

SERVING CONGRESS AND THE NATION



# Performance and Accountability Report

## Fiscal Year 2019

# 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.

## GAO 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

Source: GAO. | [www.gao.gov](http://www.gao.gov)

## 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.

Source: Comstock. | GAO-20-1SP

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\*Note: Considered Required Supplementary Information.

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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 (GAO) performance measures, results, and accountability processes for fiscal year 2019 (October 1, 2018 through September 30, 2019). 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 2019. 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 2019 and the targets we are aiming for in fiscal year 2020. It also includes a summary of our program evaluation for fiscal year 2019.

## Financial Information

This section includes details on our finances in fiscal year 2019, 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.

# A Fiscal Year 2019 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 \$1.1 trillion dollars in financial benefits and more than 23,000 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 2019:

–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 \$214.7 billion in financial benefits—a return of about \$338 for every dollar invested in GAO.

–GAO also identified 1,418 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 163 reports, 44 testimonies, \$170.8 billion in financial benefits, and 710 other benefits.

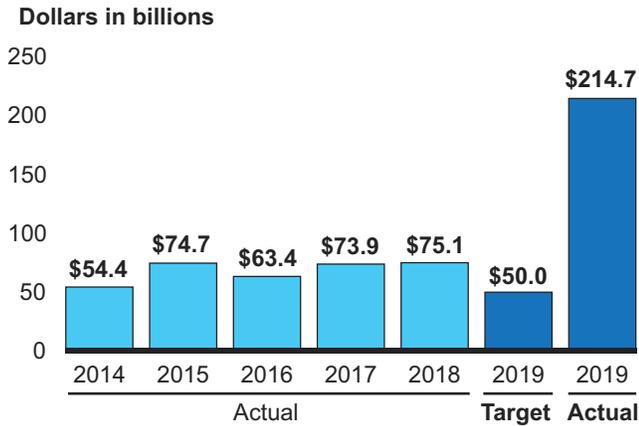
–GAO received requests for work from 90 percent of the standing committees of the Congress.

–Senior GAO officials were asked to testify 97 times on a wide range of issues that touched virtually all major federal agencies.

–GAO was again recognized as one of the best places to work in the federal government. In December 2018, the Partnership for Public Service ranked GAO as fourth among mid-size federal agencies as a “best place to work” and first for diversity efforts.

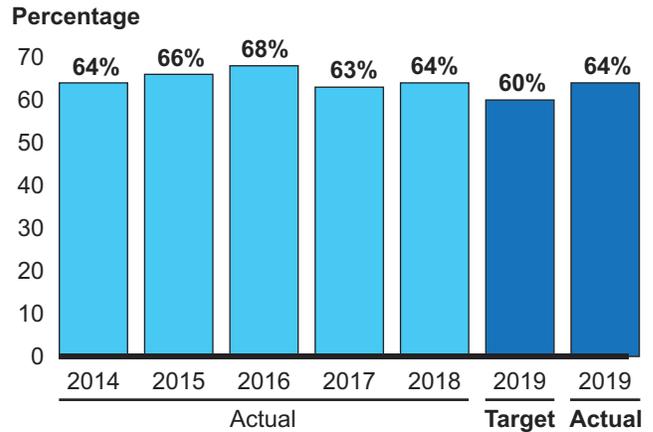
**Accountability ★ Integrity ★ Reliability**

**Figure 1: Financial Benefits GAO Recorded**



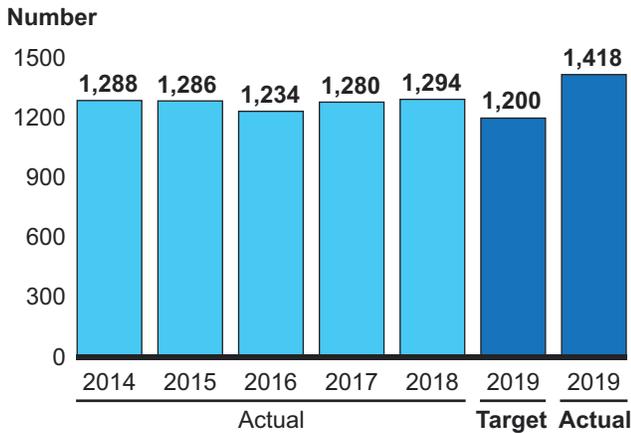
Source: GAO. | GAO-20-1SP

**Figure 4: Percentage of New Products with Recommendations**



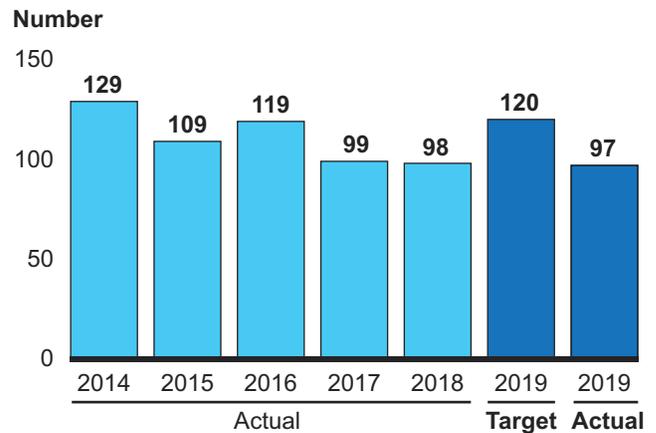
Source: GAO. | GAO-20-1SP

**Figure 2: Other Benefits**



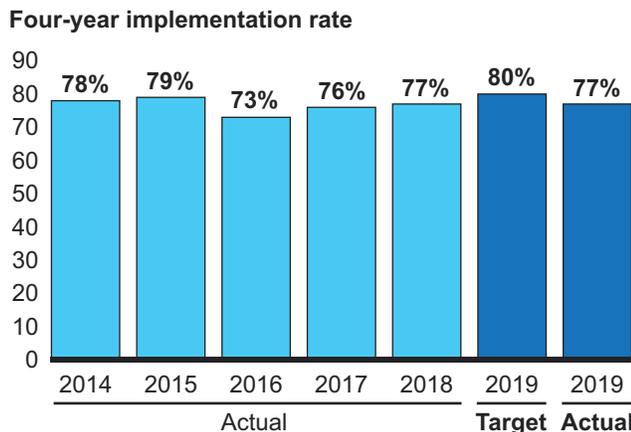
Source: GAO. | GAO-20-1SP

**Figure 5: Testimonies**



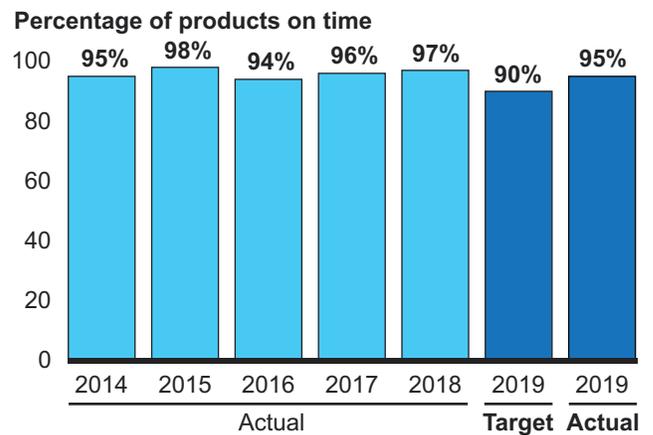
Source: GAO. | GAO-20-1SP

**Figure 3: Percentage of Past Recommendations Implemented**



Source: GAO. | GAO-20-1SP

**Figure 6: Timeliness**



Source: GAO. | GAO-20-1SP

Note: See [Part I](#) for further details on these results; and [Part V](#) for detailed information on data sources used to assess each measure, steps taken by independent reviewers, and steps taken to verify and validate the data.

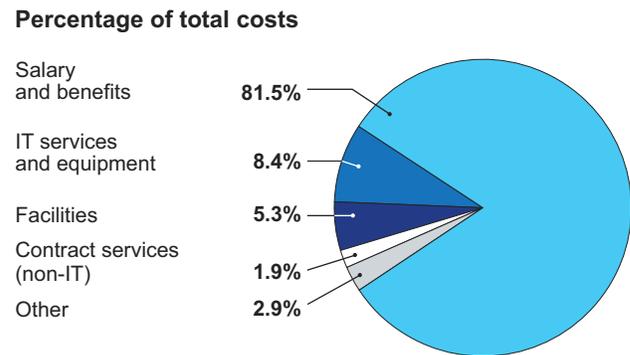
Figure 7: GAO Reporting Summary

	Fiscal Year 2019	Fiscal Year 2018
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

Source: GAO. | GAO-20-1SP

Note: The Governmentwide TAS ATB System, commonly referred to as GTAS, is a system used by agencies to report budget execution information and proprietary financial reporting information to the Department of the Treasury.

Figure 8: Use of Fiscal Year 2019 Funds by Category



Source: GAO. | GAO-20-1SP

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

	Fiscal Year 2019	Fiscal Year 2018
Total Assets	\$161.7	\$160.9
Total Liabilities	\$89.8	\$81.7
Total Net Position	\$71.9	\$79.2
<b>Net Cost of Operations by Goal</b>		
Goal 1: Well-being / Financial Security of American People	\$230.3	\$222.8
Goal 2: Changing Security Threats / Challenges of Global Interdependence	196.3	151.8
Goal 3: Help Transform the Federal Government to Address National Challenges	148.6	144.1
Goal 4: Maximize the Value of GAO	14.0	14.9
Other Costs in Support of the Congress	62.0	49.4
Reimbursable services not attributable to above cost categories	(13.1)	(14.0)
<b>Total Net Cost of Operations</b>	<b>\$638.1</b>	<b>\$569.0</b>
Actual full-time equivalents (FTE)	3,161	3,015

Source: GAO. | GAO-20-1SP

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.



Source: Corbis. | GAO-20-1SP

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

The federal government remains on an unsustainable long-term fiscal path due to a structural imbalance between revenue and spending. Addressing this imbalance will require policy changes in the near term to enhance economic growth and address national priorities, combined with a long-term fiscal plan.

We will continue to provide the Congress with near-term options for improving the nation's fiscal health and opportunities to bring revenue more in line with spending over the long term. Based on congressional interest, we also plan to focus our work on several other critical areas.

#### Impacts of Evolving Science and Technology

Rapid advances in technology and science play an increasingly important role in our society and hold the potential to affect our nation's economic competitiveness, security, and well-being. The scope and pace of these advances also test the government's and the Congress's ability to assess them, including their policy and program implications.

The Congress enlisted our help to address this challenge. We established a new Science, Technology Assessment, and Analytics team in January 2019. This team positions us to continue and expand our focus on rapidly evolving science and technology issues.

This team's future work will provide further insight and foresight into the implications of artificial intelligence, 5G wireless

communication, regenerative medicine, digital ledger technologies like Blockchain, and more. Our readiness assessments will provide insight into complex military and security technologies. We will also expand our oversight work of federal science and technology investments.

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

Increasingly sophisticated threats and frequent cyber incidents underscore the continuing and urgent need for effective information security. Our work will continue to include (1) the security of federal information systems, including key agencies' capabilities for preventing and addressing security incidents; (2) the cybersecurity of critical infrastructure, such as financial markets, telecommunications, and the electricity grid; and (3) the security of taxpayer and consumer information.

We will also continue to assist the Congress with (1) overseeing and transforming the Department of Defense's (DOD) ongoing efforts to balance current operational deployments with fulfilling the full spectrum of future military needs; and (2) improving how the federal government manages health care programs to control rising costs, prevents and responds to infectious disease outbreaks, and curbs the nation's opioid epidemic, among other priorities.

In 2020 and beyond, GAO looks forward to assisting the Congress with addressing the nation's most important challenges.

SERVING CONGRESS AND THE NATION



# Introduction



Source: Brand X Pictures. | GAO-20-1SP

## From the Comptroller General

November 19, 2019

I am pleased to present GAO's Performance and Accountability Report for fiscal year 2019. 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. The results we achieved this year demonstrate our unwavering commitment to this mission.

**Financial Benefits:** In fiscal year 2019, we documented a record \$214.7 billion in financial benefits for the government—a return of about \$338 for every dollar invested in us. Our average return for the past five years is about \$171 to \$1. We have also reached a return of at least \$100 to \$1 for seven of the past eight years. Examples of our financial benefits for this year included contributing to the (1) reductions in DOD's procurement costs for weapon systems acquisitions (\$136.1 billion); (2) reductions in the Department of Education's (Education) cost estimates for student loans (\$24.2 billion); and (3) improvement in the Internal Revenue Service's (IRS) efforts to combat identity theft refund fraud (\$900.2 million). These examples are discussed further in Part 1.

**Legislative Impacts:** In fiscal year 2019, the Congress used GAO's work to inform key legislative decisions. Examples linked directly to GAO's work include:

- The Consolidated Appropriations Act, 2019. Based on GAO's work, the Congress directed
  - The Department of Veterans Affairs (VA) to (1) modernize and improve its appeals process; (2) improve the accuracy and fairness of Gulf War Illness claims; and (3) retrofit facilities to better care for women veterans;

- DOD to (1) mitigate the effects of flooding on roads and infrastructure on domestic installations vital to military operations; and (2) improve oversight of its global real property portfolio; and
- The Department of Energy (DOE) to (1) better account for fraudulent spending or other improper payments; and (2) improve contract auditing and tracking of meaningful data on fraud, waste, and abuse in its contracts.
- The Federal Aviation Administration (FAA) Reauthorization Act of 2018 (October 2018): Reflecting our work, the Congress directed the Secretary of Transportation to create an advisory council to review options for improving disclosure of charges for air medical services.
- The Taxpayer First Act: Also reflecting our work, the Congress (1) directed the Commissioner of the IRS to improve IRS's efforts to verify a taxpayer's identity and help prevent identity theft refund fraud; and (2) required the IRS to develop a comprehensive customer service strategy and protect IRS whistleblowers against employer retaliation.

Other Benefits: Many other benefits resulting from our work cannot be measured in dollars but lead to program and operational improvements. In fiscal year 2019, we recorded 1,418 of these other benefits. For example, our work on **public safety and security**:

- Led the Congress to establish grant programs to test for and remediate sources of lead in school drinking water, including replacing old water fountains;
- Spurred awareness and wide-ranging discussions on weapon system cybersecurity vulnerabilities based on our work. We found that (1) DOD's major weapon systems in development routinely had mission-critical cybersecurity vulnerabilities, and (2) DOD testers took control of them using relatively simple tools and techniques; and
- Helped prompt the Congress to hold hearings on how best to protect consumers' internet privacy in the wake of several high-profile incidents where consumers' personal data were improperly shared over the internet. Based on our work, we suggested that the Congress consider developing comprehensive legislation to better protect consumers.

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

- Led VA's Veterans Health Administration (VHA) to issue a suicide prevention media and outreach management standard operating procedure—outlining its oversight structure, including roles and responsibilities, to help ensure continuity of its suicide prevention efforts;
- Prompted the Congress to include provisions in the Every Student Succeeds Act to improve outcomes for children in foster care by requiring (1) state and local education agencies to collaborate with child welfare agencies to help ensure school stability for these children, and (2) local education agencies to provide and fund transportation to keep them in their original schools; and
- Led the Indian Health Service—which provides health care to American Indians and Alaskan Natives via its Purchased/Referred Care Program—to (1) clarify how it estimates

program needs, and (2) revise its policy to require staff to notify their Area Office when funds are insufficient or depleted and there is a continued need for services.

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

- Led the Congress to include provisions in the Senate and House bills for the National Defense Authorization Act for 2020 to centralize space leadership by creating a new military service dedicated to space and in support of U.S. Space Command operations—addressing our longstanding findings that fragmentation and overlap in DOD space acquisition management has contributed to program delays and cancellations, cost increases, and inefficient operations;
- Prompted the U.S. Citizenship and Immigration Services to improve the tools used by its asylum officers to help them better distinguish between applications that comply with law and those that do not. Applications are generally submitted by people who have been persecuted or fear persecution in their own countries and seek refuge in the United States; and
- Led the Census Bureau to fully implement 79 of 107 recommendations we have made over the past decade to address serious concerns about the bureau’s ability to conduct a secure and cost-effective count of the nation’s population—a high-risk area since 2017.

Building Bodies of Knowledge: Through the products issued this year, we continued to build on bodies of work related to our three broad strategic goals to (1) address current and emerging challenges to the well-being and financial security of the American people, (2) help 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 and students.** We reported on the need to improve (1) how the Department of Homeland Security (DHS) transfers children separated from their parents at the border to the Department of Health and Human Services (HHS)—to help speed identification of these children and reunification with their parents; (2) the accuracy of federal data on the restraint and seclusion of students in K-12 educational settings; and (3) information on how low-income college students can access federal food assistance on the Food and Nutrition Service’s website and from state agencies.
- **Veterans.** We reported on the need for (1) the Veterans Benefits Administration to improve the data it has on whether contractors who conduct disability compensation medical exams are meeting the agency’s quality and timeliness targets; (2) VA to establish goals and measures to better oversee the conditions at its health care facilities, which serve about 9 million veterans; and (3) VA to improve the website it uses to provide veterans with information on their nursing home care options.
- **Health care.** We reported on the need to (1) better ensure that children eligible for Medicaid are receiving recommended health screenings; (2) improve oversight of nursing homes to protect residents from abuse; and (3) address challenges state and local officials face in helping children affected by trauma.
- **Technology and science.** Per congressional request, we established a Science, Technology Assessment, and Analytics (STAA) team in January 2019—(1) reorganizing our existing science and technology functions into a single team; (2) bolstering our

expertise through targeted hiring in nuclear science, biological/life science, aerospace engineering, and computer science/advanced analytics; and (3) launching a new product line—Science and Tech Spotlights, which distill complex issues into a brief format. We issued four such products on: (1) probabilistic genotyping software, which estimates how likely it is that genetic material in a sample is linked to a person of interest; (2) opioid vaccines, which could block drugs from entering the central nervous system; (3) hypersonic weapons—expected to fly five times the speed of sound and be extremely difficult to defend against; and (4) Blockchain and distributed ledger technologies, which securely transfer digital assets without management by a central authority.

We also formally launched our Center for Strategic Foresight to enhance our ability to identify, monitor, and analyze critical emerging issues confronting policymakers. Specifically, we convened experts to explore (1) the management of space policy by government and the private sector, and (2) the growing use worldwide of “deep fake” synthetic media to manipulate online and real-world interactions. Collectively, these efforts continue to position us to provide the Congress with high-quality, independent, expertise across a range of trend areas to include science and technology.

- **Disaster Reform and Recovery.** We issued 18 products and made 52 recommendations in four key areas: (1) Puerto Rico and U.S. Virgin Islands, including the status of the Federal Emergency Management Agency’s (FEMA) funding, oversight, and recovery challenges; (2) Disaster Response, including the need for FEMA and the American Red Cross to include key mass care organizations in coordination and planning efforts and for HHS to address deficiencies highlighted by recent hurricanes, such as insufficient staffing at emergency operations centers; (3) Disaster Assistance, including addressing our finding that some individuals who are older or have disabilities may have faced challenges registering for and receiving assistance from FEMA and its nonfederal partners; and (4) Disaster Contracting, including the need for FEMA to strengthen how it plans, coordinates, and tracks its contracts. We also had 23 disaster-related audits underway at year end.

Moreover, the Disaster Recovery Reform Act of 2018 (October 2018) based in part on our work, directed FEMA to (1) develop a National Public Infrastructure Pre-Disaster Mitigation fund to allow for a greater investment in building pre-disaster resilience; (2) reconsider how it evaluates a jurisdiction’s request for a major disaster declaration; and (3) update the Congress on its development of a national preparedness assessment and efforts to avoid duplication across preparedness grants.

- **Expanding our Focus on Cybersecurity.** In fiscal year 2019, our Information Technology and Cybersecurity team hired 32 new information technology/cybersecurity experts—positioning us to expand our body of work in this area. Our work identified cybersecurity vulnerabilities in areas including weapon system acquisitions, the 2020 U.S. Census, and information systems at the 23 civilian agencies covered by the Chief Financial Officers Act of 1990. Given the 2017 Equifax data breach and the potential for fraud, we also (1) reviewed the federal government’s reliance on commercial consumer reporting agencies to help verify the identities of people who apply for benefits online; (2) identified alternative verification methods; and (3) recommended that the National Institute for Standards and Technology (NIST) issue related guidance.

- **High risk areas.** In March 2019, we issued the biennial update of our High Risk Report to focus attention on government operations that are vulnerable to fraud, waste, abuse, and mismanagement or need transformation—offering solutions to 35 high-risk problems. Financial benefits to the federal government due to progress in addressing high-risk areas over the past 13 years (fiscal years 2006 through 2018) totaled nearly \$350 billion—averaging about \$27 billion per year. Since our 2017 report, seven areas improved, three regressed, two had mixed progress, and the balance were largely unchanged.

Two areas made significant progress and we removed them from our High Risk List: (1) DOD Supply Chain Management, based on DOD’s progress on seven actions, including improvements in asset visibility and materiel distribution that eliminated \$82 million in costs within the supply chain through fiscal year 2019—better ensuring that war fighters receive the supplies they need, when they need them; and (2) Mitigating Gaps in Weather Satellite Data, based on the National Oceanic and Atmospheric Administration’s (NOAA) launch of a new satellite in 2017 that provides advanced weather data and forecasts and planned actions by DOD. In 2018, we added the Personnel Security Clearance Process, before our biennial update, because it faced significant challenges with (1) processing clearances in a timely manner, (2) measuring investigation quality, and (3) ensuring information technology (IT) security. In 2019, we added VA Acquisition Management, given our finding that it faced seven contracting challenges—including outdated acquisition regulations and policies. This year, our high-risk work yielded 163 reports, 44 testimonies, \$170.8 billion in financial benefits, and 710 other benefits.

- **Fragmentation, overlap, and duplication.**

Our 2019 annual report identified 98 new actions in 28 new areas (and 11 existing areas) that could reduce fragmentation, overlap, and duplication, or provide other cost savings and revenue enhancement opportunities across the federal government. Significant progress has been made in addressing many of the 805 actions that we identified from 2011 to 2018 to reduce costs, increase revenues, and improve agency operations. As of March 2019, the Congress and executive branch agencies had fully addressed 436 (54 percent) and partially addressed 185 actions (23 percent) of these 805 actions—yielding about \$216 billion in financial benefits between 2010 and 2018, with \$46 billion more projected in the future. This work has also led to key other (non-financial) benefits, including (1) identifying and addressing skills gaps in mission-critical occupations at the IRS, and (2) providing active duty service members, veterans, and their families with better care from improved management of DOD and VA health care programs.

### Serving Our Clients

In fiscal year 2019, we received 671 requests for work from 90 percent of the standing committees of the Congress—supporting a broad range of congressional interests. We issued 617 reports and made 1,607 new recommendations. We were asked to testify 97 times before 50 separate committees or subcommittees on topics including the nation’s fiscal health, our High Risk areas, government efficiency and effectiveness, military readiness, and the 2020 Census.

I continued to meet 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 and published on our website. 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 2019, agencies implemented 77 percent of our recommendations against a target of 80 percent—matching our 2018 performance. We expect to see additional action on our recommendations based on implementation of The Good Accounting Obligation in Government Act (January 2019). The act requires certain federal agencies to report in their annual budget justifications the implementation status of each public GAO recommendation outstanding for at least one year—enhancing congressional oversight and our ability to work with agencies to implement our recommendations.

### Supporting Our People

The hard work and dedication of our diverse and professional multidisciplinary staff positioned GAO to achieve a 95 percent on-time delivery of our products in fiscal year 2019. Our performance also indicates that staff received the support needed to produce high-quality work. We met or exceeded the targets for our seven people measures—exceeding our targets for new hire rate, retention rate with retirements, staff development, staff utilization, effective leadership by supervisors, and organizational climate; and met our target for retention rate without retirements. GAO also remained a federal employer of choice, ranking fourth among mid-size federal agencies as a best place to work and first for supporting diversity by the Partnership for Public Service.

### Managing Our Internal Operations

In fiscal year 2019, 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 IT services. To enhance our workforce, we hired 352 staff and reached 3,161 full-time equivalents (FTE)—exceeding our target of 3,150. To improve engagement efficiency, we continued to pilot New Blue, our web-based publishing platform, and issued 11 products in a format that can be easily read on any device. To enhance information technology services, we began agency-wide rollout of our Virtual Desktop Initiative 2.0—providing new infrastructure equipment and software updates.

This fiscal year, we also made significant contributions to the domestic and international auditing community. Our Center for Audit Excellence helped 24 domestic and international audit organizations build their audit capacity through training and other services and continued to expand our engagement with these organizations. Our Office of the General Counsel (OGC) handled about 2,200 bid protests, issued approximately 600 decisions on the merits, and continued to monitor executive branch compliance with the Impoundment Control Act. It also issued several opinions related to the Antideficiency Act and agencies' use of appropriated funds during the partial government shutdown. For example, we concluded that the U.S. Department of the Interior (Interior) violated the purpose statute and the Antideficiency Act when, during a lapse in Interior's appropriations, it obligated certain fees for expenses that it normally would charge to annual operating appropriations.

Conversely, GAO concluded that the General Services Administration (GSA) did not violate the Antideficiency Act when it obligated available appropriations to enter into an interagency agreement with the National Park Service to reopen the Old Post Office Observation Tower during the same period.

We again received from independent auditors an unmodified or “clean” opinion on our financial statements for fiscal year 2019 and our internal control over financial reporting. There was no reportable noncompliance for fiscal year 2019 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 2020 and beyond, we look forward to continuing to serve the Congress and the public on issues affecting the lives of all Americans.

A handwritten signature in black ink that reads "Gene L. Dodaro". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Gene L. Dodaro  
Comptroller General  
of the United States



Source: GAO. | GAO-20-1SP

## Management Assurance Statements

November 19, 2019

### 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 of 1982 (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, 2019, 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, 2019, was operating effectively and that no material weaknesses were found in the design or operation of internal control over financial reporting.

### Assurance Statement on Financial Management Systems

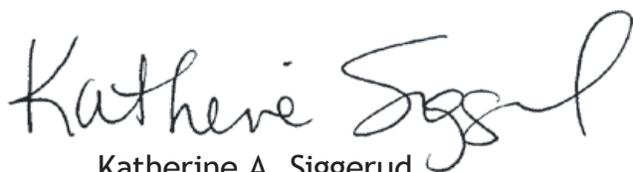
GAO conducted reviews of its financial management systems consistent with Appendix D of OMB Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996* (FFMIA). We conduct these reviews even though, as part of the legislative branch of the federal government, GAO is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



Gene L. Dodaro  
Comptroller General  
of the United States



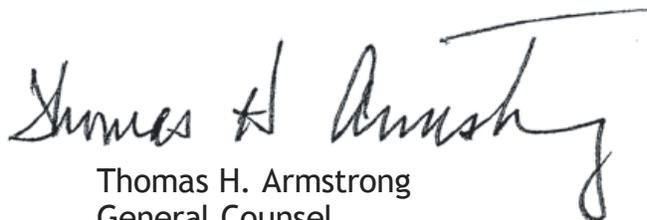
Karl J. Maschino  
Chief Administrative Officer/  
Chief Financial Officer



Katherine A. Siggerud  
Chief Operating Officer



William L. Anderson  
Controller



Thomas H. Armstrong  
General Counsel



Source: GAO | GAO-20-1SP

## About GAO

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

hold ourselves to the spirit of many such laws, including FMFIA; the GPRAM Modernization Act of 2010 (GPRAMA); and the Federal Information Security Modernization Act of 2014 (FISMA). Accordingly, this performance and accountability report for fiscal year 2019 provides what we consider to be information comparable to that reported by executive branch agencies in their annual performance and accountability reports.

### 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.

This report also fulfills our requirement to report annually on the work of the Comptroller General under 31 U.S.C. § 719.<sup>1</sup>

## Mission

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

## 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 that 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

<sup>1</sup>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.

- 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

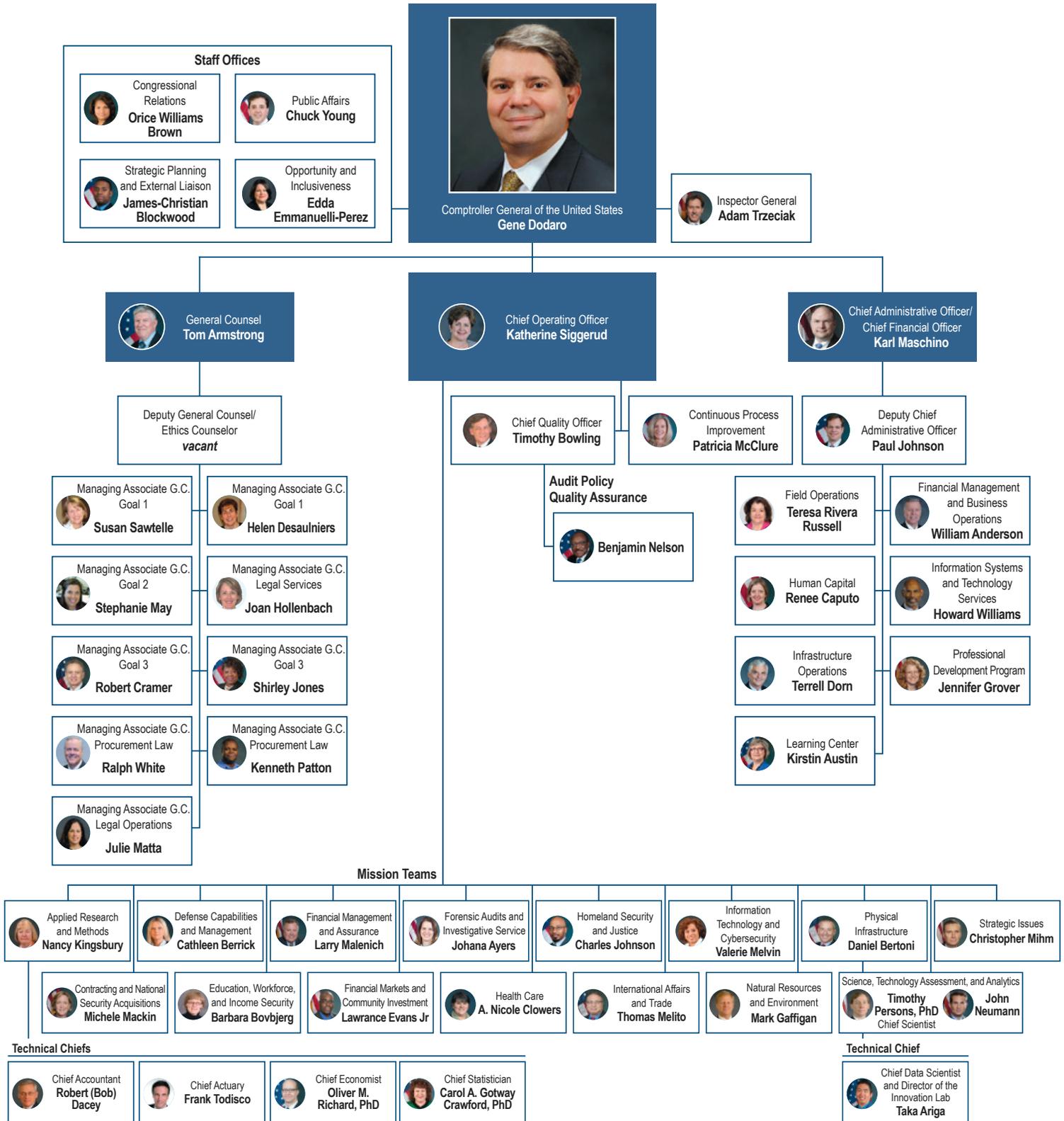
For additional information, see [Part II](#) of this report and [GAO's Strategic Plan](#).

## Organizational Structure

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 staff is organized primarily into 15 evaluation, audit, research, and investigative teams that support our three external strategic goals—with several of the teams supporting more than one strategic goal. For example, our Forensic Audits and Investigative Service team (FAIS), in addition to its own engagements, coordinates and collaborates with other teams when its special services are required for (1) specific fraud allegations or (2) assistance in evaluating security matters. FAIS also manages FraudNet, which is our online system created for the public to report to GAO allegations of fraud, waste, abuse, or mismanagement of federal funds. FAIS is an integrated unit composed of investigators,

Figure 9: Organizational Structure **GAO's Organization Chart**



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, the Chief Quality Officer, the Chief Information Officer, the Chief Human Capital Officer, the Chief Learning Officer, and the Technical Chiefs, the SES managers are titled "Managing Director."

analysts, and auditors who have experience with forensic auditing and data mining; they are assisted by staff in OGC.

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, OGC provides legal counsel to all of our teams. In addition, the Applied Research and Methods (ARM) team assists the other teams on matters requiring expertise in areas such as economics, research design, and statistical analysis. Staff in many offices, such as Strategic Planning and External Liaison, Congressional Relations, Office of Opportunity and Inclusiveness (OO&I), 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.

OGC is structured to facilitate the delivery of legal services to the teams and staff offices that support our four strategic goals. This structure allows OGC 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 within OGC provides legal advice and assistance to 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.

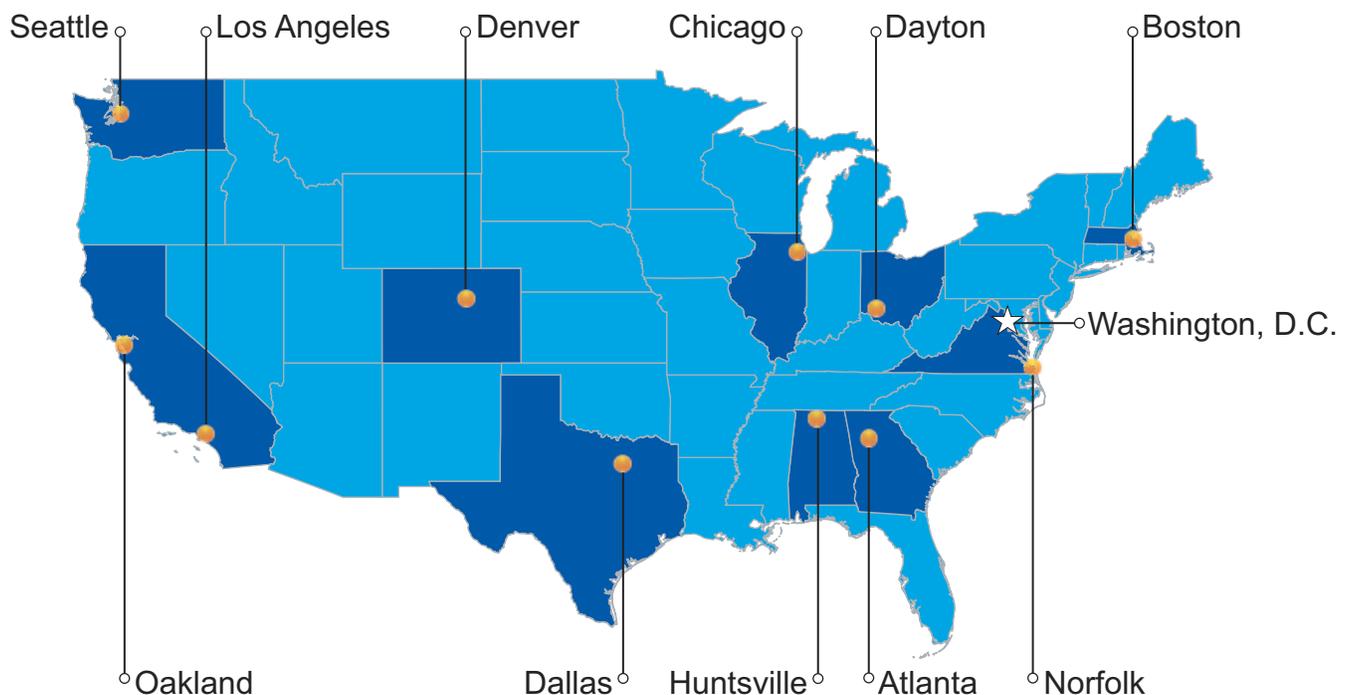
Attorneys in the Budget and Appropriations Law group opine on the availability and use of appropriated funds and publish products related to GAO's statutory responsibilities under the Impoundment Control Act of 1974. Finally, GAO also issues opinions related to issues arising under the Congressional 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 ARM, 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 OGC, 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 3,200 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 the vast majority of 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-20-1SP

## 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.<sup>2</sup> 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.

<sup>2</sup><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.<sup>3</sup>

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 on the next page provides an example from one of our strategic goals.

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

## 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 1.9:** A Viable, Safe, Secure, and Accessible National Physical Infrastructure

**Performance Goal 1.9.3:** Evaluate federal policies to improve the mobility of people and goods and increase access to transportation systems.

### Key Efforts:

- Assess efforts to make transportation systems available to the U.S. population, including individuals with disabilities, older Americans, and those living in rural areas, including partnership efforts between transit agencies and private rideshare companies to enhance and improve service.
- Assess federal programs for improving the efficiency of freight and passenger movement and efforts to reduce congestion and improve reliability both within and across modes, including efforts to move toward a more performance-based highway and transit program and address bottlenecks in the nation's multimodal freight network.
- Assess efforts to mitigate environmental effects of transportation systems, enhance resiliency of transportation infrastructure to catastrophic events, and balance environmental protection with improved mobility, including efforts to streamline project delivery and environmental reviews for new highway, transit, and rail projects.
- Evaluate federal efforts to oversee, raise awareness of, and identify resources for the use of emerging transportation technologies in existing systems, including intelligent transportation systems to improve the reliability of transit and vehicular traffic.

Figure 11: GAO's Strategic Plan Framework

# GAO'S STRATEGIC FRAMEWORK



Source: GAO. | GAO-20-1SP

## Strategies for Achieving Our Goals

The Government Performance and Results Act of 1993 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 (2) 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 2019, we devoted 96 percent of our engagement resources to work requested or mandated by the Congress. We devoted the remaining 4 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 nation's fiscal health, retirement security, housing finance reform, improper payments under Medicare and Medicaid, and state and local government fiscal outlooks.<sup>4</sup>

Our reviews of government programs and operations have identified those programs that are at high risk for fraud, waste, abuse, and mismanagement. These reviews help support our biennial High Risk Report, which we updated this 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.

<sup>4</sup>[https://www.gao.gov/americas\\_fiscal\\_future](https://www.gao.gov/americas_fiscal_future).

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 714 products annually, primarily in an electronic format. In addition, we publish approximately 600 legal decisions and opinions annually, the vast majority of which are bid-protect decisions. 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.<sup>5</sup> Our publication, *Principles of Federal Appropriations Law*, is viewed both within and outside of the government as the primary resource on federal case law related to the availability, use, and control of federal funds.<sup>6</sup> In addition, we maintain the government's repository of reports on Antideficiency Act violations and make available on our website information extracted from those reports. Such special publications are valuable 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/>).

<sup>5</sup>GAO, Bid Protest Annual Report to Congress for Fiscal Year 2018, *GAO-19-248SP* (Washington, D.C.: Nov. 27, 2018).

<sup>6</sup>*Principles of Federal 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).

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 our congressional clients and internal customers to obtain feedback on our products, processes, and services and identify ways to improve them. We also perform internal management studies and evaluations.

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. Our 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.<sup>7</sup> 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

<sup>7</sup>For purposes of this performance measure we define senior executives as those above the GS-15 or equivalent level.

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 agency-wide targets for these measures.
- **Internal operations.** GAO's ability to carry out its mission and retain a skilled and talented workforce is supported by our administrative services (e.g., IT, infrastructure operations, human capital, and financial management). Through an internal customer satisfaction survey, we gather information on three areas: (1) how well our internal operations help employees get their jobs done, (2) how our internal operations improve employees' quality of work life, and (3) how satisfied employees are with our IT tools. Examples of surveyed services include information security, pay and leave, building security and maintenance, and technology tools. We set agency-wide targets for these measures.

In fiscal year 2019, we conducted a comprehensive assessment of our entire suite of performance measures, determined

that they met our current needs, and decided to routinely assess them as a part of our strategic plan update process.

## 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. 61). Based on this information, the teams and offices that are directly engaged in the work discuss with our top executives their views of what we have planned to accomplish in the [strategic plan](#) and what they believe they can accomplish in the upcoming fiscal year. Our Executive Committee then establishes targets for the performance measures.

Once approved by the Comptroller General, the targets become final and are presented in our annual performance plan and budget.<sup>8</sup> We may adjust these targets after they are initially published when our expected future work or level of funding warrants doing so. If we make changes, we include the changed targets in later documents, such as this performance and accountability report, and indicate that we have changed them and why this was done. In [Part V](#), we include detailed information on data sources that we use to assess each of these measures, as well as the steps we take to verify and validate the data.

On the pages that follow, we assess our performance for fiscal year 2019 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 IG.

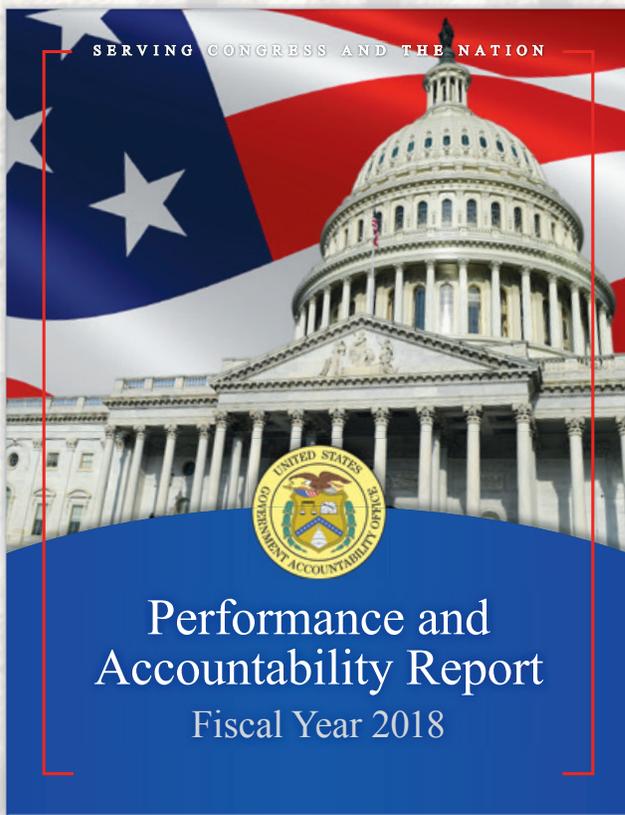
<sup>8</sup>Our most current performance plan is available at <https://www.gao.gov/products/GAO-19-267SP> and our most current budget is available at <https://www.gao.gov/products/GAO-19-403T>.

Figure 12: GAO's Performance and Accountability Report Awards

# Awards

## 2018 CEAR Award

*Last year, the Association of Government Accountants awarded GAO (for the 18th consecutive year) its Certificate of Excellence in Accountability Reporting (CEAR) for our Performance and Accountability Report for fiscal year 2018.*



Source: GAO. | GAO-20-1SP

# Part I

## Management's Discussion and Analysis



Source: Eyewire. | GAO-20-1SP

## 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 2019, demand for our work was high with 671 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 Modernization and Housing Finance Reform
- 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 2019 (see [table 2](#)).

### Results

We exceeded our target of \$50.0 billion in financial benefits by \$164.7 billion—reaching \$214.7 billion. This represents about a \$338 return on every dollar the Congress invested in us. We also exceeded our target of 1,200 other benefits by 218 benefits, accomplishing 1,418 other benefits. (See [pp. 28-33](#))

We fell short of our target of 80 percent for past recommendations implemented by 3 percentage points, at 77 percent, matching our performance in 2018. We will continue to take actions in 2020 to facilitate implementation of our recommendations. (See [pp. 34-35](#))

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. 35](#))

### 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 5 percentage points—reaching 95 percent on-time delivery for fiscal year 2019. Our senior executives were asked to testify 97 times, falling 23 testimonies short of our fiscal year 2019 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 50 separate committees or subcommittees on topics spanning most federal agencies. (See [pp. 36-39](#))

### People

We met or exceeded the targets for all of our people measures. We exceeded our targets for new hire rate, retention

rate with retirements, staff development, staff utilization, effective leadership by supervisors, and organizational climate; and met our target for retention rate without retirements.

We exceeded our new hire rate target of 80 percent by 9 percentage points at 89 percent—filling 352 critical positions, against a target of 394. For retention rate with retirements, we exceeded the 92 percent target by 2 percentage points, at 94 percent. For retention rate without retirements, we met the 96 percent target. We exceeded our target of 80 percent for staff development by 5 percentage points, at 85 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 2 percentage points, at 84 percent. For organizational climate, we reached 81 percent—exceeding our target of 76 percent by 5 percentage points. (See [pp. 40-41](#))

### Internal Operations

We assessed staff satisfaction with our three internal operations measures for fiscal year 2019 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 2 percentage points, at 82 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 IT tools. We fell short of our goal of 80 percent by 24 percentage points, at 56 percent. We have multiple efforts underway to improve staff satisfaction with this measure, which includes updating our virtual desktop infrastructure. (See [p. 42](#))

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

Performance measure	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 target	2019 actual	Met/ not met	2020 target
<b>Results</b>									
Financial benefits (dollars in billions)	\$54.4	\$74.7	\$63.4	\$73.9	\$75.1	\$50.0	\$214.7	Met	\$50.0
Other benefits	1,288	1,286	1,234	1,280	1,294	1,200	1,418	Met	1,200
Past recommendations implemented	78%	79% <sup>a</sup>	73%	76%	77%	80%	77%	Not met	80%
New products with recommendations	64%	66% <sup>a</sup>	68%	63%	64%	60%	64%	Met	60%
<b>Client</b>									
Testimonies	129	109	119 <sup>b</sup>	99	98	120	97	Not met	120
Timeliness	95%	98%	94%	96%	97%	90%	95%	Met	90
<b>People</b>									
New hire rate	88%	83%	81%	83%	85%	80%	89%	Met	80%
Retention rate									
With retirements	94%	94%	93%	94%	94%	92%	94%	Met	92%
Without retirements	97%	96%	96%	97%	97%	96%	96%	Met	96%
Staff development	83%	84%	83%	84%	83%	80%	85%	Met	80%
Staff utilization	77%	79%	79%	80%	78%	76%	78%	Met	76%
Effective leadership by supervisors	83%	83%	85%	84%	85%	82%	84%	Met	82%
Organizational climate	79%	80%	81%	83%	81%	76%	81%	Met	76%
<b>Internal operations</b>									
Help get job done	82%	80%	N/A <sup>c,d</sup>	84%	85%	80%	82%	Met	80%
Quality of work life	78%	78%	N/A <sup>c,d</sup>	82%	82%	80%	82%	Met	80%
IT tools	65%	67%	N/A <sup>c,d</sup>	74%	73%	80%	56%	Not met	80%

Source: GAO. | GAO-20-1SP

Note: Information explaining all of the measures included in this table appears in the [Appendix on Data Quality](#).<sup>a</sup>In 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](#)).<sup>b</sup>In 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](#)).<sup>c</sup>We 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- 2019, the survey was conducted on a fiscal year basis.<sup>d</sup>The targets for all three categories in 2016 were 80 percent.

## Overall Performance Toward Our Goals

Our fiscal year 2019 targets for all 16 of our performance measures are the same as the targets we reported in our fiscal year 2019 [performance plan](#) (issued in May 2018).

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 sharply from 2014 to 2015, increased slightly in 2016, and increased sharply in 2017 through 2019. The average number of other benefits we recorded decreased from 2014 through 2015, decreased sharply in 2016, decreased slightly in 2017, held steady in 2018 and increased sharply in 2019. New products

with recommendations have been very stable from 2014 through 2019. The average number of times our senior executives were asked to testify declined steadily from 2014 through 2019.

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 2019, but fell short of this target by 23 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 2020, 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	2014	2015	2016	2017	2018	2019
<b>Results</b>						
Financial benefits (billions)	\$51.9	\$59.1	\$61.0	\$66.6	\$71.8	\$106.8
Other benefits	1,340	1,332	1,281	1,272	1,274	1,307
New products with recommendations	66%	65%	65%	65%	65%	65%
<b>Client</b>						
Testimonies	144	128	118	114	106	103

Source: GAO. | GAO-20-1SP



Source: GAO. | GAO-20-1SP

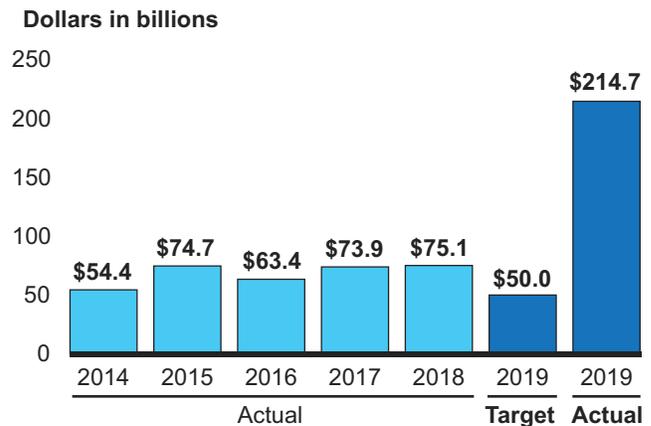
## Financial Benefits

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

In fiscal year 2019, our work generated about \$214.7 billion in financial benefits (see [fig. 13](#)). We exceeded our target by about \$164.7 billion, due to two unexpected and large accomplishments—contributing to \$136.1 billion in reduced costs for DOD weapon systems procurements and \$24.2 billion in reduced student loan cost estimates.

In light of our (1) performance in fiscal year 2019; (2) expected future financial benefits based on our past, ongoing, and expected work; and (3) uncertainty about the exact amount of financial benefits our recommendations will yield in 2020; we have set our 2020 target for financial benefits at \$50 billion.

**Figure 13: Financial Benefits GAO Recorded**



Source: GAO. | GAO-20-1SP

The financial benefits that we report in our performance measures are net benefits—that is, estimates of financial benefits that have been reduced by the estimated costs 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 2019 was our fifth year of financial benefits for ending the direct payment program for farmers. These were fixed annual payments based on a farm's history of crop production—received regardless of whether farmers grew crops and even in years of record income. The revenue this generated will offset direct federal spending by about \$4.9 billion for fiscal year 2019.

See [figure 14](#) for examples of new financial savings for fiscal year 2019.

To calculate our financial benefits, we rely primarily 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.

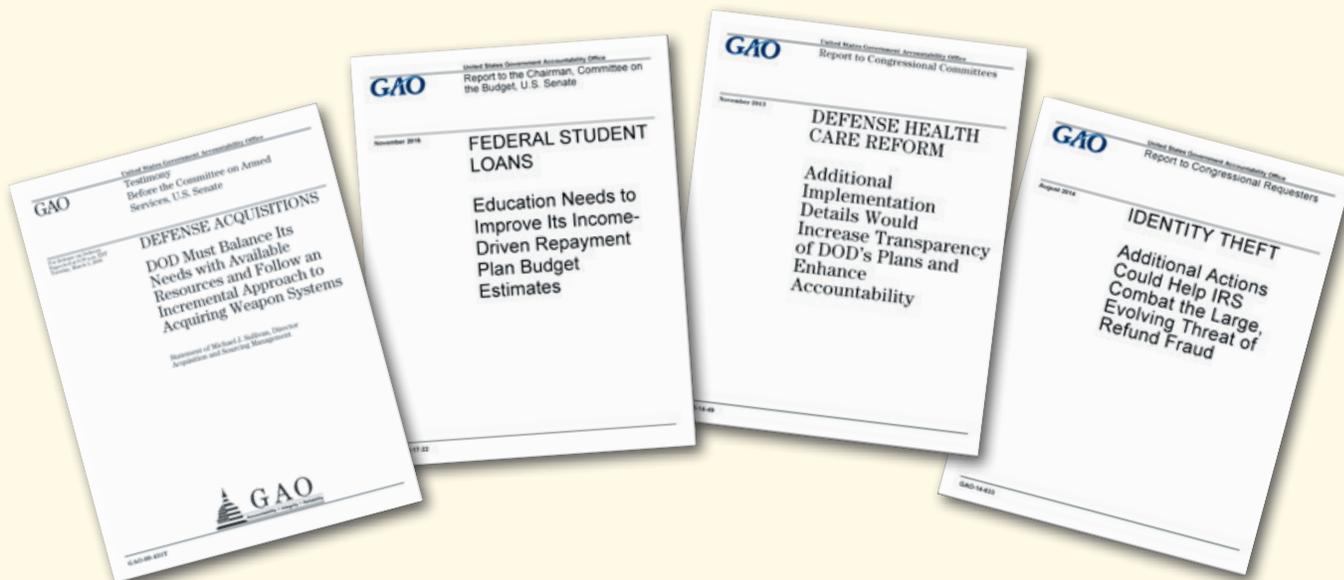
**Figure 14: Examples of GAO's Major New Financial Benefits Reported in Fiscal Year 2019**

Description of New Financial Benefits	Amount (Dollars in billions)
<p><b>Reducing Procurement Costs for Weapon Systems Acquisitions.</b> For two decades, our work has identified best practices that DOD could use to improve how it develops and acquires weapon systems. In 2006 and 2008, we found that DOD had taken positive steps by adopting a framework for applying best practices; however, these practices were not applied consistently and cost and schedule overruns persisted. Subsequently, the Weapon Systems Acquisition Reform Act of 2009 codified many of our related recommendations. In 2016 and 2018, we found that (1) selected programs started after the act's implementation had less cost growth than those begun prior to the act, and (2) the majority of more recent programs were using best practices we had long recommended. We compared estimated procurement cost changes (not due to quantity changes of weapon systems programs) for the 10-year period prior to implementation of the act to the 2013 to 2017 5-year period. This time period (1) reflects that the obligation period for procurement funding is 3 years and we wanted to allow time for the legislative provisions to be fully reflected in DOD's procurement funding decisions and costs estimates, and (2) helps to ensure that improvements were sustained over time. Our analysis found the calculated rate of growth decreased from an annual average of 2.91 percent to an average of -0.44 percent. While it is not certain that the act's implementation was the sole reason for this reduction, it was the driving factor. As such, we are claiming \$136.1 billion in costs avoided. (<a href="#">GAO-09-431T</a>, <a href="#">GAO-08-467SP</a>, <a href="#">GAO-02-701</a>, <a href="#">GAO-01-288</a>, <a href="#">NSIAD-99-162</a>, <a href="#">NSIAD-98-56</a>)</p>	<b>\$136.1</b>
<p><b>Better Estimating Student Loan Costs.</b> Income-Driven Repayment plans help ease student loan debt by setting loan payments as a percentage of income, extending repayment periods, and forgiving remaining balances at the end of that period. Education annually estimates the subsidy costs to the government for these loans, which are included in the President's budget. In 2017, we reported problems with how Education formulates its annual cost estimates and recommended fixes—such as accounting for inflation. Education subsequently incorporated inflation into its estimates for these loans and took other steps we recommended. This decreased Education's cost estimate for student loans by \$24.2 billion. (<a href="#">GAO-17-22</a>)</p>	<b>\$24.2</b>

<p><b>Helping Implement Shared Services for the Defense Health Agency.</b> In November 2013, we reported that DOD planned to implement a shared services concept (combining common services like medical logistics across the military medical community) for the Defense Health Agency. However, this plan lacked information on how much it would cost to implement these services and how much money the agency would save by doing so. We recommended that DOD monitor costs to assess whether the shared-services projects are on track to achieve projected savings. DOD credited our reports for providing guidance on its business approach, and saved \$917.63 million in fiscal year 2017 from more effectively implementing its shared services. (<a href="#">GAO-14-49</a>)</p>	<p><b>\$0.92</b></p>
<p><b>Helping Prevent IRS from Issuing Invalid Tax Refunds.</b> Identity theft tax refund fraud is a threat to taxpayers and tax administration. We found in 2014 that IRS could help address this by matching wage information that employers report on the W-2 tax form to individuals’ tax returns before issuing refunds. However, employers’ wage data were not available until months after IRS issued most refunds. We recommended IRS assess the costs/benefits of accelerating W-2 deadlines and report this information to the Congress, which IRS did in 2015. In response, the Congress advanced the deadline for employers to file W-2s—and helped IRS save \$900.2 million by using W-2 information to prevent invalid refunds. (<a href="#">GAO-14-633</a>)</p>	<p><b>\$0.90</b></p>

Source: GAO. | GAO-20-1SP

Note: Click on report covers below to access key reports related to Figure 14. Additional examples of fiscal year 2019 financial benefits can be found in [Part II](#) of this report.

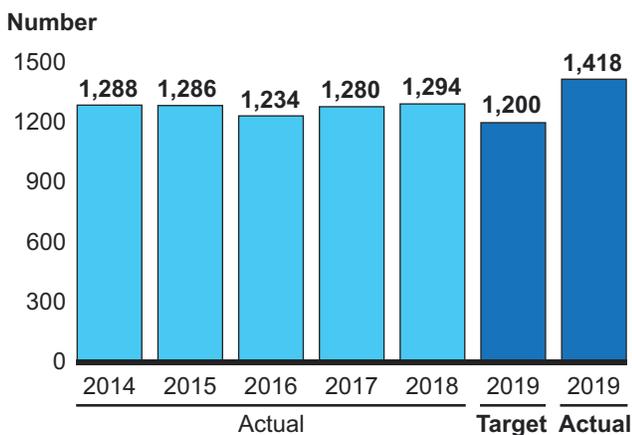


Source: GAO. | GAO-20-1SP

## Other Benefits

Many of the benefits that result from our work cannot be measured in dollar terms, so we refer to them as “other benefits.” During fiscal year 2019, we recorded a total of 1,418 other benefits (see [fig. 15](#)). We exceeded our target by about 18 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 2020 target for these other benefits at 1,200 again given our past, ongoing, and expected work.

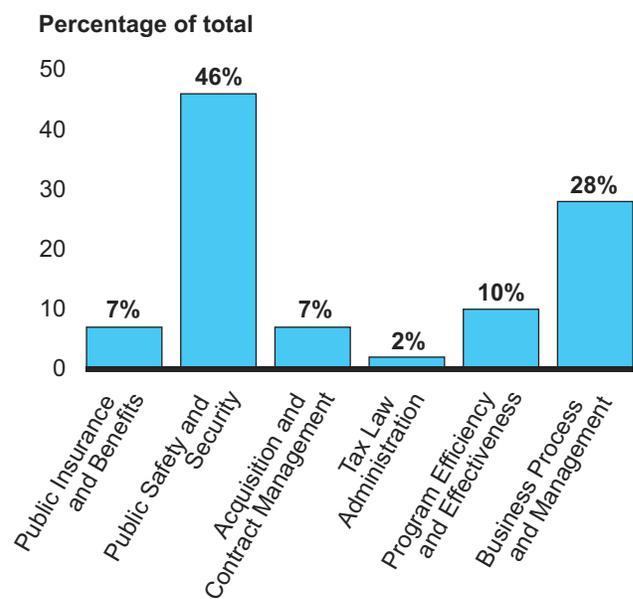
**Figure 15: Other Benefits**



Source: GAO. | GAO-20-1SP

We categorize our other benefits into six areas—similar to those on our High Risk List (see [fig. 16](#)). This year, most of our other benefits were in public safety and security (46 percent) and business process and management (28 percent). See [figure 17](#) and [Part II](#) of this report for specific examples.

**Figure 16: Types of Fiscal Year 2019 Other Benefits**



Source: GAO. | GAO-20-1SP

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, housing 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; international trade; and the intelligence community.
- **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.** 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.

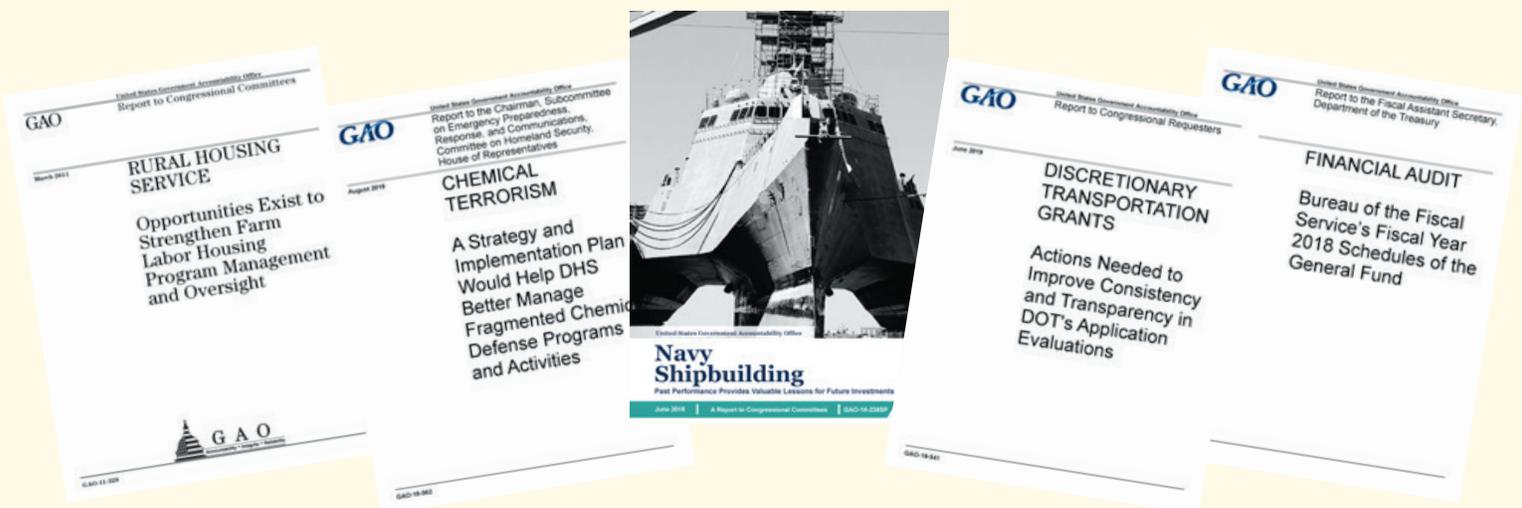
**Figure 17: Examples of GAO's Other Benefits Reported in Fiscal Year 2019**

Category	Description
<b>Public Insurance and Benefits</b>	<b>Improving Enforcement Mechanisms in the Farm Labor Housing Program.</b> The Farm Labor Housing Loan and Grant Program provides loans to develop affordable housing for farm workers. In 2011, we found that the Department of Agriculture's (USDA) Rural Housing Service (RHS) took enforcement actions that were too mild (letters) or too severe (accelerated payments) when dealing with borrowers who are not complying with program requirements—such as by missing payments or having health/safety violations. We recommended that RHS tailor its enforcement mechanisms to fit the severity of the violation. In response, USDA published a rule in August 2016 that enables RHS to better target enforcement actions for the program. ( <a href="#">GAO-11-329</a> )
<b>Public Safety and Security</b>	<b>Better Managing Chemical Terrorism Threats.</b> To help address concerns about potential chemical attacks in the U.S., DHS recently consolidated some of its chemical defense programs into a new Countering Weapons of Mass Destruction Office. However, several agencies within DHS, such as Customs and Border Protection (CBP) and the U.S. Coast Guard, still run their own programs. We recommended that this office develop a strategy and implementation plan to guide, support, integrate, and coordinate DHS's chemical defense programs. Subsequently, the Countering Weapons of Mass Destruction Act of 2018 was enacted and requires the development of such a strategy and implementation plan. ( <a href="#">GAO-18-562</a> )

<p><b>Acquisition and Contract Management</b></p>	<p><b>Contributing to Congressional Action Aimed at Improving Navy Shipbuilding Programs.</b> In 2018, we summarized key observations from our 27 reports over the last 10 years and found that the Navy had diminished its buying power by pursuing shipbuilding programs that overpromised capability and underestimated needed resources. This has resulted in cost growth, delays, and performance issues. Citing our work, the Senate report accompanying the Fiscal Year 2020 National Defense Authorization Act included several provisions to improve Navy shipbuilding, such as requiring schedule and reliability reporting for the Columbia and Ford class programs, respectively, and creating a senior technical authority to certify design maturity. (<a href="#">GAO-18-238SP</a>)</p>
<p><b>Program Efficiency and Effectiveness</b></p>	<p><b>Enhancing Transparency in Department of Transportation (DOT) Grant Award Decisions.</b> Upgrading the nation’s surface transportation system to meet future demands will cost hundreds of billions of dollars. Discretionary grants can improve investment decisions by targeting federal spending to meet key priorities, but only if the rationale for the award is clear. Since 2011, we have recommended that DOT improve the consistency and transparency of its grant award decisions. In some cases, DOT implemented our recommendations for one program, but we subsequently found similar or recurring problems in other programs. In 2019, we were unable to determine the basis for \$2.3 billion in grant awards, in part, because DOT did not document key decisions. To address this longstanding issue, we suggested that the Congress direct DOT to establish transparency measures to improve oversight of this large federal investment. (<a href="#">GAO-19-541</a>, <a href="#">GAO-18-38</a>, <a href="#">GAO-17-20</a>, <a href="#">GAO-14-628R</a>, <a href="#">GAO-11-234</a>)</p>
<p><b>Business Process and Management</b></p>	<p><b>Improving Federal Financial Reporting and Controls.</b> Our audits of federal agencies’ financial statements continue to improve federal financial reporting and controls. In 2018, we conducted the first audit of the Schedules of the General Fund (which reports the government’s cash activity, debt activity, and budget deficit) and issued 26 recommendations to Treasury to improve internal controls—such as improving guidance to federal agencies to fully capture the effect of each transaction. Treasury agreed with, and has begun to implement, our recommendations. The IRS also took significant actions to strengthen internal controls over the reporting of unpaid tax assessments, per our recommendations. (<a href="#">GAO-19-185</a>, <a href="#">GAO-19-150</a>, <a href="#">GAO-19-463RSU</a>)</p>

Source: GAO. | GAO-20-1SP

Note: Click on report covers below to access key reports related to Figure 17. Additional examples of other benefits for the fiscal year can be found in [Part II](#) of this report.



Source: GAO. | GAO-20-1SP

## 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 2019 matched our performance in 2018, but fell below our target of 80 percent for the year (see [fig. 18](#)). However, we have maintained our progress toward this goal since fiscal year 2016, when we achieved a 73 percent implementation rate. To help make additional progress toward our 80 percent target, 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) posted these letters to our website; (3) highlighted the status of key recommendations in our annual duplication, fragmentation, and overlap work—including progress made and the benefits of full implementation; and (4) received support from the Congress, which included a provision in the GAO-IG Act (January 2019) requiring federal agencies, such as DOD, DHS, and VHA, to report on how they plan to implement our open recommendations in their annual budget justifications.

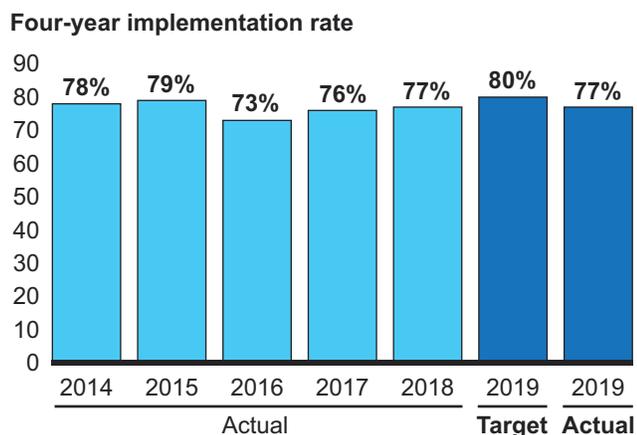
Our 4-year average implementation rate for past recommendations has been 76 percent. We are retaining our target of 80 percent for fiscal year 2020 and will continue to take appropriate actions to reach this target. (See [Setting Performance Targets](#))



Source: GAO. | GAO-20-1SP

A. Nicole Clowers, Managing Director, Health Care team and Elizabeth Field, Director, Defense Capabilities and Management team, discuss priority open recommendations at the Department of Health and Human Services (HHS), VA, and DOD on Government Matters.

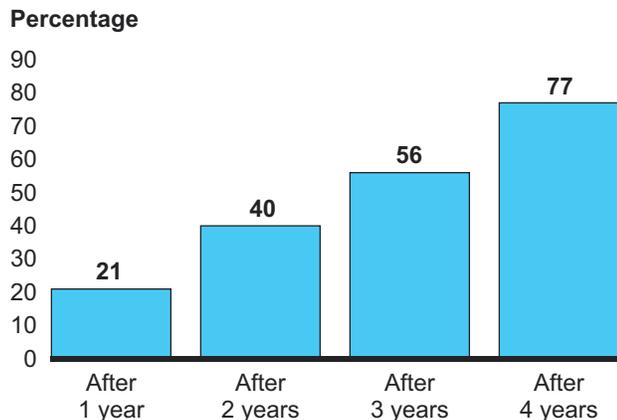
**Figure 18: Percentage of Past Recommendations Implemented**



Source: GAO. | GAO-20-1SP

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 years.

**Figure 19: Cumulative Implementation Rate for Recommendations Made in Fiscal Year 2015**



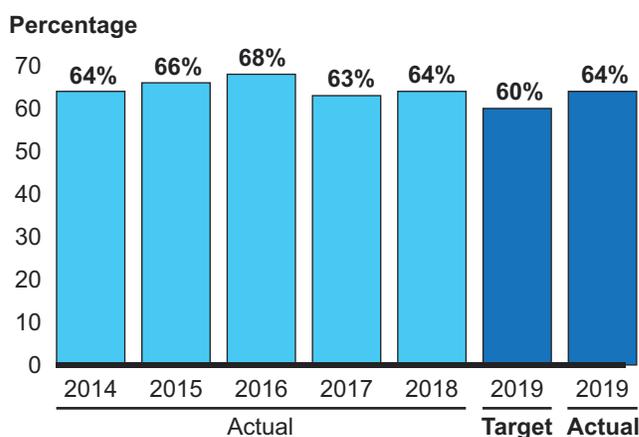
Source: GAO. | GAO-20-1SP

## New Products Containing Recommendations

In fiscal year 2019, about 64 percent of the 496 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 2020 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-20-1SP

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

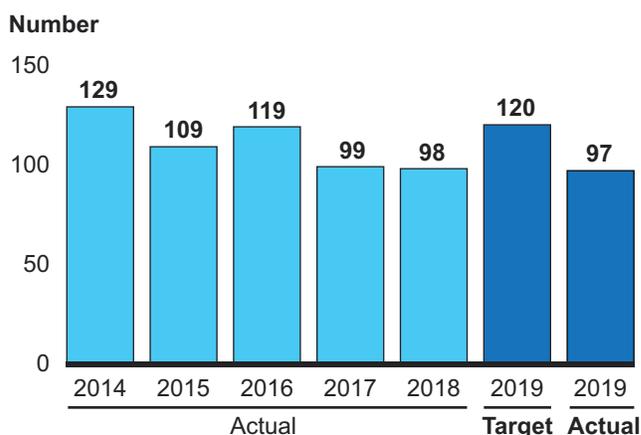
## Focusing on Our Client

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 2019, we received requests for work from 90 percent of the standing committees of the Congress and 26 percent of the subcommittees. Our 4-year average for these requests is 92 percent and 39 percent, respectively. We strive to respond to all congressional requests for testimony and deliver our products when promised, based on our clients' needs. We issued 678 total products and completed work for 96 committees or subcommittees in fiscal year 2019.

### 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 2019, our senior executives were asked to testify 97 times and we fell 23 testimonies short of our target (see [fig. 21](#)) and one testimony behind our performance in 2018. Although we did not meet our target, we were asked to testify before 50 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 97 testimonies that our senior executives delivered in fiscal year 2019 covered the scope of our mission areas. Forty-five percent of the testimonies that our senior executives delivered were related to our high-risk areas and programs, which are listed on [page 44](#) of this report.

**Figure 21: Testimonies**



Source: GAO. | GAO-20-1SP

Our senior executives also participated in four roundtables sponsored by congressional committees, subcommittees, or working groups. The topics covered by these roundtables included protecting the electric grid from an electromagnetic pulse or geomagnetic disturbance, assessing the administration's response to the Veteran suicide crisis, reforming the Anti-Terrorism Standards Program for chemical facilities, and the processing of initial claims and appeals by VA. We were also asked to submit one Statement for the Record in lieu of testifying and to submit responses to 33 sets of Questions for the Record, which become part of the official hearing records. Moreover, GAO's work was cited by Members of the Congress and witnesses in over 200 hearings, beyond those at which we testified.

For 2020, 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.22](#) and [Setting Performance targets.](#))

**Figure 22: Selected Testimony Topics • Fiscal Year 2019**

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

- Protecting Privacy and Ensuring the Accuracy of Face Recognition Technology
- Re-evaluating the Nation's Retirement System
- Improving FEMA's Disaster Assistance for Older and Disabled Individuals
- Assessing the Effect of School Closures on Veterans Receiving Post 9/11 GI Bill
- Addressing Implementation Challenges for the Veterans Community Care Program
- Enhancing Federal Oversight of Consumer Internet Privacy
- Improving the Small Business Administration's (SBA) Contracting Programs
- Providing Veterans with Timely Access to Health Care
- Improving the Appointment Process for EPA Advisory Committees
- Implementing Positive Train Control will Require Deadline Extensions for Most Railroads
- Reducing Federal Financial Liability for Extreme Weather and Climate Events
- Assessing Federal Data on Restraint and Seclusion of Students in Public K-12 Educational Settings
- Strengthening Oversight of Consumer Reporting Agencies' Protection of Consumer Data
- Financing Needs for the Black Lung Benefits Program
- Improving the Public Service Loan Forgiveness Program

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

- Identifying and Reunifying Children Separated from their Parents at the Border
- Rebuilding Air Force Readiness
- Accelerating Space Programs and Addressing Threats Pose Significant Challenges for DOD
- Observations on Confucius Institutes in the United States and U.S. Universities in China
- Reducing Risks to Army Modernization Efforts
- Addressing CBP's Challenges with Recruiting, Hiring, and Retaining Law Enforcement Personnel
- Improving FEMA's Emergency Management to Address Challenges and Future Risks
- Rebuilding Army Readiness
- Strengthening DHS Management
- Observations on F-35 and Air Force's Advanced Battle Management System
- Rebuilding Navy and Marine Readiness

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

- Improving and Sustaining the Nation's Fiscal Health
- Implementing Strategies to Reduce the Tax Gap
- Addressing VA's IT Management Challenges
- Considering the Proposed Reorganization of OPM
- Strengthening Federal Agencies' IT Acquisitions, Operations, and Cybersecurity Efforts
- Mitigating Key Risks for the 2020 Census
- Addressing FEMA's Challenges With Contracts Used To Support Disaster Response and Recovery
- Using Acquisition Best Practices for IT To Improve Implementation of VA's Family Caregiver Program
- Preliminary Observations on Sexual Harassment in STEM Research
- Identifying and Reporting the Cost of VA's Electronic Health Care Records System
- Improving the Sustainability of Chemical Technologies
- Reducing Fragmentation, Overlap, and Duplication in Federal Programs
- Ensuring SBA's Export Promotion Grant Program Better Complies with Law and Helps States Fully Use Funds
- Inventorying Government-Wide Accounts with Spending Authority and Permanent Appropriations (Fiscal Years 1995-2015)
- Addressing VA's High-Risk Issues Will Require Sustained Leadership
- Improving Federal Recruiting and Hiring Efforts

Source: GAO. | GAO-20-1SP

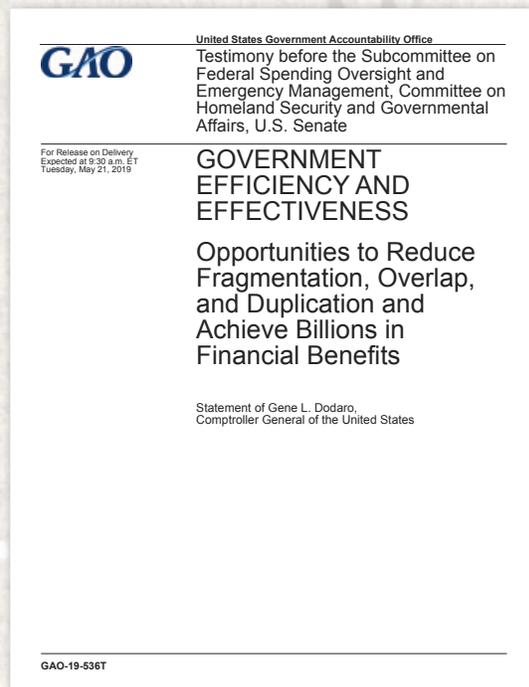
Note: Additional information on selected testimonies can be found in [Part II](#) of this report.

Comptroller General Testifying Before the Congress



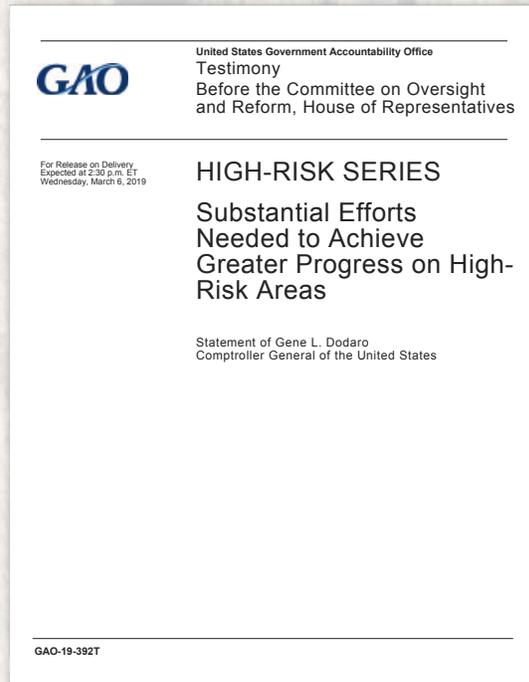
May 21, 2019

**Comptroller General testified to the U.S. Senate on Government Efficiency and Effectiveness: Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits**



Mar 6, 2019

**Comptroller General testified to the U.S. House of Representatives on High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas**



Source: GAO (two photos above, screenshots of GAO website, and covers of GAO reports). | GAO-20-1SP

## Timeliness

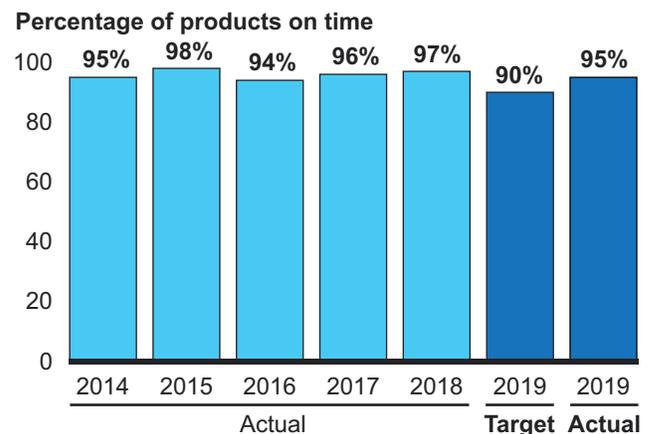
To be useful to the Congress, our products must be available when our clients need them. In fiscal year 2019, we exceeded our timeliness target of 90 percent by 5 percentage points (see [fig. 23](#)). We reach out directly to our clients through several means, including an electronic feedback form. We 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 58 percent of the congressionally requested written products we issued in fiscal year 2019.

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 2019, of the congressional staff that responded to the question on timeliness, 95 percent said our products were on time. Overall, the response rate to our entire form was about 18 percent. We received feedback on 40 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 2020 target at 90 percent because we believe that this is realistic given current staffing levels and workload demands.

**Figure 23: Timeliness**



Source: GAO. | GAO-20-1SP

Note: See [Part V](#) for detailed information on data sources that we use to assess each performance measure, 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 2019 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 12 fiscal years, we have refined our processes for measuring how well we manage our human capital. In fiscal year 2019, we met or 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 2019, our new hire rate was 89 percent. We hired 352 new staff against a target of 394 new staff (89 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	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 target	2019 actual
<b>People</b>							
New hire rate	88%	83%	81%	83%	85%	80%	89%

Source: GAO. | GAO-20-1SP

### 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 2019, we exceeded our target rate of 92 percent for retention with retirements by 2 percentage points at 94 percent, and met our retention rate target without retirements of 96 percent.

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

Performance measures	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 target	2019 actual
<b>People</b>							
Retention rate							
With retirements	94%	94%	93%	94%	94%	92%	94%
Without retirements	97%	96%	96%	97%	97%	96%	96%

Source: GAO. | GAO-20-1SP

### 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, 73 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 5 percentage points. Staff utilization exceeded our target of 76 percent by 2 percentage points, leadership exceeded our target of 82 percent by 2 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 2020.

**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 <sup>a</sup>	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 target	2019 actual	2020 target
<b>People</b>								
Staff development	83%	84%	83%	84%	83%	80%	85%	80%
Staff utilization	77%	79%	79%	80%	78%	76%	78%	76%
Effective leadership by supervisors	83%	83%	85%	84%	85%	82%	84%	82%
Organizational climate	79%	80%	81%	83%	81%	76%	81%	76%

Source: GAO. | GAO-20-1SP

<sup>a</sup>Certain 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 2019 through our internal customer satisfaction survey, conducted in September 2019.

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, our document management system, and the intranet. Using survey responses, we calculate a composite score for each service category.

[Table 7](#) shows that in fiscal year 2019, we exceeded our target rate of 80 percent for “help get job done” by 2 percentage points at 82 percent (e.g., customer support services). 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 24 percentage points at 56 percent. In fiscal year 2020, we will continue our efforts to improve employee satisfaction with IT tools. This will include, updating our virtual desktop infrastructure to replace outdated systems and launching new online collaboration tools. Given our recent performance and planned improvements, we have decided to keep these targets for fiscal year 2020 (see [Setting Performance Targets](#)).

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

Performance measures	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 target	2019 actual	2020 target
<b>Internal operations</b>								
Help get job done	82%	80%	N/A <sup>a</sup>	84%	85%	80%	82%	80%
Quality of work life	78%	78%	N/A <sup>a</sup>	82%	82%	80%	82%	80%
IT tools	65%	67%	N/A <sup>a</sup>	74%	73%	80%	56%	80%

Source: GAO. | GAO-20-1SP

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

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

## Other Ways GAO Served the Congress and the American People

### GAO's High Risk Program

In March 2019, we issued the biennial update of our High Risk Report to focus attention on government operations that are vulnerable to fraud, waste, abuse, and mismanagement or need transformation—offering solutions to 35 high-risk problems.

Financial benefits to the federal government due to progress in addressing high-risk areas over the past 13 years (fiscal years 2006 through 2018) totaled nearly \$350 billion—averaging about \$27 billion per year. This year, our high-risk work yielded 163 reports, 44 testimonies, \$170.8 billion in financial benefits, and 710 other benefits.

#### Our 2019 high-risk work produced:

- 163 reports
- 44 testimonies
- \$170.8 billion in financial benefits
- 710 other benefits

Since our 2017 report, seven areas improved, three regressed, two showed mixed progress, and the balance remained largely unchanged. The major cross-cutting high risk program areas include transforming DOD business operations, 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.

Two areas made significant progress and we removed them from our High Risk List:

- DOD Supply Chain Management, based on DOD's progress on seven actions. Specifically, improvements in asset visibility and materiel distribution eliminated \$82 million in costs within the supply chain through fiscal year

2019—better ensuring that war fighters receive the supplies they need, when they need them.

- Mitigating Gaps in Weather Satellite Data, based on NOAA's launch of a new satellite in 2017 that provides advanced weather data and forecasts and planned actions by DOD.

We also added two areas to the High Risk List since our 2017 update. In 2018, we added the Personnel Security Clearance Process, before our biennial update, because it faced significant challenges with (1) processing clearances in a timely manner, (2) measuring investigation quality, and (3) ensuring IT security. In 2019, we added VA Acquisition Management, given our finding that it faced seven contracting challenges—including outdated acquisition regulations and policies.

Our experience for more than 27 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.

A complete list of these areas is shown in table 8 and details can be found at <https://www.gao.gov/highrisk/overview>. Our next update will be issued in early 2021. Click on link below to listen to the related podcast.



#### 2019 High Risk Update

<https://www.gao.gov/multimedia/podcasts/697226>

**Table 8: GAO's High Risk List as of September 30, 2019**

High risk area	Year designated
<b>Strengthening the Foundation for Efficiency and Effectiveness</b>	
▪ Improving Federal Management of Programs that Serve Tribes and Their Members <sup>a</sup>	2017
▪ 2020 Decennial Census <sup>a</sup>	2017
▪ U.S. Government's Environmental Liabilities <sup>a</sup>	2017
▪ Improving the Management of IT Acquisitions and Operations	2015
▪ Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks <sup>a</sup>	2013
▪ Management of Federal Oil and Gas Resources	2011
▪ Modernizing the U.S. Financial Regulatory System <sup>a</sup>	2009
▪ Resolving the Federal Role in Housing Finance <sup>a</sup>	2009
▪ USPS Financial Viability <sup>a</sup>	2009
▪ Funding the Nation's Surface Transportation System <sup>a</sup>	2007
▪ Managing Federal Real Property	2003
▪ Strategic Human Capital Management	2001
<b>Transforming DOD Program Management</b>	
▪ DOD Approach to Business Transformation	2005
▪ DOD Support Infrastructure Management <sup>a</sup>	1997
▪ DOD Business Systems Modernization	1995
▪ DOD Financial Management	1995
▪ DOD Weapon Systems Acquisition	1990
<b>Ensuring Public Safety and Security</b>	
▪ Government-wide Personnel Security Clearance Process <sup>a</sup>	2018
▪ Protecting Public Health through Enhanced Oversight of Medical Products	2009
▪ Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals <sup>a</sup>	2009
▪ Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests <sup>a</sup>	2007
▪ Improving Federal Oversight of Food Safety <sup>a</sup>	2007
▪ Strengthening Department of Homeland Security Management Functions	2003
▪ Ensuring the Cybersecurity of the Nation <sup>a</sup>	1997
<b>Managing Federal Contracting More Effectively</b>	
▪ VA Acquisition Management (new)	2019
▪ DOD Contract Management	1992
▪ DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management <sup>a</sup>	1990
▪ NASA Acquisition Management <sup>a</sup>	1990
<b>Assessing the Efficiency and Effectiveness of Tax Law Administration</b>	
▪ Enforcement of Tax Laws <sup>a</sup>	1990
<b>Modernizing and Safeguarding Insurance and Benefit Programs</b>	
▪ Managing Risks and Improving VA Health Care <sup>a</sup>	2015
▪ National Flood Insurance Program <sup>a</sup>	2006
▪ Improving and Modernizing Federal Disability Programs	2003
▪ Pension Benefit Guaranty Corporation Insurance Programs <sup>a</sup>	2003
▪ Strengthening Medicaid Program Integrity <sup>a</sup>	2003
▪ Medicare Program and Improper Payments <sup>a</sup>	1990

Source: GAO. | GAO-20-1SP

<sup>a</sup>Legislation is likely to be necessary in order to effectively address this area.

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

In May 2019, we issued our ninth annual report to the Congress on federal programs, agencies, offices, and initiatives 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. This report identified 98 new actions in 28 new areas (and 11 existing areas) that could reduce fragmentation, overlap, and duplication, or provide other cost savings and revenue enhancement opportunities across the federal government ([GAO-19-285SP](#)).

Significant progress has been made in addressing many of the 805 actions that we identified from 2011 to 2018 to reduce costs, increase revenues, and improve agency operations. As of March 2019, the Congress and executive branch agencies had fully addressed 436 (54 percent) and partially addressed 185 actions (23 percent) of these 805 actions—yielding about \$216 billion in financial benefits between 2010 and 2018, with \$46 billion more projected in the future.

This work has also led to key other (non-financial) benefits, including (1) identifying and addressing skills gaps in mission critical occupations at the IRS, and (2) providing active duty service members, veterans, and their families with better care from improved management of DOD and VA health care programs.

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](https://www.gao.gov/duplication/action_tracker/all_areas).

## Financial Modernization and Housing Finance Reform

After a period of reform to curb weaknesses in regulation that contributed to the financial crisis, the U.S. financial system is stronger and more resilient. The Congress and regulators are working to ensure that regulations balance economic growth, consumer protection, and financial stability. For instance, the Economic Growth, Regulatory Relief and Consumer Protection Act (2018) offers regulatory relief to smaller institutions and addresses concerns about unduly burdensome regulations.

We have identified additional ways that financial regulators could oversee markets, encourage beneficial financial innovation, and reduce undue burden on financial institutions. We issued reports in fiscal year 2019 on how financial regulators could better share information to improve anti-money laundering oversight ([GAO-19-582](#)), offer guidance to financial technology companies with new lending models ([GAO-19-111](#)), and improve bank supervision of management activities ([GAO-19-352](#)). We also reported on "regulatory capture"—when regulators act in the interest of the industry they're regulating, rather than in service of the public good ([GAO-19-69](#)).

Additionally, fiscal exposure to the housing finance system remains significant—due to ongoing support for Fannie Mae and Freddie Mac and the growth of Ginnie Mae ([GAO-19-191](#)). Collectively, these entities have issued or guaranteed 95 percent or more of all new mortgage-backed securities since 2008. Recent trends (such as loosening of mortgage underwriting standards and the increased role of nonbank lenders not subject to federal safety regulations) may expose these entities and the housing finance system to increased risks ([GAO-19-239](#)).

## 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 OGC in fiscal year 2019. The following exemplify some of our key contributions.

OGC handled about 2,200 bid protests during the course of fiscal year 2019.<sup>9</sup> The bid protest process was authorized by the Congress, as part of the Competition in Contracting Act of 1984, to provide companies with an administrative forum to challenge the award, or solicitation for the award, of a federal contract. The statute requires that GAO resolve protest disputes in no more than 100 calendar days, and, in most cases, requires agencies to stop work on a contract until the protest is resolved. The Congress adopted this stop work approach to preserve the possibility for meaningful relief upon completion of the protest.

In fiscal year 2019, we issued approximately 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 2019 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

<sup>9</sup>The number of protests in the last 3 years are as follows: 2,607 filings in fiscal year 2018; 2,596 filings in fiscal year 2017; and 2,789 filings in fiscal year 2016.

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,<sup>10</sup> included a provision for GAO to develop an electronic filing and document dissemination system for bid protests. The statute also authorized GAO to collect and use fees to offset the costs of that system. On May 1, 2018, GAO successfully launched its new electronic bid protest filing system known as the Electronic Protest Docketing System (EPDS) and the system has been working as expected. With the launch of the system, GAO began charging protesters a \$350 filing fee for new protests. Fiscal year 2019 marked the completion of the system's first full fiscal year of operation.

Within OGC, 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 2019, the GAO Contract Appeals Board opened four new appeals and closed three appeals. Two of the closed appeals were dismissed for failure to prosecute the appeals in accordance with our Board Rules, and the third closed appeal was withdrawn. There were also a number of instances involving the submission of appeals over which the

<sup>10</sup>Pub. L. No. 113-76, div. I, title I, § 1501, 128 Stat. 5, 433-34 (Jan. 17, 2014).

GAO Contract Appeals Board did not have jurisdiction, and for which no appeal file was opened. At the end of fiscal year 2019, the GAO Contract Appeals Board had nine pending appeals on its docket, as compared with eight appeals pending at the end of fiscal year 2018.

In fiscal year 2019, we published 13 appropriations law products. These are available on our Appropriations Law Decisions web page at <https://www.gao.gov/legal/appropriations-law-decisions/search>. In an opinion that has important ramifications for the constitutional prerogatives of the Congress, we concluded that the Impoundment Control Act of 1974 (ICA) does not provide the President with unilateral authority to impound, or withhold, funds through their date of expiration. Though the ICA permits the President to withhold funds from obligation under limited circumstances, the amounts are rescinded (that is, permanently canceled) only if the Congress takes affirmative legislative action through the constitutional processes of bicameralism and presentment. Therefore, such funds must be made available for prudent obligation before the funds expire, even where the 45-day period for congressional consideration in the ICA approaches or spans the date on which the funds would expire.<sup>11</sup> Our opinion informed the deliberations over the President's potential withholding of amounts from certain foreign aid accounts in August 2019.

We also issued a number of opinions addressing significant, novel legal issues arising from federal agencies' use of appropriated funds during the partial government shutdown that occurred in fiscal year 2019. For example, we concluded that the U.S. Department of the Interior violated the purpose statute and the Antideficiency Act when, during a lapse in the agency's appropriations, it

obligated certain fees for expenses that it normally would charge to annual operating appropriations.<sup>12</sup> Conversely, in another opinion, we concluded that GSA did not violate the Antideficiency Act when it obligated available appropriations to enter into an interagency agreement with the National Park Service to reopen the Old Post Office Observation Tower during the same period.<sup>13</sup> In addition, in September 2019, we issued an opinion concluding that the DOD properly exercised the statutory flexibilities granted to it by the Congress to transfer appropriated funds in order to construct fences at the southern border of the United States.<sup>14</sup>

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 four opinions in fiscal year 2019.

## Other Legal Work

Attorneys from OGC 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 2019, the Red Book averaged thousands of downloads

<sup>11</sup>B-330330, Dec. 10, 2018.

<sup>12</sup>B-330776, Sept. 5, 2019.

<sup>13</sup>B-330775, Sept. 5, 2019.

<sup>14</sup>B-330862, Sept. 5, 2019.

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.<sup>15</sup>

Attorneys from OGC 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 24 classes across 21 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 4 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 15th annual Appropriations Law Forum in June 2019, in which 182 attorneys from 83 government agencies and 19 Inspectors General offices participated.

For fiscal year 2019, we received 9 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 242 reports and maintain an official repository of Antideficiency Act reports.

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 66 reports for rules received in fiscal year 2019.

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. We issued 2 FVRA opinions in fiscal year 2019.

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

<sup>15</sup>*Principles of Federal 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).

## 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 2019, this included 262 international visitors from 48 countries. GAO values these visits as important opportunities to build or reinforce our professional networks.

### Federal, State, and Local Collaboration

In fiscal year 2019, we continued to promote dialogue and action on domestic accountability issues to individuals through national and regional meetings of the intergovernmental audit forums. GAO, as a leader in these national and regional audit forum networks, planned and held events to help auditors across the nation better

understand and enhance strategies on topics including cybersecurity, government auditing standards, emerging technologies, and data and information science.

Through Comptroller General advisory groups and partnerships, such as the Domestic Working Group (DWG) and Council of the Inspectors General on Integrity and Efficiency (CIGIE), GAO convened discussions on a wide range of subjects with leaders in the government auditor community. GAO held these events to facilitate understanding of issues of mutual interest among these auditing executives and of value to the broader domestic accountability community. The September 2019 meeting of the DWG (which brought together inspector general offices, and state, local, and tribal audit representatives) provided GAO a platform to explore several high-priority intergovernmental areas, such as disaster relief efforts, food and medical safety regulations and oversight, and the long-term fiscal condition of federal and state governments.

### 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 2019, we co-wrote the INTOSAI Performance and Accountability Report documenting midterm progress in achieving INTOSAI's 2017-2022 Strategic Plan.

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 2019, we enhanced website and publication interactivity, intensified event coverage at INTOSAI and relevant events, and strengthened communications with the global accountability community through social media engagement, including an increased Twitter following to more than 1,700.

### *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 facilitate the flow of financial and other assistance from donors and other SAIs to strengthen SAIs in developing countries. GAO serves as INTOSAI's Vice Chair of IDC and led the development of a new 10-year IDC strategy that was adopted in July 2019.

GAO also supports capacity-building efforts through the International Auditor Fellowship Program (IAFP), a 4-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 2019, GAO hosted its 40th IAFP class with 21 fellows from 18 countries and reached the milestone of over 620 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 2019, the Center experienced increased demand for its services and provided training and technical assistance to 16 domestic organizations—including federal inspectors general and state and local audit offices—that enhanced their understanding of federal internal control standards, recently updated government auditing standards, and performance audit planning tools and methodologies. The Center also provided technical assistance to eight audit organizations in Europe, Central America, Asia, and the Middle East to enhance their capacity to conduct and achieve results from financial and performance audits.

The Center also expanded its partnerships by signing a Memorandum of Understanding (MOU) with the World Bank in March 2019 and collaborated with World Bank officials to identify potential opportunities for future capacity-building projects. Leveraging its MOU with the U.S. Agency for International Development (USAID), which was signed in 2016, the Center provided performance audit training to an audit organization in Europe; conducted a capacity-building needs assessment of an SAI in Eastern Europe, and began a 3-year project to assist the Philippines Commission on Audit to build capacity in performance auditing.

## Managing Our Resources

### Resources Used to Achieve Our Fiscal Year 2019 Performance Goals

Our financial statements for the fiscal year ending September 30, 2019, 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 89](#) in this report.

[Table 9](#) summarizes key data.

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

	Fiscal year 2019	Fiscal year 2018
Total Assets	\$161.7	\$160.9
Total Liabilities	\$89.8	\$81.7
Total Net Position	\$71.9	\$79.2
<b>Net Cost of Operations by Goal</b>		
Goal 1: Well-being / Financial Security of American People	\$230.3	\$222.8
Goal 2: Changing Security Threats / Challenges of Global Interdependence	196.3	151.8
Goal 3: Help Transform the Federal Government to Address National Challenges	148.6	144.1
Goal 4: Maximize the Value of GAO	14.0	14.9
Other Costs in Support of the Congress	62.0	49.4
Reimbursable services not attributable to above cost categories	(13.1)	(14.0)
<b>Total Net Cost of Operations</b>	<b>\$638.1</b>	<b>\$569.0</b>
Actual full-time equivalents (FTE)	3,161	3,015

Source: GAO. | GAO-20-1SP

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 2019, our budgetary resources included new direct appropriations and disaster relief funding of \$600 million, and \$35 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, including prior year unobligated balances, in fiscal year 2019 were \$702 million.

Total assets were \$161.7 million, consisting mostly of Fund Balance with the U.S. Department of the Treasury (Treasury) and property and equipment (including the headquarters building, land and improvements, and computer equipment and software). This is virtually unchanged from the total assets for fiscal year 2018 of \$160.9 million. Total liabilities were \$89.8 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 were \$81.7 million.

Deferred maintenance and repairs increased by \$51 million, ending with an estimated balance of \$80 million as of September 30, 2019. The increase primarily stems from updating the comprehensive costs required to repair or replace items or elements related to the GAO headquarters facility including roof; plumbing; heating, ventilation, and air conditioning (HVAC), and other building systems. Deferred

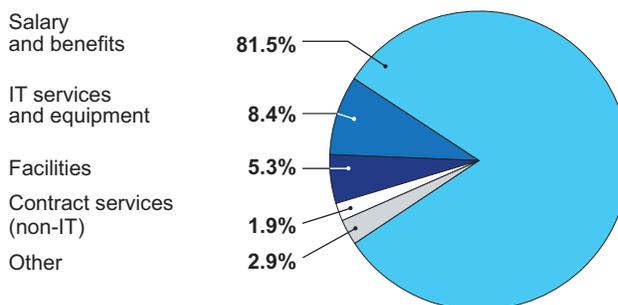
maintenance and repairs is disclosed as Required Supplementary Information.

Our net cost of operations in fiscal year 2019 is \$638.1 million compared to \$569.0 million in fiscal year 2018. An increase in Goal 2 costs by \$44.5 million can be attributed to increased FTEs dedicated to efforts in the areas of cybersecurity, disaster recovery, contracting, and national security acquisitions.

Figure 24 shows how our fiscal year 2019 costs break down by category.

**Figure 24: Use of Fiscal Year 2019 Funds by Category:**

Percentage of total costs



Source: GAO. | GAO-20-1SP

## Summary of Financial Systems Strategies and Framework

GAO utilizes the Legislative Branch Financial Management System (LBFMS) through an interagency agreement with the Library of Congress. The Library of Congress is the system owner and the system is hosted by CGI Federal, Inc. (CGI). The LBFMS operates CGI's Momentum Enterprise Suite, as the integrated Financial Management System and hosts the transaction processing system in a FedRAMP compliant and secure facility. LBFMS utilizes Treasury's Invoice Processing Platform (IPP), which allows non-federal customers to submit electronic invoices that when approved by GAO, are loaded into the accounting system and paid. This improves internal controls over invoice processing, reduces data entry errors, and increases efficiency and timeliness of payments.

GAO also engaged CGI to conduct certain transaction processing services in LBFMS.

In keeping with our effort to continuously improve our operations, we regularly review changes to government accounting standards and update configuration items pertinent to GAO in LBFMS. We plan to implement Treasury's Government Invoicing (G-Invoicing) in conjunction with the LBFMS upgrade scheduled during 2021, which makes the functionality available in the baseline software. G-Invoicing is the long-term sustainable solution to improve the quality of Intragovernmental Transactions (IGT) data in support of more accurate financial management by federal trading partners. G-Invoicing will address current buy/sell accounting and reporting challenges by providing a common platform for brokering all IGT buy/sell activity, implementing a federal IGT Buy/Sell data standard, and providing transparent access to a common data repository of brokered transactions. Other continued improvement plans include enhancing our agency specific management reporting to contribute to timely and informed decision-making.

## 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 and evaluation from both internal and external sources.

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 FMFIA, OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, and all applicable appendices. For example we voluntarily comply with the internal control objectives of FMFIA. 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, 2019, 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 FFMA and believe we have implemented and maintained financial systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Standard General Ledger at the transaction level as of September 30, 2019. We made this assessment based on criteria established under FFMA and guidance issued by OMB.

While not subject to the Improper Payments Elimination and Recovery Act of 2012 (IPERA), we complied with the spirit of it. IPERA 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 OIG independently conducts audits and investigations of GAO programs and operations. During fiscal year 2019, the OIG issued three audit reports. In audit report OIG-19-1, the OIG assessed the extent to which GAO established effective controls to comply with the Telework Enhancement Act of 2010 and GAO's policies regarding telework eligibility and participation requirements for certain employees. In OIG-19-2, the OIG assessed GAO compliance with federal guidance and requirements when submitting its fiscal year 2019 first quarter financial and award data for publication on USASpending.gov, as required by the Digital Accountability and Transparency Act of 2014 (DATA Act). Finally, in audit report OIG-19-3, the OIG assessed GAO's information security controls as of September 30, 2018, specifically GAO's performance against select Federal Information Security Modernization Act of 2014 metrics developed by the Department of Homeland Security. 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 GAO programs and operations. Separate from FraudNet which supports accountability across the Federal Government, claimants access the OIG hotline online at <https://oig.alertline.com> or by telephone at 1-866-690-7963. 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.<sup>16</sup> 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 2019, the OIG initiated seven investigations and closed 17 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 2019, the members of the committee were:

- Robert H. Attmore (Chair), 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,

<sup>16</sup>The OIG hotline is used for complaints that contain credible information involving GAO operations and employees. In contrast, FraudNet is an online system created for the public to report to GAO allegations of fraud, waste, abuse, or mismanagement of federal funds.

past Chairman of the American Institute of CPAs, and serves on a number of civic and charitable organization Boards.

- Kathleen S. Tighe, former Inspector General of the U.S. Department of Education, also served as counsel to the inspector general at the General Services Administration and as the Deputy Inspector General of the U.S. Department of Agriculture. She has also served on the DATA Act Interagency Advisory Committee and chaired the Recovery Accountability and Transparency Board.

The [committee's report](#) appears in [Part III](#) of this report on [page 88](#).

### 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 2020 Performance Goals

For fiscal year 2020 GAO requested an appropriation of \$647.6 million, an increase of \$57.9 million or 9.8 percent over the fiscal year 2019 appropriation of \$589.8 million. Final decisions on our fiscal year 2020 appropriation are expected in the fall. In the interim, GAO anticipates beginning the fiscal year under a Continuing Resolution. Though neither the House nor Senate have passed an appropriations bill for fiscal year 2020, initial indications from both chambers are that GAO will likely receive an appropriation equal to the fiscal year 2019 funding level. A flat funding level in fiscal year 2020 will impact mission and operational readiness and require GAO to substantially reduce hiring efforts and re-prioritize critical IT and building infrastructure initiatives.

The appropriations GAO has received in recent years, combined with the \$10 million in two-year infrastructure funding received in fiscal year 2018, have allowed GAO to address mission-related and administrative staffing shortages, tackle delayed infrastructure improvements of building, records, and IT legacy systems, and make productivity enhancements to the engagement management system. With that said, a flat appropriation in fiscal year 2020 and uncertainty in future appropriations will prove problematic for GAO. As in years past GAO will work to mitigate the effects of reduced funding by exploring new revenue streams, further controlling costs, and limiting hiring while maintaining our ability to serve the Congress and the American people.

## 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 IG each year to comment on management's assessment of these challenges. For fiscal year 2019, we focused management attention on the following three challenges, which are summarized below:

- Managing a quality workforce;
- Improving the efficiency of our engagements; and
- Ensuring the risk to GAO's IT services is effectively managed.

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 complex work performed by GAO requires an agile and diverse mix of talent—for both our analyst cohort and the operations staff who support them—equipped with critical skills that align with the evolving strategic workforce needs of the agency to optimally deliver GAO's mission. The current job market, with its record low levels of unemployment, particularly in the Washington, DC metropolitan area, makes attracting quality talent with the necessary skills a top challenge. To address this challenge, we honed our recruiting efforts to further focus on colleges and universities with programs that are commensurate with the skills our analysts need to succeed; continued to foster and leverage long-standing relationships with higher education officials through a variety of ongoing partnerships; and identified new ways of attracting diverse candidates.
- **Retain an expert, seasoned workforce:** Hiring people with the right skills is just the first step; retaining them is the next challenge. While our attrition rate has remained steady in recent years, we are mindful that the competitive job market and economy are constant challenges for retention. Retaining our people requires that we nurture and sustain employees throughout their careers—as professionals and as people. We support a culture of work-life balance and professional growth through our robust telework program, flexible work schedules, our student loan repayment program, and an annual analyst promotion cycle. In addition to our continued focus on providing professional education and developmental opportunities to employees at all stages of their careers, both virtually and in the classroom, we recognize the importance of front-line supervisors in creating, maintaining,

and retaining an engaged, productive workforce. Our supervisors receive ongoing training on such topics as developing, motivating, and empowering staff; having constructive performance conversations; connecting teams at a distance; and more.

- **Manage and engage a remote workforce:** Nearly all GAO employees participate in some form of telework. Leading and sustaining GAO's virtual workforce requires being aware of the implications of having a virtual environment and ensuring our mission is being fulfilled, while also being intentional about communication and engagement. While we continually monitor adherence to established telework program requirements and have implemented significant internal control measures to ensure telework eligibility is met and participation is in accordance with the Telework Enhancement Act of 2010, telework is not without its challenges.

Based on our first annual telework survey in fiscal year 2019 that gathered employees' opinions and experiences about working in a telework environment, we know that while employees are overwhelmingly positive about telework as a program, challenges with technology are prevalent. To address these concerns, as well as a recommendation from a 2014 telework evaluation on collaboration tools, we are in the process of deploying a number of IT initiatives to improve the telework experience, including consolidating our communications tools via a Unified Communications Tool (UCT). UCT implementation is interdependent on the synchronized rollout of several major IT initiatives, all in the pipeline for this fall and winter. From a programmatic oversight perspective, an Executive Development Team examined and made recommendations on potential indicators

and procedures we could use to assess the impact of telework on product quality and collaboration.

- **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 and inclusion (D&I), we continue to recognize D&I as a challenge due to the ever-changing landscape of D&I issues; the need for agile response to changing conversations and language surrounding D&I; and our commitment to constant vigilance, care, and attention to fostering an inclusive work environment, regardless of historic and recent successes.

Following the launch of our people values in 2017, in September 2019, we issued our Diversity, Equity, and Inclusion (DE&I) Strategic Implementation Plan which identifies priority areas of focus for our future DE&I efforts that align with our Strategic Plan Performance Goal 4 and Equal Opportunity Policy. Priority areas include proactively broadening the outreach of our diversity recruitment efforts; developing and offering additional DE&I learning opportunities for all employees with an enhanced emphasis on our operations support employees; increasing participation of people of color in our formal mentoring program; and ensuring equitable opportunities for advancing and retaining a cadre of diverse employees eligible for opportunities at all organizational levels. Lastly, it includes performance measures that will allow us to assess our efforts to nurture a supportive and fair work environment.

### ***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. This work depends on processes that ensure we are in compliance with professional standards and appropriate management oversight, but it is difficult to balance completing the necessary administrative steps with the desire to maximize the time spent conducting our core work. In addition, every aspect of our work is dependent on a suite of IT systems that are in continuous need of modernization or replacement, and it is an ongoing challenge to prioritize competing demands for resources. We are beginning an evaluation of the updates to our engagement process that we made in July 2015, to determine how well we met our goals and whether further modifications might be necessary. These engagement process updates, together with our current efforts to integrate project management techniques into the process, will deliver efficiencies in our staff days and engagement durations to ensure we meet our client needs in a timely and effective manner.

In the area of technology, we continue to update the systems relevant to audit engagements, this year focusing on several systems that support GAO case management needs. These updates streamlined user interfaces and integrated the systems with our engagement management system, eliminating duplicate data entry, reducing errors, and allowing us to continue to modernize and decommission outdated legacy systems.

We are also conducting the second phase of pilot testing a new system that will facilitate our ability to easily generate our products in a web-based format that our clients and the public can access on any device, including handheld mobile devices. We have successfully used this

system to publish multiple products during the pilot, and plan to use it to publish the majority of unclassified reports beginning in fiscal year 2020. Subsequent releases are envisioned to enable additional efficiencies in fact checking and publishing processes. In addition, with the increase in dedicated funding we received in fiscal years 2018-19, we have made progress in replacing outdated systems with modern, integrated solutions. In particular, we are in the early phases of replacing our content management system with a new system that will improve efficiency in saving and retrieving content, finding and associating like content, and eventually automating manual and cumbersome workflows.

Successful implementation of efficiency projects, technology updates, and new IT systems requires a disciplined approach to manage, plan, and execute work, as well as the careful application of change management principles. Challenges remain in balancing these disciplines to ensure the success of these initiatives

### ***CHALLENGE: Ensuring the Risk to GAO’s Information Technology Services Is Effectively Managed***

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, we have 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, we continue to pursue advanced technologies to protect our information and information systems.

GAO manages risk to IT services through a variety of mechanisms. At the top of the organization, we have created a Risk Management Committee, co-chaired by our Chief Operating Officer and Chief Administrative Officer/Chief Financial Officer, who also serve as Chief Risk Officers. This committee oversees GAO's enterprise risk management program to better manage enterprise risk activities, ensuring that we can appropriately mitigate risks and achieve our strategic and operational goals and objectives.

Our information systems and security program are reviewed annually by focused assessments to validate the confidentiality, integrity, and availability of its operating environment by identifying risks that have a potential to limit our achievement of IT strategic and operational goals and objectives if not managed effectively. Providing a stable IT infrastructure is a key component of GAO's risk profile which we use to manage current and proposed projects and actions to mitigate the impact of identified risks, ensuring GAO's ability to maintain a high-performing, results-oriented workforce, while continually improving the efficiency of our engagements.

Providing "defense-in-depth" secure technological 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 scalable systems on a modern technology platform in an ever-changing environment while also working to ensure the agency's systems are secure from threats. Maintaining hardware and software on our own network has inherent costs and risks. To address the challenges of such ownership and maintenance, we have recently embraced cloud-based technology solutions for key business processes and continue to develop systems and processes to enable GAO's work in the cloud in a secure manner. As such, we continue to place a

high value on protecting our assets, data, and systems, while providing a robust computing capability to meet our business needs. GAO continues to standardize on the use of a virtual desktop infrastructure and other cloud-based infrastructures to improve performance across the enterprise and reduce risk from security threats and operational availability. Finally, we have targeted additional cloud services that will greatly improve employee communication, collaboration, and efficiency.

GAO is looking to expand its use of cloud opportunities to transform IT services, increase access of a mobile workforce, and improve our availability of services. During these planned transitions, maintaining effective continuity of services is a critical component of our planning effort. Providing the full range of agency-level functions and requirements within a tight budget environment is a challenge GAO works every day to meet.

### *OIG Recommendations*

The OIG's Semiannual Reports to the Congress for fiscal year 2019 includes details on the 15 recommendations<sup>17</sup> that it made this year in its three issued reports. Specifically, the OIG made four recommendations to strengthen GAO's telework eligibility controls. Management addressed three of the recommendations during fieldwork, and implemented the final recommendation shortly thereafter. GAO management also implemented two of three recommendations to help ensure the accuracy and completeness of GAO financial and award data posted to the public website [USASpending.gov](https://www.usaspending.gov), and is taking steps to implement corrective action on the remaining recommendation. See [Table 10](#) below for additional information on these seven recommendations.

<sup>17</sup> Office of Inspector General, U.S. Government Accountability Office, Semiannual Report to Congress, April 1, 2019, through September 30, 2019, [OIG-20-1SP](#) (October 23, 2019)

Table 10: GAO OIG Recommendations

OIG reports	Recommendations	Status of actions planned or taken by GAO in response to the recommendations
<p>TELEWORK PARTICIPATION AND ELIGIBILITY: Additional Controls Are Needed to Strengthen Compliance with Telework Act Requirements and GAO Policies for Certain Employees, <a href="#">OIG-19-1</a> (July 15, 2019)</p>	<p>1. Establish clearer guidance for managers to use when deciding on continued telework arrangements based on performance considerations.</p>	<p><b>Recommendation: Closed as implemented.</b> GAO management took action to address this finding prior to report issuance by the OIG. Specifically, GAO identified telework considerations for managers to make when there are performance concerns and updated its telework guidance on the intranet. Therefore, no formal recommendation was included in the report.</p>
	<p>2. Establish clearer guidance for managers to use when deciding on continued telework arrangements based on misconduct considerations.</p>	<p><b>Recommendation: Closed as implemented.</b> GAO management took action to address this finding prior to report issuance by the OIG. Specifically, GAO identified considerations for managers when determining whether to recommend denying, modifying, or cancelling a telework arrangement when there is misconduct. Therefore, no formal recommendation was included in the report.</p>
	<p>3. Establish internal controls to prevent interns from teleworking.</p>	<p><b>Recommendation: Closed as Implemented.</b> GAO management took action to address this finding prior to report issuance by the OIG. GAO monitored newly hired interns' telework eligibility designations in the time and attendance reporting system and established standard operating procedures to prevent interns from teleworking. Therefore, no formal recommendation was included in the report.</p>
	<p>4. Establish eligibility criteria for re-employed annuitants, consultants, and senior managers participating in the telework program.</p>	<p><b>Recommendation: Closed as implemented.</b> This recommendation was included in the OIG audit report and GAO took action by establishing the recommended eligibility criteria for the named groups. The OIG reported that it was closed as implemented as of 9/30/19. Specifically, GAO issued proposed changes to the non-bargaining unit telework policy. The order was accepted and posted 8/1/19 and includes updates to eligibility requirements for re-employed annuitants/consultants and senior managers.</p>

DATA Act: Audit of GAO's Fiscal Year 2019, First Quarter, DATA Act Submission, <a href="#">OIG-19-2</a> (September 27, 2019)	5. Update standard operating procedures surrounding the DATA Act compilation and submission process to include saving applicable emails in accordance with GAO's record retention policy.	<b>Recommendation: Closed as implemented.</b> GAO updated its Data Act Standard Operating Procedure (SOP) to include the saving of email review in its permanent Data Act file on another drive. The OIG reported that it was closed as implemented as of 9/30/19.
	6. Coordinate with contractor CGI to resolve interface issues between Momentum and FPDS-NG.	<b>Recommendation: Closed as implemented.</b> GAO coordinated with CGI to identify and remediate the root cause of the interface issue. The configurations were corrected and tested by CGI. The OIG reported that it was closed as implemented as of 9/30/19.
	7. Implement procedures to ensure obligations are properly assigned to the proper project group and fund groups to allow mapping to a valid program activity, instead of "unknown/other" (0000).	<b>Recommendation: Open and in progress.</b> The OIG reported that this recommendation was in the process of being implemented as of 9/30/19. GAO expects to fully implement the third recommendation by November 2019. GAO implemented two new program activity codes to address the issue.

Source: GAO based on GAO OIG reports. | GAO-20-1SP

On September 30, 2019, the OIG issued its report on Information Security at GAO for fiscal year 2018, containing eight recommendations focusing on, among other areas, risk management, vulnerability remediation, and contingency planning. Management's final response regarding its corrective actions will be provided to the OIG on or before November 30, 2019. For further information, see [OIG-19-3](#). For the IG's comments regarding our management challenges assessment, see [Part IV](#) of this report.

## Mitigating External Factors

While GAO's fiscal year 2019 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 671 congressional requests and new mandates in fiscal year 2019. 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.

In fiscal year 2019, GAO met hundreds of statutory requirements for work. We continue to collaborate with the Congress to revise and repeal mandated reporting requirements that are no longer meeting

their intended purpose. GAO worked with the Congress to revise mandates in the National Defense Authorization Act and is currently working to shift many low-risk financial audits to public accounting firms so GAO can audit Treasury's General Fund. The fund, which has never been audited before, covers every federal entity that receives appropriated funds. We hope to achieve passage of this bill by the end of the current Congress.

In January, we established the STAA team to continue and expand our focus on rapidly evolving science and technology issues. We also renamed our Information Technology team the Information Technology and Cybersecurity team to reflect better its mission. The team recently updated our cybersecurity high-risk area to highlight urgent actions that are needed by federal agencies to ensure their cybersecurity. As we continue to assess anticipated future work related to science and technology and cybersecurity, we plan to focus hiring on additional engineers or scientists and staff with scientific and technology policy analysis experience to broaden our scientific and technical expertise. 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 2019, GAO's work reviewing activities of the IC continued to grow, and we continued to require a significant amount of time and effort to work through access issues that often delayed our work. Last year we reported that we were unable to reach an accommodation with the Office of the Director of National Intelligence (ODNI) over access to key budget-related documents necessary to fully address a review of IC business enterprise functions requested by the intelligence oversight committees. This past year, we were able to successfully work through all access issues with the IC elements and obtain the information necessary for our reviews, including access to certain cost data and funding information from ODNI. 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.

Last year, we reported that we had communicated with the White House Counsel about our difficulties in obtaining meetings and information from White House Counsel staff and National Security Council (NSC) staff and that efforts to resolve the situation were ongoing. Over the past year, our outreach efforts were successful in establishing a continuing, constructive dialogue with the White House Counsel and NSC staff. We will continue to engage with these staff to facilitate our access to requested information on the fairly limited basis needed for our engagements.

# Part II

## Performance Information



Source: Photodisc. | GAO-20-1SP

### Performance Information by Strategic Goal

In the following sections, we discuss how each of our four strategic goals contributed to our fiscal year 2019 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 2019.



Source: GAO. | GAO-20-1SP

## Strategic Goal 1

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

Our first strategic goal upholds our mission to support the Congress in carrying out its constitutional responsibilities by focusing on work that helps address the current and emerging challenges affecting the well-being and financial security of the American people. 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

**Enhancing the Ability to Respond to Potentially Devastating Animal Disease Outbreaks.** Federal veterinarians perform crucial work for emergency response to animal disease outbreaks. In May 2015, we reported that the USDA had not developed reliable estimates of the number of veterinarians needed to respond to various outbreaks, such as a large-scale outbreak in livestock. We recommended that USDA assess the veterinarian workforce needed for such outbreaks. In response, USDA completed a report in November 2018 that estimated the number of veterinarians needed during each week of simulated outbreaks. As a result, USDA will enhance its ability to plan for and mount an effective emergency response. (GAO-15-495)

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 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 2019, 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	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 target <sup>a</sup>	2019 actual <sup>b</sup>	Met/not met	2020 target
Financial benefits (dollars in billions)	\$15.5	\$51.4 <sup>b</sup>	\$19.6	\$22.4 <sup>b</sup>	\$52.5 <sup>b</sup>	\$18.5	\$60.6	met	\$28.5
Other benefits	240	255	284	263	262	244	245	met	235
Testimonies	57	57	38	48	42	46	43	not met	47

Source: GAO. | GAO-20-1SP

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.

<sup>a</sup>Our fiscal year 2019 targets for all three of our performance measures differ from those we reported in our fiscal year 2019 performance plan in May 2018, based on revised estimates from mission teams. Specifically, we increased our financial benefits from \$11.0 billion to \$18.5 billion; decreased our other benefits target from 246 to 244; and decreased the testimony target from 48 to 46. See [Setting Performance Targets](#) and [p.34](#).

<sup>b</sup>In fiscal years 2015, 2017, and 2018, we achieved some unexpectedly large financial benefits; however, we did not expect this level of results in fiscal year 2019.

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 in [table 11](#). This table indicates that the 4-year average for Goal 1 financial benefits increased sharply from 2014 to 2015, decreased slightly in 2016, held steady in 2017, increased sharply in 2018, and increased in 2019. Goal 1's average other benefits were fairly steady from 2014 through 2019. The average number of times our senior executives were asked to testify has declined steadily since fiscal year 2014.

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

Performance measure	2014	2015	2016	2017	2018	2019
Financial benefits (dollars in billions)	\$19.0	\$28.7	\$27.1	\$27.2	\$36.5	\$38.8
Other benefits	257	260	263	261	266	264
Testimonies	66	59	53	50	46	43

Source: GAO. | GAO-20-1SP

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 2019 totaled \$60.6 billion, exceeding the target we set by \$42.1 billion, or about 228 percent. This was due primarily to two unexpected and large financial accomplishments for revisions to (1) estimated costs for outstanding student loans (\$24.2 billion), and (2) spending limits for Medicaid demonstration projects (\$26.7 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 2020 at \$28.5 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

**Ensuring that Medicaid Demonstrations are Budget-Neutral.** States may test new approaches for delivering Medicaid services (with approval from HHS), but these projects must be budget-neutral. In multiple reports since the 1990s, we have reported that HHS has allowed states to use questionable methods that resulted in inflated demonstration spending limits and increased the federal government's fiscal liability. In response, HHS revised its policies in 2016 to better ensure that these demonstration projects are budget-neutral. HHS estimated that this one new policy reduced the government's fiscal liability in 10 states by \$26.7 billion for 2018. ([GAO-14-689R](#), [GAO-13-384](#), [GAO-08-87](#), [GAO-02-817](#))

## Other Benefits

Other benefits reported for Goal 1 in fiscal year 2019 totaled 245, exceeding our target of 244 by 1 benefit or about 0.4 percent. Goal 1's other benefits were primarily in the areas of public insurance and benefits, public safety and security, program efficiency and effectiveness, and business process and management. For fiscal year 2020 we set our target at 235 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

**Reducing Regulatory Burden on Community Banks and Credit Unions.** Complying with new financial regulations can be challenging for smaller institutions like community banks and credit unions. Federal regulators conduct reviews to ensure that their regulations do not pose an undue burden on such institutions. However, in 2018, we found that regulators did not assess the cumulative burden of their regulations, and recommended that they identify opportunities to streamline regulation as part of the review process. In response, the Federal Deposit Insurance Corporation and other regulators plan to identify regulations that can be streamlined and invite public comment. ([GAO-18-213](#))

## Testimonies

Our senior executives testified 43 times on our Goal 1 work, which fell short of the fiscal year 2019 target of 46 by 3 testimonies or about 7 percent. For instance, we testified on the need to (1) improve FEMA’s disaster assistance for older and disabled individuals, (2) assess federal data on restraint and seclusion of students in K-12 educational settings, (3) reduce the federal government’s financial liability for extreme weather and climate events, (4) re-evaluate the nation’s retirement system, (5) provide veterans with timely access to health care, (6) improve oversight of nursing homes to better protect residents from abuse, and (7) better protect privacy and ensure the accuracy of face recognition technology. (See [fig. 22](#) for selected testimony topics by goal.) We set our fiscal year 2020 target at 47 testimonies on Goal 1 issues based on our experience over the past few years.

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

### Example of Goal 1’s Testimonies

**Helping Protect Consumers’ Internet Privacy:** Several high-profile incidents where consumers’ personal data were improperly shared over the Internet have raised privacy concerns. In 2019, we reported that the United States does not have a comprehensive Internet privacy law governing the collection, use, and sale/disclosure of consumers’ personal information. We recommended that Congress consider developing comprehensive legislation on Internet privacy to enhance consumer protections and provide flexibility to address a rapidly evolving Internet environment. Congress has since held hearings on addressing this issue. ([GAO-19-52](#), [GAO-19-427T](#), [GAO-19-621T](#))



Source: GAO. | GAO-20-1SP

Alicia Puente Cackley, Director, Financial Markets and Community Investment team, testified on the need to enhance federal oversight of consumer Internet privacy. To listen to the related podcast, click on the link below.



**Oversight of Internet Privacy**  
<https://www.gao.gov/multimedia/podcasts/696734>

Table 12: Goal 1 Examples of Accomplishments and Contributions

<b>Benefits and Protection for Workers, Families, and Children</b>	
<b>Improving VA's Pension Benefits Program</b>	To ensure that only those veterans in financial need receive pension benefits from VA, we recommended the establishment of a look-back and penalty period—which would determine if a veteran claiming pension benefits transferred assets for less than fair market value before applying to the program. Citing our recommendation, VA promulgated a regulation in 2018 that established a look-back and penalty period. VA estimates that this will reduce spending by about \$184 million from fiscal years 2018-2022. (GAO-12-540)
<b>Health Care Needs and Financing</b>	
<b>Improving How Medicare Reimburses Hospitals for Uncompensated Care</b>	The Centers for Medicare & Medicaid Services (CMS) makes payments to reimburse hospitals for the costs of providing services to uninsured patients. In June 2016, we reported that these payments were largely based on how much it costs hospitals to treat their Medicaid patients (and not on hospitals' actual uncompensated care costs). Consequently, CMS may be overpaying some hospitals. We recommended that CMS base payments on hospitals' actual uncompensated care costs. CMS implemented our recommendation in fiscal year 2018, which helped redirect \$1.58 billion in Medicare spending towards hospitals with higher uncompensated care costs in fiscal year 2019. (GAO-16-568 )
<b>Housing Finance and Viable Communities</b>	
<b>Saving Millions by Lowering HUD's Losses on Foreclosed Properties</b>	The Department of Housing and Urban Development (HUD) takes possession of thousands of homes due to foreclosures on mortgages insured by the Federal Housing Administration. In June 2013, we found that HUD experienced low returns in disposing of foreclosed properties compared to other entities. We recommended improvements in property maintenance, marketing, and disposal. We also identified alternative means of property disposal that could generate savings. In response, HUD made improvements to its processes and employed alternate disposition means, which resulted in a combined savings of \$797.7 million from July 2017 to June 2018. (GAO-13-542)
<b>Stewardship of Natural Resources and the Environment</b>	
<b>Better Communicating Information on NOAA's Financial Rewards</b>	Wildlife trafficking is a global criminal activity that imperils thousands of species. NOAA—the nation's steward of ocean resources and habitat (e.g., plants, fish, and wildlife)—is authorized to pay rewards for information about related wildlife trafficking. However, we found in 2018 that NOAA communicated little information to the public on the availability of these rewards. We recommended that NOAA develop and implement a plan to better communicate this information. In response, NOAA provided a pamphlet to law enforcement officers for further distribution and posted reward information on its public website—actions which may help decrease wildlife trafficking. (GAO-18-279)

## Stable Financial System and Consumer Protection

### Improving Training for Hiring Specialists at the SEC

The Dodd-Frank Act requires us to regularly report on personnel management at the Securities and Exchange Commission (SEC). In 2017, we found that SEC had not identified skills gaps among its hiring specialists, and that training of these staff was limited. We recommended that SEC conduct a skills gap analysis and use the results to better train its hiring specialists. In response, SEC conducted an assessment and developed a 2-year training plan for its specialists responsible for agency hiring and promotion. The training plan was implemented in March 2018 and will help SEC recruit, develop, and retain competent individuals. ([GAO-17-65](#))

## Viable National Infrastructure

### Improving Capacity to Respond to Growth in the Space Launch Industry

The space launch industry, which enables satellites, research probes, and capsules carrying humans and cargo to be sent into space, is evolving. In 2019, we reported that FAA had not taken important steps to ensure that the size and skills of its commercial space workforce were aligned to meet emerging industry needs. We recommended that FAA collect information to determine whether staff have the skills and competencies that are needed to safely oversee the industry. In response, FAA plans to do a periodic assessment of staff skills and competencies that will be needed now and in the future. ([GAO-19-437](#))

Source: GAO. | GAO-20-1SP



## Strategic Goal 2

# Respond to Changing Security Threats and the Challenges of Global Interdependence

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

**Helping Reassess the Navy’s Standard Workweek.** In 2017, two separate collisions involving Navy ships led to 17 sailors losing their lives. The Navy found that crew fatigue was a factor in these incidents. We reported that the Navy’s manpower calculations may have led to overburdened crews working long hours. We recommended that the Navy take steps to ensure accurate manpower requirements that prevent overwork. In response, the Navy completed a comprehensive workload study in November 2018 that is leading to increases in Navy crew sizes—helping to reduce crew overwork. ([GAO-17-413](#))

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 and Cybersecurity (ITC); Financial Management and Assurance; Natural Resources and Environment; ARM; and Science, and STAA teams.

To accomplish our work in fiscal year 2019 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 exceeded our financial and other benefits targets and met our testimonies target for Goal 2.

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

Performance measure	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 target <sup>a</sup>	2019 actual <sup>b</sup>	Met/not met	2020 target
Financial benefits (dollars in billions)	\$25.7	\$13.1	\$13.0	\$46.5 <sup>a</sup>	\$10.5	\$12.7	\$147.4	met	\$12.0
Other benefits	535	505	502	500	517	349	682	met	362
Testimonies	40	23	43	21	26	29	29	met	28

Source: GAO. | GAO-20-1SP

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.

<sup>a</sup>In fiscal year 2017, we achieved one unexpectedly large financial benefit; however, we did not expect this level of results in 2019.

<sup>b</sup>Our fiscal year 2019 targets for two of our three performance measures differ from those we reported in our fiscal year 2019 performance plan in May 2018, based on revised estimates from mission teams. Specifically, we increased our other benefits target from 345 to 349 and decreased the testimonies target from 31 to 29. 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 declined sharply from 2014 to 2015, held steady in 2016, increased sharply in 2017, declined in 2018, and rose sharply in 2019. Goal 2's average other benefits increased from fiscal year 2014 to 2015, held steady in 2016 through 2017, decreased slightly in 2018, and increased sharply in 2019. The average number of testimonies for Goal 2 declined steadily from 2014 through 2018 and increased slightly in 2019.

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

Performance measure	2014	2015	2016	2017	2018	2019
Financial benefits (dollars in billions)	\$21.6	\$18.4	\$18.3	\$24.6	\$20.8	\$54.4
Other benefits	496	510	508	511	506	550
Testimonies	43	37	34	32	28	30

Source: GAO. | GAO-20-1SP

The following sections describe our performance under Goal 2 for each of our quantitative performance measures and describe the targets for fiscal year 2020.

## Financial Benefits

The financial benefits reported for Goal 2 in fiscal year 2019 totaled \$147.4 billion, which was \$134.7 billion or over 1,060 percent above our \$12.7 billion target. This was due to one large financial benefit based on our contribution to lowering procurement costs for DOD's weapon systems acquisitions (\$136.1 billion). We set our fiscal year 2020 target at \$12 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

**Reducing Annual Embassy Operating Costs by Considering Unobligated Balances.** The State Department—manages the Embassy Security, Construction, and Maintenance (ESCM) account—which funds safe, secure, and functional facilities at U.S. diplomatic missions. We reviewed the fiscal year 2018 budget request for this account and estimated that it had an unobligated balance of \$7.69 billion in fiscal year 2017. We suggested that the Congress consider unobligated balances when determining new funding levels. In response, the Congress reduced ESCM's budget by \$652 million in 2018.

## Other Benefits

The other benefits reported for Goal 2 in fiscal year 2019 totaled 682 and exceeded our target of 349 by 333 benefits, or about 95 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 2020 target at 362, which is well below our fiscal year 2019 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

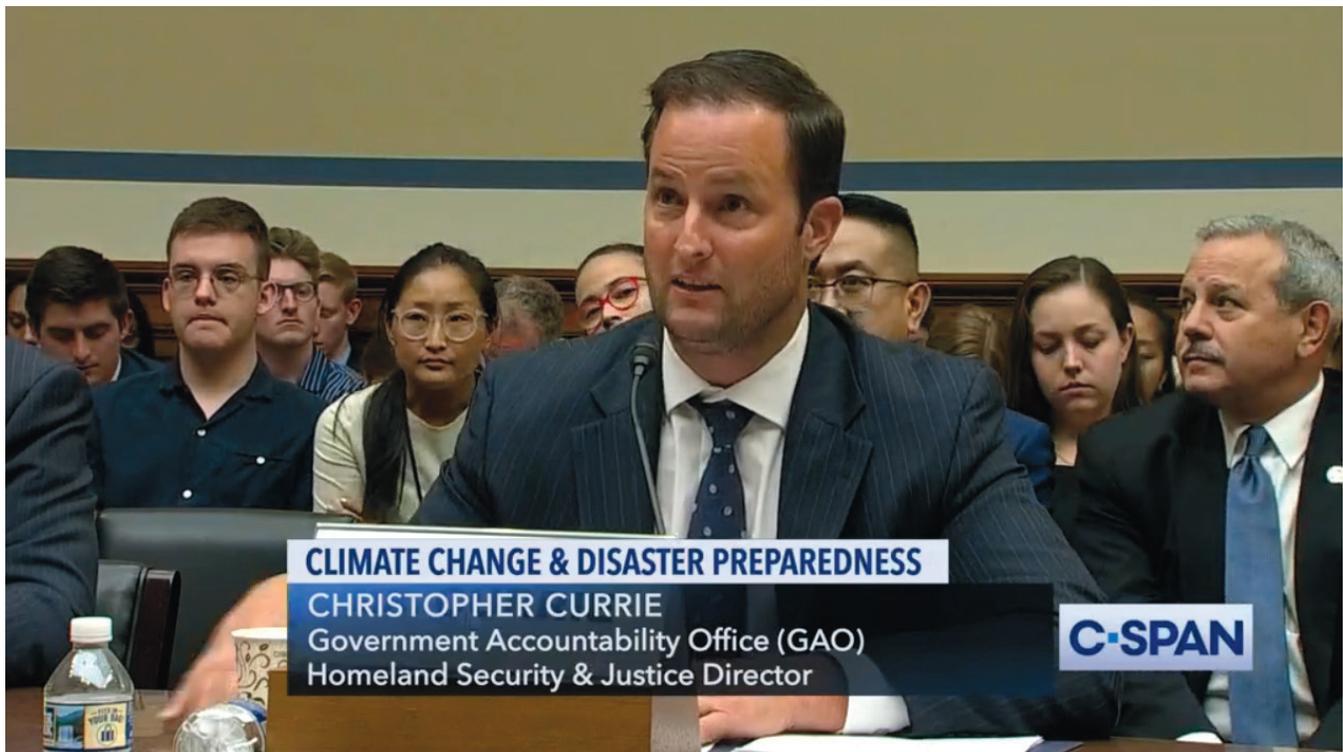
**Identifying Long-Term Emerging Threats Against the United States.** National security threats evolve with technological, economic, and social changes. We identified 4 categories encompassing 26 long-range threats that federal officials identified: Adversaries' Political and Military Advancements—e.g., China's increasing ability to match U.S. military strength; Dual-Use Technologies—e.g., self-driving cars for private use that militaries can also use; Weapons—advances in technology, e.g., cyberweapons; and Events and Demographic Changes—e.g., infectious disease outbreaks. The House Armed Services Committee drew on this work to highlight electromagnetic warfare and to inform oversight efforts in other areas. ([GAO-19-204SP](#))

## Testimonies

Our senior executives were asked to testify 29 times on our Goal 2 work in fiscal year 2019 and we met our target. Goal 2 testimony topics included the need to (1) rebuild Army, Navy, Marine, and Air Force readiness; (2) address the U.S. Customs and Border Protection's challenges with recruiting, hiring, and retaining law enforcement personnel; (3) strengthen DHS management; (4) improve efforts to identify and reunify children separated from their parents at the border; and (5) significant challenges DOD faces as it seeks to accelerate space programs and address threats. (See [fig. 22](#) for selected testimony topics by goal.) We have set our fiscal year 2020 testimony target at 28 based on our recent experience.

## Example of Goal 2's Testimonies

**FEMA's Progress and Challenges With Disaster Resilience, Response, Recovery, and Workforce Management.** In 2019, we testified on FEMA's disaster preparedness, response, and recovery operations, based on our 2011-2019 reports and ongoing work. Among other things, we found FEMA (1) has not fully assessed national gaps in emergency preparedness; (2) has made progress since Hurricane Katrina, but faced major challenges addressing Puerto Rico's needs in 2017; (3) has had trouble and faced delays implementing its recovery programs in Puerto Rico and U.S. Virgin Islands; (4) has not ensured that it has enough trained staff; and (5) could better assist older Americans and those with disabilities. ([GAO-19-617T](#), [GAO-19-652T](#), [GAO-19-662T](#), [GAO-19-518T](#), [GAO-19-594T](#))



Source: National Cable Satellite Corporation. | GAO-20-1SP

Christopher Currie, Director, Homeland Security and Justice team, testified on the need to improve FEMA's emergency management to address challenges and future risks. To listen to related podcast, click on links provided below.



**Disaster Resilience Framework**  
<https://www.gao.gov/multimedia/podcasts/702210>



**FEMA's Wildfire Response and Recovery**  
<https://www.gao.gov/multimedia/podcasts/702006>

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**

<b>Protect and Secure the Homeland</b>	
<b>Strengthening DHS's Nuclear Terrorism Law</b>	In 2018, we briefed congressional staff on the results of our work on the DHS Securing the Cities (STC) program—which is designed to provide U.S. cities with radiation detection equipment and training to deter nuclear terrorism. Our work showed that by developing an implementation plan for this program, DHS could clarify what changes are planned and how it plans to implement them. We recommended that the Congress revise legislation to include requiring an implementation plan for the STC program that would include goals, metrics, and costs. The Congress subsequently added the requirement for an implementation plan to this legislation. ( <a href="#">GAO-19-327</a> )
<b>Improving TSA's Covert Test Program</b>	The Transportation Security Administration (TSA) conducts covert tests at airports to identify potential vulnerabilities in aviation security. In April 2019, we made nine recommendations to help TSA improve its covert testing processes and its use of test results. In June 2019, the Covert Testing and Risk Mitigation Improvement Act of 2019 was referred to the House Homeland Security Committee. If enacted, the bill would reinforce many of the recommendations we made in our report. For example, it would require TSA to conduct risk-based testing of airport security operations and establish timeframes for addressing security vulnerabilities identified through covert tests. ( <a href="#">GAO-19-374</a> )
<b>U.S. Foreign Policy Interests</b>	
<b>Improving Diplomatic Security by Clarifying Standards and Improving Compliance</b>	The State Department conducts a range of activities to assess risks to U.S. diplomatic residences overseas—such as developing security standards and requiring posts to periodically conduct residential security surveys. However, we found in 2015 that many surveys were not completed as required, that some residences did not meet security standards, and that related guidance was unclear. In response, the State Department revised its guidance and launched a system that allows officials to access, create, and audit residential security records in May 2019—which will help clarify and address gaps in security. ( <a href="#">GAO-15-700</a> )
<b>Reducing Security Program Operating Costs by Considering Unobligated Balances</b>	The State Department—manages the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account—which funds efforts to reduce threats posed by international terrorists, land mines, explosive remnants of war, and various other weapons. We reviewed the fiscal year 2018 budget request for this account and estimated that it had an average unobligated balance of \$921 million. We suggested that the Congress consider unobligated balances when determining new funding levels. In response, the Congress reduced NADR's budget by \$125 million in 2018.
<b>Combating Trafficking in Persons by Prohibiting Recruiting Fees</b>	We found in November 2014 that some foreign workers on U.S. government contracts for DOD and USAID reported paying recruitment fees for their jobs—which can lead to various abuses related to human trafficking (such as debt bondage). Federal contracting policy lacked an explicit definition of recruitment fees, which hurt federal efforts to prohibit or restrict the payment of such fees. We recommended that these agencies develop a precise definition of recruitment fees to help limit the potential for abuse. In response, an explicit definition of recruitment fees was entered into Federal Acquisition Regulations. ( <a href="#">GAO-15-102</a> )

Source: GAO. | GAO-20-1SP

## Strategic Goal 3

# Help Transform the Federal Government to Address National Challenges

Our third strategic goal focuses on the collaborative and integrated elements needed for the federal government to achieve results. The work under this goal highlights the intergovernmental relationships that are necessary to 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.

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 from the ARM, Financial Management and Assurance, Forensic Audits and Investigative Service, ITC, STAA, 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 OGC.

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

## Example of Work under Goal 3

**Improving Efforts to Address Bioforensics Capability Gaps.** Terrorist or criminal use of pathogenic organisms and toxins is a U.S. security concern. DHS plays a role in investigating and responding to these kinds of biocrimes. In January 2017, we found that DHS had not performed a formal bioforensics capability gap analysis, which could identify new capabilities needed to carry out its mission. In response to our recommendation that DHS conduct and periodically update such an analysis, DHS developed a 5-year bioforensics research plan and gap analysis. This will help DHS identify and focus resources on its highest priority bioforensics needs. (GAO-17-177)

As shown in [table 16](#), we met the Goal 3 performance targets set for financial benefits and other benefits for fiscal year 2019, but did not meet our testimonies target.

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

Performance measure	2014 actual	2015 actual	2016 actual	2017 actual	2018 actual	2019 target <sup>a</sup>	2019 actual	Met/not met	2020 target
Financial benefits (dollars in billions)	\$13.3	\$10.1	\$30.8	\$5.0	\$12.1	\$3.9	\$6.7	met	\$3.2
Other benefits	513	526	448	517	515	411 <sup>a</sup>	491	met	398
Testimonies	30	26	37	29	28	25 <sup>a</sup>	23	not met	24

Source: GAO. | GAO-20-1SP

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.

<sup>a</sup>Our fiscal year 2019 targets for two of our three performance measures differ from those we reported in our fiscal year 2019 performance plan in May 2018, based on revised estimates from mission teams. Specifically, we increased other benefits from 410 to 411 and testimonies from 23 to 25. 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 2014 to 2016, declined in 2017, held steady in 2018, and declined in 2019. Average other benefits for Goal 3 decreased steadily from 2014 to 2017, held steady in 2018, and declined in 2019. The trend in the average number of testimonies on Goal 3 issues declined from 2014 to 2015 and held steady from 2016 through 2019.

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

Performance measure	2014	2015	2016	2017	2018	2019
Financial benefits (dollars in billions)	\$11.3	\$12.1	\$15.6	\$14.8	\$14.5	\$13.6
Other benefits	587	562	511	501	502	493
Testimonies	33	30	29	31	30	29

Source: GAO. | GAO-20-1SP

The following sections describe our performance under Goal 3 for each of our quantitative performance measures and describe the targets for fiscal year 2020.

## Financial Benefits

In fiscal year 2019, the financial benefits reported for Goal 3 totaled \$6.7 billion, exceeding our target of \$3.9 billion by \$2.8 billion, or about 72 percent. This was due primarily to unexpected financial benefits from actions taken by (1) HHS to address undisbursed balances we identified from expired grant awards (\$938 million), (2) IRS to help prevent identity theft tax refund fraud (\$900.2 million), and (3) the Congress revising partnership audit rules (\$843 million). We have set our 2020 target at \$3.2 billion based on what our Goal 3 teams believe they can achieve given past, ongoing, and expected work.

### Example of Goal 3's Financial Benefits

**Reducing Government-wide Improper Payments.** Since fiscal year 2000, we have issued several reports and testimonies on government-wide and agency-specific improper payment issues. These reports identified deficiencies in how agencies estimate improper payments and recommended actions to prevent, detect, and correct these errors. In response, 3 programs (including the Medicaid Prescription Drug program) reported reduced improper payment error rates in fiscal year 2018—resulting in a \$1.8 billion reduction in these programs' improper payments. ([GAO-19-112](#), [GAO-18-377](#), [GAO-12-573T](#), [GAO-08-438T](#), [AIMD-00-10](#))

## Other Benefits

Other benefits reported for Goal 3 in fiscal year 2019 totaled 491, exceeding our target of 411 benefits by 80 benefits, which is about 19 percent. Goal 3's benefits were primarily in the areas of program efficiency and effectiveness, business process and management, tax law administration, and acquisition and contract management. We have set our fiscal year 2020 target at 398 other benefits based on past, ongoing, and expected work.

### Example of Goal 3's Other Benefits

**Better Managing the Acquisition of VA's Electronic Health Record System.** VA is acquiring a new electronic health record system that is critical to supporting the care of 9 million veterans and their families. The Congress established the DOD and VA Interagency Program Office to ensure interoperability (the electronic exchange of health data) between the two departments. In September 2018, we testified that VA had not defined what role this office will have in acquiring its electronic health record system. We recommended that VA ensure that the roles/responsibilities of the office are clearly defined. In response, VA has begun taking steps to define its plans for the office, which should strengthen accountability. ([GAO-18-93](#))



Source: GAO. | GAO-20-1SP

Carol Harris, Director, Information Technology and Cybersecurity Team, testified on VA's efforts to acquire a new Electronic Health Record System.

## Testimonies

Our senior executives were asked to testify 23 times on topics related to this strategic goal in fiscal year 2019, falling short of our target by 2 testimonies or about 8 percent. Among the Goal 3 testimony topics covered were the need to (1) improve and sustain the nation's fiscal health; (2) achieve greater progress on GAO's High Risk Areas; (3) strengthen federal agencies IT acquisitions, operations, and cybersecurity; (4) mitigate key risks for the 2020 Census; (5) address FEMA's challenges with contracts used to support disaster response and recovery; and (6) strengthen scientific integrity policies in federal research. (See [fig. 22](#) for selected testimony topics by goal.) For fiscal year 2020, we have set the testimony target at 24, based on our experience in recent years. [Table 18](#) provides examples of Goal 3 accomplishments and contributions, which include both financial and other benefits.

### Example of Goal 3's Testimonies

**Actions Needed to Address Key Risks for the 2020 Census.** In 2019, we testified on further actions the Census Bureau needs to take to reduce key risks to conducting a complete and accurate count of the nation's population through the 2020 Census. This program has been on our list of high risk programs since 2017, primarily because (1) it plans to use innovations that are not expected to be fully tested, including allowing the public to respond using the internet; (2) continues to face challenges in implementing IT systems, and (3) faces significant cybersecurity risks to its systems and data. Although the Census Bureau has taken some steps to address risk, additional actions are needed as these risks could adversely impact the cost, quality, schedule, and security of the 2020 Census. ([GAO-19-431T](#))

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

Analyze Government's Fiscal Position	
Improving Federal Financial Reporting and Controls	Our audits of federal agencies' financial statements continue to improve federal financial reporting and controls. In 2018, we conducted the first audit of the Schedules of the General Fund (which reports the government's cash activity, debt activity, and budget deficit) and issued 26 recommendations to Treasury to improve internal controls—such as improving guidance to federal agencies to fully capture the effect of each transaction. Treasury agreed with, and has begun to implement, our recommendations. The IRS also took significant actions to strengthen internal controls over the reporting of unpaid tax assessments, per our recommendations. ( <a href="#">GAO-19-150</a> , <a href="#">GAO-19-185</a> , <a href="#">GAO-19-463RSU</a> )
Increasing Tax Revenue by Helping Revise Partnership Audit Rules	Our 2014 review of IRS found that it had difficulty auditing large partnerships (those with at least 100 partners and \$100 million in assets). IRS would audit a partnership and, if additional taxes were owed, reach out to the individual partners to collect. This process was labor intensive and limited the number of large partnerships that the IRS could audit. We recommended that the Congress require large partnerships to pay any taxes owed at the partnership level. In response, the Bipartisan Budget Act of 2015 revised how large partnerships are audited, which is expected to increase tax revenue by \$843 million. ( <a href="#">GAO-14-732</a> )
Prevent Fraud, Waste, and Abuse	
Collaborating with Agencies and Auditors on DATA Act Oversight and Implementation	Since 2014, we have worked collaboratively with federal agencies and auditors to help implement the Digital Accountability and Transparency Act (DATA Act), and oversee the quality of the data collected under this act. In 2018, we provided comments on drafts of the Financial Reporting Requirements, the Data Quality Playbook, and the Guide to Compliance for the DATA Act, which were incorporated into the final versions. This clearer guidance should increase the consistency and transparency of federal agencies' compliance with the DATA Act. ( <a href="#">GAO-18-546</a> , <a href="#">GAO-18-316R</a> , <a href="#">GAO-18-138</a> )

<b>Improving Congressional Oversight of Fraud Risk Management</b>	The Fraud Reduction and Data Analytics Act (FRDAA) requires federal agencies to establish procedures for managing fraud risks. In 2018, we assessed agencies' compliance with the FRDAA. We found that progress reports submitted by agencies as part of their annual financial reports were incomplete and lacked detailed information to effectively inform the Congress of implementation status. In part due to our review of FRDAA implementation, the Senate voted to extend the reporting requirement's expiration to 2020, which will enable the Congress to have greater oversight and accountability over agency fraud risk management activities. ( <a href="#">GAO-19-34</a> )
<b>Improving the Transparency of Charges on Phone Bills</b>	The Federal Communications Commission's (FCC) Lifeline program provides discounts to low-income households for telephone and broadband service. This program is supported by fees charged to consumers on their telephone bills. However, we reported in 2017 that these fees are not clearly identified on consumers' phone bills. We recommended that FCC regularly assess whether these charges are appropriately labeled and described on customer phone bills. In response, the FCC amended its procedures to do so in June 2017—which should help consumers detect and prevent unauthorized charges on their phone bills. ( <a href="#">GAO-17-538</a> )
<b>Better Coordinating Physical Security on NIST Campuses</b>	The Department of Commerce's NIST is the U.S.'s national physical laboratory. In 2017, we found that NIST's physical security program is split between Commerce and NIST—Commerce oversees security personnel and NIST manages physical security countermeasures (such as access control technology). This is inconsistent with federal best practices, which encourage agencies to centrally manage physical security. In response to our recommendation, the NIST Director issued an updated policy in March 2019 to better coordinate security activities with Commerce. ( <a href="#">GAO-18-95</a> )
<b>Major Management Challenges and Program Risks</b>	
<b>Measuring and Improving Patent Quality</b>	Intellectual property-intensive industries, such as electronics, contribute significantly to the U.S. economy. However, resolving patent disputes can be costly. In June 2016, we reported that unclear or overly broad patents can increase the likelihood of disputes, and that the U.S. Patent and Trademark Office (USPTO) could take steps to improve patent quality. For example, we recommended USPTO define patent quality and analyze patent dispute data to identify training or guidance needs for managers and staff. In response, USPTO did both—which could help reduce the likelihood of patent disputes. ( <a href="#">GAO-16-490</a> )
<b>Strengthening Federal Technology Transfer Efforts</b>	Federal agencies spend billions of dollars annually on research at their labs. The Federal Laboratory Consortium for Technology Transfer (FLC) helps transfer this technology to the private sector for commercialization. In October 2014, we reported that FLC had not obtained customer feedback on its technology transfer initiatives, and had not developed performance measures or reported progress toward its goals. In response to our recommendations, FLC obtained customer feedback, and developed and reported on performance measures—ensuring its initiatives can better meet customer needs, and helping track and communicate progress toward its goals. ( <a href="#">GAO-15-127</a> )

**Ensuring that Federal Agencies Can Fully Adjust Civil Penalties for Inflation**

Civil monetary penalties are an important element of regulatory enforcement. Suitably severe maximum penalties allow federal agencies to punish willful and egregious violators appropriately and deter future violations. However, our work found that agencies were unable to fully adjust their civil penalties for inflation under current law. In response, the Congress enacted statutory amendments. As a result, agencies are able to more fully adjust civil penalties for inflation and preserve their relevancy. Further, the Congressional Budget Office estimated that these changes would lead to increases in government revenue of \$100 million in fiscal year 2019. ([GAO-03-409](#))

**Better Identifying Unused Balances from Expired Grant Awards**

Effective and efficient grant closeout processes allow federal agencies to use unspent funds or return them to the Treasury. Our work in 2016 on reporting the status of grant closeouts found that HHS was not effectively using data to help target agency efforts toward closing expired grant accounts that have the largest amount of unspent funds. As a result of our recommendations, HHS implemented measures which helped it better identify funds available for de-obligation in fiscal years 2017 and 2018, which led to \$938.5 million in financial benefits. ([GAO-16-362](#))

**Better Managing IT Investments at the Farm Service Agency**

The Farm Service Agency (FSA) spent 10 years and over \$423 million on efforts to replace aging IT systems that deliver benefits to farmers and ranchers. In June 2015, we reported that FSA did not implement key management practices for this program. For instance, the agency did not perform key tests before deploying the new system. It also lacked the capacity to effectively manage future IT programs. In response to our recommendation, FSA restructured its IT investment portfolio and eliminated a number of investments. As a result, the agency estimated saving at least \$332 million between fiscal years 2019-2023. ([GAO-15-506](#))

Source: GAO. | GAO-20-1SP



Source: GAO. | GAO-20-1SP

## Strategic Goal 4

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

Our fourth strategic goal embraces the spirit of continuous and focused improvement in order to sustain high-quality, timely service to the Congress, while also implementing leading practices in our internal operations. Activities carried out under this goal also address our 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 ARM and other offices, including Strategic Planning and External Liaison, Congressional Relations, Opportunity and Inclusiveness, APQA, Public Affairs, and OGC. 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 42](#), our internal operations for services and functions that help employees get their jobs done, improve the quality of their work life, and

the IT tools they use to accomplish their work were rated by our staff with scores of 82 percent, 82 percent, and 56 percent, respectively. [Table 19](#) provides examples of Goal 4 accomplishments and contributions.

## Examples of Work under Goal 4

**Hiring.** In fiscal year 2019, GAO set a target of 3,150 FTE and reached 3,161—or 100.3 percent of our target. This hiring success was aided by filling 352 permanent positions and 222 paid intern positions.

**Technology.** We began the agency-wide rollout of Virtual Desktop Initiative (VDI) 2.0, which provides much-needed new infrastructure equipment, resulting in increased processing speed and additional memory. In addition, we are launching Windows 10, Skype, Office 2016, and DM10.

**Table 19: Goal 4 Accomplishments and Contributions**

Empower GAO's Workforce to Excel through Strategic Talent Management	
<b>Hiring, developing, and retaining our workforce</b>	<ul style="list-style-type: none"> <li>■ We developed—and are executing a recruiting strategy that focuses on three primary objectives: (1) targeting recruiting resources to efficiently and effectively address current and emerging talent needs; (2) improving the diversity of GAO's talent pipeline through more focused recruiting efforts; and (3) enhancing GAO's recognition as an employer of choice through comprehensive branding and communications.</li> <li>■ We managed a year-round program for analyst and operations interns, providing GAO with a robust pipeline of vetted, well-trained staff to support workforce needs.</li> <li>■ We conducted a Learning Needs Assessment to determine the training needs of GAO's operations and administrative staff, and launched six courses to further develop expertise in such areas as customer service, time management, briefing and presentation skills, and more.</li> <li>■ In response to the 2018 Revision of Government Auditing Standards (also known as the "Yellow Book"), we provided a 2-hour, mandatory course on said revisions, for all GAO staff involved in planning, directing, performing, and reporting on GAO engagements.</li> </ul>
<b>Enhancing and sustaining a fair, diverse, and inclusive culture</b>	<ul style="list-style-type: none"> <li>■ We continued our commitment as a diversity, equity, and inclusion leader by offering numerous learning opportunities for staff, including courses on recognizing ageism in the workplace and inclusive leadership.</li> <li>■ We continued to support and collaborate with D&amp;I teams across GAO on training activities and events in areas such as bias, gender identity, and sexual harassment.</li> <li>■ We constructed a new all-genders restroom in Headquarters to enhance inclusion efforts.</li> </ul>
<b>Maintaining effective relationships with GAO's internal employee organizations</b>	<ul style="list-style-type: none"> <li>■ In fiscal year 2019, 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:               <ul style="list-style-type: none"> <li>○ Multiyear performance-based compensation agreement</li> <li>○ Multiyear annual adjustment agreement</li> <li>○ Implementation of the new STAA mission team</li> <li>○ Implementation of several phases of UCT</li> </ul> </li> </ul>

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

### Enhancing outreach to the Congress and access to our work

- We redesigned Watchdog, our website for members of the Congress and their staffs, to improve usability and better acquaint new members with our services.
- To ensure that the Congress has the information it needs on how agencies are implementing GAO's recommendations, we assisted in bringing about passage of the GAO-IG Act.
- This year, we expanded Fast Facts—a brief summary for our reports, testimonies, and other publicly issued work—to the entire agency, and continued to see increased online engagement with our work.
- We piloted a new version of the Highlights page that features an updated layout, with an emphasis on concise, clear writing and more use of white space.
- We also began work on a new website and content management system for our public website, [www.gao.gov](http://www.gao.gov). The new site uses responsive design, meaning that it renders correctly on mobile devices of any size; has a more modern, streamlined look-and-feel; and has better search functionality.
- We also launched a new one-stop database—"Find-an-Expert"—where congressional staff, the news media, and the public can locate GAO subject matter experts. See <https://www.gao.gov/about/contact-us/find-an-expert/>.

### Enhancing GAO's foresight and strategic planning capacity

- We continued to strengthen and expand the components of GAO's foresight ecosystem through our Foresight Speaker series, which features expert speakers discussing important global trends with our staff, and produced an internal product summarizing trends we are tracking through our continuous environmental scanning system.
- Our Center for Strategic Foresight held an expert meeting to examine the policy questions around emerging issues related to deep fakes and national and international activities in space.

### Continually improving government auditing standards

- We significantly contributed to the development and refinement of international auditing standards; publicized by INTOSAI, these standards articulate the proper conduct for government auditors around the world to increase audit quality, professionalism, and credibility of supreme audit institutions.

### Enhancing GAO's products, processes, and programs

- In the area of project management, we completed the development of a training curricula and series of six tools to both streamline the engagement process and increase the quality of products by helping staff and managers estimate resources, communicate progress, and plan out work. The training courses and tools will be deployed as a project management pilot program beginning in October 2019.
- We revamped manuals for conducting two key internal audit processes—leave audits and travel voucher audits—to help ensure accuracy and accountability with internal policies and government regulations.
- We developed a new leave audit database to more efficiently assign and track the leave audits we perform, and facilitate our ability to analyze the root cause of leave errors.

## Provide Modern Integrated Tools and Systems in a Secure Environment

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

- We continue to pilot New Blue, our web-based publishing platform, which provides our reports to our clients and the public on any device, including mobile devices and tablets. In fiscal year 2019, we made 11 of our reports available via this HTML format; we plan to publish an additional 4 HTML products before the end of calendar year 2019 and will move to routinely publishing non-classified audit reports and testimonies in HTML in fiscal year 2020.
- To enhance our ability to efficiently perform security clearance reviews of our employees, we made key updates to our online security clearance system to better integrate it with other dependent systems.
- We upgraded FraudNet, our public-facing eFile portal used to submit allegations of fraud, waste, and abuse in federal programs, by enhancing features that improve the investigative process, reinforce the application of investigative standards, and allow for improved monitoring of case progression and performance.

### Enhancing tools that integrate enterprise data to facilitate decision making

- We led an initiative to shorten, simplify, and refine our annual Employee Feedback Survey (EFS) in consultation with diverse agency-wide stakeholders in order to increase the survey's ongoing effectiveness; the updated survey will launch in 2020.

### Enabling a mobile, collaborative environment

- We continued to lay the groundwork for UCT, which will connect employees via audio, web, video conferencing, instant messaging, and screen sharing on a single platform, compatible across multiple devices. The synchronized rollout of the UCT components began in fiscal year 2019, and will be completed in early 2020.

### Ensuring a secure, cost-effective physical and technological infrastructure

- To continue to ensure the safety and security of our employees, we enhanced our active shooter program by creating a new mandatory online training, holding several agency-wide informational briefings, and conducting our first-ever active shooter drill for Headquarters (HQ) employees and tenants. In addition, we conducted our first-ever Headquarters Code Adam (missing child) drill.
- We increased the number of approved shelter-in-place locations at GAO Headquarters by over 900 spaces to provide building occupants with additional spaces to relocate to during emergency situations.
- We welcomed a new tenant to the sixth floor of the Headquarters building with the signing of a 10-year occupancy agreement. This deal supports a key effort in our strategic plan to increase revenue through leasing of unoccupied space.
- To address IT security needs associated with growing HQ building occupancy, we continue to maintain a network controlled by many security components that monitor for unauthorized access; to address infrastructure needs, we are strategically addressing and planning for deferred building and equipment maintenance work.

Source: GAO. | GAO-20-1SP

# Part III

## Financial Information



Source: Photodisc. | GAO-20-1SP

From the Chief Financial Officer

November 19, 2019

I am pleased to report that in fiscal year 2019, 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 2018 PAR received an award from the Association of Government Accountants. We received the Certificate of Excellence in Accountability Reporting (CEAR) award, our 18th consecutive award since we first applied in fiscal year 2001.

The funding enacted for fiscal year 2019 allowed GAO to increase hiring efforts as well as make strategic investments in IT and GAO's facilities infrastructure. Funding in these areas enabled GAO to begin capital investments in new technology and to address important funding requirements in support of our building facilities that will increase efficiency, lower operating costs, and increase our rental revenue. Some of this funding went towards previously deferred building maintenance; however, due to an updated assessment of the facilities this year, the amount of deferred maintenance has still increased considerably. Additionally, the funding provided in fiscal year 2019 allowed GAO to establish a new Science,

Technology Assessment, and Analytics team to continue and expand our focus on rapidly evolving science and technology issues. This team will focus on conducting technology assessments; providing technical assistance to the Congress; assessing major federal acquisitions and technology programs; supporting Congressional oversight of federal science programs; and advancing GAO's ability to use data analytics in auditing.

GAO's increased rental revenue was made possible by a new 10-year occupancy agreement for additional rental space in late 2019 for approximately 43,000 square feet of space on the 6th floor of the headquarters building entered into by GAO and DOJ. The occupancy agreement established between GAO and DOJ supports a Key Effort in the GAO Strategic Plan to increase revenue through leasing of space in the Headquarters building. GAO started collecting rent on this space in September 2019.

In the area of internal control, the Program Analysis and Operations office (PAO) conducted an entity-wide assessment of risk and key controls for the agency's internal control system, consistent with the Federal Manager's Financial Integrity Act and requirements of the Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

To validate compliance, effectiveness, 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 shared service providers so we could proactively address any issues with the appropriate compensating controls.

The assessment found GAO in compliance with the five components and 17 principles of the Standards for Internal Control in the Federal Government (Green Book) and provided reasonable assurance that internal control over reporting, operations, and compliance were operating effectively and efficiently for fiscal year 2019. No material weaknesses were found in the design or implementation of the internal control system.

GAO utilizes a maturity model approach to incorporate Enterprise Risk Management (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) prepared and updated the agency-wide risk profile for 2019; (2) assessed the internal control over operations, reporting, and compliance; and (3) collaborated with internal stakeholders to facilitate several fraud risk assessments of identified high-risk program areas, consistent with GAO's A Framework for Managing Fraud Risks in Federal Programs (Fraud Risk Framework).

GAO maximized its fiscal stewardship of GAO's resources in 2019 by (1) investing in our most valuable asset, people, through increasing our hiring, (2) strengthening IT resources, and (3) making facilities infrastructure improvements. These investments allowed GAO to provide quality, timely service to the Congress and to be a leading practices federal agency.



Karl J. Maschino  
Chief Administrative Officer/  
Chief Financial Officer

# Audit Advisory Committee's Report

November 19, 2019

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 2019 Performance and Accountability Report.



Robert H. Attmore  
Chair  
Audit Advisory Committee

# Independent Auditor's Report



CliftonLarsonAllen LLP  
CLAAconnect.com

## INDEPENDENT AUDITORS' REPORT

Comptroller General of the United States:

In our audits of the fiscal years 2019 and 2018 financial statements of the United States Government Accountability Office (GAO), we found:

- GAO's financial statements as of and for the fiscal years ended September 30, 2019, and 2018, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- GAO maintained, in all material respects, effective internal control over financial reporting as of September 30, 2019;
- GAO's financial management systems substantially complied with the applicable requirements of the Federal Financial Management Improvement Act (FFMIA) as of September 30, 2019; and
- No reportable noncompliance for fiscal year 2019 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail our (1) report on the financial statements and on internal control over financial reporting, including our responsibilities with respect to the required supplementary information (RSI)<sup>1</sup> and other information included with the financial statements;<sup>2</sup> (2) report on the system's compliance with FFMIA; and (3) report on compliance with laws, regulations, contracts, and grant agreements.

### Report on the Financial Statements and on Internal Control over Financial Reporting

We have audited the accompanying financial statements of GAO, which comprise the balance sheets as of September 30, 2019 and 2018, 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 also have audited GAO's internal control over financial reporting as of September 30, 2019, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA).

We conducted our audits in accordance with U.S. generally accepted government auditing standards issued by the Comptroller General of the United States, in addition to OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 19-03). We

<sup>1</sup>The RSI consists of the section titled "Management's Discussion and Analysis" on pages 24 to 63 of GAO's Performance and Accountability Report (PAR) and subsection titled "Deferred Maintenance and Repairs for Fiscal Year 2019" on pages 110 to 111, which is included with the financial statements.

<sup>2</sup>Other information consists of all the other information included in GAO's PAR, except for the financial statements, the auditors' report, and the RSI.



## INDEPENDENT AUDITORS' REPORT (Continued)

believe that the audit evidence we 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 U.S. generally accepted accounting principles; (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 auditors' 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 internal control over financial reporting based on the criteria established under FMFIA; and (6) its assessment about the effectiveness of internal control over financial reporting as of September 30, 2019, included in the accompanying Management's Statement of Assurance on Internal Control over Financial Reporting in the Introduction section of the GAO Performance and Accountability Report (PAR).

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

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. U.S. generally accepted government auditing standards and OMB Bulletin 19-03 require that we plan and perform the audits 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 to RSI and other information included with the financial statements.

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 auditors' judgment, including the auditors' 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 involves performing procedures to obtain evidence about whether a material weakness exists.<sup>3</sup> The procedures selected depend on the auditors' judgment, including the assessment of the risk that a material weakness exists. An audit of internal control over financial reporting also involves obtaining an understanding of internal control over financial reporting and evaluating and testing the design and operating effectiveness of internal control over financial reporting based on the assessed risk. Our audit of internal control also considered GAO's process for evaluating and reporting on internal control over financial

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<sup>3</sup>A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

### INDEPENDENT AUDITORS' REPORT (Continued)

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 weakness.

#### ***Definition 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.

#### **Opinion on Financial Statements**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Government Accountability Office as of September 30, 2019 and 2018, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

#### **Opinion on Internal Control over Financial Reporting**

In our opinion, GAO maintained, in all material respects, effective internal control over financial reporting as of September 30, 2019, based on criteria established under FMFIA.

#### ***Other Matters***

##### Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audits 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

## INDEPENDENT AUDITORS' REPORT (Continued)

or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

### Other Information

GAO's other information 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 financial statements or the 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, 2019. 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 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, 2019 based on criteria established under FFMIA for federal financial management systems.

### **Other Reporting Required by Government Auditing Standards**

#### **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

In connection with our audits of GAO's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

**INDEPENDENT AUDITORS' REPORT (Continued)*****Management's Responsibility***

GAO management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to GAO.

***Auditors' Responsibility***

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to GAO that have a direct effect on the determination of material amounts and disclosures in GAO's financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to GAO.

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

Our tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2019 that would be reportable under U.S. generally accepted 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. Accordingly, we do not express such an opinion.

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

The purpose of this report 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 compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Greenbelt, Maryland  
November 14, 2019

# 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, 2019 and 2018

(Dollars in thousands)

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
<b>Intragovernmental</b>		
Fund balance with Treasury (Note 2)	\$136,554	\$135,215
Accounts receivable	5,346	4,047
<b>Total Intragovernmental</b>	<u>141,900</u>	<u>139,262</u>
Property and equipment, net (Note 3)	19,270	21,290
Other	485	410
<b>Total Assets</b>	<u>\$161,655</u>	<u>\$160,962</u>
<b>Liabilities (Note 4)</b>		
<b>Intragovernmental</b>		
Accounts payable and other	\$3,286	\$5,948
Federal employee benefits (Note 5)	4,464	3,774
Federal Employees' Compensation Act (FECA) liability (Note 6)	<u>1,959</u>	<u>2,019</u>
<b>Total Intragovernmental</b>	<u>9,709</u>	<u>11,741</u>
Accounts payable and other	12,441	6,414
Salaries and benefits	20,702	17,887
Accrued annual leave	33,823	32,104
Actuarial FECA liability (Note 6)	<u>13,099</u>	<u>13,576</u>
<b>Total Liabilities</b>	<u>89,774</u>	<u>81,722</u>
<b>Net Position</b>		
Unexpended appropriations	69,440	74,617
Cumulative results of operations	<u>2,441</u>	<u>4,623</u>
<b>Total Net Position (Note 12)</b>	<u>71,881</u>	<u>79,240</u>
<b>Total Liabilities and Net Position</b>	<u>\$161,655</u>	<u>\$160,962</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, 2019 and 2018**  
(Dollars in thousands)

	<u>2019</u>	<u>2018</u>
<b>Net Costs by Goal</b>		
<b>Goal 1: Well-being / Financial Security of American People</b>		
Gross Costs	\$230,929	\$223,410
Less: reimbursable services	(591)	(629)
Net goal costs	<u>230,338</u>	<u>222,781</u>
<b>Goal 2: Changing Security Threats / Challenges of Global Interdependence</b>		
Gross Costs	196,306	151,860
Less: reimbursable services	-	-
Net goal costs	<u>196,306</u>	<u>151,860</u>
<b>Goal 3: Transforming the Federal Government's Role</b>		
Gross Costs	163,278	161,308
Less: reimbursable services	(14,629)	(17,248)
Net goal costs	<u>148,649</u>	<u>144,060</u>
<b>Goal 4: Maximize the Value of GAO</b>		
Gross Costs	13,968	14,907
Less: reimbursable services	-	-
Net goal costs	<u>13,968</u>	<u>14,907</u>
<b>Other Costs in Support of the Congress</b>		
Gross Costs	64,015	51,077
Less: reimbursable services	(2,059)	(1,653)
Net costs	<u>61,956</u>	<u>49,424</u>
Less: Reimbursable services not attributable to above cost categories ( <a href="#">Note 7</a> )	<u>(13,075)</u>	<u>(13,988)</u>
<b>Net Cost of Operations (<a href="#">Note 9</a>)</b>	<u>\$638,142</u>	<u>\$569,044</u>

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

**Financial Statements**  
**U.S. Government Accountability Office**  
**Statements of Changes in Net Position**  
**For the Fiscal Years Ended September 30, 2019 and 2018**  
(Dollars in thousands)

	<u>2019</u>	<u>2018</u>
<b>Unexpended Appropriations, beginning of fiscal year</b>	\$74,617	\$26,079
<b>Budgetary Financing Sources and Uses</b>		
Appropriations received	599,750	592,917
Appropriations permanently not available	-	(3)
Appropriations used	<u>(604,927)</u>	<u>(544,376)</u>
<b>Total Budgetary Financing Sources and Uses</b>	(5,177)	48,538
<b>Total Unexpended Appropriations, end of fiscal year</b>	<u>\$69,440</u>	<u>\$74,617</u>
<b>Cumulative Results of Operations, beginning of fiscal year</b>	\$4,623	\$1,288
<b>Budgetary Financing Sources - appropriations used</b>	604,927	544,376
<b>Other Financing Sources</b>		
Federal employee retirement benefit costs paid by OPM and imputed to GAO ( <a href="#">Note 5</a> )	<u>31,033</u>	<u>28,003</u>
<b>Total Financing Sources</b>	635,960	572,379
<b>Net Cost of Operations</b>	<u>638,142</u>	<u>569,044</u>
<b>Net Change</b>	(2,182)	3,335
<b>Cumulative Results of Operations, end of fiscal year</b>	<u>\$2,441</u>	<u>\$4,623</u>
<b>Net Position</b>	<u><u>\$71,881</u></u>	<u><u>\$79,240</u></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, 2019 and 2018**  
(Dollars in thousands)

	<u>2019</u>	<u>2018</u>
<b>Budgetary Resources (Note 10)</b>		
Unobligated balance from prior year budget authority, net	\$67,352	\$43,465
Appropriations	599,750	592,917
Spending authority from offsetting collections	<u>35,188</u>	<u>32,166</u>
<b>Total budgetary resources</b>	<u><u>\$702,290</u></u>	<u><u>\$668,548</u></u>
<b>Status of Budgetary Resources</b>		
New obligations and upward adjustments	\$642,243	\$609,667
Unobligated balance, end of year:		
Apportioned, unexpired account	129	9,957
Unapportioned, unexpired accounts	<u>57,368</u>	<u>46,074</u>
Unexpired unobligated balance, end of year	<u>57,497</u>	<u>56,031</u>
Expired unobligated balance, end of year	<u>2,550</u>	<u>2,850</u>
Total unobligated balance, end of year	<u>60,047</u>	<u>58,881</u>
<b>Total budgetary resources</b>	<u><u>\$702,290</u></u>	<u><u>\$668,548</u></u>
<b>Outlays, Net</b>		
<b>Outlays, net</b>	\$598,411	\$535,357
Distributed offsetting receipts	<u>(16)</u>	<u>(36)</u>
<b>Agency outlays, net</b>	<u><u>\$598,395</u></u>	<u><u>\$535,321</u></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 statutorily enacted 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 as "reimbursable services" on the statements of net cost and included as part of "spending authority from offsetting collections" on the statements of budgetary resources. Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with federal government accounting standards, certain costs of the providing entity that are not fully reimbursed by the component reporting entity are recognized as imputed cost in the Statement of Net Cost, and as imputed financing sources in the Statement of Changes in Net Position. Such imputed costs and financing sources relate to employee benefits. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

### *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 No. A-136, *Financial Reporting Requirements* (rev. June 28, 2019).

### *Intragovernmental Assets*

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

### *Fund Balance with Treasury*

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

## ***Accounts Receivable***

GAO's accounts receivable are due principally from federal entities for reimbursable services. GAO does not recognize any allowance for loss on intragovernmental accounts receivable as they are considered fully collectible.

## ***Property and Equipment, Net***

The GAO headquarters building qualifies as a multi-use heritage asset, is GAO's only heritage asset, and is reported as part of 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 (SFFAS) 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 headquarters building being registered in the National Register of Historic Places.

## ***Liabilities***

Liabilities represent amounts that will 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 entities 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 governmentwide Civil Service Retirement and Disability Fund administered by OPM. This amount is considered imputed financing to GAO (see [Note 5](#)).

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 U.S. 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 litigation 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 litigation 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 note disclosures. Actual results could differ from these estimates. Estimates used include certain liability balances such as actuarial estimates for FECA liabilities.

### ***Reclassifications***

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

### ***Classified Activities***

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

## 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, 2019 and September 30, 2018, is as follows:

Dollars in thousands

	2019	2018
Fund Balance with Treasury	<u>\$136,554</u>	<u>\$135,215</u>
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$37,124	\$41,892
Unavailable	2,550	2,850
Obligated balance not yet disbursed	<u>96,880</u>	<u>90,473</u>
Total status of Fund Balance with Treasury	<u>\$136,554</u>	<u>\$135,215</u>

## Note 3. Property and Equipment, Net

The composition of property and equipment as of September 30, 2019, 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	132,710	\$125,053	7,657
Computer and other equipment and software	58,441	48,481	9,960
Leasehold improvements	<u>2,516</u>	<u>2,054</u>	<u>462</u>
Total property and equipment	<u>\$194,858</u>	<u>\$175,588</u>	<u>\$19,270</u>

Depreciation expense for property and equipment for fiscal year 2019 is \$7,053,000.

The composition of property and equipment as of September 30, 2018 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	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 is \$6,058,000.

## 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, 2019, and September 30, 2018, is as follows:

Dollars in thousands

	2019	2018
Intragovernmental liabilities—FECA liability**	\$1,959	\$2,019
Salaries and benefits—Comptrollers' General retirement plan*	1,150	983
Accrued annual leave	33,823	32,104
Actuarial FECA liability**	13,099	13,576
Liabilities not covered by budgetary resources	50,031	48,682
Liabilities not requiring budgetary resources	113	25
Liabilities covered by budgetary resources	39,630	33,015
Total liabilities	<u>\$89,774</u>	<u>\$81,722</u>

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

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

## 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 Plan 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 Benefits 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, 2019, and September 30, 2018, are \$4,464,000 and \$3,774,000, 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, 2019, and September 30, 2018, are as follows:

**Dollars in thousands**

<b>Federal employee benefits costs</b>	<b>2019</b>	<b>2018</b>
Federal employee retirement benefit costs paid by OPM and imputed to GAO:		
Estimated future pension costs (CSRS/FERS)	\$11,572	\$9,436
Estimated future post-employment health and life insurance (FEHBP/FEGLI)	19,461	18,567
Total	<u>\$31,033</u>	<u>\$28,003</u>
Pension expenses (CSRS/FERS) not including imputed benefit costs	\$49,706	\$46,656
Health and life insurance expenses (FEHBP/FEGLI) not including imputed benefit costs	\$26,592	\$25,341
FICA and Medicare payments made by GAO	\$26,918	\$24,417
Thrift Savings Plan – matching contribution by GAO	\$16,948	\$15,861

Comptrollers General and their surviving beneficiaries who qualify and elect to participate are paid retirement benefits by GAO under a separate retirement plan. These benefits are paid from current year appropriations. Because GAO is responsible for future payments under this plan, the estimated present value of accumulated plan benefits of \$1,150,000 as of September 30, 2019, and \$983,000 as of September 30, 2018, is included as a component of salary and benefit liabilities on GAO's balance sheets. The following summarizes the changes in the actuarial liability for the current plan year:

**Dollars in thousands**

Actuarial liability as of September 30, 2018	\$983
Expense:	
Interest on the liability balance	21
Actuarial loss:	
From experience	109
From assumption changes	210
Total expense	340
Less benefits paid	(173)
Actuarial liability as of September 30, 2019	<u>\$1,150</u>

## Note 6. FECA Liabilities

GAO recorded a liability for amounts paid to claimants by DOL as of September 30, 2019, and September 30, 2018, of \$1,959,000 and \$2,019,000, 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, 2019, and September 30, 2018, which is expected to be paid in future periods. This estimated liability of \$13,099,000 and \$13,576,000 as of September 30, 2019, and September 30, 2018, 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 the 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. We are currently in discussions to renew this lease beyond 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 agreement with the U.S. 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. In fiscal year 2019 additional space on the sixth floor was leased to the DOJ. This lease began in September 2019 and has an option to renew annually through fiscal year 2029.

In addition to these agreements with federal entities for office space, GAO has existing contracts with private entities to host antennae on the headquarters building. The current contracts extend into fiscal year 2025.

Rental revenue from space leased at the GAO headquarters building for fiscal years 2019 and 2018 was \$9,884,000 and \$9,621,000, 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 projected rental revenue for the future periods is as follows:

### Dollars in thousands

Fiscal year ending September 30	Federal	Non-federal	Total projected rental revenue*
2020	\$12,289	\$110	\$12,399
2021	4,669	94	4,763
2022	4,751	97	4,848
2023	2,526	100	2,626
2024	2,592	103	2,695
2025 and thereafter	<u>14,010</u>	<u>141</u>	<u>14,151</u>
Total	<u>\$40,837</u>	<u>\$645</u>	<u>\$41,482</u>

\*If options to renew are exercised.

## Note 8. Leases

### Operating Leases

GAO leases office space, predominately for field offices, from the U.S. General Services Administration and has entered into various other operating leases for office communication and computer equipment. Leases in buildings owned by the federal government are cancelable annually. Lease costs for office space for fiscal years 2019 and 2018 amounted to approximately \$6,043,000 and \$5,461,000, 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**

<b>Fiscal year ending September 30</b>	<b>Federal</b>	<b>Non-federal</b>	<b>Total</b>
2020	\$2,762	\$4,289	\$7,051
2021		3,249	3,249
2022		2,846	2,846
2023		2,684	2,684
2024		2,393	2,393
2025 and thereafter		3,749	3,749
Total estimated lease payments	<u>\$2,762</u>	<u>\$19,210</u>	<u>\$21,972</u>

## Note 9. Net Cost of Operations

GAO's total cost of operations for fiscal year 2019 and 2018 amounted to \$668,496,000 and \$602,562,000, respectively. The statements of net cost show revenues from reimbursable services of \$30,354,000 in fiscal year 2019 and \$33,518,000 in fiscal year 2018 as an offset against the total cost by goal to arrive at net costs of \$638,142,000 and \$569,044,000 for fiscal years 2019 and 2018, 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, 2019 and 2018 is as follows:

**Dollars in thousands**

<b>Salary and benefits expense funding</b>	<b>2019</b>	<b>% of total costs of operations</b>	<b>2018</b>	<b>% of total costs of operations</b>
GAO paid salary and benefits	\$514,150	76.9%	\$481,115	79.8%
Benefits paid by OPM	<u>31,033</u>	4.6%	<u>28,003</u>	4.7%
Total salary and benefits expense	<u>\$545,183</u>	81.5%	<u>\$509,118</u>	84.5%

"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 2019 and 2018 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.

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

A comparison of GAO's fiscal year 2018 statement of budgetary resources with the corresponding information presented in the 2020 President's Budget, is as follows:

### Dollars in thousands

	Budgetary resources	Obligations incurred
<b>Fiscal year 2018 Statement of Budgetary Resources</b>	<b>\$668,548</b>	<b>\$609,667</b>
Obligations and adjustments, expired accounts	-	(6,033)
Unobligated balances, beginning of year – (funds activity, expired accounts)	(1,705)	-
Recovery of prior year unpaid obligations	(2,808)	-
Permanently not available – (funds activity, expired accounts)	3	-
Recoveries of prior year paid obligations (expired accounts)	(4,372)	
Other – rounding in President's Budget	334	366
<b>2020 President's Budget – fiscal year 2018, actual</b>	<b>\$660,000</b>	<b>\$604,000</b>

As the fiscal year 2021 President's Budget will not be published until February 2020, a comparison between the fiscal year 2019 data reflected on the statement of budgetary resources and fiscal year 2019 data in the President's Budget cannot be performed; however, 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 U.S. Government Publishing Office.

Budgetary resources obligated for undelivered orders at the end of fiscal year 2019 and fiscal year 2018 totaled \$57,246,000 and \$57,471,000, respectively. For fiscal year 2019 undelivered orders were comprised of \$6,711,000 with federal trading partners and \$50,535,000 with the public. For fiscal year 2018 undelivered orders were comprised of \$23,195,000 with federal trading partners and \$34,276,000 with the public.

## Note 11. Reconciliation of Net Operating Costs and Net Outlays

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the federal government's financial operations and financial position, so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays. Details of the relationship between net costs of operations and net outlays for the fiscal years ending September 30, 2019 and September 30, 2018 are as follows:

### Dollars in thousands

	2019	2018
<b>Net Operating Cost</b>	<b>\$638,142</b>	<b>\$569,044</b>
<b>Components of Net Operating Cost Not Part of the Net Outlays</b>		
Property and Equipment Depreciation, Disposal and Revaluation	(5,915)	(6,239)
Increase in assets:		
Accounts Receivable	1,427	1,456
(Increase)/decrease in liabilities not affecting Net Outlays:		
Accounts Payable	(3,365)	(3,171)
Salaries and benefits	(3,505)	(273)
Other liabilities (Unfunded leave, FECA, actuarial FECA)	(1,182)	477
Other financing sources:		
Federal employee retirement benefit costs paid by OPM and imputed to GAO	(31,033)	(28,003)
<b>Total Components of Net Operating Cost Not Part of Net Outlays</b>	<b>(43,573)</b>	<b>(35,753)</b>
<b>Components of the Net Outlays That Are Not Part of Net Operating Cost</b>		
Acquisition of capital assets	3,952	2,064
Other	(110)	2
Distributed offsetting receipts	(16)	(36)
<b>Total Components of the Net Outlays That Are Not Part of Net Operating Cost</b>	<b>3,826</b>	<b>2,030</b>
<b>Agency, outlays net</b>	<b>\$598,395</b>	<b>\$535,321</b>

## 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, 2019, and 2018, are as follows:

### Dollars in thousands

	2019	2018
Investment in property and equipment, net	\$19,270	\$21,290
Net reimbursable funds activity	32,830	31,630
Other (supplies inventory and accounts receivable from public)	485	410
Liabilities not covered by, nor requiring, budgetary resources*	<u>(50,144)</u>	<u>(48,707)</u>
Cumulative results of operations	<u>\$2,441</u>	<u>\$4,623</u>

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

# Required Supplementary Information

## Deferred Maintenance and Repairs for Fiscal Year 2019

*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 and equipment.

The U.S. 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 property and equipment to be “fair to good” based on the Facility Condition Index (FCI). The FCI is based on GAO facility condition assessments, which are updated every 3 to 5 years and identify deferred maintenance. Property and equipment in less than “fair” condition increases risk to continuity of operations and often requires significantly more maintenance than property and equipment 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 property and equipment and to non-capitalized or fully depreciated general property and equipment. Maintenance and repair needs are first prioritized based on health, safety, and regulatory considerations. Once this is accomplished, needs are then ranked based on the condition ratings and condition category 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’s latest, formal, contracted Facility Condition Assessment (FCA) was limited to mechanical, electrical, and plumbing assets (over \$25,000) for the GAO headquarters building and was completed in 2016. In addition, GAO facilities staff and their contractors assess the building on a continuous basis. In 2017, an internal facilities assessment was performed on areas not covered in 2016, and GAO determined an additional deferred maintenance amount was needed for several areas, including interior finishes and HVAC upgrades.

In fiscal year 2019 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 infrastructure 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 FCA and in-house assessments, is approximately \$80.1 million as of fiscal year ended September 30, 2019. The increased deferred maintenance from October 1, 2018, primarily stems from recalculations of the comprehensive costs required to repair or replace items or elements related to facility structure, roof, exterior, interior finishes, HVAC, electrical, building automation system and controls, and plumbing.

**Dollars in thousands**

<b>Deferred Maintenance and Repair Costs</b>	<b>September 30, 2019 Ending Balance</b>	<b>October 1, 2018 Beginning Balance</b>
General PP&E	\$80,052	\$29,100



SERVING CONGRESS AND THE NATION



# Part IV

## Inspector General's View of GAO's Management Challenges

# Inspector General's Statement



O I G  
Office of Inspector General

United States Government Accountability Office

## Memorandum

**Date:** October 23, 2019  
**To:** Comptroller General Gene L. Dodaro  
**From:** Inspector General Adam R. Trzeciak  
**Subject:** GAO Management Challenges

GAO has reported three challenge areas: managing a quality workforce, engagement efficiency, and ensuring the risk to GAO's technology services is effectively managed. I agree these are important areas of focus for GAO in achieving its mission, and GAO has reported these three areas or some variation thereon as management challenges for several years. However, I believe GAO has largely met two of these challenges and, while continuing to monitor them, should focus its attention on two issues highlighted below, one unique to GAO and the other common among federal agencies.

GAO's performance goals and measures demonstrate that it has made significant progress in meeting the challenges of managing a quality workforce and improving engagement efficiency. For example, in fiscal year 2019, GAO set a target of 3,150 full time equivalents (FTE) and reached 3,161 — or 100.3 percent of its target. In working towards its goal of being a leading practices federal agency, GAO leadership has recognized the need for work-life balance and has implemented programs to support employees through the various stages of their personal and professional lives. GAO's Telework program addresses the needs and preferences of its remote workforce and has put in place training, technical support and additional tools to support an effective telework environment. GAO has also increased the efficiency of its products' public reach with the development of a web-based publishing platform that has facilitated access to GAO products on portable electronic devices. GAO issued 11 reports using this "New Blue" format in this past year, with plans to transition fully in the near future.

As with other federal agencies, GAO's management of risk to its information technology (IT) services remains a challenge. GAO relies on IT to accomplish its mission, support engagements, and meet administrative needs. Further, the planned roll out of several major IT initiatives in the coming months will require constant attention, as will any evolving cyber threats.

Infrastructure management is an area of potential challenge unique to GAO requiring appropriate attention. GAO's implementation of expanded telework has freed up space in its Headquarters building in Washington, D.C. The agency then initiated a space consolidation program with the intent to increase tenant occupancy. These positive efforts to maximize the use of GAO's building space and bring in revenue to offset rising costs have also resulted in expenditures related to development, approval and implementation of the space consolidation plan, including office relocations and clean up. GAO has entered into leasing agreements with three Department of Justice entities, bringing in additional tenants into the headquarters building, joining the existing tenants from the Army Corps of Engineers and the Department of Justice Office of Trustees. Additional tenants could further increase the agency's infrastructure costs. Increased building occupancy increases GAO physical and information security needs, among other issues that will need to be addressed.

SERVING CONGRESS AND THE NATION



# Part V

## Appendixes

# Appendix I: Abbreviations

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	U.S. Customs and Border Protection
CEAR	Certificate of Excellence in Accountability Reporting
[the] Center	Center for Audit Excellence
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMS	Centers for Medicare & Medicaid Services
CPA	Certified Public Accountant
CR	Congressional Relations
CRA	Congressional Review Act
CRO	Chief Risk Officer
CSAT	Customer Satisfaction Survey
CSRS	Civil Service Retirement System
DATA Act	Digital Accountability and Transparency Act of 2014
DE&I	Diversity, Equity, and Inclusion
DHS	Department of Homeland Security
DI	Disability Insurance
D&I	Diversity and Inclusion
DM&R	Deferred Maintenance and Repairs
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOL	Department of Labor
DOT	Department of Transportation
DWG	Domestic Working Group
Education	Department of Education
EFS	Employee Feedback Survey
EHRI	Enterprise Human Resources Integration
EPA	U.S. Environmental Protection Agency
EPDS	Electronic Protest Docketing System
ERM	Enterprise Risk Management
ESCM	Embassy Security, Construction, and Maintenance
FAA	Federal Aviation Administration
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

FICA	Federal Insurance Contributions Act
FISMA	Federal Information Security Management Act
FLC	Federal Laboratory Consortium for Technology Transfer
FMFIA	Federal Managers' Financial Integrity Act
FRDAA	Fraud Reduction and Data Analytics Act
FSA	Farm Service Agency
FTE	full-time equivalent
FVRA	Federal Vacancies Reform Act
G-Invoicing	Government Invoicing
GAO	Government Accountability Office
GPRAMA	GPRM Modernization Act of 2010
GSA	General Services Administration
GTAS	Governmentwide TAS ATB System
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
HQ	Headquarters
HVAC	Heating, ventilation, and air conditioning
IAFP	International Auditor Fellowship Program
IC	Intelligence Community
ICA	Impoundment Control Act of 1974
ICD	Intelligence Community Directive
IDC	INTOSAI Donor Cooperation
IFPTE	International Federation of Professional and Technical Engineers
IG	Inspector General
IGT	Intragovernmental Transactions
Interior	Department of the Interior
INTOSAI	International Organization of Supreme Audit Institutions
IPERA	Improper Payments Elimination and Recovery Act of 2012
IPP	Invoice Processing Platform
IRS	Internal Revenue Service
IT	Information Technology
ITC	Information Technology and Cybersecurity
LBFMS	Legislative Branch Financial Management System
LEAP	Law Enforcement Availability Pay
LLP	Limited Liability Partnership
MD&A	Management's Discussion and Analysis
MOU	Memorandum of Understanding
NADR	Nonproliferation, Anti-terrorism, Demining, and Related Programs
NASA	National Aeronautics and Space Administration
NFC	National Finance Center
NIST	National Institute of Standards and Technology
NOAA	National Oceanic and Atmospheric Administration
NSC	National Security Council
ODNI	Office of the Director of National Intelligence
OGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
OO&I	Office of Opportunity and Inclusiveness
OPM	Office of Personnel Management
PAO	Program Analysis and Operations

PAR	Performance and Accountability Report
PP&E	Property, plant and equipment
RPS-AM	Results Phase System--Accomplishments Module
RHS	Rural Housing Service
RSI	Required Supplementary Information
SAI	Supreme Audit Institution
SEC	Securities and Exchange Commission
SES	Senior Executive Service
SFFAS	Statement of Federal Financial Accounting Standards
SBA	Small Business Administration
SOP	Standard Operating Procedure
SSA	Social Security Administration
STAA	Science, Technology Assessment, and Analytics
STC	Securing the Cities
STEM	Science, Technology, Engineering, and Math
Treasury	U.S. Department of the Treasury
TSA	Transportation Security Administration
UCT	Unified communications tool
U.S.	United States
U.S.C.	United States Code
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
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

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

<b>Verification and Validation</b>	<p>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.</p> <p>The team's managing director is authorized to approve financial accomplishment reports with benefits of less than \$100 million. The team forwards the report to APQA, which reviews all accomplishment reports and approves accomplishment reports claiming benefits of \$100 million or more. In fiscal year 2019, APQA approved accomplishment reports covering over 99 percent of the dollar value of financial benefits we reported.</p> <p>In fiscal year 2019, 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 2019 reported financial benefits reflect the views of the independent reviewers.</p>
<b>Data limitations</b>	<p>Not every financial benefit from our work can be readily estimated or documented as attributable to our work. As a result, the amount of financial benefits is a conservative estimate. Estimates are based on information from non-GAO sources and are based on both objective and subjective data, and as a result, professional judgment is required in reviewing accomplishment reports. We feel that the verification and validation steps that we take minimize any adverse impact from this limitation.</p>
<b>Other Benefits</b>	
<b>Definition and background</b>	<p>Our work—including our findings and recommendations—may produce benefits to the government that cannot be estimated in dollar terms. These other benefits can result in better services to the public, changes to statutes or regulations, or improved government business operations.</p> <p>Other benefits generally result from past work that we completed. Other benefits are linked to specific recommendations or other work that we completed over several years. To claim that other benefits have been achieved, staff must file an accomplishment report that documents that (1) the actions taken as a result of our work have been completed or substantially completed, (2) the actions generally were taken within the past 2 fiscal years of filing the accomplishment report, and (3) a cause-and-effect relationship exists between the benefits reported and our recommendation or work performed.</p>
<b>Data sources</b>	<p>Our 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).</p>

<b>Verification and validation</b>	<p>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.</p> <p>The team forwards the report to APQA, where it is reviewed for appropriateness. APQA provides summary data on other benefits to team managers, who check the data on a regular basis to make sure that approved accomplishments from their staff have been accurately recorded.</p>
<b>Data limitations</b>	<p>The data may be underreported because we cannot always document a direct cause-and-effect relationship between our work and the resulting benefits. Therefore, the data represent a conservative measure of our overall contribution toward improving government.</p>
<b>Percentage of products with recommendations</b>	
<b>Definition and background</b>	<p>We measure the percentage of our written reports and numbered correspondence issued in the fiscal year that included at least one recommendation. We make recommendations that specify actions that can be taken to improve federal operations or programs. We strive to ensure that recommendations are directed at resolving the cause of identified problems; that 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.</p> <p>We track the percentage of our written products that are issued during the fiscal year and contain recommendations. This indicator recognizes that our products do not always include recommendations. Beginning in fiscal year 2015, GAO's Performance and Accountability Report (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.</p>
<b>Data sources</b>	<p>Our Publications Database incorporates recommendations from products as they are issued. The database is updated daily.</p>
<b>Verification and validation</b>	<p>Our Information Management team enters data on recommendations into a "staging" system where they are reviewed for accuracy and completeness. Once reviewed, the data are posted to the Publications Database. We provide our managers with reports on the recommendations being tracked to help ensure that all recommendations have been captured and that each recommendation has been completely and accurately stated.</p>
<b>Data limitations</b>	<p>This measure is a conservative estimate of the extent to which we assist the Congress and federal agencies because not all products and services we provide lead to recommendations. For example, the Congress may request information on federal programs that is purely descriptive or analytical and does not lend itself to recommendations.</p>
<b>Past recommendations implemented</b>	
<b>Definition and background</b>	<p>We make recommendations designed to improve the operations of the federal government. For our work to produce financial or other benefits, federal agencies must implement these recommendations. As part of our audit responsibilities under generally accepted government auditing standards, we follow up on recommendations we have made and report to the Congress on their status. Experience has shown that it takes time for some recommendations to be implemented. For this reason, this measure is the percentage rate of implementation of recommendations made 4 years prior to a given fiscal year (e.g., the fiscal year 2019 implementation rate is the percentage of recommendations made in fiscal year 2015 products that were implemented by the end of fiscal year 2019). Our experience has shown that if a recommendation has not been implemented within 4 years, it is not likely to be implemented.</p> <p>Beginning in fiscal year 2015, GAO's 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.</p>

<b>Data sources</b>	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.
<b>Verification and validation</b>	<p>Our policies and procedures specify that our staff must verify and document that an agency's reported actions are adequately being implemented. Staff update the status of the recommendations 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.</p> <p>Summary data are provided to the teams that issued the recommendations. The teams check the data regularly to make sure that the recommendations they have reported as implemented have been accurately recorded. We also provide to the Congress a database with the status of recommendations that have not been implemented, and we maintain a publicly available database of open recommendations that is updated daily.</p>
<b>Data limitations</b>	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**

<b>Definition and background</b>	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. For purposes of this performance measure, we define senior executives as those above the GS-15 or equivalent level. 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.
<b>Data sources</b>	The data on testimonies are compiled in our Congressional Hearing System managed by staff in our Office of Congressional Relations (CR).
<b>Verification and validation</b>	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.
<b>Data limitations</b>	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	
<b>Definition and background</b>	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.”
<b>Data sources</b>	To identify the products that meet our criteria (testimonies and other products that are high interest or expected to reach 500 staff days or more), we run a query against our Publications Database, which is maintained by a contractor. To identify appropriate recipients of the form for products meeting our criteria, we ask the engagement teams to provide in our Product Numbering Database 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.
<b>Verification and validation</b>	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.
<b>Data limitations</b>	Testimonies and written products that met our criteria for this measure were sent a client survey form, representing about 58 percent of the congressionally requested written products we issued during fiscal year 2019. 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 18 percent, and 95 percent of those who responded answered the timeliness question. We received responses from one or more people for about 40 percent of the products for which we sent a form in fiscal year 2019.
People measures	
New hire rate	
<b>Definition and background</b>	This performance measure is the ratio of the number of people hired to the number we planned to hire. Annually, we develop a workforce plan that takes into account our strategic goals; projected workload changes; and other changes such as retirements, other attrition, promotions, and skill gaps. The workforce plan for the upcoming year specifies the number of planned hires. The Chief Operating Officer, Chief Administrative Officer (CAO), 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.

<b>Data sources</b>	The Executive Committee approves the workforce plan. The workforce plan is coordinated and maintained by 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.
<b>Verification and validation</b>	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.
<b>Data limitations</b>	There is a lag of one to two pay periods (up to 4 weeks) before the NFC database reflects actual data. We generally allow sufficient time before requesting data for this measure to ensure that we get accurate results.
<b>Retention rate</b>	
<b>Definition and background</b>	We continuously strive to make GAO a place where people want to work. Once we have made an investment in hiring and training people, we would like to retain them. This measure is one indicator that we are attaining that objective and is the complement of attrition. We calculate this measure by taking 100 percent minus the attrition rate, where attrition rate is defined as the number of separations divided by the average onboard strength. We calculate this measure with and without retirements.
<b>Data sources</b>	Data on retention—that is, people who are on board at the beginning of the fiscal year and people on board at the end of the fiscal year—are taken from a CAO database that contains some data from the NFC database, which handles payroll and personnel data for us and other agencies.
<b>Verification and validation</b>	CAO staff continually monitor and review accessions and attritions against their database that contains NFC data and follow up on any discrepancies. In fiscal year 2009, we developed standard operating procedures, which are still in effect, to document how we calculate and ensure quality control over data relevant to this measure.
<b>Data limitations</b>	See <a href="#">New hire rate</a> , <a href="#">Data limitations</a> .
<b>Staff development</b>	
<b>Definition and background</b>	<p>One way that we measure how well we are doing and identify areas for improvement is through our annual employee feedback survey. This web-based survey 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 or longer. 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 2019.</p> <p>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.</p>

<b>Data sources</b>	<p>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.</p> <p>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.</p>
<b>Verification and validation</b>	<p>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 2019, our response rate to this survey was about 73 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.</p>
<b>Data limitations</b>	<p>The information contained in the survey is the self-reported opinions of staff expressed under conditions of confidentiality. Accordingly, there is no way to further validate those expressions of opinion.</p> <p>The practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. These errors could result from, for example, respondents misinterpreting a question or data entry staff incorrectly entering data into a database used to analyze the survey responses. Such errors can introduce unwanted variability into the survey results. We took steps in the development of the survey to minimize nonsampling errors. Specifically, when we developed the survey instrument, we held extensive focus groups and pretests to refine the questions and define terms used to decrease the chances that respondents would misunderstand the questions. We also limited the chances of introducing nonsampling errors by creating a web-based survey for which respondents entered their answers directly into an electronic questionnaire rather than having administrative staff enter the data into a database, thus eliminating a potential source of error.</p>

Staff utilization	
<b>Definition and background</b>	<p>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 <a href="#">Staff development</a>.)</p>
<b>Data sources</b>	<p>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.</p> <p>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.</p> <p>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.</p>
<b>Verification and validation</b>	See <a href="#">Staff development</a> , <a href="#">Verification and validation</a> .
<b>Data limitations</b>	See <a href="#">Staff development</a> , <a href="#">Data limitations</a> .
Effective leadership by supervisors	
<b>Definition and background</b>	<p>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.</p>

<b>Data sources</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Work/Life: (18) Respected and valued differences among individuals, (19) Dealt effectively with equal employment opportunity and discrimination issues, and (20) Supported GAO's programs to balance my work and personal life.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<b>Verification and validation</b>	See <a href="#">Staff development</a> , <a href="#">Verification and validation</a> .
<b>Data limitations</b>	See <a href="#">Staff development</a> , <a href="#">Data limitations</a> .
<b>Organizational climate</b>	
<b>Definition and background</b>	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."

<b>Data sources</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>See also <a href="#">Staff development, Data sources</a>.</p>
<b>Verification and validation</b>	<p>See <a href="#">Staff development, Verification and validation</a>.</p>
<b>Data limitations</b>	<p>See <a href="#">Staff development, Data limitations</a>.</p>
<b>Internal operations measures</b>	
<b>Help get job done, improve quality of work life, and IT tools</b>	
<b>Definition and background</b>	<p>To measure how well we are delivering internal administrative services to our employees and identify areas for improvement, we conduct a web-based CSAT 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 2019, we administered the survey once rather than two times. Management felt that there were too many surveys during the year, and to maintain a reasonable response rate we returned to conducting one annual survey. We excluded anyone hired after July 7, 2019, since they had limited GAO experience.</p>
<b>Data sources</b>	<p>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. 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. This year's CSAT survey has been streamlined to make it easier and faster for staff to provide feedback. The survey has been broken into two parts: In the first part, staff were asked to indicate their level of satisfaction on 15 key services; in the second part, staff were given the option to quickly scan a list of 27 other services, and select and rate only those that they used in the past year. As in prior years, staff were also able to provide written comments about each service.</p>

<b>Verification and validation</b>	<p>The survey was administered by GAO's Web Product Development Group in the ARM team. While the two managers of this unit can access individual responses, they complied with the privacy statement that was posted on the website to only provide aggregated data to GAO management that could not be used to identify responses of any individual. To accomplish this for staff who were in the field we reported on their field location and did not include their team. For staff in headquarters, we included only their team. This year, we added a question where staff could indicate whether or not they were assigned to a bargaining unit position. Each unit responsible for administrative services will conduct follow-on work, including analyzing written comments to gain a better understanding of the information from the survey and developing action plans to address problem areas.</p>
<b>Data limitations</b>	<p>The information contained in the survey is the self-reported opinions of staff expressed under conditions of confidentiality. We do not plan any actions to remedy this limitation because we feel it would violate the pledge of confidentiality that we make to our staff regarding the survey responses.</p> <p>The practical difficulties of conducting any survey may introduce errors, commonly referred to as nonsampling errors. These errors could result, for example, from respondents misinterpreting a question or entering their data incorrectly. Such errors can introduce unwanted variability into the survey results. We limit the chances of introducing nonsampling errors by using a web-based survey for which respondents enter their answers directly into an electronic questionnaire. This eliminates the need to have the data entered into a database by someone other than the respondent, thus minimizing a potential source of error.</p>

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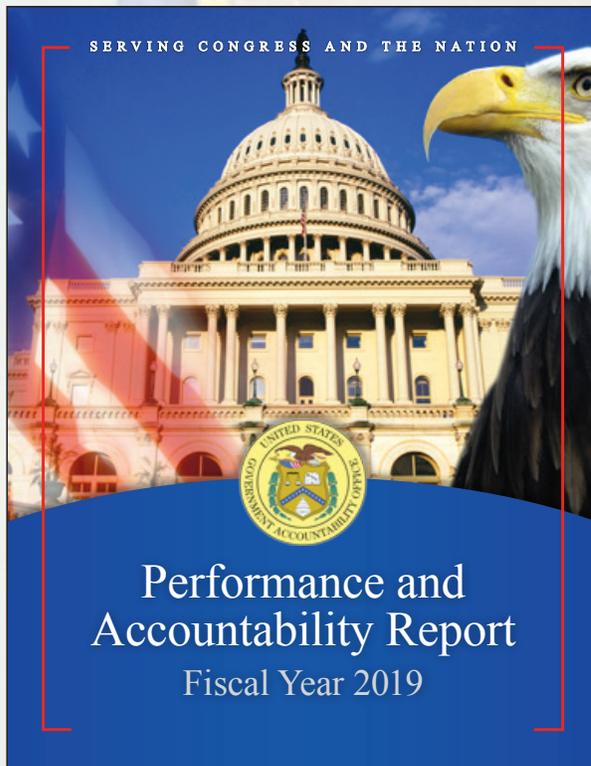
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