329368, Dec. 13, 2017.

¹⁷ B-328450, Mar. 6, 2018.

¹⁸ Principles of Appropriations Law, also known as the Red Book, is a multi-volume treatise concerning federal fiscal law available at <https://www.gao.gov/legal/red-book/overview>. GAO-17-797SP (Washington, D.C.: Sept. 14, 2017), GAO-16-463SP (Washington, D.C.: Mar. 10, 2016), GAO-16-464SP (Washington, D.C.: Mar. 10, 2016), GAO-15-303SP (Washington, D.C.: Mar. 12, 2015), GAO-08-978SP (Washington, D.C.: Sept. 1, 2008), GAO-06-382SP (Washington, D.C.: Feb. 1, 2006), GAO-04-261SP (Washington, D.C.: Jan. 1, 2004).

We continued to report under the CRA on major rules proposed by federal agencies to the standing committees of jurisdiction of both Houses of the Congress. We issued 51 reports for rules received in fiscal year 2018.

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.

In addition, we sometimes issue standalone advisory opinions for members of the Congress on agency adherence to laws applicable to their programs and activities.

In November 2017, we identified gaps in current legislation addressing the illegal trafficking of antiquities and the circumstances under which agencies may offer financial rewards for information about such trafficking.¹⁹

The Office of the General Counsel was involved in the analysis of a wide range of labor relations and federal employment issues, as well as privacy and document disclosure matters, during the course of the year. The Office of the General Counsel attorneys represented GAO and its officials in various ongoing civil litigation matters pending before federal courts

and administrative boards. Attorneys also continued to provide training for managers on employment and other human capital responsibilities. The Office of the General Counsel was also an active stakeholder in ensuring that GAO's acquisition practices and procedures comply with best practices.

Strategic Partnerships

Through its domestic and international partnerships, GAO builds collaborative knowledge-sharing and capacity-building networks. We prioritize strong partnerships with federal inspectors general, state and local audit organizations, and other countries' national audit offices—known as supreme audit institutions or SAIs. These networks enhance our ability to perform audits and allow us to shape professional audit standards and serve as a leader within the accountability community. They also allow GAO to participate in efforts to help strengthen the professional capacities of international and domestic audit organizations.

Networks, Collaborations, and Partnerships

GAO is a leader in the accountability community. We work closely with SAIs, federal inspectors general, and state and local U.S. auditors to bolster expertise around emerging issues. This helps us address the unique challenges of overseeing federal spending that flows to international partners and sub-federal grant recipients at the state and local level.

In addition, we share information about our mission and work with visitors to our agency headquarters. In fiscal year 2018, this included 220 international visitors from 59 countries. GAO values these visits as important opportunities to build or reinforce our professional networks.

Federal, State, and Local Collaboration

In fiscal year 2018, we continued to promote dialogue and action on domestic accountability issues to more than 740 individuals through national and regional meetings of the intergovernmental audit

¹⁹ B-329243, Nov. 9, 2017.

forum network. Comptroller General advisory groups and partnerships—such as the Domestic Working Group and Council of the Inspectors General on Integrity and Efficiency (CIGIE)—hosted special events to discuss a wide range of topics. GAO planned these events to help auditors better understand or improve government strategies around disaster recovery, data transparency, cybersecurity, sexual harassment prevention, data analytics, and improper payments.

International Coordination

GAO made substantial contributions to the international accountability community through its leadership role in the International Organization of Supreme Audit Institutions ([INTOSAI](#)), including participation in INTOSAI working groups and the INTOSAI Journal of Government Auditing ([the INTOSAI Journal](#)).

INTOSAI is an umbrella organization for the international government auditing community that provides a framework to promote development and sharing of knowledge and improve government auditing around the world. In fiscal year 2018, we led efforts to create the first INTOSAI Performance and Accountability Report.

The INTOSAI Journal is INTOSAI's official publication developed to promote collaboration and continuous improvement among the international accountability community. GAO manages quarterly publication of the journal on behalf of INTOSAI's 194 members. In fiscal year 2018, we launched a new journal website with interactive design features and improved accessibility to better reach this community. We enhanced the journal's social media outreach strategy, increasing its Twitter following to over 1,100.

Capacity Building

Capacity-building efforts help the U.S. government promote good governance and ensure that federal funds for programs abroad are worthwhile investments. When developing countries bolster the professional capacities and independence of their audit agencies, they are better able to ensure government funds are spent efficiently and effectively.

GAO continues to advance SAI capacity-building efforts, including the INTOSAI- Donor Cooperation (IDC) initiative. Through this initiative, INTOSAI coordinates with members of the donor community to strategically invest in capacity-building efforts that strengthen SAIs in developing countries. GAO serves as INTOSAI's Vice Chair of IDC.

GAO also supports capacity building efforts through the International Auditor Fellowship Program, a four-month training for mid- to senior-level staff from SAIs. This program strengthens GAO's partnerships in the international accountability community while also investing in future networks

and relationships. In fiscal year 2018, GAO hosted 20 fellows from 15 countries and reached the milestone of over 600 graduates in the 40-year history of the program.

Center for Audit Excellence

The Congress authorized GAO to establish a [Center for Audit Excellence](#) (the Center) in 2014 in order to provide training and technical assistance to domestic and international accountability organizations.

Although GAO contributes to a number of efforts that promote good governance and enhance accountability community capacity, the Center is unique in its ability to tackle complex training and capacity-building projects because it can offer a wide range of services at locations throughout the world. The Center is authorized to charge fees for its services to recover its costs.

In fiscal year 2018, the Center provided training and technical assistance to 12 domestic audit organizations—including federal inspectors general and state and local audit offices—that enhanced their

understanding of federal internal control standards, Government Auditing Standards, and performance audit methodologies. The Center also provided technical assistance to three SAIs in Europe and Central America to enhance their capacity to conduct and achieve results from performance audits.

The Center signed a Memorandum of Understanding (MOU) with the U.S. Agency for International Development in 2016. In fiscal year 2018, under the MOU, the Center assessed the capacity-building needs of an African country’s audit institutions and helped identify areas for improvement.

Managing Our Resources

Resources Used to Achieve Our Fiscal Year 2018 Performance Goals

Our financial statements for the fiscal year ending September 30, 2018, were audited by an independent auditor, CliftonLarsonAllen, LLP, and received an unmodified opinion. The auditor found our internal controls over financial reporting to be effective—which means that no material weaknesses or significant deficiencies were identified—and reported that we substantially complied with the applicable requirements for financial systems in FFMIA. In addition, the auditor found no instances of noncompliance with the laws or regulations in the areas tested. In the opinion of the independent auditor, our financial statements are presented fairly in all material respects and are in accordance with accounting principles generally accepted in the United States. The [auditor’s report](#), along with the [statements](#) and accompanying [notes](#), begins on [page 90](#) in this report.

[Table 9](#) summarizes key data.

Table 9: GAO’s Financial Summary (Dollars in Millions)

	Fiscal year 2018	Fiscal year 2017
Total Assets	\$160.9	\$106.1
Total Liabilities	\$81.7	\$78.7
Total Net Position	\$79.2	\$27.4
Net Cost of Operations by Goal Goal 1: Well-being / Financial Security of American People	\$222.8	\$215.5
Net Cost of Operations by Goal Goal 2: Changing Security Threats / Challenges of Global Interdependence	151.8	148.4
Net Cost of Operations by Goal Goal 3: Help Transform the Federal Government to Address National Challenges	144.1	144.2
Net Cost of Operations by Goal Goal 4: Maximize the Value of GAO	14.9	15.7
Other Costs in Support of the Congress	49.4	45.7
Reimbursable services not attributable to above cost categories	(14.0)	(10.3)
Total Net Cost of Operations	\$569.0	\$559.2
Actual full-time equivalents (FTE)	3,015	2,994

Source: GAO. | GAO-19-1SP

Compared with the statements of large and complex departments in the executive branch, our statements present a relatively

simple picture of a small yet very important agency in the legislative branch. We focus most of our financial activity on the execution of our congressionally approved budget with most of our resources devoted to the people needed for our mission.

In fiscal year 2018, our budgetary resources included new direct appropriations of \$578.9 million plus \$14 million of supplemental appropriations for disaster relief, and \$32.2 million in spending authority from offsetting collections, primarily from the lease of space in our headquarters building and certain audits of agency financial statements. Our total budgetary resources in fiscal year 2018 were \$668.5 million.

Total assets were \$160.9 million, consisting mostly of Fund balance with Treasury and property and equipment (including the headquarters building, land and improvements, and computer equipment and software). The increase in the Fund balance with Treasury line item at September 30, 2018, resulted from increased appropriations over fiscal year 2017 to include additional appropriations for audits related to disaster relief for Hurricanes Harvey, Irma, and Maria and the 2017 wildfires. Total liabilities were \$81.7 million and primarily consist of amounts earned and unpaid for employees' salaries and benefits and accrued annual leave (earned but not used) as well as amounts owed to other government agencies and nongovernmental entities for products and services rendered to GAO. Total liabilities at the end of fiscal year 2018 remain substantially the same as total liabilities at the end of fiscal year 2017.

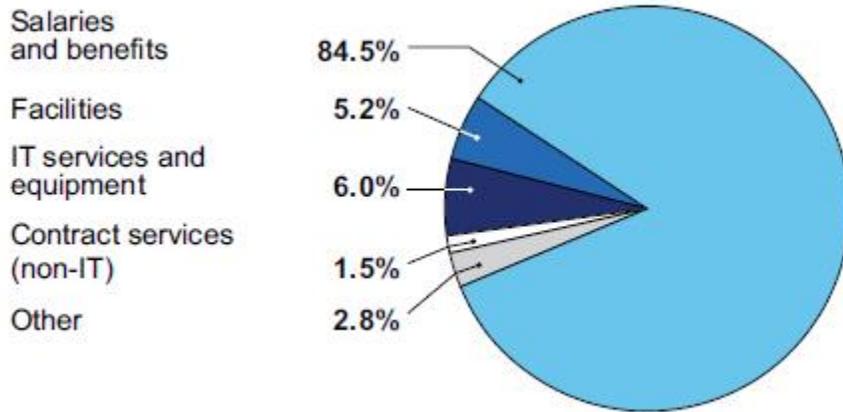
Deferred maintenance and repairs increased by \$5.6 million ending with a balance of \$29.1 million as of September 30, 2018. The majority of the increase stems from a need to replace interior finishes on the second, fourth and fifth floors of the GAO headquarters building as well as replacement of other capitalized assets. Deferred maintenance and repairs is disclosed as [Required Supplementary Information](#).

Our net cost of operations in fiscal year 2018 is \$569.0 million compared to \$559.2 million in fiscal year 2017. Our overall gross costs (before reimbursable services offset) increased almost 3% with no significant changes year to year amongst our major programs in Goals 1-4. As mainly a service organization, our largest cost category is salary and benefits. One of the greatest single increases in costs in fiscal year 2018 related to federal employee retirement benefit costs paid by OPM and imputed to GAO. This increased by almost \$10 million or 50% over fiscal year 2017 due to across the board increases in the cost factors OPM used to calculate the amounts imputed for pension as well as health and life insurance.

[Figure 24](#) shows how our fiscal year 2018 costs break down by category.

Figure 24: Use of Fiscal Year 2018 Funds by Category:

Percentage of total costs



Source: GAO. | GAO-19-1SP

Data Table for Figure 24: Use of Fiscal Year 2018 Funds by Category (percentage of total costs)

Salaries and benefits	Other	Contract services (non-IT)	IT services & equipment	Facilities
84.5%	2.8%	1.5%	6%	5.2%

Summary of Financial Systems Strategies and Framework

In keeping with our effort to continuously improve our operations, we undertook

a significant endeavor this fiscal year to migrate to a new financial management system. The migration to the Legislative Branch Financial Management System (LBFMS) aligns with guidance from the House Subcommittee on the Legislative Branch, to consolidate Legislative Branch financial operations. The Library of Congress is the system owner and the system is hosted on a cloud operated by CGI Federal, Inc. The LBFMS operates Oracle based federal accounting software, Momentum, as the integrated Financial Management System and hosts the transaction processing system in a FedRAMP compliant and secure facility. LBFMS utilizes Treasury’s eInvoicing system which allows non-federal customers to submit electronic invoices which, when approved by GAO, are loaded into the accounting system and paid. This improves internal controls over invoicing processing, reduces data entry errors, and increases efficiency and timeliness of payments. GAO engaged CGI Federal to conduct certain transaction processing services in LBFMS.

Internal Controls

We recognize the importance of 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 No. A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, and all applicable appendices.

Although we are not subject to the act or circular, we comply voluntarily with the 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, our controls 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.

Accordingly, we performed a risk-based assessment of internal control over reporting, operations, and compliance by identifying, analyzing, and testing controls for key business processes. Based on the results of the assessment, we have reasonable assurance that control over operations, reporting, and compliance as of September 30, 2018, was operating effectively and that no material control weaknesses were found in the design or operation of the internal control. Further, our independent auditor found that we maintained effective internal control over financial reporting and compliance with laws and regulations. The external auditor also found no material internal control weaknesses or significant deficiencies.

In addition, we met 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, 2018. We made this assessment based on criteria established under FFMIA and guidance issued by OMB.

While not subject to the Improper Payments Elimination and Recovery Act of 2012, we complied with the spirit of it which requires that agencies periodically review activities susceptible to significant improper payments, estimate the amount of improper payments (which are de minimus), and implement a plan to reduce and report estimated improper payments. We have implemented and maintained internal control procedures to monitor the disbursement of federal funds for valid obligations.

Our Office of Inspector General (OIG) independently conducts audits and investigations of GAO programs and operations. During fiscal year 2018, the OIG issued five audit reports. In audit report (OIG-18-1) the OIG assessed GAO compliance with federal guidance and requirements when making its fiscal year 2017, second quarter financial and award data submission for publication on USASpending.gov, as required by the Digital Accountability and Transparency Act (DATA Act). As reported in OIG-18-2, the OIG assessed the extent to which agency need required Forensic Audits and Investigative Service's criminal investigators to work hours beyond their regularly scheduled hour workweek; and whether criminal investigators met the Law Enforcement Availability Pay (LEAP) Act eligibility requirements for receiving LEAP premium pay. The OIG also assessed the extent to which GAO had established controls for ensuring uniform standards are applied in debt and interest waiver decisions consistent with federal requirements as reported in OIG-18-3. In OIG-18-4, the OIG reported on its assessment of GAO's information security controls, specifically GAO's performance against select Federal Information Security Modernization Act of 2014 metrics developed by the Department of Homeland Security. Finally, in OIG-18-5, the OIG reported on the extent to which GAO maintained effective contract closeout controls for reducing financial, operational, and compliance risks through fiscal year 2017. These and other OIG publications are available at <https://www.oversight.gov>.

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

converted to 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 2018, the OIG initiated 22 investigations and closed 12 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 and are available at <https://www.oversight.gov>.

Furthermore, our Audit Advisory Committee assists the Comptroller General in overseeing the effectiveness of our financial reporting and audit processes, internal control over financial reporting, and processes that ensure compliance with laws and regulations relevant to our financial operations. The committee is composed of individuals who are independent of GAO and have outstanding reputations in public service or business with financial or legal expertise. For fiscal year 2018, the members of the committee were:

- Michael A. Nemeroff (Chair), a partner in Sidley Austin LLP, and head of its Government Contracting Practice, and a former member of the GAO Legal Advisory Committee.
- Robert H. Attmore, CPA, CGFM-Retired, previously served as the Chairman of the Governmental Accounting Standards Board, New York Deputy State Comptroller, President of the National State Auditors Association, and a Trustee of the Academy for Government Accountability.
- Michael S. Helfer, former Vice Chairman of Citigroup Inc. Prior positions include partner and Chairman of the Management Committee of the law firm Wilmer, Cutler & Pickering. He serves on the Boards of Banco Nacional de Mexico and Shakespeare & Company.
- Robert Mednick, former worldwide Managing Partner of Professional and Regulatory Matters of Arthur Andersen, past Chairman of the American Institute of CPAs, and serves on a number of civic and charitable organization Boards.

The [committee's report](#) appears in [Part III](#) of this report on [page 89](#).

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(b)). The statements were prepared from our financial records in accordance with Federal GAAP and 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 certain liabilities (e.g., accrued annual leave) 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 2019 Performance Goals

For fiscal year 2019, the Legislative Branch Appropriation provides GAO an appropriation of \$589.7 million for the fiscal year which is a \$10.8 million increase over the fiscal year 2018 enacted level. The increased funding allows GAO to add staff, better positioning us to achieve 3,150 FTEs in fiscal year 2019 and moving closer to our optimal staffing level of 3,250 FTEs.²⁰ The additional staff will focus on increasing critical cybersecurity issues and the threats to the nation's critical infrastructure; (2) rapidly evolving science and technology issues; (3) the greater investment and requests in Department of Defense programs; and (4) the challenges associated with growing federal health care costs.

Additionally, GAO is able to continue strategic investments on long delayed infrastructure activities by using the \$10 million in two-year infrastructure funding provided to us in FY 2018. The Information technology (IT) and building investments afforded by the two-year infrastructure funding will lower GAO's operational costs in the long term and allow us to increase rental revenue by bringing in a new tenant.

Management Challenges

Internal Management Challenges

The Comptroller General, along with his Executive Committee, and other senior executives, identify management challenges through the agency's risk management, strategic planning, internal controls execution, and budgetary processes. We monitor our progress in addressing these challenges through our annual performance and accountability process, and ask our Inspector General each year to comment on management's assessment of these challenges. For fiscal year 2019, we will focus management attention on the following three challenges, which are summarized below:

- Managing a quality workforce;
- Improving the efficiency of our engagements; and
- Ensuring the confidentiality, integrity, and availability of GAO's information technology services.

These three challenges are interconnected, and are essential to GAO's ability to fulfill its mission in serving and supporting the Congress. To meet our mission, we must have highly skilled employees working as efficiently as possible with the most effective tools in a secure electronic environment. Additional information on progress made and actions planned for the future can be found in [Part II](#).

CHALLENGE: Managing a Quality Workforce

More than 80 percent of GAO's budget goes toward its people; as a result, it is critical that we hire the right people, provide them with the right training, and retain them.

GAO must maintain a skilled, engaged, and committed workforce in order to fulfill its mission.

- Acquire talent: The nation's capital and the cities where many of our field offices are located are highly competitive job markets. We must

²⁰ Highlights of GAO-18-448T, a testimony before the Subcommittee on the Legislative Branch, Committee on Appropriations, U. S. House of Representatives)

- follow a strategic approach to acquiring talent—for both our analyst cohort and our operations staff—with critical skills that align with the needs of the agency and the competencies for the position in order to optimally deliver GAO's mission. To help target our recruiting efforts and ensure that our hiring activities align with our workforce planning goals, we hired a Recruiting Program Manager in fiscal year 2018 whose duties include developing, implementing, and evaluating agency-wide recruitment and talent management strategies—including assessing options to promote and sustain a diverse talent pipeline for GAO.
- Retain an expert, seasoned workforce: Hiring people with the right skills is just the first step. We must also nurture and sustain our people throughout their careers and be mindful of the challenges employees face in connecting and collaborating in an increasingly mobile work environment. In addition to our continued focus on providing professional education and developmental opportunities to employees at all stages of their careers, we are continuing to create and offer online, virtual learning that both furthers the professional development of employees and reinforces techniques for managing and working virtually.
- Manage and engage a remote workforce: Nearly all GAO employees participate in some form of telework. Leading and sustaining GAO's workforce requires being aware of the implications of having a virtual environment and being intentional about communication and engagement. We identified this as a challenge in fiscal year 2014 and continue to monitor the status of recommendations from our internal telework evaluation. One recommendation that remains outstanding is to re-examine and make enhancements to our collaboration tools. GAO continues to pursue a Unified Communications Tool (UCT) to include audio, web, and video conferencing, instant messaging, screen sharing, and social collaboration. UCT will provide a seamless collaboration platform that will create the sense of presence needed in a virtual environment. GAO designated a senior-level Special Assistant for Telework to serve as the agency's telework program oversight and evaluation expert, cultural change agent, and communications liaison in the implementation of telework at GAO. The Special Assistant for Telework is also partnering with a senior executive team of analysts to develop indicators and methodologies to identify telework's impact on product quality, collaboration with a focus on new staff, and potential fraud risks. The expected outcome will be a robust telework evaluation instrument and implementation plan that should provide early indication of telework risks.
- Continually sustain an inclusive work environment: We are committed to creating and maintaining an organization where every employee feels valued, respected, treated fairly, and is given opportunities to enrich the work of GAO through their unique skills, talents, and life experiences. While GAO is a recognized leader for its support of diversity by the Partnership for Public Service, fostering an inclusive work environment is an ongoing challenge to which we remain dedicated, regardless of historic and recent successes. To this end, in fiscal year 2018, we formally launched our people values, combining them with our core values of accountability, integrity, and reliability into one logo. Our Diversity and Inclusion team worked with the Peoples Value initiative to align its efforts and goals throughout the year, and particularly during our annual celebration in June during which we highlighted GAO's "journey to inclusion" with a number of special events and videos.

CHALLENGE: Improving the Efficiency of Our Engagements

Improving the efficiency of conducting and delivering the results of our analyses—the core of GAO's work—continues to be a challenge that we are working on through a variety of projects and initiatives, in particular focusing on the use of technology and change management.

In the area of technology, we updated several related systems that support GAO product distribution, recommendation status tracking, and accomplishment reporting. These updates streamlined user interfaces and integrated with our engagement management system, eliminating duplicate data entry, reducing errors, and allowing us to modernize outdated legacy systems. We also piloted a new system that will facilitate our ability to easily generate our products in a format that our clients and the public can access on any device, including hand-held mobile devices. This new system will also bring tremendous efficiencies in managing the content review, fact checking, and publishing processes. The system's pilot yielded critical insight into the remaining work needed to complete full development of the system in fiscal year 2019. While challenges remain in continuing to replace outdated systems with modern, integrated solutions, an increase in dedicated funding in fiscal years 2018-19 to support core infrastructure needs should position GAO to take better advantage of modern, integrated solutions and simplify our overall systems profile supporting mission work.

In the area of change management, we continued to work extensively with analysts and managers on two significant initiatives—the new product creation system and project management. In each case, we have significant involvement of the target user communities in both development and testing of the proposed solutions to ensure that our projects fit the needs of the agency and its people. Challenges remain in determining the extent to which culture and other organizational factors affect our projects, as these important drivers of staff behavior are often not immediately clear even to the individuals who are directly involved.

CHALLENGE: Ensuring the Confidentiality, Integrity, and Availability of GAO's Information Technology Services

GAO has taken a number of steps to better manage enterprise risk activities to ensure it can appropriately mitigate risks and achieve its strategic and operational goals and objectives. GAO has created a Risk Management Committee, co-chaired by the Chief Operating Officer and Chief Administrative Officer/Chief Financial Officer, who also serve as Chief Risk Officers (CROs), to oversee GAO's enterprise risk management (ERM) program. Annually, GAO assesses its operating environment and identifies risks which have the potential to significantly impair its ability to achieve its strategic and operational goals and objectives if not managed effectively. Ensuring GAO's ability to maintain a high-performing, results-oriented workforce, continually improve the efficiency of its engagements, and provide a stable IT infrastructure are key components of GAO's risk profile, which GAO uses to manage current and proposed projects and actions to mitigate the impact of identified risks.

Providing the full breadth of secure technology solutions to users across all of GAO continues to be a challenge, as it is for every federal agency. GAO continually works to provide highly available systems on a modern technology platform in an ever-changing environment while also working to ensure the agency's systems are secure from threats. In addition, GAO has recently rolled out new technological solutions for key business processes and continues to develop systems and processes to enable GAO's work. Providing the full range of agency-level functions and requirements within a tight budget environment is a challenge GAO works every day to meet.

Given escalating and emerging threats from around the globe, and the steady advances in the sophistication and the destructiveness of attack technology, ensuring the confidentiality, integrity, and availability of our IT services will continue to be a management challenge for GAO and for all government and private sector entities for the foreseeable future. To monitor, detect, and respond to inappropriate access to computer resources, GAO has established a layered approach to providing reliable information technology services, including the use of security building blocks for basic authentication and access controls.

As threats continue to evolve, GAO is continuing to pursue advanced technologies to protect its information and information systems. GAO continues to place a high value on protecting its assets, data, and systems, while providing a robust computing capability to meet its business needs.

GAO is currently implementing technology initiatives funded by the Congress in its 2018 appropriation that will improve system performance, provide new services to users, improve GAO's redundancy capability, while also providing some savings in the future as old, less-efficient systems are replaced. GAO is making investments to update its virtual desktop infrastructure and other infrastructure that will improve performance across the enterprise. GAO is also moving quickly to replace its aging telephone system and roll out new technologies and equipment that will greatly improve employee communication, collaboration, and efficiency.

To help ensure that GAO can maintain reliable, secure systems, GAO created the Strategic Business and Technology Transformation (SBTT) Board. The SBTT drives organizational transformation and IT modernization and optimizes strategic IT outcomes by supporting GAO's decisions to more effectively, efficiently, and strategically invest available funds.

OIG Recommendations

The OIG's Semiannual Report to the Congress for the period ending September 30, 2018, included five unimplemented recommendations. Three of these recommendations were intended to help GAO more fully implement federal information security requirements.

Specifically, to enhance GAO's ERM management program's plan and processes to ensure the agency's IT investments support the GAO's Strategic Plan and IT Strategy with an emphasis on monitoring and risk management. The remaining two recommendations were intended to bring GAO's use of Law Enforcement Availability Pay (LEAP) in line with its need for criminal investigators to work beyond a 40-hour workweek in support of the agency's investigative needs, and to ensure that

the calculation upon which eligibility for LEAP is based is reliable and properly supported. GAO concurred with all five recommendations and is taking steps to address them. For further information, see [OIG-19-1SP](#). For the IG's comments regarding our management challenges assessment, see [Part IV](#) of this report.

Mitigating External Factors

While GAO's fiscal year 2018 appropriation allowed the agency to invest in IT and building facility projects, and begin to increase staffing, several external factors exist that could affect our performance and progress toward our goals. These include:

- Shifts in congressional interest.
- Modifications or repeals of outdated statutory requirements.
- Challenges in hiring desired expertise.

- Access to agency information.

Demand for our work is very high as demonstrated by the 786 congressional requests and new mandates in fiscal year 2018. The Comptroller General and other senior officials maintain frequent communication with our congressional clients to ensure that our work supports the highest legislative and oversight priorities while recognizing that changing international and domestic events may affect priorities.

We continue to collaborate with the Congress to revise or repeal mandated reporting requirements which have, over time, lost relevance or usefulness. For example, S. 2400, The GAO Audit Mandates Revision Act of 2018, would shift many low- risk financial audits to public accounting firms so that GAO can audit Treasury's General Fund. The fund, which has never been audited before, covers every federal entity that receives appropriated funds.

As the Congress turns to GAO for insightful analysis and advice to address rapidly evolving cybersecurity threats, recruiting top-tier cyber talent to augment our current audit workforce is critical. GAO plans to recruit talent from leading cybersecurity-related undergraduate and graduate institutions, including those participating in the CyberCorps Scholarship for Service program. This would augment our existing cadre of experts who can assess the nature and extent of cyber risks, both present and future, as well as evaluate the government's complex and multi-faceted attempts to address them. However, as GAO plans to increase the level of staff hired in these specialty areas, it faces challenges recruiting and hiring staff with the desired education, experience, and expertise.

Access to information also plays an essential role in our ability to report on issues of importance to the Congress and the American people. We are generally able to obtain the information needed for our engagements. For the most part, departments and agencies continue to be cooperative in providing us access to requested information or working with us toward an accommodation that will allow the work to move forward.

We reported for the past several years on our experiences in obtaining access from elements of the Intelligence Community (IC) pursuant to Intelligence Community Directive (ICD) 114, which was issued in 2011 by the Director of National Intelligence, in consultation with the Comptroller General. While ICD 114 generally provides for constructive interaction between GAO and the IC, we continue to have concerns with how several key terms in the directive could be interpreted because they are framed as categories of information that would generally not be made available to us for certain audits or reviews.

During fiscal year 2018, as GAO's work reviewing activities of the IC grew, we continued to require a significant amount of time and effort to work through access issues, which delayed our work. For the most part, we successfully worked through these issues with the IC elements and obtained the necessary information. However, ODNI did not provide us access to key budget-related documents necessary to fully address a review of IC business enterprise functions requested by the intelligence oversight committees. We attempted to reach an accommodation consistent with ICD 114, but ODNI did not substantively engage with us in that effort. We will continue to monitor the level of cooperation provided by ODNI and the other IC elements as they implement ICD 114, and we remain committed to a constructive engagement with the IC moving forward.

We previously reported that we had encountered significant difficulties in obtaining timely and efficient access to information from the Office of Personnel Management (OPM), particularly with regard to Enterprise Human Resources Integration (EHRI) statistical data. We have made significant progress in

obtaining timely access to EHRI data and other information from OPM. We will continue to monitor this area to ensure continued progress in obtaining needed information in a timely manner.

Over the past year, we have encountered difficulties in obtaining meetings and information from National Security Council and White House Counsel staff on the fairly limited basis needed for our engagements. We have communicated with the White House Counsel about this matter and efforts to resolve the issue are ongoing.

Part 2 Performance Information

Performance Information by Strategic Goal

In the following sections, we discuss how each of our four strategic goals contributed to our fiscal year 2018 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 2018.

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. Our multiyear (fiscal years 2018- 2023) strategic objectives under this goal are to provide information that will help address

- health care needs;
- lifelong learning;
- challenges facing an aging population;
- effective system of justice;
- housing finance and viable communities;
- stable financial system and consumer protection;
- natural resources and the environment;
- national infrastructure; and benefits and protections for workers, families, and children.

Example of Work under Goal 1

Improving Management of the WMATA Workforce: Recent safety incidents on the Washington Metropolitan Area Transit Authority's (WMATA) rail system have focused public attention on how WMATA manages its workforce. In 2018, we reported that WMATA's employee and retiree benefit costs had increased substantially since 2006, but that WMATA had not assessed the fiscal risks of its pension plans. WMATA also lacks a strategic workforce plan to acquire, develop, and retain the workforce it needs to achieve its strategic goals. We made several recommendations to address these weaknesses. WMATA generally agreed with our findings and recommendations. ([GAO-18-643](#))

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 <https://www.gao.gov/about/stratplanning.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 2018, we conducted engagements, audits, analyses, and evaluations of programs at major federal agencies.

As shown in [table 10](#), we exceeded the performance targets set for financial and other benefits for Goal 1, but did not meet the target for testimonies.

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

Performance measure	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual	Met/not met	2019 target
Financial benefits (dollars in billions)	\$22	\$15.5	\$51.4 ^b	\$19.6	\$22.4 ^b	\$11.0	\$52.5	met	\$18.5
Other benefits	271	240	255	284	263	246 ^a	262	met	244
Testimonies	60	57	57	38	48	48 ^a	42	not met	46

Source: GAO. | GAO-19-1SP

Note: Financial benefits for Goals 1 through 3 do not sum to the total agency-wide target for 2019 as we have left a portion of the financial benefits target unassigned. Experience leads us to believe that we can meet the agency-wide target but we cannot always accurately predict under which goals.

^aOur fiscal year 2018 targets for two of our three performance measures differ from those we reported in our fiscal year 2018 performance plan in July 2017. Specifically, we increased our other benefits target from 241 to 246 and decreased the testimony target from 54 to 48, based on revised estimates from mission teams (see [Setting Performance Targets](#) and [p.34](#)).

^bIn fiscal years 2015 and 2017, we achieved some unexpectedly large financial benefits; however, we did not expect this level of results in fiscal year 2018.

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 held steady from 2013 to 2014, increased sharply in 2015, decreased slightly in 2016, held steady in 2017, and increased sharply in 2018. Goal 1’s average other benefits were fairly steady from 2013 through 2018. The average number of times our senior executives were asked to testify has declined steadily since fiscal year 2013.

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

Performance measure	2013	2014	2015	2016	2017	2018
Financial benefits	\$19.5	\$19.0	\$28.7	\$27.1	\$27.2	\$36.5
Other benefits	256	257	260	263	261	266
Testimonies	73	66	59	53	50	46

Source: GAO. | GAO-19-1SP

The following sections describe our performance under Goal 1 for each of these three quantitative performance measures, and describe the targets for fiscal year 2019.

Financial Benefits

The financial benefits reported for this goal in fiscal year 2018 totaled \$52.5 billion, exceeding the target we set by \$41.5 billion, due primarily to one large financial accomplishment for revising spending limits for Medicaid demonstration projects (\$36.8 billion). Other financial benefits contributing to this total included savings from our work that resulted in the elimination of direct payments to farmers, and increased premiums at the Pension Benefit Guaranty Corporation. We set the target for fiscal year 2019 at \$18.5 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

Saving Millions by Reexamining the Strategic Petroleum Reserve’s Size: In 2014, we recommended that DOE reexamine the size of the Strategic Petroleum Reserve (SPR), which was established by the Congress to help buffer the U.S. economy against oil supply interruptions. In response (and as required by the Congress), DOE completed a strategic review of the SPR in 2016, and the Congress passed legislation that authorized the sale of crude oil from the SPR from 2017 through 2025 to fund other national priorities. In fiscal year 2017, DOE sold 10 million barrels of crude oil (worth \$450 million) from the SPR. (GAO-14-807)

Other Benefits

Other benefits reported for Goal 1 in fiscal year 2018 totaled 262, exceeding our target of 246 by 16 benefits or about 7 percent. Many of Goal 1’s other benefits were in the areas of public safety and security and program efficiency and effectiveness. For fiscal year 2019, we set our target at 244 for these other benefits based on what our Goal 1 teams expect to achieve based on past, ongoing, and expected work.

Example of Goal 1’s Other Benefits

Strengthening Financial Assessments of FHA’s Mortgage Insurance Fund: The Federal Housing Administration (FHA) insures private lenders against losses from defaults on single-family mortgages. Its mortgage insurance fund holds capital to help it absorb losses, and FHA annually assesses the fund’s ability to withstand adverse scenarios (stress tests). The fund has two portfolios—one for traditional mortgages and one for reverse mortgages (loans against home equity). In 2017, we found that FHA conducted stress tests on each portfolio, but not on the fund as a whole. In response, FHA began to conduct stress tests on the fund as a whole to help ensure that it has enough capital to withstand economic downturns. (GAO-18-92)

Testimonies

Our senior executives testified 42 times on our Goal 1 work, which fell short of the fiscal year 2018 target of 48 by 6 testimonies or about 13 percent. Among the topics on which we testified were federal efforts to assist railroads with implementing positive train control, address Native American Youth in the justice system, better ensure successful appeals reform for VA disability benefits, improve oversight of reusable medical equipment, analyze regulatory burdens, and improve the transfer and monitoring of care for unaccompanied children who enter the United States with no lawful immigration status. (See [fig. 22](#) for selected testimony topics by goal.) We set our fiscal year 2019 target at 46 testimonies on Goal 1 issues based on our experience over the past few years.

Example of Goal 1's Testimonies

Implementing Positive Train Control to Improve Rail Safety: Forty railroads must implement Positive Train Control (PTC)—a system designed to slow or stop a train not being operated safely. We testified that 32 of the 40 railroads reported they will seek a maximum 2-year extension of the December 31, 2018, implementation deadline, leaving substantial work for railroads and the Federal Railroad Administration (FRA) to complete.

We also testified that it remains unclear how FRA will enforce the deadline, and manage its workload. We recommended that FRA communicate extension information and prioritize its workload based on risk. FRA has taken some steps to address these recommendations. (GAO-18-692T, GAO-18-367T)

[Table 12](#) contains examples of Goal 1 accomplishments and contributions, which includes both financial and other benefits.

Table 12: Goal 1 Examples of Accomplishments and Contributions

Health Care Needs and Financing

Setting Medicare Payments for Provider-Based Outpatient Services

Medicare has historically paid a higher rate for services provided in a hospital outpatient department (HOPD) than in a physician's office. In 2015, we found that increases in hospital and physician consolidation and Medicare expenditures for HOPD services highlighted the need for payment reform. We advised the Congress to consider directing HHS to equalize HOPD and physician office payment rates. In 2015, the Congress passed the Bipartisan Budget Act of 2015, which lowered the Medicare reimbursement rate for new provider-based HOPDs—saving an estimated \$1.6 billion in FYs 2017 and 2018. (GAO-16-189)

A Responsive, Fair, and Effective System of

Improving Federal Agency Assessment of Strategies for Combating Opioids

Justice The Centers for Disease Control and Prevention (CDC) estimated that over 70,000 Americans died from drug overdoses in 2017. In 2018, documented strategies to combat illicit opioids. However, only one of the five strategies we reviewed included results-oriented measures, such as reductions in overdose deaths, largely due to agency perceptions that designing such measures posed challenges. We recommended that these agencies develop results-oriented metrics to help them assess their progress in combating the opioid epidemic. (GAO-18-205)

Addressing Native American Youth Delinquency in the Justice System

In FY18, we testified on our findings about Native American youth in the justice system, as well as grant programs used to help address juvenile delinquency. We found that Native American juvenile delinquency rates declined between 2010 and 2016. However, their share of the juvenile population in the federal system was higher than their share in the nationwide youth population—likely due to federal jurisdiction on tribal lands. We also found that 122 federal grant programs addressed related issues (like alcohol and substance abuse), but selected applicants cited factors like short deadlines as challenges in applying. (GAO-18-697T, GAO-18-591)

Housing Finance and Viable Communities

Improving Program Evaluation at the Small Business Administration

SBA programs have provided small businesses with billions of dollars in direct and guaranteed loans and access to federal contracts over the years. However, in 2012 and 2015, we reported that SBA had not evaluated the effectiveness of 10 of the 19 programs we reviewed. Per our recommendations, SBA finalized an evaluation framework in 2017, tripled program evaluation funding in FY 2018, and incorporated program evaluation results in its FYs 2018-2022 strategic planning process, which will give it better information to guide future activities and improve program performance. (GAO-15-347, GAO-12-819)

Stewardship of Natural Resources and the Environment

Developing Guidelines for Arctic Council Recommendations

The Arctic Council is an important intergovernmental forum for the U.S. Department of State (State) to pursue U.S. interests in the Arctic region. In 2014, we found that Arctic Council members had issues implementing the Council's recommendations because they were broadly written, numerous, and not

prioritized. We recommended that State work with other Council members to develop guidelines for producing clear, measurable, and prioritized recommendations. In 2016, State developed and proposed such guidelines to the Council. Council members agreed to consider them as they develop recommendations, which will help ensure that action is taken on the highest priorities. (GAO-14-435)

Improving Access to Data and Research on Ocean Acidification

Ocean acidification may pose risks to marine ecosystems and the coastal communities that rely on them for food and commerce. In 2014, we found that the Executive Office of the President had not established an electronic exchange to share information on ocean acidification as required by the Federal Ocean Acidification Research and Monitoring Act of 2009, and recommended it do so. In response, an interagency working group established an ocean acidification information exchange website in 2018. This exchange positions government officials, researchers, and the public to better share information and respond to ocean acidification issues. (GAO-14-736)

Addressing Leaking Waste Tanks at the Hanford Site in Washington State

DOE is responsible for the treatment and disposal of millions of gallons of radioactive and hazardous waste at its Hanford site in Washington State. In October 2012, DOE announced that nuclear waste had leaked from one of the underground storage tanks at this site. In November 2014, we found that DOE lacked specific information about the condition of the other tanks at the Hanford site. We recommended that DOE analyze the risks of continuing to store waste in aging tanks. In response, DOE undertook an analysis in October 2017 and is now better equipped to make decisions about this waste. (GAO-15-40)

Viable National Infrastructure

Improving Physical Security at Federal Facilities

Federal facilities, their employees, and visitors may be targets of violent attacks. In FY18, we found that four selected agencies—the Customs and Border Protection, the Federal Aviation Administration, the Agricultural Research Service, and the Forest Service did not use facility security assessments that fully aligned with federal standards. These agencies also faced challenges in conducting assessments and monitoring their security programs—leaving them vulnerable to sizeable risks. We recommended that the agencies improve their security programs' alignment with federal standards for the safety of their facilities and the people using them. All four agencies concurred. (GAO-18-72)

Strengthening Wireless Network Resiliency

Many Americans rely solely on wireless networks—especially during emergencies to call 911 or receive alerts. However, wireless outages can make such communications nearly impossible for these people. In 2017, we reported that wireless outages had increased since 2009. And, although the industry has taken actions to improve the resiliency of wireless networks, FCC had limited plans to oversee these efforts. We recommended that FCC determine if industry efforts are effective or if other FCC action is needed to strengthen wireless network resiliency to help ensure access during emergencies. FCC concurred with our recommendation. (GAO-18-198)

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

The federal government is working to promote foreign policy goals, sound trade policies, and other strategies to advance the interests of the United States and its allies. The complex and rapidly evolving security environment facing the United States includes cyber attacks, terrorist activities, and instability in key regions of the world. Given the importance of these issues, our second strategic goal focuses on helping the Congress and the federal government in their responses to changing security threats and the challenges of global interdependence. Our multiyear (fiscal years 2018-2023) strategic objectives under this goal support congressional and agency efforts related to

- homeland security;
- military capabilities and readiness;
- foreign policy and international economic interests; and
- the Intelligence Community's management and integration.

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 <https://www.gao.gov/about/stratplanning.html>.

Example of Work under Goal 2

Enhancing Oversight of the Columbia Class Submarine Program: At a cost of over \$267 billion, the Columbia-class ballistic missile submarine program is a top Navy priority. In 2017, we found that several technologies critical to achieving the submarine's performance were still immature. Specifically, they needed more development and testing before the Navy designs and builds the first submarine to avoid the risk of cost growth and schedule delays. We suggested that the Congress require the Navy to report on the status of these technologies before it approves billions of dollars to fund construction of the first submarine. The Congress passed legislation in FY18 that did so. (GAO-18-158)

The work supporting these objectives is performed primarily by headquarters and field staff in the following teams: Contracting and National Security Acquisitions, 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, Natural Resources and Environment, and Applied Research and Methods teams.

To accomplish our work in fiscal year 2018 under these strategic objectives, we conducted engagements that involved fieldwork related to international and domestic programs that took us across multiple continents. As shown in [table 13](#), we fell below the performance target for financial benefits, exceeded the other benefits target, and fell short of the testimonies target for Goal 2.

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

Performance measure	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual	Met/ not met	2019 target
Financial benefits (dollars in billions)	\$21.4	\$25.7	\$13.1	\$13.0	\$46.5 ^a	\$12.7	\$10.5	not met	\$12.7
Other benefits	488	535	505	502	500	345 ^b	517	met	349
Testimonies	30	40	23	43	21	31 ^b	26	not met	29

Source: GAO. | GAO-19-1SP

Note: Financial benefits for Goals 1 through 3 do not sum to the total agency-wide target for 2019 as we have left a portion of the financial benefits target unassigned. Experience leads us to believe that we can meet the agency-wide target but we cannot always accurately predict under which goals.

^a In fiscal year 2017, we achieved one unexpectedly large financial benefit; however, we did not expect this level of results in 2018.

^b Our fiscal year 2018 targets for two of our three performance measures differ from those we reported in our fiscal year 2018 performance plan in July 2017. Specifically, we increased the other benefits target from 334 to 345 and decreased the testimonies target from 32 to 31, based on revised estimates from mission teams (see [Setting Performance Targets](#) and p. 34).

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 from fiscal year 2013 to 2014, declined in 2015, held steady in 2016, increased sharply in 2017, and declined in 2018. Goal 2’s average other benefits increased from fiscal year 2013 to 2015, held steady in 2016 through 2017, and decreased slightly in 2018. The average number of testimonies for Goal 2 has declined steadily since 2013.

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

Performance measure	2013	2014	2015	2016	2017	2018
Financial benefits	\$20.3	\$21.6	\$18.4	\$18.3	\$24.6	\$20.8
Other benefits	473	496	510	508	511	506
Testimonies	48	43	37	34	32	28

The following sections describe our performance under Goal 2 for each of our quantitative performance measures and describe the targets for fiscal year 2019.

Financial Benefits

The financial benefits reported for Goal 2 in fiscal year 2018 totaled \$10.5 billion, which was \$2.2 billion or 17 percent below our \$12.7 billion target. We set our fiscal year 2019 target at \$12.7 billion based on what our Goal 2 teams believe they can achieve based on past, ongoing, and expected work.

Example of Goal 2's Financial Benefits

Improving DOD's Method for Setting Its Standard Fuel Price: DOD sets the fuel price it will use in the upcoming fiscal year—almost a year before it buys the fuel. In 2014, we found that DOD's price-setting method did not reflect market conditions and recommended it make changes. DOD used a new method for its FY16 fuel price, but we found that the data it used were not valid or reliable. Per our recommendation, DOD updated its method again—reducing its 2018 fuel budget request by about \$3.1 billion. We also found that DOD's funding request for fuel was still overestimated. Based on this, the Congress further reduced DOD's funding by about \$110 million.

Other Benefits

The other benefits reported for Goal 2 in fiscal year 2018 totaled 517 and exceeded our target of 345 by 172 benefits, or about 50 percent. Many of Goal 2's other benefits were in the areas of public safety and security, acquisition and contract management, and business process and management. We set our fiscal year 2019 target at 349, which is well below our fiscal year 2018 actual performance, but what our Goal 2 teams expect to achieve based on past, ongoing, and expected work.

Example of Goal 2's Other Benefits

Helping CBP Better Address the Risks Posed by Counterfeit Products Sold Online: Counterfeit goods sold online can be hard to spot. In 2018, we reported that 20 of 47 items we purchased from third-party sellers on popular websites were identified by manufacturers as counterfeit. We also found that U.S. Customs and Border Protection (CBP) had taken few steps to evaluate its efforts to block the import of counterfeit goods.

We recommended, and CBP agreed, that it should improve evaluations of its efforts and enhance information sharing with the private sector. Taking these steps will position CBP to better protect U.S. manufacturers from economic harm and U.S. consumers from potential risks posed by counterfeit products. (GAO-18-216)

Testimonies

Our senior executives were asked to testify 26 times on our Goal 2 work in fiscal year 2018—falling short of our target of 31 testimonies by 5, or about 16 percent. Goal 2 testimony topics included federal efforts to reform the government-wide personnel security clearance process, manage DHS' chemical facility security program, and manage the Coast Guard's acquisition portfolio. (See [fig. 22](#) for selected testimony topics by goal.) We have set our fiscal year 2019 testimony target at 29 based on our recent experience.

Example of Goal 2's Testimonies

Reforming the Government-wide Personnel Security Clearance Process: In FY18, we designated the government-wide personnel security clearance process a high risk area. In March 2018, we testified that federal agencies had made some progress but longstanding reforms remained incomplete. For example, agencies face challenges with background investigation quality and timeliness, and the National Background Investigations Bureau (NBIB) has a significant backlog. We made 12 recommendations to the Director of National Intelligence (DNI) and the Director of NBIB to address these challenges. NBIB concurred, and the DNI concurred with some, but not all, of our recommendations. We continue to believe that they are valid. (GAO-18-431T, GAO-18-117 and GAO-18-29)

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

Table 15: Goal 2 Examples of Accomplishments and Contributions

Protect and Secure the Homeland

Improving CDC’s Web- based Information on Disease-Spreading Mosquitos

Emerging infectious diseases, such as the Zika virus, pose an ongoing threat to public health. In 2017, we found that the Centers for Disease Control and Prevention (CDC) was not clearly communicating the location of disease-spreading mosquitos. For example, CDC had not posted detailed information on its web page about the sources of data it used to generate mosquito distribution maps. We recommended that CDC provide more detailed information on these maps. CDC updated its web page in September 2017 to show greater detail, including its data sources and limitations, to provide better information. (GAO-17-445, GAO-17-612T)

Improving TSA Risk Management for Airport Perimeter and Access Control Security

TSA works with commercial airports, among others, to ensure that the nation’s aviation system is secure. In 2016, we found that TSA had not updated its 2013 risk assessment and strategy for airport perimeter and access control security (which prevents unauthorized access and smuggling into restricted areas). TSA also was not analyzing security data for related breaches. In response, TSA developed timeframes and processes for updating its risk assessment and strategy, and created a program to better assess security data. These steps will help TSA better assess security issues at airports nationwide. (GAO-16-632, GAO-16-318SU)

Addressing Weaknesses in the Cybersecurity Workforce

A qualified, well-trained cybersecurity workforce is critical to mitigating the nation’s cyber risks. In 2018, we determined that most of the 24 agencies covered by the Chief Financial Officers Act conducted baseline assessments of their cybersecurity workforces and established procedures to identify and assign the correct employment codes to their cybersecurity positions. However, we made a total of 30 recommendations to 13 of these agencies to improve their baseline assessments and/or coding procedures. In 2018, 8 agencies implemented 20 of our recommendations—positioning them to more fully identify their cybersecurity workforce needs. (GAO-18-466)

Military Capabilities and Readiness

Guiding the Continuous Evaluation Program for Personnel Security Clearances

Longstanding personnel security clearance reform efforts call for continuously evaluating employees’ eligibility to hold security clearances. In 2017, we found that ODNI had not yet issued formal guidance or determined key aspects of a continuous evaluation program. We recommended that it issue guidance and develop an implementation plan. In 2018, ODNI issued formal guidance and implementation guidelines for continuous evaluation. As a result, agencies will have a better understanding of continuous evaluation and be able to more uniformly implement it. (GAO-18-117)

Helping the Congress Reduce Defense Health Program Funding by \$681 Million

The Defense Health Program provides medical and dental services for 9.4 million beneficiaries worldwide, including active-duty servicemembers. Our analysis of DOD’s 2017 budget request for this

program found that DOD had consistently spent fewer dollars for certain activities than the budgeted amounts. As a result of our work, the Congress reduced the Defense Health Program's funding for FY17 by \$681 million, which better reflects DOD's actual costs.

U.S. Foreign Policy Interests

Improving DOD's Management of Billions Collected to Administer the FMS Program

Foreign partners buy billions of dollars of U.S. defense equipment and services each year through Foreign Military Sales (FMS). DOD collects fees from buyers to cover FMS' costs. In 2018, we reported that DOD's inadequate management controls and oversight processes led to two FMS fee accounts growing to over \$5 billion—about 5 times the accounts' annual expenses. Also, DOD did not know how the funds were being spent. We made 17 recommendations—DOD agreed with 16 of them and partly agreed with the other. Implementing our recommendations will strengthen DOD's management and oversight of these funds and reduce the risk of fraud, waste, and abuse. ([GAO-18-553](#), [GAO-18-401](#))

Helping the Congress Reduce a Key Foreign Assistance Account by Almost \$500 Million

The U.S. Department of State and U.S. Agency for International Development use the Economic Support Fund (ESF) to advance U.S. interests by helping countries meet political, economic, and security needs. For example, ESF-funded programs support accountable governance, a stronger private sector, and counter-terrorism efforts. In reviewing the FY17 federal budget request, we estimated ESF would have an unobligated balance of \$4.9 billion that year. For the 5 prior years, we found ESF had unobligated balances of \$4.2–\$5.3 billion. Our analysis contributed to a decision by the Congress to reduce appropriated funds for ESF by \$496.7 million.

Providing Data and Analysis on a New Foreign Aid Account Led to a \$150 Million Cut

The President's FY17 budget requested \$150 million to establish a new foreign aid account—the Mechanism for Peace Operations Response—to be managed by the U.S. Department of State. This account was intended to support unexpected peacekeeping needs, including efforts led by the United Nations. In our 2016 budget justification review and 2017 update, we informed the Congress of plans for using this account and suggested that it consider whether this request was justified. Our analysis contributed to the Congress deciding not to fund the account in FY17 appropriations.

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

Our third strategic goal focuses on the collaborative and integrated elements needed for the federal government to achieve results. The work under this goal highlights the intergovernmental relationships that are necessary to address national challenges. Our multiyear (fiscal years 2018-2023) strategic objectives under this goal are

- the government’s fiscal position and approaches to address current and projected fiscal gaps;
- major management challenges and program risks; and
- fraud, waste, and abuse and needed
- improvements in internal controls.

Example of Work under Goal 3

Artificial Intelligence: Artificial intelligence (AI) could improve human life and economic competitiveness—but it also poses new risks. The Comptroller General convened a Forum on AI to consider the policy and research implications of AI’s use in 4 areas with the potential to significantly affect daily life: (1) cybersecurity,

(2) automated vehicles, (3) criminal justice, and (4) financial services. In our March 2018 technology assessment, we reported that AI will have far-reaching effects on society—even if AI capabilities stop advancing today. We also discussed the prospects for AI in the near future and areas where changes in policy and research may be needed. (GAO-18-644T, GAO-18-142SP)

These objectives, along with the performance goals and key efforts that support them, are discussed fully in our [strategic plan](https://www.gao.gov/about/stratplanning.html), which is available on our website at <https://www.gao.gov/about/stratplanning.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 Contracting and National Security Acquisitions, Physical Infrastructure, and Natural Resources and Environment teams. This goal also includes our bid protest and appropriations law work, which is performed by staff in the Office of the 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 met the Goal 3 performance targets set for financial benefits, other benefits, and testimonies for fiscal year 2018.

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

Performance measure	2013 actual	2014 actual	2015 actual	2016 actual	2017 actual	2018 target	2018 actual	Met/ not met	2019 target
Financial benefits (dollars in billions)	\$8.1	\$13.3	\$10.1	\$30.8	\$5.0	\$3.9 ^a	\$12.1	met	\$3.9
Other benefits	555	513	526	448	517	410 ^a	515	met	411
Testimonies	22	30	26	37	29	23	28	met	25

Source: GAO. | GAO-19-1SP

Note: Financial benefits for Goals 1 through 3 do not sum to the total agency-wide target for 2019 as we have left a portion of the financial benefits target unassigned. Experience leads us to believe that we can meet the agency-wide target but we cannot always accurately predict under which goals.

^aOur fiscal year 2018 targets for two of our three performance measures differ from those we reported in our fiscal year 2018 performance plan in July 2017. Specifically, we decreased the financial benefits target from \$5.7 billion to \$3.9 billion and increased the other benefits target from 370 to 410, based on revised estimates from mission teams (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 increased steadily from 2013 to 2016, declined in 2017, and held steady in 2018. Average other benefits for Goal 3 decreased steadily from 2013 to 2017 and held steady in 2018. The trend in the average number of testimonies on Goal 3 issues declined from 2013 to 2015 and held steady from 2016 through 2018.

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

Performance measure	2013	2014	2015	2016	2017	2018
Financial benefits (dollars in billions)	\$10.9	\$11.3	\$12.1	\$15.6	\$14.8	\$14.5
Other benefits	630	587	562	511	501	502
Testimonies	37	33	30	29	31	30

Source: GAO. | GAO-19-1SP

The following sections describe our performance under Goal 3 for each of our quantitative performance measures and describe the targets for fiscal year 2019.

Financial Benefits

In fiscal year 2018, the financial benefits reported for Goal 3 totaled \$12.1 billion, exceeding our target of \$3.9 billion by \$8.2 billion, or about 210 percent. This was due primarily to unexpected financial benefits of \$1.3 billion from helping CMS achieve and measure the benefits of its fraud prevention system and \$1.9 billion from our work involving improper payments at the U.S. Department of Health and Human Services. We have set our 2019 target at \$3.9 billion based on what our Goal 3 teams believe they can achieve given past, ongoing, and expected work.

Other Benefits

Other benefits reported for Goal 3 in fiscal year 2018 totaled 515, exceeding our target of 410 benefits by 105, which is about 26 percent. Many of Goal 3’s benefits were in the areas of public safety and

security, program efficiency and effectiveness, business process and management, and tax law administration. We have set our fiscal year 2019 target at 411 other benefits based on past, ongoing, and expected work.

Example of Goal 3's Other Benefits

Improving Chief Information Officer Authorities: Agencies planned to spend almost \$96 billion on IT in FY18 but still face longstanding IT challenges. The Congress established the chief information officer (CIO) position at 24 federal agencies to address these challenges. However, we reported in 2018 that none of the agencies have fully addressed the role of their CIOs in all areas required by federal law, including IT leadership and accountability, IT budgeting, and information security. We recommended that these agencies do so to improve the effectiveness of federal CIOs—14 of the agencies concurred and 5 had no comments. (GAO-18-93)

Testimonies

Our senior executives were asked to testify 28 times on topics related to this strategic goal in fiscal year 2018, exceeding our target of 23 testimonies by 5, or about 22 percent.

Among the Goal 3 testimony topics covered were fragmentation, overlap, and duplication of federal programs and activities; key challenges for the 2020 Census; and improving CIO authorities at the Social Security Administration (SSA). (See [fig. 22](#) for selected testimony topics by goal.) For fiscal year 2019, we have set the testimony target at 25, based on our experience in recent years.

Example of Goal 3's Testimonies

Key Challenges for the 2020 Census: Our body of work on the 2020 Census has raised serious concerns about the Census Bureau's ability to conduct a cost-effective count of the nation's population. For these reasons, we added the 2020 Census to our High Risk List in FY17. In FY18, we testified that the Bureau needs to control cost growth and develop better cost estimates. Also, our preliminary findings on the 2018 End to End Test showed that continued attention is needed to mitigate key risks related to implementing and securing IT systems. Over the past decade, we have made 93 recommendations specific to the 2020 Census—31 still have merit and have not been fully implemented. (GAO-18-543T)

[Table 18](#) provides examples of Goal 3 accomplishments and contributions, which include both financial and other benefits.

Table 18: Goal 3 Examples of Accomplishments and Contributions

Analyze Government's Fiscal Position

Improving Federal Financial Reporting and Controls

Our financial statement audits continue to yield improvements in federal financial reporting and controls. In response to our recommendations, in 2017, the Consumer Financial Protection Bureau improved its accounting of its property and equipment and the Federal Deposit Insurance Corporation improved controls over its information systems. Additionally, the Treasury disclosed criminal debt information in the U.S. government's consolidated financial statements. It also improved its monitoring of the federal government's progress in resolving differences (e.g., dollar amounts) recorded for the same transaction between federal entities. ([GAO-18-540](#), [GAO-18-316R](#), [GAO-18-293R](#), [GAO-18-185R](#))

Reducing Inaccurate Claims for Higher Education Tax Benefits

Tax benefits for higher education are complex, which may lead taxpayers to claim more benefits than they are allowed. In 2009, we found that the Internal Revenue Service (IRS) was not comparing individuals' tax returns with the information educational institutions reported (Form 1098-T Tuition Statement) to verify taxpayers' claims. We recommended that IRS determine the feasibility of doing so to strengthen its compliance programs. In 2015, the Congress passed legislation that should enable IRS to verify taxpayers' claims using information from educational institutions—which should yield

Prevent Fraud, Waste, and Abuse

Improving DOD's Financial Management

DOD's long-standing financial management problems continue to prevent its financial statements from being auditable, and contribute to its place on GAO's High Risk List. In FY 2018, we reported on the Army's efforts to resolve more than 121,000 unsupported accounting entries which totaled \$455 billion over a 6-month period. We also reported that the Navy was unable to account for all of the buildings it owned, and had nonexistent buildings in its inventory system. We made six recommendations to help DOD improve its financial management with which it concurred. ([GAO-18-289](#), [GAO-18-27](#))

Preventing Overpayments of Disability and Workers' Compensation Benefits

In 2015, we conducted a review of potential overpayments in SSA's Disability Insurance (DI) program to individuals who were also receiving payments from the Federal Employees' Compensation Act (FECA). We provided SSA with information on more than 1,000 individuals we identified as receiving potential DI overpayments due to their concurrent receipt of FECA benefits. In response, SSA determined that these individuals received over \$59 million in overpayments. This information will help SSA recover this money and ensure that future payments are made in compliance with federal law. ([GAO-15-531](#))

Helping Remove Ineligible Providers from Medicare

In June 2015, we identified weaknesses in the screening procedures CMS uses to prevent ineligible or potentially fraudulent providers and suppliers from enrolling in Medicare. In April 2015, we provided CMS a list of Medicare providers and suppliers we identified as having potentially ineligible practice locations, adverse actions against their license, debarments, or that were deceased. In response, CMS reviewed the list we provided and revoked 8 providers from its database. These actions will likely help enhance program integrity and reduce fraud in Medicare. ([GAO-15-448](#))

Major Management Challenges and Program Risks

Defining Scope of DOD's Joint Information Environment

DOD spent about \$42 billion in FY17 on IT to support its thousands of networks and millions of computers. In August 2010, the Secretary of Defense announced the Joint Information Environment (JIE) initiative to consolidate IT infrastructure to reduce costs and improve IT security. In 2016, we found that DOD had not effectively defined the scope of the JIE initiative. In response, the JIE Executive Committee approved a scope statement in 2017—helping to ensure that DOD officials (1) have the information they need to oversee progress, (2) are accountable for performance, and (3) can make more informed resource decisions. ([GAO-16-593](#))

Improving Government-wide Grant Closeout Reporting

In 2008, 2012, and 2016, GAO reported that expired grants with undisbursed balances remained in grant accounts well past their period of performance end date and were eligible for closeout—and made recommendations to address this issue. In January 2016, the Congress passed the Grants Oversight and New Efficiency (GONE) Act, citing GAO's work in this area. The GONE Act required agencies to report on grants that had been expired for more than 2 years, anticipating that doing so would improve financial accountability and save money on costs associated with maintaining grants in open status. ([GAO-16-362](#), [GAO-12-360](#), [GAO-08-432](#))

Improving Agencies Reporting of Major Management Challenges

Under the GPRA Modernization Act of 2010, agencies are to report major management challenges to the Congress to alert it to programs that are more vulnerable to waste, fraud, abuse, and mismanagement. This reporting needs to include performance goals and measures, planned actions to resolve challenges, milestones, and identify an agency official responsible for resolving the challenges. In 2016, we found shortcomings in how agencies approached these requirements. In response, several agencies took actions to include missing performance information in their reporting that will help ensure that this information is useful, transparent, and complete. ([GAO-16-510](#))

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 three internal management challenges. The multiyear (fiscal years 2018-2023) strategic objectives under this goal are to

- empower GAO’s workforce to excel through strategic talent management;
- streamline GAO’s processes to deliver quality results and products and promote knowledge sharing, government standards, and strategic solutions; and
- provide modern integrated tools and systems in a secure, collaborative, and mobile environment.

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

The work supporting these objectives is performed under the direction of the Chief Administrative Officer through the following offices: the Controller and Financial Management and Business Operations, Human Capital, Information Systems and Technology Services, Infrastructure Operations, the Learning Center, the Professional Development Program, and Field Operations. Assistance on specific key efforts is provided by the Applied Research and Methods team and other offices, including Strategic Planning and External Liaison, Congressional Relations, Opportunity and Inclusiveness, Audit Policy and Quality Assurance, Public Affairs, and General Counsel. To accomplish our work under these four objectives, we performed internal studies and completed projects that further the strategic goal. As shown in [table 7](#) on [page 40](#), 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 85 percent, 82 percent, and 73 percent, respectively. [Table 19](#) provides examples of Goal 4 accomplishments and contributions.

Examples of Work under Goal 4

Recruiting. As we mentioned in our human capital management challenge, we hired a Recruiting Program Manager in fiscal year 2018 to ensure GAO remains a leader in developing, implementing, and evaluating agency- wide recruitment and talent management strategies, and sustaining a diverse talent pipeline for the agency.

HQ Space Consolidation. Through an extensive space consolidation effort, we created about 45,000 square feet of leasable space in our Headquarters building, new meeting rooms, and privacy rooms for nursing mothers.

Table 19: Goal 4 Accomplishments and Contributions

Empower GAO's Workforce to Excel through Strategic Talent Management

Hiring, developing, and retaining our workforce

- In fiscal year 2018, GAO set a target of 3,020 full-time equivalents (FTE) and reached 3,015 FTE—or 99.8 percent of our target. This hiring success was aided by filling 206 paid intern positions beginning in the fall of 2017 through the present.
- Under the stewardship of our senior-level Special Assistant for Telework, we developed guidance for managers to proactively oversee teleworking employees and continued to monitor employee participation in the telework program.

Enhancing and sustaining a fair, diverse, and inclusive culture

- We integrated GAO's longstanding core mission values—accountability, integrity, and reliability—with our people values that all employees should be valued, respected, and treated fairly—to foster a culture that promotes an inclusive and bias-free workplace while enhancing our ability to successfully conduct our work and achieve our mission. .
- We continued our commitment as a diversity and inclusion (D&I) leader by offering numerous learning opportunities for staff, including sessions on implicit bias, the impact of growing up as Caribbean Americans, and one person's involvement with a hate group. .
- We also continued to strengthen our partnership with the Public Policy and International Affairs (PPIA) Program, an organization which helps prepare students from underserved communities for graduate studies in public and international affairs graduate programs. GAO employees extended our commitment to D&I issues beyond the workplace through presentations at over a dozen PPIA partner universities.

Maintaining effective relationships with GAO's internal employee organizations

In fiscal year 2018, the agency worked with the GAO Employees Organization, International Federation of Professional and Technical Engineers (IFPTE) Local 1921, to negotiate on a variety of initiatives including the following:

- multiyear pay range and geographic zone agreement,
- GAO headquarters consolidation (space) agreement, and
- renovation and relocation of select field offices.

Streamline GAO's Processes to Deliver Quality Products and Promote Knowledge Sharing

Enhancing the outreach to the Congress and access to our work

- We held our first-ever open house on the Hill, making available policy experts from each of its missions teams to congressional members and their staff at the same time and in a single location at the Capitol Visitors Center. .

- We also hosted at our headquarters a bipartisan panel of five senior congressional staff, some from our oversight and other committees, who shared their views on the products and services GAO offers.
- Our Fast Facts pilot program (August 2016—May 2017) provided a brief summary and related image for our reports, which improved our ability to communicate with our online readers. The pilot was a success, with our readers staying on GAO.gov about 70 percent longer, viewing about 40 percent more pages, and downloading the full report 36 percent more often. As such, we plan to expand the program to the rest of the agency by the end of 2018.
- To better reach our audience, we shifted our social media strategy to make greater use of video—and our viewership increased as a result. For example, we started a new Facebook Live segment in September 2017 called “Cuppa GAO: Coffee with Our Experts,” which has aired four episodes to date and reached nearly 10,000 views.

Enhancing GAO’s foresight and strategic planning capacity

- We redesigned and issued our 2018-2023 Strategic Plan to enhance readability and enable periodic updates of key efforts. In this Strategic Plan, we identified eight trends shaping the United States and its place in the world, and included trend papers on environmental sustainability and the nexus among jobs, technology, and education.
- We also held our first meeting with the Center for Strategic Foresight Fellows. Center Fellows are recognized experts in areas related to strategic foresight, futures studies, and strategic planning, and include members of both the public and private sectors, as well as academia and the non-profit sector. The Center’s purpose is to enhance GAO’s ability to analyze current and projected technological and societal trends and their impact on federal agencies and programs.

Continually improving government auditing standards

- In collaboration with the government audit community and others, we issued revised Government Auditing Standards, also known as the “Yellow Book,” in July 2018. These professional standards provide a framework for performing high-quality government audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. .
- In 2018, we assisted in further refining and improving the INTOSAI Framework of Professional Pronouncements, through work expected to lead to new and revised guidance and ensuring quality control over the standards development process.

Enhancing GAO’s products, processes, and programs

- To help standardize the information mission teams use to manage their portfolio of engagement work while alleviating the burden of developing their own portfolio-level analyses and tools, we transitioned our management
- dashboard, mdash, from Excel to an online platform that uses a common set of measures. Mdash is easier to learn to use and navigate, more robust, and built with the capacity and flexibility to change with the needs of the agency.

- In the area of project management, we developed work breakdown structure templates that will provide a consistent starting point for designing
- engagements based on 18 common engagement activities and methodologies. We also developed and tested project management solutions related to staff day estimation and scheduling that will help engagement leaders and managers facilitate more efficient decision-making.
- We designed and provided a Project Management course for nearly 350 non-analyst staff to present the basics of project management as referenced in the professionally recognized Project Management Body of Knowledge (PMBOK).

Provide Modern Integrated Tools and Systems in a Secure Environment

Empowering staff with integrated tools to enhance business processes and increase efficiency

- On September 5, 2018, we issued our first web-based, mobile-friendly report, GAO-18-312, using the New Blue system. New Blue will establish the ability to easily and efficiently create, review, and manage content through parallel workflows in a single interface, and enable digital distribution of our content to current and future media as technologies advance.
- On January 17, 2014, the Congress enacted a law that directed us to establish and operate a bid protest e-filing and document dissemination system, and authorized the collection and use of fees to offset its costs. In fiscal year 2018, we implemented this system and began collecting fees from users of the system to cover operating costs.

Enhancing tools that integrate enterprise data to facilitate decision making

- Using enterprise data from several systems, we formally identified and documented the associated fraud risks for employee travel vouchers and identified key controls and mitigating actions to reduce the likelihood and impact of these risks. We intend to use these data to monitor travel voucher fraud risk annually.

Ensuring a secure, cost-effective physical and technological infrastructure

- We hosted a table-top simulation exercise with senior leaders to validate roles, responsibilities, and procedures in the event of a HAZMAT or related occupant emergency in Headquarters.
- We developed a manual to provide a detailed guide for Field Office Security Officers and their designees in carrying out their responsibility to supervise and direct security activities for their respective field offices.

Part III Financial Information

November 15, 2018

I am pleased to report that in fiscal year 2018, the U.S. Government Accountability Office (GAO) continued to set the standard for excellence in government financial management. Once again, GAO's financial statements, which are an integral part of our Performance and Accountability Report (PAR), received an unmodified "clean" opinion. 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 (FFMIA). Although not required, GAO considers the independent auditor's opinion on internal controls and on the system's compliance with FFMIA to be a leading practice.

In addition to our own self-assessment, obtaining an independent, objective assessment of our internal control over financial reporting and on our system's compliance with FFMIA helps demonstrate our sound stewardship of the taxpayers' dollars that have been entrusted to us. Further, I'm proud to report that our fiscal year 2017 PAR received two awards from the Association of Government Accountants. We received the Certificate of Excellence in Accountability Reporting (CEAR) award, our 17th consecutive award since we first applied in fiscal year 2001. GAO was also honored with the Best-in-Class award, which recognizes the best process for assuring data quality.

The funding enacted for fiscal year 2018 afforded GAO the opportunity to increase hiring and make strategic investments in communications, infrastructure, and security. GAO also continued upgrading key systems that support the products and services we provide to the Congress.

These enhancements will improve effectiveness and increase our efficiency in the long term. The investments in security, building infrastructure, and the ongoing consolidation of headquarters building space will enhance headquarters and field office safety, and bring in a new tenant. The rental revenue from a new tenant will allow GAO to increase human capital funding to better position it to achieve 3,150 full-time equivalents (FTE) in fiscal year 2019.

Going forward, GAO will continue to focus efforts toward restoring staffing levels to the goal of 3,250 FTEs, as well as maintaining current information technology (IT) and infrastructure operations, investing in critical building and IT improvements, and continuing to explore further cost reduction measures and new revenue streams.

GAO successfully migrated to a new financial management system starting in fiscal year 2018. The migration to the Legislative Branch Financial Management System (LBFMS) aligns with guidance from the House Appropriations Subcommittee on the Legislative Branch, to consolidate legislative branch financial operations with the Library of Congress as system owner and hosted on a cloud operated by CGI, Inc. The LBFMS operates Momentum Release as the integrated Financial Management System, and hosts the transaction processing system in a FedRAMP compliant, secure facility. This migration leveraged Treasury's e-Invoicing system and will result in long-term cost savings for GAO due to reduced operations and maintenance costs. Additionally, GAO is benefiting from the integration of acquisition and financial management activity, which led to accuracy and concurrency in the financial system. GAO engaged a vendor to conduct financial management transaction processing services in the LBFMS, and provide Service Level Agreements and metrics of GAO's operations.

In the area of internal control, an entity-wide assessment of risk and key controls for the agency's internal control system was conducted by the Program Analysis and Operations office (PAO) consistent with the Federal Manager's Financial Integrity Act and the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. This assessment concluded that the agency was in compliance with the five components and 17 principles of the *Standards for Internal Control in the Federal Government* (Green Book).

To validate compliance, effectiveness, and efficiency, and the integrity of data, PAO reviewed and tested key business cycles such as acquisitions, human capital/payroll, disbursements, and financial reporting. Additionally, we reviewed the independent auditors' reports of our service providers so we could proactively address any issues with the appropriate compensating controls. Based on these assessments, GAO has reasonable assurance that internal control over reporting, operations, and compliance for fiscal year 2018 were operating effectively and that no material weaknesses were found in the design or operations of the internal control system.

Consistent with OMB guidance to implement an enterprise risk management (ERM) capability and GAO's *A Framework for Managing Fraud Risks in Federal Programs (Fraud Risk Framework)*, GAO continues to use a maturity model approach to incorporate ERM and fraud risk assessment activities into our existing governance structure. Under the direction of the

Chief Risk Officers (CROs) and the Risk Management Council, we: (1) assessed GAO's operating environment and prepared and updated the agency-wide risk profile for 2018; (2) integrated ERM considerations into our assessment of internal control over operations, reporting, and compliance; and (3) conducted a fraud risk assessment of a high-profile program.

GAO will continue to upgrade agency systems to maximize communications, infrastructure, and security in keeping with our strategic goal of maximizing fiscal stewardship of GAO's resources and enabling quality, timely service to the Congress and being a leading-practices federal agency. As such, these upgrades coupled with other operational improvements

will increase our efficiency, thereby improving our ability to meet our Congressional responsibilities.

Karl J. Maschino, Chief Administrative Officer/ Chief Financial Officer

Audit Advisory Committee's Report

The Audit Advisory Committee (the Committee) assists the Comptroller General in overseeing the U.S. Government Accountability Office's (GAO) financial operations. As part of that responsibility, the Committee meets with agency management,

its Inspector General, and its external auditors to review and discuss GAO's external financial audit coverage, the effectiveness of GAO's internal control over its financial reporting, and its compliance with certain laws and regulations that could materially impact GAO's financial statements. GAO's external auditors are responsible for expressing an opinion on the conformity of GAO's audited financial statements with accounting principles generally accepted in the United States of America. The Committee reviews the findings of the Inspector General and external auditors, and GAO's responses to those findings, to assure itself that GAO's plan for corrective action includes appropriate and timely follow-

up measures. In addition, the Committee reviews the draft Performance and Accountability Report, including its financial statements, and provides comments to management who have 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 2018 Performance and Accountability Report.

Michael A. Nemeroff Chair, Audit Advisory Committee

Independent Auditor's Report

INDEPENDENT AUDITORS' REPORT

Comptroller General of the United States

In our audits of the fiscal years (FY) 2018 and 2017 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, 2018 and 2017, 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, 2018;
- GAO's financial management systems substantially complied with the applicable requirements of the Federal Financial Management Improvement Act (FFMIA) as of September 30, 2018; and
- No reportable noncompliance for FY 2018 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, 2018 and 2017, 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, 2018.

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 that information with the audited financial statements and the RSI; (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (5) evaluating the effectiveness of its internal control over financial reporting based on criteria established under 31 U.S.C. §3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA) and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and*

Internal Control (OMB Circular A-123), and (6) providing its assertion about the effectiveness of internal control over financial reporting, based on its evaluation as of September 30, 2018. 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 auditing standards generally accepted in the U.S. and *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. 19-01, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 19-01).

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 respects.

Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness²¹.

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

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, 2018 and 2017, 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, 2018, based on criteria established under FMFIA and OMB Circular A-123.

Other Matters

Required Supplementary Information

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

or detect and correct, misstatements on a timely basis.

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, 2018. 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 system requirements, (2) applicable federal accounting standards, and (3) the United States Government Standard General Ledger (USSGL) at the transaction level.

Management's Responsibility

Management is responsible for implementing and maintaining financial management systems that comply with 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, 2018. Our opinion is based on criteria established under FFMIA for federal financial management systems.

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, 2018, 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, Greenbelt, Maryland November 14, 2018

Purpose of Each Financial Statement

The financial statements on the following pages are the:

- Balance sheets which present the 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).
- Statements of net cost which present the annual cost of our operations. The gross costs, 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.
- Statements of changes in net position which present the accounting items that caused the net position section of the balance sheets to change from the beginning to the end of the fiscal years displayed.
- Statements of budgetary resources which present 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, 2018 and 2017

(Dollars in thousands)

Assets	2018	2017
Intragovernmental		
Fund balance with Treasury (Note 2)	\$135,215	\$77,658
Accounts receivable	4,047	<u>2,658</u>
Total Intragovernmental	139,262	80,316
Property and equipment, net (Note 3)	21,290	25,477
Other	41	<u>331</u>
	<u>0</u>	
Total Assets	<u>\$160,962</u>	<u>\$106,124</u>
Liabilities (Note 4)		
Intragovernmental		
Accounts payable and other	\$5,948	\$3,340
Federal employee benefits	3,774	3,665
(Note 5) Federal Employees' Compensation Act (FECA) liability (Note 6)		<u>2,233</u>
	<u>2,019</u>	
Total Intragovernmental	11,741	9,238
Accounts payable and other	6,414	5,852
Salaries and benefits	17,887	17,724
Accrued annual leave	32,104	31,770
Actuarial FECA liability (Note 6)		<u>14,173</u>
	<u>13,576</u>	
Total Liabilities	<u>81,722</u>	<u>78,757</u>
	<u>2</u>	
Net Position	74,617	26,079
Unexpended appropriations		
Cumulative results of operations	4,623	<u>1,288</u>
Total Net Position (Note 12)	<u>79,240</u>	<u>27,367</u>
Total Liabilities and Net Position	<u>\$160,962</u>	<u>\$106,124</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, 2018 and 2017

(Dollars in thousands)

Net Costs by Goal

Goal 1: Well-being / Financial Security of American People

	2018	2017
Gross Costs	\$223,410	
Less: reimbursable services	<u>(629)</u>	
Net goal costs	222,781	

Goal 2: Changing Security Threats / Challenges of Global Interdependence

	2018	2017
Gross Costs	151,860	
Less: reimbursable services	<u>-</u>	
Net goal costs	151,860	

Goal 3: Help Transform the Federal Government to Address

National Challenges

	2018	2017
Gross Costs	161,308	159,079
Less: reimbursable services	<u>(17,248)</u>	<u>(14,895)</u>
Net goal costs	144,060	144,184

Goal 4: Maximize the Value of GAO

	2018	2017
Gross Costs	14,907	
Less: reimbursable services		
Net goal costs	14,907	

Other Costs in Support of the Congress

	2018	2017
Gross Costs	51,077	47,000
Less: reimbursable services	<u>(1,653)</u>	<u>(1,277)</u>
Net costs	49,424	45,723
Less: Reimbursable services not attributable to above		

cost categories (Note 7)

(13,988)

Net Cost of Operations (Note 9)

\$569,044

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

Financial Statements U.S. Government Accountability Office Statements of Changes in Net Position

For the Fiscal Years Ended September 30, 2018 and 2017

(Dollars in thousands)

	<u>2018</u>	<u>2017</u>
Unexpended Appropriations, beginning of fiscal year	\$26,079	\$29,706
Budgetary Financing Sources and Uses	592,917	544,506
Appropriations received		
Appropriations transferred in (Note 10)	-	1,000
Appropriations permanently not available	(3)	(1)
Appropriations used	<u>(544,376)</u>	<u>(549,132)</u>
Total Budgetary Financing Sources and Uses	48,538	(3,627)
Total Unexpended Appropriations, end of fiscal year	<u>74,617</u>	<u>26,079</u>
Cumulative Results of Operations, beginning of fiscal year	1,288	(6,983)
Budgetary Financing Sources - appropriations used	544,376	549,132
Other Financing Sources		
Federal employee retirement benefit costs paid by OPM and imputed to GAO (Note 5)	28,003	18,376
Transfers In/(out)	-	<u>(32)</u>
Total Financing Sources	572,379	567,476
Net Cost of Operations	<u>569,044</u>	<u>559,205</u>
Net Change	3,335	8,271
Cumulative Results of Operations, end of fiscal year	<u>4,623</u>	<u>1,288</u>
Net Position	<u>\$79,240</u>	<u>\$27,367</u>

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

Financial Statements U.S. Government Accountability Office Statements of Budgetary Resources

For the Fiscal Years Ended September 30, 2018 and 2017

(Dollars in thousands)

	<u>2018</u>	<u>2017</u>
Budgetary Resources (Note 10)		
Unobligated balance from prior year budget authority, net	\$43,465	\$40,751
Appropriations	592,917	544,506
Spending authority from offsetting collections	<u>32,166</u>	<u>32,023</u>
Total budgetary resources	<u>\$668,548</u>	<u>\$617,280</u>
Status of Budgetary Resources		
New obligations and upward adjustments	\$609,667	\$581,021
Unobligated balance, end of year:		
Apportioned, unexpired account	9,957	700
Unapportioned, unexpired accounts	<u>46,074</u>	<u>34,578</u>
Unexpired unobligated balance, end of year	56,031	35,278
Expired unobligated balance, end of year	<u>2,850</u>	<u>81</u>
Total unobligated balance, end of year	<u>58,881</u>	<u>36,259</u>
Total budgetary resources	<u>\$668,548</u>	<u>\$617,280</u>
Outlays, Net		
Outlays, net	\$535,357	\$542,303
Distributed offsetting receipts	<u>(36)</u>	<u>(84)</u>
Agency outlays, net	<u>\$535,321</u>	<u>\$542,219</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

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 and Reporting

GAO's financial statements have been prepared on the accrual basis and the budgetary basis of accounting in conformity with generally accepted accounting principles for the federal government. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. These principles differ from budgetary reporting principles used to prepare the Statement

of Budgetary Resources. The differences relate primarily to the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities. The statements were also prepared in accordance with OMB Circular A-136, *Financial Reporting Requirements, Revised*.

Intragovernmental Assets

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

Fund Balance with Treasury

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

Accounts Receivable

GAO's accounts receivable are due principally from federal agencies for reimbursable services. GAO does not recognize any allowance for loss on intragovernmental accounts receivable.

Property and Equipment, Net

The GAO headquarters building qualifies as a multi-use 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 multi-use 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 multi-use 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 being registered in the National Register of Historic Places.

Liabilities

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

Accounts Payable

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

Federal Employee Benefits

GAO recognizes its share of the cost of providing future pension benefits to eligible employees over the period of time that they render services to GAO. The pension expense recognized in the financial statements equals the current service cost for GAO's employees for the accounting period, less the amount contributed by the employees. OPM, the

administrator of the plan, supplies GAO with factors to apply in the calculation of the service cost. These factors are derived through actuarial cost methods and assumptions.

The excess of the recognized pension expense over the amount contributed by GAO and employees represents the amount being financed directly through the Civil Service

Retirement and Disability Fund administered by OPM. This amount is considered imputed financing to GAO (see [Note 5](#)).

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

GAO recognizes a current-period expense for the future cost of post-employment 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 such claims and lawsuits is remote and, therefore, no provision for losses is included in the financial statements.

Estimates

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

Reclassifications

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

Note 2. Fund Balance with Treasury

GAO’s funds with the Treasury consist of only appropriated funds. The status of these funds as of September 30, 2018, and September 30, 2017, is as follows:

Dollars in thousands		
	<u>2018</u>	<u>2017</u>
Fund balance with Treasury	<u>\$135,215</u>	<u>\$77,658</u>
Status of Fund balance with Treasury		
Unobligated balance		
Available	\$41,892	\$21,173
Unavailable	2,850	981
Obligated balance not yet disbursed	<u>90,473</u>	<u>55,504</u>
Total status of Fund balance with Treasury	<u>\$135,215</u>	<u>\$77,658</u>

Note 3. Property and Equipment, Net

The composition of property and equipment as of September 30, 2018, is as follows:

Classes of property and equipment	Acquisition value	Accumulated depreciation	Book value
Land	\$1,191	–	\$1,191
Building and improvements	131,999	\$122,111	9,888
Computer and other equipment and software	57,197	47,289	9,908
Leasehold improvements	<u>2,276</u>	<u>1,973</u>	<u>303</u>
Total property and equipment	<u>\$192,663</u>	<u>\$171,373</u>	<u>\$21,290</u>

Depreciation expense for property and equipment for fiscal year 2018: \$6,058,000. The composition of property and equipment as of September 30, 2017 is as follows:

Dollars in thousands			
Classes of property and equipment	Acquisition value	Accumulated depreciation	Book value
Land	\$1,191	–	\$1,191
Building and improvements	130,638	\$119,176	11,462
Computer and other equipment and software	62,438	49,837	12,601
Leasehold improvements	<u>2,830</u>	<u>2,607</u>	<u>223</u>

Classes of property and equipment	Acquisition value	Accumulated depreciation	Book value
Total property and equipment	<u>\$197,097</u>	<u>\$171,620</u>	<u>\$25,477</u>

Depreciation expense for property and equipment for fiscal year 2017: \$5,668,000.

Note 4. Liabilities Not Covered by Budgetary Resources

The liabilities on GAO's balance sheets include liabilities not covered by budgetary resources. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. The composition of liabilities not covered by budgetary resources as of September 30, 2018, and September 30, 2017, is as follows:

Dollars in thousands		
	2018	2017
Intragovernmental liabilities—FECA liability	\$2,019	\$2,233
Salaries and benefits—Comptrollers' General retirement plan*	983	1,046
Accrued annual leave	32,104	31,770
Actuarial FECA liabilities**	<u>13,576</u>	<u>14,173</u>
Liabilities not covered by budgetary resources	48,682	49,222
Liabilities not requiring budgetary resources	25	40
Liabilities covered by budgetary resources	<u>33,015</u>	<u>29,495</u>
Total liabilities	<u>\$81,722</u>	<u>\$78,757</u>

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

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

Note 5. Federal Employee Benefits

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

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

Amounts owed to OPM and Treasury as of September 30, 2018, and September 30, 2017, are \$3,774,000 and \$3,665,000, respectively, for FEHBP, FEGLI, FICA, FERS, and CSRS contributions and are shown on the balance sheets as Federal employee benefits.

Details of the major components of GAO’s federal employee benefit costs for the fiscal years ended September 30, 2018, and September 30, 2017, are as follows:

Dollars in thousands

Federal employee benefits costs 2018	2018	2017
Federal employee retirement benefit costs paid by OPM and imputed to GAO	\$9,436	\$4,300
Estimated future pension costs (CSRS/FERS)	<u>18,567</u>	<u>14,076</u>
	Total	
Estimated future post-employment health/life insurance (FEHBP/FEGLI)	<u>\$28,003</u>	<u>\$18,376</u>
Pension expenses (CSRS/FERS)	\$46,656	\$45,342
Health and life insurance expenses (FEHBP/FEGLI)	\$25,341	\$24,589
FICA and Medicare payments made by GAO	\$24,417	\$23,221
Thrift Savings Plan – matching contribution by GAO	\$15,861	\$15,266

Comptrollers general and their surviving beneficiaries who qualify and elect to participate are paid retirement benefits by GAO under a separate retirement plan. These benefits are paid from current year appropriations. Because GAO is responsible for future payments under this plan, the estimated present value of accumulated plan benefits of \$983,000

as of September 30, 2018, and \$1,046,000 as of September 30, 2017, is included as a component of salary and benefit liabilities on GAO’s balance sheets. The following summarizes the changes in the actuarial liability for current plan year:

Dollars in thousands

Actuarial liability as of September 30, 2017	\$1,046
Expense:	25
Interest on the liability balance	
Actuarial loss:	
From experience	84
From assumption changes	<u>(1)</u>
Total expense	108
Less benefits paid	<u>(171)</u>
Actuarial liability as of September 30, 2018	<u>\$983</u>

Note 6. FECA Liability

GAO recorded a liability for amounts paid to claimants by DOL as of September 30, 2018, and September 30, 2017, of \$2,019,000 and \$2,233,000, respectively, but not yet reimbursed to DOL by GAO. The amount owed to DOL is reported on GAO’s balance sheets as an intragovernmental liability titled, FECA liability. Additionally, GAO utilizes the services of an independent actuarial firm to calculate its actuarial FECA liability. GAO recorded an estimated liability for claims incurred but not reported as of September 30, 2018, and September 30, 2017, which is expected to be paid in future periods. This estimated liability of \$13,576,000 and \$14,173,000 as of September 30, 2018, and September 30, 2017, respectively, is reported on GAO’s balance sheets as Actuarial FECA liability.

Note 7. Building Lease Revenue

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

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

Rental revenue from space leased at GAO headquarters building for fiscal years 2018 and 2017 was \$9,621,000 and \$9,586,000, respectively. These amounts are included on the statements of net cost as a major component of “Reimbursable services not attributable to above cost categories”. Total rental revenue for the future periods from both USACE and DOJ is as follows:

Dollars in thousands

Fiscal year ending September 30	Total projected rental revenue*
2019	\$9,825
2020	9,952
2021	2,270
2022	<u>2,288</u>
Total	<u>\$24,335</u>

*If options to renew are exercised.

Note 8. Leases

Operating Leases

GAO leases office space, predominately for field offices, from the General Services Administration and has entered into various other operating leases for office communication and computer equipment. Lease costs for office space for fiscal years 2018 and 2017 amounted to approximately \$5,461,000 and \$6,386,000, 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
2019	\$6,313
2020	3,938
2021	2,707
2022	2,663
2023	2,684
2024 and thereafter	<u>6,142</u>
Total estimated future lease payments	<u>\$24,447</u>

Note 9. Net Cost of Operations

GAO’s total cost of operations for fiscal year 2018 and 2017 amounted to \$602,562,000 and \$586,068,000, respectively. The statements of net cost show revenues from reimbursable services of \$33,518,000 in fiscal year 2018 and \$26,863,000 in fiscal year 2017 as an offset against the total cost by goal to arrive at net costs of \$569,044,000 and \$559,205,000 for fiscal years 2018 and 2017, respectively. Earned revenues that cannot be associated with a major goal or other cost category are shown in total as “Reimbursable services not attributable to above cost categories,” the largest component of which is rental revenue from the lease of space in the GAO headquarters building.

The largest cost item for GAO is salary and benefits expense. This expense includes post-employment benefit costs paid by OPM and imputed to GAO. The salary and benefits expense funding breakout for fiscal years ending September 30, 2018 and 2017 is as follows:

Dollars in thousands

Salary and benefits expense funding	2018	% of total costs of operations	2017	% of total costs of operations
GAO paid salary & benefits	\$481,115	79.8%	\$466,034	79.5%
Benefits paid by OPM	<u>28,003</u>	4.7%	<u>18,386</u>	3.1%
Total salary and benefits expense	<u>\$509,118</u>	84.5%	<u>\$484,420</u>	82.6%

“Other costs in support of the Congress” represents costs of work that directly supports Congress and represents GAO’s fulfillment of its statutory responsibilities but 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.

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.

Note 10. Budgetary Resources

Budgetary resources available to GAO during fiscal years 2018 and 2017 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.

There were no budgetary transfers in fiscal year 2018. Fiscal year 2017 budgetary resources include \$500,000 of budget authority transferred from U.S. Agency for International Development and \$500,000 transferred from the Department of Health and Human Services to GAO for oversight of activities related to research on, and responding to, the Zika virus.

A comparison of GAO’s fiscal year 2017 statement of budgetary resources with the corresponding information presented in the 2019 President’s Budget, is as follows:

Obligations incurred		
Fiscal year 2017 Statement of Budgetary Resources	\$617,280	\$581,021
Obligation adjusts, expired accounts	-	(9,007)
Unobligated balances, beginning of year – (funds activity, expired accounts)	(3,490)	-
Recovery of prior year unpaid obligations	(5,125)	-
Permanently not available – (funds activity, expired accounts)	1	-
Recoveries of prior year paid obligations (expired accounts)	(1,376)	-
Spending authority from offsetting collections – (funds activity, expired accounts)	2	-
Other – rounding in President’s Budget	<u>708</u>	<u>(14)</u>
2019 President’s Budget – fiscal year 2017, actual	<u>\$608,000</u>	<u>\$572,000</u>

As the fiscal year 2020 President’s Budget will not be published until February 2019, a comparison between the fiscal year 2018 data reflected on the statement of budgetary resources and fiscal year 2018 data in the President’s Budget cannot be performed, though we expect similar differences will exist. The fiscal year 2020 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 2018 and fiscal year 2017 totaled \$57,471,000 and \$26,025,000, respectively. For fiscal year 2018 undelivered orders were comprised of \$14,231,000 with federal trading partners and \$43,240,000 with the public.

GAO’s apportionments fall under Category A, quarterly apportionment. Apportionment categories of new obligations and upward adjustments incurred for fiscal years 2018 and 2017 are as follows:

Dollars in thousands		
	2018	2017
Direct – Category A	\$578,265	\$552,797
Reimbursable – Category A	<u>31,402</u>	<u>28,224</u>
New obligations and upward adjustments	<u>\$609,667</u>	<u>\$581,021</u>

Note 11. Reconciliation of Net Operating Costs and Net Outlays

Details of the relationship between net costs of operations and net outlays for the fiscal year ending September 30, 2018 is as follows:

Dollars in thousands

	2018
Net operating costs	\$569,044
Components of net operating costs not part of net outlays	
Property and equipment depreciation, disposal and revaluation	(6,239)
Increase/(decrease) in assets:	
Accounts receivable	1,456
(Increase)/decrease in liabilities not affecting net outlays:	
Accounts payable	(1,846)
Salaries and benefits	(336)
Other liabilities (unfunded leave and FECA, actuarial FECA)	(823)
Other financing sources	
Federal employee retirement benefit costs paid by OPM and imputed to GAO	<u>(28,003)</u>
Total components of net operating costs not part of net outlays	<u>(35,791)</u>
Components of net outlays that are not part of net operating costs	
Acquisition of capital assets	2,064
Acquisition of inventory	12
Other	<u>28</u>
Total components of net outlays that are not part of net operating costs	<u>2,104</u>
Net outlays	<u>\$535,357</u>

Note 12. Net Position

Net position on the balance sheets comprises unexpended appropriations and cumulative results of operations. Unexpended appropriations are the sum of the total unobligated appropriations and undelivered goods and services for funds directly appropriated to GAO. Cumulative results of operations represent the difference between financing sources and expenses since inception. Details of the components of GAO's cumulative results of operations for the fiscal years ended September 30, 2018, and 2017, are as follows:

Dollars in thousands

	2018	2017
Investment in property and equipment, net	\$21,290	\$25,477
Net reimbursable funds activity	31,630	24,742
Other (supplies inventory and accounts receivable from public)	410	331
Liabilities not covered by, nor requiring, budgetary resources*	<u>(48,707)</u>	<u>(49,262)</u>
Cumulative results of operations	<u>\$4,623</u>	<u>\$1,288</u>

*See Note 4 for components.

Required Supplementary Information

Deferred Maintenance and Repairs for Fiscal Year 2018

Statement of Federal Financial Accounting Standards (SFFAS) 42, Deferred Maintenance and Repairs: Amending SFFAS 6, 14, 29, and 32, defines deferred maintenance and repairs (DM&R) as maintenance and repairs that were not performed when they should have been or were scheduled to be and are put off or delayed for a future period. SFFAS No. 42 requires disclosure of deferred maintenance details as required supplementary information for all general property, plant and equipment (PP&E).

The Government Accountability Office (GAO) operates and maintains an approximately two million square foot headquarters facility and approximately six acres of associated grounds in downtown Washington, DC. The headquarters facility is predominantly used for office space. GAO is responsible for ensuring the facilities entrusted to its care remain in a safe and suitable condition for the current and future needs of the agency and tenant organizations. GAO defines its acceptable level of condition of PP&E to be “fair

to good” based on the Facility Condition Index (FCI). The index is based on GAO facility replacement values, which are updated every two to three years and identified as deferred maintenance. PP&E of less than “fair” condition are determined to require significantly more maintenance than facilities in better condition.

For information technology (IT) assets, GAO has a fully funded technology maintenance contract and manages the maintenance requirements annually through the budget process, reviewing all maintenance requirements to ensure all assets are covered for the new fiscal year. For IT assets, an acceptable asset condition is met by a vendor-supported version which is no more than two versions behind.

GAO’s deferred maintenance and repairs relate to capitalized general PP&E and to non-capitalized or fully depreciated general PP&E. To evaluate the condition of PP&E, GAO uses the Facility Condition Assessments (FCA’s) that calculates a FCI to identify deferred maintenance and capital improvement requirements. Maintenance and repair activities are first prioritized based on health, safety, and regulatory considerations at the GAO headquarters building. Once this is accomplished, the FCI values (Condition Ratings and Condition Category ratings) are then ranked based on the ratings obtained during the condition assessment site survey. Rankings are generally adjusted to take into account current capital improvement efforts underway, future capital improvement plans, asset disposal plans, and budgetary funding outlook.

GAO completed its latest, formal, contracted FCA in 2016 that was limited to mechanical, electrical, and plumbing assets (over \$25,000) for the GAO headquarters building. In addition, GAO facilities staff and their facilities contract partners assess the building on a continuous basis. In 2017, the internal facilities

staff assessment was performed on areas not covered in 2016, and GAO determined a deferred maintenance amount existed for several areas, including interior finishes and HVAC upgrades.

In fiscal year 2018, GAO reviewed the 2016 Asset Management Plan and updated costs. A full asset management planning study is scheduled for fiscal year 2020 and will include architectural, structural, and landscape items along with all infrastructural elements.

GAO’s updated estimate of the amount of accumulated deferred maintenance and repair work required to bring facilities to a “fair” condition, based on the FCI and in-house assessments, is approximately \$29.1 million as of fiscal year ended September 30, 2018. The majority of the increased deferred maintenance from October 1, 2017, stems from a need to replace interior finishes on the second, fourth, and fifth floors, replacement of the certain supply air shafts due to deterioration, replacement of railings as a result of safety inspections conducted in 2018, and replacement of certain air handling units.

Dollars in thousands

Deferred maintenance and repair costs	September 30, 2018 ending balance	October 1, 2017 beginning balance
General PP&E	\$29,100	\$23,500

Part IV Inspector General's View of GAO's Management Challenges

Memorandum

Date: October 1, 2018

To: Comptroller General Gene L. Dodaro

From: Inspector General Adam R. Trzeciak

Subject: GAO Management Challenges

GAO shares similar challenges to its ability to fulfill its mission as those faced by other federal agencies. In recent years, GAO has focused management attention in three primary challenge areas: managing a quality workforce, engagement efficiency, and ensuring the confidentiality, integrity, and availability of GAO's information technology services. In 2018, GAO broadened its challenge in the area of information technology to recognize that its focus extends beyond security. We agree these are key management challenges facing GAO and with GAO's decision to broaden its information technology challenge.

Our prior audits and on-going work have confirmed these challenge areas, their interconnectivity, and depth. As we have communicated to GAO management in various audit reports and briefs, performance issues in one area can adversely impact other challenges and the agency's ability to sustain mission performance. For example, key components of GAO's infrastructure, such as the agency's Virtual Desktop Infrastructure (VDI) and Document Management/Electronic Records Management System (DM/EMRS), relied heavily on by GAO staff in performing its work, are aging and experiencing performance issues. If upgrades or planned replacements for these and other key components of GAO's infrastructure are not timely and effectively managed, the ability of GAO's onsite and remote workforce to efficiently perform its work could be adversely affected. Configuration management issues, including the need for a usable inventory of hardware/software to effectively safeguard resources and manage equipment obsolescence, could also impact the success of GAO business system transformation efforts, including VDI and DM/EMRS.

Regarding a quality workforce, our review of GAO's use of law enforcement availability pay (LEAP) found that the agency did not appear to have a significant need for its Forensic Audit and Investigative Services investigators to work beyond their regular 40-hour workweek.

Specifically, GAO paid FAIS investigators premium pay based, more often than not, on the availability of these investigators to work rather than on actual work performed. As a result of our work, GAO has initiated actions to improve its workforce planning and utilization of FAIS investigators eligible for LEAP premium pay.

Challenges faced by GAO are complex and continuously evolving. GAO leadership understands both the risks and opportunities these challenges represent and is actively taking steps to address them and better prepare the agency for the future.

Part V: Appendixes

Appendix I: Abbreviations

AI	Artificial Intelligence
AICPA	American Institute of Certified Public Accountants
APQA	Audit Policy and Quality Assurance
ARM	Applied Research and Methods
BI	Business Intelligence Analytics
CAO	Chief Administrative Office(r)
CBP	Customs and Border Protection
CDC	Centers for Disease Control and Prevention
CEAR	Certificate of Excellence in Accountability Reporting
[the] Center	Center for Audit Excellence
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIO	Chief Information Officer
CMS	Centers for Medicare & Medicaid Services
CR	Congressional Relations
CRA	Congressional Review Act
CRO	Chief Risk Officer
CSAT	Customer Satisfaction (CSAT) survey
CSRS	Civil Service Retirement System
DATAAct	Digital Accountability and Transparency Act of 2014
DHS	Department of Homeland Security
DI	Disability Insurance
D&I	Diversity and inclusion
DM/ERMS	Document Management/Electronic Records Management System
DM&R	Deferred Maintenance and Repairs
DNI	Director of National Intelligence
DNP	Do Not Pay
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOL	Department of Labor
EHRI	Enterprise Human Resources Integration
EPDS	Electronic Protest Docking System
ERM	Enterprise Risk Management
ESC	Enterprise Services Center
ESF	Economic Support Fund
FAIS	Forensic Audits and Investigative Service
FASAB	Federal Accounting Standards Advisory Board
FCA	Facility Condition Assessment
FCC	Federal Communications Commission
FCI	Facility Condition Index
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees Group Life Insurance Program

FEHBP	Federal Employees Health Benefits Program
FEMA	Federal Emergency Management Agency
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FHA	Federal Housing Administration
FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FMS	Foreign Military Sales
FRA	Federal Railroad Administration
FTE	full-time equivalent
FVRA	Federal Vacancies Reform Act
FY	Fiscal Year
GAO	Government Accountability Office
GONE	Grants Oversight and New Efficiency [Act]
GPS	Global Positioning System
GPRA	Government Performance and Results Act, as amended
GPRAMA	GPRA Modernization Act of 2010
GSA	General Services Administration
HHS	Department of Health and Human Services
HOPD	Hospital outpatient department
HVAC	Heating, ventilation, and air conditioning
IC	Intelligence Community
ICD	Intelligence Community Directive
ID	Identification
IDC	INTOSAI Donor Cooperation
IFPTE	International Federation of Professional and Technical Engineers
IG	Inspector General
Interior	Department of the Interior
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IRS	Internal Revenue Service
IT	information technology
JIE	Joint Information Environment
LBFMS	Legislative Branch Financial Management System
LEAP	Law Enforcement Availability Pay
LLP	Limited Liability Partnership
MD&A	Management Discussion and Analysis
MILPERS	Military Personnel
MOU	Memorandum of Understanding
NASA	National Aeronautics and Space Administration
NBIB	National Background Investigations Bureau
NFC	National Finance Center
NIST	National Institute of Standards and Technology
ODNI	Office of the Director of National Intelligence
OGC	Office of General Counsel
OIG	Office of Inspector General

OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OO&I	Office of Opportunity and Inclusiveness
OPM	Office of Personnel Management
PAO	Program Analysis and Operations
PAR	Performance and Accountability Report
PMBOK	Project Management Body of Knowledge
PP&E	Property, plant and equipment
PPIA	Public Policy and International Affairs
PTC	Positive Train Control
RPS-AM	Results Phase System--Accomplishments Module
RSI	Required supplement information
SAI	Supreme Audit Institution
SAM	System for Award Management
SBA	Small Business Administration
SBTT	Strategic Business and Technology Transformation
SEC	Securities and Exchange Commission
SEP	Special Enrollment Period
SES	Senior Executive Service
SFFAS	Statement of Federal Financial Accounting Standards
SPR	Strategic Petroleum Reserve
SSA	Social Security Administration
State	Department of State
TIN	Taxpayer Identification Number
Treasury	Department of the Treasury
TSA	Transportation Security Administration
UCT	Unified communications tool
U.S.	United States
U.S.C.	United States Code
USCIS	U.S. Citizen and Immigration Services
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USPS	United States Postal Service
USPTO	U.S. Patent and Trademark Office
USSGL	United States Government Standard General Ledger
VA	Department of Veterans Affairs
VDI	Virtual Desktop Infrastructure
VHA	Veterans Health Administration
VTC	Video Conferencing
WMATA	Washington Metropolitan Area Transit Authority

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](#). See [Setting Performance Targets](#) for related information.

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

Results measures

Financial benefits

Definition and background

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.

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.

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.

Data sources

Our Results Phase System-Accomplishments Module (RPS-AM) 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 loaded into our data warehouse, which feeds official reports in our Business Intelligence Analytics (BI).

Verification and Validation

Our policies and procedures require us to use RPS-AM 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, are 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.

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 2018, APQA approved accomplishment reports covering almost 99 percent of the dollar value of financial benefits we reported.

In fiscal year 2018, 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 2018 reported financial benefits reflect the views of the independent reviewers.

Data limitations

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.

Other Benefits

Definition and background

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. 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.

Data sources

Our RPS-AM 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 loaded into our data warehouse, which feeds official reports in Business Intelligence Analytics (BI).

Verification and validation

We use RPS-AM 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.

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.

Data limitations

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.

Percentage of products with recommendations

Definition and background

We measure the percentage of our written reports and numbered correspondence issued in the fiscal year that included at least one recommendation. We make recommendations that specify actions that can be taken to improve federal operations or programs. We strive to ensure that recommendations are directed at resolving the cause of identified problems; that they are addressed to parties who

have the authority to act; and that they are specific, feasible, and cost effective. Some of our products are informational and do not contain recommendations.

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 PAR no longer includes in its calculation of percentage of products with recommendations those products that include Matters for Congressional Consideration but no recommendations to federal agencies. We did not recalculate the percentage of products with recommendations to exclude Matters for Congressional Consideration for years prior to fiscal year 2015, because such products account for a very small number of the products we issue annually and, therefore, would not have substantively changed the results for those years.

Data Sources

Our Publications Database incorporates recommendations from products as they are issued. The database is

Verification and validation

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.

Data limitations

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.

Past recommendations implemented

Definition and background

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 2018 implementation rate is the percentage of recommendations made in fiscal year 2014 products that were implemented by the end of fiscal year 2018). Our experience has shown that if a recommendation has not been implemented within 4 years, it is not likely to be implemented.

Beginning in fiscal year 2015, GAO's PAR no longer includes actions taken by the Congress based on GAO's Matters for Congressional Consideration in calculating past recommendations implemented. We did not recalculate the percentage of recommendations implemented to exclude Matters for Congressional Consideration for years prior to fiscal year 2015, because such products account for a very small number of the products we issue annually and, therefore, would not have substantively changed the results for those years.

Data sources

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.

Verification and validation

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 at least once a year. 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.

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.

Data limitations

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.

Client measures

Testimonies

Definition and background

The Congress asks GAO's senior executives to provide expert testimony at hearings on various issues, and these testimonies are the basis for this measure. Delivering testimonies is one of our most important forms of communication with the Congress, and the number of testimonies that we are asked to deliver reflect the importance and value of our institutional knowledge in assisting congressional decision making. Historically, when we have had multiple witnesses deliver separate testimony statements at a single hearing, we have counted these as a "single" testimony—effectively equating the number of hearings at which GAO testified with the number of testimonies we have delivered. In 2016, we modified this methodology to more fully account for the number of discrete testimonies that GAO's senior executives are asked to deliver in a given fiscal year. Specifically, when multiple senior executives are asked to testify on different aspects of GAO's work and deliver their own separate written testimony statements at a single hearing, we will count each testimony in the total count for the fiscal year. We did not recalculate the number of testimonies we delivered prior to 2016, because this situation occurs infrequently. However, we want to be positioned to fully report our testimony performance when it does occur. We will continue our practice of (1) not counting statements as separate when two GAO teams provide a joint statement and (2) not counting statements for the record when our witness does not appear.

Data sources

The data on testimonies are compiled in our Congressional Hearing System managed by staff in our Office of Congressional Relations (CR).

Verification and validation

The teams responding to requests for testimony are responsible for entering data into the Congressional Hearing System. After we have testified at a hearing, CR verifies that the data in the system are correct and records that the hearing took place and that the testimony was delivered. CR provides weekly status reports to unit managers, who check to make sure that the data are complete and accurate.

Data limitations

This measure does not include statements for the record that we prepare for congressional hearings. Also, this measure may be influenced by factors other than the quality of our performance in any specific year. The number of times that our senior executives are asked to testify at congressional hearings each year depends on the Congress's agenda, and the number of times we are asked to testify may reflect congressional interest in work in progress as well as work completed that year or the previous year. To mitigate this limitation, we try to adjust our target to reflect cyclical changes in the congressional schedule. We also reach out to our clients on a continuing basis to increase their awareness of our readiness to testify at congressional hearings.

Timeliness

Definition and background

The likelihood that our products will be used is enhanced if they are delivered when needed to support congressional and agency decision making. To determine whether our products are timely, we solicit feedback from the client using an electronic form. We compute the proportion of favorable responses to a question related to timeliness. Because our products often have multiple congressional clients, we often reach out 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 email message containing a link to the form. When this link is accessed, the form recipient is asked to respond to the timeliness question using a five-point scale—“strongly agree,” “generally agree,” “neither agree nor disagree,” “generally disagree,” or “strongly disagree”—or to choose “not applicable/no answer.” For this measure, favorable responses are “strongly agree” and “generally agree.”

Data sources

To identify the products that meet our criteria (testimonies and other products that are high interest or expected to reach 500 staff days or more), we run a query against our Publications Database, which is maintained by a contractor. To identify appropriate recipients of the form for products meeting our criteria, we ask the engagement teams to provide in our Product Numbering Database email 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 CR staff. This database then combines product, form recipient, and data from our CR staff and creates an email message with a

web link to the form. CR staff serve as the contacts for form recipients. The email message also contains an embedded client password and unique client identifier to ensure that a recipient is linked with the appropriate form. Our Client Feedback Database creates a record with the product title and number and captures the responses to every form sent back to us electronically.

Verification and validation

CR staff review released GAO products to check the accuracy of the addressee information in the Product Numbering Database. They also check the congressional staff directory to ensure that form recipients listed in this database appear there. In addition, our CR 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. Email messages that are inadvertently sent with incorrect email addresses automatically reappear in the form approval system. When this happens, CR staff correct the errors and resend the email message.

Data limitations

Testimonies and written products that met our criteria for this measure were sent a client survey form, representing about 64 percent of the congressionally requested written products we issued during fiscal year 2018. 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 23 percent, and 99 percent of those who responded answered the timeliness question. We received responses from one or more people for about 52 percent of the products for which we sent a form in fiscal year 2018.

People measures

New Hire Rate

Definition and background

This performance measure is the ratio of the number of people hired to the number we planned to hire. Annually, we develop a workforce plan that takes into account our strategic goals; projected workload changes; and other changes such as retirements, other attrition, promotions, and skill gaps. The workforce plan for the upcoming year specifies the number of planned hires. The Chief Operating Officer (CAO), Chief Administrative Officer, Deputy Chief Administrative Officer, Chief Human Capital Officer, and Controller meet monthly to monitor progress toward achieving the workforce plan. Adjustments to the workforce plan are made throughout the year, if necessary, to reflect changing needs and conditions.

Data sources

The Executive Committee approves the workforce plan. The workforce plan is coordinated and maintained by the Chief Administrative Officer (CAO). Data on accessions—that is, new hires coming on board—is taken from a database that contains employee data from the Department of Agriculture's National Finance Center (NFC) database, which handles payroll and personnel data for us and other agencies

Verification and validation

The 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 CAO, which allows them to monitor progress by unit in achieving workforce plan hiring targets. The CAO continually monitors and reviews accessions maintained in the NFC database against its database to ensure consistency and to resolve discrepancies.

Data limitations

There is a lag of one to two pay periods (up to 4 weeks) before the NFC database reflects actual data. We generally allow sufficient time before requesting data for this measure to ensure that we get accurate results.

Retention Rate

Definition and background

We continuously strive to make GAO a place where people want to work. Once we have made an investment in hiring and training people, we would like to retain them. This measure is one indicator that we are attaining that objective and is the complement of attrition. We calculate this measure by taking 100 percent minus the attrition rate, where attrition rate is defined as the number of separations divided by the average onboard strength. We calculate this measure with and without retirements.

Data sources

Data on retention—that is, people who are on board at the beginning of the fiscal year and people on board at the end of the fiscal year—are taken from a CAO database that contains some data from the NFC database, which handles payroll and personnel data for us and other agencies.

Verification and validation

CAO staff continually monitor and review accessions and attritions against their database that contains NFC data and follow up on any discrepancies. In fiscal year 2009, we developed standard operating procedures, which are still in effect, to document how we calculate and ensure quality control over data relevant to this measure.

Data limitations

See New hire rate, Data limitations

Staff Development

Definition and background

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 consists of over 100 questions and includes instructions and definitions to help ensure that employees do not misunderstand the questions. The survey is administered once a year to all of our employees who have been on board for about 2 months. It is administered by an outside contractor to ensure the confidentiality of every respondent. 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.

Staff were instructed to answer the questions in terms of their experiences in the last 12 months. To further ensure confidentiality, the contractor also analyzed the data in fiscal year 2018.

When we developed our People Measures, we used the job satisfaction question—Overall, I am satisfied with my job at GAO—which appeared on our annual employee survey. We calculated the correlation between this question and questions that comprise the four People Measures. We selected those questions with the highest correlation for each of these four People Measures.

Data sources

The Staff Development People Measure is based on staff's favorable responses to four of the seven questions related to staff development on our annual employee survey: (1) External training conferences; (2) On-the-job training that I received; (3) Help from my GAO mentor; (4) Help from my GAO buddy for newly hired employees; (5) I am given a real opportunity to improve my skills in my organization; (6) Internal (Learning Center) training courses; and (7) Team-led training and knowledge sharing events. Questions 1, 2, and 6 above had the highest correlation with job satisfaction so they were used to create the Staff Development People Measure. Because many teams were delivering training through team-led training and knowledge sharing events, question 7 was added to the Staff Development People Measure. Staff were asked to respond to these four questions on a five-point scale or choose "no basis to judge/not applicable" or "no response." For questions 1 and 2 the rating scale was very positive impact, generally positive impact, neither positive nor negative impact, generally negative impact, or very negative impact. The two positive impact choices were selected to determine the favorable responses. For questions 6 and 7, the rating scale was very greatly useful and relevant, generally useful and relevant, moderately useful and relevant, somewhat useful and relevant, and little or not useful and relevant. The three choices of very greatly, generally, and moderately useful and relevant were used to determine the favorable responses.

From staff who expressed an opinion, we calculated the percentage of staff selecting the favorable response across the four questions. Responses of "no basis to judge/not applicable" or "no response" were excluded from the calculation. While including "no basis to judge/ not applicable" or "no response" in the calculation would result in a different percentage, our method of calculation is an acceptable survey practice, and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions.

Verification and validation

The employee feedback survey gathers staff opinions on a variety of topics. The survey is password protected, and only the outside contractor has access to passwords. In addition, when the survey instrument was developed, extensive focus groups and pretests were undertaken to refine the questions and provide definitions as needed. In fiscal year 2018, our response rate to this survey was about 67 percent, which indicates that its results are largely representative of the GAO population. In addition, many teams and work units conduct follow-on work to gain a better understanding of the information from the survey.

Data limitations

The information contained in the survey is the self-reported opinions of staff expressed under conditions of confidentiality. Accordingly, there is no way to further validate those expressions of opinion.

The practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. These errors could result from, for example, respondents misinterpreting a question or data entry staff incorrectly entering data into a database used to analyze the survey responses. Such errors can introduce unwanted variability into the survey results. We took steps in

the development of the survey to minimize nonsampling errors. Specifically, when we developed the survey instrument, we held extensive focus groups and pretests to refine the questions and define terms used to decrease the chances that respondents would misunderstand the questions. We also limited the chances of introducing nonsampling errors by creating a web-based survey for which respondents entered their answers directly into an electronic questionnaire rather than having administrative staff enter the data into a database, thus eliminating a potential source of error.

Staff utilization

Definition and background

This measure is based on staff's favorable responses to three of six questions related to staff utilization in our annual employee survey: (1) My job made good use of my skills and abilities; (2) GAO provided me with opportunities to do challenging work; (3) My workload is reasonable; (4) I experienced multitasking in my work (multitasking is being significantly involved in more than one major concurrent work activity); (5) I experienced matrixing in my work (matrixing is when you are a significant contributor on work activities that cross organizational boundaries); and (6) In general, I was utilized effectively. When we developed our People Measures, we used the job satisfaction question—Overall, I am satisfied with my job at GAO—which appeared on our annual employee survey and calculated the correlation between this question and questions that comprised the People Measures. Questions 1, 2, and 6 above had the highest correlation in this section of the survey so they were used to create the Staff Utilization People Measure. Likewise, this question was used to select the questions that comprised the other three People Measures. Staff were asked to respond to these three questions that comprised the other three People Measures. Staff were asked to respond to these three questions on a five-point scale or choose “no basis to judge/not applicable” or “no response.” Question 3 was originally in the Organizational Climate section of the survey. It did not have the highest correlation with job satisfaction when the People Measures were developed. In 2015 question 3 was moved to the Staff Utilization section of the survey since it better fit with that topic. (For background information about our entire employee feedback survey, see [Staff development](#).)

Data sources

This measure is based on staff's favorable responses to three of six questions related to staff utilization on our annual employee survey: (1) My job made good use of my skills and abilities; (2) GAO provided me with opportunities to do challenging work; (3) My workload is reasonable; (4) I experienced multitasking in my work (multitasking is being significantly involved in more than one major concurrent work activity); (5) I experienced matrixing in my work; and (6) In general, I was utilized effectively. Questions 1, 2, and 6 above had the highest correlation with job satisfaction in this section of the survey so they were used to create the Staff Utilization People Measure.

Staff were asked to respond to these three questions on a five-point scale or choose “no basis to judge/not applicable” or “no response.” For these three questions, the rating scale was always or almost always, most of the time, about 1/2 of the time, some of the time, or never or almost never. The three choices of always, almost always, and most of the time were used to determine the favorable responses.

From staff who expressed an opinion, we calculated the percentage of staff selecting the favorable response across the three questions. Responses of “no basis to judge/not applicable” or “no response” were excluded from the calculation. While including “no basis to judge/not applicable” or “no response” in the calculation would result in a different percentage, our method of calculation is an

acceptable survey practice, and we believe it produces a better and more valid measure because it represents only those employees who have an opinion on the questions.

Verification and validation

See Staff development, Verification and validation.

Data limitations

See Staff development, Data limitations.

Effective leadership by supervisors

Definition and background

This measure is based on staff's favorable responses to 10 of 20 questions related to six areas of supervisory leadership on our annual employee survey. We correlated each of the questions with job satisfaction and selected those questions with the highest correlation. Specifically, our calculation included responses to 1 of 4 questions related to empowerment, 2 of 4 questions related to trust, all 3 questions related to recognition, 1 of 3 questions related to decisiveness, 2 of 3 questions related to leading by example, and 1 of 3 questions 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 response." 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

This measure is based on staff's favorable responses to 10 of 20 questions related to leadership by supervisors on our annual employee survey. These 20 questions were organized into six subgroups.

Empowerment: (1) Gave me the flexibility I needed to do my job effectively, (2) Gave me the authority to do my job effectively, (3) Gave me the opportunity to do what I do best, and (4) Encouraged my creativity and innovation.

Trust: (5) Treated me fairly, (6) Supported open and honest discussions/feedback with me, (7) Acted with honesty and integrity toward me, and (8) Made a sufficient effort to get my opinion and thinking.

Recognition: (9) Ensured that there was a clear link between my performance and recognition of it, (10) Gave me the sense that my work is valued, and (11) Provided me meaningful incentives for high performance.

Decisiveness: (12) Made decisions in a timely manner, (13) Set clear goals and priorities for me, and (14) Anticipated potential needs and problems and planned for them rather than reacting to them after the fact.

Leading by Example: (15) Demonstrated GAO's core values of accountability, integrity, and reliability; (16) Encouraged matrix management across organizational boundaries; and (17) Implemented change effectively.

Work/Life: (18) Respected and valued differences among individuals, (19) Dealt effectively with EEO and discrimination issues, and (20) Supported GAO's programs to balance my work and personal life.

Questions 3, 5, 7, 9, 10, 11, 12, 15, 17, 18 above had the highest correlation with job satisfaction so they were used to create the Leadership by Supervisors People Measure.

Staff were asked to respond to these 10 questions on a five-point scale or choose “no basis to judge/not applicable” or “no response.” For these 10 questions, the rating scale was always or almost always, most of the time, about 1/2 of the time, some of the time, and never or almost never. The two choices of always or almost always were used to determine the favorable responses.

From staff who expressed an opinion, we calculated the percentage of staff selecting the favorable response across the 10 questions. Responses of “no basis to judge/not applicable” or “no response” were excluded from the calculation. While including “no basis to judge/ not applicable” or “no response” 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. In addition, by excluding the “no basis to judge/not applicable” or “no response” in the calculation of the percentage favorable, our trend analysis would not be influenced simply because the amount being excluded changed.

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 9 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 five questions on a five-point scale or choose “no basis to judge” or “no response.”

Data sources

This measure is based on staff’s favorable responses to five of the nine questions related to organizational climate on our annual employee survey: (1) My peers make a positive impact on the work environment in my work unit; (2) A spirit of cooperation and teamwork exists in my work unit; (3) Communication in my work unit is effective; (4) I am treated fairly and with respect in my work unit; (5) My morale is good; (6) Sufficient effort is made in my work unit to get the opinions and thinking of people who work here; (7) In my work unit, creativity and innovation are encouraged; (8) I have sufficient resources (e.g., people, materials, budget, etc.) to get my job done; and (9) Overall, I am satisfied with my job at GAO. Questions 2, 4, 5, 6, and 9 above had the highest correlation with job satisfaction so they were used to create the Organizational Climate People Measure.

Staff were asked to respond to these five questions on a five-point scale or choose “no basis to judge/not applicable” or “no response.” For these five questions, the rating scale was strongly agree, generally agree, neither agree nor disagree, generally disagree, and strongly disagree. The two choices of strongly agree and generally agree were used to determine the favorable responses.

From staff who expressed an opinion, we calculated the percentage of staff selecting the favorable response across the five questions. Responses of “no basis to judge/not applicable” or “no response” were excluded from the calculation. While including “no basis to judge/ not applicable” or “no response” 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.

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, improve quality of work life, and IT tools

Definition and background

To measure how well we are delivering internal administrative services to our employees and identify areas for improvement, we conduct a web-based customer satisfaction survey. The survey asks employees 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. In 2018, as part of our continuing effort to learn about and address problems with internal services as quickly as possible, we administered the survey at two different times. We tested the approach last year and found it beneficial in promptly responding to staff suggestions. To conduct the survey twice, we divided the employee population into two groups using the last digit of their unique employee identification (ID) number. The February 2018 group included employees with IDs ending in an odd number and excluded anyone hired after October 1, 2017, since they had limited GAO experience. The August group included employees with IDs ending in an even number and excluded anyone hired after May 1, 2018. We undertook this strategy rather than a random selection approach because of the excessive burden of drawing samples and accounting for people who left and joined GAO during the year.

Data sources

These data come from our employees' responses to a web-based survey. To determine how satisfied our employees are with internal administrative services, we calculate composite scores for three measures and combine the responses from each of the two data collection periods. No weighting or other adjustments were made. The composite score 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 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 leave, building maintenance and security, and transit benefits. The third measure is for IT tools, such as our engagement management system, tools for working remotely, and the intranet. Employees were asked to rate only their satisfaction with services used during the past year, or to indicate if they did not use a service.

Verification and validation

The survey was administered by GAO's Web Product Development Group in the Applied Research and Methods 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 analyzed responses by self-reported demographic data such as unit, tenure, and location. Each unit responsible for administrative services will conduct follow-on work, including analyzing written

comments to gain a better understanding of the information from the survey and developing action plans to address problem areas.

Data limitations

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

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

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