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GOVERNMENT FINANCING AND ACCOUNTABILITY

STRATEGIC OBJECTIVE PLAN 2000-2002





GAO'S MISSION

GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people.

CORE VALUES

ACCOUNTABILITY

describes the nature of GAO's work. GAO helps the Congress oversee federal programs and operations to ensure accountability to the American people. GAO's evaluators, auditors, lawyers, economists, public policy analysts, information technology specialists, and other multidisciplinary professionals seek to enhance the economy, efficiency, effectiveness, and credibility of the federal government both in fact and in the eyes of the American people. GAO accomplishes its mission through a variety of activities, including financial audits, program reviews, investigations, legal support, and program analyses.

INTEGRITY

describes the high standards that GAO sets for itself in the conduct of its work. GAO takes a professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced approach to all of its activities. Integrity is the foundation of reputation, and GAO's approach to its work ensures both.

RELIABILITY

describes GAO's goal for how its work is viewed by the Congress and the American public. GAO produces high-quality reports, testimony, briefings, legal opinions, and other products and services that are timely, accurate, useful, clear, and candid.

FOREWORD

In fulfilling its mission, GAO examines the use of public funds; evaluates federal programs and activities; and provides analyses, options, recommendations, and other assistance to help the Congress make effective oversight, policy, and funding decisions. In this context, GAO works to continuously improve the economy, efficiency, and effectiveness of the federal government through the conduct of financial audits, program reviews and evaluations, analyses, legal opinions, investigations, and other services. Most of this work is based upon original data collection and analysis.

To ensure that GAO, in serving the Congress, targets the right issues, provides balanced perspectives, and develops practical recommendations, GAO regularly consults with the Congress and maintains relationships with a variety of federal, state, academic, and professional organizations. GAO also obtains the perspectives of applicable trade groups and associations and attends professional conferences. Moreover, GAO regularly coordinates its work with CRS, CBO, and agency Inspector General offices. Throughout, GAO's core values of accountability, integrity, and reliability are guiding principles.

In keeping with its mission and responsibilities, GAO has developed a strategic plan that includes four strategic goals and 21 related strategic objectives. To ensure that GAO's resources are directed to achieving its goals, a separate strategic plan underlies each objective. Bolstering GAO's goal of supporting the transition to a more results-oriented and accountable government, this strategic plan describes the performance goals GAO will use in strengthening approaches for financing the government and determining accountability for the use of taxpayer dollars.

This plan covers a 3-year period; however, because unanticipated events may significantly affect even the best of plans, GAO's process allows for updating this plan to respond quickly to emerging issues. If you have questions or desire information on additional or completed work related to this strategic objective, please call or e-mail us or the contact persons listed on the following pages.

Nancy Kingsbury
Acting Assistant
Comptroller General
General Government Division
(202) 512-2700
kingsburyn.ggd@gao.gov

Jeffrey C. Steinhoff
Acting Assistant
Comptroller General
Accounting and Information
Management Division
(202) 512-2600
steinhoffj.aimd@gao.gov

SERVING THE CONGRESS

GAO'S STRATEGIC PLAN FRAMEWORK



MISSION

GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people.

GOALS

PROVIDE TIMELY, QUALITY SERVICE TO THE CONGRESS AND THE FEDERAL GOVERNMENT

SUPPORT THE TRANSITION

MAXIMIZE THE VALUE OF GAO



TO ADDRESS CURRENT AND EMERGING CHALLENGES TO THE WELL-BEING AND FINANCIAL SECURITY OF THE AMERICAN PEOPLE

TO RESPOND TO CHANGING SECURITY THREATS AND THE CHALLENGES OF GLOBAL INTERDEPENDENCE

TO A MORE RESULTS-ORIENTED AND ACCOUNTABLE FEDERAL GOVERNMENT

BY BEING A MODEL ORGANIZATION FOR THE FEDERAL GOVERNMENT

THEMES

Demographics

Globalization

Quality of Life

Security

Technology

Government Performance and Accountability

OBJECTIVES

Health care needs and financing
Retirement income security
Social safety net
Education/workforce issues
Effective system of justice
Community investment
Natural resources use and environmental protection
Physical infrastructure

Diffuse security threats
Military capabilities and readiness
Advancement of U.S. interests
Global market forces

Fiscal position of the government
GOVERNMENT FINANCING AND ACCOUNTABILITY
Governmentwide management reforms
Economy, efficiency, and effectiveness improvements in federal agencies

Client relations
Strategic and annual planning
Human capital
Core business and supporting processes
Information technology services

CORE VALUES

Accountability

Integrity

Reliability

SUPPORT THE
TRANSITION



TO A MORE
RESULTS-ORIENTED AND
ACCOUNTABLE FEDERAL
GOVERNMENT

Fiscal position of the
government

**GOVERNMENT FINANCING
AND ACCOUNTABILITY**

Governmentwide
management reforms

Economy, efficiency, and
effectiveness improvements
in federal agencies

STRENGTHEN APPROACHES FOR FINANCING THE GOVERNMENT AND DETERMINING ACCOUNTABILITY FOR THE USE OF TAXPAYER DOLLARS

American taxpayers annually pay more than \$1.8 trillion in taxes to fund the federal government. As the nation's chief tax collector, IRS interacts with more Americans than any other government agency, and compliance with tax laws is a significant burden imposed on businesses and individuals. This year has ushered in the beginning of major legislatively mandated reforms in how our tax system is administered—reforms that will require fundamental changes in virtually every part of the IRS organization. Congressional interest in tax code reform also remains high. Given the size and complexity of the tax code, this is an area that will continue to draw attention.

A critical component legislated by the Congress to ensure accountability for the use of taxpayer dollars entails having annual audited financial statements for 24 major federal departments and agencies, beginning with fiscal year 1996, and preparing financial statements for the U.S. government as a whole, beginning with fiscal year 1997. GAO is legislatively required to audit the annual governmentwide financial statements. Because of the serious deficiencies in the government's systems, recordkeeping, documentation, financial reporting, and controls, amounts reported in the financial statements and related notes do not provide a reliable source of information for decisionmaking by the government.

GAO's strategic plan identifies three multiyear performance goals to achieve the strategic objective of strengthening approaches for financing the government and determining accountability for the use of taxpayer dollars. The following pages discuss the significance of the performance goals, the key efforts that will be undertaken, and the potential outcomes.

Performance Goals

- Support Congressional Oversight of IRS' Modernization and Reform Efforts
- Contribute to Congressional Deliberations on Tax Policy
- Strengthen Accountability for the Federal Government's Assets and Operations



Support Congressional Oversight of IRS' Modernization and Reform Efforts

Significance

Addressing concerns about IRS' poor track record in managing its operations and relations with taxpayers, the Congress recently passed reform legislation requiring IRS to reorganize its operations to better reflect the needs of diverse groups of taxpayers. In response, IRS is seeking to balance providing service to taxpayers and ensuring compliance with tax laws and has begun reforms that its Commissioner estimates will take at least a decade to complete. Changes include redefining business practices, refocusing the organizational structure, establishing performance-based management, and building appropriate information technology to support IRS' mission.



Key Efforts

Determine what progress has been made in IRS' restructuring and whether restructuring efforts are contributing to IRS' organizational goals, including improvements in service to taxpayers

Evaluate IRS' expenditure plans for systems modernization

Appraise IRS' human capital management strategies for telephone customer service employees and strategies used in selected innovative public and private sector telephone customer service operations

Assess the progress made in IRS' efforts to implement a system of balanced performance measures to assess the progress made in meeting agency goals

Assess IRS' submission processing, examination, and collections programs in light of mandates to protect taxpayers' rights and improve service

Evaluate the capability of IRS' research and data analysis operations to support the agency's reorganization and restructuring efforts

Potential Outcomes

Mitigation of the risks inherent in the reorganization and modernization of IRS' operations

Consideration of options to enhance IRS' strategies for improving human capital management, performance management, and contract management

Enhancement of IRS' efforts to develop and implement a full range of strategies for improving service to taxpayers and compliance with tax laws

CONTACTS FOR ADDITIONAL INFORMATION: James R. White, Director, Tax Policy and Administration Issues, (202) 512-9110, whitej.ggd@gao.gov; Cornelia M. Ashby, Associate Director, Tax Policy and Administration Issues, (202) 512-9110, ashbyc.ggd@gao.gov; Margaret T. Wrightson, Associate Director, Tax Policy and Administration Issues, (202) 512-9110, wrightsonm.ggd@gao.gov



Contribute to Congressional Deliberations on Tax Policy

Significance

The Congress has had a long-standing interest in reforming the tax code, including tax simplification for individuals and small businesses. Given the code's size and complexity, there is considerable room for improvement. The federal tax system includes hundreds of billions of dollars in tax incentive programs—such as exclusions for employee benefits and the research tax credit—passed by the Congress to influence taxpayers' behavior throughout the economy. However, little is known about the effects of many of these programs or their contribution to the complexity of the tax code.



Key Efforts

Determine the potential impacts of proposals to simplify taxes and reduce the compliance burden for small businesses

Assess the impacts of selected tax incentive programs, including pension programs and the work opportunity tax credit

Evaluate the efficiency and effectiveness of IRS' administration of advance pricing agreements

Determine the potential impact of various options for taxing electronic commerce

Potential Outcomes

Simplified taxes and reduced compliance burden for small businesses, private pension plans, and individual taxpayers

Improved governance of tax incentive programs and better understanding of the impact of these programs on taxpayers and the U.S. economy

Improved information for the Congress and the public about potential revenues and impacts from taxing e-commerce

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Strengthen Accountability for the Federal Government's Assets and Operations

Significance

Reliable, useful, and timely financial information is necessary to ensure financial accountability and to improve the economy, efficiency, and effectiveness of government—actions that have a direct impact on achieving a results-oriented government. Considerable effort is being made by agencies to produce auditable financial statements, which are statutorily required, and steady improvements in financial accountability are occurring. However, a number of major agencies are not yet able to meet this mandate on a consistent basis and major obstacles need to be overcome. Similar challenges exist in producing reliable financial statements for the entire U.S. government. Supporting GAO's financial statement audit work is the agency's ongoing effort to provide financial management leadership and technical assistance.

GAO's enabling legislation, the Budget and Accounting Act of 1921, authorizes the agency to investigate "all matters relating to the receipt, disbursement, and application of public funds" and to "settle all accounts of the United States Government." GAO enhances accountability for the use of taxpayer dollars consistent with applicable laws through its audits, investigations, and legal decisions and opinions. Agencies use GAO's legal and accounting advice and guidance to determine compliance with the laws and regulations governing the use of taxpayer dollars in agency accounts.



Key Efforts

Annually audit and report on the U.S. government's financial statements and the adequacy of internal controls

Audit major components of the government's financial operations (including IRS, the federal debt, and central banking accounts) and provide direct assistance and advice in audits of major agencies' financial reporting (including HHS, key components of DOD, and SSA)

Review the results of other financial audits performed by the IGs or for them by independent public accountants and perform and monitor financial statement audits of government corporations, including deposit insurance funds,

Participate in the development of federal accounting standards; issue and maintain internal control standards and update government auditing standards

Provide leadership and technical assistance on fiscal law issues through efforts including the publication of the Principles of Federal Appropriations Law, training on fiscal law issues, the provision of informal advice and assistance, and the preparation of formal legal opinions and decisions.

Potential Outcomes

Reliable, useful, and timely U.S. government and agency-level financial statements

Effective actions to correct major impediments to financial reporting and to improve accounting for credit programs, property, and liabilities

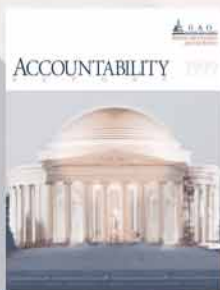
Stronger systems of internal controls to help deter waste, fraud, abuse, and mismanagement

Accounting standards that are tailored to the federal government's unique characteristics and special needs and provide relevant financial information, government auditing standards that are widely accepted at all levels of government and throughout the accounting profession, and internal control standards that provide the overall framework for establishing and maintaining federal agencies' internal controls

Fiscal law guidance that helps agencies comply with the laws and regulations governing the use of taxpayer dollars in agency accounts

CONTACT FOR ADDITIONAL INFORMATION Rober F. Dacey, Director, Consolidated Audit and Computer Security Issues, (202) 512-3317, dacey.aimd@gao.gov; Gary L. Kepplinger, Associate General Counsel, Office of General Counsel, (202) 512-5644, kepplinger.goc@gao.gov

The full set of GAO's strategic planning, performance, and accountability documents are listed below. All of these documents, as well as other GAO reports and documents, may be obtained electronically on our website, www.gao.gov.



Accountability Report for fiscal year 1999

Strategic Plan, 2000-2005

Strategic Plan Executive Summary

Strategic Plan Framework

Strategic Objective Plans

Health Care Needs and Financing

Retirement Income Security

Social Safety Net

Education/Workforce Issues

Effective System of Justice

Community Investment

Natural Resources Use and Environmental Protection

Physical Infrastructure

Diffuse Security Threats

Military Capabilities and Readiness

Advancement of U.S. Interests

Global Market Forces

Fiscal Position of the Government

Government Financing and Accountability

Governmentwide Management Reforms

Economy, Efficiency, and Effectiveness

Improvements in Federal Agencies

Maximize the Value of GAO

Performance Plan Fiscal Year 2001



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