FEDERAL FINANCIAL MANAGEMENT

Substantial Progress Made since the CFO Act of 1990 and Preliminary Observations on Opportunities for Enhancement

Statement of Gene L. Dodaro
Comptroller General of the United States

Accessible Version
Why GAO Did This Study

Prior to the enactment of the CFO Act, government reports found that agencies lost billions of dollars through fraud, waste, abuse, and mismanagement. These reports painted the picture of a government unable to properly manage its programs, protect its assets, or provide taxpayers with the effective and economical services they expected.

The CFO Act was enacted to address these problems—calling for comprehensive federal financial management reform. Among other things, the act established CFO positions, provided for long-range planning, and began the process of auditing federal agency financial statements. The act also called for integrating accounting and financial management systems and systematic performance measurement and cost information.

This statement is based on preliminary observations from GAO’s ongoing review of the federal government’s efforts to meet the requirements of the CFO Act. GAO reviewed federal financial management legislation, guidance, and reports. GAO also conducted interviews and a panel discussion with experts in federal financial management, and surveyed federal CFOs, inspectors general, and independent public accountants.

What GAO Found

The federal government has made significant strides in improving financial management since enactment of the Chief Financial Officers Act of 1990 (CFO Act). Substantial progress has occurred in areas such as improved internal controls, reliable agency financial statements, and establishment of chief financial officer (CFO) positions. To help ensure that the CFO Act achieves its full potential, there are several opportunities for enhancement.

**Standardize CFO and deputy CFO responsibilities across government.** The responsibilities assigned to CFOs vary among agencies. Uniform and effective responsibilities of CFOs would help enhance strategic decision-making and correct inconsistencies across government. In addition, deputy CFOs should have appropriate responsibilities in order to be better prepared to act for CFOs when there are vacancies.

**Prepare government-wide and agency-level financial management plans.** Since 2009, the Office of Management and Budget (OMB) has not prepared the annual 5-year government-wide plans that the CFO Act requires. Instead, OMB has provided information in the President’s Management Agenda, the U.S. government’s consolidated financial statements, and other documents. A complete and integrated government-wide financial management plan and supporting agency plans, prepared every few years, could help ensure continuity in direction and a more comprehensive understanding of gauging progress toward addressing financial management challenges across government.

**Better link performance and cost information for decision-making.** While agencies have made efforts in this direction, opportunities exist for agencies to better link performance and cost information to effectively make financial management decisions that are based on dollars allocated and results achieved.

**Develop a broader set of key selected financial management performance-based metrics.** Agencies currently have limited performance-based metrics to help them assess the quality of financial management and ensure that the federal government better manages and uses the resources entrusted to it.

**Rectify internal control issues in certain areas.** The federal government faces many internal control problems. For example, assessments continue to identify long-standing, as well as new, material weaknesses. Improper payments continue to be a long-standing internal control issue. And finally, material weaknesses continue to prevent GAO from rendering an opinion on the U.S. government's consolidated financial statements.

**Improve financial management systems.** The federal government has made unsuccessful efforts to implement new financial management systems at several agencies and spent billions of dollars on failed systems. Moreover, in fiscal year 2018, eight of 24 CFO Act agencies’ still did not substantially comply with federal systems requirements.

**Strengthen the federal financial management workforce.** With rapid changes, such as emerging technologies, it is critical for the government to identify and strategically plan for the future workforce.
Chairman Enzi, Ranking Member Sanders, and Members of the Committee:

Thank you for the opportunity to be here today to discuss the Chief Financial Officers Act of 1990 (CFO Act). As you know, effective federal financial management helps to ensure that taxpayer-provided and other acquired resources are safeguarded and used lawfully, efficiently, and effectively for the purposes intended. Since enactment of the CFO Act almost 30 years ago, the federal government has made significant strides in improving financial management. Today, I will highlight some of the most significant achievements and offer some preliminary observations on how federal financial management can be enhanced.

The information in this testimony is based on our ongoing review and analysis of relevant legislation; federal financial management guidance and reports; interviews and a panel discussion with experts in federal financial management; and results of GAO surveys to federal chief financial officers (CFO), inspectors general, and independent public accountants. See appendix I for details.

We performed the work on which this statement is based from October 2018 to October 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Prior to the enactment of the CFO Act, government reports found that agencies lost billions of dollars through fraud, waste, abuse, and mismanagement. These reports painted the picture of a government unable to properly manage its programs, protect its assets, or provide taxpayers with the effective and economical services they expected. Reported financial management problems included (1) unreliable financial


2We plan to issue a detailed report on federal financial management in 2020—30 years after the 1990 enactment of the CFO Act.
information driven by widespread weaknesses in agency internal controls over financial reporting and obsolete and inefficient agency financial management systems and (2) financial reporting practices that did not accurately disclose the current and probable future cost of operating, permit adequate comparison of actual costs among executive branch agencies, or provide the timely information required for efficient program management.

For example, in 1988, we reported on internal control problems such as the Department of Defense being unable to account for hundreds of millions of dollars in advances paid by foreign customers for equipment, weak controls permitting things such as over $50 million in undetected fraudulent insurance claims paid by the Federal Crop Insurance Corporation, millions of dollars in interest penalties because agencies paid 25 percent of their bills late, and over $350 million in lost interest because agencies paid their bills too soon.³

In 1990, Congress mandated financial management reform through enactment of the CFO Act. The CFO Act was the most comprehensive and far-reaching financial management improvement legislation enacted since the Budget and Accounting Procedures Act of 1950. The CFO Act established a Controller position at the government-wide level and a CFO position for each of the agencies identified in the act (referred to as the CFO Act agencies),⁴ provided for long-range planning, and began the process of preparing and independently auditing federal agency financial statements. The act aimed to strengthen internal controls, integration of agency accounting and financial management systems, financial reporting practices, and the financial management workforce. The act also called for systematic performance measurement and cost information.

As figure 1 shows, a number of other financial management reforms were subsequently enacted to help improve federal financial management, some of which I will briefly discuss in my statement today. A chronological list of statutes cited in this report and selected additional financial management reforms is included in appendix II.


⁴As amended, the list includes 24 federal entities and is codified in section 901(b) of Title 31, United States Code.
Substantial Progress Has Been Made toward Achieving the Purposes of the CFO Act

The federal government has made substantial progress toward improving financial management and achieving the purposes of the CFO Act. Table 1 highlights some of the progress that has been made.

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**Figure 1: Timeline of Selected Federal Financial Management Reform Legislation, 1990 through 2014**

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<thead>
<tr>
<th>Year</th>
<th>Legislation</th>
<th>Description</th>
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<tbody>
<tr>
<td>2002</td>
<td>Improper Payments Information Act of 2002 (IPIA)</td>
<td>Required agency heads to report improper payment estimates for programs found susceptible, based on a risk assessment.</td>
</tr>
<tr>
<td>2014</td>
<td>Digital Accountability and Transparency Act of 2014</td>
<td>Established government-wide data standards for spending data and aims to provide consistent, reliable, and searchable government-wide data.</td>
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Source: GAO analysis based on selected federal financial management reform legislation since the CFO Act. | GAO-20-203T
Table 1: Highlights of Progress in Federal Financial Management in Achieving the Purposes of the Chief Financial Officers Act of 1990 (CFO Act)

<table>
<thead>
<tr>
<th>Financial management area</th>
<th>Progress made</th>
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| **Leadership** | • A Controller position established at the government-wide level and a chief financial officer (CFO) position at each CFO Act agency.  
• The Office of Management and Budget (OMB) prepared several government-wide plans for reforming financial management and communicated its priorities in various documents.  
• OMB used its authority to direct federal financial management, issue guidance for federal agencies to modernize financial management systems, strengthen financial reporting and internal control, and reduce improper payments.  
• The Department of the Treasury (Treasury) developed and periodically updated guidance and tools to support federal financial reporting and developed a long-term vision of the future of federal financial reporting.  
• Agency CFOs took steps to develop and maintain agency accounting and financial management systems, reduced duplicative financial management systems, resolved audit findings, and supported agency audits.  
• The CFO Council undertook interagency initiatives on internal control, financial management systems, and grants reporting. |
| **Financial reporting** | • The Federal Accounting Standards Advisory Board (FASAB) was established in 1990 to develop federal government accounting standards; 57 standards have been issued to date. In 1999, FASAB was recognized by the American Institute of Certified Public Accountants as the standard setter for generally accepted accounting principles for federal government entities.  
• Twenty-two of 24 CFO Act agencies received unmodified (“clean”) audit opinions for fiscal year 2018, up from six in 1996.  
• Since fiscal year 1997, Treasury, in coordination with OMB, has annually prepared government-wide consolidated financial statements.  
• Since fiscal year 2004, OMB has required CFO Act agencies and agencies covered by the Accountability of Tax Dollars Act of 2002 to issue audited financial statements approximately 45 days after the close of the fiscal year. |
| **Internal control** | • Annual financial statement audits have helped to strengthen internal controls.  
• Material weaknesses in internal control have been significantly reduced.  
• Audits uncovered the significance of improper payments—cumulative estimates since implementation of the Improper Payments Information Act in fiscal year 2003 total $1.5 trillion.  
• Audits surfaced widespread information security weaknesses; legislation to address challenges has been enacted. |
| **Financial management systems** | • Agencies have made progress in modernizing aspects of their financial management systems.  
• Sixteen of 24 CFO Act agencies’ financial management systems substantially comply with systems requirements in the Federal Financial Management Improvement Act of 1996 in fiscal year 2018, up from four in fiscal year 1997, according to auditors.  
• Notable shared services successes—consolidating payroll services resulted in more than over $1 billion in cost savings and cost avoidance over 10 years, according to Office of Personnel Management (OPM) estimates.  
• In fiscal year 2019, OMB issued a policy that described the process and desired outcomes for shared services and established a governance and accountability model for achieving them. |
Leadership: OMB, Agency CFOs, and Treasury Have Provided Notable Financial Management Leadership

The centralized leadership structures envisioned by the CFO Act—a Controller position at the government-wide level and a CFO position at each CFO Act agency—have been established. OMB’s Deputy Director for Management and Office of Federal Financial Management, headed by the Controller and Deputy Controller, have led reform efforts by developing and periodically updating guidance and initiatives in areas such as financial management systems, auditing, financial reporting, internal control, and grants management.

The CFO Act also required OMB to submit to Congress, annually, a 5-year plan for improving financial management—mirrored in corresponding CFO Act agency plans. Among other things, the plan required a description of the existing financial management structure and changes needed; a strategy for developing adequate, consistent, and timely financial information; proposals for eliminating unneeded systems; identification of workforce needs and actions to ensure that those needs are met; a plan for the audit of financial statements of executive branch agencies; and an estimate of the costs for implementing the plan. The CFO Act also required annual financial management status reports government-wide and for executive branch agencies. From 1992 to 2009, OMB annually prepared comprehensive 5-year government-wide financial management plans.

Agency CFOs have significantly contributed to improvements in financial management. According to the survey we issued to CFOs and deputy CFOs, some of these improvements include advising executive leadership on financial management matters and direction for agency financial operations and professional financial management personnel; taking steps to develop and maintain financial management systems;
Financial Management

In addition to its activities under the CFO Act, the CFO Council periodically met to advise and coordinate activities and initiatives, including those related to internal controls, financial management systems, and enterprise risk management. OMB stated that the CFO Council is also working on a workforce plan.5

In addition, the Department of the Treasury (Treasury) made contributions to improving federal financial management. Among other things, Treasury has developed and periodically updated government-wide guidance and tools to support federal financial reporting; issued, in coordination with OMB, the Financial Report of the U.S. Government since fiscal year 1997, which includes the government-wide consolidated financial statements; and developed a long-term vision for improving federal financial management. In 2010, Treasury established the Office of Financial Innovation and Transformation, which identifies and facilitates the implementation of innovative solutions to help agencies become more efficient and transparent, and Treasury also issues an annual message to agency CFOs to set the direction and goals of federal financial management.

Financial Reporting: The Preparation and Audit of Financial Statements Have Provided Much-Needed Accountability and Transparency

In 1990, OMB, Treasury, and GAO jointly established the Federal Accounting Standards Advisory Board (FASAB) to develop and promulgate accounting standards and principles for financial reporting in the federal government. In 1999, FASAB was recognized by the American Institute of Certified Public Accountants as the standard setter for generally accepted accounting principles for federal government entities. FASAB has issued 57 statements of federal financial accounting standards (SFFAS) that provide greater transparency and accountability over the federal government’s operations and financial condition, including SFFAS 36, Comprehensive Long-Term Projections for the U.S.

5The CFO Council was established by the CFO Act, is headed by the Deputy Director for Management of OMB, and includes the Fiscal Assistant Secretary of the Department of the Treasury and each of the CFO Act agency CFOs.
Government, which requires the Statement of Long-Term Fiscal Projections as part of the government-wide consolidated financial statements. In addition, OMB, Treasury, and GAO have regularly provided guidance to agencies that improves transparency, consistency, and usefulness of financial reporting.

Agencies have significantly improved the quality and timeliness of their financial reporting since the enactment of the CFO Act. As expanded by the Government Management Reform Act of 1994 (GMRA) and the Accountability of Tax Dollars Act of 2002 (ATDA), federal law now requires every CFO Act agency and most other executive agencies to annually prepare audited financial statements no later than March 1—5 months after the end of the federal fiscal year. However, OMB has accelerated this due date for audited financial statements. For the first time, for fiscal year 2005, all CFO Act agencies completed their audited financial statements by November 15, approximately 45 days after the close of the fiscal year, compared to the 60–90 day requirement for public companies filing with the Securities and Exchange Commission.

For fiscal year 1996, the first year that all CFO Act agencies were required to prepare audited financial statements, six CFO Act agencies received an unmodified (“clean”) audit opinion on their respective entities’ financial statements, compared with 22 CFO Act agencies that received clean audit opinions for fiscal year 2018. Today, to demonstrate transparency and accountability to Congress and citizens, the CFO Act agencies make their annual performance reports and annual financial reports, which include audited financial statements, available on their

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7Initially, the CFO Act required CFO Act agencies to issue annual audited financial statements covering only revolving funds, trust funds, and other activities that performed substantially commercial functions. It also initiated pilot programs for audited statements covering the full scope of agency operations. GMRA built on this, requiring every CFO Act agency to annually prepare full-scope audited financial statements. ATDA further expanded this requirement, applying it to almost all executive agencies.

8Per Securities and Exchange Commission form 10-K, Annual Report Pursuant to Section 13 or 15d of the Securities Exchange Act of 1934, the filing requirements vary depending on the categorization of the public company.

9The 22 agencies include the Department of Health and Human Services, which received an unmodified (“clean”) opinion on all financial statements except the social insurance statements. The Department of Defense and the Department of Housing and Urban Development received disclaimers of opinion for fiscal year 2018.
websites. In addition, since fiscal year 1997, Treasury, in coordination with OMB, has annually prepared government-wide consolidated financial statements, which are available on Treasury’s website.\textsuperscript{10}

Substantial benefits have been achieved as a result of the preparation and audit of financial statements, which provide useful and necessary insight into government operations, including

- federal agency accountability to Congress and citizens, including independent assurance about the reliability of reported financial information;
- greater confidence to stakeholders (governance officials, taxpayers, consumers, or regulated entities) that federal funds are being properly accounted for and assets are properly safeguarded;
- an assessment of the reliability and effectiveness of systems and related internal controls, including identifying control deficiencies that could lead to fraud, waste, and abuse;
- a focus on information security;
- early warnings of emerging financial management issues; and
- identification of noncompliance with laws and regulations, which can present challenges to agency operations.

Our CFO survey respondents (18 of 23) agreed that preparation and audit of financial statements are greatly or moderately beneficial to federal agencies, noting that the financial audit process helped identify and eliminate material weaknesses in internal control, greatly strengthened internal control processes, and led to more discipline and integrity in federal accounting.

Continuation of annual agency financial statement audits is critical to maintaining accountability and sustaining financial management improvements. Also, independent assurance that financial management information included in agency financial statements is fairly stated is an important element of accountability and provides agency management, OMB, Treasury, Congress, and citizens with assurances that the information is reliable and properly accounted for.

Internal Control: Significant Improvements Have Been Made

A key goal of the CFO Act was to improve internal control to reasonably assure that the federal government’s financial management information is reliable, useful, and timely. Compared with 1990, internal control is markedly stronger. The number of material weaknesses in internal control over financial reporting—significant issues that create the potential for inaccurate financial information that would change or influence the judgment of a reasonable financial report user relying on the information—reported as part of financial statement audits has been significantly reduced. For fiscal year 2005, financial statement auditors reported no identified material weaknesses for only seven of 24 CFO Act agencies, based on their financial statement audits; by 2018, that number had doubled to 14.

In addition, auditors identified and agencies fixed thousands of internal control problems over the past 3 decades. Further, Treasury and OMB have addressed many of the internal control problems related to the processes used to prepare the U.S. government’s consolidated financial statements. However, some internal control problems are long-standing, complex, and not quickly resolved, such as accounting for transactions between federal agencies.

Annual financial statement audits also uncovered the significance of improper payments and prompted legislation to strengthen controls over improper payments. Agencies have made progress in estimating the amount of improper payments and implementing efforts to reduce them, but this remains an area of concern. We have reported improper payments as a material deficiency or weakness since the fiscal year 1997 initial audit of the U.S. government’s consolidated financial statements. For fiscal year 2018, 79 programs across 20 agencies reported estimated improper payments totaling about $151 billion. Since fiscal year 2003—when certain agencies were required to begin reporting estimated
improper payments—cumulative improper payment estimates have totaled about $1.5 trillion.\(^\text{11}\)

The annual financial statement audits, which include an assessment of information systems controls, surfaced widespread information security weaknesses. Since fiscal year 1997, we have reported information security as a material weakness in the audit of the U.S. government’s consolidated financial statements. We have also reported information security as a government-wide high-risk area since 1997.\(^\text{12}\) To address information security challenges surfaced by federal agency audits, Congress enacted the Federal Information Security Management Act of 2002 and its successor, the Federal Information Security Modernization Act of 2014. These laws require agencies to develop, document, and implement programs to provide security for the information and information systems that support agency operations and assets.

Financial Management Systems: Steps Have Been Taken to Improve the Government’s Systems

One key purpose of the CFO Act and of the Federal Financial Management Improvement Act of 1996 (FFMIA) that followed was to improve federal agencies’ financial management systems. FFMIA requires CFO Act agencies to maintain financial management systems that substantially comply with (1) federal financial management systems requirements, (2) applicable federal accounting standards, and (3) the U.S. Government Standard General Ledger at the transaction level. Agencies have improved their compliance with FFMIA requirements. For fiscal year 2018, auditors reported that 16 of 24 CFO Act agencies’ financial systems substantially comply with FFMIA’s systems requirements for fiscal year 2018, up from four agencies in fiscal year 1997.

\(^{11}\)For estimation purposes, “improper payment” is statutorily defined as any payment that should not have been made or that was made in an incorrect amount (including both overpayments and underpayments). OMB guidance also provides that when an agency’s review is unable to discern whether a payment was proper because of insufficient documentation or lack of documentation, this payment must also be considered an improper payment.

Federal agencies have taken steps to implement new financial systems. While progress has been made in modernizing financial management systems, we have previously reported that efforts to modernize financial management systems have often exceeded budgeted cost, resulted in delays in delivery dates, and did not provide the anticipated system functionality and performance.\(^\text{13}\) For example, one-half (12 of 24) of the CFOs and deputy CFOs who responded to our survey indicated that they still use old systems and use obsolete software or hardware to perform financial management responsibilities.

Some agencies have used migration of financial systems to external providers as part of their system modernization efforts, but others have experienced challenges in using shared services. For example, some CFO Act agencies have had difficulty in finding a provider with sufficient capacity and decided to modernize their financial system internally. Others that have attempted to move their financial system to a shared service provider failed to meet their cost, schedule, and performance goals.

The federal government also has taken action aimed at reducing duplicative efforts by increasing agencies’ use of shared services for commonly used computer applications—such as payroll or travel. Over the past 15 years, there have been some notable shared services successes. For example, consolidating payroll services resulted in more than $1 billion in cost savings and cost avoidance over 10 years, according to Office of Personnel Management (OPM) estimates. In April 2019, OMB issued Memorandum M-19-16 on shared services, which among other things described the process and desired outcomes for shared services and established a governance and accountability model for achieving them.\(^\text{14}\)

### Workforce: Steps Have Been Taken to Strengthen the Federal Financial Management Workforce

To help achieve the CFO Act’s purposes, the federal government established a financial management workforce structure, improving the


quality of the federal workforce. Since then, steps have been taken to strengthen the federal financial management workforce, including the following:

- In 2000, the CFO Council and OPM worked together to align qualifications standards for accounting, auditing, and budget competencies with emerging financial management position requirements.
- In 2002, Congress and the President enacted legislation to empower OPM to provide agencies with additional authorities and flexibilities to manage the federal workforce and created the chief human capital officer (CHCO) positions and the CHCO Council to advise and assist agency leaders in their human capital efforts.
- In 2011, OPM and the CHCO Council created a working group that identified critical skills gaps in six government-wide, mission-critical occupations, including that of auditor.
- In 2017, OPM published a regulation requiring each CFO Act agency to develop a human capital operating plan describing agency-specific skills and competency gaps that are selected for closure and the strategies that will be implemented.

Preliminary Observations on Opportunities for Enhancements to Fulfill the Purposes of the CFO Act

While substantial progress has been made, additional attention is needed in several areas to help fully achieve the vision of the CFO Act and, in doing so, improve and modernize federal financial management. Based on the preliminary results from our ongoing review, we have identified several opportunities for enhancements that could help ensure that the CFO Act reaches its full potential.15

1. To help ensure uniform responsibility, enhance strategic decision-making, and correct inconsistencies across government, amend

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15See app. III for a fuller discussion of the findings and analysis supporting these enhancements as well as two additional areas for improvements in federal financial management: internal control related to improper payments and the government-wide consolidated financial statements.
agency CFO’s statutory responsibilities to ensure that they include all of the responsibilities necessary to effectively carry out financial management activities. Currently, responsibilities vary across agencies and do not include all key responsibilities that CFOs should possess.

2. To help ensure continuity in agency financial management operations when CFO vacancies occur, establish appropriate statutory responsibilities for deputy CFOs. This would minimize the effects of inevitable turnover in CFO positions.

3. Based on the maturity of federal financial management, extend the reporting frequency of the government-wide and agency-level financial management plans from annually to at least every 4 years (with timing to match the Government Performance and Results Act reporting requirements). In addition to the current government-wide financial management plan requirements, the plans should include actions for improving financial management systems, strengthening the federal financial management workforce, and better linking performance and cost information for decision-making. The government-wide plan should also include key selected financial management performance-based metrics. It is our view that OMB and Treasury should consult with the CFO Council, the Chief Information Officer Council, the Council of the Inspectors General on Integrity and Efficiency, GAO, and other appropriate financial management experts in preparing the government-wide plan.

4. To provide more complete and consistent measurement of the quality of agencies’ financial management, require OMB to develop, in consultation with the CFO Council, key selected performance-based metrics to assess the quality of an agency’s financial management, and changes therein. Examples of potential metrics include the number of internal control deficiencies, the number of internal control deficiencies corrected during the year, and the number of Antideficiency Act violations. The metrics should be included in the government-wide and agency-level financial management plans discussed above and agencies’ performance against the metrics reported in the annual status reports. Also, consider requiring auditor

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16The Antideficiency Act prohibits agencies from obligating or expending in excess or in advance of an available appropriation unless otherwise authorized by law; accepting voluntary services for the United States, except in cases of emergency involving the safety of human life or the protection of property; and obligating or expending in excess of an apportionment, or in excess of the amounts permitted by agency regulation. 31 U.S.C. §§ 1341-42, 1349-52, 1511-19.
testing and reporting on the reliability of each agency’s reported performance against the metrics.

5. To reasonably assure that key financial management information that an agency uses is reliable, require agency management to (1) identify key financial management information, in addition to financial statements, needed for effective financial management and decision-making and (2) annually assess and report on the effectiveness of internal control over financial reporting and other key financial management information. Also, consider requiring auditor testing and reporting on internal control over financial reporting and other key financial management information.

We provided a draft of the progress and opportunities for enhancements to OMB, Treasury, and OPM. OPM provided technical comments. OMB and Treasury generally agreed with enhancements 1 and 2, regarding CFOs’ and deputy CFOs’ statutory responsibilities. OMB generally disagreed with enhancement 3, regarding preparation of government-wide and agency-level financial management plans, stating that developing government-wide plans poses an administrative burden and is no longer relevant in light of the current state of financial management. However, we believe that a complete and integrated government-wide plan could help to ensure continuity in direction and a comprehensive understanding of the status and financial management challenges across government. Eight of the 10 financial experts we interviewed stated that without a government-wide financial management plan, the government lacks a clear strategic direction and agency improvement efforts may not appropriately address government-wide priorities.

For enhancement 4, regarding performance metrics for agencies’ financial management, OMB generally disagreed, stating that it would be difficult to develop additional metrics that would apply to all agencies. We recognize the challenges in developing the metrics but continue to believe that a limited number of key metrics can be developed to effectively assess the quality of agencies’ financial management. For enhancement 5, regarding identifying key financial management information and assessing, reporting, and auditing internal control, Treasury generally agreed and OMB generally disagreed, noting that no action is needed and these controls are adequately addressed under existing initiatives and the enterprise risk management program contained in OMB guidance. We believe that a separate assessment is needed to reasonably assure that key agency financial management information used by the agency is reliable.
Chairman Enzi, Ranking Member Sanders, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

GAO Contacts and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Dawn B. Simpson, Director, Financial Management and Assurance, at (202) 512-3406 or simpsondb@gao.gov or Robert F. Dacey, Chief Accountant, at (202) 512-3406 or daceyr@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Phyllis Anderson (Assistant Director), LaDonna Towler (Assistant Director), Beryl Davis (Director), David Ballard, Jeremy Choi, Anthony Clark, Patrick Frey, Ryan Guthrie, Isabella Hur, Jason Kelly, Jason Kirwan, Chris Klemmer, Michael LaForge, Jill Lacey, Diana Lee, Christy Ley, Keegan Maguigan, Lisa Motley, Heena Patel, Matthew Valenta, Walter Vance, and William Ye.
Appendix I: Objectives, Scope, and Methodology

This testimony highlights some of the most significant achievements in federal government financial management since enactment of the Chief Financial Officers Act of 1990 (CFO Act) and some preliminary observations on how federal financial management can be enhanced. The information in this testimony is based on our ongoing review and analysis of relevant legislation; federal financial management guidance, such as Office of Management and Budget (OMB) circulars; reports on financial management issued by the Government Accountability Office (GAO), agency offices of inspector general, and others; summarization of interviews and a panel discussion with experts in federal financial management; and summarization of results of GAO surveys to federal chief financial officers (CFO), inspectors general (IG), and independent public accountants (IPA).

To obtain perspectives of agency personnel on federal financial management, we developed and administered two web-based surveys from May 22, 2019, through August 5, 2019. We administered one survey to 47 individuals from the CFO offices of the CFO Act agencies and included individuals holding the position of CFO, acting CFO, deputy CFO, or equivalent at these agencies as of May 1, 2019. Of the 47 individuals we surveyed, 24 individuals responded, which resulted in a 51 percent response rate. We administered the other survey to 53 individuals holding the position of IG, deputy IG, or counsel to the IG at the CFO Act agencies as of May 1, 2019, and an additional 24 IPAs who have performed financial statement audits for these agencies since fiscal year 2014. Of the 77 individuals we surveyed, 29 individuals responded, which resulted in a 38 percent response rate. Results of both surveys only represent the views of those individuals who responded to the surveys and may not be representative of all individuals from the CFO offices, IG offices, or IPA offices of the CFO Act agencies.

In May 2019, we hosted an expert meeting with the theme “CFO Act - Progress and Challenges.” When planning the meeting, we considered experts with a broad array of expertise. We had a total of eight experts participate, representing both the federal and private sectors. They included individuals who had served in auditing capacities and individuals...
who had represented federal entities being audited. Some experts were currently serving in their roles, and others had retired. Including experts with both present and past experiences helped to ensure an examination and discussion of the history of the CFO Act from its inception to the present. Topics for discussion included progress and challenges since enactment of the CFO Act, the role of the Department of the Treasury (Treasury) and OMB with regard to the act, and suggestions for improvements to financial management processes and systems. The meeting transcript was categorized by key points, including progress, challenges, OMB’s and Treasury’s roles, government-wide plans, financial management systems, shared services, leading practices, and proposed reforms or suggestions for improvements.


Appendix III: Opportunities for Enhancements to Fulfill the Purposes of the CFO Act

This appendix provides additional information on areas of opportunity to help fulfill the intended purposes of the Chief Financial Officers Act of 1990 (CFO Act), specifically, the following:

- Standardize chief financial officer (CFO) and deputy CFO responsibilities across government
- Prepare government-wide and agency-level financial management plans
- Better link performance and cost information for decision-making
- Develop a broader set of key selected financial management performance-based metrics
- Rectify internal control issues in certain areas
- Improve financial management systems
- Strengthen the federal financial management workforce

Standardize CFO and Deputy CFO Responsibilities across Government

The CFO Act provided agency CFOs with broad responsibilities for all financial management activities of their respective agencies, including financial management systems (including financial reporting and internal controls); agency financial management personnel, activities, and operations; preparation of financial statements; and monitoring of budget execution. The specific responsibilities assigned to CFOs vary among agencies and are inconsistent government-wide. We previously reported that CFO Act agencies need to ensure that CFOs possess the necessary authorities within their agencies to achieve change.¹ For instance,

because of the interdependency of the budget and accounting functions, some agencies have included both budget formulation and execution functions under the CFO’s authority while others have not.

Most financial experts we interviewed agreed and the CFO Council and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) reported that to allow for better strategic decision-making, CFO responsibilities should include budget formulation and execution, planning and performance, risk management and internal controls, financial systems, and accounting. Most experts agreed that standardizing the CFO portfolio across agencies would promote standardized financial management training and education and consistent skill sets across agencies, both at the executive and staff levels.

The CFO Council and CIGIE have identified turnover of agency CFOs, even during the same administration, as a significant challenge. They also stated that major financial management improvement initiatives can take years to fully implement and realize, often outlasting the average tenure of a political appointee to a CFO position. With frequent CFO turnover and potentially lengthy intervals between official appointments, long-term planning and leadership continuity can be affected because career deputy CFOs, who frequently serve as acting CFOs during CFO vacancies, do not always have the same breadth of responsibilities as CFOs. Deputy CFOs can be better prepared to act for CFOs when there are vacancies if appropriate responsibilities are established for deputy CFOs. In our survey to CFOs and deputy CFOs, 17 of 24 respondents stated that the deputy CFO position should include all, most, or many of the same responsibilities as the CFO position. Additionally, some respondents to our survey replied that it is important for the deputy CFO to be able to step into the CFO position should there be a vacancy. CIGIE also said that deputy CFOs should be sufficiently empowered with more standard responsibilities to ensure effective succession planning.

Prepare Government-Wide and Agency-Level Financial Management Plans

The CFO Act called for annual comprehensive government-wide 5-year plans for improving federal financial management. It also called for each agency CFO to annually prepare a plan to implement the government-wide plan prepared by the Office of Management and Budget (OMB). Moreover, it required annual government-wide and agency-level status
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reports. The OMB plans and status reports were to be submitted to Congress to enable comprehensive congressional oversight.

Since it issued the 2009 report, OMB has neither prepared nor submitted to Congress the annual 5-year government-wide plans as required by the CFO Act. Instead, OMB stated that it is meeting the intent of the requirement by providing information in the President’s Management Agenda (PMA), in the annual government-wide consolidated financial statements, and in documents placed on Performance.gov and the CFO Council’s website. For the consolidated financial statements, the information is included in a section in the Management’s Discussion and Analysis (MD&A) entitled Financial Management. This section discusses several of the priorities and accomplishments in financial management for the prior and current fiscal years and in some cases discusses goals for the next fiscal year.

In addition, according to OMB, financial management elements are being considered in implementing the 2018 PMA. The CFO Council, in coordination with OMB, has identified six financial management cross-agency priorities and is developing detailed plans for each. Two of these plans, results-oriented accountability for grants and getting payments right, have been completed and posted on Performance.gov. The others are being managed by executive steering committees comprising CFO Council–approved members. While the various MD&A Financial Management sections, the PMA, and other OMB documents contain relevant information about improvements in financial management, these documents do not provide a complete and integrated financial management strategy for making continued improvements and for reporting on the administration’s accomplishments in a comprehensive manner.

In 2019, OMB proposed eliminating the CFO Act requirement for a separate comprehensive plan, arguing that this change would provide it with flexibility to report information that is most relevant to financial management in a manner that is most efficient. However, having a complete and integrated financial management plan would help to

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2 The GPRA Modernization Act of 2010 added a requirement for agencies to include in their annual budget submissions a list of plans and reports that they have identified for elimination or consolidation because they are outdated or duplicative. The 5-year plan requirement, enacted by the CFO Act, has been included on this list and identified for elimination by the Executive Office of the President, of which OMB is a component.
address long-standing, costly, and challenging concerns in financial management in a strategic, comprehensive, efficient, and cost-effective manner. Eight of the 10 financial experts we interviewed stated that without a government-wide financial management plan, the government lacks a clear strategic direction and agency improvement efforts may not appropriately address government-wide priorities. To hold people accountable and facilitate congressional oversight, a complete and integrated financial management plan should include the resources required and measure progress through interim milestones with completion dates. Several experts also stated that they believe that a government-wide plan should be done every few years instead of annually, but that the status report could continue to be prepared annually. A complete and integrated government-wide financial management plan and supporting agency plans, prepared every few years, could help ensure continuity in direction and a more comprehensive understanding of gauging progress toward addressing financial management challenges across government.

Better Link Performance and Cost Information for Decision-making

The CFO Act calls for agencies to (1) develop and maintain integrated accounting and financial management systems that provide for, among other things, systematic measurement of performance and (2) develop and report cost information. While the Government Performance and Results Act of 1993 (GPRA) laid a foundation for results-oriented management, we found that agencies’ reported use of performance data to make decisions has generally not improved.³

While agencies have made efforts in this direction, opportunity exists to enhance the availability and reliability of performance and cost information, and better link this information for decision-making. One example of this is linking program performance to program cost. A number of agencies have implemented activity-based costing, which creates a cost model of an organization by identifying the activities performed, the resources consumed, and the outputs (products and services) that an organization produces. However, linking cost and

performance information for effective decision-making has been challenging.

Respondents to our CFO survey noted that agencies face challenges in (1) developing and maintaining an integrated agency accounting and financial management system (19 of 24 respondents), (2) developing and reporting cost information (19 of 24 respondents), and (3) having financial management systems that produce the needed financial data to help address agency performance goals (21 of 24 respondents). Agencies that lack readily available, reliable, and linked performance and cost information may not be able to effectively make financial management decisions that are based on dollars allocated and results achieved and thus may miss opportunities to reduce costs or enhance mission effectiveness.

Develop a Broader Set of Key Selected Financial Management Performance-Based Metrics

Agencies have limited financial management performance-based metrics (e.g., financial statement audit opinion and number of reported material weaknesses in internal control over financial reporting) to help them assess the quality of their financial management. A broader set of key selected financial management performance-based metrics can provide more complete analysis across the breadth of financial management functions. Examples of potential metrics include the number of internal control deficiencies, the number of internal control deficiencies corrected during the year, and the number of Antideficiency Act violations. Key selected financial management performance-based metrics, including identifying metrics in the government-wide and agency-level plans discussed above and reporting of agency performance against the metrics in the annual status reports, can help ensure that the federal government better manages and uses the resources entrusted to it. Also, auditor testing and reporting on each agency’s reported performance against the metrics can provide assurance that such information is reliable.

Rectify Internal Control Issues in Certain Areas

The CFO Act required CFOs to develop and maintain an integrated agency accounting and financial management system that provides for complete, reliable, consistent, and timely information prepared on a uniform basis and that responds to agency management’s financial
information needs. To ensure the reliability of financial information, agencies need effective internal controls. While agencies have made important progress in strengthening internal control, as noted earlier, the federal government faces many internal control problems. The following discusses three areas: assessing internal control over key financial management information, government-wide improper payments, and material weaknesses preventing an opinion on the U.S. government's consolidated financial statements.

Assessing Internal Control over Key Financial Management Information

Management may not have reasonable assurance that internal control over financial reporting and other key financial management information that the agency uses is reliable. Since fiscal year 1997, agency auditors’ assessments of the effectiveness of internal control over financial reporting have identified long-standing, as well as new, material weaknesses. As a result of new material weaknesses, a number of agencies have not been able to sustain “clean” audit opinions on their financial statements. In addition, continuing material weaknesses have hindered two CFO Act agencies, the Departments of Defense and Housing and Urban Development, and the government as a whole, from achieving clean audit opinions. For fiscal year 2018, auditors of CFO Act agencies reported a total of 41 material weaknesses.4

One key to strengthening internal control over financial reporting at federal entities has been OMB Circular No. A-123, which carries out OMB’s responsibility to provide guidelines for agencies to follow in evaluating their systems of internal control. In December 2004, OMB issued A-123, Appendix A, Internal Controls over Financial Reporting, which provided a methodology with which agency management could assess, document, and report on internal control over financial reporting. It emphasized management’s responsibility for establishing and maintaining effective internal control over financial reporting. Appendix A required CFO Act agency management to annually assess the adequacy

4A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
of internal control over financial reporting, provide a report on identified material weaknesses and corrective actions, and provide separate assurance on the effectiveness of the agency’s internal control over financial reporting. The CFO Council subsequently issued the Implementation Guide for Appendix A in 2005.

In 2018, OMB reported that since the issuance of OMB Circular No. A-123’s Appendix A, federal agencies have made substantial progress in improving their internal controls over financial reporting. OMB referred to this as a rigorous process for agencies to separately assess internal control over financial reporting.

Beginning in fiscal year 2018, however, OMB no longer requires such a process. On June 6, 2018, OMB issued an updated Appendix A, Management of Reporting and Data Integrity Risk. The revised Appendix A integrates internal control over reporting, along with internal controls over operations and compliance, in an overall assessment of the agency’s internal control. This reporting guidance includes internal control over financial reporting as well as over other financial and nonfinancial information. It also requires that agencies develop and maintain a data quality plan that considers the risks to data quality in federal spending data required by the Digital Accountability and Transparency Act of 2014 (DATA Act) and any controls that would manage such risks in accordance with OMB Circular No. A-123. Further, agency senior accountable officials are required to certify each quarter, among other things, that their data submissions under the DATA Act are valid and reliable. However, the appendix does not require a separate management assessment of internal controls over the reliability of federal spending data. As we previously reported, there are significant data quality problems related to the completeness and accuracy of DATA Act data.5

In addition, the Federal Financial Management Improvement Act of 1996 (FFMIA) requires CFO Act agencies and their auditors to determine whether agency financial management systems comply substantially with federal financial management systems requirements. However, such systems requirements are focused on preparing agency financial statements and do not generally include system requirements related to other key financial management information (e.g., performance

information and cost information) needed for management decision-making. We have expressed concerns about the adequacy of financial management systems requirements contained in the Treasury Financial Manual. In our survey of CFOs and deputy CFOs, most (20 of 24) respondents said that ensuring data quality of financial information was somewhat, very, or extremely challenging.

Without (1) identifying all key financial management information needed for effective financial management and decision-making, (2) separately assessing and reporting on the effectiveness of internal control over financial reporting and other key financial management information, and (3) independently assessing such controls, management may lack reasonable assurance of the reliability of such information.

**Government-Wide Improper Payments**

Improper payments have consistently been a government-wide issue, despite efforts to reduce them. Since fiscal year 2003, cumulative improper payment estimates have totaled about $1.5 trillion. Although agencies have made progress identifying and reducing improper payments, more work needs to be done to address this government-wide material weakness in internal control.

We continue to report, as a government-wide material weakness in internal control, that the federal government is unable to determine the full extent to which improper payments occur and reasonably assure that appropriate actions are taken to reduce them. OMB stopped reporting a government-wide improper payment estimate in fiscal year 2017. According to OMB, it stopped reporting a government-wide estimate because program-by-program improper payment data were more useful. However, we believe that the aggregation of improper payment estimates

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7Efforts to determine the full extent of improper payments are hindered by (1) risk assessments not accurately assessing improper payment risks, (2) programs determined to be risk-susceptible not reporting estimates, and (3) estimation methodologies not producing reliable estimates.

8From fiscal years 2003 through 2016, a government-wide estimate and error rate had been reported in financial reports based on the programs and activities that reported estimates.
is essential for transparency as without such the extent and magnitude of the government-wide improper payments is not readily available to key decision makers. As such, we support a key provision in the Payment Integrity Information Act of 2019—a bill which has passed the Senate—to require OMB to report a government-wide improper payment estimate amount. Implementing this provision would be a positive step in determining the overall progress the federal government is making in the improper payment area.

The federal government also needs to reasonably assure that agencies take appropriate actions to reduce improper payments. For example, in supplemental appropriations acts providing disaster relief funds in 2017 and 2018, Congress mandated an oversight framework for these funds by requiring federal agencies to submit internal control plans to Congress, based on OMB guidance. However, in June 2019, we reported that OMB lacked a strategy for ensuring that federal agencies provide sufficient, useful plans in a timely manner for oversight of disaster relief funds. As a result, we found that selected agencies did not submit their disaster aid internal control plans timely. The plans also lacked necessary information, such as how the selected agencies plan to meet OMB guidance and federal internal control standards. Such a strategy could help provide Congress some assurance that agencies will establish effective and efficient controls over disaster aid.

The federal government also needs to reasonably assure that states, local governments, and nonprofit organizations take appropriate actions to reduce their improper payments of federal funds. For example, OMB recently revised its compliance supplement for Medicaid to enable auditors, as part of the single audit of all federal financial assistance that a state received or administered, to test beneficiaries for eligibility for the program. If this expansion of the compliance supplement is successful for

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9S. 375, 116th Cong.

Medicaid, other federal programs that states, local governments, and nonprofit organizations administer may also benefit from such revisions.\textsuperscript{11}

**Material Weaknesses Preventing an Opinion on the U.S. Government’s Consolidated Financial Statements**

Since the federal government began preparing consolidated financial statements over 20 years ago, three major impediments have continued to prevent us from rendering an opinion on the federal government’s accrual-based consolidated financial statements over this period.

1. Serious financial management problems at the Department of Defense (DOD) have prevented its financial statements from being auditable. DOD’s strategy for achieving a clean opinion on its financial statements and improving overall financial management has shifted from preparing for audit readiness to undergoing financial statement audits and remediating audit findings. In a positive development, DOD underwent an audit of its entity-wide fiscal year 2018 financial statements, which resulted in a disclaimer of opinion issued by the DOD Office of Inspector General (OIG). The DOD OIG also reported 20 material weaknesses in internal control over financial reporting, contributing to its disclaimer of opinion.

   DOD has acknowledged that achieving a clean audit opinion will take time. However, it stated that over the next several years, the resolution of audit findings will serve as an objective measure of progress toward that goal. DOD will need to develop and effectively monitor corrective action plans to appropriately address audit findings in a timely manner. Partially in response to our recommendations, DOD recently developed a centralized database for tracking the audit findings, recommendations, and related corrective action plans.\textsuperscript{12}

2. While significant progress has been made over the past few years, the federal government continues to be unable to adequately account for intragovernmental activity and balances between federal entities. Federal entities are responsible for properly accounting for and

\textsuperscript{11}The Single Audit Act, 31 U.S.C. chapter 75, provides for either a program-specific audit or an organization-wide “single audit” of states, localities, and nonprofit entities that expend $750,000 or more of federal assistance annually. These audits encompass both financial and compliance components, and OMB publishes an annual Compliance Supplement to guide auditor compliance testing related to each major federal program.

reporting their intragovernmental activity and balances in their entity financial statements. When preparing the consolidated financial statements, intragovernmental activity and balances between federal entities should be in agreement and must be subtracted out, or eliminated, from the financial statements. OMB and the Department of the Treasury (Treasury) have issued guidance directing component entities to reconcile intragovernmental activity and balances with their trading partners and resolve identified differences. In addition, the guidance directs the CFOs of significant component entities to report to Treasury, their respective inspectors general, and GAO on the extent and results of intragovernmental activity and balance reconciliation efforts as of the end of the fiscal year.

3. The federal government has an ineffective process for preparing the consolidated financial statements. Treasury, in coordination with OMB, has implemented several corrective actions during the past few years related to preparing the consolidated financial statements. Corrective actions included improving systems used for compiling the consolidated financial statements, enhancing guidance for collecting data from component entities, and implementing procedures to address certain internal control deficiencies. However, the federal government’s systems, controls, and procedures were not adequate to reasonably assure that the consolidated financial statements are consistent with the underlying audited entity financial statements, properly balanced, and in accordance with U.S. generally accepted accounting principles.

Further, significant uncertainties, primarily related to achieving projected reductions in Medicare cost growth, and a material weakness in internal control prevented us from expressing an opinion on the sustainability financial statements.\(^\text{13}\)

We, in connection with our audits, and agency auditors, in connection with their audits, have identified numerous deficiencies underlying the above weaknesses and have provided recommendations for corrective action.

\(^\text{13}\)The sustainability financial statements are based on projections of future receipts and spending for the federal government as a whole and for the social insurance programs, while the accrual-based consolidated financial statements are based on historical information, including the federal government’s assets, liabilities, revenue, and net cost.
Improve Financial Management Systems

The federal government has made unsuccessful efforts to implement new financial management systems, most notably at DOD, the Internal Revenue Service, the Department of Homeland Security, and the Department of Housing and Urban Development—which have spent billions of dollars on failed systems. We have reported that the executive branch has undertaken numerous initiatives to better manage the more than $90 billion that the federal government annually invests in information technology (IT).\textsuperscript{14} However, we reported that federal IT investments too frequently fail or incur cost overruns and schedule slippages, while contributing little to mission-related outcomes.\textsuperscript{15} These investments often suffered from a lack of disciplined and effective management, including inadequate project planning, clearly defined requirements, and program oversight and governance. In 2015, we added the government’s management of IT acquisitions and operations to our High-Risk List, where it remains in 2019.

In fiscal year 2018, eight of 24 CFO Act agencies’ financial management systems still did not substantially comply with FFMA’s systems requirements. Moreover, a number of agencies rely on critical legacy systems that use outdated languages, have unsupported hardware and software, and are operating with known security vulnerabilities. We previously reported that some agencies have not established complete modernization plans and face an increased risk of cost overruns, schedule delays, and project failure.\textsuperscript{16} In addition, most respondents to our CFO survey (15 of 24) stated that it has been extremely, very, or somewhat challenging to work with financial management systems that are old and use obsolete software or hardware.

Efforts to promote greater use of shared services in certain areas, such as human resources and financial management activities, resulted in some cost savings and efficiency gains, but challenges (e.g., implementation weaknesses, project scheduling, and project management and costs) impede widespread adoption. Almost all


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respondents to our CFO survey (22 of 24) indicated that they currently use or plan to use shared services. Most of those respondents (16 of 24) believed that use of shared services could help reduce costs. As noted above, in April 2019, OMB issued Memorandum M-19-16 on shared services, which among other things described the process and desired outcomes for shared services and established a governance and accountability model for achieving them. Also, OMB stated that, building off of OMB’s and Treasury’s efforts to create a Quality Service Management Office for Financial Management, they are establishing a more centralized approach to standardize, consolidate, and automate agency financial systems.

A government-wide plan for improving federal financial management systems, including shared services, that is incorporated into the government-wide and agency-level plans discussed above could help ensure, among other things, that financial management system problems are addressed.

Strengthen the Federal Financial Management Workforce

Insufficient numbers of staff, inadequate workforce planning, and a lack of training in critical areas create gaps between what the federal government needs and the skills federal employees have. We have made a number of recommendations toward achieving a federal workforce with the necessary skills, including in financial management. In a 2007 testimony, we reported that one key challenge to strong federal financial management is building a financial management workforce for the future. This holds true today.

Our CFO survey respondents (14 of 24) noted that CFO Act agencies do not have all of the staff with the professional qualifications, capabilities, and expertise needed to effectively support financial management operations and practices. With rapid changes, such as emerging technologies and growing availability of data, it is critical for the government to identify and strategically plan for the future workforce to achieve effective financial management. A comprehensive, long-term plan to address the challenges in the federal financial management workforce that is incorporated into the government-wide and agency-level

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plans discussed above could help ensure that agencies are held accountable for a long-term vision of attracting and retaining a workforce that maintains the professional qualifications, capabilities, and expertise that will meet current and future needs.
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