



## Testimony

Before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

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# ORGANIZATIONAL TRANSFORMATION

## Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies

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## Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies

Highlights of [GAO-08-322T](#), a testimony to the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

### Why GAO Did This Study

As agencies across the federal government embark on large-scale organizational change needed to address 21st century challenges, there is a compelling need for leadership to provide the continuing, focused attention essential to completing these multiyear business-related transformations. At the same time, many agencies are suffering from a range of long-standing management problems that are undermining their ability to accomplish their missions and achieve results. One proposed approach to address these challenges is to have COO/CMO positions in federal agencies.

This statement is mostly drawn from GAO's report released today ([GAO-08-34](#)) that discusses criteria that can be used to determine the type of COO/CMO that ought to be established in federal agencies and strategies for implementing these positions. To do this, GAO reviewed four organizations with COO/CMO-type positions and convened a forum. GAO also discusses previous GAO work on DOD and DHS.

GAO's report recommends that the Office of Management and Budget (OMB), working with the President's Management Council use the identified criteria when assessing the type of COO/CMO positions appropriate for federal agencies and the strategies for implementing these positions. Also, GAO suggests that Congress consider these criteria and strategies as it develops and reviews legislative proposals for these positions.

To view the full product, including the scope and methodology, click on [GAO-08-322T](#). For more information, contact Bernice Steinhardt at (202) 512-6806 or [steinhardtb@gao.gov](mailto:steinhardtb@gao.gov).

### What GAO Found

GAO has long advocated that the Department of Defense (DOD) and the Department of Homeland Security (DHS) could benefit from a full-time and senior-level chief operating officer (COO)/chief management officer (CMO) position, with a term appointment of at least 5 to 7 years, and a performance agreement. In fact, every federal agency can benefit from a senior leader acting as a COO/CMO. While the type of COO/CMO may vary depending on the characteristics of the organization, a number of criteria can be used to determine the appropriate type of COO/CMO position in a federal agency. These criteria include the history of organizational performance, degree of organizational change needed, nature and complexity of mission, organizational size and structure, and current leadership talent and focus. For example, the existing deputy position could carry out the integration and business transformation role—this type of COO/CMO might be appropriate in a relatively stable or small organization. Or, a second deputy position could be created to bring strong focus to the integration and business transformation of the agency. This might be the most appropriate type of COO/CMO for a large and complex organization undergoing a significant transformation to reform long-standing management problems.

GAO identified six key strategies that agencies can follow in implementing COO/CMO positions in federal agencies. However, the implementation of any one approach should be determined within the context of the agency's specific facts and circumstances.

#### Key Strategies for Implementing COO/CMO Positions

Define the specific roles and responsibilities of the COO/CMO position	Once clearly defined, these specific roles and responsibilities should be communicated throughout the organization.
Ensure that the COO/CMO has a high level of authority and clearly delineated reporting relationships	The organizational level and span of control of the COO/CMO position is crucial in affecting the incumbent's authority and status within the organization.
Foster good executive-level working relationships for maximum effectiveness	Effective working relationships can help greatly to ensure that the people, processes, and technology are well-aligned in support of the agency's mission.
Establish integration and transformation structures and processes in addition to the COO/CMO position	These structures and processes could include business transformation offices, senior executive committees, functional councils, and crosscutting teams that are actively involved in strategic planning, budgeting, performance monitoring, information sharing, and decision making.
Promote individual accountability and performance through specific job qualifications and effective performance management	A specific set of job qualification standards could aid in ensuring that the incumbent has the necessary knowledge and experience. A clearly defined, realistic performance agreement would also assist in clarifying expectations and reinforcing accountability.
Provide for continuity of leadership in the COO/CMO position	The administration and Congress could also consider options of other possible mechanisms to help agencies in maintaining leadership continuity for the COO/CMO position, such as term and career appointments.

Source: GAO analysis.

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss one proposed approach to address systemic federal governance and management challenges: the use of chief operating officer (COO)/chief management officer (CMO) positions in federal agencies, particularly in the Department of Defense (DOD) and Department of Homeland Security (DHS). As agencies across the federal government embark on large-scale organizational change needed to address 21st century challenges, there is a compelling need for leadership to provide the continuing, focused attention essential to completing these multiyear business-related transformations. At the same time, many agencies are suffering from a range of long-standing management problems that are undermining their ability to efficiently, economically, and effectively accomplish their missions and achieve results. New leadership models are needed to help elevate, integrate, and institutionalize these business transformation and management reform efforts.

As you know, I share your views on the need for a COO/CMO position for DOD and DHS. However, these are not the only agencies that could benefit from such a senior leadership position. While the type of COO/CMO may vary depending on the characteristics of the organization—whether, for example, it is a large organization undergoing significant transformation or a small or stable agency—every federal agency can benefit from a senior leader serving as a COO/CMO. Each agency, of course, faces its own unique circumstances and challenges in attempting to improve and transform its business operations. For that reason, at your request, in the report that is being released today we looked at the experiences of several organizations with COOs/CMOs and used this and other information to outline the criteria that can be used to determine the most appropriate type of COO/CMO for a particular agency as well as the strategies that agencies can follow in implementing these positions.<sup>1</sup> These strategies include making sure that the COO/CMO has a sufficiently high level of authority and continuity in the position. We believe that these criteria and strategies can be helpful to the Congress, as it considers legislation for COO/CMO positions, and to the Office of Management and Budget (OMB) and the President's Management Council as they consider the leadership

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<sup>1</sup>See GAO, *Organizational Transformation: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies*, [GAO-08-34](#) (Washington, D.C.: Nov. 1, 2007).

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positions necessary to carry out business transformation and management reforms.

My statement today is primarily drawn from our report released today on implementing COO/CMO positions in federal agencies and previously issued GAO work on DOD and DHS, all of which were developed in accordance with generally accepted government auditing standards.<sup>2</sup> To develop these criteria and strategies, we (1) gathered information on the experiences and views of officials at four organizations with COO/CMO-type positions and (2) convened a forum to gather insights from individuals with experience and expertise in business transformation, federal and private sector management, and change management. The four organizations included in our review are three federal agencies and one nonprofit organization: the Department of the Treasury (Treasury), the Internal Revenue Service (IRS), the Department of Justice (Justice), and the Massachusetts Institute of Technology (MIT).<sup>3</sup> To select the organizations to include in our study, we collected and reviewed literature on general management integration approaches and organizational structures of public and private sector organizations, reviewed our prior work, and consulted with various nonprofit organizations with experience in the federal government. We sought to identify organizations that had senior-level officials with responsibility for integrating key management functions, and who generally did not have direct responsibility for the mission programs and policies of their organizations. For the four organizations included in our review, the COOs/CMOs either reported to the organization head or reported to an individual who reports to the organization head. Attachment I depicts the reporting relationships of the four COO/CMO positions. We also hosted a forum on April 24, 2007, to bring together former and current government executives and officials from private business and nonprofit organizations to discuss when and how a COO/CMO might effectively provide the continuing, focused

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<sup>2</sup>See GAO, *Defense Business Transformation: Achieving Success Requires a Chief Management Officer to Provide Focus and Sustained Leadership*, [GAO-07-1072](#) (Washington, D.C.: Sept. 5, 2007), *Department of Homeland Security: A Comprehensive and Sustained Approach Needed to Achieve Management Integration*, [GAO-05-139](#) (Washington, D.C.: Mar. 16, 2005) and *Chief Operating Officer Concept and its Potential Use as a Strategy to Improve Management at the Department of Homeland Security*, [GAO-04-876R](#) (Washington, D.C.: June 28, 2004).

<sup>3</sup>IRS is a bureau of Treasury. In this statement, we will often refer to the three federal organizations as agencies.

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attention essential for integrating key management functions and undertaking multiyear organizational business-related transformations.

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## Background

The concept of the COO/CMO position largely came out of the creation of performance-based organizations (PBO) in the federal government in the late 1990s and early in this decade. During that time, the administration and Congress renewed their focus on the need to restructure federal agencies and hold them accountable for achieving program results. To this end, three PBOs were established,<sup>4</sup> which were modeled after the United Kingdom's executive agencies.<sup>5</sup> A PBO is a discrete departmental unit that is intended to transform the delivery of public services by having the organization commit to achieving specific measurable goals with targets for improvement in exchange for being allowed to operate without the constraints of certain rules and regulations to achieve these targets. The clearly defined performance goals are to be coupled with direct ties between the achievement of the goals and the pay and tenure of the head of the PBO, often referred to as the COO. The COO is appointed for a set term of typically 3 to 5 years, subject to an annual performance agreement, and is eligible for bonuses for improved organizational performance.

With the backdrop of these PBOs and an ongoing focus on transforming organizational cultures in the federal government, we convened a roundtable of government leaders and management experts on September 9, 2002, to discuss the COO concept and how it might apply within selected federal departments and agencies.<sup>6</sup> The intent of the roundtable was to generate ideas and to engage in an open dialogue on the possible application of the COO concept to selected federal departments and agencies. It was generally agreed at this roundtable discussion that the implementation of any approach should be determined within the context of the specific facts and circumstances that relate to each individual agency. Nonetheless, there was general agreement on the importance of

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<sup>4</sup>The three PBOs are Federal Student Aid in the Department of Education, the U.S. Patent and Trademark Office in the Department of Commerce, and the Air Traffic Organization in the Federal Aviation Administration.

<sup>5</sup>For additional information, see GAO, *Performance-Based Organizations: Lessons from the British Next Steps Initiative*, [GAO/T-GGD-97-151](#) (Washington, D.C.: July 8, 1997).

<sup>6</sup>GAO, *Highlights of a GAO Roundtable: The Chief Operating Officer Concept: A Potential Strategy to Address Federal Governance Challenges*, [GAO-03-192SP](#) (Washington, D.C.: Oct. 4, 2002).

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the following actions for organizational transformation and management reform:

- **Elevate attention on management issues and transformational change.** Top leadership attention is essential to overcome organizations' natural resistance to change, marshal the resources needed to implement change, and build and maintain the organizationwide commitment to new ways of doing business.
- **Integrate various key management and transformation efforts.** There needs to be a single point within agencies with the perspective and responsibility—as well as authority—to ensure the successful implementation of functional management and, if appropriate, transformational change efforts.
- **Institutionalize accountability for addressing management issues and leading transformational change.** The management weaknesses in some agencies are deeply entrenched and long-standing, and it can take at least 5 to 7 years of sustained attention and continuity to fully implement transformations and change management initiatives.

In the time since the 2002 roundtable, legislative proposals have been introduced and are still pending in this Congress to establish CMO positions at DOD and DHS to help address transformation efforts at the two departments, both of which are responsible for various areas identified on our biennial update of high-risk programs.<sup>7</sup> These legislative proposals differ somewhat in content but would essentially create a senior-level position to serve as a principal advisor to the secretary on matters related to the management of the department, including management integration and business transformation.<sup>8</sup> Some of these legislative proposals also include specific provisions that spell out qualifications for the position, require a performance contract, and provide for a term appointment of 5 or 7 years. At the present time, no federal department has a COO/CMO-type position with all these characteristics. In August 2007, the proposal for the Undersecretary for Management position

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<sup>7</sup>GAO, *High-Risk Series: An Update*, [GAO-07-310](#) (Washington, D.C.: January 2007).

<sup>8</sup>For example, see S. 179 and H.R. 1585 (DOD) and S. 547 (DHS).

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at DHS to become the CMO at an Executive Level II,<sup>9</sup> but without a term appointment, was enacted into law.<sup>10</sup> DOD issued a directive on September 18, 2007, that assigned CMO responsibilities to the current Deputy Secretary of Defense in addition to his other responsibilities. However, as I will discuss later in this statement, we do not believe that these actions go far enough.

The heads of federal departments and selected agencies designate a COO, who is usually the deputy or another official with agencywide authority, to sit on the President's Management Council. However, deputy secretaries and the other senior officials designated as COOs do not have all of the characteristics of a COO/CMO that I just described, including a term appointment and performance agreement. The council was created by President Clinton in 1993 in order to advise and assist the President and Vice President in ensuring that management reforms are implemented throughout the executive branch.<sup>11</sup> The Deputy Director for Management of OMB chairs the council, and the council is responsible for

- improving overall executive branch management, including implementation of the President's Management Agenda (PMA);<sup>12</sup>
- coordinating management-related efforts to improve government throughout the executive branch and, as necessary, resolving specific interagency management issues;
- ensuring the adoption of new management practices in agencies throughout the executive branch; and

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<sup>9</sup>In this statement, "Level II" and "Level III" are used to refer to the level of compensation under the federal government's Executive Schedule, which does not necessarily correspond to the reporting level in the agency. We use "second level" and "third level" in reference to reporting relationships.

<sup>10</sup> See Section 2405 of Pub. L. No. 110-53, 121 Stat. 266, 548-550 (August 3, 2007).

<sup>11</sup>The President's Management Council was reconstituted by President Bush in 2001. The council has focused its efforts on the management agendas of each administration.

<sup>12</sup>The PMA was launched in August 2001 as a strategy for improving the management and performance of the federal government and includes five governmentwide initiatives: strategic management of human capital, competitive sourcing, improved financial performance, expanded electronic government, and budget and performance integration. OMB developed criteria to measure success and a PMA scorecard to track agency progress for each of the five initiatives.

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- identifying examples of, and providing mechanisms for, interagency exchange of information about best management practices.

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## Specific Criteria Can Help in Assessing the Type of COO/CMO Position Needed in a Federal Agency

Because each agency has its own set of characteristics, challenges, and opportunities, the type of COO/CMO to be established in a federal agency should be determined within the context of the specific facts and circumstances surrounding that agency. Nevertheless, a number of criteria can be used to determine the type of COO/CMO position for an agency. These criteria are the agency's

- **history of organizational performance**, such as the existence of long-standing management weaknesses and the failure rates of major projects or initiatives;
- **degree of organizational change needed**, such as the status of ongoing major transformational efforts and the challenge of reorganizing and integrating disparate organizational units or cultures;
- **nature and complexity of mission**, such as the range, risk, and scope of the agency's mission;
- **organizational size and structure**, such as the number of employees, geographic dispersion of field offices, number of management layers, types of reporting relationships, and degree of centralization of decision making; and
- **current leadership talent and focus**, such as the extent of knowledge and the level of focus of the agency's managers on management functions and change initiatives, and the number of political appointees in key positions.

These five criteria are important for determining the appropriate type of COO/CMO position, which in turn can inform many other elements of the position, including roles and responsibilities, job qualifications, reporting relationships, and decision-making structures and processes. Based on these criteria, there could be several types of COO/CMO positions, including the following:

- The existing deputy position could carry out the integration and business transformation role. This type of COO/CMO might be appropriate in a relatively stable or small organization.

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- A senior-level executive who reports to the deputy, such as a principal undersecretary for management, could be designated to integrate key management functions and lead business transformation efforts in the agency. This type of COO/CMO might be appropriate for a larger organization.
  - A second deputy position could be created to bring strong focus to the integration and business transformation of the agency, while the other deputy position would be responsible for leading the operational policy and mission-related functions of the agency. For a large and complex organization undergoing a significant transformation to reform long-standing management problems, this might be the most appropriate type of COO/CMO.

To address long-standing management and business transformation problems, we have long advocated that DOD and DHS could benefit from a senior-level COO/CMO position, with a term appointment of at least 5 to 7 years, and a performance agreement. We continue to identify DOD's approach to business transformation and implementing and transforming DHS on GAO's biennial high-risk list of programs. DOD dominates our list of agencies with high-risk programs designated as vulnerable to waste, fraud, and abuse of funds, bearing responsibility, in whole or in part, for 15 of 27 high-risk areas.<sup>13</sup>

While DOD has recently designated the current DOD Deputy Secretary as the CMO in addition to his other responsibilities, we believe this action does not go far enough to change the status quo and ensure sustainable success of the overall business transformation effort within the department. We recognize the commitment and elevated attention that the current Deputy Secretary of Defense and other senior leaders have clearly shown in addressing deficiencies in the department's business operations. For example, the Deputy Secretary has overseen the creation of various business-related entities, such as the Defense Business Systems Management Committee and the Business Transformation Agency, and has been closely involved in monthly meetings of both the Defense Business Systems Management Committee and the Deputy's Advisory Working Group, a group that provides departmentwide strategic direction on various issues. In our view, subsuming the duties within the responsibilities of the individual currently serving as the Deputy Secretary

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<sup>13</sup> [GAO-07-310](#).

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largely represents a continuation of the status quo and will not provide full-time attention or continuity as administrations change. While the Deputy Secretary may be at the right level, the substantial demands of the position make it exceedingly difficult for the incumbent to maintain the focus, oversight, and momentum needed to resolve business operational weaknesses, including the many high-risk areas within DOD. Furthermore, the assignment of CMO duties to an individual with a limited term in the position does not ensure continuity of effort or sustained success within and across administrations. We continue to believe a CMO position should be codified in statute as a separate position, at the right level, and with the appropriate term in office. In fact, consensus exists among GAO's work and other studies (e.g. the Defense Business Board and the Institute for Defense Analysis), that DOD needs a full-time senior management official with a term appointment to provide focused and sustained leadership over business transformation efforts.

Additionally, DHS is experiencing particularly significant challenges in integrating its disparate organizational cultures, and multiple management processes and systems, which make it an appropriate candidate for a COO/CMO as a second deputy position or alternatively as a principal undersecretary for management position. Designating the Undersecretary for Management at DHS as the CMO at an Executive Level II is a step in the right direction, but this change does not go far enough. A COO/CMO for DHS with a limited term that does not transition across administrations will not help to ensure the continuity of focus and attention needed to protect the security of our nation. DHS faces significant management and organizational transformation challenges as it works to protect the nation from terrorism and simultaneously establish itself. DHS must integrate approximately 180,000 employees from 22 originating agencies, consolidate multiple management systems and processes, and transform into a more effective organization with robust planning, management, and operations. However, DHS continues to lack not only a comprehensive management integration strategy with overall goals and a timeline, but also a dedicated team with the authority and responsibility to help develop and implement this strategy. A COO/CMO at the appropriate organizational level at DHS, with a term appointment, would provide the elevated senior leadership and concerted and long-term attention required to marshal this effort.

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## Strategies for Implementing COO/CMO Positions at Federal Agencies

Once the type of COO/CMO is determined, the following six key strategies can be useful in implementing COO/CMO positions in federal agencies, including making sure that the COO/CMO has a sufficiently high level of authority and continuity in the position:

**Define the specific roles and responsibilities of the COO/CMO position.** For carrying out the role of management integration, it should be clear which of the agency's key management functions are under the direct purview of the COO/CMO. Depending on the agency, the COO/CMO might have responsibility for human capital, financial management, information resources management, and acquisition management as well as other management functions in the agency, such as strategic planning, program evaluation, facilities and installations, or safety and security, as was the case with the four organizations we reviewed. As the COO/CMO is a leader of business transformation in the organization, it should likewise be clear which major change efforts are the direct responsibility of the COO/CMO. Once clearly defined, these specific roles and responsibilities should be communicated throughout the organization.

**Ensure that the COO/CMO has a high level of authority and clearly delineated reporting relationships.** The COO/CMO concept is consistent with the governance principle that there needs to be a single point within agencies with the perspective and responsibility to ensure the successful implementation of functional management and business transformation. The organizational level and span of control of the COO/CMO position is crucial in affecting the incumbent's authority and status within the organization. At both IRS and MIT, the COO/CMO reports to the head of the organization (i.e., second-level reporting position), and at Justice and Treasury, the COO/CMO reports through the deputy secretary (i.e., third-level reporting position). Although our interviews and the forum discussion uncovered differing views about the appropriate level and reporting relationships for a COO/CMO position, it was broadly recognized that any COO/CMO should have the high level of authority needed to ensure the successful implementation of functional management and business transformation efforts in the agency.

**Foster good executive-level working relationships for maximum effectiveness.** Effective working relationships of the COO/CMO with the agency head and his or her peers can help greatly to ensure that the people, processes, and technology are well-aligned in support of the agency's mission. For example, officials at IRS stressed the importance of the working relationship between the agency's two deputy commissioners—one serving as the COO/CMO—in carrying out their

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respective roles and responsibilities in leading the mission and mission support offices of the agency.

**Establish integration and transformation structures and processes in addition to the COO/CMO position.** While the position of COO/CMO can be a critical means for transforming and integrating business and management functions, other structures and processes need to be in place to support the COO/CMO in business transformation and management integration efforts across the organization. These structures and processes can include business transformation offices, senior executive committees, functional councils, and crosscutting teams that are actively involved in strategic planning, budgeting, performance monitoring, information sharing, and decision making. To bring focus and direction and help enforce decisions in the agency, the COO/CMO should be a key player in actively leading or supporting these integration structures and processes.

**Promote individual accountability and performance through specific job qualifications and effective performance management.** A specific set of job qualification standards could aid in ensuring that the incumbent has the necessary knowledge and experience. Our interviews at the four organizations revealed that essential qualifications for a COO/CMO position include having broad management experience and a proven track record of making decisions in complex settings as well as having direct experience in, or solid knowledge of, the respective department or agency, but there were varying views as to whether qualifications should be statutory. To further clarify expectations and reinforce accountability, a clearly defined performance agreement with measurable organizational and individual goals would be warranted as well. Such agreements should contain clear expectations as well as appropriate incentives and rewards for outstanding performance and consequences for those who do not perform.

**Provide for continuity of leadership in the COO/CMO position.** The administration and Congress could also consider options of other possible mechanisms to help agencies in maintaining leadership continuity for the COO/CMO position, such as term and career appointments, because organizational results and transformational efforts can take years to achieve. I share your concern about leadership continuity particularly for those DOD and DHS programs that we consider to be high risk as the administration heads for a presidential transition in early 2009. Foremost, an agency needs to have an executive succession and transition planning strategy that ensures a sustained commitment and continuity of leadership as individual leaders arrive or depart or serve in acting capacities. The

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administration and Congress could also consider other possible mechanisms to help agencies in maintaining leadership continuity for the position. For example, the benefits of a 5- to 7-year term appointment for the position, such as instilling a long-term focus, need to be weighed along with the potential challenges of a term appointment, such as a lack of rapport between members of a new senior leadership team with any change in administration. Term appointments for key leadership positions already exist at a number of agencies. (Attachment II provides a list of term appointments at a variety of U.S. agencies.) Moreover, as emphasized in our interviews and in the forum discussion, the appointment of career civil servants to the COO/CMO position could be considered when assessing the position's roles, responsibilities, and reporting relationships. High turnover among politically appointed leaders in federal agencies can make it difficult to follow through with organizational transformation because of the length of time often needed to provide meaningful and sustainable results.

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## Conclusions

As Congress considers COO/CMO positions for federal agencies, the criteria and strategies we identified should help to highlight key issues that need to be considered, both in design of the positions and in implementation. While Congress is currently focused on two of the most challenging agencies—DOD and DHS—the problems they face are, to varying degrees, shared by the rest of the federal government. Each agency, therefore, should consider the type of COO/CMO that would be appropriate for its organization, either by designating an existing position as the COO/CMO or creating a new position, and adopt the strategies we outline to implement such a position. Because it is composed of the senior management officials in each department and agency, we recommend in the report being released today that the President's Management Council, working closely with OMB, play a role in leading such an assessment and helping to ensure that due consideration is given to how each agency can improve its leadership structure for management. Moreover, given the council's charter to oversee government management reforms, it can help institutionalize a leadership position that will be essential to overseeing current and future reform efforts.

Recent legislative proposals have called for certain features of the COO/CMO position that we have endorsed, including a direct reporting relationship to the departmental secretary, responsibility for integrating key management functions and overseeing overall business transformation efforts, the requirement for a performance agreement, and the designation of a term appointment. We are suggesting that Congress consider the

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criteria and strategies that I have discussed today as it continues to develop and review legislative proposals for the appropriate type of COO/CMO positions for all major federal agencies, recognizing that the implementation of any approach should be determined within the context of the specific facts and circumstances that relate to each agency.

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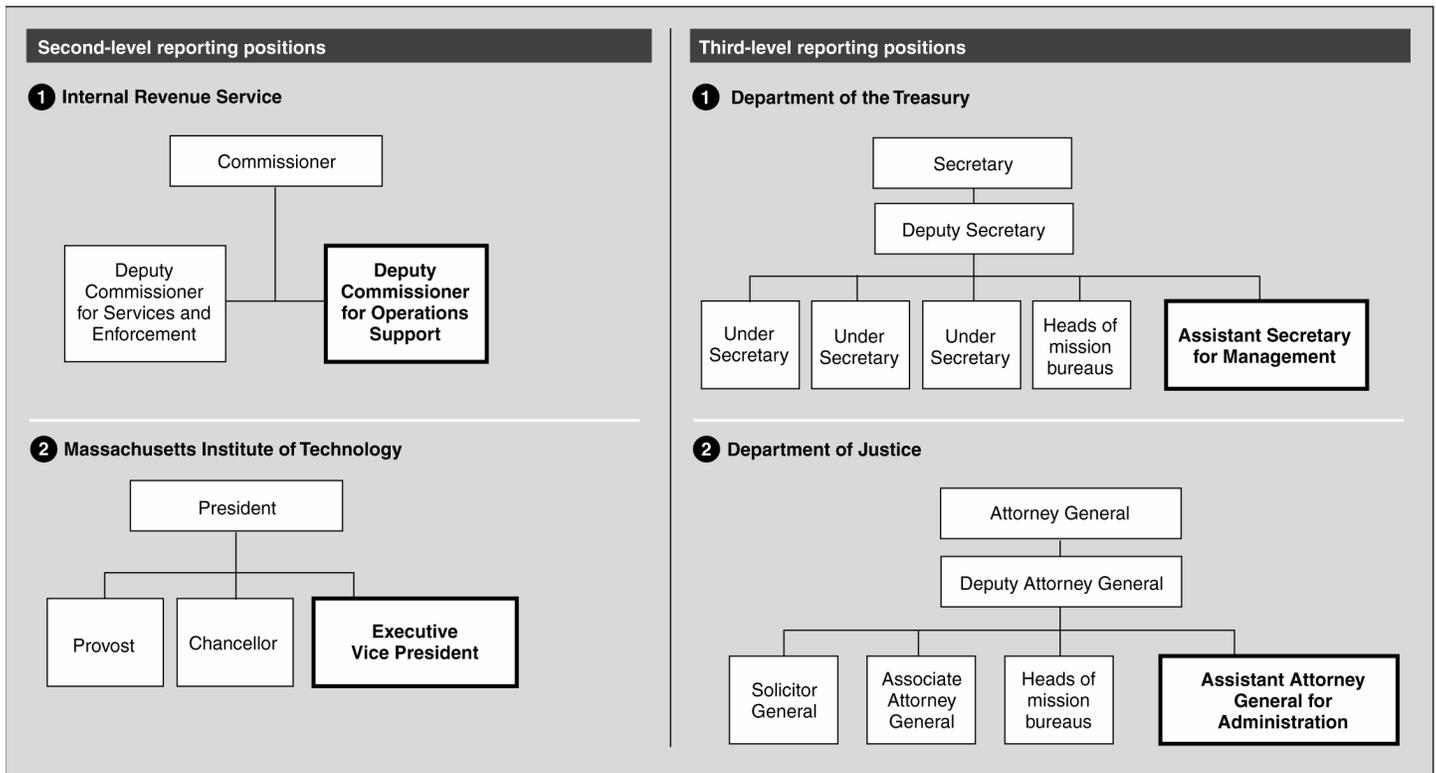
Mr. Chairman and members of the subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you or other members of the subcommittee may have at this time.

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## Contacts and Acknowledgements

For further information on this testimony, please contact Bernice Steinhardt, Director, Strategic Issues, at (202) 512-6806 or [steinhardtb@gao.gov](mailto:steinhardtb@gao.gov). Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this testimony. Individuals making key contributions to this testimony include Sarah Veale, Assistant Director; K. Scott Derrick; and Katherine Wulff.

# Attachment I: Reporting Relationships for the COO/CMO Positions in Four Case-Study Organizations



Source: GAO presentation of IRS, MIT, Treasury, and Justice information.

# Attachment II: Term Appointments at Selected U.S. Agencies

Agency	Position title and length of term	Method of appointment and provision for reappointment	Conditions for removal and provisions for filling unexpired terms
Air Traffic Organization, <sup>a</sup> Federal Aviation Administration (FAA)	Chief Operating Officer 5 years	Appointed by the FAA Administrator, with the approval of the Air Traffic Services Committee.  There is no statutory provision on reappointment of the officeholder.	The COO is to serve at the pleasure of the Administrator, and the Administrator is to make every effort to ensure stability and continuity in the leadership of the air traffic control system.  Appointments to fill a vacancy occurring before the expiration of term shall be only for the remainder of that term.
Architect of the Capitol	Architect of the Capitol 10 years	Appointed by the President, following recommendations from a special congressional commission, and confirmed by the Senate.  May be appointed to more than one 10-year term.	There are no statutory conditions on the authority of the President to remove the officeholder.  No statutory provision.
Federal Bureau of Investigation	Director 10 years	Appointed by the President with the advice and consent of the Senate.  The officeholder may not be reappointed.	There are no statutory conditions on the authority of the President to remove the officeholder.  No statutory provision.
Federal Reserve Board	Chairman 4 years <sup>b</sup>	Appointed by the President with the advice and consent of the Senate.  There is no statutory limitation on a Chairman serving more than one 4-year term. <sup>c</sup>	President may remove members for cause.  An individual appointed to fill a vacancy among the seven members of the board shall hold office only for the unexpired term of his or her predecessor.
Federal Student Aid, Department of Education	Chief Operating Officer 3 to 5 years	Appointed by the Secretary of Education.  May be reappointed by the Secretary to subsequent terms of 3 to 5 years as long as the incumbent's performance is satisfactory per required annual performance agreement.	The COO may be removed by the President or by the Secretary for misconduct or failure to meet performance goals set forth in the performance agreement. The President or the Secretary must communicate the reasons for any such removal to the appropriate committees of Congress.  No statutory provision.
Government Accountability Office	Comptroller General 15 years	Appointed by the President, following recommendations from a special congressional commission, and confirmed by the Senate.  The officeholder is limited to a single 15-year term.	The Comptroller General may be removed by impeachment or by adoption of a joint resolution of Congress. Removal by joint resolution can occur only after notice and an opportunity for a hearing and only for certain specified reasons: permanent disability, inefficiency, neglect of duty, malfeasance, felony, or conduct involving moral turpitude.  No statutory provision.

<b>Agency</b>	<b>Position title and length of term</b>	<b>Method of appointment and provision for reappointment</b>	<b>Conditions for removal and provisions for filling unexpired terms</b>
Internal Revenue Service	Commissioner 5 years	Appointed by the President with the advice and consent of the Senate.  May be appointed to more than one 5-year term.	There are no statutory conditions on the authority of the President to remove the officeholder.  Appointments to fill a vacancy occurring before the expiration of term shall be only for the remainder of that term.
Office of Personnel Management	Director 4 years <sup>d</sup>	Appointed by the President with the advice and consent of the Senate.  There is no statutory provision on reappointment of the officeholder.	There are no statutory conditions on the authority of the President to remove the officeholder.  No statutory provision.
Office of the Comptroller of the Currency	Comptroller of the Currency 5 years	Appointed by the President with the advice and consent of the Senate.  There is no statutory provision on reappointment of the officeholder.	May be removed by the President for reasons to be communicated by him or her to the Senate.  No statutory provision.
Office of Thrift Supervision	Director 5 years <sup>e</sup>	Appointed by the President with the advice and consent of the Senate.  There is no statutory provision on reappointment of the officeholder.	There are no statutory conditions on the authority of the President to remove the officeholder.  Appointments to fill a vacancy occurring before the expiration of a term shall be appointed only for the remainder of that term.
Social Security Administration	Commissioner 6 years <sup>f</sup>	Appointed by the President with the advice and consent of the Senate.  There is no statutory provision on reappointment of the officeholder.	The officeholder may be removed only pursuant to a finding by the President of neglect of duty or malfeasance in office.  Appointments to fill a vacancy occurring before the expiration of a term shall be appointed only for the remainder of that term.
U.S. Patent and Trademark Office	Commissioner for Patents 5 years	Appointed by the Secretary of Commerce.  May be reappointed to subsequent terms by the Secretary as long as the incumbent's performance is satisfactory per required annual performance agreement.	The Secretary may remove the Commissioner for misconduct or unsatisfactory performance under the required performance agreement. The Secretary must provide notification of any such removal to both Houses of Congress.  No statutory provision.
U.S. Patent and Trademark Office	Commissioner for Trademarks 5 years	Appointed by the Secretary of Commerce.  May be reappointed to subsequent terms by the Secretary as long as the incumbent's performance is satisfactory per required annual performance agreement.	The Secretary may remove the Commissioner for misconduct or unsatisfactory performance under the required performance agreement. The Secretary must provide notification of any such removal to both Houses of Congress.  No statutory provision.

Source: GAO.

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<sup>a</sup>Executive Order No. 13180 (Dec. 7, 2000) established the Air Traffic Organization within FAA and gave responsibility to head the Air Traffic Organization to the Chief Operating Officer for the Air Traffic Control System of FAA, a position created pursuant to Pub. L. No. 106-181 (Apr. 5, 2000).

<sup>b</sup>Members of the Federal Reserve Board, including the Chairman, serve terms of 14 years from the expiration of the terms of their predecessors. The Chairman's term is 4 years.

<sup>c</sup>A Chairman may not be reappointed after serving a full 14-year term as a member.

<sup>d</sup>The 4-year term does not have to coincide with the President's term in office.

<sup>e</sup>An individual may continue to serve after the expiration of his or her term until a successor is appointed.

<sup>f</sup>An individual may continue to serve after the expiration of his or her term until a successor enters office.

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