

GA1.5/2: T-OCG-95-1

United States General Accounting Office

GAO

Testimony

Before the Committee on Governmental Affairs
United States Senate

LSU LIBRARY

For Release on Delivery
Expected at
9:30 a.m., EDT
Thursday,
October 6, 1994

**CONGRESSIONAL
OVERSIGHT**

**The General Accounting
Office**

Statement of Charles A. Bowsher
Comptroller General of the United States

BUILDING USE ONLY



The oversight hearing scheduled for October 6, 1994,
has been postponed until early in the next Congress

SUMMARY OF STATEMENT

I am pleased to be here today to discuss the General Accounting Office (GAO) and the recent study of GAO undertaken by the National Academy of Public Administration (NAPA). I want to thank you, Mr. Chairman, for taking the time in these hectic last days of this session of Congress to hold this oversight hearing. The support you and the entire committee have given to GAO over the years is very much appreciated, and I and my colleagues look forward to this opportunity to discuss our work and to answer your questions.

Before turning to the NAPA study, let me reiterate the pride that all of us at GAO take in our long tradition of service to the Congress and in the contributions we have made to improving and enhancing the economy and efficiency of government. We take special pride in the support we have been able to give this committee in its consideration of such legislation as the Chief Financial Officers Act, the Government Performance and Results Act, procurement reform and other initiatives that have made a real difference in the management of federal operations.

In recent years, GAO has undertaken many efforts to make our work more responsive to the Congress, to enhance the quality and timeliness of our products and services, to build the capability and diversity of our staff, and to increase the efficiency of our work. The results of these efforts can be seen in many of our most significant assignments.

GAO was among the first to raise an alarm about the savings and loan crisis and the hemorrhaging of billions of dollars from deposit insurance funds. GAO audits alerted the Congress to the inability of many agencies to properly account for their financial resources. The work we did on federal programs especially susceptible to waste, fraud, abuse, and mismanagement--our "high risk" reports--highlighted the need for management reforms. Numerous reports called attention to the dangers at our deteriorating nuclear weapons plants. Meanwhile, other reports have documented the expenditures of billions of dollars on unnecessary inventory at the Defense Department. These and other audits and investigations have resulted in billions of dollars in financial benefits for the American taxpayer.

These accomplishments are in keeping with our mission to encourage honest, efficient management and full accountability throughout government. We serve the public interest by providing the Congress, other policymakers and the public with accurate information, unbiased analysis, and objective recommendations on efficient and effective use of public resources.

Many people are unaware that other diverse responsibilities have been assigned to GAO. We prescribe federal accounting standards in conjunction with the Office of Management and Budget and the Treasury, and generally accepted auditing standards for federal, state, and local governments. GAO adjudicates claims against the government when a settlement made by an executive agency is appealed. We issue legal decisions on matters involving government revenues and expenditures, and we resolve protests made against the award of federal contracts--some 3,000 such cases each year. Our most visible work are our audits and evaluations. Here, our role has evolved through the years as the Congress has turned to us for increasingly more demanding investigations. To keep up

with those demands, GAO has become an agency of men and women with a broad range of skills and knowledge in a host of disciplines--a highly professional organization made up of public administrators and social scientists, accountants and lawyers, actuaries and statisticians, economists and computer specialists, engineers and health care experts, and public policy analysts and criminal investigators. Virtually all of our professional staff are college educated, and nearly half have advanced degrees.

THE NAPA STUDY

While we at GAO take pride in our accomplishments, we also recognize that our history is one of continual change, improvement, and adaptation to the emerging needs of the Congress and the complexity of government. It is in that spirit that I would like to discuss the study of GAO done for this committee by the National Academy of Public Administration. Our views are outlined in greater detail in the attachment to this statement, but I would summarize our response by saying that GAO has a number of changes underway, many of which are consistent with the NAPA recommendations, as well as additional actions we plan to take in response to concerns raised by the NAPA panel. We are pleased that NAPA recognized that our statutory foundations are sound and that it found no evidence that GAO has been steering its research toward satisfying particular policy or partisan interests. NAPA addresses four key areas, dealing with GAO's mission and roles, its work processes, functions and work products, and relations with Congress. Let me address each in turn.

Mission and Roles

The NAPA study raises the issue of what role GAO should play in policy analysis and development. We recognize that this is an issue upon which opinions vary because the words "policy analysis" and "policy development" may mean different things to different people. Because this is an issue subject to misunderstanding, let me stress as emphatically as possible that GAO does not formulate or make policy. Congress and the administration make policy.

The vast majority of the work we do is audit and evaluation. However, GAO is occasionally asked by congressional committees, and is sometimes required by statutory mandate, to provide information on policy issues before the Congress. We expect reports that result from these requests and mandates to be consistent with our internal policy that all our work should be based on objective facts and analysis. In this regard, we share NAPA's view that GAO has a role in policy development. As NAPA notes, "Public policy is affected by nearly every type of GAO work. . . .The panel recognizes that it is not possible to draw a clear line between policy-related work and audit, evaluation and other functions."

NAPA also raises the question of the appropriate role for GAO in light of our skills and resources. Certainly, GAO's work has become broader and more diverse with the passage of time. In large part, this is because we have attempted to both anticipate the needs of Congress in planning the work we do and in responding to congressional requests. NAPA recognizes this in its report when it notes that, "Congress has asked for work with a primary focus on evaluating a policy initiative, advising on the effects of various

legislative formulations, or performing analyses that can provide a foundation for developing policy."

Likewise, we recognize that our resources are finite, which is why we always attempt to match the resources and skills available to us with the work we are called upon to perform.

In the final analysis, Mr. Chairman, the NAPA report serves a useful purpose in reminding us that we must always be aware of the need for balance and that our work must always be grounded in the facts we develop in the course of our audits, evaluations and investigations.

GAO Work Processes

NAPA makes a number of recommendations aimed at improving the way we design and carry out our work. We agree with the need for many of these improvements and as part of our quality management program, which we began several years ago, we have a number of projects underway to streamline the way we do business. For example, NAPA recommends that GAO negotiate "terms of reference" with Congressional committees when we begin an assignment. We think this has promise, and GAO already has a pilot project along these lines underway. NAPA also makes the point that GAO work is done in uniform, hierarchical patterns. While I do not disagree with that description, I would note that our traditional way of handling audits and evaluations has served us and the Congress well in assuring that GAO products meet stringent standards for objectivity, fairness and accuracy. At the same time, there is always room for improvement. That is why one of the primary goals of our quality management program is to change this pattern of doing business by fostering--in NAPA's words--"concurrent, interactive reviews, as well as frequent consultation and participation of supervisors and managers throughout the planning, research and drafting process."

We at GAO have placed a great deal of emphasis on quality management techniques, because we recognize that given today's reality of tight budgets and limited resources, we must be prepared to do more with less. We face many of the same restrictions as other federal agencies. At GAO, we imposed a three-year hiring freeze and used our "early out" authority to cut staffing levels from 5,100 people in fiscal 1992 to 4,500 today. We have already closed two regional offices, and others have been scheduled to close.

Despite these actions, GAO remains committed to building a staff of the highest quality. GAO has always placed great emphasis on recruiting the most highly qualified individuals we can find, at both entry and upper levels of expertise, and we hope to resume limited recruitment in the next year. We have invested substantial amounts in training and we are committed to support an affirmative action program that results in a representative GAO workforce. We are proud of these investments in our staff. These efforts, coupled with our emphasis on making the best possible use of modern computer and other technology, will leave us better prepared to deal with the challenges we will inevitably face in the future.

GAO Functions and Work Products

The NAPA report also has a major section on the types of work we do and the nature of the products we issue. Many of NAPA's suggestions provide useful insights that will be of positive benefit. For example, we have had an effort underway for the past year to develop a better definition of quality. This is one of NAPA's recommendations, and we expect to complete this effort soon. Basically, we are defining those dimensions of quality that are crucial to our work: accuracy, objectivity and fairness, context sophistication, scope and completeness, significance and value, timeliness and clarity of presentation. This framework will serve as a guide to those things we want stressed from the very beginning of each audit and evaluation, and will help us streamline report development and reduce the need for rework.

NAPA also addresses such issues as the consistency of quality in our reports and the numerous categories for GAO audits and evaluations. While the issues we undertake often fit into more than a single category, GAO takes pains to ensure that all of our products meet our well-documented standards for fairness, objectivity, and accuracy. We seek to ensure that the objectives and scope of our work are well defined and that our jobs are staffed with individuals who possess skills and talents appropriate to the work they are assigned.

Certainly, GAO invests more effort in some assignments than in others. Each year we have a number of assignments that are, by their nature, highly visible. Because we know these reports will be subject to intense scrutiny, we often go to extra lengths to insure the highest possible quality. For example, we spent two years studying the emergence of derivatives. While there are many legitimate uses for these complex financial instruments, their use has also led to several billion dollars in losses by a number of corporations, banks, insurance companies and mutual funds. Ours is perhaps the most comprehensive report yet issued on derivatives. It has served as the basis for hearings in both the Senate and House of Representatives on whether new regulations are needed to deal with derivatives.

But whether or not an assignment merits such special attention within GAO, no job is begun without approval by senior managers. All new starts are regularly reviewed by myself and the top management of GAO. During assignments, data collection and analysis are documented in our work papers and reviewed by experienced supervisors. Statements of fact are independently verified by an experienced evaluator. Drafts are reviewed by senior managers not connected with the assignment and by lawyers before a report is issued. To maintain these standards, GAO has in place a control system to systematically test compliance with our quality control system. This system is spelled out in some detail in the attachment to this statement. We believe it will be an even stronger system when we implement a peer review of GAO. NAPA recommends peer review and we agree it is needed.

There is one NAPA recommendation with which we disagree, and that is the one in opposition to integrating the investigative work of our Office of Special Investigations into routine audits and evaluations. Perhaps NAPA did not fully understand these efforts, but the objective is to combine the expertise and resources of our investigators and evaluators

where appropriate to identify program weaknesses, to investigate specific examples of program abuse, and to produce reports that illustrate program deficiencies and the need for change. Such interaction between auditors, evaluators and investigators will, we believe, improve the completeness of GAO findings, the effectiveness of its reports, and its service to the Congress.

The Congress and GAO

The NAPA report includes a number of suggestions on how the Congress can work best with GAO, as well as suggested changes in our policies and practices. The changes include a number that have concerned us for some time, and many that have been discussed in recent years with committees and Members of the Congress.

One concern of NAPA deals with the issue of agency comments. NAPA believes that GAO should obtain written agency comments on all reports. While it is our policy to obtain such comments whenever possible, many committees ask that we do not do so. These requests are made for a number of reasons, chief among them being the fact that obtaining agency comments typically adds between 60 and 90 days to assignments. Another reason for not seeking comments is the fact that drafts that we send to agencies are sometimes leaked.

GAO understands the reasons why committees ask us not to obtain formal comments, and we generally abide by these requests, although in some instances where we think formal comments are essential, we will seek agreement to proceed with the comment phase. It should be stressed that GAO always holds an exit conference with agency officials where we provide oral briefings on our findings and give those officials an opportunity to respond. Comments obtained during the exit conference can be sufficient to comply with government auditing standards on obtaining an agency's views. In cases where it is not sufficient, government auditing standards require disclosure that agency comments were not obtained and the reasons why. In GAO reports, such disclosure is made when necessary.

Other NAPA recommendations stress a need for bipartisan requests for our work. Here, of course, we agree that bipartisan sponsorship is important, although we recognize we will never achieve 100-percent bipartisan agreement on the work we do.

NAPA also has made recommendations on the use of GAO staff who are detailed to committees to assist them in their work. While this is an area that has been of some contention in years past, much progress has been made to ease concerns. We have worked with committees to reduce the number of detailees and to eliminate those that last beyond a year. The number of GAO staff on detail has decreased from 61 at the end of fiscal 1990 to 32 at the end of fiscal 1993.

I'd also like to comment on a NAPA recommendation that the period accorded committees to hold GAO reports before release be limited to 7 days. While we understand the rationale for limiting the "hold" period, it should be noted that for most of GAO's history, committees could hold our reports for an unlimited period of time. It was in 1977 that GAO and the congressional leadership reached an agreement that reports be held no more

than 30 days. While we do not believe we can unilaterally impose a shorter time, we do hope to improve our ability to predict a firm date for issuance of our reports, and to then work with requesters to shorten the period of time those reports are held before release.

Conclusion

Mr. Chairman, I have sought to touch on GAO's reaction to some of the key findings and recommendations of the NAPA report. Others are covered in greater detail in the attachment. Some of the suggestions made by NAPA cannot be implemented by GAO alone, but require consultation and cooperation with committees of the Congress. In this regard, the counsel and advice of this committee would be welcome. It is true that there are a few recommendations with which we disagree, but there are many more with which we are in agreement. Overall, we view NAPA's study of GAO positively and believe the recommendations of their panel will make a positive contribution to our ability to serve the Congress.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the accomplishments and future direction of the General Accounting Office (GAO) and to report on actions we have taken in response to the report by the National Academy of Public Administration (NAPA) on the roles, mission, and operations of the GAO. We believe that periodic congressional oversight is critical to the effective operation of any federal agency, including GAO. I welcome this opportunity to discuss our operations and the NAPA study with you and members of the Committee.

We are proud of GAO's long tradition of service to the Congress, the contribution we have made to improving federal government operations, and the billions of dollars that taxpayers have saved as a result of our work. We are pleased that NAPA sees GAO as a valuable part of American government, and believes that its statutory foundations are sound. We share NAPA's judgment that GAO's greatest assets are its reputation for objectivity and impartial fact-finding and analysis, and therefore are also pleased that NAPA found no evidence that GAO has been steering its research toward satisfying particular policy or partisan interests.

During the past decade, we have undertaken a wide range of initiatives aimed at making GAO more responsive to the Congress, enhancing the quality and timeliness of our products and services, building staff capability and improving our human resource management, and increasing the efficiency of our work. I am pleased to report that these investments, many of which were made with the support and active participation of the Congress, have paid significant dividends, both in our service to the Congress and in the impact of our work on government effectiveness and financial savings for the American people. But we know we can always improve. In that regard, the NAPA report provides many useful recommendations.

The NAPA report addresses four key areas dealing with GAO's (1) mission and roles, (2) work processes, (3) functions and work products, and (4) relations with the Congress. I would like to discuss some of the changes we have underway to address each of these areas, many of which are consistent with NAPA recommendations, as well as additional actions we will take in response to NAPA concerns.

GAO'S MISSION AND ROLES

GAO assists the Congress in its legislative oversight of the executive branch. We see our mission as encouraging honest, efficient management and full accountability throughout government. We serve the public interest by providing Members of the Congress, other policymakers and the public with accurate information, unbiased analysis, and objective recommendations on how to efficiently and effectively use public resources.

A commitment to quality is the single most important principle governing our work. GAO also highly values its people and the diversity and skills they bring to the service of the Congress and the American public. GAO staff concentrate on specific issues which enable them to become highly knowledgeable about the agencies and programs they audit. By

maintaining expertise in key areas of interest, GAO can respond quickly and comprehensively to requests from the Congress.

As you know, much of our work is done for congressional committees. GAO is required by law to undertake work requested by committee chairs, but as a matter of policy, we also assign equal priority to requests from ranking minority members. The issues examined by GAO span the breadth of national concerns: health care costs, national security, energy, the safety and soundness of financial institutions, environmental protection, education, the space program, transportation, tax administration, income security, disaster assistance, and many others.

While audits and evaluations are the most visible aspects of our work and absorb the largest share of our resources, GAO has many other functions. Present-day accounting activities include prescribing accounting standards for the entire federal government in conjunction with the Office of Management and Budget and the Treasury and evaluating accounting systems and controls used by executive agencies. GAO promulgates generally accepted auditing standards for all levels of government and for independent public accountants auditing government entities. GAO settles claims against the federal government when a settlement made by an executive agency is appealed. In addition, we issue legal decisions on matters involving government revenues and expenditures. Finally, GAO resolves protests made against the award of federal government contracts, handling over 3,000 such bid protests each year.

Our role has been influenced by hundreds of provisions in individual laws directing GAO to undertake specific audits or reviews. Many other studies have either been assigned to GAO in committee reports or requested by committee chairs, ranking minority members, or individual senators and representatives. These demands have shaped GAO's role and required us to answer increasingly complex questions in order to be responsive to the changing needs of the Congress for information.

To respond, GAO has become an agency of men and women who possess knowledge and skills in a host of disciplines--a highly professional organization made up of public administrators and social scientists, accountants and lawyers, actuaries and statisticians, economists and computer specialists, engineers and health care specialists, public policy experts and criminal investigators. Virtually all our professional staff are college educated, and nearly half have advanced degrees.

To carry out its duties, GAO also draws upon its unique organization and its authorizing legislation.

- GAO has a field structure unique among congressional support agencies. Staff are located not just in Washington, but throughout the country, with a small contingent in Europe. This gives GAO the ability "to follow the federal dollar wherever it goes" and to gather data firsthand. This ability to gather data means that the Congress need not be dependent upon the executive branch or interest groups for the information it needs.

- By statute, we have access to essentially all federal records at their source. This is important because, as you can know, not everyone we audit is predisposed to turning over records that might raise questions about how well they are managing. In addition, our reputation for the care with which we handle data frequently means that our staff can gain voluntary access to sensitive or proprietary data that would be unavailable to others.
- To enhance our ability to effect improvements in government, our statutes authorize us to make recommendations, in addition to analyzing data, reaching conclusions, and reporting facts.
- Virtually all of our products are made available to the public and can therefore be used not only by any Member of the Congress, but also by agency officials, academics, other interested parties, and ordinary citizens. The exceptions include classified reports for national security purposes, and those containing proprietary or privacy data.

Impact of GAO's Work

To amplify on how we have been able to provide information to help the Congress and executive branch make decisions that have improved government operations, I would like to highlight some work we have done over the past decade. These examples illustrate the breadth of GAO's role and broad range of work done consistent with that role.

Achieving Financial Benefits

Our work often results in very significant financial benefits to the American taxpayer. These benefits include budget reductions, costs avoided, appropriation deferrals, and revenue enhancements, that we can document as either directly attributable to or significantly influenced by our work. Last year, GAO's work contributed to legislative and executive actions resulting in several billion dollars in measurable financial benefits to the government, and in the past decade our work has resulted in many billions more.

A few illustrations of important financial accomplishments follow.

- GAO's work on inventory management at the Department of Defense (DOD) led the Congress to cut \$4 billion from DOD's budget. DOD is now working toward using more economical business practices in handling spare parts and other inventory items.
- GAO has done significant work in the health care area identifying unnecessary costs and recommending needed changes. Congressional action based on GAO's work has yielded billions of dollars in budget reductions. Over the last year, our reports and testimony discussing the health care system's vulnerability to fraud and abuse stimulated legislative activity and helped focus the debate on significant administrative reform.
- GAO documented major problems in the developmental and operational testing of the Bigeys chemical bomb, and raised serious questions about whether the bomb could

function. As a result, the Congress required additional testing and barred full-scale production until the weapon met test requirements. In mid-1990, DOD canceled plans to produce the bomb as part of a major arms control agreement with the then-Soviet Union, at a savings of \$560 million. Former House Foreign Affairs Committee Chairman Dante Fascell said that GAO's work, "made an important contribution to the bilateral chemical weapons agreement between the U.S. and USSR."

- GAO, in conjunction with Israel's State Comptroller, raised serious financial and affordability issues associated with the U.S.-funded development of Israel's multibillion dollar Lavi fighter aircraft, which ultimately led Israel to stop further development and production of the program.
- GAO's reports on the enriched uranium program contributed to the Department of Energy's decision to abandon a plant, thus saving about \$3.5 billion. Also, our reports on the Clinch River Breeder Reactor, covering virtually every important aspect of the project from its escalating costs to its future place in the nation's energy strategy, played a pivotal role in the Congress' decision to terminate the project.

Alerting the Congress to Major Problem Areas

In addition, much of our work has helped alert the Congress to emerging problem areas and has provided information and analysis on some of the most pressing and controversial matters faced by the Congress. Some examples follow.

- Since we first began alerting the Congress in the mid-1980s to the growing problems in the thrift industry, we have continuously monitored the management and costs of the savings and loan crisis. In response to legislative mandates and requests from committees, we did extensive work that enabled us to recommend numerous legislative and regulatory reforms. Many of these were enacted in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and the Federal Deposit Insurance Corporation Improvement Act of 1991.
- This year we were in the forefront in alerting the Congress and financial regulators to gaps and weaknesses in the regulation, accounting, and management of derivative products that potentially could threaten financial system stability. As a result of hearings on this issue, legislation has been introduced and financial regulators are taking action to reduce risks presented by these products. Just as important, the financial services community has taken a much more critical look at the use of derivatives and has begun taking action to reduce these products' inherent risks. Furthermore, the accounting profession is taking action toward better accounting and disclosure for derivative products, as we recommended.
- We revealed serious financial management problems as we performed the government's first financial statement audits of the Internal Revenue Service, the U.S. Customs Service, and the Federal Guaranteed Student Loan Program, with the result that the cognizant agencies are taking numerous actions to improve the financial reporting and the quality of their underlying financial and program data.

- Initially, we alerted the Congress to the overall cost of the Persian Gulf War and later concluded that the war could be completely financed from allied contributions. As a result, in 1992, the Congress rescinded \$14.7 billion from the taxpayer-financed Regional Defense Fund.
- Through a series of financial audits and program reviews, we alerted the Congress and the Resolution Trust Corporation (RTC) to a number of areas that were vulnerable to waste, abuse, and mismanagement. We reported several billion dollars in excess funds that permitted RTC to lower its estimates for completing the thrift cleanup and to resume efforts to resolve insolvent thrifts.
- We helped the Congress consider the issues raised by trade negotiations between the United States and its major trading partners, including Canada, Mexico, the European Community, and Japan. Our report and testimony on the North American Free Trade Agreement (NAFTA) provided Members of the Congress with objective and comprehensive analysis of the treaty's contents. We also provided analyses on NAFTA's potential effects on the economy, the environment, labor, and immigration.
- In response to our technical and procurement-related concerns, the Federal Aviation Administration (FAA) did not award a planned data processing contract for the Computer Resources Nucleus project. Instead, it issued a dramatically improved request for proposal that resulted in a contract costing nearly \$1 billion less than originally planned.
- GAO reports and testimony showing that DOD's 5-year spending plans tended to materially underestimate weapon program costs and overestimate the amount of future funding available for the defense program, supported legislation requiring DOD's spending plans to match the President's budget.
- Recommendations to restructure the B-2 bomber program resulted in budget reductions of \$1.1 billion in fiscal year 1991 and an average reduction of \$4 billion over the next 3 years. Also, GAO's work on the C-17 cargo plane and Seawolf submarine was used extensively in congressional deliberations on those systems.
- GAO's oversight of FAA's \$33-billion air traffic control modernization program was crucial in helping the Congress make funding decisions and encouraging FAA to change its acquisition process.
- We evaluated DOD's downsizing plans, analyzing the underlying assumptions of force structure decisions and assessing alternative ways to accomplish missions. Our review of the Secretary of Defense's recommendations and selections process for the Base Realignment and Closure Commission identified improvements that could be made in DOD's analytical framework and process, which recommended the closure of 130 bases and the realignment of 45 others with savings projected at roughly \$2 billion annually.

Improving the Lives of Americans

Many other recommendations have resulted in improvements in government operations and services. Last fiscal year, for example, we documented 190 instances of unmeasurable or nonfinancial accomplishments. This was up 145 percent from 1985. Some significant examples of such accomplishments follow.

- Documenting the lifesaving effects that states could expect from an increased minimum drinking age helped influence state legislation so that now all 50 states and the District of Columbia have increased the minimum drinking age to 21. These actions are estimated to have saved 1,000 lives annually.
- Our disclosure of serious deficiencies in the Food and Drug Administration's oversight of medical device manufacturers helped strengthen regulations to reduce the chances of unsafe devices reaching the marketplace.
- In direct response to GAO's work, the National Institutes of Health (NIH) substantially tightened its procedures for ensuring that government-sponsored research include women, where appropriate; and NIH created an Office of Research on Women's Health to more proactively deal with women's issues.
- After GAO found inadequacies in the regulation of hospital sterilants and disinfectants, the Food and Drug Administration quickly issued an advisory to manufacturers to comply with safety requirements in marketing their products.

Nature of GAO's Work

The vast majority of GAO's work is audit and evaluation. Our focus is on whether government agencies are accounting properly for the resources the Congress provides, conducting their programs efficiently and effectively, complying with applicable laws and regulations, controlling fraud and abuse, and achieving results intended for the programs they manage. However, GAO is occasionally asked by congressional committees, and is sometimes required by statutory mandate, to provide information on policy issues before the Congress. We expect reports that result from these requests and mandates to be consistent with our policy that all our work should be based on objective facts and analysis. As NAPA points out in its report, it is not always easy to draw distinctions between audit and evaluation and policy analysis; any effort that involves evaluating program performance has public policy implications.

NAPA raises the issue of what role GAO should play in policy analysis and policy development and whether the Congress should request that GAO do work on such issues. It also recommends that we revise our vision and mission statements to reflect the role NAPA believes is appropriate for GAO.

We believe the role we play in providing policymakers and the public with accurate information, unbiased analysis, and objective recommendations on a wide range of issues is valuable to the Congress and its committees. Each year we receive hundreds of

requests (from both majority and minority Members) and are often required by legislation to examine matters that deal with many significant question faced by the Congress.

Let me emphasize that certain fundamental principles guide GAO in dealing with policy issues that underlie the operations we examine. First, our role is advisory. Responsibility for deciding policy resides with Members of the Congress and executive branch officials. Second, we make recommendations only as they flow from the work we have performed. Third, we always strive to present our findings in a balanced manner. Fourth, any recommendations we make are based on our analysis of the information we gather and never on political or ideological considerations.

At the same time, we share NAPA's view that conclusions and recommendations in our work should be grounded in facts and analyses that flow from assessing those facts. We intend to give increased emphasis to ensuring that we are adhering to this principle in all our work. Also, to remove any misunderstanding, we are reviewing the wording in our vision and mission statements to ensure that they are consistent with GAO's core values.

Anticipating Our Needs and Focusing Our Work for the Congress

To optimize our usefulness to the Congress, we have taken a number of actions in recent years to better focus our efforts. For example, we have renewed our emphasis on acquiring a more complete understanding of the issues the Congress is likely to address in the next several years. Thus, in our planning process, we consult broadly with congressional Members and staff on both sides of the aisle, as well as with a wide spectrum of government and private experts. The resulting 2- to 3-year plans define the major issues about which we believe the Congress will need information and advice and describe the overall strategy and individual jobs that we will undertake as resources become available.

We have an excellent issue area planning process and our plans are the foundation upon which our work is based. This process helps us sort through the many options for productive work and to focus on those with the greatest potential for significantly improving the effectiveness and efficiency of government. Our plans also help us communicate our strategies to all who will participate in implementing them, and serve as a basis for communicating with our congressional customers and others on areas meriting concerted effort. However, as good as this process is, we know that it can be improved.

NAPA has recommended that we share the results of our strategic planning process more broadly with congressional committees and Members. In addition, it recommended that GAO develop an over-arching framework for integrating our individual issue area plans into strategic priorities for the organization as a whole. We're in agreement with NAPA that we can do a better job of sharing our plans and we intend to do just that. We also share NAPA's view that we should develop an overall strategic plan. We will be working on this over the next year and will keep you informed of our progress.

However, it is important to note that our strategic planning has never been a closed or secret process since we began it in the early 1970's. In developing our plans we consult

broadly with congressional Members and staff on both sides of the aisle, as well as with a wide spectrum of government and private experts. For years, we have regularly held symposiums or planning sessions. For the record we would like to submit examples of planning sessions that have included congressional and other experts.

GAO WORK PROCESSES

The NAPA report includes a number of recommendations aimed at improving the way we design and carry out our work. We agree with the need to make such improvements and, as part of our quality management program we began several years ago, we have a number of projects underway to identify ways to streamline and improve our work processes. Before I go into some of these initiatives, I'd like to discuss some of the investments we have made over the years to improve our productivity and better serve the Congress. These changes have also allowed us to keep pace with the growth and complexity of government while reducing the size of our staff. Specifically, we have taken steps to

- build the issue-area expertise of regional staff;
- streamline our headquarters and field organization and close several offices;
- capitalize on developments in information resources management, especially microcomputer technology; and
- strengthen systems for ensuring that our work is of high quality and meets professional standards.

Finally, and most important, we have made a concerted effort to further invest in our most important resource, our people, upon whose individual initiative and talent our success so heavily depends.

Restructuring Our Organization to Fit Today's Environment

Environments change--and organizations must either adapt to these changes or be left behind. During the past several years we have undertaken a number of initiatives to realign our organization, including (1) developing greater issue-area expertise in our field staff and (2) closing, combining, or consolidating a number of our field offices and audit sites.

To enhance our expertise, we have reduced the number of major issues each field office focuses on and are concentrating our work where it makes the most sense. For example, in fiscal year 1989, our agriculture work was conducted by 10 field offices. Now the bulk of this work is done in four offices--Atlanta, Dallas, Kansas City, and San Francisco--that are responsible for covering the entire country. Since this change, productivity as measured by the number of agriculture reports and testimony appearances has increased significantly. More recently we decided to reinforce these regional resource concentrations and more closely link our headquarters and regional staff in a way that

builds teamwork and eliminates geographic and organizational barriers to effectiveness. In making resource allocation decisions for fiscal years 1994 and 1995, we decided to align regional staff directly with our headquarters issue area staff. Combining our headquarters and regional staffs into seamless units will help build expert teams and create additional efficiencies.

GAO has long had an extensive field office structure--15 regional and overseas offices supported by a number of relatively small suboffices. In 1987 we established a task force of senior managers to analyze our suboffice structure and find opportunities for long-term efficiency gains. On the basis of that study, we closed eight small suboffices and reallocated about 70 staff years to mission work elsewhere. Subsequently, we also combined two regional offices--Chicago and Detroit, allowing significant efficiencies by eliminating redundant positions. Citing these earlier successes, the Senate report accompanying the Legislative Branch Appropriations Bill for fiscal year 1994 directed us to take an even more extensive look at our field structure. A steering committee was established to review our field structure and determine its compatibility with mission needs and audit approaches in a changing technological environment and to identify possible efficiencies. Based on the information developed by this steering committee, we decided to close or consolidate the following locations:

- The Philadelphia and Albany offices were closed as of August 1994.
- New York and Boston Regional Offices have been consolidated into a single Northeast Region, and Indianapolis will close at the end of 1994.
- The San Antonio, Oklahoma City, Albuquerque offices, and the Far East Office will close by mid-1995.
- The Cincinnati office will close by mid-1996, with its Dayton suboffice remaining open and likely to grow somewhat to meet accounting, information management, and defense workload needs.

Upon completion of these actions, we will have closed 20 of the 40 field locations we had in the early 1980s. I fully expect that we will realize long-term savings from these changes. When combined with enhanced communications and information management capabilities and improvements from our quality management efforts, the changes will result in a more effective workforce. This will complete our efforts to update and streamline our field structure so that GAO will be able to effectively and efficiently provide necessary audit coverage into the foreseeable future.

Investing in the GAO Workforce

We continually strive to improve the quality of our products, our responsiveness to the Congress, and the efficiency with which we carry out our work. In doing this, our people are clearly our most critical resource. Our organizational success depends on how well we manage that resource and we have established human resource management goals based on the following six principles. GAO will always:

- Hire the best,
- Train them well,
- Give them challenging work,

- Provide them first-rate equipment and work environments,
- Reward those who excel, and
- Treat people fairly.

These principles have resulted in major advances in the capability of our workforce. To illustrate, I would like to cite just a few of the human resource management improvements we have made.

Recruitment

Beginning in the mid-1980's and continuing until February 1992, when we were forced by budget pressures to impose a hiring freeze, we put great emphasis on developing our recruitment program. We centralized responsibility for managing our recruitment activities within one office and developed a highly successful campus executive program to develop and maintain relationships with selected colleges and universities. We revised our recruiting materials to emphasize the professionalism and commitment to quality that we strive to attain at GAO. In addition, we made numerous changes to the recruiting process to gain efficiencies and to simplify the process for applicants. The results have been gratifying. In 1991, we received nearly 5,000 applicants for the approximately 200 entry-level positions filled and were able to attract very bright and well-prepared new employees. For example the average grade point average of our entry-level hires was 3.6 on a 4-point scale, and nearly three-quarters of our entry-level employees had either a masters or doctorate degree.

Training

The broad scope of our work requires that managers and staff be familiar with a wide range of methodologies and be able to work effectively in interdisciplinary teams. To support them, we have made a substantial financial investment in training and education for all employees. Since establishing our Training Institute in 1988, we have completely revamped the technical curriculum for evaluators and have developed new curricula for attorneys and support staff. Major effort also has been devoted to supporting issue-area training in such fields as financial management, information management, and logistics. We believe that this training has significantly improved the ability of our staff to address complex questions posed by the Congress as well as the efficiency with which we conduct this work. We also began requiring continuing professional education for all evaluator and evaluator-related staff, including senior managers. They must complete 80 hours every 2 years in order to remain qualified to conduct audit or evaluation work. More recently, we extended similar requirements to our attorneys.

Affirmative Action

GAO remains committed to supporting an affirmative action program that results in a representative GAO workforce. Unit heads are responsible for developing and pursuing affirmative action goals and we are striving to integrate workforce diversity values throughout the organization. Although our total workforce remained relatively constant from 1985 to 1993, we increased the representation of women and minorities at all levels. As shown in the following table, the percentage of women in GAO's professional ranks has

increased 42 percent, while the percentage of minorities in the workforce has increased 38 percent. I am particularly proud of the progress at the middle management and senior level which is where many affirmative action programs fall short.

Percentage of Women and Minorities Is Increasing

		1985	1993	% Increase
Band I/ GS-7-12	Women	45.6	56.9	25
	Minorities	25.8	31.2	21
Band II/GS-13-14	Women	16.0	33.2	108
	Minorities	10.0	18.6	86
Band III/GS-15	Women	7.6	23.5	209
	Minorities	4.1	10.0	144
SES	Women	10.0	16.7	67
	Minorities	5.8	13.2	128
Total	Women	27.9	39.5	42
	Minorities	16.1	22.2	38

Capitalizing on Information Resources Technology

As you know, advances in the information sciences, especially microcomputer technology, have revolutionized the way modern organizations function. This is especially true for organizations such as ours, in which information itself is both a major input and the principal product. Today, microcomputers are as important to our staff as calculators were 15 years ago. In fact, our newest employees are accustomed to having the latest computer technology available to them in their educational and work environments, and they expect GAO to provide similar equipment and software. I am proud to say that as a result of cumulative efforts over the past several years to acquire desktop and portable microcomputers, we have met our goal of providing a microcomputer to every staff member who needs one.

But it is not enough merely to put a microcomputer in the hands of each staff member. Rapidly advancing technology quickly turns today's state-of-the art computer into tomorrow's surplus equipment. This is true not only for microcomputers, but also for supporting software and equipment, such as printers and telecommunications devices. There is no staying even in this area; either we move ahead or fall behind. To move

ahead, we must integrate information and technology into the very fabric of the organization itself. We have undertaken a number of initiatives to do just that.

We have made great progress in our efforts to pilot an interconnected system of microcomputers, and to develop network supported applications to improve our assignment process. This technology holds the potential to enhance greatly the ability of our geographically dispersed staff to respond to growing congressional information needs. Networking our microcomputers to create an information highway will open up a vast array of opportunities to share resources and reshape our work processes. We plan to complete the network GAO-wide by the end of fiscal year 1995 and a major mission-support application by the end of fiscal year 1996.

Our communications capability has been enhanced by initiatives to upgrade telephone services and to establish videoconferencing capability in our headquarters and regional offices. Furthermore, the changes in our telephone services give us communications compatibility with the legislative branch, and significantly reduced costs. The new videoconferencing experience has made a significant contribution to GAO's operations, particularly at a time when travel funding is reduced.

On the administrative side, we have added significant advances in automation. For example, we consolidated our payroll, personnel, time and attendance, assignment management, and property and supply information systems, which are now being operated by the Department of Agriculture's National Finance Center. This has proven to be very effective, and we believe it is saving the taxpayers a considerable amount of money. We have also placed in operation a financial management package that meets the accounting principles and standards we promulgate for the rest of the federal government. The system has successfully supported production of timely, auditable financial statements for the past 6 years.

Streamlining Our Organization

Reducing the deficit continues to be one of the most serious problems facing government today. We understand the critical financial crisis our nation faces, and we have been more than willing to do our part in helping the legislative branch reduce its size and control its costs. We have worked closely with the appropriations committees on a plan that has enabled us to come down in size since 1992 by over 10 percent and are planning to come down by 12 percent by fiscal year 1996.

I am proud of the way we have been able to do this without jeopardizing our effectiveness. To manage this downsizing effectively, we sought and obtained, with the support of this committee, the authority to offer separation incentive payments on a voluntary basis to staff willing to retire (or separate) from the agency between October 1 and December 31, 1993. Over 400 individuals took advantage of this incentive plan. This, combined with attrition of about 200 people resulting from a hiring freeze we imposed in fiscal year 1992, has allowed us to come down in size, while avoiding either furloughs or a reduction-in-force--disruptive actions that typically result in lower morale, declining productivity, and

reduced effectiveness. These actions have also allowed us to retain a diverse workforce, which is much more representative of American society today than it was just 10 years ago.

We are committed to managing this reduction so that it does not reduce the quality of our work. We intend to continue to address the burgeoning information needs of the Congress by achieving productivity gains through information technology and improvements in our work processes. Our goal is to end up with an organization of 4,500 staff years that is capable and efficient and we hope to stabilize at that level for some time. I would like to clearly state that reducing GAO's staffing level beyond this point could do violence to the gains we have made in the past. For years we have emphasized work that can reduce spending; improve cost-effectiveness; and eliminate fraud, waste, and abuse. Over the last 10 years, every dollar invested in GAO has been returned many times in measurable financial benefits. On the other hand, our potential audit universe has grown tremendously over the years. We have seen myriad new federal programs, greatly complicated state/federal relationships, and huge increases in the complexity of tax laws and federal regulations. We believe GAO can be of best use to the Congress in exercising its oversight responsibilities if it's able to remain strong and stabilize at no less than 4,500 staff years.

Initiatives to Improve Our Work Processes

We have discussed the importance of our staff and how our technological improvements will help GAO be a better organization. But, as NAPA points out, unless we also improve the processes for doing our work and reporting the results, we shall not be as effective or efficient as we could be.

Improving our work processes is a key goal of our total quality management effort. And the process we have focused on is our job management process--our principle mission-oriented process used to carry out our audit, evaluation and analysis assignments. Even our early improvement efforts addressed our review process and the degree of management involvement in the early stages of our work process.

For example, one of our most successful efforts has involved changing our process for producing briefing reports. Having our issue area directors more heavily involved in the early stages of our job planning and product development processes and streamlining our review process has reduced the average time between the date we brief the congressional requester and the date we issue our report from about 90 days to less than 10 days. This improvement has been well-received by our requesters. We not only eliminated long delays between our briefings and report issuance, but also ensured that we presented a consistent message at both the briefings and in the reports.

In the fall of 1992 we completed two efforts related to improving our job management process. Our survey of congressional staff indicated that the timeliness of our efforts, our communication during the jobs with requesters, and the quality of our efforts were of concern. Our own staff told us that the amount of rework we do on drafts was their main concern. On the basis of these data, we developed a multifaceted approach to improve our job management process.

We established GAO-wide goals to reduce the time it takes us to write products by 50 percent over three years and a 50-percent reduction in the number of rewrites of products over the same time period. Each of our units has come up with innovative and creative ways to reduce rework and cycle time.

For example, we are assessing workload levels for managers to assure that they have sufficient time to devote to job design and planning of the assignments. We are developing ways for all key staff and managers to meet early, and continuously on assignments to assure proper buy-in on approaches and messages, to reduce rework of products and the time it takes to complete them. We are doing much more concurrent review of products. We have efforts underway to improve the predictability of when our reports will be printed so we can provide requesters with firm issuance dates of our products at least 14 days in advance of issuance.

We have also asked one of our issue areas, Agriculture, to assess all its processes from top to bottom and to design a set of work and support processes revolving around using our most advanced technologies that would comprehensively address the problem areas identified in our studies. The design has been completed and approved and testing has begun. One key element is the use of written agreements with our requesters early in the job planning phase containing essentially the same elements NAPA called for in its recommendation that we develop terms of reference. The design also includes a revised job staffing process to better ensure appropriate staffing within the issue area as well as by specialists from outside the issue area.

We have many good efforts underway. Our goal over the next several months is to begin identifying those that we can consider "best practices" so we can expand their implementation GAO-wide, giving us better assurance that we can achieve the ambitious goals we have set for ourselves.

GAO'S FUNCTIONS AND WORK PRODUCTS

The NAPA report also has a major section on the types of work we do and the nature of our work products which provides useful insights that we will consider as we continue to improve as an institution. For example, during the past year we have had an effort underway to develop a better definition of quality, which is one of NAPA's recommendations. We are making real progress. We have developed seven "dimensions of quality" on the basis of extensive review of our current policies, many discussions with GAO staff and Members and staff of the Congress. These dimensions--accuracy, objectivity and fairness, context sophistication and wisdom, scope and completeness, significance and value, timeliness, and clarity of presentation--are defined in terms of what quality means both prospectively as we start a job and retrospectively for quality review purposes. We intend to use this quality dimension framework to build quality into our assignments up front, and as the basis for streamlining our report development and review process. We are beginning this integration this fall. As part of this change, we shall revise our standards and training.

NAPA also notes the different categories of audits that GAO undertakes--financial audits, economy and efficiency, program evaluations, policy analysis and development, and general management reviews--and recommends that we establish definitions, objectives, and standards for these audits. Several of our quality management efforts are aimed at identifying better ways to design our work and improve our assignment management processes. What we have found is that questions and issues we study often blur the distinctions between the different types of audits we undertake. Therefore, regardless of the type of work we do, our goal is to make sure that our work is fair and objective, that our objectives and scope of work are clearly defined, and that our assignments are staffed with talented individuals capable of responding to the questions our requesters need answered.

How GAO Ensures Quality in its Work

Ensuring we produce quality work is very important to the GAO. We are always striving for improvements and greater consistency in the quality of our work, and the NAPA report provides useful ideas on how to make continual improvements. I want to emphasize, however, that GAO has in place a well-documented system of quality controls to ensure that its audit and evaluation activities are conducted with the highest degree of professionalism and in conformity with all applicable quality standards. This system of controls is augmented by careful selection and training of highly qualified staff, experienced and expert supervision, a long tradition of independence, and integrity and dedication to exacting standards of professional conduct.

No GAO assignment is started without being approved by senior managers in the originating division. In addition, top advisers and I regularly review all new starts. Each assignment team also reports directly to a senior manager, called the issue area director. These issue area directors typically have many years of government audit and evaluation experience and strong technical skills and programmatic knowledge. They sign many of our reports and frequently testify before congressional committees.

The data collection and analysis work of our staff is carefully documented in our work papers and reviewed by experienced supervisors. Statements of fact in a GAO product are independently verified by an experienced evaluator not associated with the assignment to ensure its accuracy and support, and the drafts are reviewed by senior GAO managers not directly associated with the assignments and by our legal staff prior to their issuance as final reports.

But, as an auditor, I recognize that no matter how strong a system of controls is, periodic independent checking is needed to ensure that it is operating as intended. I, therefore, have taken steps to systematically test compliance with GAO's quality control system. In 1983, we initiated an annual internal quality review program--called PAQRS, for Post Assignment Quality Review System. This is somewhat similar to the peer review programs applied by CPA firms and most other government auditing organizations. However, an important qualification is that it is conducted by GAO staff, carefully selected from units other than the ones being reviewed, rather than by external reviewers.

We have, therefore, taken other steps to get independent perspectives on our internal quality assurance processes. Notably, 2 years ago, I established a special Quality Control Review Board, chaired by Elliot Richardson. The Board's purpose is to review and advise us on the effectiveness of our internal quality program.

Other members of this Board are the following:

- John C. Burton, CPA, of Columbia University, former chief accountant of the Securities and Exchange Commission and former dean of the Graduate School of Business at Columbia University.
- David F. Linowes, CPA, of the University of Illinois, who was also the chairman of the President's Commission on Privatization; chairman, Presidential Commission on the Nation's Energy Resources; chairman, Federal Privacy Protection Commission; and national partner, Laventhol & Horwath.
- John Rhinelander, a Washington attorney with Shaw, Pittman, Potts, and Trowbridge; former under secretary of the U.S. Department of Housing and Urban Development; former general counsel of the U.S. Department of Health, Education, and Welfare; and the veteran of other legal positions, including adviser to the SALT I delegation, the State Department, and the Secretary of the Navy.

One of NAPA's recommendations in this area is that GAO establish a formal external quality review process. We agree and we are going to do it.

Special Investigations

One area where we have some disagreement with NAPA, is our work on special investigations.

In the mid-1980s, it became increasingly clear that an office staffed by highly trained investigators, including those experienced in criminal cases, was necessary for us to respond to a special subset of our congressional request workload--jobs where violation of criminal laws was suspected or alleged. Consequently, in 1986, with congressional encouragement, I established the Office of Special Investigations (OSI) to enhance our ability to do investigative work. In 1989, an internal GAO task force identified the need for OSI investigators to work more closely with GAO issue areas where programs were identified with serious internal control weaknesses that rendered the program vulnerable to fraud and abuse. In essence, OSI worked to investigate and develop case specific examples of fraud and abuse that illustrate the effects of program and financial management weaknesses identified by GAO issue area teams. We believe the integration of GAO audit and investigative capability in carefully selected situations improves the completeness of GAO work and the effectiveness of our reports, as well as their usefulness to the Congress. Many such reviews have been done for this committee and its subcommittees.

Let me provide you with a few examples:

- Working with our Accounting and Information Management Division and our Cincinnati Regional Office, OSI identified specific instances of fraud which strengthened audit findings that the Department of Army's payroll system had internal control weaknesses. OSI referred more than 2,500 individuals to the Army's Criminal Investigations Command for investigation and prosecution. As a result of these case specific examples, the Defense Finance and Accounting Service has taken corrective actions to shore up its control weaknesses.
- Based on concerns over contracting irregularities in a multimillion-dollar Resolution Trust Corporation (RTC) contract, OSI supported our Denver Regional Office and General Government Division in investigating and providing a case specific example of the effect of not implementing effective contractor oversight. As a result, RTC has taken action to strengthen its contracting policies and procedures.
- Following GAO's examination of student financial assistance programs that identified serious deficiencies in the administration of guaranteed student loans, OSI investigated similar abuses in the Pell Grant Program. OSI uncovered numerous abuses including "ghost" students, false statements and falsified applications, use of home addresses as mail drops, and other practices that resulted in criminal referrals and institution of tighter controls.
- Combining evaluator's knowledge of inventory management and control procedures with investigator's specialized capabilities for exposing fraud led not only to the identification of breakdowns in controls over small arms parts at Army and National Guard sites but also to evidence of small arms parts theft. This resulted in a strong commitment from the Army to strengthen controls over its small arms supply system.

NAPA's concern appears based on a view that GAO's work should be as constructive and nonadversarial as possible and that investigations by their nature become more confrontational. We agree with the premise that GAO should develop as constructive a working relationship as possible with the executive branch agencies it reviews. However, in those instances where we identify the potential for fraudulent or abusive exploitation of a program, we believe it important that we use GAO staff who can best determine whether such activity is occurring.

Improving Performance Measures

One other point I would like to mention is the work we are doing to improve our performance measures. We are in agreement with NAPA that we must focus our performance measures on outcomes and impacts of our work and I have set up a group to look carefully at the types of performance measures we have and how they are used. In particular, the group is looking at the development of appropriate outcome or impact-oriented measures.

This is not to say that we don't already have some indicators of our overall effectiveness. As I have previously discussed we keep track of legislative and executive actions resulting from GAO work and are proud of the contribution our work makes toward improving government operations and saving taxpayers' dollars. We also track the extent of

congressional testimony we provide and the number of GAO executives who serve as witnesses. For example, our production rate for congressional testimony has significantly increased from fewer than 50 testimony appearances per year in the late 1960s and early 1970s to where we now have testified from 200 to 300 times per year. In doing so, GAO has had over 70 executives per year who at various times testified before the Congress. I believe this shows the extent to which congressional committees are increasingly finding GAO's work relevant to and useful in addressing issues of concern to the Congress. It also illustrates the significant level of expertise in our senior executive ranks.

GAO's true value to the Congress and the public, however, is when constructive use is made of our work. We therefore track recommendations GAO makes and the extent that our recommendations are implemented. During the last Congress, we made a record number of recommendations to the Congress and the executive branch agencies that have potential to improve government. If the experience of recent years is a good predictor, three out of four of these recommendations will be implemented within the next 4 years--an important measure of GAO's effectiveness.

THE CONGRESS AND GAO

The NAPA report also includes a number of suggestions regarding how Congress can best work with GAO, as well as suggested changes in GAO's policies and practices designed to make information about GAO's work more readily available to all interested parties. The suggested changes address issues that have been of concern to us for some time and many have been discussed in recent years with various committees and Members of the Congress. It is our experience that there is a wide diversity of views with respect to these matters in the Congress. For example, we have found that the needs and interests of authorizing, appropriations and oversight committees are quite different, both in the types of work requested and in the timing and method of providing our work results to them. Reaching agreement on changes to GAO's policies and practices that would satisfy all interested parties will not be easy, and will require close consultation with the Congress.

Recent Policy and Procedural Changes

On an ongoing basis we have been examining certain policies and practices, especially as they relate to congressional requests, to see if some changes could reinforce and demonstrate our strong commitment to objectivity and nonpartisan assistance to the Congress. After discussions with the leadership and a number of senior Members of both houses, we have made what I believe are some very positive changes.

We have strongly reinforced our policy of including minority Members and their staffs in early discussions of GAO strategic plans to ensure that we are considering their interests and priorities and that they are aware of the objectives, focus, and strategies for our work in their areas of interest. Let me say that I find it significant that NAPA's work has also supported our strongly felt position that GAO has not steered its research toward satisfying particular policy or partisan interests. We take great pride in the agency's neutral, nonpartisan stance and each of the reports we produce can be counted on to offer unbiased and objective findings and recommendations.

To further improve sharing of information, over a year ago, we began sending a monthly listing of all new job starts to the Senate and House majority and minority leadership. This listing, along with identifying requesters, when asked, allows the leadership to become aware of new GAO assignments early and, if they desire, to seek further information about the work from the requesters themselves. We also provide, upon request, a listing of the ongoing committee work being done for a given committee to the chairman or ranking minority member of that committee. As a result of the NAPA report, we are exploring formats of monthly or quarterly listings of assignments underway in our issue areas that could more routinely be distributed to congressional committees and Members. We want to have an open process and want to work with all the committees to ensure that they are advised of all appropriate work. If the committees want more information on this issue, we would be pleased to provide it.

We also decided last year that GAO would no longer undertake assignments in which the requester was unwilling to be identified as the source of the request. We do, of course, continue to treat confidentially any aspect of an assignment in which disclosure could jeopardize the success of ongoing work or be otherwise inappropriate.

Although we have long taken the position that congressional assignments are an important and valuable experience for our staff and that detailees provide a valuable service to the Congress, some of the difficulties involved in providing that service have caused us to rethink our specific policies. We have worked with committee and subcommittee leadership to reduce the number of congressional detailees and to eliminate details beyond the 1-year statutory limitation. As an example of our success, the number of detailees has continually decreased over the last few fiscal years from 61 detailees at the end of fiscal 1990 to 32 detailees at the end of fiscal 1993. We also publish each year a supplement to our annual report which identifies the detailees, length of detail, and committee or subcommittee assignment.

There are also other issues included in the NAPA report that will require continued discussion with the Congress. For example, NAPA raised concerns about our policy of complying with requesters' wishes to issue a report without first giving the affected agency an opportunity to provide written comments on a draft of the report. We are reemphasizing to our own staff, as well as to congressional requesters, the value of agency comments in ensuring the reliability and objectivity of our reports. In particular, we are strongly encouraging requesters to allow us to provide the agency head an opportunity to review and comment on a draft report when the issues involved are significant or controversial. We recognize, however, our requesters' views that obtaining formal comments may not always be appropriate because it delays issuance of reports for at least 30 and by as much as 90 days and because the release of our draft reports risks premature leaks. Therefore, when obtaining formal written comments is not acceptable to the requester, we will conduct an "exit conference" with senior agency officials to fully and candidly discuss the results of our work before issuing our final report.

Some congressional requesters have also chosen to limit the distribution of our final reports for up to 30 days before copies are sent to anyone else. To expedite the communication of our work results to other interested parties, including other Members of the Congress and affected agencies, NAPA recommends that the restriction period be

reduced to no more than 7 days. We would prefer to reduce the maximum 30-day restriction period. In this regard, it is important to note that historically committees could hold our reports for an unlimited period of time. In a 1977 agreement with the congressional leadership, we changed this policy to allow for up to a 30-day restriction because some requesters found it helpful. While we do not believe we can unilaterally impose a shorter period, we do hope to improve our ability to predict a firm date for issuance of our reports, and to then work with requesters to shorten the period of time those reports are held before release.

- - - - -

In closing, Mr. Chairman, I would like to thank you and the other Members of this Committee for the support and encouragement you have provided to GAO over the years. That support has allowed us to strengthen our capabilities and provide higher quality and more timely assistance to the Congress.

Today, events are unfolding in the United States and around the world at an unprecedented pace. The worldwide political and economic restructuring has important implications for the future of U.S. competitiveness in international markets and for defense force reduction and realignment. At the same time, problems associated with the budget deficit continue to challenge the nation's ability to provide programs and services in crucial areas, such as health care, education, energy, transportation, finance, economic development, and the environment. As the Congress deals with these and other issues, an independent GAO can be a strong ally by providing a focus and a counterweight to the vast array of information you receive from the executive branch and the private sector. No other institution is as well positioned to help you. Working together, we can ensure that agencies comply with the laws you pass. We can push hard to see that basic financial records and performance data are available (and accurate) to provide a firm foundation for oversight and decision-making. At the same time, we can continue to monitor and warn you of major financial risks such as those in the financial markets and in the insurance and pension areas. We can watch for accelerating costs in big programs, and we can help you pursue effectiveness and efficiency in every major federal program. I believe that if we sharpen our focus, we can do all this while matching the 12-percent reduction being discussed for the executive branch. But we must nonetheless remain strong, and that will require your continued support.

Mr. Chairman, I look forward to working with you in the future. This concludes my prepared remarks. My colleagues and I will be happy to answer any questions you or other Members of the Committee may have at this time.

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

**U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015**

or visit:

**Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC**

**Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066.**

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (301) 258-4097 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Mail
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested

